



BOOK REVIEW

Gábor Bíró (editor). *Humanity and Nature in Economic Thought, Searching for the Organic Origins of the Economy*. London and New York: Routledge. vii +197 pg. ISBN 9780367686970. HB \$136. PB and Ebook \$42.36.

The subtitle of this new book in the Routledge Studies in the History of Economics series articulates the focus of this collection of eight essays plus an introduction put together by Gábor Bíró, a Polanyi scholar with background and interest in the history of economics. Bíró has written several pieces for *TAD*, was interviewed in [TAD 45\(1\)](#), and also did a June 2020 Polanyi Society-sponsored [Zoom presentation](#). See the discussion of his preceding book on Polanyi's economics in [TAD 47\(1\)](#) and [47\(3\)](#).

The general objective of the set of essays in this new book (written by an international set of scholars) is to suggest that organic elements have been important in the thought of many significant economic thinkers, but they have often been downplayed and wrongly regarded as at odds with rationality in the history of economic thought. Essays thus are focused on organic elements in the economic ideas of the figures treated, including Hume, Smith, Malthus, Mill, Marshall, Keynes, and Hayek, plus Karl and Michael Polanyi (treated comparatively in the final essay written by Bíró). Bíró makes clear in his brief introduction (1) that the essays in this collection shed a currently rather atypical light on these historical figures and are a counter to the increasingly mathematized histories of economic thought. Below I will comment on some but not all of these essays, devoting more attention to Bíró's discussion of Karl and Michael

Polanyi. Although I have limited knowledge of the history of economic thought, I found all the essays here interesting, but some are denser and more detailed than others.

"Sympathies for Common Ends: The Principles of Organization in Hume's Psychology and Political Economy" is the clear and concise opening essay by Tamás Demeter, and it counters the more common atomistic and mechanistic accounts of Hume's "mental universe of cognitive and affective functioning" (3). Demeter acknowledges that there are mechanical images and ideas in Hume, but the "sources of Hume's conceptual inspiration are more eclectic," and particularly it is "organic and chemically inspired imagery that informs Hume's account of mind and of society at large" (4). Hume's account attends to "elective attractions among perceptions and...transformations...whose common end is... balanced functioning—as in plants and animals" (17). Also, Demeter interestingly sketches what he dubs "proto-Weberian affinities" (17) in Hume's chemical imagery used to outline dynamics of political economy.

Craig Smith's "Adam Smith on Organic Change in Moral Beliefs" looks at Smith's two-layered account of how moral beliefs and institutions change in developing commercial society. At the macro level there are unintended consequences in institutions, and at the micro level there are unintended consequences in the moral judgments of persons; these levels together constitute an organic and evolutionary account of morality as shaped and changing in social process. Thus, this essay outlines Smith's "naturalized account" (27) of the development and transformation of shared moral sentiments. Further, it makes clear Smith's "quite

deliberate diminution of the role of both religion and philosophy” (27) in the evolution of the moral fabric. Although it is unclear how much Michael Polanyi studied the writings of Adam Smith, several comments suggest that Polanyi certainly appreciated Smith’s interest in complexity and found important his counter to the framework of feudalism. This essay helps to clarify what I suspect Polanyi found persuasive in Adam Smith. Today, the emergence and evolution of digital media disrupts organic, evolving social processes. Adam Smith’s account of the evolution of moral sentiments and Polanyi’s account of an evolving tacit dimension in a science-oriented, democratic society are both challenged in digital culture.

Antonello La Vergata’s “Malthusianism in and out of Darwinism: Naturalizing Society and Moralising Nature” is a longer and more broadly focused historical discussion than is found in most other essays in this volume. It examines Malthus’s ideas, Darwin’s appropriation of Malthus, and the appropriation of Malthus by a host of other intellectuals and movements, Darwinian and non-Darwinian, in the nineteenth century. The primary idea in this broad-based account is that “the *moral* side of Malthus’ views” were from early to late very important in the many debates about “applications...of evolution by struggle and selection to society” (41).

