

QUAESTIONES DISPUTATAE

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

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Polanyi's New Liberalism and the Question of Democracy

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In the course of his career, Michael Polanyi developed a complex social-political philosophy. He largely finished this project by 1951 with his essay-collection, *The Logic of Liberty*,² capping it in 1958 with his essay “Tyranny and Freedom.”³ Polanyi's work here emphasizes a new Liberalism, built on dynamic social-cultural orders, that emphasizes public freedom and supervisory authority, but the role of democracy in his liberalism is unclear. Democracy seems neither a necessary nor a sufficient condition for the freedom he envisions, and his remarks on democracy are diffuse. He therefore fails to adequately answer the question: What is the real benefit of democracy? In contrast, Karl Popper develops a unified theory of democracy in his book *The Open Society and its Enemies*,⁴ and shows that democracy is essential to a free society. Polanyi criticized Popper's epistemology and the notion of an “Open Society,” but—while Polanyi may not see it—Popper's critical rationalism and egalitarianism complements Polanyi's conceptions. While Polanyi provides scattered thoughts on democracy, Popper clearly shows its benefit and provides democracy with a unified and strong defense.

1. Background

1928 was an important year for Michael Polanyi. He read Julien Benda's *The Treason of the*

¹ The author thanks Phil Mullins and Gabor Biro for helping him deal with certain sticking points of the topic. He is also grateful to Charles Lowney for his assiduous reading of this paper and for suggesting a number of improvements.

² M. Polanyi, *The Logic of Liberty* (Chicago: University of Chicago Press, 1951).

³ M. Polanyi, “Tyranny and Freedom, Ancient and Modern,” *Quest* (Bombay, 1958), 9-18.

⁴ K. Popper, *The Open Society and its Enemies* (London: Routledge, 2002).

Intellectuals (*La Trahison des Clercs*), and would have noticed its motto—“The world is suffering from lack of faith in a transcendent truth”—sourced from Charles Renouvier. This motto prefigures and conveys the essence of the epistemology Polanyi would develop from the 1930s to the ‘50s. Historically, Benda argued, “*clerics*” (intellectuals) had inquired independently of, and without particular regard for, the mundane sphere with its dimensions of power, wealth, and status, the authentic *clerics* dedicating themselves to the “disinterested life”, the life of study and pursuit of “spiritual” ends such as universal truth and justice, universal good and beauty.⁵ In the contemporary world, Benda observed, most *clerics* have forsaken their traditional role, preferring worldly recognition and success. This view provided Polanyi with a counterpoint to thinkers with whom he would lock horns in the 1930s and ‘40s.

In 1928 Polanyi made the first of several visits to the Soviet Union, giving lectures and keenly observing the country’s massive program of modernisation. He had been studying economic theory and policy through the 1920s, discussing economics with Toni Kassowitz Stolper, participating in Jacob Marschak’s economics seminar in Berlin, then forming his own economics discussion group including Marschak, Toni Stolper and her husband Gustav, and Hungarian expatriates, Leo Szilard, Eugene Wigner, and John von Neumann.⁶ Polanyi published an essay “U.S.S.R. Economics—Fundamental Data, System and Spirit” in 1935⁷ describing how Soviet industry (production of goods) and commerce (distribution of goods), while government owned, were managed independently of government and were required by government to operate profitably in markets.⁸ It had dawned on the Soviet leadership, after its two failed attempts at *dirigiste* economic management, that it lacked the information needed for discovering the goods consumers wanted, information that could only flow from the mechanism of market exchange

⁵ J. Benda, *The Treason of the Intellectuals*, trans. Richard Aldington (New York: W. W. Norton and Co., 1969/1928), 47, 57, 95, 101, 103, 139; P. Mullins and S. Jacobs, “Polanyi’s Early Work on Knowledge,” *Appraisal* 11, no. 4 (2018), 4-12; MPP, Box 44, Folder 2. Citations of materials in the Michael Polanyi Papers, Department of Special Collections, Regenstein Library, University of Chicago Library are signified using box, folder numbers, and page numbers after the initials “MPP.”

⁶ M. J. Nye, *Michael Polanyi and His Generation* (Chicago: University of Chicago Press, 2011), 154ff.

⁷ Republished as “Soviet Economics—Fact and Theory” in his essay collection, *The Contempt of Freedom* (London: Watts & Co., 1940), 61-95.

⁸ *Ibid.*, 84-86.

and the profit motive. "Commercial management," Polanyi concluded, "is now revealed as far more fundamental than the system of ownership, which can vary widely while the market persists."⁹ He showed the Five Year plans (1928-1932, 1933-1937) were not central plans at all since they failed to provide rational guidance on how goods would be distributed to consumers and they allowed production targets to be altered ad hoc by directors of the producing organizations.¹⁰ Polanyi concluded that central planning does not work; there is no rational alternative in the modern industrial economy to commercial management of production and distribution companies relying on market signals and motivated by profits.

By the mid-1930s Polanyi was worrying about the rise of a movement in England that called for scientific research to be planned and geared toward social welfare. The roots of the movement included a view that fell to Polanyi from the lips of Nikolai Bukharin at a meeting they had together in Moscow in 1935.¹¹ Bukharin in his time had been a member of the Politburo and had headed the Comintern but by 1935 he had been stripped of most of his power following Stalin's denunciation of him as an opponent of collectivized agriculture. Editor of the government newspaper *Izvestia* from 1934 to 1937, he perished in Stalin's purges of 1938.

The most articulate and prominent of British advocates of planned scientific research, the X-ray crystallographer and staunch Marxist J. D. Bernal, well known for his *The Social Function of Science* (1939),¹² was a torch bearer of Bukharin's view. Scientific research, their argument runs, is always *applied* science, scientists working on practical problems the solution of which enhances our power over nature and improves our quality of life.

Discovery of truth is not the goal of science according to Bukharin and Bernal, whereas for Polanyi it is of supreme scientific importance.¹³ Polanyi described his as the "Liberal" understanding of science. It envisages scientists using the methods of their discipline to reveal further content of the "valid ideas" of science. Scientists' discoveries bring science closer to understanding reality. Liberal science, in common with common law, Protestant theology,

⁹ M. Polanyi, "Collectivist Planning," (1940) in *Contempt of Freedom*, 27-60; 54.

¹⁰ Polanyi, "Collectivist Planning," 54, and Polanyi, "Soviet Economics – Fact and Theory," 62, 80.

¹¹ MPP, Box 28, Folder 11, 816.

¹² J.D. Bernal, *The Social Function of Science* (London: George Routledge and Sons, 1939).

¹³ M. Polanyi, "Scientific Convictions," (1951/1949) in *Logic of Liberty*, 8-31; 5 also 4, 14.

philosophy, and numerous other cultural practices to be found in Liberal society, requires freedom for its practitioners to follow their personal initiatives, advancing knowledge undirected by officialdom.¹⁴ If natural science is an orderly enterprise (Polanyi insists it is), and research cannot be planned by government, one has to ask how scientists' activities and achievements become ordered.

