QUAESTIONES
DISPUTATAE

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

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2022

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Three Freedoms and an Emergentist’s Hope for Social Progress

Charles Lowney

“Too many people are still glaring at each other through the angry masks of obsolete ideologies.”
— Michael Polanyi (1955)

The sharp divide in our current political life is not as new as we might think. Michael Polanyi mentions an opposition in his time between the “hysteria of anti-capitalists, who nurse their unchanging resentment of existing society” and “excited anti-socialists, who still keep confusing public life by their hypochondriac fears ... of ‘creeping socialism’.”¹ Polanyi concludes, “Too many people are still glaring at each other through the angry masks of obsolete ideologies.”²

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

² Ibid., 208.
I argue that Polanyi can help us navigate a way through contentious ground to something that is more than a mere compromise. His notions of public liberty and emergence can provide a basis for a generally formal but “positive” understanding of Rousseau’s general will, and also the basis for a relatively “neutral” but binding political liberalism, along the lines of John Rawls’ conception of a free-standing political rationality.\(^3\) Polanyi’s way forward values both tradition and social progress. By encouraging both conservatives and progressives to look closer at the values they actually share, and at the actual exigencies of economic and political systems, there may be a way to see past ideological distortions and experiment safely with policies that improve society and the lives of its members.

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

We will see how the proper role of social and government organization is not only to protect private liberty but to support public liberty, which is a personal freedom that in turn fosters both

individual freedom and the just aims of social freedom. So, while there are significant risks to intervening in complex and emergent systems, there are hopes that careful interventions can have successful outcomes. Polanyi’s view can thus be captured in a notion he called “Social Capitalism.” While he would present a stern warning against hasty national-level revolutionary changes that ideologically-oriented progressive liberals might desire, he would also encourage careful experimentation in programs that “canalize” production and institutions toward the higher goals of social justice. After looking at “Polanyi for the Right” and “Polanyi for the Left,” I show how Polanyi’s notion of emergence provides a different sort of middle ground. I suggest that Polanyi can be considered a “liberal conservative,” who would be in favor—to the extent practically possible—of responsibly providing security for our lower-order needs so that our higher-order freedoms can flourish.

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

In many areas, we are likely to have shared values but differ in our conception of how economic, social, and political systems work. We all value freedom, we all value tolerance and compassion, we all value equality and justice (though these might mean something different in the context of different levels, as we’ll see). We also all want an economy that works. Part of the difference is the level of trust we have in our own ability to produce desired outcomes by the imposition of abstract reason from the top-down (via a “constructive rationalism”⁵), rather than to produce them organically through the evolution of practical reason from the bottom-up (via “spontaneous ordering”⁶).

The main political opposition with which Polanyi contended was between the Anglo-

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European Liberal tradition that supported capitalism and reform, and the communist and socialist movements that sought to reorder political and economic systems into a collectivism through revolutions and government control. Both shared Enlightenment values of equality, fraternity, liberty, and justice. (Though one side, as we’ll see, emphasized individual liberty and a “negative” conception of justice, while the other emphasized social liberty and a “positive” conception of social justice). In this battle, Polanyi came down clearly on the conservative side as a proponent of incremental progress and capitalism, and he opposed “radical liberalism” and the constructivism of collectivist movements.

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

1.1. Classical Liberalism, Radical Liberalism, and Moral Inversion

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

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8 Allen, Beyond Liberalism, 31.
Classical Liberalism emphasized the equality and freedom of individuals. Rooted in the Enlightenment tradition, it came with the overthrow of aristocracy and monarchical power, and with the democratization of the Western world. It also came with the end of feudalism and the rise of capitalism. Classical Liberalism aligned with Bentham and Mill’s Utilitarianism; the greatest happiness overall appeared to coordinate with allowing individuals to freely choose what brings them happiness, both in their personal and social lives, and also in the marketplace. A free market aligns with a preference utilitarianism, which does not predetermine what will bring particular individuals pleasure or satisfaction, but allows demand to build and supply to satisfy. These liberal freedoms, of course, were subject to the limitations required to protect citizens from unduly harming each other, and the requirements of establishing a common defense. They were also based on legal institutions that protected private property and allowed for the pursuit of other non-economic goods.

Classical Liberalism can look like Libertarianism, but whereas Classical Liberalism evolved from forms of custom and tradition, Libertarianism endorses an “individualist form of radical freedom” that “results in suspicion of or antipathy to most or even all forms of custom, tradition, law, and government.” Libertarianism is thus a more radical branch of Enlightenment thought than Classical Liberalism. Another more radical branch, at the other extreme, also evolved in the nineteenth century. This other branch emphasized, at least with regard to economic wealth, an equality of results. These egalitarian views reacted against industrialized capitalist economies that already showed how—left unchecked—they would produce socially undesirable consequences. With the rise of industrialization, by the end of the nineteenth century, the rich were getting fewer and richer, and the poor were getting more numerous and poorer. This meant effective freedom for the few who become very wealthy, and effective slavery for the many who become very poor. Communist and Socialist ideologies, with commitments to redistribute wealth in an equitable fashion, became the revolutionary “Radically Liberal” far left view, and these

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

Allen, *Beyond Liberalism*, 43.
contrasted sharply with a radically Libertarian far right view. “Classical Liberals,” like Mill, however, were closer to the middle; they saw the damage that industrial capitalism was wreaking, but advocated for reforms (child labor laws, woman’s rights, minimum wage, etc.) rather than revolution.

Initially, Polanyi reacted against destructive tendencies of the “far left” of his day. He emphasized the evolutionary and tacit wisdom of traditional institutions, such as those of Common Law by which property rights developed in Britain, and he saw the emergence of socialist governments, with centrally planned economies, as disastrous for both individual freedom and for productive economies. Polanyi felt the effects of the communist revolution in Russia, and the rise of the National Socialisms of Mussolini and Hitler. Fleeing from one country falling under the sway of this plague (Hungary, swept behind the Iron Curtain) to another (Germany, under the rise of Hitler), he finally settled in Britain, only to see there a Soviet-styled socialist effort to restrict the freedom of scientific research in the name of achieving socially beneficial goals.\footnote{See Michael Polanyi, “The Republic of Science: Its Political and Economic Theory,” originally published in 1962 and reprinted in Minerva 38 (2000): 1-32; henceforth referred to as RS. See pages 9-14. Polanyi actually articulated ideas in “The Republic” in the early 1940s. See Mary Jo Nye, Michael Polanyi and His Generation (Chicago: University of Chicago Press, 2011), for more context.}

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

The moral problem was that heartfelt moral goals could not be justified in a rationally convincing manner. Both radical liberals and humanists were the victims of scientism and its underlying nihilism. The Modern “cosmic imaginary” (as Charles Taylor calls it)\footnote{See Charles Taylor, A Secular Age (Cambridge: Belknap Press of Harvard University Press, 2007).} provides a sharp distinction between fact and value. Values were considered either subjective and arbitrary—and so neither science nor reason could support them—or they were considered affects of material processes—“mere superstructures”—and values would not change until those
material conditions changed through the assertion of revolution. In either case, a moral skepticism ensued. One could not rationally ground ethical views or debate them on common ground, and so one could not hope to engage others with reasons about value.

Scientism undermined the ground for moral truth, but it did not diminish moral passion. Although there was a deep skepticism surrounding reasoning about moral values, there was still a deep conviction of right and wrong. Polanyi saw this moral skepticism coupled with a utopian moral passion as the source of a “moral inversion” that promoted brutal authoritarian tactics and allowed immoral horrors in the name of the moral progress. In this “inversion,” manipulation and force are seen as the only viable way toward positive change, but—given the underlying nihilism and intense passion—violence can become an end in itself.14

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

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

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

According to Polanyi, the scientific, intellectualist view put too much faith in our ability to use explicit knowledge to control nature and direct society for the better. Polanyi, as a practicing scientist, recognized himself as part of a tradition and was not fooled by the theoretic allure of scientism. By showing how we must depend on unthematized traditional practices and values even in acquiring scientific knowledge, he sought to show that we could also affirm the tradition

13 Michael Polanyi, *The Logic of Liberty: Reflections and Rejoinders* (Chicago: University of Chicago Press, 1951), 5; henceforth referred to as LL. Michael Polanyi’s brother Karl Polanyi also criticized the Marxist view that values were “submerged in Man’s economy” as he put it in “Our Obsolete Market Mentality: Civilization Must Find a New Thought Pattern,” *Commentary* 3 (1947): 109-117; 114.

and values into which we were born.

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

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

Institutions had evolved, and common and written laws had developed over generations that set conditions for the success of both a free society and a functioning economic system. There is a complex tacit background to social and political systems, but an even more mechanical complexity is displayed in a free market economy. Polanyi drew attention to instances of what he called “dynamically stable orders,” using examples from mathematics (e.g., probability theory)

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15 Michael Polanyi, *Personal Knowledge* (Chicago: Chicago University Press, 1962), 54; hereafter referred to as PK; also see RS, 18.
16 Michael Polanyi, RS, 18.
18 Michael Polanyi, PK, 54.
19 Michael Polanyi, PK, 40.
and science (e.g., behavior of gasses).\textsuperscript{20} The economic system displayed a “spontaneous coordination”\textsuperscript{21} in which disordered or apparently random activities, at one level, can give rise to an order that allows for their efficient functioning as a system, at another. Polanyi argued that the modern free market was emergent, and that complex economic systems relied on the activities of too many individual actors operating on too many tacit background conditions to be efficiently controlled from the top down. Such an organic system could not be reordered in the light of an abstract plan.

The economy, according to Polanyi, was a system of “polycentric” controls that included individual providers of capital seeking to make a profit.\textsuperscript{22} This was an essential part of what made the system work well on a scale needed to support modern populations. Take away investors seeking out opportunities (apparently “random” lower-level activities from the perspective of higher order results) or take away consumers signaling desires with purchases (as Hayek emphasized), and the economy would collapse.

