
Book Review

Fred Block, Margaret R. Somers (2014) The Power of Market Fundamentalism: Karl Polanyi's Critique. Cambridge, MA: Harvard University Press. 312 pages.

Theodor Adorno in his *Three Studies on Hegel*—and particularly in *Skoteinos*—proposes considerations of principle in the task of illuminating Hegel's main works: “Immanent fidelity to Hegel's intention requires one to supplement or go beyond the text in order to understand it. [...] Rather, one must uncover Hegel's aim; the subject matter should be reconstructed from knowledge of it. He almost always has certain issues in mind even when his own formulations fail to capture them. What Hegel was talking about is more important than what he meant. The circumstances and the problem have to be developed from Hegel's program and then thought through on their own. In Hegel's philosophy the primacy of objectivity over the intended train of thought, the primacy of the specific state of affairs under consideration, constitutes an authority in opposition to his philosophy.” (Adorno, 1993: 131) We think Adorno's considerations can, and should apply to all cases when one reaches out to greats of the past¹, greats such as Karl Polanyi.

Fred Block and Margaret R. Somers do—for the most part—heed Adorno's advice in their excellent book, *The Power of Market Fundamentalism—Karl Polanyi's Critique* (hereafter TPFM), a collaborative effort to “construct and make available a usable form of Karl Polanyi's social theory.” (p. ix) The reason we have begun our review the way we have, was to express the authors' general attitude toward Polanyi, but also because the cited wording of their aims is a bit of an understatement, and thus slightly misleading, concealing the greatest virtue of the book. Not only do they embrace Polanyi's “Great Narrative” and show us how our time and our predicament would look through Polanyi's eyes, but also respect the strength of Polanyi's work by maintaining a critical attitude toward his specific analysis. Again, Polanyi is treated by Block and Somers the same way Adorno suggests treating Hegel: “No reading of Hegel can do him justice without criticizing him. The notion that critique is a second level erected on a foundation of understanding, an idea derived from pedagogical platitudes and authoritarian prejudice, is in general false.” (Adorno, 1993: 145)

The Power of Market Fundamentalism is a great book, a “must read” to all expressing at least a slight interest in Polanyi and his works. When critics inflate minor mistakes, and focus their attention on what is missing instead of acknowledging what is of value in the book is a clear sign of excellence. We will try to restrain from such practices but since there is much more to gain from criticism—even if unjust at times—than praise, we will be more generous with the former, and parsimonious with the latter.

On the one hand, the logical meta-structure of the book reflects the attitude described above, following a motion from a clear and concise reconstruction of

¹ An idea originally put forward by Slavoj Žižek.

Polanyi's most important concepts, invoking the motives behind his viewpoint through embedding them into the context of his life, to a Polanyian analysis of the Speenhamland system of poor relief in nineteenth century England and recent changes in US social policy. The textual structure on the other hand is less clearly ordered, especially when read in one breath from cover to cover, with lots of redundancy, and diversions from the main themes of the chapters toward "by-plots", which can be attributed—as Anne Mayhew points out in her review of the book (2015)—to the fact that most of the chapters are adaptations of previously published articles by the authors, who fail to mention this important detail anywhere in the book. It is obvious that TPMF could not have been written without a "decade-long" immersion into the works of Polanyi by Block and Somers, and it truly is a culmination of their efforts which would have deserved a more meticulous editing.

Out of the eight chapters of the book, the first four serve as an introduction to Polanyi's most important ideas through *The Great Transformation* (hereafter GT), and place these ideas into the context of Polanyi's life. With repeated and overlapping themes and argumentations, each chapter stands on its own, mostly differing in what elements of Polanyi's work and life they focus on. In agreement with Mayhew, either one these chapters—excluding the fourth, which we'll discuss later—would be a fine source for undergraduates encountering Polanyi for the first time as a supplement to an original piece—perhaps a few chapters of GT or from a major compilation of Polanyi's works, *The Livelihood of Man*.

