

# “Visual Presentation Of Social Matters” as a Foundational Text of Michael Polanyi’s Thought

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*Key words:* economic fallacies, symbols, economic systems, dynamic systems, graphical visualization, diagram motion pictures Michael Polanyi’s liberalism, visual symbolism and economics education, Polanyi on “the economic film”

## ABSTRACT

*This essay introduces Michael Polanyi’s 1936 lecture, “Visual Presentation of Social Matters,” which is an important document sketching Polanyi’s analysis of the need for education in economics. It led eventually to the creation of Polanyi’s 1940 film, Unemployment and Money, and Polanyi’s career change from chemistry to economics and philosophy. The lecture outlines Polanyi’s program to develop visual symbols that can be used in film to promote an understanding of modern complex economics for ordinary citizens. It makes clear Polanyi’s early effort to rehabilitate contemporary liberalism which he regarded as inadequate to promote a free society.*

[Editor’s Note: all quotations from “Visual Presentation” will be cited parenthetically as “VP,” giving the page numbers from this issue of *Tradition and Discovery*].

## Introduction

“Visual Presentation of Social Matters” is a Polanyi lecture delivered to the Association for Education in Citizenship in Manchester, England in June of 1936 (Scott and Moleski 2005, 164). The Polanyi biographers provide a lengthy summary (164-165) centered around the circular symbolic representation of the economy included in part of the lecture. The copy of this lecture in the Regenstein Polanyi Collection (RPC) has at the top of the page a handwritten note, “1937.” But I suspect that this date is not correct: I prefer Scott and Moleski’s date, which is the same as the RPC dating in the Cash Guide (Cash, 1996). The RPC includes the lecture in Box 25, Folder 9, and this is the same folder where the related documents “On Popular Education In Economics” (another later lecture) and “Suggestions For A New Research Section” are filed. All three of these documents are foundational documents for understanding Polanyi’s early social thought, although none have been published until now.<sup>2</sup> “Notes on a Film,” from October, 1935 (RPC, Box 25, Folder 10), is another important related document, and it apparently was the first one in this interconnected set of material to have been written.<sup>3</sup> Below I review and briefly discuss the major ideas in “Visual Presentation of Social Matters.”

## Polanyi on the Importance of “Visual Presentation of Social Matters”

The foundational nature of this lecture is recognized by Polanyi himself in another document, the “Statement by Professor M. Polanyi On The Main Facts On The Genesis Of The Economic Film.”<sup>4</sup> This document was distributed during the first screening of what Polanyi calls his “Economic Film” (*Unemployment and Money: The Principles Involved*) in London in 1940:

Speaking at the time in the Association for Education in Citizenship in Manchester on the “Visual Presentation of Social Matters,” Professor Polanyi argued that the fun-

damental features of economics could be made widely appreciated by the public only by discovering an adequate visual symbolism for their presentation. A “Three Minute Film” of French origin was shown as an example of the technique to be used and an illustrated chart with the Flow of Money and the Counter flow of Goods gave a forecast of the scene and the actors of the Economic Film. The main contents of the film were, however, based on the views exposed by J.M. Keynes, in his great book *The General Theory of Unemployment, Interest and Money* which appeared a little later.

### **The Lecture’s Basic Message**

Close to the end of the lecture, Polanyi sums up the message he wants to convey. In order to provide greater clarity, I have segmented Polanyi’s points but preserved his language (“VP,” 23):

- “the discovery of a symbolism,
- which I believe will consist in moving picture writing
- capable of representing economic life,
- will release us from fallacies and exasperation
- and will create economic consciousness.”

Polanyi anticipates that the consequence of developing a “symbolism” that will “consist in moving picture writing” should be a new economic enlightenment which will produce a new source of social and political power bearing on a community “of work of which we are members.” That is, “[E]nlightenment will create power to control the structure of economic life; a power which at present is nowhere. . . . This power will reside with the community.” Finally, Polanyi notes (*italics mine*), “I contend that it will achieve the *promise of liberalism*—freedom associated with complete co-ordination . . . of all free efforts” (“VP,” 23).

Polanyi says before closing the lecture (*italics mine*) that “*Publicity* will fulfill the promise of liberalism, freedom and co-operation” (“VP,” 23). He is arguing here that using modern media as a tool to spread the enlightened message about the economic system can eradicate the popular economic fallacies accepted by ordinary citizens. Polanyi is not advocating the use of “propaganda,” but he does favor providing information through “publicity” (present in the public media).

