
The Origins and Implications of Polanyi's Political Economy

The following is an examination of Michael Polanyi's political and economic thinking. In this context, I focus on two aspects of his thought: moral inversion and polycentricity. Regarding moral inversion, I will suggest that Polanyi's early encounter with Dostoyevsky's story of the Grand Inquisitor from *The Brothers Karamozov* was formative. Regarding polycentricity, I will show how this concept parallels in important ways the principle of subsidiarity as developed in Catholic social thought. I will conclude by briefly considering if and how these two Polanyian concepts are relevant for understanding and addressing our contemporary situation.¹

Early Influences

Perhaps it is no surprise that during World War I Polanyi's interests were not confined to chemistry. His first political writing, titled "To the Peacemakers: Views on the Prerequisites of War and Peace in Europe," was published in 1917 while World War I raged. In it, Polanyi argues that a lasting peace would not be forged unless ancient hatreds and prejudices were first removed. If that could occur, Polanyi saw the possibility of a united and prosperous Europe, a Europe that could once again enjoy the freedom of movement and the intellectual vibrancy that pre-war Europe had hinted at: "We must love a united Europe, the recreation of our truncated life. People leading the world should release themselves from mutual fear and from dams built against each other. They should seek to exploit the forces of nature and the riches of the earth, and henceforth, a new age of riches and

welfare, never seen before, will open up before us.”² But this could not happen as long as individual states could threaten each other. Polanyi argues that the state must be transcended. His solution is “to place the supreme power above the nations, to set up a permanent European army which would guarantee, along with the United States, the rule of our civilization on the earth.”³

A piece titled “New Skepticism,” published in 1919, is far more pessimistic. In this short essay, Polanyi expresses his skepticism about the possibility of politics. Speaking on behalf of the scientists and artists who, Polanyi claims, were co-opted by various political forces, he argues that the new task is simple: “On account of the devastations brought by wars and revolutions we need to awake to the fact that popular belief in politics disintegrates our societies and sweeps everything away.”⁴ Anticipating his later argument that economic and social factors are too complex to make the planning of complex human systems possible, Polanyi notes that “society is so complicated that even science cannot calculate the future effects either of any institution or of any measure, and people involved in politics, with their rough minds and passionate fancies, are a thousand times less able to foresee whether the institutions they demand will meet their interests in the last analysis.”⁵ As a result of this incapacity to calculate future effects, Polanyi argues for a new skepticism, one that is suspicious of the claims of politicians, one that is not taken in by the irrational fears and hopes peddled by the political leaders. In the wake of the devastation of the Great War, Polanyi recognized the need to consider the roots of political disorder. “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.”⁶

In 1919 Polanyi, a non-religious Jew, was baptized into the Roman Catholic Church. According to his friend Lady Drusilla Scott, Polanyi’s conversion was influenced by Dostoyevsky’s Grand Inquisitor as well as Tolstoy’s confessions of faith.⁷ Given the political wreckage that was Europe of 1919 and the skepticism

about politics voiced in the “New Skepticism” article, it is interesting to consider how Polanyi’s meditations on these authors may have influenced the development of his thought. It is especially useful to look to the Grand Inquisitor for clues about the development of Polanyi’s political philosophy, for the themes of freedom, skepticism, and moral truth—so profoundly articulated by Dostoyevsky—lie at the heart of Polanyi’s entire post-scientist career.

The story of the Grand Inquisitor is told by Ivan Karamozov to his younger brother Alyosha. It is set in Seville, “during the grimmest days of the Inquisition, when throughout the country fires were burning endlessly to the greater glory of God.”⁸ Christ appears in the city, not as a conquering king but as an unassuming man, who, despite his unremarkable appearance, is recognized at once. He touches the sick, raises a dead girl, and is summarily thrown into prison by the Grand Inquisitor. Under the cover of night, like Nicodemus centuries before, the Grand Inquisitor comes to the cell where Christ is held. And then follows a monologue, uninterrupted by Christ, wherein the Grand Inquisitor attempts to justify the way he and his fellows have employed their power.

Christ, during his earthly ministry, preached freedom to those in bondage. In resisting Satan’s three temptations, summarized in the idioms of miracle, mystery, and authority, he demonstrated that humans can choose to resist easy resolutions to human tensions. And in resisting these temptations, humans exercise and preserve their freedom. But, according to the Grand Inquisitor, humans cannot possess both happiness and freedom. Freedom is terrifying, and the mass of men cannot bear it. They seek one who will give them happiness in exchange for their freedom, and they gladly make the trade. A new Tower of Babel will be constructed by those who are now tasked with providing for the happiness of the masses.

