

MICHAEL POLANYI AND EARLY NEOLIBERALISM



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ABSTRACT¹

Between the late 1930s and the 1950s, Michael Polanyi came in close contact with a diverse cast of intellectuals seeking a renewal of the liberal doctrine. The elaboration of this “neoliberalism” happened through a transnational collaboration between economists, philosophers, and social theorists, united in their rejection of central planning. Defining a common agenda for this “early neoliberalism” offered an opportunity to discard the old laissez-faire doctrine and restore a supervisory role of the state. Ultimately, post-war dissensions regarding the direction of these efforts led Polanyi away from the neoliberal core.

Between the publication of his pamphlet on the failures of economic planning in the Soviet Union in 1936 (*CF*, 61-95) and that of *The Logic of Liberty* in 1951, Michael Polanyi progressively lost interest in chemistry and started to investigate the political and sociological conditions necessary to scientific freedom and the pursuit of truth. During that time, he became involved with a group of scholars who, equally, perceived the democratic collapse of Europe as a wake-up call for a restatement of its liberal tradition. Whereas the values of individual dignity and social progress that liberalism carried were needed then more than ever, they agreed that the *method* to achieve these ideals had become obsolete. Therefore, they focused their efforts on revamping a *science of liberalism*, which could answer the scientific claims of plannism and totalitarian ideologies.

For two decades, Michael Polanyi took part in the inception and the consolidation of “early neoliberalism” (Schulz-Forberg 2018; Beddeleem 2019), a period that predates the later development of neoliberalism from the 1960s onwards. Early neoliberalism owed its scientific imagination to the strong contingent of philosophers of science who participated in its elaboration. Along with Polanyi, other early neoliberals such as Ludwig von Mises, Karl Popper, Friedrich Hayek, Alfred Schutz, and Wilhelm Röpke were all refugees and exiles from Germany, Austria or Hungary, who were immersed in the intellectual and political turmoil of the interwar period. Their formative political experiences in Central Europe durably shaped their views regarding the relationship between political institutions, social progress, and the status of science. In many ways, the preoccupation of early neoliberals with the epistemological situation of science and truth in society, as well as their criticism of unfettered markets and endorsement of state-sponsored social remedies, set them apart from later neoliberals and conservatives in the vein of Milton Friedman who viewed markets and state as incompatible and promoted a positivist epistemology (cf. Burgin 2012, 146-151).

Polanyi attended the two seminal meetings of the nascent neoliberal movement, which took place just before and after the Second World War, the Walter-Lippmann Colloquium in Paris in 1938, and the inauguration of the Mont-Pèlerin Society in Switzerland in 1947. At that time, the agenda of early neoliberalism shared many common grounds with Keynesian economics and middle-of-the-road interventionism; it opposed *laissez-faire* and central economic planning, and promoted a larger role for the state in tackling the social question and establishing a legal framework for a market economy (*FEFT*, ix-x). More importantly, it put the question of knowledge—its tacit and dispersed nature, its relation to belief and truth—at the very core of its institutional thinking. For early neoliberals, what we could do depended on what we could know.

Retracing Michael Polanyi’s orbiting course in and around the neoliberal core, we will focus on his engagement with other early neoliberals. In the first part, we will reconstruct the elaboration of his own liberalism as a critique of scientific and economic planning. Then, we will show that early neoliberalism consolidated itself around their shared critique of the *scientific* claims of collectivism. During the Second World War, Polanyi and other early neoliberals continued to work toward a larger scientific rebuilding of liberalism through fighting common enemies such as the British group *Tots and Quots* and the German Sociologist Karl Mannheim. Finally, Polanyi’s progressive distance from the Mont-Pèlerin Society illustrated the failure of the early neoliberal movement to remain faithful to its inaugural commitments.

Liberal Failures

It was Michael Polanyi’s visit to the Soviet Union in 1935 that prompted his deeper involvement in the political and economic debates of his times in England. Polanyi met

there with Nikolai Bukharin, who admitted that he saw no contradiction between a comprehensive planning of science and a limited academic freedom; it was to be regarded as “a conscious confirmation of the pre-existing harmony of scientific and social aims” (*CF*, 4).² Gathering strength during that period, Lysenkoism epitomized this displacement of truth for propaganda’s sake, and spurred Polanyi’s decision to write publicly about the nature of science and its relation to liberalism (Nye 2011, 210).