Polanyi’s lecture is organized around two main topics: one is a diagnostic that identifies economic fallacies and the “mental derangement arising from a state of continued perplexity, a perplexity which is so fatal to the society because. . . it involves the very basis of moral relations” (“VP,” 14). The second organizational focus concerns the basis for a symbolic representation of economic ideas that can enlighten and empower society, making liberal ideas self-evident by themselves. He contends that “a general economic education based on diagrammatic symbols will be free of all the current fallacies and will only contain self-consistent views” (“VP,” 21).

This lecture provides also an agenda (Polanyi might say “a program”) concerned with the articulation of a new liberal framework, an agenda “to discover a new set of symbols appropriate to the purpose,” which is to invent “new tools of the mind” that express the meaning of economic elements (“VP,” 16).

### **More on Polanyi’s Social Diagnosis**

About his analysis of society, Polanyi says:

- 1) “None can find comfort in a position which he fails to comprehend, and protracted perplexity leads to mental derangement.”

- 2) “While growing in mass the system grew in complexity and became increasingly confusing.”
- 3) “Political franchise could not give the people control over an economic system which they could not understand but only increased the repercussions of the rapidly growing confusion by committing the fate of the community to the exasperated minds of the masses.”
- 4) “But the most dangerous consequences of our blindness to our economic position lie in the moral conflicts in which that blindness involves us.”

Polanyi argues that the “invisible hand” discussed by Adam Smith as the organizer of the economic system is not enough. He concludes that the traditional liberal framework needs to be revised, updated and extended: “the system of general laissez faire cannot work if people have no means to distinguish between such self-seeking which the Invisible Hand turns into the service of the community and the other forms of self-seeking which are destructive to the community” (“VP,” 15). The invisible hand alone, in Polanyi’s account, thus is not enough to solve the social and moral concerns of human beings: “as long as we live in a dark turmoil, governed by an invisible hand, the distinction between self-seeking which is, in effect social, and self-seeking which is destructive to society will remain as unreliable” (“VP,” 15). Nevertheless, human beings aim “to realize fully their social responsibilities and to act with a direct view to the social purpose” (“VP,” 15). Polanyi thus argues for the responsible, voluntary, informed (through economic education), empowered, individual action of each person in the economic system.

A liberal economic system and a liberal society depend on these multi-empowered and free mutual interactions. The solution for the crisis is to empower the liberal person with economic awareness and knowledge so that the “free society” (a concept Polanyi later used extensively) will progressively emerge.

### **Polanyi on Symbols**

In his 1936 lecture, Polanyi makes what may seem a surprising claim: “I believe that it has never been fully realized to what extent our mental powers depend on symbols” (“VP,” 16). Symbols became a major concern of Polanyi’s inquiry at the end of his life, forty years later in his last book, written with H. Prosch, especially in Chapter 4 of *Meaning* (1975). But in 1936 Polanyi was looking for a symbolic representation of the economic system and he did not find anything appropriate around. He claims some inspiration from Walt Disney’s comic cartoons, but he concludes “we have to invent” the necessary symbolic representation (“VP,” 18).

Graphic symbols, Polanyi suggested, can provide “a new kind of map” (“VP,” 17). But Polanyi also recognized a key and fundamental feature of the economic system and its troubling consequences for the use of graphic symbols:

A map, however, is a stationary diagram; while the economic system is essentially dynamic. It is a method for finding out what to do so as to satisfy variable needs under changing conditions. It is composed of a multitude of choices which can be understood only if our picture includes the situation before and after the choice takes place (“VP,” 17).

Polanyi thus contended that “graphic symbols presenting economic life must be in motion; the symbolism must be a diagrammatic motion picture” (“VP,” 17).

With such powerful animated symbols and populated diagrams, “we can dispense [with] (audio) commentary” (“VP,” 18). Four years later, when he released his “economic film” in 1940, he found this was not true. Polanyi asserted that “the artistic scope of diagrams is enhanced by motion, and emotional power is added to beauty when the shapes directly indicate their meaning, forming, as it were, a picture

writing of forces which act in our own midst and bear on our own fate.” It is true that motion gave a new dimension to graphic symbols, but Polanyi did not anticipate the problems of creating meaning from the abstract aesthetics needed to represent dynamic changes in a complex system. Perplexity and confusion can (again!) be easily generated by the tricky language of dynamic symbols. Polanyi’s film is thus a testimony to both the potential and limitations of these ideas.<sup>5</sup>

## **Polanyi’s Working Model for the Economic System**

In this lecture, Polanyi anticipates his working model for the economic system (the market) and makes a first attempt to describe it, emphasizing the role of prices as tools for economic choice and the importance of trade in the market. He argues that a market based on free trade between people (“the marketing system,” as he calls it) is a “community of money makers” and money is their “voting card:”

If we can feel that money is really the voting card by which the community directs its work, money gathering might rise at least to the dignity of democratic vote seeking. If we recognize that the marketing principle is the most democratic representative system of self-government we will desist from attempts to substitute it through mere detestation of money-mindedness or other specious reasons by a so-called planning which makes arbitrary decisions about what we ought to do for ourselves (“VP,” 22).

