
Michael and Karl Polanyi: Conflict and Convergence

Michael and Karl Polanyi: brothers bonded together in family affection, separated by differences in social philosophy. Such a summarizing statement, while much too facile, offers a beginning point for reflection much like a drawn caricature highlights significant features in a subject while ignoring the telling details that constitute a true physiognomy. The point of the reflection set forth in this essay is to focus on Michael's political, economic, and social thought, rather neglected today, by contrasting it with Karl's social philosophy, which is currently enjoying renewed interest. My aim, however, is not to use the differences in Karl's thought simply as a foil for appreciating Michael's social philosophy, for each thinker's ideas are impressive and worthy of respect on their own. Rather, I wish to acknowledge from the start that my primary objective is to illuminate Michael's social thought through a comparative study.

The Polanyi Family: Karl Takes the Lead

Karl Polanyi was born in Vienna in 1886, but the family soon moved to Budapest, where Michael was born in 1891. The Polanyis moved into a spacious apartment on Andrásy út, the placement of which well symbolized the family's position in Hungarian society. Andrásy út is the fashionable avenue linking a transportation hub with Heroes Square; under it ran the first subway in continental Europe. The apartment is about midway between the nearby opera house and the Catholic basilica, with the leading synagogue several blocks away. So centered, the brothers grew up in a hotbed of social and cultural thought. Their

mother, Cecil-Mama, organized a weekly literary salon where leading figures from Budapest's cultural scene conversed about the latest political and artistic issues. One of Michael's last students, Ruel Tyson, writes that Michael told him how as a boy "he slipped downstairs and found a hiding place just out of sight so he could listen in on some of these conversations in his mother's salon."¹ Michael says of his childhood, "I grew up in this circle, dreaming of great things."² Thus from their earliest days the boys understood that social issues were an important and exciting part of life.

The boys' father, Mihály Pollacsek (the children's family name was changed to the more Hungarian "Polanyi" in 1904), was an engineer who worked on the design and construction of a number of railroads. Although he died in 1905, his stalwart moral integrity made a huge impression on the boys. Wholly in character, when storms destroyed a railroad line he was building, he insisted on paying all the workers even though that plunged him and his family into bankruptcy. In a 1957 letter to Michael, Karl wrote, "Except for our father and my wife, I have never loved anyone as dearly as I loved you . . ."³ This confession sets the groundwork in several ways for what follows. It underscores the importance of his father (and his father's moral strength) to him even though his father died before Karl was twenty. It acknowledges his love for his radical wife, Ilona Duczynska, so different in temperament from him. And the letter as a whole expresses his longing to overcome his estrangement from his younger brother, a longing that does not seem to have been reciprocated with the same degree of passion. Indeed, in this relationship Michael appears to be the person of iron will, committed unswervingly to his beliefs whatever the cost in terms of relationship. In the biography of Michael Polanyi, this difference is noted. Of Karl, it is stated that "in contrast to Michael, he was not a person for sharp, definitive opinions—he was described as 'relativist' and Michael as 'absolutist.'"⁴

As a result of his father's death, Karl took over the role of the "man of the family." While completing his education and then in

practice as a lawyer, he enjoyed taking on the role of father to his younger brother, but it appears that after awhile this role was felt to be patronizing to Michael, who was struggling to establish his independent identity. “Karl’s efforts to act like a father toward Michael were not welcome after the younger brother reached maturity; Michael often kept his distance from his elder brother, much to Karl’s dismay.”⁵

Karl and Michael’s older brother, Adolf, helped establish and lead the socialist movement at the University of Budapest.

These activities contributed to the awakening of Karl’s political interest while he was still in high school. The Polanyi brothers and another cousin, Ervin Szabó, were later inspired to establish a socialist student group through family connections with the exiled Russian revolutionary Samuel Klatschko, then living in Vienna. It was also Klatschko who inspired the young Karl to found the progressive student organization, the Galilei Circle.⁶

Early on, Karl was an earnest and inspiring, if somewhat abstract-thinking, leader. Concerning Karl’s leadership, Ilona Ducyńska quotes one of the young Galileists as follows: “The moral impact he had on the young people was the essential thing—the honesty, veracity and candor. The young ones felt it. He was the fountainhead of the moral climate of the Galilei Circle. Never cold or superior—yet his arguments had a cutting edge.”⁷ Karl had taken on his father’s persona even if not his social beliefs. He participated in the editorial board meetings of the influential journal *Huszadik Század* (Twentieth Century) prior to starting the Galilei (or, in English, Galileo) Circle, and so it is not surprising that he also started participating in the editing of the Circle’s new journal, *Szabadgondolat* (Free Thought), which was dedicated to improving the world. Karl and many of the leading young Hungarian thinkers contributed articles to it. The Galileo Circle under Karl’s leadership organized educational classes for industrial workers and conducted research on the social problems of Hungarian villages.

Karl's theoretical forays took on a decidedly political character when, in 1914, he joined with the "conservative liberal"⁸ Oscar Jaszi and others to give birth to the National Bourgeois Radical Party and served as its secretary. In rallying support for the new party, Karl's rhetorical skills shone forth, as he himself acknowledged. "Yesterday I spoke to the law students, on Saturday at some university meeting—everywhere with deserved success. . . . Karolyi [the future president of Hungary in 1918 during the short-lived democratic republic] and Bakonyi came over to me again and again, to congratulate me. Somebody embraced me: 'An orator at last'—and there was something in it."⁹ Karl greatly admired Jaszi, and he worked for his journal in Vienna after the chaotic times in Hungary following World War I, dangerous especially for public figures with views contrary to the current administration, led each man to flee to Austria.¹⁰

While active in Hungary, Karl developed a political philosophy slightly to the left of Jaszi but decidedly not doctrinaire Marxist in orientation. Perhaps he could best be described as a free thinking socialist, influenced by Marx's account of capitalism as a source of alienation in society, but also appreciative of England's tradition of political freedom. He shunned Marxist theories of economic determinism and revolution, preferring gradual legislative action, education and persuasion as means of bringing about social change. The creative social and economic ideas for which he later became well known were more the product of his experiences after 1919 in Austria and England than a result of his earlier experience. His most creative period in Hungary was cut short by his military service in World War I, which had a traumatic impact on him in body and soul.