During the decade he spent in Berlin, Polanyi had set up a study group dealing with economic and social questions which brought natural scientists and economists together. Once in Manchester, he became a regular visitor at the Economics Department, where he befriended John Jewkes, who also became an ardent anti-planner and, later, a founding member of the Mont-Pèlerin Society (Scott and Moleski 2005, 158-60). Drawing from his many visits to the Soviet Union as a chemist, Polanyi contrasted the “vivid forms of social consciousness” he observed there, which were “invariably destructive,” with the opaque mechanism of a liberal economy in England, which citizens “fail to comprehend” (*CF*, 94). He became critical of the rise in public “fallacies” regarding economics, fallacies which were congenial to a quick rise in the “perplexity” of citizens of industrialized countries.³ This widespread ignorance about how the economic system operated threatened to make the next century “a modern Dark Age in which the use of rational thought was lost” (in Scott and Moleski 2005, 177).

The therapy Polanyi prescribed to democracies was to foster “a popular understanding of economic matters” (Polanyi 1937b). He developed a film that would explain the workings of the economy to the lay audience. Through the semiotic properties of the motion picture, he hoped that “we should see our social life symbolically projected, happening before us on the screen on an artistic plane of its own, directly significant” (Polanyi 1936). Polanyi’s goal to “embed reliable knowledge of the economic mechanism into the general consciousness” (Scott and Moleski 2005, 162) entailed public intelligibility as the only way to appease the search for more direct and noxious remedies by the masses, and offset the appeal of central planning. Whereas a sense of the moral value of economic activity had been achieved in the Soviet Union through public emotion and propaganda, it ought to be elicited in liberal societies through reason and public education.

Like Polanyi, the Austrian economist Friedrich Hayek also sensed that the obscure workings of market economies demanded both explanation and passivity. The English elite’s infatuation with economic planning during the 1930s (cf. Ritschel 1997) had led him to consider epistemological and methodological questions in a new light. In 1937, Hayek hit upon the “problem of the division of knowledge” as “the really central problem of economics as a social science” (Hayek 1948 [1937], 50). A market-based society was not only superior because it allowed everyone to produce and consume at will, but also because it afforded the greatest scope to acquire, share, and use information.

Since no central control was scientifically possible, Hayek and Polanyi believed that “as in the case of science, the comprehensive view is not an essential view but a superficial view and an ignorant view” (CF, 52). The market itself acted as a method of discovery (Lavoie 1986). Since there was no given system of needs for the economy to fulfil, the market possessed a heuristic function, revealing the latent needs and desires of individuals (CF, 51). Both Hayek and Polanyi rested their case for the market economy on the superiority of the market to access these reservoirs of untapped knowledge, a tacit knowledge that could not be discovered by any other means than the independent initiative of the individual.

Oskar Jászi, a fellow Hungarian émigré, had sent a copy of Polanyi’s *USSR Economics* to the American publicist Walter Lippmann, who complimented Polanyi as an “exceptionally gifted observer” in his 1937 book *The Good Society* (Lippmann 2005 [1937], 78). At that time, Lippmann was corresponding with a wide network of dispersed liberals across the Atlantic, notably Friedrich Hayek and Lionel Robbins in England, Louis Rougier in France, and Wilhelm Röpke and Ludwig von Mises in Switzerland, advocating for a closer cooperation between “genuine” liberals (Burgin 2012, 65-7). The debacle of liberalism in the 1930s, they all reckoned, was the result of a series of intellectual errors, not the expression of its inevitable historical fate (Lippmann 2005, 207). In their works, they identified inconsistencies in the structure of liberal thought that contributed to bring on the disasters of the 20th century.

First, classical liberalism had become stultified and dogmatic, abandoning its commitment to reform and progress. Instead, it had arbitrarily separated society between the realm of law and the realm of the economy. This dichotomy had led to passivity instead of continuous adjustment and reform. Manchester Liberalism relied on a thoroughly obsolete economic science, one that tied up individual psychology (*homo economicus*), economic laws, and market institutions to a fixed human nature. Between *laissez-faire* liberalism and neoliberalism lay a crucial difference; the latter accepted that a market order, far from being natural, depended on constructed political and social institutions. Everywhere, the state had a “supervisory” role, in charge of drawing up and enforcing the rule of law.⁴