Helen McCabe’s intriguing essay, “J. S. Mill’s Understanding of the ‘Organic’ Nature of Socialism,” argues that Mill significantly parted company with his father and Bentham in his social and economic thought. Mill was influenced by his Saint-Simonian friend Gustave d’Eichthal and by Harriet Taylor, “a fellow radical, feminist and reformer” (91), a Mill collaborator, and eventually Mill’s wife. Mill’s view of history focused on organic and critical periods, and he regarded his era as an organic era in which “the ‘laws of distribution’ were malleable, human constructs which...could

be changed,” making social systems “liable to questions of justice...” (90).

Ted Winslow’s thirty-one-page essay on Keynes, “The Role of Keynes’s Idea of ‘Organic Unity’ in His ‘General Theory’ of Capitalism,” is a complicated but intriguing reflection—and perhaps especially for anyone interested in Michael Polanyi’s economic ideas. Michael Polanyi carefully studied Keynes’s big book in the thirties and acknowledged that he should be regarded as a particular kind of Keynesian. He invited Keynes to view and help promote his economics education film. Winslow argues that Keynes’s economics is rooted in ideas quite different than those now dominant in economics. For Keynes, economics was a “part of ‘psychics’ for which the foundational unit is the ‘individual consciousness’” (155). In *The General Theory*, Keynes uses individual consciousness as a “starting point,” and his book treats this point as “dominating capitalist economic motivation” (150). And for Keynes, the fundamental characteristics of capitalism rely on the appeal of money-making; individuals have money-loving instincts, and this propels the economy.

Gábor Bíró’s carefully woven and complex essay, “The Politics of Naturalizing the Economy, Organic Aspects in the Economic Thought of Karl and Michael Polanyi,” is an important contribution to the unfolding discussion of the Polanyi brothers. There is significant detail (with more about Karl’s views than Michael’s) in this twenty-three-page discussion that aspires to digest, summarize, and compare matters concerned with economy in the voluminous body of scholarly writing of Karl and Michael Polanyi. This essay should be linked to other interesting comparative discussions such as Walter Gulick’s “The Social Thought of Karl and Michael Polanyi: Prologue to a Reconciliation” (*Knowing and Being: Perspectives on the Philosophy of Michael Polanyi* [2010], ed. Tihamér Margitay [Newcastle upon Tyne: Cambridge Scholars Press], 192–215) and the Polanyi Society Zoom Discussion

focusing on ideas of Karl and Michael Polanyi on June 10, 2020 ([available online](#)). Karl and Michael need to be put together—both their sharp difference and similarities should be better appreciated—and the period of a stand-off between Karl Polanyi and Michael Polanyi scholarship needs to end. Bíró’s essay is a helpful move in this new direction. Below I outline the general contours of his account summarized under three different rubrics.

The Budapest Context and the Response to Prevailing Economics Discussions

Bíró begins with a brief biographical comment sketching the Hungarian and Polanyi family history of philosophical interest in “the social aspects” (169) of life. Both Karl and Michael were exposed to the diversity of those who frequented their mother’s salon. They were involved in groups like the Galileo Circle and participated in the post-Aster Revolution Károlyi government. They were also members of the diaspora of Jewish-Hungarian intellectuals; they took jobs and built new lives in Germany, England, and, in Karl’s case, finally in North America. Bíró notes that despite a “famously strained relationship” (172) rooted in the fact that Karl was a committed socialist while Michael was a committed liberal, Karl seems to have approved of (as an important letter makes clear) Michael’s primer on Keynesianism, *Full Employment and Free Trade* (1945). Bíró’s essay takes this as a point of departure to focus his discussion on Karl and Michael’s respective ideas about economic thought.

Karl Polanyi sharply attacked most academic discussions of matters “economic” as fictitious, controlling constructions of liberal economists. His historical perspective showed how the “economic” and the “rational” had been seamlessly and detrimentally woven together in utilitarian thought. Karl argued for replacing formal or scarcity economics with substantive economics, which is a kind of “institutional economics” (174) that broadly focused (by redefining economic institutions in

terms of cultural anthropology) on embedded economic aspects of societies.