Michael's Early Thought

And what of Michael during this period? His greatest efforts were directed toward getting established in a career. He participated in the Galileo Circle, serving with mathematician George Polya on its scientific committee.¹¹ But Michael was not entirely comfortable with some of the more extreme political rhetoric he heard in

the Circle; he was later called “a white sheep among the black” by one of its members.¹² George Polya said of him, “Michael walks alone, he will need a strong voice to make himself heard.”¹³ He was most excited by science, and had his first scientific article published in 1910. However, he decided it was more prudent for him to go into medicine than into science, partly because it would better provide for the support of the family. Michael received his medical degree in 1913. This he perceived not so much as a great culmination of his educational experience but as an abdication of what he truly loved: “I guard myself severely from yearning for scientific work. . . . I have to force myself [to be] a completely different man.”¹⁴ Immediately after the outbreak of World War I in 1914, he volunteered to serve as a medical officer in the Austro-Hungarian Army. While recuperating at one point from an illness during his military service, he engaged in correspondence with Einstein about how best to explain the adsorption of gases.¹⁵ His work on adsorption ultimately became the basis for a Ph.D. granted to him in 1917 by the University of Budapest. His career as a physical chemist was underway. It should not be thought, however, that Michael Polanyi’s career, first as a physician and then a chemist, obliterated the interest he had in social issues from early on. In 1917 and 1919 he published reflective articles on the political dramas of that war-saturated time. In the earlier article, published in *Huszadik Szazád*, he argues that socialism in general, but particularly its materialistic variety (doctrinaire Marxism), had completely failed to understand the sources of World War I or its possible solution. “In peace time, Socialist literature always emphasized that war was nothing other than a disguised capitalist undertaking. However, when the war broke out, they unhesitatingly discarded the flag of the Internationale and promptly sided by the State.”¹⁶ The State has the status of a religious idea and promotes competition with other countries for resources and economic control. Even worse, he declared, people were speaking of *revolution* as the way to cure social problems and establish the proper State. In this extended analysis, Polanyi was already approaching his notion of “moral inversion” that comes to

full expression only several decades later, as we will see.

Furthermore, Michael argued that

we must transcend the materialist prejudice, still living obstinately in us, according to which the actions of the masses are primarily motivated by insight into their interests. For it is not interest that voices from the delegates in Stockholm [proclaim] but the idea of the power of States, the idea, as I explained above, whose vitality in the masses brought Europe to the plight of world war, and now makes this plight still uncertain. . . . But the State goes to war, not as an association of interests, but as an idea, and what is a bad business for an association of interests is vital food for the idea. Business requires rational investments, an idea demands bloody sacrifices. If the State acted in the interests of its citizens, it would join its neighbours in a permanent and stable co-operative effort, i.e. it would cease to exist in a sovereign way!¹⁷

In the foregoing passage, in speaking of an association of interests Polanyi expressed a second essential notion that would surface later in his mature social philosophy: the notion of “spontaneous order.” For one can see that he identified with the “materialist prejudice” to this degree: he believed peace would be secured if the interests of the people were allowed to be expressed and integrated rather than being directed toward worship of the State. A spontaneous order among the citizens would arise if the state did not interfere. Businesses making rational investments require stability, not war promulgated by a sovereign state to extend territory and power. In suggesting that a political system attuned to the actual interests of people would conduce to peace, Polanyi referred obliquely to the “invisible hand” of Adam Smith, to which he much later referred explicitly and positively. But Polanyi also made it clear that if an invisible hand is to work as intended, political structures guaranteeing peace (and justice) must be in place. “Peace will come when and only when we, the peoples of Europe, have become aware of the idea of the internal

co-operation and a close [closed?] system of law and order among European States, and, accordingly, controversies about power, have disappeared from our agenda.”¹⁸

In his 1919 article, published in *Szabadgondolat*, Polanyi pulled back from any programmatic suggestions his 1917 article might have posited. “Politics is not what we have thought it to be and what the public still thinks it to be, that is, a result of people’s competing interests. Society is so complicated that even science cannot calculate the future effects either of any institution or of any measure”¹⁹ Polanyi recommended skepticism about the effectiveness of political programs.

Yet there was still a good deal of continuity with his earlier article and with his future thoughts. “On account of the devastations brought by wars and revolutions we need to awaken to the fact that popular belief in politics disintegrates our societies and sweeps everything away. Thus we must enlighten people about this fact and refute their belief in politics.”²⁰ In terms of the earlier article, he repeated his view that a politics that promotes the State or illusory goals is problematic. “Politics is a blind eruption of fear and hope. . . . Unlike the teachings of schools that flatter democracy, political struggles, as blind battles of fear and hope, do not ensure progress but are aimless devastations caused by irrational passions.”²¹ Was Polanyi, then, just abdicating responsibility for social order? One can suppose that he still thought there need to be in place, and protected by laws, mechanisms for attending to economic needs—and, after all, political support is needed to ensure that such structures exist. An explicit objective Polanyi expressed was this: “Our job is exploring the *truth*; dissecting the confused images of politics and analyzing the belief in political concepts; finding the originating conditions of political illusions and what animates the imagination to fix illusions to certain objects.”²² Once again, in these early comments, he articulated a twofold point of view that is central to his later thought: the centrality of truth in all investigations, and the importance of clear, systemic thought as the proper path to understanding.

A still more encompassing theme in Michael's unfolding thought is suggested by the two early articles. He advocated reliance on underlying cultural practices and traditions as the glue of society, not explicit political programs. Here is, perhaps, an unexpected congruence with a major theme Karl developed. Karl is celebrated for his notion that with the coming of the Industrial Revolution, land, labor, and money became commoditized.²³ Whereas formerly markets and other forms of economic distribution had been embedded in social practices and traditions, after the Industrial Revolution social practices were increasingly driven by economic considerations—by the forces of the capitalist marketplace. A further basic claim of his was that capitalist markets are not self-correcting, so that in order to protect a society from devastation, governments have had to introduce laws and regulations to counterbalance market-driven catastrophes. The positive side of Karl's social thought was his devising of ways to, once again, make markets one of a variety of ways of achieving basic social needs—to re-embed economics in society. Here is where some convergence can be seen. Both Karl and Michael had become wary of political campaigns in Western and Central Europe that were tied to national self-interest, or that suppose market-driven self-interest is a force that can take care of all social needs. Michael is quite content to see capitalism itself, corrected by laws and regulations, as a reliable social tradition that can be indwelt apart from politics. Karl, however, searched out anthropological and historical antecedents for understanding patterns of the distribution of society's benefits and burdens that offer alternatives to capitalism as well as regulations needed to support it. Not believing revolution is the proper way to achieve such social enrichment, he necessarily had to support a political process of change that was free of violence. He set his hope on socialism. He believed the Soviet Union, very definitely a political force, was the best hope for humankind to reinsert broad non-market social arrangements into the process of producing, distributing, and consuming goods and services, thereby qualifying the dominant role that the market economy had assumed in the

Western world. So while neither brother invested himself personally in local political parties that sought to bring about justice and peace in Central and Western Europe, and both favored the dominance of socially sensitive rather than purely economic factors in governance, they differed strongly in their views of the proper role of capitalism in a healthy society. Michael supported the liberal tradition, Karl socialism. Out of an initial convergence came differentiation.