Polanyi saw an example of this collapse after the Russian Revolution. The newly formed communist government seized possession of the means of production. It went about planning what needed to be produced in order to equitably and successfully feed, clothe, and provide for the population (to support their utilitarian freedom). The result was a famine that killed about 5.5 million people.\textsuperscript{23} According to Polanyi, after this experience in the early 1920s, even Leon Trotsky realized that central planning was an impossible task,\textsuperscript{24} and Vladimir Lenin reintroduced some basic features of the free market into its economy as early as 1921.\textsuperscript{25} Later, a form of the profit motive was even reintroduced by way of “directors’ funds.”\textsuperscript{26}

A centrally planned economy was a failed experiment. Polanyi argues that the USSR was a fully collectivist “planned” economy only in name. Out of necessity, it quickly became an example

\textsuperscript{20} Michael Polanyi, PK 39, 40.
\textsuperscript{21} Michael Polanyi, RS, 2.
\textsuperscript{22} Michael Polanyi, “The Determinants of Social Action” (hereafter cited DSA) in Allen, Society, Economics & Philosophy, 183-198. This was Polanyi’s contribution to a Festschrift for Hayek in 1969.
\textsuperscript{23} Michael Polanyi, LL, 129.
\textsuperscript{24} Michael Polanyi, LL, 130.
\textsuperscript{25} Michael Polanyi, LL, 132.
\textsuperscript{26} Michael Polanyi, DSA, 194.
of “state capitalism,” rather than a state-planned socialist or communist economy. It functioned, but it was still burdened and slowed by government ownership and control, and it was “clumsy” compared with free market capitalisms that allowed individuals to possess and invest capital.²⁷

1.3. Hayek, Neoliberalism and the Dangers of Government Involvement

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

While many current neoliberals seemed to lean, ideologically at least, toward laissez-faire capitalism, Hayek did not believe in an “invisible hand” that somehow steered all self-interested activity towards the common good. Like Polanyi, he recognized the importance and power of laws and institutions as a basis of the complex economic system, which both allowed it to function and helped steer it toward the common good. One needed laws to, e.g., protect property and its transference and to enforce contracts. One also needed institutions of banking and lending, etc. Many unthematized practices and customs also dictated how those laws and institutions came to be coordinated and how they operated efficiently. These institutions and customs supported a spontaneous order that emerged from the activity of individuals responding to prices, creating demand, and affecting supply.

Hayek showed that a complex economic system needed the near immediate feedback of free exchange and pricing to function; central planning could never be responsive enough, nor knowledgeable enough. Local decisions made the economic system efficient. The free choices of individuals—supported by good institutions and laws—encouraged the system to be productive and mutually beneficial to all. The free market, according to Hayek, also disciplines its participants so that they are properly incentivized to be productive members of the economic

²⁷ Michael Polanyi, DSA, 195; also discussed in “Social Capitalism.”
society. While a morality of the market might seem crass to moral and religious philosophers, it was essential for our survival.\footnote{F.A. Hayek, “The Moral Imperative of the Market” in The Unfinished Agenda: Essays on the Political Economy of Government Policy in Honour of Arthur Seldon (Institute of Economic Affairs, 1986); available at https://mises.org/library/moral-imperative-market.}

The neoliberals were well aware that capitalism could have socially undesirable results, but they would suggest that we be careful in recognizing the source of those results. For them, a lack of market competition is what produced the ill effects of immense income disparity at the end of the nineteenth century. Good laws and institutions were needed to help discipline the market by breaking monopolies and trusts. If, instead, one attempted to correct great income disparities from the top-down by redistributing wealth, one could potentially damage a complex system that relied on local actors who are motivated to invest for profit. Government’s role here was primarily to ensure and support a free market, not to limit it.

The dangers of direct government involvement—even without central planning—include inefficiency, creation of perverse incentives, and cronyism, all of which lead to undesirable social and economic consequences.\footnote{A government bureaucracy (aiming for good goals) typically acts from the top-down, and without the proper attention to background knowledge and subsidiary conditions. It is thus likely to design or implement an inefficient program (e.g., providing equipment for public schools but not the support to use or maintain them—one of many examples in David Shipler’s The Working Poor [New York: Alfred A Knopf, 2004], 249, 250). The government might (also with good intentions) set up programs that inadvertently produce perverse incentive structures that undermine its own (or broader) social goals (e.g., the way that AFDC (Aid to Families with Dependent Children) could promote a culture of dependency instead of providing basic security and promoting equal capability). Government involvement can also facilitate market manipulation when particular companies seek to influence the laws in order to gain an unfair market advantage, e.g., when they engage in “rent seeking.” This happens when, for instance, big tech and drug companies seek advantages by exerting influence on lawmakers via political donations and lobbying (e.g., insurance companies were able to write into the ACA (Affordable Care Act) an administration fee of 20%, while other countries limit fees to less than 5%).} But in addition to these dangers, neoliberals like Hayek saw socialist interventions as having their own set of dangers that are even more dire. Any wide-ranging socialist reform was seen as a slippery slope to a Soviet-styled totalitarianism. According to Hayek in The Road to Serfdom (1944),\footnote{F.A. Hayek, The Road to Serfdom (Chicago: University of Chicago Press, 1976 [1944]).} the government makes promises upon which it cannot deliver, e.g., expensive universal services or a guaranteed income, and since the exigencies of a free market economy are required to produce wealth, these promised benefits are unsustainable.
The “best” people admit as much, but the “worst” rise to the top, riding upon utopian dreams. The exercise of totalitarian power then appears necessary to deliver on (empty) promises and what happens next is the breakdown of individual wealth and freedom.

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

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

1.4. Polanyi Against Government Control

Polanyi, as we will see, did not go as far as Hayek and the neoliberals, but he sided with Hayek against central planning of the economy, and in defending individual and institutional freedoms against government-imposed directives. Polanyi’s model for this was the academic freedom of the institutions of science. Science required independence from the steering directives of a central government agency. Like economists trusting the free choices of the consumers, Polanyi believed that progress in the sciences is best achieved by allowing individual scientists to pursue their own passions.

Polanyi demonstrates how science in the USSR was set back immensely when it was forced to comply with the communist party directives rather than proceed according to the self-coordinating review of the community of scientists itself. The USSR even removed their scientists

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31 Ibid., 120.
32 Michael Polanyi, RS, 4.
from the international community of science in order to unduly direct their efforts. Polanyi gives the example of how, for political reasons, the Soviets promoted I. V. Michurin’s theory of "vegetative hybridization" even though it was “decisively discredited by the formulation of Mendel's laws and the discoveries of cytogenetics.”\(^\text{33}\) This government interference halted the progress of research in genetics in the USSR for twenty-five years.\(^\text{34}\) Polanyi describes how such noble progressive intentions could cast whole branches of science into confusion.\(^\text{35}\)

Seeing what top-down, centralized direction had done to science in the USSR, Polanyi vigorously opposed the implementation of a planned science initiative when it became a threat in Great Britain in the 1940s.\(^\text{36}\) Polanyi argued that academic science would be hamstrung if it were restricted to research that was dedicated solely to the public welfare or a ruling party’s interests rather than the discovery of truth. The individual freedom and passion of the scientists to follow their own interests in their fields drives scientific discovery.\(^\text{37}\) Also, the advance of scientific knowledge was valuable for its own sake and not just for its pragmatic applications or any subsequent technological innovations. Polanyi showed that technological innovations did not advance science itself very much.\(^\text{38}\) Science flourishes when it is not geared to technological benefit, but even the future indirect benefits of invention could be lost if the government controlled the direction of research. One might say that for Polanyi just as virtue for its own sake brings happiness, scientific research for its own sake brings technological invention.

For Polanyi, the scientific tradition could act as model of a free society that provided “supervisory” rather than top-down “corporate,” authority.\(^\text{39}\) In that analogy, individual rights

\(^{32}\) Michael Polanyi, LL, 60.

\(^{34}\) Michael Polanyi, RS, 10.

\(^{35}\) Michael Polanyi, LL, 62. We can see similar dangers today. A progressive ideology could stunt research into genetic or medical research involving differences in body types, because it could be considered racist or sexist to even discover such differences. Political ideologies could also exaggerate a legitimate scientific consensus regarding climate change to the point that further objective research into it is suppressed or distorted.

\(^{36}\) See RS.

\(^{37}\) On the importance of discovery and the growth of ideas—not only in science, but as an operating principle for a liberal social order—see Phil Mullins, “The Growth of Thought in Society as a Major Motif in Polanyi’s Philosophy,” in this issue of *Quaestiones Disputatae*.

\(^{38}\) Michael Polanyi, LL, 75.

\(^{39}\) For more on the difference between supervisory and corporate authority see Struan Jacobs, “Polanyi’s New Liberalism and the Question of Democracy,” in this issue of *Quaestiones Disputatae*. 
and personal choices are valued above socially determined directives toward public welfare. The institutions of science formed a system that vetted scholarly publications, organized peer reviews, and set procedures for hiring and promotion. This was all part of a non-coercive, self-governing community.\textsuperscript{40} It had conservative forces that supported the procedures and theories of the status quo, but it also had progressive forces that promoted new discoveries and sometimes even revolutionary theories. Older scientists may sometimes be blinkered, but discovery was highly valued, so individual scientists would take risks.

In summary, we see Polanyi for the “right” in his respect for tradition, traditional institutions, and individual freedom. His understanding of how spontaneous order worked in a complex system, and the sources of scientific advance, supported a free market economy and opposed central planning and government control. Polanyi captured this need for local control and freedom when he said that “a centrally directed industrial system is administratively impossible: it is like asking “a cat to swim the Atlantic.”\textsuperscript{41} But Polanyi also understood that higher-order values could appropriately organize lower-level activities. So simply allowing the (lower-level) economic interests to direct the outcomes of social systems would be like letting the tail wag the dog.