They will beg us: “Give us food, for those who promised us fire from heaven have not given it to us!” And that will be the day

when we shall finish building their tower for them, for the one who feeds them will be the one who finishes building it, and we will be the only ones capable of building it. . . . So, in the end, they will lay their freedom at our feet and say to us: 'Enslave us, but feed us!' And they will finally understand that freedom and the assurance of daily bread for everyone are two incompatible notions that could never coexist! . . . They will marvel at us and worship us like gods, because, by becoming their masters, we have accepted the burden of freedom that they were too frightened to face.⁹

The ultimate goal of this reign of the wise and strong few over the timid masses is the happiness of all. But, the Inquisitor recognizes that there may be many years of bloodshed before that glorious end can be realized. "Our work is only beginning, but at least it has begun. And, although its completion is still a long way off and the earth will have to face much suffering until then, in the end we shall prevail, we will be Caesars, and then we shall devise a plan for universal happiness."¹⁰ Of course, universal happiness cannot be perfectly realized when various and competing ideas of happiness exist. Thus, perfect happiness requires perfect unity, and this is the ultimate political goal of the Inquisitor. Man's "unquenchable thirst for unity" will only be slaked when individuals are relieved of the burden of conscience thus "enabling him finally to unite into a harmonious ant-hill where there are no dissenting voices."¹¹ This "reign of peace and happiness"¹² will arise only when the individual freedom of the masses is relinquished to those who are capable of both suffering the burden of freedom and wielding the power of the sword.

But while the motivation behind the violent use of power is the perfect unity and happiness of all, a dark secret lies at the heart of this glorious project. While the rulers will claim to rule in the name of God, this is merely a device to appease those people who still retain some idea of fidelity to this deposed sovereign. In fact, the Inquisitor's secret is that he no longer believes in God. In order to achieve the ends for which he labors, he comes to realize

“that only the guidance of the great, wise, and dreaded spirit would make it possible to organize feeble and undisciplined men in such a way as to make their lives bearable.” As a result, he submits to the guidance of “the wise spirit of death and destruction. And so he is willing to use lies and deception to lead men consciously to their death and destruction, while at the same time deceiving them, so that they will not see where they are being led, so that, at least on the way, these wretched, blind creatures may think they are happy.”¹³

Four notable elements emerge from this story: First, the desire for perfect happiness and perfect unity provides a powerful engine motivating the actions of those holding the reins of power. Second, those who are wielding power deny the existence of God. In so doing, they simultaneously deny a transcendent grounding for moral truth. Thus, they destroy those moral constraints on human action that, in times of belief, rendered certain means unacceptable. Dostoyevsky recognizes the implications of this skepticism. Several times in the course of the novel, his characters lament the fact that if there is no God, then everything is permitted. Third, the means to achieving unity is fidelity to the spirit of death and destruction. The storm of political chaos will have to be weathered before society can hope to find safe harbor on the other side. Finally, Dostoyevsky’s Grand Inquisitor paints himself in tragic terms claiming that he, suggesting a new type of Christ, has taken on the suffering of the people by assuming their freedom. As a result, the wielder of power conceives of himself as the victim, thus psychologically insulating himself from accusations that he is abusing his power.

That there are important parallels between the story of the Grand Inquisitor and Polanyi’s political thought will become apparent as we progress. As we have seen, the Grand Inquisitor quite willingly yields his absolute authority over the masses so they can be relieved of the terrible burden of freedom, a God-given freedom that must be eradicated in order to make way for the creation of a better world, a world superior to the one created by God. Yet, the Inquisitor recognizes that in the person of Christ

there is a challenge to his authority. After justifying the political abuses ostensibly committed for the happiness of the people, the Inquisitor falls silent. "The old man longs for Him to say something, however painful and terrifying. But instead, He suddenly goes over to the old man and kisses him gently on his old, bloodless lips. And that is His only answer."¹⁴ Apolitical power manifested in an act of love is contrasted with the bloody hands of revolutionary utopianism. In light of the devastation that was Polanyi's Europe, it is little wonder that he would be skeptical of the promises of political power and attracted to the profound example of Christ as depicted by Dostoyevsky. But while this story may have attracted Polanyi to the person of Christ, it is far less clear how it would lead him toward the Roman Catholic Church. Of course, as Alyosha points out, the story does not give a fair picture of the Roman church, but instead "it represents only the worst there is in Catholicism—its inquisitors and Jesuits."¹⁵ So it may be possible to imagine Polanyi looking beyond the abuses and mischaracterizations. Conversion, though, may have been seen as advantageous to the young Polanyi (born into a Jewish family), and some have suggested that his conversion was more a matter of expediency than conviction. At the same time, his ongoing concern with religion, especially Christianity, suggests more than a purely pragmatic conversion.¹⁶

Regardless of the specifically religious influences of Dostoyevsky's Grand Inquisitor on Polanyi, I want to focus on Polanyi's political philosophy in relation to this text. While a definitive causal line is not to be found, two things are significant: 1) close friends have noted the influence of this work on the formation of Polanyi's thought, and 2) to a remarkable degree, key features of Polanyi's notion of moral inversion reflect central concepts in Dostoyevsky's story of the Grand Inquisitor.