To jump forward a bit, in 1943 Michael Polanyi published a talk he had given earlier to a Jewish group concerning his attitude toward Zionism. Polanyi's maternal grandfather had been a liberal rabbi, but the Polanyis in Budapest, like many others of Jewish background who flocked to Budapest, were thoroughly assimilated into Hungarian culture and, therefore, no longer identified with Judaism. Michael also opposed Zionism and supported the assimilation of Jews into Western culture.

Zionists regard Jews as a nation of Hebrews. Their opponents, pursuing assimilation, insist that Jews must remain a mere religious denomination; that they are just Englishmen, Scotsmen, Frenchmen, Americans, Russians, etc.—as it may be—who happen to be of the Judaic faith. Both views are obviously forced—expressing somewhat crudely a particular programme, rather than facing the facts.²⁴

There are many who are called Jews because of their ancestry who do not speak Hebrew, practice any Jewish rituals, or accept Jewish faith as normative for themselves. Michael fits into this category. He observed that “[d]uring the 500 years of isolation in the Ghetto, Jewry produced nothing of general human value. Rabbinic scholarship, maintained with unflinching devotion, was largely wasted in elaborating fruitless talmudist speculations.”²⁵ Michael could not identify with such Judaism; rather he identified with liberal Western thought as he experienced it as a young boy in Hungary. He saw assimilation as a process of recovery from the 500 years of isolation. It was an entry into a kind of cultural

universalism. This amalgam of capitalism, Enlightenment thought, and appropriate government regulation is the tradition that became central to his reformed liberal social philosophy. In contrast, he viewed Zionism as a specific political program designed to create a particular state, and as he stated in his two early pieces on political philosophy, such political programs would give rise to opposition and trouble. His view, in this instance, has certainly proved to be prescient.

Divergent Paths

During the 1920s Michael was immersed in physical chemistry. But his subterranean interest in social thought was piqued by his trip to the Soviet Union in 1928. Many of his fellow Galileists had become enamored of the Russian experiment, Karl included, and a somewhat skeptical Michael was glad to have an opportunity to experience life in the Soviet Union first hand. What he found was not pretty. “The economic system functions so badly that one cannot judge from the result what its fundamental and dubious principles are. Everything is permeated by brutal and stupid fanaticism considering all other opinions as devilish nonsense.”²⁶ He felt it important to defend the Western liberal tradition against the Soviet system he experienced. Based on his personal impressions from his 1928 trip, the next year Michael sent Karl his careful criticism of Arthur Feiler’s statistical study of the Soviet Union. Feiler had uncritically passed on statistics and quantitative studies provided by the Soviets. Michael was shocked to see that the plight of the poor was dismissed in cavalier terms; failures were covered over by rhetoric of heroic progress.²⁷

In his diary of 1929 one finds signs that, just as being a physician had not been satisfying to Michael’s sense of a meaningful career, so now the practice of physical chemistry had also lost its allure. Suffering people needed his help. According to his biographers, “Polanyi noted that the things which interested him he could not do and the things he could do did not interest him.”²⁸ The possibility of developing economic and social thought to ameliorate current problems now fascinated him, and he worked

on understanding the social realm in his spare time. This study culminated in 1935 with the publication of a lengthy article on “USSR Economics—Fundamental Data, System and Spirit.” It was not flattering to the Russians. Finally, Michael’s publication in 1936 of a review of *Soviet Communism: A New Civilization*,²⁹ by Sidney and Beatrice Webb, clearly exposed the totalitarian nature of a diseased society the Webbs had tried to sanitize through diversion and deception.²⁹ At this point Michael’s thought had come to diverge dramatically from Karl’s. In the letter to Michael of January 21, 1957, cited earlier, Karl dates the differences to 1933 or 1934. Karl goes on to say, “Some six years later you wrote to me that what had separated us was our attitudes towards Russia and my hypochondria.” The great economic Crash occurred in 1929 followed by the deepening Depression, and these events reinforced the faith of many of those looking to the Soviet Union for an economic alternative to what seemed to be a failing capitalism. Michael, in the face of Nazism, left Germany in 1933, and in the same year Karl left Austria, both coming to England. So now on common turf the brothers confronted each other with different social views.

In his article “After Brotherhood’s Golden Age: Karl and Michael Polanyi,” Endre Nagy divides the relationship of the brothers into three periods. “The first, which I call ‘Brotherhood’s Golden Age,’ lasted until 1934. During this period the brothers were in basic agreement with respect to the main elements of their *Weltanschauung*, until Michael’s book on the Soviet economy caused Karl to criticize his attitude towards the Russian experiment.”³⁰ While earlier Karl and Michael did not disagree in print about social issues, even from the time of Michael’s first two articles it is clear that his intellectual commitments were staked out differently than Karl’s. Michael seemed quite content with liberalism and capitalism, properly monitored, as the basis for Western civilization, whereas Karl saw capitalism as a basic cause of World War I, fascism, and later the Depression. Michael eschewed a political approach to solving world problems, whereas Karl fastened his hope on a political program of socialism that,

admittedly, remained theoretical rather than acted upon. Where they were unified is that each was horrified by the violence of the war and its aftermaths, and each sought reasons for the disaster. Their explanations were quite different, and so it seems strained to argue that any Golden Age depended upon a shared *Weltanschauung*.³¹ Karl developed his explanation for the collapse of world peace before Michael did, and it is now to that explanation that we briefly turn.

When Karl had earlier emigrated to Vienna in 1919, he became a journalist, first writing under Jaszi's editorship on matters of interest to other Hungarians in exile, then writing primarily on economic matters for Austria's leading weekly economics paper.³² He came to see that the joint rise of capitalism and the Industrial Revolution initiated a dramatic change in Western society, a change whose impact was still being felt in the social developments of the 1930s.