Besides setting the tone of TPMF, chapter 1—*Karl Polanyi and the Power of Ideas*—, also draws an interesting comparison to one of Polanyi's great contemporaries, John Maynard Keynes, that helps to understand Polanyi's peculiar scientific and political position. Both Keynes and Polanyi developed their arguments—at least partly – based on economic crises of earlier periods, and believed that the austerity measures taken to handle these crises were not only ineffective but deepened and worsened social problems instead of easing them. Both were guided by a strong moral compass, and shared the belief that "the economy was a means to an end, not an end in itself." (p. 24) The difference, according to Block and Somers, was Keynes's willingness to formulate his ideas in the ruling language of economics orthodoxy. Accepting the notion of the autonomy of free markets granted him the opportunity to have a major influence in setting up the Bretton Woods system, a restructuring of the international commercial and financial institutions after World War II. Polanyi insisted that disembedding markets from society is too steep a price to pay, since it necessarily results in ceding democratic control of the economy, a complete opposite of the desirable condition, in which the industrial civilization would "transcend the self-regulating market by consciously subordinating it to a democratic society." (p. 26)

The authors devote chapters 2 and 3—*Beyond the Economic Fallacy* and *Karl Polanyi and the Writing of the Great Transformation*—to reconstructing the genesis and selected notions of GT through the context of Polanyi's life-course, providing "material in this chapter that will likely be new to those who know The Great Transformation well. This material aids in understanding the complexity of the intellectual voyage that Polanyi made from his early days in Vienna, to his recognition of the parallelism between market liberalism and Marxism, and the reliance of both

approaches upon the same utopian vision of a self-regulating market.” (Mayhew, 2015: 602) Without recapping the content of these chapters, we argue that it would have been better if they assisted the reader in placing their account of Polanyi's life among the other works available, because *there are* some others available, even if those—just as Block's and Somers' chapter—do not fit the criteria of a “full biography”, but the fact is that some of the sources they cite as “secondary writings on GT”, and some others they fail to mention², *do* discuss Polanyi's life in great detail, and it is not obvious what differentiates their biography from others.

Chapter 4 - *Turning the Tables: Polanyi's Critique of Free Market Utopianism* - is a transitional chapter between the two parts of the book. It discusses Polanyi's relation to Marxism and libertarian market theory, and his idea that a parallel can be drawn between the two, namely that both refer to a ‘stark utopia’, meaning literally an impossible social formation devoid of the coercive powers of the state. This is the last chapter that is concerned with Polanyi and his ideas as its subjects. The remaining four offer case studies by the authors, arguably done in a Polyanian spirit—all valuable, but not necessarily adding to our knowledge of Polanyi. The authors' choice to include a less subtle, undergraduate version of Polanyi's biography can be respected, because it doesn't essentially alter its meaning for understanding Polanyi—the latter part of which cannot be echoed for this chapter.

In our opinion, the hardest and most intriguing problem from a theoretical standpoint is to reconstruct the uniqueness of Polanyi's “economic anthropology”, which unfolds from his argument with Marxism and “market liberalism”. Consequently, to be able to form a mature theoretical attitude toward the Polyanian theory, one has to treat its “opponents” with the same respect, and hold all to the same standards, which is not satisfied in this chapter of TPMF. We think Block and Somers conflates different types of discourses: political (pragmatic) and scientific (theoretical)³, which is especially odd since in chapter 6 and 7—as part of their own analysis - they *do* address the relationship between scientific and political ideas. Unfortunately in chapter 4, they uncritically follow Polanyi in his vulgar treatment of Marx, and concentrate on some of the policy proposals of economists from the Austrian and Chicago Schools, treating those as theoretical arguments. The introduction to the book *Az archaikus társadalom és a gazdasági szemlélet* (Szentés, 1976: 7-47) is a noteworthy and just criticism of Polanyi's simplification of Marx's ideas.