Moral Inversion

The modern world is characterized by its rigorous fidelity to the idea of science. When this is coupled with a materialistic conception of reality, the implications can extend far beyond the realm

of science, and the very core of moral and political structures can unravel. Harry Prosch, who co-authored Polanyi's last book, *Meaning*, notes that Polanyi's "critique of contemporary epistemology was, in fact, generated by an ethical problem: the damage he thought this epistemology was doing to our moral ideals."¹⁷ Indeed, the moral and political implications of objectivism are a frequent topic in Polanyi's writings. This, perhaps, is not surprising given Polanyi's firsthand experience with political oppression and lifelong concern about the philosophical roots of totalitarianism.

According to Polanyi, the modern revolution, led by such men as Descartes and Bacon, included a disdain for any knowledge based on tradition or authority.¹⁸ At a certain level this rejection was warranted, for in the limited range of scientific investigation empirical observation must be given a prominent role. The success of science in the last four centuries attests to the positive impact of a rejection of certain assumptions that found their roots in Aristotelian metaphysics and in sanctioned interpretations of the biblical texts. But, while a limited rejection of tradition and authority was beneficial to the scientific enterprise, the momentum of modern philosophy continued to push toward the wholesale rejection of both. This culminated in the intellectual and political events surrounding the French Revolution. In light of this radical shift in orientation away from tradition and authority, Polanyi argues that history can be divided into two periods. On the one hand, all societies that preceded the Revolution in France "accepted existing customs and law as the foundations of society." While it is true that there "had been changes and some great reforms . . . never had the deliberate contriving of unlimited social improvement been elevated to a dominant principle."¹⁹ On the other hand, the French revolutionaries embraced with zeal the ideal of the unlimited progress of man, both morally and materially. "Thus, the end of the eighteenth century marks the dividing line between the immense expanse of essentially static societies and the brief period during which public life has become increasingly dominated by fervent expectations of a better future."²⁰

This optimistic and passionate drive toward human perfection was accompanied by an objectivist view of knowledge. According to Polanyi, the combination of Cartesian doubt and Lockean empiricism produced a view of reality that precluded any truth claims that did not admit of empirical justification. Thus, religious and moral claims were a priori ruled out-of-bounds by a theory of knowledge that did not admit of such claims.²¹ This effectively produced a skepticism about all claims to knowledge not grounded in empirical investigation. Thus, the authority of religion, specifically Christianity, which had held a dominant position for centuries, was undercut at its foundations. Scientism became the new religion, and its priests, the scientists and modern philosophers, employed epistemological objectivism as their instrument of worship.

Skepticism, of course, is not unprecedented. In antiquity the Stoics embraced a skeptical view of the world, but modern skepticism is different because it occurs in a culture steeped in the residue of Christianity. "The ever-unquenching hunger and thirst after righteousness which our civilization carries in its blood as a heritage of Christianity does not allow us to settle down in the Stoic manner of antiquity."²² Thus, although modern philosophy does not permit the consideration of the truth claims of Christianity, the memory of Christianity remains and produces a passionate urge to pursue righteousness even though modern philosophy has rendered the reality of moral truth impossible.

As a result, the deep moral impulses, which are the product of a Christian heritage, are combined with a skepticism that denies the reality of the very impulses modern man feels most acutely. Polanyi describes this situation as follows:

In such men the traditional forms for holding moral ideals had been shattered and their moral passions diverted into the only channels which a strictly mechanistic conception of man and society left open to them. We may describe this as a process of *moral inversion*. The morally inverted person has not merely performed a philosophical substitution of material purposes for

moral aims; he is acting with the whole force of his homeless moral passions within a purely materialistic framework of purposes.²³

Moral inversion, then, is the combination of skeptical rationalism and moral perfectionism, which is nothing more than the “secularized fervour of Christianity.”²⁴ But, whereas moral perfectionism within a Christian context is moderated by such doctrines as original sin and the promise of perfection at the end of history, the perfectionism of a post-Christian world provides no such moderating counterbalances. Thus, the passionate perfectionism of Christianity persists despite the rejection of the doctrines which, in times of belief, prevented it from wrecking havoc on the society committed to its ideal. Furthermore, skeptical rationalism precludes rational justification for the moral impulses that course through the collective veins of Western man. Thus, two contradictory elements meet in the phenomena of moral inversion: skepticism and moral perfectionism. In practical terms, the end of perfection is retained while the means to achieving that end are no longer limited by moral constraints. But why, Polanyi asks, should such an obviously contradictory doctrine be held, especially by moderns who pride themselves in their intellectual rigor? “The answer is, I believe, that it enables the modern mind, tortured by moral self-doubt, to indulge its moral passions in terms which also satisfy its passion for ruthless objectivity.”²⁵