In 1937 the American journalist and public intellectual Walter Lippmann published his book, *An Inquiry Into the Principles of the Good Society*, to wide critical acclaim.¹⁵ Lippmann cited Polanyi's "Soviet Economics" in glowing terms, and Polanyi was among the invitees—others included Friedrich Hayek, Alfred Schutz, Raymond Aron, Wilhelm Ropke, and Lippmann himself—to a colloquium in Paris in 1938 which the French philosopher Louis Rougier organized for the purpose of discussing Lippmann's book. The aims of Polanyi's social-economic thinking were in broad agreement with Lippmann's critique of "collectivist central planning" as destructive of a nation's economy and liberties, and with Lippmann's design of a new form of Liberalism, grounded, not in laissez-faire, unregulated markets, and antisocial capitalism, but in free markets "tempered [by] welfare-statist policies to mitigate the type of human hardship experienced during the Great Depression."¹⁶ Polanyi writing in 1940 reciprocated Lippmann's generous comment on "U.S.S.R Economics," remarking how "the cultivation of liberty under the law has been greatly clarified by Walter Lippmann in his *Good Society*."¹⁷

Since 1928 Polanyi had mulled over the possibility that he might develop a film to explain the workings of the market economy to non-economists and dispel common economic fallacies. He had come to think that such a film would help Western civilization and Liberalism to survive, and restore Western societies to health. In 1935 he began crystallizing his thoughts in a text

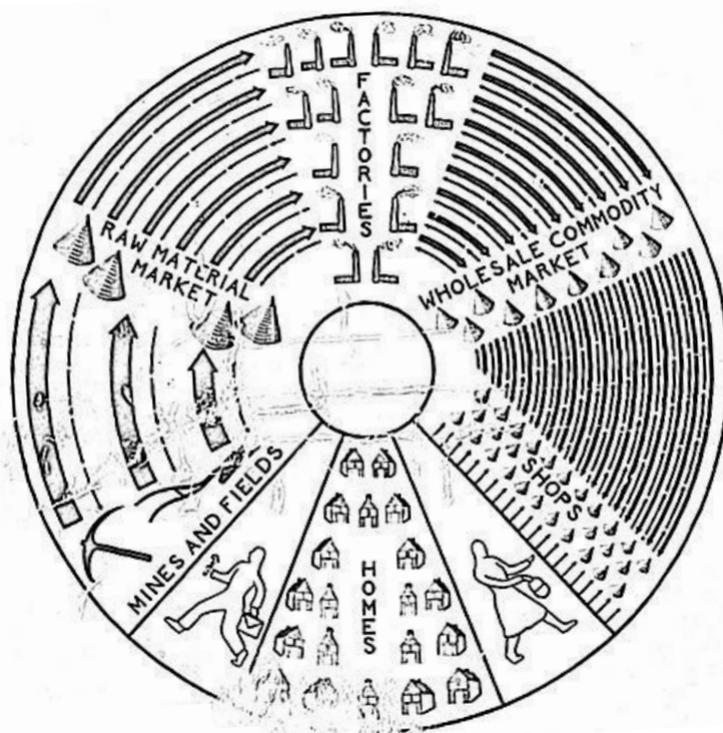
¹⁴ M. Polanyi, "The Rights and Duties of Science," (1940/1939) in *Contempt of Freedom*, 1-26; 11, also 18.

¹⁵ W. Lippmann, *An Inquiry into the Principles of the Good Society* (Boston: Little, Brown & Co., 1937).

¹⁶ R. M. Ebeling, "The Walter Lippmann Colloquium and the Meaning of Liberalism," AIER, *American Institute for Economic Research* (2018), 5 [available at <https://www.aier.org/article/the-walter-lippmann-colloquium-and-the-meaning-of-liberalism/>]; see also W. T. Scott and M. Moleski, *Michael Polanyi: Scientist and Philosopher* (New York: Oxford University Press, 2005), 166.

¹⁷ Polanyi "Collectivist Planning," 36.

“Notes on a Film,”¹⁸ and in June of the following year—around the time his essay “Soviet Economics” appeared, and J. M. Keynes published his *General Theory of Employment, Interest and Money* (1936),¹⁹ a book that was to have a major effect on Polanyi’s thinking—Polanyi gave a lecture, “Visual Presentation of Social Matters,” to the Association for Education in Citizenship in Manchester.²⁰ “Visual Presentation” included three diagrams of which only Figure 2 survives, depicting a “stage” on which the “*industrial marketing system*” functions.²¹



A Polanyi lecture “On Popular Education in Economics” to the Manchester Political Society

¹⁸ M. Polanyi, “Notes on a Film,” MPP, Box 25, Folder 10; E. Beira, “Rediscovering the Economic Film,” Working Paper, WP 129 (2013); Scott and Moleski, *Michael Polanyi: Scientist and Philosopher*, 163, 165, 168.

¹⁹ J. M. Keynes, *General Theory of Employment, Interest and Money* (London: Macmillan, 1936).

²⁰ W. T. Scott and M. Moleski 2005, 164; see also G. Bíró and P. Mullins, “Interview with Gábor István Bíró,” *Tradition and Discovery* 45 (2019): 55-61; 56. Michael Polanyi, “Visual Presentation of Social Matters,” *Tradition and Discovery* 41, no. 2 (2014-2015): 13-24; diagram at p. 24.

²¹ M. Polanyi, “Visual Presentation,” 15, 20, 23; compare H. Prosch, *Michael Polanyi: A Critical Exposition* (Albany: State University of New York Press, 1986), 184. The generic phrase “industrial marketing system” underlined his view that “necessities” constrain the socialist, planned economy of the Soviet Union no less than they constrain the economy under capitalism.

followed (1937),²² leading to the first version of the film “The Workings of Money” which showed in March 1938 to the Manchester Statistical Society and in August of that year at the Lippmann gathering in Paris. The final version of the film—“Unemployment and Money: The Principles Involved”—was ready to show in 1940.²³

2. Coordination: Planned versus Supervisory

Polanyi’s “Collectivist Planning”²⁴ is critical of Soviet planning, arguing that if any of the disciples of the Soviet system bothered to scratch beneath the surface of the subject and to honestly reflect on what they found there, logic would surely force them to conclude that Soviet central planning involves a major deception on the part of the Soviet government to satisfy its “official requirements.”²⁵ Referring to the “disgusting comedy” that is Soviet “planning” of science, Polanyi drew his readers’ attention to the government surreptitiously handing control of research over to individual scientists, in a fashion similar to its placement of economic management with the heads of productive and distributive enterprises.²⁶ In science and economic management, the Soviet regime reserved to itself the right of interfering at will, discouraging gains in efficiency and progress from being consolidated.

“Collectivist Planning” recognizes that Soviet Five-Year plans and other forms of social *planning* impress the modern mind as scientific—systematic, comprehensive, and efficient; whereas the Western market economy, Liberal science, and other manifestations of individualist liberty tend to appear to modern thinkers as ramshackle and so much “aimless drifting.”²⁷ Polanyi cites the “social relations of science movement” as fostering this dual outlook.²⁸

²² M. Polanyi, “On Popular Education in Economics,” *Tradition and Discovery* 42, no. 3 (1937/2015-2016): 18-24; also MPP, Box 25, Folder 9.

²³ M. Polanyi, “Unemployment and money” (1940) film, 39 minutes, <https://youtu.be/ISdCKxIIMoA> (Eduardo Beira Channel) E. Beira, “Rediscovering the Economic Film,” 7, 9.

²⁴ M. Polanyi, “Collectivist Planning,” in *Contempt of Freedom*, 27-60.

²⁵ *Ibid.*, 46-47 n. 1.

²⁶ *Ibid.*, 46-47 n. 1.

²⁷ *Ibid.*, 45, also 28.

²⁸ *Ibid.*, 29, 46-48, 50; Nye, *Michael Polanyi and His Generation*, xviii.

