

Polanyi on Liberal Neutrality

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This paper suggests that moral neutrality erodes the liberal practices which sustain a free society. It supports the Polanyian claim that a free society is the political arrangement which is best able to realise universal ideals.

Liberty is the political orthodoxy of our age. Why? Because it accompanies the pluralism of modern society. Constant noted that during the French Revolution his contemporaries tended either to be Royalists, who because of their reverence for Throne and Altar sought to return to a feudal order, or Jacobins, who inspired by the ancient polis sought to establish a new republic of virtue. Both were content to enforce a comprehensive vision of the good life. Among our contemporaries, however, the desire for freedom - both economic and political - has undermined the intellectual respectability of alternatives to a free society. We are all liberals now. Does that mean that political debate has come to an end? Clearly not. There exists a plurality of liberal outlooks. We can, however, identify two broad tendencies. Classical liberals invoke a narrow definition of freedom and seek to decrease the power of the State. Welfare liberals invoke a broad conception of freedom and rely upon the State to increase opportunity. Does Polanyi contribute anything to this debate? In his early writings, he set out arguments exposing the limitations of central planning. His claim that the essential problem which faces any planner is the impossibility of any central agency being able to obtain the knowledge it requires for effective decision making influenced the classical liberal Hayek: it was Polanyi who coined the now familiar term “spontaneous order.”¹ Polanyi also supported the Keynesian analysis that interventions by the State into the general workings of a market order are necessary if we wish to promote full employment². His contemporary political significance however does not derive from his support for various liberal causes, but rather from the extent to which his work addresses some current anxieties about the implicit nihilism of a society dedicated to moral neutrality.

Polanyi did not believe that a free society is an “Open Society.” He claimed that it is a society dedicated to promoting the ideals and practices associated with a liberal account of the good. He does not defend liberalism on the grounds that we have a right to pursue our own conception of the good, nor does he defend freedom as an end in itself. He defends it on the grounds that liberal virtues, such as tolerance and fairness, enable us to pursue universal ideals. His defence of liberalism therefore is not derived from a belief that the State ought to be neutral; it is derived from his recognition that what constitutes a good life is controversial. Unlike many Communitarian critics of liberalism he does not attempt to supply a comprehensive vision of the good. He simply observes that without a belief in universal ideals we lack the intellectual grounds to protect liberal freedoms. His polycentric vision of what it is to be a liberal society, in which the State tries to sustain general conditions for human flourishing but in which individual achievement is nurtured within the practices associated with a plurality of dedicated associations, tries to reconcile individual liberty and the pursuit of universal ideals. Polanyi also seeks to integrate private and public freedoms. While the first protects our freedom from the State, the latter relies upon the State to promote our liberty to realise a conception of the good.

The problem with a private conception of liberty is that it encourages an atomistic understanding of human flourishing. The problem with a public conception of liberty is that it encourages the State to impose a comprehensive vision of the good. Polanyi strives therefore to balance private and public freedoms by defending individual liberty via an appeal to transcendent ideals. Thus, while he believes that a State has political duties, he also seeks to limit its

powers. While he defends the claim that a liberal society is a dedicated society, he also seeks to encourage pluralism. Polanyi believed that a liberal society is made up of a plurality of “enclaves of freedom” which exist within the context of a society dedicated to pursuing universal ideals. In order to understand this claim, it is helpful if we look at the historical analysis which Polanyi provides in Chapter Seven of the *Logic of Liberty*.³ Anglo-American liberalism, he suggests, was initially formulated in opposition to religious intolerance. In the *Areopagitica*, Milton asserts that we need freedom from authority so that truth may be discovered. To this, Locke added the argument that because we can never be sure of the truth in religious matters, we should refrain from imposing our views. Polanyi observes, however, that this latter argument carries with it the implication that we ought to refrain from imposing any belief which is not demonstrable.