Polanyi distinguishes between two manifestations of moral inversion. The first is personal, while the second is political. The first is found in the modern nihilist. If traditional morality has no justification, man’s choice is all that exists apart from the bare facts of science. Thus, all moral ideals are discredited. “We have, then, moral passions filled with contempt for their own ideals. And once they shun their own ideals, moral passions can express themselves only in anti-moralism.”²⁶ The nihilist denies any distinction between good and evil. Thus, on the personal level, moral inversion produces the individual nihilist, Turgenev’s Bazarov

or Dostoevsky's Raskolnikov, for example. The second manifestation is political. When skepticism and moral perfectionism are embraced, the political restraints provided by traditional morality are destroyed. The perfectionist element demands "the total transformation of society" but because moral distinctions are denied, there is no limitation on the political means to achieve the desired result.²⁷ Thus, in political terms, moral inversion produces the political excesses described by Dostoyevsky in *The Possessed* or, more generally, in twentieth-century totalitarianism.²⁸

Here we encounter a curious puzzle: how is it that some modern societies apparently escaped the frenzied passion produced by moral inversion while others did not? This question is important because it appears to be the case that all modern Western societies have, in fact, embraced the twin elements that constitute moral inversion, namely skepticism and moral perfectionism. The answer, according to Polanyi, is found in what he terms "pseudo-substitution." In short, those societies that avoided the descent into immoral morality in fact continued to embrace traditional morality in practice while denying its reality in theory. This, according to Polanyi, merely indicates that "men may go on talking the language of positivism, pragmatism, and naturalism for many years, yet continue to respect the principles of truth and morality which their vocabulary anxiously ignores."²⁹ Polanyi argues that both Britain and America have managed to escape the grim inhumanity of moral inversion by virtue of this dichotomy between practice and theory. This achievement was rendered possible by a sort of "suspended logic," which allowed the British and Americans to avoid pursuing their theoretical positions to their practical ends.³⁰

While this solution is a possible way to avoid the negative consequences of moral inversion, it is less than ideal, for it does not dispense with the problem but only holds it at bay through a process of self-deception. Eventually a more suitable solution must be found. The problem of moral inversion is, for Polanyi, the direct result of objectivism, which represents a false theory of

knowledge that does not recognize moral truth as legitimate. While it is true that modern man has, due to a partial rejection of tradition and authority, produced innumerable technological advances, the pendulum has swung too far in the direction of rationalism and skepticism. Thus, modern man “must restore the balance between his critical powers and his moral demands.”³¹ This recovery indicates a more stable solution, for it attempts to overcome the epistemological shortcomings of modernity, which have created the possibility of moral inversion in the first place.

In light of this discussion, it should be clear how Polanyi’s concept of moral inversion shares important elements with Dostoyevsky’s story of the Grand Inquisitor. As we have seen, the two elements constituting moral inversion are 1) the drive for perfection and 2) moral skepticism. Both elements lie at the heart of Dostoyevsky’s story. Polanyi’s solution, as we have seen, is a return to an account of knowledge that once again opens the door to the possibility of moral and religious truth. Dostoyevsky does not focus on the specifics of a theory of knowledge, but he, along with Polanyi, concludes that faith is central to the enterprise. As Dostoyevsky’s fictional character, Father Zosima, puts it, “Only the masses of simple, humble people and their growing spiritual power will be able to convert the atheists, who have been uprooted from our native soil.”³² Of course, the faith spoken of by Zosima is the Russian Orthodox Church, the version of the Christian faith that had deep roots in the history and traditions of the Russian people. Polanyi’s fiduciary framework is not specifically religious, much less sectarian. Nevertheless, an element of faith is at the heart of both, and while Polanyi is not directly advocating a specific religion, his theory of knowledge clearly opens the door to the possibility.

Polycentricity

In addition to the idea of moral inversion, Polanyi’s political philosophy also includes a concept that he dubs “polycentricity.” The following discussion of this concept will be cast in terms of economics, but it is important to bear in mind that the concept

itself applies to any complex endeavor where the coordination of human beings must occur: science, soccer, chess organizations, and, of course, politics.

Polanyi was a vocal and energetic opponent of command economies and devoted significant energy combating such theories. According to Polanyi, there are really only two imaginable ways of arranging economic systems: a market economy or a planned system. Polanyi resolved the dilemma in unequivocal terms: "I affirm that the central planning of production . . . is strictly impossible."³³ That being the case, Polanyi could assert with confidence that "there exists no radical alternative to the capitalist system."³⁴ The flaw that fatally impedes any centralized economy is the fact of human finitude. A centralized system (or what overconfident advocates might call "scientific planning") is predicated on the belief that the central authority is capable of gathering and assimilating all of the available information about every aspect of the economic system and then making decisions based upon that information.