“Collectivist Planning” distinguishes *planning* from *supervision* as opposite methods of *coordinating* (ordering) human activities.²⁹ The term “coordination” has an interesting history, finding its way into economic thought in the 1930s, particularly through the efforts of Friedrich Hayek and his colleagues at the London School of Economics (LSE). In 1933, Hayek observed that “From the time of Hume and Adam Smith, the effect of every attempt to understand economic phenomena ... has” largely consisted in showing the major role of “co-ordination of individual efforts in society is not the product of deliberate planning, but has been brought about ... by means which nobody wanted or understood.”³⁰ The coordination idea seems to have been part of Polanyi's intellectual milieu, the mid-30s. His 1936 lecture, “Visual Presentation of Social Matters,” anticipates that his economic movie might “achieve the promise of liberalism – freedom associated with complete co-ordination” and coordination, Polanyi further suggests, is an established part of science, evident in the seamless interactions of scientists.³¹ “Coordination” is evident in administration theory in the following year (1937), being severally referred to in the volume *Papers on the Science of Administration*, including V.A. Graicunas' contribution “Relationship in Organization” (first published in 1933, contemporaneously with the Hayek essay cited above).³²

The *planning/supervision* distinction between types of co-ordination proved instrumental to Polanyi's shaping of his social ontology and essential in his depiction of liberal society. Graicunas had noted in 1933 there are limits to the number of subdivisions of staff that can exist on any given level of an organization, the number of subdivisions able to be properly coordinated by the chief officer on that level. Planning coordination in this context has two aspects. *One* of

²⁹ Polanyi, “Collectivist Planning,” 30, 39.

³⁰ F. Hayek, “The Trend of Economic Thinking,” *Economica* 40 (May, 1933), 121-137; 129. Hayek is silent on whether Hume and Smith used the word “co-ordination” expressly in their writings. A search of definitions of “coordination” (or “co-ordination”) in the *Oxford English Dictionary* indicates no prior use of Hayek's economics' sense of the word, although it does suggest the first recorded use of the term in English was by Francis Bacon in 1605.

³¹ Polanyi, “Visual Presentation of Social Matters,” 23.

³² V. A. Graicunas, “Relationship in Organization,” in *Papers on the Science of Administration*, eds. L. Gulick and L. Urwick (New York: Columbia University Press, 1937/1933), 181-188. We cannot be sure as to when Polanyi first read Graicunas' essay. He met Hayek for the first time in 1938 at the Rougier-Lippmann colloquium and friendship blossomed between them, lasting until Polanyi's death.

them is: *How many subordinate staff* can their director *keep tabs on* to ensure the orders he issues to his staff are effective in applying the supreme director's plan? In the case of an army, for example, what is the ideal number of *corps commanders* for the *supreme commander* to monitor and direct? The *second* aspect concerns *feedback* of information. What *number of subordinates* (e.g., corps commanders) provides the superior (the army commander) with his *optimum amount of information*? What is the ideal number of subordinates (e.g., corps commanders) from whom their central director (the commander of an army) can process information and beyond which number he is provided with too much information to process? In each case, the number Polanyi refers to (and management theorists following in Graicunas' footsteps know) as the "span of control" is considered to be "about five."³³ Graicunas laid no priority claim to the "span of control" idea: "it has," he pointed out, "long been known empirically to students of organization" that a limit applies to the number of subordinates for whom a superior can be "directly responsible" and from whom he can process information.³⁴ According to Graicunas, to exceed the limit is to ensure there will be delays in decision-making and confusion in the minds of members of the organization. The upward flow of information may alter somewhat toward the top of the organization, where as few as three subordinates may provide the chief officer with an optimum amount of information whereas toward the base of the organization, with less information to be processed, the superior officer at that level may be able to handle information from as many as six subordinates.

What of *supervision* as the other method of coordinating people's activities? If he read through other contributions to *Papers on the Science of Administration* of 1937, which he likely did, Polanyi would have noticed authors suggesting an alternative to coordination of people's efforts by "*planning*." In his essay in the book, James D. Mooney (1937), Vice-President of Alfred P. Sloan's General Motors in the 1930s, drew a distinction between "perpendicular" and "horizontal" methods of coordinating activities.³⁵ Luther Gulick (1937) distinguished two modes of coordinating work, one of them being top-down "organization" and the other consisting in

³³ Polanyi, "Collectivist Planning," 31 and n. 1.

³⁴ Graicunas, "Relationship in Organization," 183.

³⁵ James D. Mooney, "The Principles of Organization," in Gulick and Urwick, *Papers*, 89-98; 93.

each member of a team of workers personally and skilfully fitting his efforts into the overall activity of the group.³⁶ L. J. Henderson and his co-authors contrasted “*spontaneously formed human relations*” against “purely hierarchical relations.”³⁷

In “Collectivist Planning” Polanyi associates each of these *methods* of coordinating human efforts—planning and supervision—with a corresponding *type of authority* which, naturally enough, he distinguishes as *planning authority* in centralized organizations and *supervisory authority* in unplanned social orders. *Supervisory authority* does not plan nor direct agents’ activities; it lays down ground rules and *leaves* it up to the *agents* to decide how best to comply with the rules.³⁸ This double distinction of types of coordination and types of authority is not absolute and impermeable as Polanyi could see from his reading the military writings of Basil Liddell Hart and Marshal Ferdinand Foch. These two men distinguished between “central” and “supervisory” types of power, being essentially the same as Polanyi’s distinction of types of authority, and they pointed out that the high command (central power) of an army, with a formulated plan of engagement with an enemy, might change into supervisory power, as when an army breaches enemy trenches and its reserves take the initiative of pouring through the opening; Liddell Hart termed this the “expanding torrent.”³⁹

Polanyi noticed that the authority exercised in Liberal society is largely supervisory with practically none of this authority existing in totalitarian society. The Liberal State provides its citizens with freedom to pursue any of a vast number of interests such as business, the arts, religion, scientific research. This realm is commonly referred to as (although not by Polanyi so far as I am aware) *civil society*. Polanyi’s Liberal State uses its supervisory authority to protect the diverse spheres of free thought and activity from being corrupted and directed by authoritarian politicians and by government officials.⁴⁰ In science, business, and the other activities, agents in Liberal society act independently of, while cooperating with, one another and

³⁶ Luther Gulick, “Notes on the Theory of Organization” in Gulick and Urwick, *Papers*, 6.

³⁷ L. J. Henderson, et al., “The Effects of Social Environment,” in Gulick and Urwick, *Papers*, 143-158: 157 (emphasis added).

³⁸ Polanyi, “Collectivist Planning,” 36-37.

³⁹ *Ibid.*, 34.

⁴⁰ *Ibid.*, 36.

the evidence of their cooperation is that their various activities constitute *orders* that emerge and evolve *without* planning.

Toward the end of “Collectivist Planning,” Polanyi makes it clear his aim is to breathe new life into Liberal philosophy which he, as we noted, believed had stagnated over the past seven or so decades and required the reconceptualizations of Lippman. Polanyi called the old Liberalism a “barbarous anarchy” that was willing to tolerate “every evil consequence of free trading.”⁴¹ While Polanyi dismissed this as “extreme” or “crude” liberalism,⁴² economists such as Ludwig von Mises and his protégé Friedrich von Hayek still embraced a form of laissez-faire Liberalism, Liberalism in its historic form, which Polanyi saw as undermining the freedoms of Western civilization. In moving toward a new Liberalism, the deflationist policies of Heinrich Brüning were fresh in Polanyi’s mind. As chancellor of Germany’s Weimar Republic through the fateful years 1930-1932, Brüning followed a programme of austerity, cutting government spending, raising taxes, and slashing welfare benefits. The ensuing rise in unemployment, most historians agree, played into the hands of the Nazis.