But of course, ethical principles cannot be demonstrated: you cannot prove the obligation to tell the truth, to uphold justice and mercy. It would follow therefore that a system of mendacity, lawlessness and cruelty is to be accepted as an alternative to ethical principles on equal terms. But a society in which unscrupulous propaganda, violence and terror prevail offers no scope for tolerance. Here the inconsistency of a liberalism based upon philosophical doubt becomes apparent: freedom of thought is destroyed by the extension of doubt to the field of traditional ideals.⁴

According to Polanyi, the destructive implications of a liberalism secured by the argument from doubt was avoided in Britain and America by a reluctance to pursue philosophical premises to their logical conclusion. One way of avoiding it was to claim that ethical principles could be scientifically demonstrated. Locke himself pioneered such an approach by suggesting that good and evil can be identified with pleasure and pain, and that maxims of good behaviour are simply maxims of prudence. Because it was the pursuit of religious truth which was being protected from interference by the State, Catholics were discriminated against in Britain on the grounds that the Roman Church opposed free religious inquiry. Atheists were exempted from toleration on the grounds that they did not esteem religious inquiry. On the Continent, some intellectuals however began to take seriously the claim that moral standards cannot be scientifically justified, and many identified religion as an enemy of liberty. According to Berlin,⁵ the failure by Enlightenment philosophers to secure a generally accepted foundation for moral values, together with the recognition by thinkers such as Vico and Herder of the existence of a plurality of human cultures, helped to prepare the way for a more pluralistic liberalism. It is clear, however, that pluralism does not in itself support the case for toleration. Only by suspending logic is it possible to deny that we could equally well argue that pluralism undermines the justification for tolerating alternative visions of the good. In *Fathers and Sons*, the Russian novelist Turgenev wrote about a new figure, the nihilist, who combined a rejection of moral values with a contempt for existing society. According to Polanyi, therefore liberalism needs to be able to defend the need for pluralism. His defence relies upon the assumption that it is possible to converge upon common moral beliefs. In the light of the moral disenchantment which has accompanied the progress of modern science, this may seem a dubious hypothesis. Polanyi, however, does not seek to derive our values from the structure of the cosmos. In his final work *Meaning*⁶ he asserts that human values are what he calls trans-natural integrations. We create novel patterns of action and emotion. This does not make values arbitrary. Nor does it absent them from rational debate. Our value judgements are the product of long running disputes. What sustains these disputes is the belief that agreement is possible. It is this assumption, according to Polanyi, and not the assumption that a free society ought to be neutral about conceptions of the good, which sustains a liberal political order.

According to Polanyi, a liberal society is a society committed to the beliefs which uphold freedom. In their more recent attempt to provide a theoretical foundation for liberalism, John Rawls, in *A Theory of Justice*, and Robert Nozick, in *Anarchy, State, and Utopia*, both defend the claim that a liberal State ought to be neutral about different

conceptions of the good.⁷ Rawls interprets this neutrality as the demand that a State ought to strive to ensure that all its citizens are equally able to pursue their particular conception of the good. The rules governing a liberal State, he asserts, should be the rules we would adopt if we were pursuing our self-interest from behind a “veil of ignorance” which prevented us from having any particular knowledge about ourselves. Rawls claims that in this “original position” we would agree upon a concept of “justice as fairness” and a political order capable of delivering the greatest amount of liberty consistent with the liberty of others--tolerating inequalities of wealth only if they benefited the worst off in society. For Nozick, neutrality requires that no political action be taken which promotes any specific idea of the good. He asserts that individuals have various rights, such as the right not to have your liberty restricted, your person injured, or your property taken away from you without your permission. Nozick concludes that the best sort of State is one which has no other purpose than upholding and defending these individual rights. Rawls and Nozick therefore both claim that before contracting into a State, we can agree upon the rights we would want to enforce independently of any conception of the good. Both seek what Rawls has called “an overlapping consensus”--that is, a conception of justice able to command a universal allegiance within a society with a plurality of moral viewpoints.⁸ Any defence of procedural rights however invokes a hidden conception of the good. It relies upon the assumption that rational beings are able to agree in practice upon a common set of political principles. According to Polanyi, a liberal society ought to defend only the possibility of agreement. The actual content of any consensus should evolve in accordance with the dynamics of open ended debate.