In the thirties and forties, some of Michael’s writings resonate with elements of Karl’s views insofar as they show that he was interested in and open to changing standards of economic justice. Michael recognized the need for social consciousness in market societies. Like Karl, he seems to have been trying to work out elements of “a new kind of economics” that was perhaps the beginning of a “post-critical economics” (174), but, Bíró suggests, he did not develop his ideas very far. In “What to Believe” (1947), Michael implies that economics should be approached in terms of “the role of the human mind in knowing the economy” (174). Michael yokes inseparably together understanding, believing, and belonging and suggests “the social aspect” (174) is decisive in determining truth and falsity. However, in the final analysis, Karl’s “radical anti-market approach” through liberal socialism differed sharply from Michael’s “pro-market approach” (175) that emphasized the importance of spontaneous order for organizing complex social orders, nurturing democracy, and replacing the grinding poverty and injustice of feudalism. Bíró is especially interested in the question of whether the market has volition, which Karl denies but Michael affirms, although Michael contends that this volition is not tied to anyone specifically. Bíró suggests that some of Karl’s interesting reflections on the volition of war seem strangely at odds with his account of markets, and he puzzles about this.

Explaining and Transforming Society

If their writings are taken as a whole, Karl and Michael Polanyi had fundamentally different ways of explaining the existing social order and describing the kind of transformation of society needed. Karl argues that a new international economic order should “replace the class structure of society and the free movement of capital, labor and commodities” (175), and this new order can arise only through

a reform of consciousness as economic life comes to be controlled by common people. A “socialist transformation” is the vehicle for this “timely reenchantment,” which is rooted in the traditions of the “school of liberal socialism” (176). Karl envisioned society as a cooperative organic entity that relies on “free competition” (176), which can emerge only when private property is eliminated. In Karl’s vision, the market, propelled by voluntary cooperation, is a circulatory system that sustains the economy.

Karl argued that the organic relation of human beings to nature, craft, and family was upended by the Industrial Revolution. Economic liberalism and democratic government came to be in a trade-off relation, and achieving a better balance is the task of the future. Karl saw labor not as a commodity but as human activity and believed land is the domain of human activity. He rejected notions about society as primarily concerned with the generation and exchange of material goods. Bíró thus carefully and succinctly lays out Karl Polanyi’s general vision, but he also suggests that Karl often seems to paint with an overly broad brush and is not consistent in what he says about the relation of economics and politics.

Like Karl, Michael seems to intend to show the “humanistic side of the economy” and to favor organic metaphors (for Michael, from early to late, science is portrayed as a growing organism of ideas), but Michael saw the contemporary moral and social crisis as rooted in “flawed ways of thinking about people” (179). For Michael, knowers are not detached but are always embedded in a community that is itself evolving, as the case of science makes lucid. Eventually, Michael, with his epistemic interests, develops his account of tacit knowing that Bíró suggests was, broadly speaking, his way of “bringing back humanistic elements of thinking about the society and its constituents” (180).

Bíró succinctly portrays the complexity of Karl Polanyi’s discussions of economic history. Karl contended that economic history needed “to reset its scope” (180), reconfiguring the kind of thinking

that has focused narrowly on human beings and nature as a self-regulating system in which exchange is the dominant form of integration. Production and distribution of material goods is more broadly embedded in non-economic social relations, and thus economics is embedded in society rather than society embedded in the market economic system. Karl discussed the institutional patterns of symmetry (which promote reciprocity), centrality (which promotes redistribution), and autarky (which facilitates householding) in society and showed how in modern capitalist societies a fourth institutional pattern, the market (which facilitates exchange), came to dominate other institutional patterns. Symmetry, centrality, and autarky were more dominant than the market in societies before the Industrial Revolution, and economic history needs in a more nuanced way to show how the mechanization of production brought the commodification of land, labor, and capital.

With industrial improvement came social dislocation. Bíró summarizes Karl’s extended discussion of the “*double movement*” (181) in nineteenth-century British history (treated in *The Great Transformation*) in which there is an effort both to establish a free-market economy and a later effort to mitigate the destructive effects of this free-market economy. Bíró also notes (but does not discuss in detail since he cites discussions in [TAD](#) and his book *The Economic Thought of Michael Polanyi*) that Michael Polanyi was sharply critical of utilitarianism and what he sometimes called “excessive liberalism,” identifying four weaknesses:

the inability to see that the just reward for the factors of production does not necessarily lead to the just distribution of these rewards (i); the inability to see the limits of the free market as an organizing principle in human relations (ii); the inability to explain trade cycles (iii); and the inability

to develop a widely accessible economic thought (iv). (183)

In a word, “utilitarianism, along with scepticism, Michael believed, have corrupted the modern mind which is now without adequate moral anchorage” (188).