Secondly, through their criticism of central economic planning, early neoliberals hit upon the idea that economic activity was so complex that it remained ultimately unknowable as a whole; one could only design a “framework of institutions” through “legal planning” (Robbins 1937, 227). Planning in this sense, Hayek insisted, “means that the direction of production is brought about by the free combination of the knowledge of all participants with prices conveying to each the information which helps him to bring his action in relation to those of others” (Hayek 1997 [1939], 194). Early neoliberals shared this peculiar insight that social knowledge is tacitly embedded in traditions and customs of which we have but a limited awareness. They all pinned the

complexity of the social upon the inexplicit canvas interweaving our daily interactions, habits and practices, a wealth of tacit knowledge that the market artfully and efficiently coordinated. Complete planning, on the other hand, by bringing all the economic processes to the fore, failed to acknowledge the cognitive economy brought about by the division of labor (cf. Lippmann 2005, 29-33). Thus, the belief in scientific politics through an extension of government power betrayed an ignorance of the complexity of the social order and of the foolishness of “rational” interventions.

As a result, economic activity, like scientific activity, happened through “spontaneous,” “dynamic,” or “lateral” adjustments (Polanyi 1941, 435-438). This division between one disordered and arcane universe, and lawful, observable regularities constitutes a methodological trademark of early neoliberalism. It runs throughout the acknowledgement of tacit versus explicit knowledge, the signaling function of prices, and, crucially, the reciprocal bailiwicks of a “humble” economic science and limited the scope of possible political action.

Thirdly, a profound analogy existed between the methodological pursuit of truth and the adoption of a liberal constitution.⁵ Polanyi, Hayek, and Lippmann proposed a stark distinction between science and technology—or pure science and applied science. The organization and results of scientific inquiry and of technological engineering modeled two very different modes of political interventions; the former was liberal in nature, as exhibited in the methodical self-organization of science, and the latter authoritarian, fashioned as the application of social technologies to a passive material (Lippmann 2005, 19-20; Polanyi 1941, 450).

Despite some important differences, Hayek, Rougier, Röpke, and Polanyi all traced the origin of the enthusiasm for planning within a perversion of the Western rationalist tradition, which Hayek came to name “the Abuse and Decline of Reason” (Hayek 2010), Louis Rougier the “*mystique libérale*” (Rougier 1938, 71ff), Wilhelm Röpke “scientism” (Röpke 1948 [1944], 43-78) and Polanyi “Continental anti-moralist theories” (Polanyi 1943, 372). In fact, the association between the worldview and methods of the engineers and the promotion of central planning—often attributed to “Saint-Simonism” or “French rationalism”—became a ubiquitous motif for these thinkers. According to them, liberalism rightly understood promised to restore the authority of the scientific method, not as a legitimation for intervention, but as a prophylactic against a hubristic belief in its world-shaping powers.

Finally, early neoliberals defended their brand of liberalism for the same moral motives; to protect the dynamism of free thought and curiosity. Science and liberalism were first and foremost *methodical*, and not a permanent body of ideals and principles which commanded authority. They both guaranteed a well-ordered discovery of the unknown and guided society’s adaptation to new economic and cultural forms. Herein, the market served not only economic functions, but was endowed with the role of

an epistemological guardian of a free society. As such, a liberal order was analogous to a dynamic “society of explorers” (Polanyi 1962). Early neoliberals all believed this posture defined the outlook of Western civilization and the circumstances of its progress that were negated by totalitarian ideologies. Reclaiming the mantle of science from socialist or totalitarian advocates supported the larger claim of the moral superiority of liberalism to achieve a scientific order, one that embraced a new scientific spirit of uncertainty, indeterminism, and empirical testing.

Common Enemies

A milestone in the history of neoliberalism, the Walter-Lippmann Colloquium was convened by the French philosopher of science Louis Rougier in August 1938. Polanyi was invited to the Colloquium as part of the English contingent, along with Hayek. Very much like Polanyi, Rougier considered the success of the Soviet Union as a wake-up call for liberalism to change its message. Both had been struck by the contradiction between the actual results brought about by the regime and its promises. They had also reached very similar conclusions as to the use of science for propaganda in totalitarian countries and the hazardous situation of academic freedom.⁶ The philosophy of science, instead of unifying mankind, had led to further divisions in the name of rival conceptions of the scientific method and political order.