2. Polanyi for the Left: Emergent Levels, Government Interventions, and Social Freedom

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

\textsuperscript{40} Michael Polanyi, LL, 26, 27.
\textsuperscript{41} Michael Polanyi, LL, 126.
2.1. Emergent Systems and Levels of Study

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

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

An emergent system can be studied at its own level. In studying biological systems, we discover biological laws and principles that govern this emergent level of existence (e.g., rules that govern a metabolic system) that are different than laws of physics and chemistry that govern the lower-level subsidiary entities/parts. Similarly, the biological level itself is subsidiary to an individual’s mental and emotional life, so psychology studies another emergent level that the biological body supports and sustains. The mind, for Polanyi, cannot be reduced to the brain and its functions, though we can also look at what subsidiary brain/biological processes need to be in place for good mental health, and further down to what chemical and physical subsidiaries need to be in place for the brain and body to function well.
According to Polanyi, in emergent systems the relation between the entities of one level and the next higher level is one of dual control. The lower level has its laws and exercises its control, limiting the possibilities for the higher, but the higher level can also have its laws and controls. These do not violate the laws of the lower level, but organize the lower-order parts and use them in various ways. The higher level, says Polanyi, acts on the “boundary conditions” left open by the lower level. Thus my mind can to some extent affect my body. I can decide to lift my hand, and I raise my hand, but that does not violate any of the biological laws that govern my body, nor the physical laws that govern its parts. I commandeer or “canalize” the lower level to my purposes, but I rely on those subsidiaries to be able to function; if I have a stroke, for example, I might not be able to raise my hand.

Emergent complex systems call for study, this is why we have different sciences with different laws: physics, chemistry, biology, psychology, sociology, political science, and ultimately, for Polanyi, the personal domain in which we act freely and responsibly.

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

2.2. Government Intervention and Support

We saw that neoliberal economists recognized that a well-functioning economy needed laws—not only laws to secure property and its transference, but also anti-trust and anti-monopoly laws that insured competition and market efficiency. Neoliberals, however, were generally opposed to government intervention in the economic system. Polanyi, early on,

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43 Ibid., 226.
disagreed with Hayek’s group and sided with John Maynard Keynes on a need for the government to intervene in order to prevent painful downturns in the economic cycle. Polanyi advanced these ideas in media and in print. He made a film, which he converted to a textbook in 1945 titled, *Full Employment and Free Trade.* In simplified terms, Polanyi conveyed the exigencies of a market system and showed how the government’s ability to regulate the flow of money during economic downturns could preempt or break a downward spiral. His preferred tool to stimulate the economy was to print more money. Today, printing more money, borrowing it, and adjusting interest rates, are common techniques for effecting the same results.

Polanyi saw the actions of FDR after the Great Depression as an implementation of this policy of government intervention. While this brought the United States out of depression, other countries, where the more “hands off” policies regarding government intervention prevailed—such as Germany—saw their economic systems completely collapse or saw a recovery that was painfully sluggish. Polanyi believed if Germany had followed the US example, things would have turned out much differently both economically and politically.

Polanyi also recognized market externalities, or “diffuse costs and benefits,” as social costs that individual beneficiaries did not pay for. Social costs needed to be taken into consideration “and it falls to the public authorities to assess them and to act accordingly, either by making restrictive regulations to which manufacturers have to conform or, in some cases, by imposing special taxes.” Government regulation or taxation were needed to correct negative social effects such as “noise and smoke, the pollution of rivers, the defacing of the landscape,” etc.

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45 Effectively, Polanyi’s was the top strategy to prevent unemployment and bankruptcy during the Covid-19 pandemic, e.g., “Setting aside traditional worries about printing too much money the Fed has moved ‘immediately and creatively’ to do what’s needed in an emergency” (*The Week*, April 3, 2020).
47 Michael Polanyi, CP, 140.
48 Michael Polanyi, DSA, 196.
49 Michael Polanyi, DSA, 196.
50 Michael Polanyi, DSA, 195.
also recognized the need to foster positive communal effects through government subsidies,\textsuperscript{51} which served us all both in gaining the benefits of a well-educated society and in advancing knowledge for its own sake.

Polanyi wanted the institutions of higher education and science to be independent from government control, but he also wanted the government to fund them.\textsuperscript{52} A main problem Polanyi saw in government planning was that scientists and researchers would be supported only in so far as they were working toward the public welfare. This pulled against the value of knowledge for its own sake and brought academic freedom into the utilitarian domain. Just as certainly as Polanyi did not want the government directing the goals of science, he did not want the free market directing its goals either. To privatize educational institutions and make them subject to market forces would corrupt their values and goals just as surely as centralized planning would.\textsuperscript{53}

Polanyi was in favor of subsidizing education by having government pay the difference between what students could pay and the university’s costs.\textsuperscript{54} Polanyi also endorsed tenure for life\textsuperscript{55} in order to insulate academics (and judges) from both government and market forces, and to allow academics to freely pursue their research interests and speak their findings without fear of political or economic retaliation. “Academic freedom consists in the right to choose one’s own problem for investigation, to conduct research free from any outside control, and to teach one’s subject in the light of one’s own opinions.”\textsuperscript{56}

\begin{itemize}
\item \textsuperscript{51}Michael Polanyi, DSA, 196.
\item \textsuperscript{52}Michael Polanyi, LL, 41.
\item \textsuperscript{53}If one buys and sells education as a commodity, then the more highly valued education, and the more costly, would become that which produced the most future income for students. Education as an institution that exposes us to the higher values of society and culture would be undermined. Education would no longer foster freedom, but be governed by the market and its value. (Consider the relative salaries currently distributed to faculty in the humanities, the sciences, and schools of commerce, which increase directly in accord to their economic applicability).
\item \textsuperscript{54}Michael Polanyi, DSA, 196.
\item \textsuperscript{55}Michael Polanyi, LL, 43.
\item \textsuperscript{56}Michael Polanyi, LL, 33. This makes former President Trump’s tweet of July 10, 2020, particularly dangerous: “Too many Universities and School Systems are about Radical Left indoctrination, not education. Therefore, I am telling the Treasury Department to re-examine their Tax-Exempt Status ... and or Funding, which will be taken away if this Propaganda or Act Against Public Policy continues. Our children must be Educated, not Indoctrinated.” Polanyi would not want the government deciding what is really knowledge and what is merely ideological propaganda. We continue to see “hypochondriac fears ... of ‘creeping socialism’” today, especially with
\end{itemize}
In supporting government support of education, Polanyi was also rejecting the notion that the principles of the free market should run independently from our higher-order moral principles (transcendently guided). So while he agreed with Hayek and Mont Pelerin thinkers that the free market is a complex system that produces a spontaneous order, and that top-down control for social benefit can actually be counterproductive, Polanyi was not averse to government intervention and support. He says, “It is true that the market is a machine and an indispensable machine, but this machine need not overrule respect for humanity and social justice.”

2.3. Levels of Being, Higher Values, and Social Freedom

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

A hierarchical scheme of higher/whole and lower/parts levels can distort complex interactions but it can also help to bring across some important dependency relations. Just as a higher emergent physical system operates by rules/laws different than those that govern the lower level, an emergent social system could also operate by different rules than those which might operate at the lower level of an individual human animal seeking its own satisfaction within a community. The lower level of individuals, and their freedom to fulfill their self-interested desires and needs (studied by psychologists) are subsidiary to the society, which emerges from the mutual interdependence of individuals and their desires and needs. There are aggregate social goals, the notion the United States would become another Venezuela, rather than a Netherlands or Norway, if progressive agendas like “Medicare for All” are implemented.

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57 See Edwaro Beira, “Liberty and Tradition: Michael Polanyi and the Idea of Progress” in this issue of Quaestiones Disputatae, for more on the importance of transcendent principles in Polanyi’s notion of progress.
59 See Allen, Beyond Liberalism, 136, 147 footnote #2.
60 Note that this logical or functional dependency does not require that individuals exist in isolation before entering into society. A human individual is always already a member of society.
e.g., of mutual support and protection, but society can come to form a higher-level holistic order as well, and there are emergent features and values that come with it (studied by sociologists). For the sake of a higher-order social value, such as the freedom and protection of society itself, we may have to canalize or even sacrifice our individual freedom and self-interest.

Polanyi saw the social as real, in contrast, “Hayek decried ‘the social’ as a term at once mythical, incoherent, and dangerous, falsely anthropomorphizing and drawing on animism too,” as Wendy Brown summarizes in “Neoliberalism’s Frankenstein: Authoritarian Freedom in 21st Century ‘Democracies’.”^61 While for Polanyi there can be such a thing as the social and it can display justice, for Hayek, justice was primarily a matter of relations between individuals. It was sorted in terms of the particular claims free individuals could make based on the legal institutions that protected, as R.T. Allen summarized, “rights to private property, the freedom of movement and occupation, plus access to certain public facilities such as highways.”^62

What Hayek conceived as individual liberty was still, for Polanyi, something that typically aligned with lower-order values connected with Utilitarianism. Allen explains that Hayek’s conception of social good did indeed go beyond von Mises’ Act Utilitarianism. Hayek’s utilitarianism was not only “polytelic,” acknowledging goods that went beyond hedonic satisfaction,^63 it incorporated a version of Rule Utilitarianism in which the rules were not just

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^62 Allen, Beyond Liberalism, 65. Allen adds, “access to the courts and some maximum amount or proportion of taxation, plus a general lack of regulations beyond what is necessary for the effective carrying out of the ordinary business life,” which he sees implicit in Hayek’s view (Ibid., 65). Allen also describes the conservative view and freedom as going beyond negative freedom (Ibid., 42) and so relying on competencies as well as immunities (protections) (Ibid., 79).

^63 Ibid., 121.
“productive generalizations” but were constitutive of freedom. As Allen notes, rules thus don’t devolve into the most useful acts. But we can see, contra Allen, that the ultimate goal is still utility here. The exigencies just work a bit more indirectly—just as the pursuit of virtue indirectly causes happiness. Rules were to be universally obeyed, primarily because they supported and were constitutive of an individual’s freedom, which for Hayek was primarily a negative “freedom from” infringement, so that individuals could pursue their individual desires.