We submit that an avalanche of social dislocation, surpassing by far that of the enclosure period, came down upon England; that this catastrophe was the accompaniment of a vast movement of economic improvement; that an entirely new institutional mechanism was starting to act on Western society; that its dangers, which cut to the quick when they first appeared, were never really overcome; and that the history of nineteenth-century civilization consisted largely in attempts to protect society against the ravages of such a mechanism. The Industrial Revolution was merely the beginning of a revolution as extreme and radical as ever inflamed the minds of sectarians, but the new creed was utterly materialistic and believed that all human problems could be resolved given an unlimited amount of material commodities.³³

In the course of many years of reflection, he developed his theory of the double movement of society in response to the Industrial Revolution as his explanation of current events. Robert Owens was the first, Karl claimed, to discover "the reality of

society and its all-powerful formative influence upon character.”³⁴ Poverty was not a personal failing; it was a social product. And this product of the Industrial Revolution, the great suffering of the poor, was not the outcome of some natural law, but the result of capitalism’s working, a social product that could and should be changed. The first movement—the disruption of society caused by capitalistic markets—was followed by a second self-protective movement by governments. The long peace of the nineteenth century was the result of all sorts of protective legislation, including the legalization of labor unions, anti-trust laws, etc., whereby society protected itself against the ravages of capitalism. Unfortunately these changes were incompatible with the thrust of capitalism toward minimizing external costs and constraints. Consequently tensions increased in society, tensions that were exacerbated by the adoption of the gold standard. World War I was the first violent expression of the breaking of the tension, but the treaties of Versailles and Trianon did not rectify the underlying problems of competitive market societies that caused the war. The Great Depression put such pressure on countries trying to maintain the gold standard, the symbol of world unity, that finally that commitment could not be maintained. The collapse of the gold standard ushered in an uncertain new phase of global relationships.³⁵ Only in the sort of governmental response to the Great Depression that Franklin Roosevelt and socialist governments inaugurated was the underlying opposition between government and private enterprise beginning to be appropriately addressed. Such, in brief, was Karl’s account of the causes of the twentieth-century disasters.

Michael followed quite a different course in explaining the cause of the Great War, the rise of fascism and communism, and the Great Depression. His was basically an explanation rooted in intellectual history. He noted how, following the Enlightenment and the successes of science, an extensive literature had arisen turning the light of reason on basic human beliefs and structures. Increasingly skeptical questions arose about the authenticity of moral values and ideals. Religious beliefs and moral values began

to be interpreted as contrived constructs designed to legitimate the position of the wealthy and the powerful. Within scientific communities a reductive mentality frequently took hold, and such movements as positivism and instrumentalism rejected the truth value and ultimately the authority of traditional social arrangements.

Those accepting such widespread skepticism sometimes responded with a romanticism that celebrated emotions and particularism over against the rational universalism embedded in skepticism. All too often the Romantic Movement exalted the unique, lawless individual, one free of society's restraints. In rebelling against all restraint, such individualist romanticism flirts with nihilism. But at the same time, such individuals do not escape the moral passions with which humans seem invariably endowed. Frequently a marriage of perfectionism with skepticism occurs. Michael calls the resulting fusion of moral intensity with skepticism about the legitimacy of moral values *moral inversion*.

In public life moral inversion leads to totalitarianism. Marxism-Leninism is the most important movement of this kind. The Marxist revolutionary scorns any appeal to generous sentiments and scorns any appeal to the utopian image of an ideal society. His skepticism forbids him to acclaim such motives. But, though he cannot declare these high motives, they are his driving force and must be satisfied. Marxism resolves this contradiction by inventing a machine—the Marxist machine of history—which, working inside society, will bring about the destruction of capitalism and its replacement by socialism. The machine will achieve this without the aid of noble sentiments or images of social perfection. . . . The two contradictory elements of Marxism effectively protect its teachings against criticism by alternately taking over its defense. Its moral fervor denies a hearing to any intellectual objections, while any moral scruples are contemptuously rejected as unscientific.³⁶

Clearly Karl and Michael were fundamentally at odds with regard to an assessment of the Soviet Union. Karl's view might be

called unsettled but hopeful. “This ambiguous relationship—sharp criticism of the communists coupled with a magnetic attraction to the movement (especially during crisis situations)—stayed with Polanyi all his life.”³⁷ Like Michael, he rejected any variety of economic determinism or revolutionary violence, yet unlike Michael he was open to seeing the course of affairs in the USSR as a great socialist experiment worthy of respect. At any rate, when Karl read Michael’s account of Soviet economics published in 1935, he responded sharply in several letters. He denied Michael’s claim that there was a market in Stalinist Russia and later said, “I am still completely baffled by the almost complete lack of human meaning and significance of your booklet.”³⁸

Economic Considerations

Michael was convinced of the demonic character of Soviet society and its economic system, but his rejection of socialism led him to want to explore market capitalism more thoroughly so he could be sure his support for liberalism made sense from an economic standpoint. He acknowledged that socialists stood for many values he could himself embrace. The following statement from a 1937 speech could be read as conceding the attractiveness of much of what Karl stood for: “The demand for social consciousness in economic life . . . is a historic force more fundamental for the present century than even the national idea and . . . the struggle for it will dominate public life until it has found reasonable satisfaction.”³⁹ In contrast, the acquisitiveness of capitalism makes it morally unappealing. The social good produced by the invisible hand is, after all, invisible. The general utilitarian defense of the market lacks inspiration because

its philosophy makes self-seeking the supreme principle in economic life and assumes that people are happy if their blind acquisitiveness is transformed into a maximum efficiency. In fact, blind acquisitiveness is repugnant to the social instincts of man. If he cooperates with a community he wants to be conscious of a

common purpose. Accordingly, he revolts against the idea that the community should refuse responsibility for giving its citizens opportunity to work and live an educated healthy life.⁴⁰

Michael found the writings of Keynes especially helpful as he plunged into economic theory. He made a film about the need for the government to keep the money supply adjusted to something like the equilibrium point so that (1) inflation would not result from too much money chasing limited goods or (2) recession would not result from too much money being withdrawn from circulation and put into savings. Printing money and adjusting taxes are two principal means of adjustment he discusses. His systematic exposition of market economics was finally published in 1945 as *Full Employment and Free Trade*. Of this work, Paul Craig Roberts (former assistant secretary of the Treasury in the USA) and Norman Van Cott said, "Polanyi synthesized Keynesian economics with the monetary school of economics later associated with Milton Friedman. In this synthesis, Polanyi was at least two decades, and perhaps three, ahead of the best minds in the economics profession."⁴¹

Michael would certainly agree with his brother that the historical evolution of actual and theoretical capitalism was full of injustices and crises. "We are standing to-day at the close of a hundred years of ceaseless rebellion against the theory and practice of capitalism. That rebellion has at last borne fruit in the discovery by Keynes of a fundamental deficiency in the adjustment of monetary circulation under capitalism."⁴² Michael wants the government to treat the economy as a machine: oiling it with some money here, draining off excess there. But he does not want to compromise democracy by turning the fine tuning of the economy over to insular experts. Citizens need to understand how the economy works so they do not confound immediate benefit with long term wisdom or mix together political aims with economic sagacity. The public needs to recognize that in a developing economy there are necessarily indeterminacies and risks. Business failures are an inevitable feature of a dynamic

economy.⁴³ Against Karl's proposed placing of economic issues under the controlling overview of political aims, Michael advocates what he calls "The Principle of Neutrality." Government economic action "*should be, and can be, carried out in a neutral form, i.e. in a way requiring no materially significant economic or social action to accompany it.*" Perhaps the main purpose of this book is to demonstrate this 'principle of neutrality', and to give warning of the dangers accompanying any deviation from it."⁴⁴ When infusion of money into circulation depends upon paying for different sorts of public works, competing constituencies become involved, and economic considerations may all too easily be sacrificed to political expediency.