Opening the Colloquium, Rougier aimed to build upon the insights contained in Lippmann’s “Agenda for Liberalism” (Lippmann 2005, 203). Its twin pillars were law as the strong arm of reform and intervention, and markets as the organizing principle of the division of labor and competition. At the end of the proceedings, these two themes fused into one, defining the limits of state intervention within the framework of the price mechanism. On the one hand, the state needed to guarantee its own independence from coalesced interests. On the other hand, it was indispensable that assistance and benefits be provided to those unemployed. The third merit Rougier found in Lippmann’s book did not concern political economy, but his diagnostic of the poor state of a liberal science. During the conference, participants adopted the term “neoliberalism” as a loose moniker for their common outlook in order to distinguish their views from the *laissez-faire* liberalism which, many of them lamented, had abandoned the radical promise of the scientific method, leaving it to collectivists and planners to claim the authority of science for their politics.

Polanyi was one of the few who had undertaken this recovery at the time. The newer version of his economic film entitled “An Outline of the Working of Money” was shown to the participants. His sole recorded intervention tapped into the same educational themes he had vigorously exposed in defense of his movie project. Their feeble apprehension of economic principles had driven the masses to overthrow liberalism and to adopt a “passionate conviction” that economic life ought to be regulated by

force. Civilization was threatened by this “mental derangement” caused by a “permanent state of perplexity” over the unintended consequences of economic interventions. The problem with the invisible hand was precisely its *invisibility* that frustrated the agent’s economic activity from its larger social and moral sense, a void which totalitarian economies fulfilled.⁷

Polanyi was thus at the forefront of the early neoliberal movement. Liberty, he wrote in the preface to *The Contempt of Freedom*, “cannot be saved unless it again becomes a progressive idea. Those who have returned to its defense must now give it all their hearts and gifted minds to make it again a progressive faith” (*CF*, vi). Created for that purpose after the Colloquium, the *Centre International d’Études pour la Rénovation du Libéralisme*, with Polanyi a member, was however short-lived due to the outbreak of the war. Nor was the idea of a “liberal journal” proposed by Polanyi to spread these neoliberal ideas ever to see the light of day. In January 1939, Hayek enthusiastically wrote to Polanyi about his suggestion to create a new publication whose main purpose “would be to discuss what Lippmann has called the Agenda of Liberalism, including of course the question of a future world order. But it would of course discuss all ‘cultural’ problems from a Liberal angle.”⁸ Despite Polanyi’s goodwill, the project failed to gather the required funds (Mullins and Jacobs 2015, 6-7).

Polanyi’s activism found a new outlet in the creation in 1941 of the Society for Freedom in Science, which Hayek eventually joined. The SFS called anti-totalitarian scientists to arms, professing that an indissoluble bond existed between liberal institutions and free science. Polanyi confessed to SFS co-founder J. R. Baker⁹ in 1940 that, “Events have discredited a purely defensive liberalism... The cultivation of detachment in the face of an advancing foe is a certain way to enslavement” (Wigner and Hodgkin 1977, 427). The nascent sociology of science and knowledge, often promoted by Marxists to support the case for planned science, had triggered in return an epistemological recasting of the relationship between the use of knowledge and a liberal organization of society. For Polanyi and other early neoliberals, the constitution of the scientific community epitomized both our highest civilizational achievement, and the template upon which the good society ought to be modeled.

By the beginning of the Second World War, the collapse of Europe jeopardized this emerging consensus for a scientific reform of liberalism. For neoliberals, many of their worst fears came to be realized; the horizon of a supra-national European federation dissipated, war economies meant widespread state controls, and the rule of law was all but suspended. Worse, liberalism and its failures kept on carrying the blame for the democratic shipwreck in Europe.

An important, and largely forgotten, group that galvanized early neoliberals in England was the *Tots and Quots* dining club, which gathered many prominent English scientists such as J. D. Bernal, C. H. Waddington, J. B. S. Haldane, Joseph Needham,

Hyman Levy, and Lancelot Hogben (Zuckerman 1978, 109). In his *Social Function of Science*, Bernal had declared that the development of science obeyed the same dialectical laws as the development of society, the “freedom” of science was an ideological construction that stemmed from an idealist view of the formation of thought itself. Since the discovery and use of knowledge were bound by the material necessities of his time, the scientist and his genius were merely instrumental in the larger conflict of forces which framed his historical and social position. Following Bukharin, Bernal argued that only in socialism could science take its proper place as the midwife of social reform, organically spurred by material needs to provide remedies for social ills (Bernal 1939, 414-416).