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

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

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

While utilitarians treat satisfaction as a transcendent value, Polanyi talks about Truth, 

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64 Ibid., 117-119.
65 Ibid., 123.
67 Michael Polanyi, LL, 29, 30.
68 This need to rise to the higher level of the social when discussing justice goes back to Plato in The Republic. When defining “justice” Plato did not talk about individuals, he first needed to set the stage by discussing what an ideal state/republic would look like. Similarly, when talking about human telos and justice, Aristotle also talked about the happy polis or city, because it is within a happy city that an individual human obtains the capability of flourishing; the study of ethics was subordinate to the study of politics (See Aristotle’s Nicomachean Ethics, Book I).
Justice, Beauty, and Freedom as transcendent values, and these are considered more important than the utilitarian values. But these ideals are mainly formal. How we understand each is conditioned by which level of reality and understanding we are thinking from, i.e., the context/system in terms of which we are thinking. We can identify with ourselves as individuals with self-regarding interests or as citizens with society’s interests at heart. If it is an emergent value and force in me, I can understand and experience from the perspective of my/our social will and my/its social values. So, whereas from the perspective of my individual interests, I might see following the general or social will as a sacrifice, that sacrifice could very well be an expression of my social will, as I identify as a moral citizen of the body politic.

Mark Sagoff captures this dichotomy well in “At the Shrine of Our Lady of Fatima or Why Political Questions are Not All Economic.”\textsuperscript{69} He describes one’s role as a consumer versus as a citizen, and notes that they are often at odds. “I am schizophrenic,” he says.\textsuperscript{70} As an individual consumer, he was happy to have a crooked judge “fix” his speeding ticket, but as a citizen he was also happy to vote the crooked judge out of office at the next election.\textsuperscript{71} The higher-order freedom (that involved the laws of the road) emerged in order to protect individual freedoms (and an individual’s ability to safely drive on the road) but it can also call for the sacrifice of the individual (don’t speed or else).

Society is often described in terms of a complex organism (e.g., Hobbes’ \textit{Leviathan}) that is built up of many organs with different functions essential for its survival. The parts/individuals, however, can be called upon to perform different functions in service of the interests of the whole. Also, while the mutual interdependence of functions may have evolved over time and include elements ruled by spontaneous order, those too can be studied. Like Hayek, Polanyi worried about efforts to control and order from the top-down, even toward specific, and well-intentioned, goals. The exigencies of the system must be respected, and we must be aware of our limitations. But just as a good doctor or surgeon can learn more about a human organism and effect changes that


\textsuperscript{70} Ibid., 621.

\textsuperscript{71} Ibid., 621.
can help the body heal, we can understand society better and help it achieve its higher goal, that of being a “good society”—which might also align with the better goals of our higher selves.

In summary, Polanyi for the “left” departs from strictures against government intervention, by (1) giving it a role in controlling the monetary system, (2) by sanctioning regulations and taxes on companies to reduce communal harms or promote communal goods, and (3) by subsidizing institutions, such as higher education and science, that contribute to higher values and the social good. Polanyi believes that free market laissez-faire is “barbarous,” and the engine of economic production must be brought in line with our higher values. He recognizes a higher-order social freedom and justice that can properly call for the sacrifice of individual freedom and privilege.

3. Polanyi for the Emergent Middle: Hierarchies of Value, the General Will, Political Liberalism, and Public Freedom

Polanyi saw a false dichotomy in the political views that emphasized either (1) individual private freedom, or (2) the self-surrender to a collectivist or holistic understanding of equality and social justice. Rather than one or the other, he saw (3) a personal freedom in the form of “public liberty” that was geared neither toward individualistic self-satisfaction, nor the (utilitarian or otherwise) self-surrender to the impersonal goals of society. He also saw that this public freedom supported and enriched both individual freedom and social freedom as it supported and enriched our higher personal values and projects. As we saw, the model for this third way, and for a free society more generally, was the institution of science itself as a non-coercive, cooperative, self-regulating tradition that served the higher value of Truth. Science is what Polanyi called a “dynamic orthodoxy.” For Polanyi, science presents a paradigmatic instance of a “dynamic order” that allows for public freedom to operate, and this provides a clue to the proper character of government authority and intervention.

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72 Michael Polanyi, CP, 139.
74 Michael Polanyi, “Republic of Science.”
3.1. Public Freedom and *The Logic of Liberty*

As Polanyi expresses it in *The Logic of Liberty*, there is an opposition between being “free from external constraint” which is an “individualist or self-assertive conception of freedom,” and a freedom that is a “submission to impersonal obligations.”\(^{75}\) The self-centered private freedom of the individual will give way to the collective social freedom of the general will. These two freedoms come into conflict, but for Polanyi they come to resolution in the further emergent development of “public liberty.” This public freedom seems to be a Hegelian supersession of individual freedom and its negation in social sacrifice; through it we are no longer in opposition, nor are we “schizophrenics.”

Polanyi begins by criticizing the sort of individual liberty and goals that both free-market and collectivist economic systems seem to prize. The individual liberty that Mill praised was being “freed from external constraint,”\(^{76}\) but this for Polanyi was concomitant with a lower-order conception, and reflected Utilitarian values and Utilitarian social goals. Polanyi, prefiguring elements of John Rawls’ argument against Utilitarianism in “Justice as Fairness,”\(^{77}\) noted that this utilitarian notion of freedom is dangerous and can be made “consistent with keeping slaves.”\(^{78}\) For Polanyi, this freedom in “its fundamental opposition to all restraint can easily be turned into nihilism.”\(^{79}\)

He contrasts individual freedom with a social freedom “almost its opposite,” which “regards freedom as liberation from personal ends by submission to impersonal obligations.”\(^{80}\) But this has dangers, too. It can encourage a totalitarianism in which individual freedom is negated in order to advance the goods of society. “... if you regard the State as the supreme guardian of the public good ... then it follows that the individual is made free by surrendering completely to the

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\(^{75}\) Michael Polanyi, LL, 33.

\(^{76}\) Michael Polanyi, LL, 33.


\(^{78}\) Michael Polanyi, LL 32. E.g., if one freely chooses slavery for the utilitarian benefit of material security.

\(^{79}\) Michael Polanyi, LL, 32. Presumably, because a utilitarian skepticism about the existence of any values higher than pleasure encourages nihilism, or because if every fancy is valued, then nothing truly has value.

\(^{80}\) Michael Polanyi, LL, 32, 33.
For Polanyi, the goal is neither to promote utilitarian satisfaction nor to sacrifice individual interests to the social good. He instead points to a “missing principle” which binds them in combination and provides a “true balance.” He, again, looks to academic freedom and the notion of a self-adjusting, spontaneous coordination to find this balance. As Hegel might put it, (1) individual freedom, and its negation in (2) social freedom, find their supersession in (3) public freedom.

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

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

There are independent projects leading to discoveries that contribute to the collective good

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81 Michael Polanyi, LL, 33.
82 Ibid.
83 Michael Polanyi, LL, 35.
84 Michael Polanyi, LL, 35; RS, 2.
85 Michael Polanyi, LL, 35.
86 Michael Polanyi, LL, 36.
87 Michael Polanyi, LL, 39.
88 Michael Polanyi, LL, 26.
of science, but there is also a common communal character that guides the vetting of projects and the validation of scientific knowledge. A political society also requires self-governing institutions and traditions under a common constitution that embodies its sovereign will. It, too, offers supervision, rather than direct top-down control, to help canalize functioning towards our higher values. In politics as well as science there needs to be a balance between the stable/conservative status quo vetting and the progressive/novel excitement of discovery, both of which work together to guide progress.

The personal freedom exercised by researchers is not won as a negation of the constitution and rules that constrain them, but it is won in the service of self-set higher values. The principle of mutual coordination speaks to efficiency in achieving contact with reality and advancing science, but there is also what Polanyi describes as a “spiritual reality” that good scientists submit to. The public liberty of the individual scientist or citizen is not a freedom to do as one pleases, but a freedom to be responsible to one’s conscience and to pursue one’s calling in service of higher, personally affirmed values.\(^89\)

The general foundations of coherence and freedom in society may be regarded as secure to the extent to which men uphold their belief in the reality of truth, justice, charity and tolerance, and accept dedication to the service of these realities; while society may be expected to disintegrate and fall into servitude when men deny, explain away, or simply disregard these realities and transcendent obligations.\(^90\)

3.2. Government Support and Supervision

In Polanyi’s model, in order to advance public freedom, public authority protects professional traditions or institutions, which have their own emergent standards of excellence. Polanyi mentions some specific institutions that need to be upheld in order to preserve liberty. He says, the “privileges under which Universities, Law Courts, Churches, and the Press are

\(^{89}\) Michael Polanyi, *The Tacit Dimension* (Garden City, NJ: Doubleday, 1967), 79; hereafter cited as TD.

\(^{90}\) Michael Polanyi, LL, 47.
upholding their ideals" must be protected; also protected should be “the rights of individual enterprises under which trade is conducted.” For Polanyi, the role of the government is not only to protect but to support (to varying extents) particular institutions that support public freedom. It is to indirectly support the endeavors within them that align with the common goals of a liberal social order, while allowing the sort of autonomy and self-governance that, e.g., academic science should enjoy.

This support is sometime a tax-exempt status, but sometimes it involves more, e.g., grants and subsidies distributed with the help of professionals in the field, as is done by the National Endowment for the Humanities. The support of public freedom, in turn, supports social and individual freedoms. Affirmative action, for example, can support the advancement of historically repressed or underprivileged groups. This can be seen as a move that does not mandate change at the level of social freedom, but encourages it at the level of the public support for employers who promote social justice. This support of social responsibility, in turn, supports the freedom of those who would otherwise have fewer job opportunities and would thus have more difficulty exercising their utilitarian freedoms through the market.