An obvious problem, of course, is that "the central authority, however properly constituted it may be as a government, is in fact ignorant of the desires of its constituents as far as their day-to-day wants are concerned."³⁵ In short, in any complex economic system there exist multiple centers, and a single centralized center can never completely and accurately represent the desires and needs of the various players. This apparently insurmountable problem of centralization is rooted in what Polanyi calls "polycentricity." To address economic questions adequately, one must employ a polycentric approach rather than a centralized one. A polycentric system is one that operates according to the mutually adjusting actions of independent participants. The coordination or order that ensues is not commanded from the top but rather is what Polanyi called a "spontaneous order," a term Austrian economist Friedrich von Hayek would later appropriate from Polanyi.³⁶ Polanyi argues that wherever complexity exists, the same principle will apply. "It applies even to a sack of potatoes. Consider how ingeniously the knobs of each potato fit into the

hollows of a neighbor. Weeks of careful planning by a team of engineers equipped with a complete set of cross-sections for each potato would not reduce the total volume filled by the potatoes in the sack so effectively as a good shaking and a few kicks will do.” This is even more evident when we turn to human relations. For example, “take a soccer team of eleven mutually adjusting at every moment their play to each other, and pit it against a team each member of which has to wait before making a move for the orders of a captain controlling the players by radio. Central direction would spell paralysis.”³⁷

If economic systems are in fact polycentric, it would follow that any attempt to institute a truly centralized economy would be doomed to failure. Polanyi saw the Soviet attempt to implement a command economy as a clear vindication of his argument.

The early phase of the Russian Revolution thus presents an experiment, as clear as history is ever likely to provide, in which (1) Socialist economic planning was pressed home; (2) this had eventually to be abandoned on the grounds that the measures adopted had caused an unparalleled economic disaster, and (3) the abandonment of the Socialist measures and the restoration of capitalist methods of production retrieved economic life from disaster and set it on the road to rapid recovery.³⁸

Polanyi pointed out that despite the rhetoric coming from the Party, “communism broke down in the famine and was repealed by Lenin in March, 1921. In 1921 Russia largely returned to private capitalism. The New Economic Policy left all but the main industries to private persons, thus restricting itself to a direct control of about 10 per cent of production.”³⁹ Here Polanyi distinguishes between pure communism, which seeks to abolish the entire market mechanism, and socialism, which, despite the government ownership of major industries, relies fundamentally upon the market. Thus, in order to prevent a repeat of the disaster of 1921, the reality was clear. “Publicly owned enterprises must therefore operate through a market even though this may be

heavily overlaid by a pretense of central direction.”⁴⁰ What was called planning in the Soviet economy, then, was really something far different. “The target of the next two or three months is fixed by adding to the results of the last period a small percentage of expansion.”⁴¹ But merely demanding that each sector expands gradually is hardly an example of the sort of scientific planning of which the Party boasted. Polanyi calls the bluff to this pretense. “This is not central direction but a ubiquitous central pressure, which forces enterprises to operate constantly to the limits of their capacity and to widen this capacity from quarter to quarter by a process of trial and error.”⁴²

But while Polanyi is a fierce opponent of collectivism, he is at the same time no *laissez-faire* libertarian. He accuses both the libertarians and the collectivists of error when it comes to understanding the role that government can play in economic matters.

The orthodox Liberals maintain that, if the market is limited by the fixation of some of its elements, then it must cease to function, the implication being that there exists a logical system of complete *laissez faire*, the only rational alternative to which is collectivism. That is precisely the position which collectivists want us to take up when asserting that none of the evils of the market can be alleviated except by destroying the whole institution root and branch.⁴³

As we saw above, Polanyi is convinced that there are only two conceptual economic arrangements and one of them, collectivism, is inherently defective. Capitalism is the only viable option, but this does not imply that the state has no role other than enforcing contracts and preventing fraud. Indeed, the state can work, albeit at the margins, to ensure that the market operates as effectively as possible (by curtailing monopolies, for instance). As he puts it, “while the State must continue to canalize, correct and supplement the forces of the market, it cannot replace them to any considerable extent.”⁴⁴

Polycentricity and spontaneous order characterize all complex human endeavors. Centralization invariably leads to inefficiency if not complete paralysis. Yet, there is, and perhaps always has been, a temptation to centralize authority. To be sure, some events such as war actually seem to demand centralization. Yet, according to Polanyi, the price of centralization is the reduction of creativity and the freedom that such creativity requires. Again we see that freedom is at the core of Polanyi's concerns. The idea that economics or science or politics could be centrally planned was one he fought against for most of his life.

Subsidiarity

While Polanyi develops his idea of polycentricity primarily in the context of economics and the practice of science, it also bears on the complexities of governing a modern nation state. Any attempt to dictate from a central authority all of the details involved in organizing and directing a modern state would, eventually, lead to paralysis. Here we see an interesting convergence between Polanyi's notion of polycentricity and the principle of subsidiarity articulated and developed primarily in Catholic social thought.