From Waddington’s perspective, totalitarianism represented the next stage of a scientific society. Nazism, Fascism, and Communism, for all their mistakes, represented “three full-sized experiments in possible methods of organising the productive forces of a country” insofar as “the economic organization of the world is going totalitarian, and nothing can stop it” (Waddington 1948 [1941], 152). Learning from these totalitarian experiments, scientists needed to contribute to the diffusion of a scientific outlook dedicated to rational and controlled progress, in line with the accomplishments science had brought to society thus far.

In a letter from July 1, 1941, Hayek explained to Polanyi that he attached “very great importance to these pseudo-scientific arguments on social organization being effectively met and I am getting more and more alarmed by the effects of the propaganda” of the left scientists who “discredit the reputation of science by such escapades.”¹⁰ Hayek was now effectively joining Polanyi’s fight against planned science, writing in *Nature* that the movement for economic planning strongly supported by left scientists and engineers, had now “succeeded in capturing public opinion that what little opposition there is comes almost solely from a small group of economists” (Hayek 1941, 213). Writing to Hayek after the article’s publication, Polanyi reiterated his current commitment to their joint initiative, stating that “the only real aim in my view is the starting of a literary and philosophical movement of our own for the renaissance of Liberalism.”¹¹ Like Polanyi’s, Hayek’s publications during the writing of his influential *Road to Serfdom*, whose draft was completed as early as 1942, were less directed at socialists or interventionist liberals like Keynes, as they were at *scientists* “who were promoting socialism and planning as the logical extrapolation of a scientific world-view” (Mirowski 2007, 363).

Early neoliberals tirelessly asserted that the progress of science did not rely on a collective effort but on the “free competition of thought, hence on freedom of thought, ultimately in political freedom” (Popper 2002, 83). Direct control over the activities of the individual and the elimination of competition would signify the “end of truth” and thus impede the growth of reason (Hayek 2007, 178). Polanyi, Hayek, and Popper all

embraced science as an ideal marketplace of ideas, one in which these social aspects of scientific research—“atomized sovereignty” (*SFS*, 72), publicity, choice of occupation, low barriers to entry—guaranteed the objectivity of results, and provided, in the last instance, a steadfast justification for political freedom.

Popper, Hayek, and Polanyi all came in contact with Karl Mannheim during his London exile. Hayek and Mannheim were colleagues at the LSE and Mannheim invited Polanyi to participate in the Moot, a Christian discussion circle initiated by J. H. Oldham and attended by T. S. Eliot (Mullins and Jacobs 2006; Clements 2010, 6-17).¹² They all perceived his sociology of knowledge at the service of scientific politics as deeply antagonistic to the neoliberal project which sought to sever the link between scientific expertise and planning. For Popper, uncovering the “social determination of scientific knowledge” annihilated the basis of free discussion and controversy and the quest for scientific objectivity (Popper 2013[1945], 420). Similarly for Hayek, Mannheim’s sociology of knowledge was the latest avatar of “scientism” or “positivism” where the sociological comprehension of the mechanisms of thought would allow the theoretician to predict their development (Hayek 2010, 152). Likewise, Polanyi considered Mannheim’s sociological reductionism antithetical to the development of dynamic orders founded in the personal knowledge of individuals. Whereas truth according to Mannheim can be achieved by the social scientist through a decentering from his initial position, Polanyi remained committed to the notion that it could solely be found at the level of personal beliefs, in a “dark heart” which no sociological light could reveal.¹³ Polanyi, Hayek, and Popper all effectively argued that scientific knowledge was a socially situated process, yet an intersubjective one, and not the result of social conditioning. The development of their philosophy of science, valuing the social process of science within dedicated institutions as independent from the scientist’s social position, was in effect an answer to Mannheim’s materialist sociology of knowledge.