Polanyi is well aware that traditions and institutions are dynamic and changing, and not all of those changes are for the better. He also knows that not all traditional institutions have, or should have, the horizontal and self-organized “supervisory” authority of science and, more generally, of liberal social orders. Some components of dynamic orders, such as individual businesses and the military, may even operate more efficiently with “corporate,” top-down authority. Although Polanyi displays a respect for traditions and their tacit wisdom, this did not make all traditions good for the advancement of knowledge and the promotion of social justice. He notes that even in the sciences cliques can develop that can act for their individuals’

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91 Michael Polanyi, CP, 129.
92 For instance, the policy of giving government contracts preferentially to companies committed to hiring a number of minorities proportional to the general population, when it does not produce excessive hardship, seem consistent with Polanyi’s understanding of how public liberty may be supported.
93 Polanyi uses the military as an example of corporate authority in “Collectivist Planning” (CP, 124).
94 Similarly, Hayek also respected but did not revere traditions and believed they must adapt and change in cultural evolution (Horowitz “Hayek and Freedom,” Foundation for Economic Education (May, 2006) available at https://fee.org/articles/hayek-and-freedom/)
benefit and unduly restrict the advance of knowledge; Polanyi warns that the protections of an institution can sometimes act as a shield for corrupt practices.\textsuperscript{95}

The economic system relied on many traditional institutions for its proper working, but not every spontaneously emerging traditional institution or subsystem in an economy or society would always add to market efficiency or contribute to the common good. Similarly, we, via public authority, should not wholesale seek to promote all aspects of all traditions but seek to understand which could support our common higher values, be it in the sciences, the arts, the press, business, or religion, and we—through the public authority of government and our own personal commitments—should seek to foster those that do.

Thus, while most of the supervision and correction ought to take place at the level of the self-organizing institutions, Polanyi also sees a supervisory role for public authority. Just as the pancreas might produce too much or too little insulin and that production might need to be regulated for the benefit of an organism, some lower-level activities might need to be inhibited or encouraged for proper higher-level functioning. The economic system was one that we needed to “canalize, correct and supplement.”\textsuperscript{96} And just as the economic system is one that sometimes calls for government intervention, other institutions that are subsidiary to our higher social and political life sometime calls for higher-order action.

This creates a role for government to exercise “supervisory authority” but not a “corporate authority.”\textsuperscript{97} Government should not act as a central planner, in which decisions were made at the top by individuals or committees and then obediently carried out, but as a supervising body with concern for the public interests that, through the support of public freedom and mutual self-coordination, still allows individuals and institutions to be the creative source of action. “Under supervision, individual action springs forth from direct communion with the social heritage, and its outcome returns directly to the social fund.”\textsuperscript{98}

Polanyi says the “social aspect of freedom” is “surrender to the service of impersonal

\textsuperscript{95} Michael Polanyi, LL, 43.
\textsuperscript{96} Michael Polanyi, LL, 138.
\textsuperscript{97} Michael Polanyi, CP, 126-129.
\textsuperscript{98} Michael Polanyi, CP, 128.
principles but in public liberty that surrender becomes transformed into a positive pursuit of personal passion for a calling that enacts higher values and in so doing advances the public good. The economy is like a complex machine, and society is like a complex organism, but we can tinker with and direct our productive machines and we make corrections to help an organism achieve health.

3.3. From Dialectic to Hierarchy: The Emergent, Higher Middle

The reality of the constituent parts change in an environment where they together become a system. The part, at least in part, gets its identity from the whole. The individual comes into existence in the context of a community and culture, but the individual becomes a citizen in the context of being a responsible member of collective, and the citizens become responsible persons by pursuing intelligent and moral goals that serve both the individual and the community of which they are a part.

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

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99 Michael Polanyi, L.L., 43.
100 Image by J. Finkelstein, https://commons.wikimedia.org/wiki/File:Maslow%27s_hierarchy_of_needs.svg#file (released under the terms of GNU Free Documentation License).
As with the fields of science, the simplification of values into a hierarchy can distort complex relations between levels, but it can also bring across some dependency relationships that generally hold true. In Maslow’s pyramid, certain lower-level (subsidiary) needs must be filled in order for higher-level psychological and social capacities to emerge and function properly. One must eat and sustain one’s body in order to come together in association, and then one needs physical safety and security before one can look to higher and better ways of being together in relationship and community. Similarly, Aristotle saw the animal needs of physical satisfaction and pleasure as lower than the social needs of a moral community, and these, in his scheme, were lower than the higher-level activities of the intellect.¹⁰¹

The lower levels are subsidiary and necessary for the emergence of the higher, e.g., it’s difficult to carry on a conversation or to concentrate on a good journal article if one is starving. But when higher-order values emerge, they can both enrich our lower-order satisfactions and reorder how we go about fulfilling them. For instance, one might satisfy sexual needs in ways that honor and support relationship rather than in ways that randomly fulfill sexual urges, or one might shift to a vegetarian diet if one finds it morally reprehensible to kill animals. This adjustment would be like the exercise of a higher-level control in a dual control system, in which

¹⁰¹ See Aristotle’s *Nicomachean Ethics.*
the boundary conditions of a lower level are constrained and directed by a higher level. Once the higher-level value is established it can even override a lower-level need and its primary value. One might renounce sex entirely for higher spiritual goals, or one might go on a hunger strike and die to support a moral cause.

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

In different emergentist theories of ethics, slightly different hierarchies are constructed depending on which way of living and values are recognized as the highest order. Kohlberg has constructed a moral progression that runs from lower-level utilitarian individual concerns and values up to Kantian universal concerns and values.\(^\text{102}\)

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\(^{102}\) Kohlberg’s chart below is from https://www.writework.com/uploads/3/39499/kohlberg-stages-large.gif (released under the terms of GNU Free Documentation License). For a different understanding of how different major moral theories come together in an emergentist view see my “Morality: Emergentist Ethics and Virtue for Itself,” *Tradition and Discovery* 36, no. 3 (Summer 2010): 52-65.
Polanyi would generally agree with Kohlberg here, and he would see this psychological development as a recognition of progressively higher moral truths. The highest level for Polanyi is indeed similar to Kant’s, but Polanyi puts the personal above an impersonal rational law. For Kant’s, the autonomous individual acts morally by acting in accord with the demand of a universal law of reason. For Polanyi, the moral person acts in accord with a personal commitment to a self-set standard that is affirmed with universal intent. A person is motivated by universal intent in that they act on what they recognize as true and right, and see this as something that all should agree with, i.e., a personally-affirmed universal law. The lower-order value of doing whatever one wants—and, Kohlberg would add, the value of making and honoring contracts and commitments with others in political societies—can be overridden by the freedom to do as one must, and to be responsible to a higher-level of truth and reality. The moral person stands as Luther stood “when obeying the dictates of his own conscience.” Luther declared, “Here I stand and cannot do otherwise.”

103 Michael Polanyi, PK, 308.
Kohlberg’s hierarchy catches the commitment to ethical principles, but something is missing. Kohlberg believed that women tend to revert back to lower stages by often emphasizing interpersonal relations over universal ethical principles. Rather than see this as a reversion to an earlier, lower stage we can see it, like Carol Gilligan, as a yet higher stage that takes the personal more seriously and sees a truth coming from interpersonal relations that fold in commitments to ethical principles.\(^{104}\) The interpersonal here helps to rank-order ethical laws in particular contexts and to produce a new law, bearing universal intent, for a particular situation. Here the emotional is reorganized at a higher level with deeper meaning. Polanyi’s emphasis on the personal and universal intent can thus support something like Care Ethics. But while Polanyi prized passion as a higher-order motivation, he emphasized it as “intellectual passion.”\(^{105}\) Gilligan and Care Ethics can perhaps add balance and a richer understanding of personal passion and its ability to uncover moral as well as intellectual truth.

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

The freedom of the individual will becomes opposed by the freedom of the general or social will, and these are resolved for Polanyi in the public freedom of the personal will. The dialectic generates a hierarchy in which the individuals are subsidiary to the social, but the social itself is subsidiary to the personal. The values of the individual as a human animal become transformed into the moral and political values of the social, but rather than demand their complete self-

\(^{104}\) See Carol Gilligan, *In a Different Voice* (Cambridge: Harvard University Press, 1982).

\(^{105}\) See PK, chapter six. D.M. Yeager has also looked closely at the difference between intellectual passions, moral passions, and appetites in Polanyi’s thought, see, e.g., “Taylor and Polanyi on Moral Sources,” 196, 197.
sacrifice, we see, as with Maslow’s hierarchy of needs, these lower levels can sustain and support the realm of personal responsibility—and perhaps even Maslow’s highest level of self-actualization and its authenticity— which in turn also supports and enriches individual and social freedom, whose characters are thereby transformed.

3.4. The General Will: Its Character, Dangers, and Safeguards

Like Polanyi, for Rousseau we have (1) a private or “natural freedom” to pursue individual satisfactions, (2) a social or “civil freedom” built upon the interdependence of individuals in a social compact and also (3) a “moral freedom” that emerges and supervenes on the level of the political/social compact. Rousseau says,

it is necessary to draw a careful distinction between natural liberty (which is limited solely by the force of the individuals involved) [our level 1] and civil liberty (which is limited by the general will) [our level 2], and between possession (which is limited solely by the force of the right of first occupant) [level 1] and proprietary ownership (which is based solely on a positive title) [level 2].... To the proceeding acquisitions could be added the acquisition in the civil state of moral liberties [level 3], which alone makes man truly master of himself. For to be driven by appetite alone is slavery, and obedience to the law one has prescribed for oneself is liberty [level 3].

There is a lower private freedom of lower human values (self-interest, individual satisfaction/happiness), and a higher social freedom that supports individual freedom (social justice, equality, fraternity/sorority), which may rightly call for the sacrifice or adjustment of some lower-level interests. But there is also a moral freedom that is operative at the social level

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but finds its expression in public liberty, via the higher-level self-set standards of the moral person who has universal intent.

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

There is a notorious danger in the notion of a general will, since it is not merely the sum of the individual wills, it is not always expressed in the will of the majority—in fact “there is often a great difference.”\textsuperscript{108} If it cannot be determined by a simple majority vote of individual citizens or their representatives, who speaks for the general will? If the general will can only manifest in individual voices, how do we recognize and distinguish an individual’s or faction’s will from the general will? The danger is that a faction or parochial tradition within a free society/republic will commandeer the notion of a general will for its own purposes, resulting in either a tyranny of the majority (in a true democracy) or a tyranny of the minority (in, e.g., a republic or, e.g., an oligarchy).\textsuperscript{109}

So what prevents the general will, expressed by some representative, from engaging in actions or ordinances that are destructive of the free individuals in a society or of a free society itself? The general will might undermine individual freedom or even the political structure on which it itself depends. Hegel saw the dangers in Rousseau’s expression of the general will and thought the general will is best embodied in the leader of the State, rather than in democratic processes or the “genius” of some statesmen. But, again, how do we know this leader, or any

\textsuperscript{108} Ibid., 155. This can lead to concerns regarding whether or not democracy is always the best safeguard of liberal social orders. See Struan Jacobs, “Polanyi’s New Liberalism and the Question of Democracy” and my introduction to it, both in this issue of Quaestiones Disputatae.