The term "subsidiarity" was first used by Pope Pius XI in his encyclical *Quadragesimo Anno* (1931). In this document, Pius XI builds upon the ideas put forward by Pope Leo XIII in his encyclical *Rerum Novarum* (1891). According to Leo XIII, a society is a complex whole consisting of many parts that must remain distinct. This distinction is necessary for the flourishing of the various elements in society. They cannot be what they are supposed to be if they are controlled by a central authority. Thus, "the State must not absorb the individual or the family."⁴⁵ The same principle applies to all other secondary associations that comprise a complex society—for example, labor unions, local municipalities, and societies for mutual help. "The State should watch over these societies of citizens banded together in accordance with their rights, but it should not thrust itself into their peculiar concerns and their organizations, for things move and

live by the spirit inspiring them, and may be killed by the rough grasp of a hand from without."⁴⁶

While the central concern of *Rerum Novarum* is the plight of the working class and justice for the poor, by 1931 the political landscape had undergone a shift. Pius XI, while building upon the work of Leo XIII, focuses his attention on the problems that accompany the phenomenon of individualism. Individualism arises with the destruction or attenuation of "that rich social life which was once highly developed through associations of various kinds." In such a circumstance "there remain virtually only individuals and the State." While this situation is surely harmful to individuals, Pius argues that the State is harmed as well, for "with a structure of social governance lost, and with the taking over of all the burdens which the wrecked associations once bore, the State has been overwhelmed and crushed by almost infinite tasks and duties."⁴⁷ Pius argues that a healthy society consists of "a graduated order" of secondary associations in accordance with the "principle of subsidiarity."⁴⁸ He frames the principle in moral (and ultimately metaphysical) terms.

Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social and never destroy and absorb it.⁴⁹

The State, then, has functions particular to it, such as defense. Additionally, it properly acts as a facilitator that ensures the various secondary associations enjoy the freedom to operate according to their internal principles. Jacques Maritain expresses this in terms of an umpire.

The State would leave to the multifarious organs of the social body the autonomous initiative and management of all the

activities which by nature pertain to them. Its only prerogative in this respect would be its genuine prerogative as topmost umpire and supervisor, regulating these spontaneous and autonomous activities from the superior political point of view of the common good.⁵⁰

Practically speaking, the principle of subsidiarity, if applied, would result in a flowering of secondary associations each free to pursue its own ends—limited, of course, by the stipulation that the ends sought do not run counter to the common good. This emphasis on decentralized initiative and the creativity that such decentralization makes possible dovetails at the level of practice with Polanyi's notion of polycentricity. But while the practical ends are complementary, the justifications underlying the two positions are significantly different. Polanyi's argument rests primarily on the principle of efficiency. It is more efficient economically or politically to allow the various component parts to work independently toward ends that each individual selects under the supervision of a central authority but not planned by that authority. Polanyi does, though, argue that such a situation can only exist if it is undergirded by a mutual commitment to certain transcendent ideals—such as justice and charity—that exist beyond any efficiency arguments. On the other hand, the principle of subsidiarity, as described in Catholic social thought, begins with a robust Thomistic metaphysic complete with an account of the common good rooted in a human nature oriented toward certain natural and supernatural ends. Such an account may provide an aura of intellectual satisfaction to a person inclined in that direction or already committed to the complex intellectual framework that Thomism requires, but if such commitment is a necessary condition for accepting the practical principle of subsidiarity, then one should not be surprised if the principle is not widely embraced by a society characterized, as is ours, by religious pluralism as well as metaphysical skepticism or at least metaphysical minimalism.

Polanyi's Politics Today

In conclusion, I want briefly to explore if or how Polanyi's political ideas are relevant in the political setting of the early twenty-first century. Polanyi's political reflections spanned two world wars and the subsequent cold war. He wrote to defend liberty against those who were motivated by a passion for power and informed by the philosophies of Communism and National Socialism. Marx and Lenin, of course, embraced a materialistic account of reality and, at the same time, wrote in the wake of centuries of Christianity. This combination of metaphysical skepticism and a longing for perfection created the volatile dynamic Polanyi called moral inversion. But today communism, as a political ideology, is dead. There are, to be sure, pockets throughout the world where the news has not yet arrived, but by and large, communism as an ideology was a feature specific to the nineteenth and twentieth centuries.

Today we in the West face different threats. Perhaps radical Islam is the most obvious. The question, then, is whether the category of moral inversion is helpful in understanding this new threat, and it seems that the answer is no. The metaphysical and moral skepticism is gone while the moral passion remains in full strength. Both the communist and the Islamicist are motivated by a passionate desire to alter the world, but, at the same time, the communist has no belief in an afterlife that includes, among other things, special rewards for martyrdom. To be sure, once a person had fully absorbed the teachings of the Party, he might be willing to sacrifice himself for the communist cause, but the phenomenon of suicide attacks seems almost exclusively tied to a religious conviction that the voluntary loss of life will be richly compensated in the life to come. In short, the communist "true believer" was willing to sacrifice innumerable lives for the sake of a historically inevitable world communist state.⁵¹ But the Islamicist is quite happy to sacrifice himself for the rewards he will reap in heaven. The communist is characterized by moral passion and metaphysical skepticism while the Islamicist is characterized by moral passion and metaphysical certainty. The concept of moral

inversion, then, is not adequate to describe this new dynamic.