Post-war Disenchantment

Despite the limited success of the *Society for the Freedom in Science*, Polanyi’s ideas were gaining traction in England and in the U.S.A., as he was quickly recognized as the principal exponent of the principles of academic freedom. In addition to his publications, he was a guest on multiple BBC broadcasts (Nye 2011, 207), and his ideas informed the design of American post-war science policy (Hollinger 1990, 909-910; Nye 2007, 432-433). Polanyi’s repeated insistence upon the spiritual dimensions of both science and society lent his liberalism a particular flavor. Yet, his proclamation that the commitment to Western civilization was a matter of faith was echoed by the participants to the Mont-Pèlerin meeting of April 1947. Among the participants, the Swiss economist and diplomat William Rappard also perceived the meeting as a chance

to restore the credibility of a liberal science. “Science cannot be liberal or illiberal,” he declared in his opening address, “in a sense it cannot be anything but liberal.” If a scholar “dogmatically and intolerantly denies the rights of liberty of thought without which there can be no true science, then he is not worthy of being called a man of science.”¹⁴ On the one hand, Rappard felt the ambition of the early neoliberal project to be a scientific rectification of false ideas. On the other hand, he believed that the recovery of truth in science was indispensable to the renewal of liberalism. In his own opening address, Hayek denounced the same “false rationalism” which Polanyi had repeatedly criticized since the end of the 1930s, as leading to a form of “intellectual hubris.” The proper attitude towards the spontaneous orders within society was one of reverence and intellectual humility, akin to the spiritual awe found in religious faiths.

Like Polanyi, Hayek did not believe that positivism or radical skepticism provided solid grounds for a renewed liberalism. “Unless this breach between true liberal and religious convictions can be healed,” he announced, there was “no hope for a revival of liberal forces” (Hayek 1992, 244). Moreover, the constitution of the Mont-Pèlerin Society relied on two fundamental Polanyian assumptions. On the one hand, participants ought to share an “agreement on fundamentals” where “certain basic conceptions are not questioned at every step” (Hayek 1992, 238). On the other hand, adherence to liberalism simply out of habit was insufficient; participants were expected to personally commit to its ideals and to spread them within society. Against the Marxist message of materialism and universalism, neoliberals reaffirmed the importance of a community bonded by shared ideals. Responding to Hayek’s paper on “Intellectuals and Socialism” which intimated that “unless we can make the philosophic foundations of a free society once more a living intellectual issue...the prospects of freedom are indeed dark” (Hayek 1997 [1949], 237), Polanyi admitted there was “hardly a paragraph which hasn’t given me a thrill of pleasure.”¹⁵

Despite the proximity between Hayek’s vision and his own, Polanyi was disappointed with the Mont-Pèlerin meetings. On the one hand, his participation in the Society allowed him to strike long-lasting friendships with French intellectuals Raymond Aron and Bertrand de Jouvenel, as well as the British historian C. V. Wedgwood. On the other hand, his participation in the initial meeting did not elicit flattering comments and his credentials were not as well assured with the diverse cast of the Society as they were in England. Karl Popper in particular opposed, from the beginning, Polanyi’s project of anchoring liberalism to a metaphysical framework.¹⁶ Polanyi’s tense relationship with the Mont-Pèlerin Society illustrates the hopes and disappointments of many of its early members. At the onset, Mont-Pèlerin Society members had been united more by what they opposed than by a common agenda. Polanyi, for instance, who regarded capitalism and tradition as connected elements of

an anti-rationalist critique of planning, opposed members who conceived the two as incompatible, like the American economist Frank Knight or Karl Popper.

Three elements account for the progressive distance Polanyi felt with the Mont-Pèlerin Society and the neoliberal project as it developed in the late 1950s onward. First was the progressive reluctance of the members to discuss liberalism as a general idea or framework for society as it had been agreed on at the original 1947 meeting. Somehow, the Society relinquished its role as an intellectual center for the development of an alternative account of what liberalism entailed beyond economic freedom. Secondly, the idea of a multidisciplinary academy that Hayek had envisioned quickly faded as economists took the lion's share of new appointments while philosophers declined in numbers. Finally, the Society was perceived as rather closed onto itself, unwilling to commit to its positions publicly. At the conclusion of its first decade, the Mont-Pèlerin Society had substantially moved away from the foundational questions that had motivated its constitution (cf. Hartwell 1995, xiv).