The new Liberalism Polanyi was helping to construct included the economics of government deficit spending as explained in Keynes’ *General Theory of Employment, Interest and Money* (1936) and practiced in the public works programmes for relieving unemployment that President Franklin Roosevelt incorporated in his New Deal. A decade later, Polanyi (1945) wrote a book of mainly Keynesian economics, *Full Employment and Free Trade*.⁴³ The new Liberalism of Polanyi would leaven laissez-faire with some state intervention, exemplifying his understanding of *supervisory authority* constrained by “law and custom” and embodying a new idea of freedom, fundamentally different to “leave alone.”⁴⁴

⁴¹ Ibid., 57.

⁴² Ibid., 56, 57.

⁴³ M. Polanyi, *Full Employment and Free Trade* (Cambridge: Cambridge University Press, 1945). See G. Biró, *The Economic Thought of Michael Polanyi* (London: Routledge, 2019); G. Biró and P. Mullins, “Interview,” 6.

⁴⁴ Polanyi, “Collectivist Planning,” 59.

3. Orders and Liberties

Appearing in 1941 in Hayek's LSE journal *Economica*, Polanyi's essay "The Growth of Thought in Society,"⁴⁵ elaborates conclusions he had drawn in "Collectivist Planning," marking a further step in Polanyi's project of fortifying Liberal philosophy against supporters of social planning particularly, on this occasion, the work of J.G. Crowther, science correspondent for *The Manchester Guardian*. "Growth of Thought" describes the place of *ideals* in science and other branches of culture, workers in each of which have the task of pushing back their discipline's frontier of knowledge. Polanyi further used his essay to discuss "the principles of organisation" that regulate cultural pursuits.

"Growth of Thought" repeats the distinction in "Collectivist Planning" of ways in which human activities (and processes in nature) attain order. There is order which authority imposes on elements that Polanyi describes as "corporate order" or "organisation," and explains that a chief executive regulates the activities of people in line with a plan of his devising.⁴⁶ Totalitarian states are examples of macroscopic planned order, their governments assign people particular positions according to the master plan, drastically curtailing the liberty of people to believe what they want and to act as they like. Polanyi knew from Graicunas' analysis of the inherent limitation of the span of control in organisations that officials are unable to cope with processing information from more than six subordinate staff, and even fewer than six staff on the higher levels of the organisation.⁴⁷ Each "official's direct contacts are essentially limited to the one man above him and to the 5-6 immediate subordinates below him."⁴⁸ The supreme authority is the only member of the organisation authorised to act *freely* in trying to solve its "longer range problems." The chief executive's directives are obeyed and elaborated by his six subordinates, and so on down the hierarchy. Each member has her own specialised role and—the great advantage of organisation as a form of management—their combined productive output greatly exceeds the aggregate output of the same people working on their own, so long as the task

⁴⁵ M. Polanyi, "The Growth of Thought in Society," *Economica New Series* 8, no. 32 (1941): 428-456.

⁴⁶ *Ibid.*, 431.

⁴⁷ *Ibid.*, 433.

⁴⁸ *Ibid.*, 434.

assigned to the organisation is not too complex for it to deal with.

Polanyi's liberal society includes orders of a type that are distinctive to it and which contrast with corporate orders. These essentially Liberal orders are not achieved by a commanding officer regimenting subordinates according to his plan. Liberal orders emerge from horizontal relations as agents *freely* adjust their conduct in response to the activities of other agents, all of them pursuing the same goal. Polanyi describes these as "dynamic orders,"⁴⁹ using the coinage of Wolfgang Köhler's *Gestalt Psychology* (1929),⁵⁰ and explains how the orders emerge from the "spontaneous mutual adjustment" of the activities of people (producing social objects or systems) or of naturally occurring elements (producing physical objects or systems).⁵¹ Assuming Polanyi read Gulick's (1937) essay in *Papers in the Science of Administration*, he would have noticed its inclusion of a type of order (coordination) of activities that arises in respect to some salient idea, "each worker" being left to his own devices to "fit his task into the whole with skill and enthusiasm."⁵² Dynamic order as it appears in Polanyi's "Growth of Thought" expands on "*supervision*" as a *type of authority* that Polanyi discussed in his essay of the previous year ("Collectivist Planning").

Polanyi cited a range of dynamic orders. In *market economies* the decisions of producers affect the demand for, and price of, resources. The process involved is mutual interaction, not executive direction, production being a dynamic order "of great complexity and usefulness" arising from the "direct lateral adjustments between individual producers making independent decisions."⁵³ Judges' adjustments to the decisions of their predecessors form *common law* into a dynamic order that is "precisely analogous to the relationship between the consecutive decisions

⁴⁹ Ibid., 429, 435.

⁵⁰ Wolfgang Köhler, *Gestalt Psychology* (New York: Liveright, 1929/1947).

⁵¹ Polanyi's citation of Köhler in this context might lead the reader to think, as it did the present author, that he was Polanyi's *sole* source of the concept of this kind of order. The possibility cannot be excluded, but it now seems more likely to this author that Köhler was only one among several sources.

⁵² L. Gulick's "Notes," 6. Polanyi's views on spontaneous order converge with certain other ideas expressed in *Science of Administration* and we note also that from 1933 to 1935 Gestalt psychologist David Katz was a colleague of, and likely discussant of Gestalt ideas with, Polanyi at Manchester University, so perhaps Katz introduced Polanyi to Köhler's distinction.

⁵³ Polanyi, "Growth of Thought," 436.

of individual producers acting in the same market.”⁵⁴ Again, the scientist is influenced in his choice of problem and his approach to its solution by the findings other researchers have been publishing in journals and disclosing in conference proceedings. *Science* develops “by the characteristic process producing dynamic order. New scientific claims are made in due consideration of” ones already validated, the past impacting on the present.⁵⁵ Further examples of dynamic order cited in “The Growth of Thought” include “the social legacies of language, writing, literature and of the various arts, pictorial and musical,” crafts such as medicine, agriculture and manufacture, religion and political ideas.⁵⁶ Each dynamic order has its cultural heritage or tradition which the older generation of workers hands down to initiates, and the younger generation’s training equips them to make discoveries of their own. The ideals and the standards of dynamic orders are incorporated in traditional practice with scientists hoping to emulate, and even surpass, the example of their illustrious ancestors.⁵⁷ In his essay “Scientific Convictions” (1951) Polanyi writes of “orthodoxies” and established ideas of the scientific tradition, a tradition whose grip on believers he considers to be as tenacious as is the tradition of the Roman Catholic Church on its adherents.⁵⁸

In the history of English political thought since John Locke, freedom is understood as the intellectual space that is apportioned to agents in which they can think about and discuss ideas of their own choosing. Polanyi refers to this as “*private*” freedom⁵⁹ or, later, as “*individualist*” liberty.⁶⁰ Contrasting private liberty, and permeating the activities of dynamic social-cultural orders, an agent also has what Polanyi terms “*public*” liberty, it being so described because it is one’s prerogative to decide how best to discover more of the content of the publicly accepted ideal end of a dynamic order.⁶¹

⁵⁴ Ibid.

⁵⁵ Polanyi, “Growth of Thought,” 437.