However, in addition to the external threat posed by radical Islam, we are also beset by internal challenges in the form of racial individualism and creeping statism. At first blush it would appear that these forces are opposed to each other and thus must find their origins in distinctly separate cultural and political soils. But on closer examination, it appears that individualism facilitates the centralization of power. Tocqueville noticed this in his assessment of the strengths and weaknesses of American democracy. A robust tradition of secondary associations provides a buffer between the central government and the individual. Tocqueville argues that equality of conditions, when taken to their logical conclusion, would lead to the breakdown of secondary associations, but these associations are precisely where individuals find meaning and identity in the complex web of communities of which they are a part. The present age is one characterized by an attenuation of the robust associational life lauded by Tocqueville, and many have expressed concern about the resulting isolation that Tocqueville feared. In short, as Tocqueville puts it, “aristocracy links everybody, from peasant to king, in one long chain. Democracy breaks the chain and frees each link.”⁵² But with the breakdown of the ties that previously bound individuals to one another, people tended to forget the communities to which they belonged.

Thus, not only does democracy make men forget their ancestors, but also clouds their view of their descendants and isolates them from their contemporaries. Each man is forever thrown back on himself alone, and there is danger that he may be shut up in the solitude of his own heart.⁵³

Thus, equality of conditions tends to breed isolation, and isolation tends to blind individuals to anything beyond their immediate self-interest. A void, once filled by secondary associations, is created and the state readily expands to fill the vacuum. But in the wake of this expansion, freedom is truncated, for the opportunity—and what is more important, the incentive—to

form secondary associations diminishes. It is for these reasons that Tocqueville puts so much stock in secondary associations, for only in the context of a robust associational life is the “art of freedom” practiced and preserved.

Polanyi’s emphasis on the epistemic role of tradition, community, and authority, as well as his notion of polycentricity, serve as an antidote against both radical individualism and creeping statism. First, according to Polanyi, much of our knowledge is acquired through the example of others, and such learning requires submitting to the authority of one who has mastered a particular set of skills.⁵⁴ But if knowing is an art, and if learning an art requires submitting to the authority of a master, then it follows that there must exist a tradition by which an art is transmitted, and any attempt categorically and systematically to reject tradition is logically incompatible with knowing. If that is the case, then we must conclude that the ideal of a tradition-free inquiry is simply impossible. “No human mind can function without accepting authority, custom, and tradition: it must rely on them for the mere use of a language.”⁵⁵ But, the traditionalism that Polanyi advocates is in no way static. Polanyi’s appreciation for scientific discovery leads him to comprehend tradition as an orthodoxy that enforces a kind of discipline on those subject to the tradition, but the orthodoxy is a dynamic one in that “it implicitly grants the right to opposition in the name of truth.”⁵⁶ A tradition, of course, requires the presence of a community committed to its perpetuation. Since knowing is an art that requires one to enter into a practice by virtue of submission to the authority of a master, and since traditions are embodied in and transmitted through practices, knowing is fundamentally communal, for traditions do not exist apart from the communities that embrace them and transmit them to subsequent generations. This emphasis on authority, tradition, and community serves to counter, at a fundamental level, the modern impulse toward radical individualism, for, if Polanyi is correct, human beings are constituted epistemically in a manner that is far closer to Aristotle than to Hobbes or Locke.

Second, as we have seen, the principle of subsidiarity justifies in metaphysical terms the goodness of various forms of association. It also sets limits on interference in those associations by state power. Likewise, Polanyi's concept of polycentricity seems to touch on a permanent principle of complex human relationships. Polanyi recognizes that freedom and creativity cannot flourish in the context of centralized control. The contemporary practical advantage of polycentricity over the principle of subsidiarity is clear when we consider the robust metaphysical foundation upon which the principle of subsidiarity rests. If subsidiarity can only be coherently defended in the context of a Thomistic metaphysic that includes a theory of nature, human nature, and the common good, then its prospects are dim at least for the foreseeable future. If the principle of subsidiarity provides the important means by which to articulate and defend a complex society comprised of a variety of associations of free individuals pursuing ends properly suited to them, then perhaps the principle of polycentricity is a means by which to approximate the practical political results while side-stepping the metaphysics. Of course, such a solution, if the principle of subsidiarity (along with its guiding metaphysics) is true, is not completely satisfying. But unless and until the philosophical climate changes, it may be the best that can be done. Interestingly, Polanyi's theory of knowledge, which creates room for a renewed discussion of metaphysics, might in time make possible the general acceptance of the principle of subsidiarity or a Polanyian version thereof.