\textsuperscript{109} We see appropriations of the general will in authoritarian moves on the left and right. Current left often sees social freedom and justice in opposition to individual freedom, emphasizing that some individuals must sacrifice “privilege” to support the goal of treating others fairly. The current right sometimes feels justified in circumventing democratic principles and protocols to preserve the spirit and purpose of the nation.
group, speaks for the general will and is not merely a demagogue?\textsuperscript{110}

Rousseau’s safeguard for this problem comports well with Polanyi’s view, but lacks the positive dimension that Polanyi emphasizes. Rousseau believed the dangers in the notion of the general will were tamed because the general will should not be framed in terms of partisan agendas that factions or the State possessed or pursued, but in terms of a constitution and laws that were more universal and formal in nature. “Just as a private will cannot represent the general will, the general will, for its part, alters its nature when it has a particular object; as general, it is unable to render a decision on either a man or a state of affairs.”\textsuperscript{111}

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

This positive role, however, might also seem dangerous from Rousseau and Hegel’s perspectives, and it can be to the extent that the government may work to promote individual or partisan interests rather than provide a general support for institutions that support higher personal values and those we cherish as a liberal political society. This is why, in economic contexts, though Polanyi endorsed government spending on projects to make up for deficiencies in private spending during economic downturns,\textsuperscript{112} he also shied away from the endorsement of government spending on projects that were too specifically earmarked and might unfairly preference some contingents over others. Polanyi, instead, endorsed the printing and loaning of money as a mechanism that would be more likely to allow distribution to various parties in a fair

\textsuperscript{110} For an assessment of these issues see Tim Christiaens, “Hegel’s Critique of Rousseau’s Theory of the General Will” (https://www.academia.edu/7552122/Hegels_critique_of_Rousseaus_theory_of_the_general_will).
\textsuperscript{112} Bíró, The Economic Thought of Michael Polanyi, 79.
manner. Similarly, in political rather than economic contexts for Polanyi, the government was not called upon to initiate and execute projects, but to supervise them to make sure they were consistent with our common social values, so as to allow as much as possible to be initiated and performed by persons working responsibly in the context of traditional institutions.

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

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

We thus see the general will complemented by an active positive freedom enacted in institutions/traditions that support public freedom and common ideals, but how does the political structure expressive of the general will relate to more diverse traditions in a pluralistic

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114 Even as these common social values changed in the light of “discoveries,” e.g., expansion of “man” in constitution to include protections for all people regardless of race, sex, and gender.

115 Polanyi continues “... The freedom of science consists in the right to pursue the exploration of these beliefs and to uphold under their guidance the standards of the scientific community. For this purpose a measure of self-government is required, by virtue of which scientists will maintain a framework of institutions, granting independent positions ... to mature scientists; the candidates for these posts being selected under the direction of scientific opinion.” (Michael Polanyi, LL, 26, 27)
3.5. Political Liberalism: Prospects

In an emergentist scheme, a Political Liberalism can be seen as an emergent form of government that allows for a variety of particular traditions to thrive within it. Following Polanyi’s pattern, we can see first the rule of law, then the emergence of a constitutional democracy and the institutions that support it, as emergent structures. Liberal social orders are thus a joint comprehension and supersession of the diverse and competing individual traditions in Western society.\(^{116}\) We can call them “traditions” or call them “comprehensive moral doctrines” as John Rawls does, since different practices give them at least slightly different conceptions of what it means to live the good life.

Generally, the competing free interests of people in various social and political contingents produced a democratic form of government by which these various ways of life with their various interests and moral goals could coexist peacefully and prosper individually in a system of fair cooperation.\(^{117}\) Together these traditions brought about and supported higher-level values that we share, such as Freedom, Equality, Justice, and Autonomy, which issue in common goals that can freely elicit personal commitments.

Polanyi’s free society can be seen as a form of political liberalism that acts as an emergent structure. Rousseau says the primary common interest of the individuals in a society best constitutes the general will.\(^{118}\) As the primary common interest, this peaceful co-existence and mutual advancement of common values by diverse traditions through cooperation appears to be the essence of general will in a free society.

Just as, for Polanyi, the government is not to exercise corporate or controlling authority, but


\(^{117}\) As Karl Polanyi notes in “Our Obsolete Market Mentality,” 17, and others have noted, democratic values are also deeply connected with the rise of free market capitalism.

a supervisory authority that allows science to use its own internal standards and judgment, so, along the lines of Rawls, the political institutions that embody the general will ought to be neutral with regard to the values of particular traditions with their diverse comprehensive moral doctrines.

Polanyi, of course, would recognize that no political beliefs were truly neutral, just as no scientific facts could truly be impersonally objective. All beliefs are personal commitments. But we can see that the particular beliefs we espouse that constitute the liberal political society are “neutral” with respect to the particular traditions that can safely fit beneath its umbrella. Rawls, too, recognizes that the political is not quite truly neutral, because it relies on the “overlapping consensus” of its constituents.\(^{119}\) An overlapping consensus that supports a free society constitutes the personally endorsed beliefs specific to the overarching political structure. In their “overlap” they form, what can be considered the higher-level political joint comprehension of meaning that has its own rules (rationality) and is partially independent from the subsidiary traditions (and so is emergent), but is also expressive of them and can require their various suppletations for more particular content.

We can thus also agree with Rawls that reasons provided for particular policies in the public forum should aim to be “freestanding” in a way that does not rely solely on dwelling in the particularities of a tradition.\(^{120}\) This is because the level of the political—best conceived as above the social, but still below the personal—has its own emergent rationality, and to promote agendas in the political domain one needs to advance reasons that appeal to the political rationality of “Public reason,” as well as reasons specific to one’s tradition.\(^{121}\) This appeal, in Polanyi’s analogy of a republic of science, is similar to the way scientists from different fields appeal to the overarching rationality of their common heritage in the advancement of reasons for accepting or rejecting new proposals for research and in validating or dismissing purported discoveries.

Liberal political values are not themselves neutral: the beliefs in liberty, equality, fraternity that we endorse are not endorsed as political truths in very different social-political cultures. Our


\(^{120}\) Rawls, *Political Liberalism*, 12.

higher-level political rationality is thus constituted by an overlapping consensus within the society, and amongst individuals and their commitments to particular traditions. For Polanyi, there is an overlap of all the fields of science that helps it constitute a coherent tradition; the fields form *chains of overlapping neighborhoods* extending over the entire range of science. Rawls warns that there must be enough overlapping consensus in comprehensive doctrines to provide the acceptance and legitimation of the political system. Similarly, Polanyi also warns that liberalism requires having a strong common tradition, and there is a real danger in becoming too divided.

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

The government is meant to be “neutral” or “freestanding” with regard to individual traditions, but it can support them, and in doing so support the persons in them, in the way that the state is to support the research of scientists by generally subsidizing the institution of academic science. It also guides them by exercising supervisory rather than corporate control.

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122 Michael Polanyi, TD, 72.
123 Michael Polanyi, LL, 42.
124 LL, 46. As Eric Howard points out, in “Polanyi and Rawls on Higher Autonomy as the Basis for a Stable Liberal Society” (in this issue of *Quaestiones Disputatae*) Polanyi’s understanding is rooted in metaphysics, While Rawls attempts to avoid appeals to metaphysics and stay within the domain of the political. Polanyi’s post-critical philosophy, as Richard Moodey notes, in “Confronting or Denying the Minotaur: ‘Moral Inversion’ Today” (also in this issue of *QD*) is based in a tacit “underground” that aims us toward a more robust notion of truth and reality than Rawls is willing to admit. Though Polanyi rejects objectivism and leans toward pragmatism, his approach is more like C.S. Peirce’s “pragmatism,” in holding the reality of ideas, and affirming our ability to use them to reach better contact with the real world and discover real values. On C.S. Peirce and Polanyi connections, see Phil Mullins, “Peirce’s Abduction and Polanyi’s Tacit Integration,” *Journal of Speculative Philosophy* 16, no. 3 (2002): 198-224. Also, Phil Mullins “Comprehension and the ‘Comprehensive Entity’: Polanyi’s Theory of Tacit Knowing and Its Metaphysical Implications,” *Tradition and Discovery* 33, no. 3 (2007): 26-43, especially pp. 37-38.
Also, lower-level utilitarian and economic interests are not the most important causes that a free society should support. For Polanyi, the government was to support science and the freedom of the Academy to pursue their own moral goals, with the guidance of their own internal standards, because they were of more than utilitarian value to society. But lower-order needs are not unimportant and do need to be supported in order to facilitate and sustain higher-order activities.

3.6. Political Liberalism: Dangers

Rawls’ conception of Political Liberalism prima facie seems to coordinate well with Polanyi’s understanding of government’s role in facilitating public freedom. It provides structure to an emergent level of common political values that act not to repress individual freedom but to support public liberty and the projects that are in line with our moral powers and higher communal values. There is, however, a real danger that Hayek saw, when he worried that a focus on “social justice” would elevate a particular conception of the good, i.e., rather than genuinely support the good of all individuals by maximizing freedom, it “assaults traditional morality as it inevitably attempts to replace it with one group’s idea of the Good.” Brown, “Neoliberalism’s Frankenstein,” 14. The names for higher-level values, like “freedom” and “equality” are mostly formal and can thus be filled with the conceptions from comprehensive moral doctrines. Hence, a particular comprehensive moral doctrine can masquerade as a neutral overlapping consensus at the political level. This is a perennial threat from right and left. It basically amounts to a faction claiming to represent the general will.