⁵⁶ Polanyi, “Growth of Thought,” 438, 441.

⁵⁷ Ibid., 441-442; M. Polanyi, “Foundations of Academic Freedom” in *Logic of Liberty* (1951), 32-48; 39, 42; “Self-Government of Science,” in *Logic of Liberty* (1951/1942), 49-67; 54-58.

⁵⁸ Polanyi, “Scientific Convictions,” 30.

⁵⁹ Polanyi, “Growth of Thought,” 430, 438.

⁶⁰ M. Polanyi, *Logic of Liberty*, 32.

⁶¹ Polanyi, “Self-Government of Science,” 50.

“The Growth of Thought” describes how the leaders (or “influentials” as we will see them described later) of each dynamic order of Liberal society “rule according to law; assessing values” with reference to the standards of research prevailing in their field.⁶² Creations of the mind (theories, works of art, and artefacts of craft) have their validity proven with reference to received standards, even as the accreditation of these new theories and artefacts modifies the standards. *Standards* (criteria) evolve while *Ideas/Ideals* are permanent. “Scientific Truth, the Law of Nature, or the Canons of Beauty” are just some of the Ideals of Liberal life, being “aspects of truth” that motivate the activities of scientists and of members of other dynamic orders.⁶³ The Ideals are partly expressed, but never fully revealed, in the tradition of practice of each dynamic order.⁶⁴

Public liberty is meaningful liberty whereas private liberty—the exercise of private will as mood dictates—is a different and lesser order of meaning. There is no dynamic order without public liberty, and no Liberal society without dynamic orders: public liberty is an essential part of Polanyi’s definition of the liberal state.⁶⁵

Polanyi used his essay “Foundations of Academic Freedom” (1947) to further examine the topic of freedom, breaking it up into three kinds. First, there is freedom “from external constraint” for a person to enjoy so long as his conduct is not a hindrance to other people enjoying the same freedom. Polanyi describes this as the “individualist” freedom that the “great utilitarians” extolled, which he had earlier termed “private” liberty. He has rather a dim view of this liberty, saying it helped to justify exploitation and slavery, as well as supporting the Romantic philosophy’s ideals of “the unique, lawless individual” and of “nations striving for greatness at any price”; the Romantics’ aversion to “all restraint[s]” thus turns “into nihilism.”⁶⁶ Second, in Polanyi’s division of the ways a person can be free, is liberation from selfish desires, a person surrendering himself “to impersonal obligations” and “moral compulsion.”⁶⁷ Noting the

⁶² Polanyi, “Growth of Thought,” 441; also Polanyi, “Foundations of Academic Freedom,” 42; and “Self-Government of Science,” 50.

⁶³ Polanyi, “Growth of Thought,” 441, 429.

⁶⁴ *Ibid.*, 442.

⁶⁵ *Ibid.*, 438.

⁶⁶ Polanyi, “Foundations of Academic Freedom,” 32.

⁶⁷ *Ibid.*, 32-33.

occurrence of the idea in Martin Luther's writings, Polanyi says it can be used to support the totalitarian theory of the State as "the supreme guardian of the public good" with the individual achieving freedom upon giving his unconditional obedience to the State.⁶⁸ The consequences of these two traditional understandings of freedom are unacceptable to Polanyi.

According to Polanyi, the third and truly valuable form of liberty, surmounting the problems that detract from the other two forms, is grounded in the "realm of transcendent ideas."⁶⁹ He arrived at this conception looking at the "academic freedom" that blends *individualist* or *self-assertive* liberty with *submissive* liberty.⁷⁰ Academic freedom leaves it up to each scientist to decide how he should pursue his research, responding to the findings of other scientists working in the same field. Responsible for deciding his own adjustments, the scientist "extend[s] ... together with a maximum efficiency the achievements of science as a whole."⁷¹ The scientist is not provided with this freedom in order that he might enjoy it. He is gifted freedom in a dynamic system of coordination so he can discover more in the pursuit of a spiritual ideal, truth having intrinsic value.⁷² This third liberty is equivalent to what Polanyi's "The Growth of Thought" distinguishes as "public liberty," but in that 1941 article he suggested private and public liberties are mutually incompatible so that the scientist, *qua* scientist, cannot be both privately and publicly free, whereas in the 1947 essay "Academic Freedom" he describes these two kinds of freedom as "interwoven," complementary, and as essential to academic freedom.⁷³

⁶⁸ Ibid., 32-33.

⁶⁹ Ibid., 47.

⁷⁰ Ibid., 32-33, 37.

⁷¹ Ibid., 35.

⁷² M. Polanyi, "Foundations of Academic Freedom," (1951/1947) in *Logic of Liberty*, 32-48; 33-36, 39, 44-46.

⁷³ Ibid., 33, 39. Isaiah Berlin in a famous essay "Two Concepts of Liberty" [in *Four Essays on Liberty* (Oxford: Oxford University Press, 1969): 118-172] distinguished between "negative" and "positive" liberties. An agent he regarded as negatively free when the State makes a space available to him to act as he chooses (this equates with Polanyi's private liberty) and Berlin's agent is positively free when he has the capacity to pursue goals of his own choosing, freedom in the sense of self-rule. Berlin's positive liberty has a different emphasis to Polanyi's public liberty, Berlin's agent surrendering himself completely to some external end and Polanyi's choosing to serve some higher end and deciding the courses of action he needs to choose in order to serve it best. For careful analysis of Berlin's distinction see R. T. Allen, *Beyond Liberalism* (New Brunswick: Transaction Publishers, 1998), 17ff.

4. Justification of Liberalism

The Liberal State Polanyi viewed as one extensive dynamic order, constituted of *middle size* dynamic and corporate orders. The conduct of citizens in Polanyi's Liberal society mostly occurs in these middle level orders. Leaving economic liberty aside, Polanyi regarding it as a different kettle of fish to freedom of *thought*, middle size dynamic orders—"Artistic, literary, musical, sporting, medical, technical, scientific, political, religious, legal, etc."—form the extensive "intellectual and moral order of society."⁷⁴ Agents in each of these orders help to cultivate its share of society's cultural heritage. Corporate, or planned, orders in the Liberal State are of lesser importance to it overall than are "systems of dynamic co-ordination," since most of the corporate orders are individual "industrial enterprises" engaged in "competitive production" in the context of the dynamic order of market competition.⁷⁵ The freedoms of Liberal society are, as we noted, not provided for people's enjoyment. Indeed, they are freedoms that diminish choices, requiring people to sacrifice their greed, ambition, and selfishness. We become moral agents, Polanyi's suggests, when we surmount our selfish inclinations.⁷⁶ The freedom required for this purpose and for the free society to be approached as "a true end in itself" is not the private freedom of the classical liberals—Locke, Bentham, James, and John Stuart Mill, et al.—but freedom of the responsible ("academic" or "scientific") kind.

Academic freedom survives only in a free society, specific freedoms (of scientists, historians, philosophers, and of other inquirers) relying on the general freedom of an inclusive society that is underpinned by "metaphysical assumptions."⁷⁷ Members of Polanyi's free society have to accept these metaphysical/"transcendent" principles on faith, believing them true independently of empirical evidence. Without faith in the validity of these assumptions, freedom survives only by default, in a state of "suspended logic."⁷⁸ The most fundamental of the Liberal's faith-assumptions is that ideal ends—truth, justice, beauty, and the like—are real. Liberals work at

⁷⁴ Polanyi, "Growth of Thought," 441; also "Preface," *Logic of Liberty*, vi.