Mark T. Mitchell
Patrick Henry College

NOTES

1. The following books by Michael Polanyi are referenced in this paper. *Contempt of Freedom: The Russian Experiment and After* (New York: Arno Press, 1975); *Knowing and Being*, ed. Marjorie Grene (London: Routledge & Kegan Paul, 1969); *Logic*

of *Liberty* (Indianapolis: Liberty Fund, 1998); *Personal Knowledge: Towards a Post-Critical Philosophy* (Chicago: The University of Chicago Press, 1958); *Society, Economics, and Philosophy: Selected Papers*, ed. R. T. Allen (New Brunswick, NJ: Transaction Publishers, 1997); *The Tacit Dimension* (Garden City, NY: Doubleday & Co., 1966); Michael Polanyi and Harry Prosch, *Meaning* (Chicago: University of Chicago Press, 1975).

2. Polanyi, in Allen, *Society, Economics, and Philosophy*, 24.

3. *Ibid.*, 27.

4. *Ibid.*, 30.

5. *Ibid.*

6. *Ibid.*, 31.

7. Drusilla Scott, *Everyman Revived: The Common Sense of Michael Polanyi* (Grand Rapids: William B. Eerdmans Publishing Co., 1985), 182.

8. Fyodor Dostoevsky, *The Brothers Karamazov*, trans. Andrew R. MacAndrew (New York: Bantam Books, 1970), 299.

9. *Ibid.*, 305.

10. *Ibid.*, 310.

11. *Ibid.*

12. *Ibid.*, 311.

13. *Ibid.*, 315.

14. *Ibid.*, 316.

15. *Ibid.*, 314.

16. Scott, *Everyman Revived*, 182.

17. Harry Prosch, "Polanyi's Ethics," *Ethics* 82 (1972), 91.

18. Polanyi, in Grene, *Knowing and Being*, 65; in Allen, *Society, Economics, and Philosophy*, 215; *The Tacit Dimension*, 63; *Logic of Liberty*, 10, 18.

19. Polanyi, in Allen, *Society, Economics, and Philosophy*, 79.

Cf. Polanyi, in Grene, *Knowing and Being*, 8, 65.

20. Polanyi, in Allen, *Society, Economics, and Philosophy*, 79.

21. Polanyi, in Grene, *Knowing and Being*, 46.

22. Polanyi and Prosch, *Meaning*, 20.

23. *Ibid.*, 18.

24. Polanyi, in Grene, *Knowing and Being*, 10. Cf. *The Tacit*

Dimension, 57ff; 85ff.

25. *Personal Knowledge*, 228.
26. *The Tacit Dimension*, 58.
27. *Ibid.*, 58.
28. The literary examples are Polanyi's.
29. *Personal Knowledge*, 233.
30. Polanyi, in Grene, *Knowing and Being*, 22. Cf. *Knowing and Being*, 67–9; *Logic of Liberty*, 121–2.
31. Polanyi, in Allen, *Society, Economics, and Philosophy*, 105.
32. Dostoevsky, *The Brothers Karamazov*, 354.
33. *Logic of Liberty*, 136.
34. *Ibid.*, 170.
35. Polanyi, in Allen, *Society, Economics, and Philosophy*, 148.
36. Polanyi first uses this term in print in 1948 (“The Span of Central Direction” republished in *Logic of Liberty*). Hayek's first published use of the term is in his 1960 work *The Constitution of Liberty* (Chicago). Hayek acknowledges his debt to Polanyi (page 160).
37. Polanyi, in Allen, *Society, Economics, and Philosophy*, 168.
38. *Logic of Liberty*, 163.
39. *Contempt of Freedom*, 62.
40. Polanyi, in Allen, *Society, Economics, and Philosophy*, 171.
41. *Ibid.*, 177.
42. *Ibid.*, 178.
43. *Ibid.*, 140.
44. *Logic of Liberty*, 171.
45. Quotations from *Rerum Novarum* (May 15, 1891) taken from *The Church Speaks to the Modern World: The Social Teachings of Leo XIII*, edited, annotated, and with an introduction by Etienne Gilson (Garden City: New York: Doubleday & Co. 1954), § 35.
46. *Rerum Novarum*, § 55.

47. Quotations from *Quadragesimo Anno* (May 15, 1931) taken from *The Church and the Reconstruction of the Modern World: The Social Encyclicals of Pope Pius XI*, edited, annotated, and with an introduction by Terrence P. McLaughlin (Garden City, New York: Doubleday & Co., 1957), § 78.

48. *Quadragesimo Anno*, § 80.

49. *Ibid.*, § 79.

50. Jacques Maritain, *Man and the State* (Washington, DC: Catholic University Press of America, 1951), 23.

51. It is interesting to note the irony of a historically inevitable state that must be the object of human striving.

52. Alexis de Tocqueville, *Democracy in America*, trans. George Lawrence, ed. J. P. Mayer (New York: Harper Collins Publishers, 1988), 508.

53. *Ibid.*

54. *Personal Knowledge*, 53.

55. Polanyi, in Grene, *Knowing and Being*, 41.

56. *Ibid.*, 70.