The model that Polanyi describes is based on the “Introductory Picture,” a very primitive circular model (reproduced in figure 2 in his lecture) of the “stage of the economic drama.” It is important to note that this first model does include some concepts that appear later in the much more elaborated “economic film”: a variable circular counter flow of money, with the basic acting elements of the model (homes/families and further stages of transformation and distribution).<sup>6</sup> The “circular structure” of the stage (graphical model) is important and embeds the dynamics of economics: “A circular stage gives a synthetic view of aspects . . . which otherwise are not easily united in our mind” (“VP,” 19).

Later developments of Polanyi’s model of the economic system were described first in a lecture to the Statistical Society in Manchester when the first part of the film was available and then in a paper published in 1940 (Polanyi, 1940).<sup>7</sup> But the roots of these later developments are in this lecture.

## **“Visual Presentation of Social Matters” as a Seminal Polanyi Paper**

“Visual Presentation of Social Matters” provides a key to understanding the development of Polanyi’s thought, especially during the transitional decade from the mid-thirties to the mid-forties. Polanyi is looking for meaning in economics as a key to understand human beings and society (especially the tragedies affecting humanity during first half of the twentieth century that so much impacted him and his family). Before he began to articulate his broader new philosophical outlook (i.e., his post-critical perspective), Polanyi tried to articulate a new liberal framework grounded on solid economic foundations.

“Visual Presentation of Social Matters” is also of significance insofar as it does not make any reference to Keynes. This lecture was delivered in June 1936. Scott and Moleski (165) tell us that Polanyi read Keynes’s *The General Theory of Unemployment, Interest and Money* during the Christmas period of 1936, although the book was published the previous February. Polanyi wrote his economist friend Toni Stolper on 3 September 1937, saying

We had a beautiful vacation in the Bretagne. For me it resulted in [the] valuable achievement of understanding Keynes’s book *General Theory of Unemployment!* A grandiose *oeuvre* that will offer nourishment to social powers for many years. I read

it for the first time at Christmas, and it gave me the impetus for the draft of my film (RPC, Box 3, Folder 9).<sup>8</sup>

Later in the same letter, he comments, “Now I can tell that the concept of my film is closely related to that of Keynes’s. It is a somewhat different subject matter that only overlaps with his partially. But the ideas are not different” (RPC, Box 3, Folder 9).

This letter thus makes clear that Polanyi’s idea for the film pre-dates his discovery of Keynes’s ideas in *The General Theory of Unemployment, Interest and Money*. His first ideas about a model for the “economic film, as presented in this lecture, had not yet been influenced by Keynes’s book. But Polanyi’s next lecture, “Popular Education In Economics,” delivered in February, 1937, does include a first tentative reference to Keynes, in order to support his claims: Polanyi says there that Keynes “brought an understanding of the trade cycle which seems also to lead to a proper definition of public responsibility in an industrial system” (RPC, Box 25, Folder 9, p.12). Later he finds a sound theoretical basis in Keynes’s theory to support his own conceptions, and confirms his overlap with Keynes.

### “Visual Presentation of Social Matters” in a Temporal Context

Following is a tentative timeline for 1935 to 1940 concerned with the origins of the “economic film” and its theoretical orientation. This is based primarily on information available in Scott and Moleski but partially on archival and other sources such as the 1963 Gelwick microfilm collection of Polanyi papers. This timeline is also helpful for understanding the development of Polanyi political ideas in this period (bold items are unpublished items, available in RPC archive):