Bíró’s discussion summarizes Karl’s response to Smith, Malthus, Ricardo, and Owen. Karl attacked *laissez-faire* as unnatural and showed how the liberal creed evolved from preference for non-bureaucratic methods to a pervasive faith undergirding a narrative of secular salvation through the market. Karl’s double movement discussion thus charts the stages of development of a utopian concept of the self-regulating market. Although Bíró does not dwell on this in detailed discussion, he makes clear that Michael also is steadfastly anti-utopian and articulated sharp criticisms of figures like Malthus and Ricardo.

Dehumanizing and Rehumanizing Society

According to Karl, the unregulated market begets monopolies, and the state has a role to impose regulations and restrictions if free competition is to be preserved. The cultural institutions in an organic society are eroded when what Karl called “economistic prejudices” favoring materialism and ignoring “spiritual and moral” matters prevail (185). Karl articulated an “organic view of society” in which there is “more abundant freedom for all” that is not merely “individual freedom to make contractual relations” (187). Karl’s liberal socialism was thus his pathway toward rehumanizing society.

Within Michael’s fine-grained pro-market approach, he also “sought a way to rehumanize society” but by reforming liberal capitalism in a way that developed “stronger ties to laypeople” (187). Michael articulated a two-pronged approach to economics: he promoted “a renewal of economics” (187) by making economics more comprehensible to non-specialists, but he also argued for economic

policies that better avoided the kind of favoritism that has undermined social orders. As his diagrammatic economics education film project illustrates, Michael aspired to use the new media to effect mass education in economics by incorporating “comprehensive visual symbolism” (187). Michael believed ordinary people could and should understand complex economic matters. His film project, unfortunately, never really got off the ground in the war years. A second component of Michael’s economics program was to emphasize eliminating discretionary spending components in economic policies as a strategy to minimize opportunities for corruption. Michael argued for economic policy that adjusted the volume of money in circulation, but he opposed policies such as public works programs that designated where money goes. Michael’s “neutral Keynesianism” (which Bíró has discussed more extensively elsewhere) was to operate through budget deficits and tax remissions. Michael recognized that an economically educated society could choose “from various inflation-unemployment pairings” (187), and thus a society can adjust its standard of economic justice. But Michael suggested all members of society—rather than simply economics experts and politicians—should be involved in making such choices. Bíró notes that Michael’s thinking about social order and change as well as ideas more directly focusing on human knowing are influenced by Gestalt ideas, and he speculates that perhaps Michael also was influenced by holistic thinkers like Uexküll. In Bíró’s account, the complex epistemic framework Michael developed was Michael’s liberal way to reconstitute society.

Bíró summarizes his account of the respective discussions of economy in Karl and Michael Polanyi by noting that these brothers both saw “mechanistic problems and organic solutions” (189) in modern society. For Karl, the “economization of social relations” (189) was reflected in the ideas and practices of liberal economics, and he articulated a counter-narrative (relying on anthropology) of economics as

embedded in social relations. He re-envisioned the history of capitalism by documenting the double movement in the history of recent British society. He challenged the move from labor-intensive to capital-intensive ways of production as part of his vision of a more natural organic social order realizable through liberal socialism. Michael, however, did not want to replace liberal capitalism but to reform it, and he did not blame industrial mechanization for much of the social dislocation and disenchantment of modernity. But Michael did decisively link modernity's problems (e.g., the corruption of the modern mind and the rise of totalitarianism) with the Enlightenment and the emergence of skepticism and utilitarianism. Michael sought to educate through an innovative economics film that

made people aware of “the social entanglements of economic activity” and the alterable “standard of economic justice working behind the economy” (190). After Michael's film project of “democracy by enlightenment through film” (190) failed, he argued “that spontaneous orders are not only more efficient in ordering economic affairs but also more acceptable in a moral sense than corporate orders” (190–191).

All in all, Bíró's interesting, detailed discussion makes a credible case showing how “the Polanyi brothers were working on renaturalizing the economy and rehumanizing society” (191), although their approaches differed sharply.

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