A consistent theme in Michael's thought is that the world is not as subject to human order and control as rationalists, utilitarians, planners of various sorts, and tyrants pretend.⁴⁵ Because there are so many indeterminacies affecting decision making, it behooves us to find and utilize those processes which produce order spontaneously. Michael distinguishes between systems of spontaneous order in physical nature (the growth of crystals), in life processes (evolutionary development), and in cultural systems (common law). Different systems have differing data that must be taken into account and different modes of adjustment to that data. The following is how he discusses spontaneous order as it arises in the actions of a judge administering law.

A judge sitting in court and pondering a case refers consciously to many precedents—perhaps unconsciously to many more. Numberless other judges have sat where he is sitting and have decided according to statute, precedent, equity, and convenience, just as he now sits and must decide. His mind is in constant contact with their minds as he analyzes various aspects of the case. Moreover, beyond the purely legal references he is making, he senses the entire contemporary trend of opinion, the social medium as a whole. When he has determined what bearing his knowledge of all these matters has upon the case and

has responded to them in the light of his professional conscience, his declared decision will carry his conviction and will receive respect from his fellow members of the bar.⁴⁶

Scientists and judges make adjustments in terms of consultation measured against the standards, respectively, of truth and justice. Business men, in contrast, engage in mutual adjustment in a competitive mode as they strive for individual advantage. Michael shows in some detail how many centers of adjustment dedicated to the same end will be far more efficient in arriving at ongoing fitting adjustments in complex situations than top-down decision making—what he calls “corporate order.”⁴⁷ Some situations, like army command, require a hierarchical organization where “ideas are cultivated under the supervision of organizations or public authorities.”⁴⁸ But in the market place, which has many buyers and sellers, order can most efficiently be derived by jointly coordinated activity. Polanyi affirms Adam Smith’s model of a competitive market in which the self-interested actions of many producers/sellers are guided as if by an invisible hand to the benefit of all, a quite wonderful spontaneous order.

One would hardly expect to find under these circumstances any serious suggestion of replacing the functions of a major self-adjusting system by the directions of a central authority. Yet contemporary thought is pervaded by the fallacy of central planning, particularly as regards industrial production. The belief prevails widely that direct physical controls, consciously applied from one centre, can in general fully replace adjustments spreading automatically through a network of market relations. It underlies the Socialist movement⁴⁹

Thus, to the distaste Michael felt when he visited Russia and experienced the dissembling and poverty, there was now added theoretical assurance that a capitalist economy is a far more efficient mechanism for deciding what should be produced and for regulating goods and services than is a socialist economy.

Indeed, Michael's study of the Soviets showed that a command economy had been attempted soon after the Revolution with disastrous results.⁵⁰ Markets with prices were reinstated in the early 1920s, but they were compromised by Five-Year plans, inadequate economic reporting, and other governmental intrusions on social affairs.

Planning and Freedom

During a visit to Moscow in 1935, Michael experienced a third major reason for rejecting Soviet socialism when he was confronted with an intrusion that clashed with his career work. The clash occurred during a conversation with Bukharin. "Though he was heading toward his fall and execution three years later, he was still a leading theoretician of the Communist party. When I asked him about the pursuit of pure science in Soviet Russia, he said that pure science was a morbid symptom of a class society."⁵¹ Here Michael was faced with the claim that science should be planned in order to contribute to the advancement of society. Now, if one were to select what experiential field Polanyi was most knowledgeable in, his experiences of the process of discovery in science would likely head the list. And he knew that scientific discovery requires a free and sensitive attunement to coherence among the items of evidence. Scientific discovery is an experience of the spontaneous revealing of order that is undermined if unnecessary constraints are placed upon it. The socially inspired mandates of planning would be such a distracting constraint. The scientist must seek to discover what is real under the standard of truth, not in terms of some social value that is merely distracting. What Bukharin was advocating was the rejection of pure science as a form of bourgeois self-indulgence, and the maintaining of applied science as the sole legitimate expression of science. Michael points out that pure and applied science operate according to quite different principles such that one is not reducible to the other. Pure science progresses through an unfolding of deeper and wider stages in some principled area of research.

Technology progresses differently. Lighting is constantly made cheaper and pleasanter. To that extent the development is also consistent and continuous. But logically each forward step represents a new departure. There are no principles, unless the most trivial ones, which are common to the candle, the gas-burner and the incandescent lamp. . . . Each new improved form of illumination simply displaces its predecessor. Instead of the development of a single principle, we see a series of logically disconnected attempts to serve a steady purpose.⁵²

When the movement to plan scientific research developed a following in England, Michael marshaled his arguments against social planning and gradually consolidated his case against communism in general. He was appalled at the treatment of his niece Eva Striker Zeisel when she was arrested by the Soviets on false charges and tortured into implicating other innocent persons.⁵³ Also aghast was Arthur Koestler, who had attended an experimental kindergarten with Eva taught by Michael's sister. Koestler's *Darkness at Noon*, an important catalyst in turning intellectual sentiment away from the USSR, was based upon her experience. After World War II, Michael and Koestler worked together on a number of anti-Communist committees and projects.

One by-product of Michael's opposition to centralized governmental planning was his development of the idea of public liberty in contrast to private liberty.