Chapters 5, 7 and 8—*In the Shadow of Speenhamland, The Enduring Strength of Free Market Conservatism in the US* and *The Reality of Society*—are genuine analyses by the authors of how market fundamentalism was able to trump protective welfare policies in two completely different historical circumstances. In chapter 5 Block and Somers revisit Polanyi's analysis of the Speenhamland system—this time with a critical view—doing an “excellent job of reviewing the literature on Speenhamland available to Polanyi and on the extensive literature that has been

² See *Karl Polanyi* in *Papers on the History of Hungarian Sociology 2*, edited by János Gyurgyák.

³ Of course, the notion of such a separability is problematic in itself, but Block and Somers do not get so far as to be able to confront this problem in the case of Polanyi.

produced since then. They conclude that while Polanyi was wrong in his conclusions about the effects of Speenhamland, he was right to think that ill-founded conclusions about the poor that emerged from the efforts at Speenhamland cast a long and powerful shadow on welfare policies today." (Mayhew, 2015: 604) Chapters 7 and 8 mirror chapter 5 in applying the same Polanyian perspective seen in the case of Speenhamland to contemporary US policy debates, focusing on *how* current propagators of the free market ideology draw successfully from the same Malthusian ideas used by supporters of the New Poor Law two hundred years before.

Chapter 6 is where the authors venture furthest from Polanyi and elaborate their own epistemological theory on *why* ideas at the core of market fundamentalism became and remained so potent throughout the centuries, and on "the *causal mechanisms* [emphasis in original] that allow certain ideas to exert extraordinary political influence." (p. 151) They introduce the notion of "ideational embeddedness", an extension of Polanyi's market embeddedness, that includes "ideas, public narratives, and explanatory systems by which states, societies, and political cultures construct, transform, explain, and normalize market processes." (p. 155) Market fundamentalism can be so influential, because it has a comparative advantage over "institutional pragmatism" that tried to shield society from destructive market forces. Block and Somers describe three properties that empower ideas—like market fundamentalism—with "epistemic privilege": "they have [to have] their own internal claims to veracity" (p. 156), employ a "theoretical realism" that makes them immune to empirical evidence, and finally a "conversion narrative" which helps people convert to the idea by providing "an explanation for how intelligent and well-meaning people could have been so misled." (p. 175) Block and Somers ultimately trace back market fundamentalism to Thomas Robert Malthus and his *Essay on the Principles of Population*, the ideas of which are returning, re-wrapped over and over again through the past centuries, a piece that still provides the fundamental ideology of free market capitalism. The authors are aware of course that for "sociologists it may be difficult to ascribe so much importance to a single individual" (p. 164), and try to soften their approach by later admitting that "market fundamentalism's internal causal powers are not sufficient to explain its triumph," (p. 186) which is obvious, and even they rely heavily on external forces in their analysis of Speenhamland, for example noting that "the 1832 Reform Bill radically expanded the franchise [so] the middle class electorate become large enough to oppose the Old Poor Law," (p. 159) simply because it was in their immediate interest. After thoroughly building their theory, reverting back to a more Polanyian substantive analysis is actually a huge positive, and proves that Block and Somers genuinely believe that Polanyi, his ideas and methodology are not to be forgotten.

The strengths and richness of *The Power of Market Fundamentalism* far outweigh its minor weaknesses. The book provides anyone who cares to pick it up with inspirational ideas, and most importantly with a feeling that looking at the world now with Polanyi's eyes can illuminate a world *skoteinos*.⁴ Joseph Stiglitz writes in his introduction to the 2001 edition of GT, that "Polanyi wrote *The Great*

⁴ I.e., full of darkness.

Transformation before modern economists clarified the limitations of self-regulating markets. Today, there is no respectable intellectual support for the proposition that markets, by themselves, lead to efficient, let alone equitable outcomes.” (Stiglitz [Polanyi], 2001: viii) To paraphrase Milton Friedman from 1965, we are all Polanyians now, but just as Keynesianism soon lost ground to Monetarism and the neo-conservative economic liberalism of Reagan and Thatcher, so can the ideas of Polanyi fade away if, at least, there are not more books like this.

Rakovics Márton (rakovicsmarci@gmail.com)
Assistant Lecturer at the Department of Statistics,
Faculty of Social Sciences, Eötvös Loránd University

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