⁷⁵ *Ibid.*, 439.

⁷⁶ Polanyi, "Scientific Convictions," 30.

⁷⁷ Polanyi, "Foundations of Academic Freedom," 47-48.

⁷⁸ *Ibid.*, 41-42, 45, 47-48.

making their society more civilized, a better society whose citizens “respect truth, desire justice and love their fellows,” these being dictates of conscience.⁷⁹

A further metaphysical assumption of the free society and its dynamic orders is that thought is powerful, suggesting a notion of progress: there is always more of justice, truth, beauty, reason, and of other dimensions of spiritual reality for mind to discover. In society and its dynamic orders, Liberals are committed to pushing back the frontiers of knowledge⁸⁰ and (as a “simple principle of logic” according to Polanyi) discovery of spiritual reality can proceed only by way of participants’ inquiries being freely coordinated.⁸¹ Scholarship generally, like science specifically, must remain free from State direction if individual workers are to be able to respond to the initiatives of their compatriots, to discover more of transcendent reality.

5. Polanyi, Popper and Liberal Democracy

Liberal society, Polanyi tells us, is not “an Open Society.”⁸² Is he suggesting it is a “closed society”? The reader is likely to respond, surely it is totalitarian states that are closed, not Liberal societies. The matter Polanyi wants to impress on his readers is that Liberal society is “dedicated to a distinctive set of beliefs,” which is to say it is a fiduciary society, resembling science and other social-cultural dynamic orders.⁸³ Liberal society is a dynamic order of public liberty.

When Polanyi denies Liberal society is an “Open Society” we can be confident he has a specific theory in his sights, notwithstanding that he does not mention the name of the theory’s author. The theory is that of Karl Popper in his major work of social-political theory, *The Open Society and Its Enemies* (1945), a work that generated heat and light in the philosophical community in the second half of the 1940s and beyond. Polanyi invited Popper to Manchester to give a presentation on *The Open Society and Its Enemies* in June 1946.⁸⁴ By this time, it would

⁷⁹ Polanyi, “Scientific Convictions,” 29-30.

⁸⁰ Polanyi, “Preface,” *Logic of Liberty*, v-vi., v; “Foundations,” 35.

⁸¹ Polanyi, “Foundations,” 40-42.

⁸² Polanyi, “Preface,” *Logic of Liberty*, vi.

⁸³ Ibid.

⁸⁴ S. Jacobs and P. Mullins, “Relations between Karl Popper and Michael Polanyi,” *Studies in History and Philosophy of Science* 42 (2011): 426-435; 428-429.

have been apparent to Polanyi and Popper and to many others that each of their accounts of knowledge was fundamentally different from the other. Popper considers sceptical criticism to be salutary to the growth of knowledge while Polanyi envisages knowledge as stemming from *faith* and laments how the “modern mind” with its “chisel” of “destructive scepticism” (including criticism) have contributed “so many shattering blows to the modern world.”⁸⁵ In 1952, at a meeting of the British Society for the Philosophy of Science in London, Polanyi took offence at certain of Popper’s remarks, and there is evidence of their intellectual rift in their publications through the 1950s.⁸⁶ After centuries of modern thought, Polanyi writes, we find ourselves now “in the midst of a period requiring great readjustments” and we must discard the shibboleth that we are entitled to “hold as a belief only the residue which no doubt can ... assail” and we will have to relearn Saint Augustine’s lesson that eventually our beliefs “are ultimate commitments, issued under the seal of our personal judgment. To all further critical scruples we must at some point finally reply: ‘For I believe so’.”⁸⁷ *Towards a Post-Critical Theory of Knowledge*, the subtitle of Polanyi’s major book *Personal Knowledge* (1958), points out the fundamental difference of his and Popper’s philosophies.⁸⁸ Certainly, by 1951, Polanyi was dubious of Popper’s critical rationalism and his brand of liberalism,⁸⁹ hence his denial in the preface of *The Logic of Liberty* that a free society is an “Open Society.”

What is the “distinctive set of beliefs” to which Polanyi’s *Logic of Liberty* says liberal society is dedicated? The beliefs include some which this article has already discussed, such as belief in the existence of a domain of reality that is spiritual and whose ideal ends are knowable through the inquiries conducted by scientists, theologians, philosophers, economists, and other participants in Liberal society’s dynamic orders of culture. Inquirers want to discover “knowledge for the love of truth,”⁹⁰ showing “the human intellect can operate independently on its own

⁸⁵ Polanyi, “Social Message of Pure Science,” (1951/1945) in *Logic of Liberty*, 3-7; 4.

⁸⁶ Jacobs and Mullins, “Relations between,” 430.

⁸⁷ Polanyi, “Scientific Convictions,” 31; Polanyi, “Perils of Inconsistency,” (1951) in *Logic of Liberty*, 93-110; 109-110.

⁸⁸ M. Polanyi, *Personal Knowledge* (London: Routledge & Kegan Paul, 1958).

⁸⁹ Polanyi, “Preface,” *Logic of Liberty*, vi.

⁹⁰ Polanyi, “Social Message of Pure Science,” 3.

grounds.”⁹¹ This outlook *denies* a number of the pet ideas of many Western intellectuals at the time Polanyi was writing, such as Marxism and behaviourism, which if rigorously applied to Liberal society and culture “would destroy” their own “constitutive beliefs.”⁹² A further view subversive of Liberal orthodoxy is the notion that the only way citizens can settle major social disagreements is “by sheer force.” Such an “admission” would threaten the free society and amount to “an act of disloyalty to it.”⁹³ Liberal society, as Polanyi sees it, is justified in censoring these threats and in demanding its citizens support “its institutions and defend” them.⁹⁴

Polanyi's epistemology and his advocacy of dynamic orders was in tension with radical egalitarianism and objectivism, but he may have mischaracterized Popper's understanding of egalitarianism and critical rationalism. Polanyi's dismissal of the Open Society theory of Liberalism caricatures Popper, who never suggests a Liberal society must regard all of its citizen's ideals as equally valid. What Popper has in mind is an ideal type of society that can be approached in social reality but which can never be perfectly realized. His free society is *committed to a particular set of values* just as much as Polanyi's Liberal society is, and this commitment becomes clear in chapter 24 of Popper's *The Open Society and Its Enemies*. Popper's Liberalism is rationalist, based on faith in reason, and his liberals are committed to taking argument seriously. This rationalism Popper takes to be a part of “our Western civilization”⁹⁵ and he explains it as signifying each rationalist needs to use his reason to “solve as many problems” as he can, paying particular attention to critical arguments and to learning from experience, “rather than appealing” to emotions and passions.⁹⁶ An analogical extension from the scientific attitude, as understood by Popper, the rationalist attitude of reasonableness admits *I may be wrong and you may be right, and the two of us might be able to settle our disagreement and advance toward the truth.*⁹⁷

It is noted that Popper supports not rationalism as such but a *critical* form of rationalism,

⁹¹ Ibid., 4.

⁹² Polanyi, “Scientific Convictions,” 30.

⁹³ Ibid., 31.

⁹⁴ Ibid., 30.

⁹⁵ Popper, *Open Society*, 516-517.

⁹⁶ Ibid., 497, 499.