Freedom is ambiguous for there are different ways of being free. One way is to be free from external constraint. The rational limits to this freedom are set by the condition that it must not interfere with other people's right to the same freedom. . . . Another conception of freedom is in its extreme form almost the opposite of the first. It regards freedom as liberation from personal ends by submission to impersonal obligations. . . . In the foundations of academic freedom we shall find the two rival aspects of liberty so firmly interwoven that their essential relationship and true balance become easily apparent.⁵⁴

The freedom from external compulsion has often been termed “freedom from” or negative freedom, whereas in submitting to external values or obligations one has exercised “freedom for” or positive freedom. But in speaking of private versus public liberty, Polanyi moves beyond the familiar contrast. Private liberty is indeed freedom from constraint, but contra the libertarian claim that this sort of liberty is what governments should above all protect, Polanyi sees it as an individual matter of desire satisfaction allowed under all sorts of governmental structures. Thus in the USSR there was a considerable amount of private freedom allowed; the state, however, kept the power to control all social functions. “Under Stalin the scope of private freedom remains much wider than it was in Victorian Britain, while that of public liberties is incomparably less.”⁵⁵

Academic freedom requires both private and public liberty. As was typical of Michael, he used science as a model.

Science, we can now see, shows strong features corresponding to both aspects of freedom. The assertion of his personal passion is the mark of the great pioneer, who is the salt of the earth in science. Originality is the principal virtue of a scientist and the revolutionary character of scientific progress is indeed proverbial. At the same time science has a most closely knit professional tradition; it rivals the Church of Rome and the legal profession in continuity of doctrine and strength of corporate spirit. . . . Science fosters a maximum of originality while imposing also an exceptional degree of critical rigour.⁵⁶

While Polanyi thought both the principles of spontaneity and constraint are needed in society, he believed that how the latter is developed in society determines the health of the society. If constraint is imposed by governmental edict, this is totalitarianism. But if private citizens have an ongoing role in shaping public policy, this is a key step toward the ideal government. Nevertheless, a democracy of persons seeking individual satisfactions is not stable because desires are not mutually harmonious. Nor does it

stretch toward those transcendent values that Polanyi thinks grant a life the most meaning. Political science errs if it merely sets the individual against the state. “The true antithesis is therefore between the State and the invisible things which guide men’s creative impulses and in which men’s consciences are naturally rooted.”⁵⁷ When political structures and laws are constructed in the light of such shared transcendent values as truth, justice, charity, and toleration, then “freedom for” is striving toward the greatest good.

Polanyi’s notion of public liberty counters several problematic tendencies characteristic of contemporary democracies. Politics too often devolves into struggle between various self-interested factions. Political parties advertise themselves in the rhetoric of commerce, promising to help the economy or to provide security. The voter is treated like a consumer. Michael lifts people’s vision beyond the mundane to transcendent values and extols the persons who best exemplify these values in their actions. Moreover, he urges that we support those institutional and intellectual spontaneous orders that in practice bypass sectarian squabbles. Economic public liberty should consist in putting into place the laws and regulations that protect against market excesses and support distributive justice.

Karl Polanyi also valued freedom; he saw it as one of the three great constitutive facts in Western consciousness. Jesus, he claimed, was its greatest exemplar.⁵⁸ However, Karl developed his consideration of freedom in terms of how it unfolds in political movements. To understand his account, it is best to return first to how his thought developed in Austria.

During his time in Vienna, Karl became impressed with the society for workers that Robert Owens had created in Scotland. Polanyi honored Owens because “having internalized Christianity’s emphasis on the uniqueness of each person, he had proclaimed the final revelation: the reality of society and of man as a social being.”⁵⁹ What exactly did Karl mean by stressing the reality of society? For one thing, he opposed the notion of Economic Man as the beginning point of social and economic analysis. His

starting point can also be contrasted with Michael's point of entry. Michael's thought is imprinted by his experience as a creative scientist. Although Michael strongly emphasized the social and cultural embeddedness of each scientist, yet finally a discovery is made by an individual following a gradient of increasing coherence. Karl's thought, in contrast, was shaped by his socialist leanings and, therefore, prioritizes society over the individual. Like Marx, he saw in the notion of the individual making rational (i.e., self-interested) choices the essence of the alienated and partial individual living a life subject to market fluctuations and other impersonal forces. In speaking of the reality of society, he incorporated Marx's notion of species-being into his economic thinking. But Polanyi's is also a Christian interpretation of Marx. "No attack on Socialism can be permanently effective that fails to dig down to the religious and moral roots of the movement. But at these roots lies the Christian inheritance."⁶⁰ Persons are worthy of respect because they are moral agents, which by definition means they are part of a community of persons.

Abraham Rotstein has written an interesting account of Karl's notion of the reality of society in which he underscores the relational, moral quality of society. In his interpretation, society is more than an aggregation of individuals or a collection of persons having certain duties, rights, or privileges because of their membership in the collection. Each person as an economic actor affects the lives of countless other persons. In a market economy this effect is blind and impersonal, as commodification reduces persons to mere individuals who are part of the calculus of profitability. Yet one fully realizes the force, the power of society, only when one finds his or her relationships to others controlled by economic forces and when one recognizes the impact of one's choices on others. "It is this compromised involvement of the moral individual that Polanyi means by 'the reality of society.' This 'reality' is only in the first instance an institutional reality, but at the deeper level, which Polanyi evokes, it is a moral reality."⁶¹

How should persons in the twentieth century respond to the discovery that society impinges upon the personal freedom that since the Enlightenment has been held out as the great good emerging from social change? According to Karl, the two basic responses that have actually been prominent are liberalism and fascism.

Freedom's utter frustration in fascism is, indeed, the inevitable result of the liberal philosophy, which claims that power and compulsion are evil, that freedom demands their absence for a human community. No such thing is possible; in a complex society this becomes apparent. This leaves no alternative but either to remain faithful to an illusionary idea of freedom and deny the reality of society, or to accept that reality and reject the idea of freedom. The first is the liberal's conclusion; the latter the fascist's. No other seems possible.⁶²

But ultimately Karl did not accept this dichotomous way of perceiving twentieth century social reality. Socialism offers a way of transcending the impasse. "Uncomplaining acceptance of the reality of society gives man indomitable courage and strength to remove all removable injustice and unfreedom. As long as he is true to his task of creating more abundant freedom for all, he need not fear that either power or planning will turn against him and destroy the freedom he is building by their instrumentality."⁶³

A Final Convergence?

