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KARL POLANYI AND HUMAN FREEDOM*

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There has been considerable disagreement among Polanyi scholars on the interpretation of Karl Polanyi's political views (Lacher 1999a, 1999b, Clark 2014, Panitch 2015). While almost everyone acknowledges that he self-identified as a socialist, that fact alone provides little clarity. In the 20th century, after all, self-identified socialists stretched from revolutionaries and advocates of workers' control on the left to "liberal socialists" (Dale 2016) and right wing social democrats. Moreover, when one focuses on the practices and policies of socialist parties, such parties have sometimes gained power only to implement modest reforms that helped prop up a system based on private ownership. So the issue remains of explaining precisely how Polanyi's thinking about socialism fits into this very broad spectrum of different kinds of socialist politics.

The question involves two equally important parts. First, what was Polanyi's vision of the good society? How did it compare to the type of society built by the Bolsheviks in Russia? What kind of institutional structure would it have? Second, what was his optimal strategy for implementing this vision? Where did he stand on the historical division between revolutionaries and reformists? What role did he give to electoral strategies as compared to extra-parliamentary mobilizations? Did he see a transition to socialism requiring a fundamental attack on the power of the capitalist class?

Unfortunately, there is no simple way to answer these questions. The reality is that we don't really know what Polanyi actually envisioned as a good society or his preferred strategy for getting there. He had been preoccupied with these questions in the 1920's when he made his contribution to the socialist calculation debate.¹ However, from the early 1930's until his death, these issues were not a central focus of his thinking. Polanyi was always trying to make sense of the actual historical realities of the given moment. From the early 1930's onward, the central

question for him was not ushering in socialism but finding the way to defeat fascism. As with many others on the left, Polanyi recognized that broad alliances were necessary both at the domestic level and at the international level; the question of social transformation was necessarily relegated to the back burner.

Furthermore, with the coming of the Cold War in 1947, Polanyi understood that the struggle between the two great superpowers had effectively preempted debates about what kind of society we should construct. As with such contemporaries as C. Wright Mills and Herbert Marcuse, Polanyi viewed American society as becoming ever more conformist and narrow in the permissible range of political debate. Given his unrelenting realism, he saw the project of envisioning a good society in those dark times to be irrelevant. He sought instead in the last initiative of his life to found a journal that would create a conversation about *Co-Existence* that included intellectuals on both sides of the Iron Curtain. In other words, he believed that a real thaw in the Cold War had to happen before the old questions would again be on the historical agenda.

There was, in fact, only a brief window between confronting the threat of fascism and the polarization of the Cold War when Polanyi as a mature intellectual addressed the question of the good society. This was the period from about 1941 to 1946, which encompassed the writing of the *GT*. But even during this window, the nature of the good society was still not his primary focus. His central concern was avoiding a repetition of the mistakes made after World War I, especially the restoration of the gold standard which he believed had radically narrowed the political options available to societies.

Polanyi's view was that the creation of a decent set of global financial institutions was a precondition for any progress towards the creation of social reform either in Europe, North

America, or the rest of the world. This is why the critique of the gold standard is so central to the *GT*. It reflects his belief that the gold standard had been the major obstacle to social progress in the Interwar Years. His primary message was directed to the leaders of the British Labour Party who he believed would come to power after the War and would have an important seat at the table in shaping the post-war global settlement.

It is only in that final elusive chapter of the book, “Freedom in a Complex Society” when almost as an afterthought, Polanyi returns to the classic question of what might the good society look like. And even in that chapter, Polanyi is preoccupied with knocking down the kind of argument that Hayek (1944) articulates so effectively in *The Road to Serfdom*—that giving the state an expanded role in planning and managing the economy would lead inevitably to a loss of human freedom.

All this is to say that there are important clues in “Freedom in a Complex Society” to Polanyi’s mature vision of what the good society might look like, but that is all they are. Any effort to “connect the dots” and suggest what Polanyi truly believed is vulnerable to the charge of ventriloquizing—making Polanyi’s text into a dummy that cheerfully mouths the words that the interpreter selects. But in this chapter, my strategy is somewhat different. I am proposing to read what Polanyi said in relation to the writings of the Christian theologian Reinhold Niebuhr who was quite explicit in his discussions of socialism and socialist strategy in the 1930’s and early 1940’s.

Today, Niebuhr is largely remembered for being an anti-communist liberal during the Cold War, but in the 1930’s, he was an internationally-known proponent of a militant form of Christian socialism. Niebuhr was an important contributor to the 1935 volume, *Christianity and the Social Revolution*, which Polanyi edited with John Lewis and Donald Kitchin. In my view,

we can decipher some of the mysteries of the last chapter of *The Great Transformation* by looking at some of the key points of agreement between Niebuhr and Polanyi. Specifically, I argue that Niebuhr and Polanyi shared a strategic commitment to “empowerment without hubris” and once that commitment is understood, it becomes easier to see where Polanyi fits within the key debates on socialist strategy and socialist vision.