The commandeering of the general will can happen when one group’s understanding of common higher values (freedom, equality, justice, truth) are aligned with a particular moral doctrine or ideology that is not truly part of the emergent overlapping consensus of a higher middle ground. Hayek’s worry amounts to a criticism of Rawls, i.e., that Rawls’ Liberalism is itself a comprehensive moral doctrine and is thus neither freestanding nor neutral. This criticism can

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126 Wendy Brown (ibid.) shows the dangers in Neoliberalism’s advocacy of an anti-democratic authoritarianism, but largely ignores the left’s own impetus to an authoritarianism that is just as destructive of personal freedom; she does, however, acknowledge this danger toward the end of her essay.
be formulated in terms of Alasdair MacIntyre’s charge that Liberalism is one among several competing traditions, and, for MacIntyre—contrary to Polanyi’s suggestions—it is not the one that best serves the interests of diverse traditions that come to be subordinate to it.

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

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

Like MacIntyre, Polanyi recognizes that Liberalism relies on a tradition that is potentially dangerous in several ways. One fundamental way Polanyi notes is that, because Liberalism is a tradition that involved overturning traditions and authoritarian political institutions, it might

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128 Ibid., 384, 388.
129 According to MacIntyre, this liberal tradition has influenced an academic culture, which now displays an “intellectual poverty” (Three Rival Versions of Moral Inquiry [Notre Dame: University of Notre Dame Press, 1990], 235). The university should be a place of “constrained disagreement” where students are initiated into conflict in order to advance inquiry (231) rather than a place of “unconstrained agreements” that prevents “systematic challenges to ... beliefs and presuppositions” (230). Compare Lukianoff and Haidt’s similar criticism of the university and advocacy of free speech over “safetyism” in their The Coddling of the American Mind (New York: Penguin Press, 2018).
tend to undermine the very traditions and institutions that support Liberalism itself. By extension, Polanyi might recognize that Liberalism might also attack and undermine diverse traditions under its political umbrella in the manner MacIntyre suggests. Polanyi, however, like MacIntyre, also recognizes that traditions are not static; there is debate within a tradition, and there is adaptation, and growth; they are “dynamic orthodoxies.” Polanyi recognized that Liberalism needed to develop in order to not self-destruct. He might also recognize that it needs to guard against the more subtle threats to a true pluralism that MacIntyre makes manifest.\textsuperscript{131}

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

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

\textsuperscript{131} Emergentist can have a greater hope in the future of pluralism, especially with regard to the co-existence of incommensurate moral comprehensive doctrines. While these are forever divergent for a “straight pluralist,” for an emergentist these might maintain their differences and yet come together at a higher level of integration. See Charles Lowney, “Robust Moral Realism: Pluralistic or Emergent?” Tradition and Discovery 43, no. 3 (2017): 39-53.
Political Liberalism, as emergent and “neutral” relative to moral traditions with different conceptions of the good life, must guide governance away from the authoritarianism of either a reactionary conservatism that may attempt to press one conception/comprehensive doctrine of the good to pre-eminence (distorted nationalism) and away from a dogmatic radical liberalism that would empty out values by forcing the “neutral” values of the political on the moral values of a tradition in a way that restricts the development of individual traditions (distorted cosmopolitanism).

There are dangers, but, along the lines of Rousseau, the general will should provide only the most general rules/laws, and along the lines of Polanyi (for the right), it should protect individuals, institutions, and economies from central control. This encourages the political, along the lines of Rawls, to be neutral toward comprehensive moral doctrine that individuals or groups within the collective may possess, but also, along the lines of Polanyi (for the left), allows political society to support those institutions/traditions, and to advance interests that sustain and support our personally affirmed higher common values.

4. Prospects of Intelligent Interventions: Common Values, Social Capitalism, and the \textit{Vita Activa}

4.1. Common Values and Different Levels

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

Right and left share in the overlapping consensus that supports a liberal constitutional democracy. In discussions with highly conservative and liberal friends, I can affirm that both
believe in the Liberal values of political equality for all citizens regardless of race, sex, or gender (I emphasize political equality), both believe in equal opportunity, and in the principles of freedom, truth, and justice (though each may question the opposite side’s commitment to the same through the lens of their own comprehensive doctrines). Identifying levels helps to clarify, at least somewhat, which values should be prioritized in what contexts —whether that be utilitarian/materialistic values, those endemic to a particular tradition, the more broadly social or political values, or the more personal yet public values.

We noted that utilitarian views often tend to prioritize material satisfactions, but preference utilitarianisms are amenable to enabling our higher values as well (though they are not capable of grounding them). So while it might look like neoliberals, with utilitarian sensibilities and a recognition of important market mechanisms, are merely supporting the lower level values of individual freedom, that is not necessarily the case. Freedom is often generalized to include both the pursuit of individual satisfactions and the personal pursuit of public goods (if that’s your choice). It is not the case that the right focusses solely on lower values (individual-centered) and left on higher values (social justice). Often the right focusses on the even higher personal values (e.g., justice through Non-Governmental Organizations) while the left focusses on relatively lower social (utilitarian) values. The right and left (in different ways) both recognize that if some important individual freedoms are not respected in ordinary (private or social) contexts, then something has gone wrong with the political system whose job it is to support important manifestations of those freedoms.

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

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

Polanyi says, “The principle belief—or I should rather say the main truth—underlying a free society, is that man is amenable to reason and susceptible to the claims of his conscience.”\(^\text{133}\) His point here is that, just as scientists exercise a mutual authority by employing reason and evidence substantiated by their tradition, citizens in a free society work together with an eye toward discovery and progress in the context of the liberal tradition: “whatever dissention may exist among them to-day or may arise in the future ... they [citizens in a free society] see an inexhaustible scope for the better adjustment of social institutions and are resolved to achieve this peacefully and by agreement.”\(^\text{134}\)

While Libertarian values might be geared more to supporting individual lower freedoms (sometimes at the expense of social and public freedom), and liberal Democratic values are often geared to support social freedoms (sometimes at the expense of individual and public freedoms), conservative Republican values often bypass government and instead work to support the

\(^{132}\)E.g., as the definition of “man” changed in the US constitution so that amendments include protections for all people regardless of race, sex, and—in the recent decision by the Supreme Court in June, 2020—gender.

\(^{133}\) Michael Polanyi, II, 29.

\(^{134}\) Michael Polanyi, II, 29.
institutions and cultures that go beyond social freedom and into public freedom. This is the sort of Conservativism that Polanyi and R. T. Allen favor as a safeguard against the radical extremes of Libertarianism and Collectivism. But I argue that Polanyi would not categorically bypass government action in promoting social goods or public freedom, and with his notion of continuous progress, he better fits the label of a Liberal Conservative.

Fortunately, whether a far-right Libertarian or a far-left Collectivist, we in Western culture all to a large extent share a common Liberal tradition on which we draw our values, and there is a large overlapping consensus that we often do not explicitly notice. This, too, is something Polanyi emphasized by seeking common ground between Socialism and Capitalism.

4.2. From Social Capitalism to Liberal Conservativism

Neoliberal advocacy of a wealth-generating market and traditional institutions can appear (and sometimes be) crass and protect the status quo, but progressive agendas are often what Polanyi would call “perfectionist” and can have a disregard for proper attention to subsidiary institutions and the mechanisms upon which any effective progress must be made. Recognizing levels, we recognize the need for a free market motor in large-scale modern societies. Polanyi says, “Society, as an organization of power and profit, forms one level, while its moral principles lie on a level above it. The higher level is rooted in the lower one: moral progress can be achieved only within the medium of a society operating by the exercise of power aiming at material advantage.”

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

135 Allen, Beyond Liberalism, 41.
136 Michael Polanyi, TD, 85.
137 Michael Polanyi, TD, 86.
We can agree that the exigencies of lower, economic motors of society are sometimes better run by the lower-level values of market morality that include the pursuit of profit as a good, and the allegiance of managers to their shareholders. Directly imposing the values appropriate to higher-level contexts can inadvertently impair the operation of the system as a whole and undermine the higher-order good it can produce. For instance, Milton Friedman, who joined the Mont Pelerin Society, shows how efforts of corporate executives to make companies more “socially responsible” can be short-sighted with respect to larger scale effects. He says that such actions usurp decisions that properly should be made through the political process by the imposition of laws and taxes. It is possible that a little bit of “schizophrenia” can be a good thing. But while Freidman acknowledges that the rules of the game can be intelligently tweaked to bring about social goods, he fears that

the doctrine of ‘social responsibility’ taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. That is why, in my book *Capitalism and Freedom*, I have called it a ‘fundamentally subversive doctrine’ in a free society.”

Here we see Friedman lean towards an ideology that Polanyi would reject as a short-sighted fear of “creeping socialism” that gravitates one toward the “barbarous anarchy” of the laissez-faire capitalism that Polanyi called “crude Liberalism.” Polanyi, instead, believed the market and businesses needed to be regulated toward socially desirable goals and executives can responsibly

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139 Ibid., 315, 316. Friedman, however, seems to ignore many other legitimate expressions of the general will, when he asserts that such government intervention is a form of tyranny unless decisions are unanimously supported (Ibid., 318).

140 Ibid., 318. The “doctrine of social responsibility” according to Friedman, “involves the acceptance of the socialist view that political mechanisms, not market mechanism, are the appropriate way to determine the allocation of scarce resources to alternative uses” (Ibid., 315).
engage in public liberty.\textsuperscript{141} Polanyi saw that capitalism was an emergent system that had already adjusted itself from the time of Marx to correct for some of its worst tendencies.\textsuperscript{142} He also saw that by pushing laissez-faire and the notion that the market “takes revenge on society for any interference with its mechanism” some neoliberals were constructing an ideology that makes revolution and the Radical Liberalism of collectivism seem “the only rational alternative.” They inadvertently promoted the false belief that “none of the evils of the market can be alleviated except by destroying the whole institution root and branch.”\textsuperscript{143}

Whereas Hayek and Friedman worry about socialism destroying liberty, and putting us on the road to serfdom, Polanyi believed that socialist and capitalist structures might be productively integrated. He presented the notion of a “Social Capitalism” and endeavored to see commonalities between free-market and socialist approaches.\textsuperscript{144}

A liberal constitutional democracy, like the scientific tradition, affirms “that the process of continuous social improvement forms part of the tradition of a free society.”\textsuperscript{145} In Polanyi’s view, we make progress toward realizing our higher values via socially and personally beneficial goals, just as we make progress toward contact with reality and truth in science. Conservative forces work together with novel/progressive forces to produce productive and moral change for the better. So while recognizing the importance of market mechanisms and traditional institutions, a Polanyian conservative should be open to programs that can support social justice and public freedom—so long as those are sensitive enough to the exigencies of the system—so that a free society can maintain and advance social goods without breaking the subsidiary mechanisms and collapsing. Polanyi’s notion of seeking continual progress, which made him advocate “social capitalism,” would also see him advocate a liberal—or even progressive—conservativism.