⁹⁷ Ibid., 497, also 510.

based on an appreciation that the rationalist attitude cannot be established by its own resources of argument and experience since these resources must *already be valued* in order for a person to hold the rationalist attitude.⁹⁸ Critical rationalism cannot be “comprehensive”, but has to rest on an irrational component, “an *irrational faith* in reason.”⁹⁹ The opposite of critical rationalism is irrationalism. The *irrationalist*, explains Popper, bases his choice on his *feelings* which he understands to be the strongest force of human nature. Critical rationalism and irrationalism have different consequences. Consequences of the irrationalist deprecation of human reason include treating “violence and brutal force as the ultimate arbiter in any dispute.”¹⁰⁰ If positive emotions (e.g. love and compassion) fail to settle a disagreement, destructive emotions—“fear, hatred, envy”—will be tried and, should they fail, the irrationalist is left with violence as his last resort.¹⁰¹ The irrationalist is likely to *discriminate* between people, based on his *feelings* toward them: loving some, hating others, being pleased with some and displeased with others, etc.

Critical rationalism on the other hand is *egalitarian*, not in the sense of saying that everyone’s view is of equal value but, in the sense that to adopt the critical theory of reason is to permit all members of society to submit their views for assessment in the marketplace of ideas, suggesting people should not be their own judge in disagreements and encouraging the practice of *impartiality*.¹⁰² Objectivity for Popper is not some God’s eye view or state of mind, but derives from the public assessment of the merits of knowledge claims. Popper would thus agree with Polanyi that experts are to be believed ahead of novices, though there are exceptions, especially in the wider public realm. Taking argument seriously, critical rationalism requires we invest “faith in our own reason, but also—and even more—in that of others.”¹⁰³ Rationalists have faith in the “*rational unity*” of people, appreciating that we all can learn “from criticism” and from our “own and other people’s mistakes.”¹⁰⁴ These facts require us to tolerate our critics so long as they in turn avoid being intolerant. *Social institutions* are required by critical rationalism to safeguard

⁹⁸ Ibid., 502-503.

⁹⁹ Ibid., 503.

¹⁰⁰ Ibid., 507.

¹⁰¹ Ibid., 507.

¹⁰² Ibid., 511.

¹⁰³ Ibid.

¹⁰⁴ Ibid., 511, 517, 519.

people's *freedom* of thought and of criticism, the institutions being designed and produced consistent with the precepts of *piecemeal social engineering*.¹⁰⁵

Polanyi would be unlikely to disagree with the values or ends of Popper's open society as we have just outlined them. Significant differences exist, however, between their respective discussions of democracy. Democracy, associated with private liberty, is less important in Polanyi's thought than public liberty that occurs against the background of emergent traditions, whereas Popper, as we will soon explain, recognizes a nexus existing between democracy and Liberal values. Polanyi never deals with democracy in a sustained way; democracy is in the background of his social political thought, while his presentation of liberty and Liberal society are in the foreground. Here are some of the different ways Polanyi understands democracy.

1. He suggests a *majoritarian* interpretation of democracy, centred on majority votes at elections, is consistent with communist and fascist governments. Polanyi's 1936 "Truth and Propaganda,"¹⁰⁶ a review of Sidney and Beatrice Webb's *Soviet Communism: A New Civilization*,¹⁰⁷ describes fascist and communist dictators as keeping "the machine of democracy in full swing" and as extending "the democratic machinery as far as possible."¹⁰⁸ Democracy is used broadly here, and it includes single-party political systems.

2. Some of Polanyi's writings interpret democracy as affording science, and other subcultures of Liberal society, with institutional *protection*. His 1937 note in the journal *Nature* affirms "The profession of truth" in science and other cultural pursuits "needs for its protection the free institution of democracy."¹⁰⁹ *Science, Faith and Society* (1946) includes the democratic protection of free thought to be among the essential elements of

¹⁰⁵ Ibid., 511.

¹⁰⁶ M. Polanyi, "Truth and Propaganda," (1936) later included as chapter 4 in *The Contempt of Freedom*, 96-116.

¹⁰⁷ B. and S. Webb, *Soviet Communism: A New Civilisation?* (London: Longmans, 1935).

¹⁰⁸ Polanyi, "Truth and Propaganda," 96-97.

¹⁰⁹ M. Polanyi, "Congrès du Palais de la Découverte," *Nature* (October 23, 1937), 710.

a Liberal society.¹¹⁰ Liberal society has its “premisses”—metaphysical assumptions/principles “underlying ... free discussion”—that must have the support of the general public. These premisses are expressed in a “democratic spirit,” an ethos guiding “the life of a free nation.”¹¹¹ Among the metaphysical principles are objectivity (opening ideas to criticism), fairness in discussion, tolerance (hearing out one’s opponents), and the surety of there being such a thing as truth.¹¹² The premisses of Liberal society help guide its citizens in their making cultural choices, e.g., whether to view man naturalistically or from a religious standpoint, Marxism or anti-Marxism, science or magic, science or astrology.¹¹³ Premisses of cultural preference exist in a “practical art,” *Science, Faith and Society* argues, an art that the older generation of citizens transmits as a tradition to the new generation (“the tradition of civic liberties”).¹¹⁴ According to Polanyi, this tradition with its art and premisses is *protected* by democratic institutions, which in Britain include “the Houses of Parliament; the courts of law; the Protestant churches; the press, theatre, and radio; the local governments and the innumerable private committees governing all kinds of political, cultural, and humanitarian organizations.”¹¹⁵

3. Additionally, Polanyi envisages democracy as a type of *technology* that can be used to enlighten the general public on matters of social substance. In a 1935 writing about his economic film, Polanyi distinguishes what he calls “democracy by enlightenment,” meaning that when citizens properly understand how the market economy operates they will be better equipped to think through government economic policies and to cast their votes rationally at elections.¹¹⁶ “The Growth of Thought in Society” provides us with more of his thinking on this aspect of democracy. He observes how “modern public life” expanded from the nineteenth century with the introduction of new forms of media,

¹¹⁰ M. Polanyi, *Science, Faith and Society* (Chicago: University of Chicago Press, 1946/1964).

¹¹¹ *Ibid.*, 70.

¹¹² *Ibid.*, 66.

¹¹³ *Ibid.*, 66, 69.

¹¹⁴ *Ibid.*, 71.

¹¹⁵ *Ibid.*, 69.

¹¹⁶ Bíró and Mullins, “Interview,” 57; Polanyi, “On Popular Education in Economics.”

particularly “the wireless and film.” His economics film would contribute to “this informal mode of self-government,” encouraging the public to study, learn from and criticize the ideas and activities of trained economists.¹¹⁷ Polanyi describes these new forms of communication technology as “a most important element of democracy” and as “a factor in politics where it seems to be side-tracking [does he mean paralleling or complementing?] to some extent the electoral machine.”¹¹⁸ In the United States more than in any other country “the division between the Legislature and the Executive” has stimulated the increase of “this type of direct public influence—exercised through the press and the results of private polls which sway ... the views of ... politicians—the electoral machinery retaining ... its function as the ultimate sanction of public opinion.”¹¹⁹ In summary, democracy for Polanyi is coming to operate not only through elections, the ballot box, and politicians on the hustle to encourage citizens to vote for them, but also through the use of radio and film to educate citizens who in turn convey their thoughts to politicians including through their responses in opinion polls. Political parties, it seems, formulate their policies in response to information conveyed in these processes. Elections remain the “ultimate sanction of public opinion,” deciding which party’s candidates are to govern the country, elections being the final arbiter.¹²⁰

4. In “The Growth of Thought” Polanyi also speaks of “democracy” with reference to the “life” and “nature” of the *dynamic orders* of Liberal society.¹²¹ The accreditation of new contributions to the culture of a dynamic order is left up to its “elected officers,” the grandees or “influentials.”¹²² The influentials are the members of a dynamic order who are admitted to its prestigious professional institutions (e.g., the Royal Society), the professors at top ranking universities, and the editors of the most lauded journals.