- October, 1935: “**Notes On A Film**” note (RPC, Box 25, Folder 10).
- November 2, 1935: “USSR Economics—Fundamental Data, Systems and Spirit,” published in *The Manchester School of Economic and Social Studies*, VI: 67-89.
- June, 1936: “**Visual Presentation Of Social Matters**,” lecture given at Association for Education in Citizenship (RPC, Box 25, Folder 9).
- 1936: reprinting by Manchester University Press of 1935 paper as the booklet *USSR Economics*.
- April 1936: “The Value Of The Inexact,” letter to the editor published in *Philosophy of Science*, vol. 13: 233-234.
- 1936: “The Struggle Between Truth And Propaganda,” published in *The Manchester School of Economic and Social Studies*, VII: 105-118.
- December, 1936: first reading of Keynes’s *The General Theory of Unemployment, Interest and Money*.
- February 22, 1937: “**Popular Education In Economics**,” lecture for the Manchester Political Society (RPC, Box 25, Folder 9).
- March 8, 1937: untitled lecture on anniversary of the Soviet revolution, given at the Manchester Historical Society (Scott and Moleski, 312, note 105, call this the “Historical Society Lecture”).
- 1937: “**Suggestions For A New Research Section**” note (RPC, Box 25, Folder 9).
- 1937: “**Money, Booms And Depressions**” note (RPC, Box 25, Folder 14).
- August 1937: date by which Polanyi claimed full understanding of Keynes’s *The General Theory of Unemployment, Interest and Money* in a 3 September, 1937 letter to Toni Stolper (RPC, Box 3, Folder 9).
- October 1937: Polanyi participates in the international meeting about chemistry, physics and biology held in the Palais de la Découverte, Paris and publishes a note emphasizing the “common fate shared by independent science and political liberty” (*Nature*, 140 (1937): 710).
- March 9, 1938: first screening of his “economic film” at a meeting of the Manchester Statistical Society under the title “An Outline of the Working of Money Shown by a Diagrammatic Film.”

- Spring 1938: course on the “mechanisms of economics” (six Polanyi lectures).
- August, 1938: screening of his “economic film” in Paris at the conference on Lippmann’s *The Good Society*, where several economists saw the film.
- 1938: “The Settling Down of Capital and the Trade Cycle,” published in *The Manchester School of Economic and Social Studies*, IX: 153-169.
- October 1939: “The Rights and Duties of Science,” published in *The Manchester School of Economic and Social Studies*, X: 175-193.
- 1939: “**Memorandum On Economic Films**,” note (RPC, Box 3, Folder 6).
- December 1939: submission of request for a grant to The Rockefeller Foundation in order to complete his “economic film” (together with Manchester colleague J. Jewkes).
- February 10, 1940: “Science in USSR,” published in *The New Statesman and Nation*, XIX: 174.
- April 1940: gala first screening of full version of the “economic film.” “**Statement by Professor M. Polanyi On The Main Facts On The Genesis Of The Economic Film**,” distributed (RPC, Box 4, Folder 9).
- 1940: “**The Liberal Ideal**,” note dated only by year (RPC, Box 26, Folder 3).
- August, 1940: publication of “Economics On The Screen,” in *Documentary News Letter*.
- October, 1940: “Economics by Motion Symbols,” published in *The Review of Economic Studies*, VII: 1-19.
- 1940: publication of *The Contempt of Freedom: The Russian Experiment and After* (London: Watts and Co.), a book that collected material from the late thirties through April, 1940 and also included “Soviet Economics—Fact and Theory,” which is a version of “USSR Economics—Fundamental Data, Systems And Spirit” (1935).
- 1940: “**Handbook For The Film UNEMPLOYMENT AND MONEY**” (available in Gelwick, 1963).

## ENDNOTES

<sup>1</sup>Thanks to Phil Mullins for his advice and help in the editing of this paper.

<sup>2</sup>“On Popular Education In Economics” is discussed in Beira (2012), a working paper which includes the full text of the original document. The text of “Suggestions For A New Research Section” is available in Beira (2013), another working paper which includes discussion of the importance of this document. These and other working papers on several related Polanyi texts from the thirties (see the Reference list below), as well as a digitized version of Polanyi’s 1940 “economic film” *Unemployment and Money*, are available at <https://sites.google.com/site/ebeira/pol11b>. These materials are now also accessible through a link in the collection of primary materials on the Polanyi Society web site (<http://www.missouriwestern.edu/orgs/polanyi/essays.htm>).

<sup>3</sup>The transcript of “Notes On A Film” is also available in Beira (2013).

<sup>4</sup>The text is available in Beira (2012).

<sup>5</sup>For a discussion of the film and its context, see Beira (2013).

<sup>6</sup>For a discussion of the evolution of Polanyi’s graphic concept of “the economic film,” see Beira (2012).

<sup>7</sup>See Polanyi (1938). The full text available is in Beira (2012).

<sup>8</sup>Thanks to Phil Mullins for calling my attention to this Polanyi letter to Stolper and to Monica Tobin for providing an English translation of the German.

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