\textsuperscript{141} Michael Polanyi, CP, 139.
\textsuperscript{142} Michael Polanyi, “Social Capitalism.”
\textsuperscript{143} Michael Polanyi, CP, 140, 141.
\textsuperscript{144} This was an idea “risible to Hayek” according to S. Jacobs and P. Mullins, “Correspondences,” 125.
\textsuperscript{145} Michael Polanyi, “On Liberalism and Liberty,” 203.
4.3. Toward Intelligent Interventions

While Neoliberals often set up a false dichotomy between the free-market and socialist serfdom, Polanyi says, in the modern state, “Wherever a comprehensive interest of society can be demonstrated, which is distinct from the sum of satisfactions given by the exchanges made through the market, there is a recognized obligation for the public authorities to safeguard it; this, in general, will involve public expenditures and thus imply a certain amount of central economic functions.”¹⁴⁶ This public provision is not only for “roads, town halls, and armaments” but, in the modern state, “care of children, for the sick, the old, and the unemployed is a public concern and it provides services for these from public funds.”¹⁴⁷

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

¹⁴⁶ Michael Polanyi, CP, 135.
¹⁴⁷ Michael Polanyi, CP, 135. Hayek himself also advocated a role for government in helping to provide security for its citizens: “There is no reason why, in a society which has reached the general level of wealth ours has, the first kind of security should not be guaranteed to all without endangering general freedom ... some minimum of food, shelter and clothing, sufficient to preserve health and the capacity to work.... Nor is there any reason why the state should not assist individuals in providing for those common hazards of life against which, because of their uncertainty, few individuals (Road to Serfdom, 120). It is the "security" of the government ensuring the privileges of some over others that Hayek opposed: “the security of a given standard of life, of the relative position which one person or group enjoys compared with others” (120). But this for him meant an aversion to unions as well as to corporate rent-seeking.
pragmatic step in this direction worthy of investigation and implementation, at least in some states.

Aside from “comprehensive interests of society,” such as healthcare, which could provide healthier citizens and better capability for equal opportunity, Polanyi still would see plenty of room for the market and its productive machinery. He continues, “The great majority of human satisfactions are, however, of distinctly individual character, and are parceled out through the market to individual consumers on commercial basis.”\(^{148}\)

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

In providing for the unemployed, for instance, the right balance needs to be struck between basic security, the motivation to participate in the economy, and justice. For instance, we want to protect against the dangers of unemployment, but people need to work in order for the economy to function. Low unemployment compensation for short durations acts as such a motivation to work in the United States, but this often forces people into low-paying dead-end jobs which “consolidates disadvantages” for the least well-off. Paying higher benefits for longer might offer more of a protection, but, on the other hand, it can also be unfair if it allows some to live at the expense of others, who are working to support them through their taxes.

As Stuart White suggests in “Is Conditionality Illiberal?”\(^{149}\) a compromise might be formed by making sure that the bottom level jobs do not consolidate disadvantage by forcing people into unfair or exploitative work conditions, and by making sure opportunities for training and advancement are also available. According to White, real efforts toward providing greater

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\(^{148}\) Michael Polanyi, CP, 135.

advantage can make “work conditions” for public support more just.

But do we really need to make people work by making sure they need to work? For example, by making work a condition for receiving SNAP food subsidies? Karl Polanyi says, “An economic system actually relying for its mainspring on food would be almost as perverse as a family system based on the bare urge of sex.”\(^{150}\)

But then should a government provide, in addition to access to education and healthcare, a basic level of free food, or housing, and other necessities, rather than a safety net with some subsidies for the poor, or benefits for the old, infirmed, or temporarily unemployed? White notes that “Rawls seems to accept that it is self-evident that it would be wrong for working citizens to subsidize the lifestyle of those ‘who live on welfare and surf all day off Malibu’ ... This reflects the idea that ‘all citizens are to do their part in society’s cooperative work.’”\(^{151}\) This principle implies that some form of public service (often in the form of labor in the job market, but not exclusively), when possible, is the condition for the receipt of public benefits, and Polanyi would likely agree.

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

Like traditions, capitalism itself is evolving and changing. The market can sustain different sorts of manipulations and controls now than it could a hundred years ago—such as the support


of a universal health insurance, as evidenced by its successful introduction in many free societies. With increases in technologies of scale, there may also be new ways to gear the market toward broader social justice goals rather than the enrichment of a few billionaires and multi-millionaires who own the majority of stock in companies with patents and protections.

Karl Polanyi noted that there are freedoms we might lose if we give up a “market mentality.” He noted that “the freedom to exploit one’s fellows or the freedom to make inordinate gains without commensurable service to the community, the freedom to keep technological inventions from being used for the public benefit, or the freedom to profit from public calamities secretly engineered for private advantage, may disappear.” The problem is that some of these freedoms are historically intertwined with other freedoms that are important to us: the “Freedom of conscience, freedom of speech, freedom of meeting, freedom of association, freedom to choose one’s job ... [were also] by-products of the same economy.”  

But if we are social beings, and “Man’s economy is submerged in social relations” as Karl contended, rather than vice versa as modern capitalist mentality contends, and if the means of material production do not determine our values but rather enable them, then as Michael believed, then we should be able to keep the important social and public freedoms while we restrict or canalize some market freedoms.

4.4. Are We Ready for the Vita Activa?

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

153 Ibid., 112.
154 Ibid., 114.
something like a universal basic income?\(^{155}\)

It seems Polanyi should be in favor of allowing as much of the lower level (health, food, shelter) to be taken up by government as pragmatically possible so as to provide a basic security that would free us for higher-order activities (think of Maslow’s pyramid), but I think he would also want to make sure that if we are freed from something it should be in the service of being free for something of higher value. As Rawls said, “all citizens are to do their part in society’s cooperative work,”\(^{156}\) so also for Polanyi reducing the need for an income should come together with more opportunities for public liberty.

We would also need to be sure that in own efforts to actualize our higher values, we do not compromise them. As Iris Murdoch and Matt Crawford have emphasized, it is often through work that we encounter reality and develop our sense of values.\(^ {157}\) Engaging in the skills we learn through labor can enrich and sustain moral values, so we also must be careful that we do not—in the process of freeing ourselves from labor—make too abstract, undermine, or pervert our higher values.

In Polanyi’s emergent understanding we advance from (1) a negative, individual freedom, to (2) a self-sacrifice in social freedom, and on to (3) a self-fulfillment in public freedom; here, the primary locus of human activity and freedom returns to what Hannah Arendt called the \textit{vita activa}, which is best expressed in political activity.\(^ {158}\)

As Arendt recognized, we are political animals but the values of the market tend to overrun the higher values of personkind. She saw irony in the notion that, with technological advances, we had finally come to the point where we could take care of our material needs and satisfactions efficiently, but, at the same time, we had lost the conception of any higher goals. “It is a society of laborers which is about to be liberated from the fetters of labor, and this society does no longer know of those other higher and more meaningful activities for the sake of which this freedom

\(^{155}\) Interestingly enough, Milton Friedman proposed a Negative Income Tax structure that would also provide something like a universal basic income in \textit{Capitalism and Freedom} (Chicago: University of Chicago Press, 1962).

\(^{156}\) White, “Is Conditionality Illiberal?” 86.


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deserves to be won.”

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

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

5. Conclusion: A Liberal Conservativism

Polanyi was among the first thinkers at the first meeting of the Mt. Pelerin Society in 1947, but he broke with them by 1955, expressing some of his misgivings in a letter to Hayek. This break was due to the growing recognition of some basic differences between himself and the neoliberals. First, a difference in his understanding of higher values and their importance: neoliberals emphasized utilitarian and market values, Polanyi emphasized universal transcendent and social values; second, a difference in understanding what the real threats to a free society were: neoliberals saw it as socialist policies, Polanyi saw it as the undermining of the reality of higher values and subsequent moral inversions; and third, a difference in understand

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159 Ibid., 5.
160 There is a fear that unless we are working and sleeping most of our lives, we will just cause trouble for each other. Just as we might be underestimating CEOs by assuming they won’t be motivated to excellence for (merely) eight times a median salary, we might underestimate ordinary people by assuming they will lapse into indolence or revolt if their basic needs are provided for.
161 Bíró, “Michael Polanyi’s Neutral Keynesianism,” 337.
162 Jacobs and Mullins, “Friedrich Hayek and Michael Polanyi in Correspondence,” 146.
the possibilities for combining socialist and capitalist ideas: neoliberals promoted a dichotomy, while Polanyi sought a way to combine them as he sought practical ways to subordinate economic exigencies so that they could align with, and sustain, our higher values.

For Polanyi the danger of totalitarianism or serfdom was misconceived as a struggle between the individual and the social-collective; that division was a “false guide.” Totalitarianism was a real danger when higher values were denied, explained away, or ignored, and when the knowledge and practices that support those values were undermined.

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

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

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163 Michael Polanyi, LL, 46.
164 Michael Polanyi, LL, 47.
165 As Allen aptly notes, utilitarianism can lead to a totalitarian control and central planning, since the ends of individuals need to be coordinated to maximize their happiness, and the government is called in to prevent conflict in a world where my freedom to act will always reduce your possibilities for acting (*Beyond Liberalism*, 40, 41).