In a letter sent in 1955, Polanyi explained his own misgivings to Hayek about the Mont-Pèlerin Society, where he acknowledged that he “fostered a somewhat different view of liberty and the menaces to liberty than those expounded by [Ludwig von] Mises and [Jacques] Rueff—and sometimes by yourself.”¹⁷ In response, Hayek encouraged Polanyi not to withdraw, as he represented “an extreme wing” in a Society he had never intended to become “homogenous.” Hayek conceded that the original intention of the Society had been somewhat betrayed as the “wider philosophical issues” were not topics for discussions anymore, denting his own interest in participating. Polanyi retreated from any involvement from this point onward, reckoning that Mont-Pèlerin Society had abandoned its inaugural commitment to work towards a comprehensive reform of liberalism. Instead, he devoted his time and efforts to the development of the Congress for Cultural Freedom, founded in West Berlin in 1950. There, Polanyi would be given the means to pursue his agenda of defending the fate of free science against its corruption in totalitarian countries. He organized the ‘Science and Freedom’ conference in Hamburg gathering 119 scientists in 1953 (Nye 2011, 201-213) and became the chair of the CCF Committee on Science and Freedom. Two years later, he sat on the organizing committee of the Milan Conference, ‘The Future of Freedom’ which celebrated the advent of a post-ideological consensus. From then on, Polanyi worked to overcome these ideological sentiments that he felt the Mont-Pèlerin Society only contributed to reinforce.

ENDNOTES

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²The significance of this conversation for Polanyi's intellectual development was such that this anecdote opened *The Tacit Dimension*, published 31 years later in 1966.

³"For no real devotion is possible to daily work which is involved in a conundrum of perplexities. No man can be satisfied by thinking of himself only; robbed of clear consciousness of his relations to those with whom he actually co-operates, he feels that the complex structure which thus isolates him is bad, inhuman, revolting." Michael Polanyi, "Notes on a Film" (1936), Michael Polanyi Papers, University of Chicago Library, box 25, folder 10.

⁴Polanyi writes that "the cultivation of liberty under law has been greatly clarified by Walter Lippmann in his *Good Society*" (CF, 36n1). One of the most quoted sentences from Lippmann's book reads: "In a free society the state does not administer the affairs of men. It administers justice among men who conduct their own affairs" (Lippmann 2005, 267).

⁵There existed "a common fate between independent science and political liberty" whereby "the link between science and liberty is completely reciprocal" (Polanyi 1937a, 710).

⁶Among the early whistleblowers, Rougier wrote in 1934 that in Soviet Russia: "science for science's sake, just like art for art's sake, are considered bourgeois heresies. Soviet science is a political science, a class science, which must serve the proletariat and allow them to build socialism. In the current state of affairs, with this prevailing mystique, moral and political sciences are impossible" (Rougier 1934, 622; my translation).

⁷Polanyi's intervention is recorded in Audier (2012, 472-475); translation from the French is mine).

⁸Letter Friedrich Hayek to Michael Polanyi, 28 January 1939, Michael Polanyi Papers, University of Chicago Library, box 3, folder 14.

⁹J. R. Baker would also become a member of the Mont-Pèlerin Society from 1948 to 1952.

¹⁰Letter Friedrich Hayek to Michael Polanyi, 1 July 1941, Michael Polanyi Papers, University of Chicago Library, box 4, folder 7.

¹¹Letter Michael Polanyi to Friedrich Hayek, 18 November 1941, F. A. Hayek Papers, Hoover Institution Archives, box 78, folder 35.

¹²Mullins and Jacobs (2006, 147) explain that the discussions of the Moot "revolved around the topic of *order* and, more particularly, around the problem of how order might be restored in British society and culture in the context of a 'world turned upside down'." For the relationship between Mannheim and Polanyi, see Mullins and Jacobs (2005).

¹³Polanyi wrote personally to Mannheim, "As regards the social analysis of the development of ideas, suffice it to say that I reject all social analysis of history which makes social conditions anything more than opportunities for a development of thought. You seem inclined to consider moral judgments on history as ludicrous, believing apparently that thought is not merely conditioned, but determined by a social or technical situation. I cannot tell you how strongly I reject such a view" (Gábor 2003, letter #244).

¹⁴William E. Rappard, "Opening Statement, Tuesday 1st, 9.30," in F.A. Hayek Papers, Hoover Institution Archives, box 80, folder 30.

¹⁵Letter Michael Polanyi to Friedrich Hayek, 14 December 1948, F. A. Hayek Papers, Hoover Institution Archives, box 78, folder 35.

¹⁶See the minutes from the first meeting of the Mont-Pèlerin Society, especially the session titled “Liberalism and Christianity” in “Mont-Pèlerin Conference, April 4th, 9.30,” MPS Papers, Hoover Institution Archive, box 5, folder 13.

¹⁷Letter Michael Polanyi to Friedrich Hayek, 9 November 1955, F. A. Hayek Papers, Hoover Institution Archives, box 43, folder 35.

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