Here, at the end of our journey of comparison, we see the beginning of a renewed convergence that marks the "Wise and Resignative Reconciliation" that Endre Nagy sees as the third and final stage of the brothers' relationship.⁶⁴ Karl wanted to transcend the impasse he imputed between socialism and liberalism. How different is his socialist ideal, once he withdrew from his extreme attachment to the Soviet Union, from the modified sort of liberalism Michael finally proclaimed? Listen to the position Michael adopted in his maturity, near the end of Karl's life:

The shortcomings of the market principle have been increasingly demonstrated over the past decade or two. The market system is notably blamed because the market cannot balance collective demands. It is incapable of deciding whether priority should be given to the construction of a network of highways or a system of high schools. It cannot balance social costs, nor can it regulate the list prices of newly developed industries or public works. Finally, it cannot control effective demand, at least in the sense that Keynes—whose theory I subscribe to—understood it. These operations or functions should therefore be carried out insofar as it is possible and even if it is done imperfectly, by the public authorities. By so doing, public authorities serve to regulate, guide, and supplement market tendencies. This function, which is now generally known as “over-all planning,” enables the market tendencies which do appear to be utilized, but not suppressed.⁶⁵

Karl acknowledged the importance of markets for economic efficiency; Michael acknowledged the importance of over-all governmental planning to better realize the transcendent values he honored. Yes, Karl comprehended the problems of the twentieth century by way of the analysis of great social movements, while Michael relied upon the analysis of the history of ideas culminating in moral inversion. But aren't these two approaches complementary rather than antagonistic? And surely the brothers agreed on many items: for instance, the counter-productivity of revolution, the harmfulness of strictly materialistic analysis, the importance of religion and morality as social glue, a rejection of class warfare as the key to history, the inadequacy of any utopian self-correcting economic system, and democracy as an ideal form of governance. In the last analysis, the convergence in the ideas of Karl and Michael Polanyi clearly outweighs the conflict. Therefore, it seems apropos to amend the summary statement with which this essay began. Michael and Karl Polanyi: bonded together in family affection, separated by differences in social philosophy, reconciled through truthful confrontation that reveals convergence of thought.

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NOTES

1. Ruel Tyson, “From Salon to Institute: Convivial Spaces in the Intellectual Life of Michael Polanyi,” *Tradition & Discovery* 32, no. 3 (2005–6): 21.

2. Autobiographical comments by Michael Polanyi in *World Authors 1950–1970*, ed. John Wakeman (New York: H. W. Wilson Co., 1975), 1151.

3. Karl Polanyi’s letter to Michael of January 21, 1957 is found in box 12, folder 12 of the Michael Polanyi Papers located at the Regenstein Library of the University of Chicago.

4. William Taussig Scott and Martin X. Moleski, S.J., *Michael Polanyi: Scientist and Philosopher* (New York: Oxford University Press, 2005), 10.

5. Scott and Moleski, *Michael Polanyi*, 15. That Karl adopted a paternalistic stance towards Michael is indicated in his letter of September 18, 1934 to Michael. “Our dear father put you in my care 29 years ago now. By now, you do not need me any more.” Karl in writing to a forty-three-year-old man brings up a relationship that presumably expired, at least in a legal sense, twenty-five years ago, but he has to remind himself of the obvious fact that his fathering no longer applies. The letter is found in box 17, folder 5 of the Michael Polanyi Papers at the Regenstein Library.

6. Ferenc Múcsi, “The Start of Karl Polanyi’s Career,” in *The Life and Work of Karl Polanyi: A Celebration*, ed. Kari Polanyi-Levitt, (Montreal: Black Rose Books, 1990), 26.

7. Uncited quotation from Maurice Korach in Ilona Ducyńska, “Karl Polanyi: Notes on His Life” in Karl Polanyi, *The Livelihood of Man*, ed. Harry W. Pearson (New York: Academic Press, 1977), xii–xiii.

8. Thus characterized by Lee Congdon, *Exile and Social Thought: Hungarian Intellectuals in Germany and Austria, 1919–*

1933 (Princeton, NJ: Princeton University Press, 1991), 216–17. Congdon goes on to say of Oscar Jaszi that “He was very far from being the greatest thinker of his generation of Hungarians, but he was the greatest man” (216–217).

9. György Litván, “Karl Polanyi in Hungarian Politics (1914–64),” in *Karl Polanyi*, 31–32.

10. For a comprehensive overview of Jaszi’s career with information about the continuing connection between Jaszi and Karl Polanyi even after each had moved to North America, see György Litván, *A Twentieth Century Prophet: Oscar Jaszi 1875–1957* (Budapest: Central European University Press, 2006).

11. Lee Congdon, *Seeing Red: Hungarian Intellectuals in Exile and the Challenge of Communism* (DeKalb: Northern Illinois University Press, 2001), 17.

12. Paul Ignotus, “The Hungary of Michael Polanyi,” *The Logic of Personal Knowledge: Essays Presented to Michael Polanyi on His Seventieth Birthday* (London: Routledge & Kegan Paul, 1961), 12.

13. Quoted by Polanyi in *World Authors 1950–1970*, 1151.

14. Undated letter to Karl quoted in Scott and Moleski, *Michael Polanyi*, 29.

15. *Ibid.*, 34.

16. Michael Polanyi, “To the Peacemakers: Views on the Prerequisites of War and Peace in Europe,” trans. Endre J. Nagy, in Michael Polanyi, *Society, Economics, and Philosophy: Selected Papers*, ed. R. T. Allen (New Brunswick, NJ: Transaction Publishers, 1997), 23.

17. *Ibid.*, 22.

18. *Ibid.*, 16.

19. Michael Polanyi, “New Scepticism,” in Allen, *Society, Economics, and Philosophy*, 30.

20. *Ibid.*, 29–30.

21. *Ibid.*, 30.

22. *Ibid.*, 31. My emphasis.

23. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001

[1944]), 72–75.

24. Michael Polanyi, “Jewish Problems,” in Allen, *Society, Economics, and Philosophy*, 33–34.

25. *Ibid.*, 35.

26. From Michael’s letter of April 29, 1928 to his sister, Mausi, quoted in *Michael Polanyi*, 109.

27. Scott and Moleski, *Michael Polanyi*, 120.

28. *Ibid.*

29. Michael Polanyi, “The Struggle between Truth and Propaganda,” in Allen, *Science, Economics, and Philosophy*, 47–60.

30. Endre J. Nagy, “Brotherhood’s Golden Age: Karl and Michael Polanyi,” in *Humanity, Society and Commitment: On Karl Polanyi*, ed. Kenneth McRobbie, Critical Perspectives on Historic Issues (Montreal: Black Rose Books, 1994): 4:83.

31. To be fair to Endre Nagy, after the passage in the article just cited he develops material in his helpful article that shows in some detail how the thought of Karl and Michael does begin to diverge before 1934—see especially 91–94. I would still argue that the early articles Michael wrote show that the difference in world views is more deeply rooted than Nagy suggests.