Joseph Raz claims that personal autonomy is an essential component of any liberal political practice. He also suggests that a defence of personal autonomy carries with it an endorsement of moral pluralism.⁹ Is the rejection by Polanyi of an “Open Society” tantamount to a rejection of liberalism? John Gray identifies four general characteristics of a liberal political thought: individualism, egalitarianism, universalism, and meliorism.¹⁰ Polanyi emphasises the importance of autonomous agency and opposes the establishment of an absolute source of authority. He is thus in harmony with both individualism and egalitarianism. It is clear however that he justifies individualism and equality not as ends in themselves, but as means in an extended quest to realise universal ideals. Polanyi defends a liberal society as the political order which is best able to promote human progress. He is thus in harmony with both universalism and meliorism. He does not, however, want to identify a set of universal rules; he seeks rather to encourage a liberal tradition. Polanyi thus defends freedom, but rejects the concept of freedom as an end in itself. He advocates universalism, but defends the need for an apprenticeship to the evolving practices of a liberal society. Are his arguments going to convince an opponent of liberalism?

When Polanyi began his philosophical work, liberalism was in retreat. He thus set out to defend liberal institutions and practices. A key argument is his claim that progress relies upon dispersed sources of innovation. Critics, however, might dispute his claim that liberty is the political framework which encourages most innovation, or they might deny his assumption that progress contributes to human flourishing. Although Polanyi rejects the possibility of securing an absolute source of truth, how exactly does he undermine those who claim to have reached such an understanding? He addresses this latter problem in his epistemological work. But what about the claim that progress undermines human flourishing? An opponent might claim that increasing understanding drains meaning from the world, because cherished beliefs are exposed as illusions. They might assert that pluralism replaces the order and meaning derived from a comprehensive vision of the good with the ephemeral lifestyles of a consumer society. The Polanyian response to this is clear. To the claim that liberalism does not encourage progress, he draws our attention to the limitations inherent in all forms of central direction. The more comprehensive the central direction, the more limited the scope for innovation. To the allegation that pluralism erodes all meaningful order, Polanyi makes it clear that a free

society is structured by the disciplines associated with a plurality of dedicated communities. More generally, he claims that a free society is not simply the product of abstract laws; it is sustained by the liberal practices which accompany those laws. He suggests that the illiberal excesses of the French Revolution were due in part to the adoption of liberal principles without the liberal practices through which such principles must be interpreted.¹¹ In response to the charge that freedom destroys more than it creates, it is clear that Polanyi believed that if we combine individual liberty with the plurality of local disciplines which accompany the pursuit of universal ideals, the demise of the illusions which derive from ignorance is more than justified by the freedom which liberalism gives us to discover more satisfying ways of life.

Notes

¹Polanyi has influenced a number of thinkers whose political writings are much better known e.g. F.A.Hayek, Paul Craig Roberts, and Michael Oakeshott. His most important political influence has been his part in drawing attention to the importance of the tacit in our economic and cultural life. See Don Lavoie *National Economic Planning: What is Left?* (New York: Harper and Row, 1985), Paul Craig Roberts *Alienation and the Soviet Economy: The Collapse of the Socialist Era* (New York: Holmes and Meier, 1990), Harwell Wells “The Philosophical Michael Oakeshott” *Journal of the History of Ideas* 55:1 January 1994, pp. 129-145.

²R.T.Allen points out that Polanyi argued that in times of depression there should be a lowering of taxes not an increase in government spending. Conversely when there is an inflationary boom the government should reduce the money supply by increasing taxation. See “Some Notes on Polanyi’s Economics” *Appraisal* Volume 2:2 October 1996, pp. 95-96.

³*The Logic of Liberty* (London: Routledge, 1951).

⁴Ibid. p. 97.

⁵See *The Crooked Timber of Humanity* (London: Fontana, 1990).

⁶*Meaning* (Chicago: University of Chicago Press, 1976).

⁷*A Theory of Justice* (Oxford: Oxford University Press, 1971) and *Anarchy, State and Utopia* (Oxford: Blackwell, 1974).

⁸See “The Idea of an Overlapping Consensus” in *Political Liberalism* (New York: Columbia University Press, 1993) pp. 131-168.

⁹*The Morality of Freedom* (Oxford: Oxford University Press, 1986).

¹⁰*Liberalism* (Buckingham: Open University Press, 1986).

¹¹“On Liberalism and Liberty” *Encounter* IV March 1955 pp. 29-34.

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