¹¹⁷ Polanyi, “Growth of Thought,” 442.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² Ibid.

Influentials of the next generation are selected by incumbent influentials. This suggests the constitution of the dynamic order is at once *oligarchic and elitist*, even if that influence is originally earned in a tradition of discovery. However, this is *democratic* as well as *meritocratic* in that influentials are able to discharge their duties only if they have the financial and moral backing of the *general public*. Polanyi speaks in this context of a “system of indirect representation” in which less knowledgeable members of the wider society invest their trust in influentials to scrupulously oversee the way in which the ideals of the dynamic order are cultivated.¹²³ There is discussion of the political structure of dynamic orders, particularly science, in *Science, Faith and Society*, suggesting much the same blend as does the 1941 article of democratic and meritocratic elements.¹²⁴

5. As a rule, Polanyi shows little interest in forms of government. He has no in-principle objection to the rulership of one, or of a few, or of many, and has no in-principle argument to prefer democracy to non-democracy. Autocrats and small groups may be enlightened, Polanyi suggests, and democratically elected rulers may be incompetent or unprincipled.¹²⁵ In certain of his later writings Polanyi’s emphasis in discussing democracy is on whether governments uphold the rule of law and assure their citizens’ liberties.

6. An unpublished 1945 document titled “CIVITAS,” outlined a “proposed new quarterly journal to be published by The Manchester Literary and Philosophical Society” and distinguishes between principled and unprincipled forms of democracy.¹²⁶ “Democratic self-government is the appeal of interested parties to public opinion on the basis of common principles” while “unprincipled democracy is lawless and its dominion tyrannical.”¹²⁷ Democratic government is principled and healthy when it respects the rule

¹²³ Ibid.

¹²⁴ Polanyi, *Science, Faith, and Society*, 48-52.

¹²⁵ MPP, Box 50, folder 5 (1946), 1.

¹²⁶ MPP, Box 4, Folder 12, “CIVITAS,” also titled “Our Times.”

¹²⁷ Ibid., 1.

of law and is unprincipled and unhealthy when it rules without regard for settled principles of law. Polanyi does not specify how many political *parties* a polity needs for it to be properly described as democratic, leaving the possibility open of there being a subset of democratic (“parliamentary”) systems having only one political party.

Perhaps Polanyi's most revealing discussion of democracy is a short essay of 1958, “Tyranny and Freedom, Ancient and Modern,” analysing democracy as “a political system in which the rule of law sustains public liberties under a government elected by universal suffrage.” He considers the “public liberties” of dynamic social-cultural orders as the beating “heart of democracy; the rule of laws is its muscular framework; and finally, a democratically elected government forms a dynamic centre for improving the laws by which men live in a free society.”¹²⁸

“Elective self-government is the final, most difficult achievement of democracy and not-as often seems to be assumed—the first step towards democracy. *Nor is it its ultimate criterion.*”¹²⁹ What then is the “ultimate criterion” of democracy? Polanyi suggests it comprises the rule of law and dynamic orders infused with public freedom. Of particular note is Polanyi's doubt as to whether democracy, in the accepted form of two or more political parties competing for a majority of votes from an electorate based on universal adult suffrage, is a necessary or a sufficient condition of a society being free. Governments of that description can, so it seems, destroy freedom just as easily as they can support it. The fact of a government being “popularly elected” and its following the “rules of law” does not ensure its society is free.¹³⁰ Democracy and freedom, in Polanyi's account, are not always connected with each other.

Popper's rendering of democracy serves as a foil to Polanyi's various understandings of democracy. Popper has a fundamental distinction between two types of government.¹³¹ A democratic government can be removed nonviolently, combining *institutions* such as general elections with *traditions* that make it difficult for rulers who wish to destroy democratic institutions. Government of the other kind—tyranny/dictatorship—can only be removed

¹²⁸ Polanyi, “Tyranny,” 17.

¹²⁹ *Ibid.*, 17.

¹³⁰ *Ibid.*, 17-18.

¹³¹ Popper, *Open Society*, 136.

violently, “by way of a successful revolution” which typically means “not at all.”¹³² Popper does not include mention of “the rule of the people” in his theory of democracy. The people “may influence the actions of their rulers by the threat of dismissal, [but] they never rule themselves in any concrete practical sense.”¹³³ The Popperian democrat is guided by the principle of creating, developing, and protecting “political institutions for the avoidance of tyranny.”¹³⁴ The institutions of democracy, he points out, can never be “faultless or foolproof” nor can they guarantee “that the policies adopted by a democratic government will be right or good or wise—or even necessarily better than the policies adopted by a benevolent tyrant.”¹³⁵ The institutions of democracy cannot select people with mind, character, and outlook that are best suited for governing. No institution can do this.

Polanyi, in some of his moods, intimates an understanding of democracy similar to Popper’s protectionist understanding of it, but he does not have much to say on this, and it gets lost in the welter of details of his other accounts of democracy and liberal social institutions. On the other hand in his 1958 essay, Polanyi believes benevolent dictatorship or oligarchy, on several occasions historically, has provided better rule than democracies, suggesting that democracy is not necessary for a free society. Popper, with justification, would answer that Polanyi in this instance fails to differentiate between the personality, the individual makeup, of *rulers* and democratic political institutions and their function. This distinction is important to Popper, since his principle of democracy implies that its supporters do better to tolerate bad policies from a democratic government than to submit to being ruled by an enlightened despot; this, so “long as ... [they] can work for a peaceful change.”¹³⁶ General elections, representative government, and checks and balances when accompanied by a widely accepted tradition of distrusting tyranny constitute “a reasonably effective institutional safeguard ... against tyranny, always open to improvement, and even providing methods for their own improvement.”¹³⁷ The democratic vote

¹³² Ibid.

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ Ibid., 137.

¹³⁷ Ibid.

of the majority is fallible. The democrat may disagree with how the majority votes on occasion. He will feel free to criticize majority votes but will accept them provisionally in order for the democratic institutions to function.¹³⁸ If the vote of the majority causes the destruction of a democratic system, the democrat will take this for a reminder that “there is no foolproof method of avoiding tyranny” but he will point out his theory of democracy is unimpaired by this and his resolution “to fight tyranny” is undiminished by it.¹³⁹

6. Conclusion

Polanyi's writings on social-political theory emphasize freedom and social ontology. He criticizes centralized corporate authority and totalitarianism, and he advocates a horizontal supervisory authority. The spontaneous orders of society are bottom-up emergent, but their development, Polanyi suggests, may occur under different forms of constitutional state so long as the state allows its citizens the freedom to be able to participate in these orders. In his new Liberalism public freedom and dynamic orders are essential, but democracy itself seems somewhat peripheral to Polanyi's main concerns. Popper, in contrast, makes democracy central to his social-political thought. Popper provides us with a convincing theory of democracy, Polanyi gives us his sundry thoughts. Popper's is a unitary, coherent, simple, and clear theory; Polanyi presents fragments without explaining how they might be interconnected.

We see that Polanyi and Popper share values and ideals, and—despite Polanyi's own impressions—Popper complements Polanyi's epistemological and social-political conceptions, and better answers the question: What is the real benefit of democracy?

¹³⁸ Ibid.

¹³⁹ Ibid.