32. Michele Cangiani reports that between 1924 and 1938 Karl Polanyi wrote about 250 pieces for *Der Oesterreichische Volkswirt*. Most of these articles deal either with economics in the context of world politics or with workers’ problems and related issues in Great Britain. See her “Prelude to *The Great Transformation: Karl Polanyi’s Articles for Der Oesterreichische Volkswirt*” in *Humanity, Society, and Commitment*, 7.

33. Karl Polanyi, *Great Transformation*, 42

34. *Ibid.*, 133.

35. “The breakdown of the international gold standard was the invisible link between the disintegration of world economy which started at the turn of the century and the transformation of a whole civilization in the thirties.” Karl Polanyi, *Great Transformation*, 21.

36. Michael Polanyi, “On the Modern Mind,” in *Scientific Thought and Social Reality: Essays by Michael Polanyi*, ed. Fred

Schwartz, *Psychological Issues* 8:4, Monograph 32 (New York: International Universities Press, Inc., 1974), 146.

37. Litván, “Karl Polanyi in Hungarian Politics (1914–64),” in *Karl Polanyi*, 34.

38. Karl Polanyi’s letter of January 17, 1936, to Michael, Michael Polanyi Papers, box 17, folder 6. Cited in Congdon, *Seeing Red*, 36. See also Nagy, “Brotherhood’s Golden Age,” 98.

39. Scott and Moleski, *Michael Polanyi*, 167, quoting “Historical Society Lecture” in box 25, folder 12 of the Michael Polanyi Papers.

40. Michael Polanyi, “Popular Education in Economics,” unpublished article in the Michael Polanyi Papers, box 25, folder 9, quoted in Harry Prosch, *Michael Polanyi: A Critical Exposition* (Albany: State University of New York Press, 1986), 191. Polanyi saw the revolt as coming to clearest expression in communism and fascism, but to avoid the errors involved in these movements (especially top-down economic dictation and the theory of class composition in class conflict), he rejected *laissez-faire* capitalism and described necessary constraints on the free market to secure the moral goods communism and fascism desired. See Prosch, 192–194. Thanks to Phil Mullins for pointing out this material to me.

41. Paul Craig Roberts and Norman Van Cott, “Polanyi’s Economics,” *Tradition & Discovery* 25, no. 3 (1998–99), 26.

42. Michael Polanyi, *Full Employment and Free Trade* (Cambridge: Cambridge University Press, 1945), 142.

43. See Prosch, *Michael Polanyi*, 187–188.

44. Michael Polanyi, *Full Employment*, 29. Karl noted that his views were particularly being attacked in Michael’s insistence on the separation of politics and economics. See Congdon, *Seeing Red*, 82–83 for his bitter rejoinder.

45. “How should we consciously determine a future which is, by its very nature, beyond our comprehension? Such presumption reveals only the narrowness of an outlook uninformed by humility.” Michael Polanyi, *The Logic of Liberty: Reflections and Rejoinders* (Chicago: University of Chicago Press, 1951; repr.,

Indianapolis: Liberty Fund, 1998), 245. Citations are to the Liberty Fund edition.

46. Michael Polanyi and Harry Prosch, *Meaning* (Chicago: University of Chicago Press, 1975), 198.

47. Michael Polanyi, *Logic of Liberty*, 141f.

48. Michael Polanyi, "Collectivist Planning," in Allen, *Science, Economics, and Philosophy*, 127, 128.

49. Michael Polanyi, *Logic of Liberty*, 150.

50. See Michael Polanyi, "Toward a Theory of Conspicuous Production," at 169ff and "On Liberalism and Liberty," at 200, in Allen, *Science, Economics, and Philosophy*.

51. Michael Polanyi, *The Tacit Dimension* (Garden City, NY: Anchor Books, 1967), 3.

52. Michael Polanyi, *Logic of Liberty*, 91.

53. According to Michael, Karl claimed "Eva was treated by the most fair judicial methods." Yet Eva told Michael that she had been commanded to confess and implicate others or she would be shot without trial. Michael then excoriates Karl for the cavalier way he excuses Soviet immorality and brutality. This exchange certainly was one of the most conflicted of their relationship. See Michael's letter of June 16, 1944, in box 4, folder 11 of the Michael Polanyi Papers quoted in Nagy, "Brotherhood's Golden Age," 100–101. In retrospect, Karl's obsessive pattern of defending the USSR during a good deal of the 1930s and 1940s is the most regrettable aspect of his written corpus. Lee Congdon states that Karl's greatest disservice to the workers he so wanted to lift up "was his depiction of Soviet Russia, which as the world's only socialist country was, he declared, fascism's mortal enemy. He conceded, or rather pointed out, that Russia lacked democratic traditions. . . . He believed that the Soviets had solved the problem of economic democracy and had only, in time, to extend democracy to the political realm. As a result he regarded any attack on the USSR, or on communism, as an attempt, conscious or otherwise, to discredit socialism, and hence democracy" (*Seeing Red*, 36).

54. Michael Polanyi, *Logic of Liberty*, 39–40.

55. *Ibid.*, 194.

56. *Ibid.*, 48.

57. *Ibid.*, 57.

58. Karl Polanyi, *Great Transformation*, 267. The other two facts are knowledge of death and, as we shall see shortly, knowledge of the reality of society.

59. Congdon, *Exile*, 223.

60. Karl Polanyi, "The Essence of Fascism," in *Christianity and the Social Revolution*, ed. John Lewis, Karl Polanyi, and Donald K. Kitchin (New York: Charles Scribner's Sons, 1936), 361.

61. Abraham Rotstein, "The Reality of Society: Karl Polanyi's Philosophical Perspective," in Polanyi-Levitt, *Karl Polanyi*, 106. Christopher Lind would criticize Rotstein in the passage quoted for using the term "moral individual" rather than "moral person." The latter term is the language of John Macmurray and others in the Christian Left with whom Karl identified. Persons retain their healthy relationships despite the manipulative influence of a market society, whereas individuals are isolated personal units whose full humanity has been eliminated in the furtherance of market efficiency. See Lind's "How Karl Polanyi's Moral Economy Can Help Religious and Other Social Critics" in McRobbie, *Humanity, Society, and Commitment*, 158.

62. Karl Polanyi, *Great Transformation*, 265–266.

63. *Ibid.*, 268.

64. Nagy, "Brotherhood's Golden Age," 83. The conclusion offered here is that Karl and Michael ended up, whether they explicitly acknowledged it or not, in a state of rough overall agreement—not just in wise resignation to inevitable differences as Nagy suggests.

65. Michael Polanyi, "The Theory of Conspicuous Production" in *World Technology and Human Destiny*, ed. Raymond Aron (Ann Arbor: University of Michigan Press, 1963), 95–96.