It should also be emphasized that in this period, both Polanyi and Niebuhr are engaged in a complex dialogue with Marxism. Both men read German and were among the relatively small number of intellectuals in the West who had read Marx’s *Economic and Philosophical Manuscripts* that would not be translated into English until the 1950’s. They had a sophisticated understanding of Marx’s intellectual trajectory and it is fair to say that Marx’s critique of bourgeois society was the foundation on which they were building. Nevertheless, as indicated by the discussion that follows, they were also deeply critical of the Soviet Union and of existing Marxist political movements. It seems fair to say that they wanted to create a theoretical synthesis that incorporated the strengths of Marxism, while transcending what they saw as its theoretical and political flaws.

Polanyi and Niebuhr

Aside from Niebuhr’s 1935 contribution to Polanyi’s edited book, there is a second convergence between the two men that has not previously been recognized. Twice in the *GT*, Polanyi quotes Robert Owen as saying: “Should any causes of evil be irremovable by the new powers which men are about to acquire, they will know that they are necessary and unavoidable evils, and childish unavailing complaints will cease to be made.” (133, 268) For Owen, the new powers came through combining steam energy and machinery with a system of cooperative

production. The Owen quote likely captured Polanyi's attention because it was a powerful response to Malthus' critique of Godwin and Condorcet's vision of human perfectibility. Malthus (1970 [1798]), it must be remembered, critiqued the optimistic vision of these Enlightenment thinkers for failing to recognize that the evils of inequality and poverty are built into the human condition of scarcity and so people must abandon their childish fantasies of a better world (Block and Somers 2014). Owen, in this sentence, is saying basically that our capacity to eliminate evils is an empirical question; we need to test how far human society can be improved by trying to improve it. Only when such efforts fail should we cease complaining about those evils.

In 1943, as Polanyi was completing the writing of *The Great Transformation*, Niebuhr wrote a sentence that has come to be known now as the Serenity Prayer. According to Elizabeth Sifton (2003), Niebuhr's daughter, the prayer was delivered by Niebuhr at a Sunday service in 1943 in Heath, Massachusetts where the family spent its summers. (It is only about forty miles from Heath to Bennington, Vermont where Karl Polanyi was working.) The date is significant because it was a dark period of World War II when the allied victory was not yet a certainty.

Sifton (2003, 277) emphasizes that Niebuhr's version of the prayer was different from the phrasing that has since been adopted by 12 step programs. He said: "God, give us grace to accept with serenity the things that cannot be changed, courage to change the things that *should* be changed, and the wisdom to distinguish the one from the other." (emphasis added) By using the first person plural, Niebuhr was clearly stating that the imperative was a collective one; like Owen, he was talking about society, not just individuals. Moreover, Niebuhr's reference to the things "that *should* be changed" evokes the powerful critique of injustice that was central to his

Christian Socialist politics. The 12 step version is, not surprisingly, more individualistic and less obviously political.

But the point is that the Owen quote and the Serenity Prayer are basically identical. They both make a distinction between the things that can be changed and the things that cannot be changed and they both emphasize the moral imperative to remedy those injustices that can be eliminated. Owen did not ask the Lord to distinguish between the two probably because he actually believed that almost all evils were removable. The next sentence of Owen's prose (1858 [1820]) reads: "But your Reporter has yet failed to discover any which do not proceed from the errors of the existing system, or which, under the contemplated arrangements, are not easily removable." Polanyi did not reference this other sentence because it undercut what appealed to him about the first sentence; its agnosticism and openness about human possibilities. In other words, by taking the Owen quote out of context, Polanyi was also affirming the importance of distinguishing between the changeable and the unchangeable.

The best way to make sense of what Niebuhr and Polanyi were intending with these parallel sentiments is to look more closely at Niebuhr's 1935 essay in *Christianity and the Social Revolution*. In that essay, Niebuhr carries out a critique of Christianity and Communism as mirror images of each other. Niebuhr writes: "Thus the conflict between Christianity and Communism is a contest between a religion with an inadequate political strategy and a social idealism which falsely raises a political strategy to the heights of a religion." (442) Niebuhr affirms that the fundamental truth of Christian theology is the injunction that we must love our neighbors, but he is deeply critical of organized Christianity for its lack of a political vision to achieve a society built on universal brotherhood and sisterhood. "The highly diluted perfectionism of the modern Church obscures the realities and necessities of the political and

economic order by promising to establish justice by pure love when every evidence of history points to the necessity of achieving justice through a contest of power and a conflict of wills.”

(460)

Communism, on the other hand, correctly understands the necessity of social and political struggle to achieve justice, but it makes the mistake of elevating its belief system into a new religion. Marxism, Niebuhr writes, “has much to commend it, both as a political strategy and as a religion.” (463). But he goes on to argue that:

“Its inadequacy as a religion is due to its effort to solve the total human problem in political terms, and its limitations as a political philosophy and strategy are derived from its religio-dogmatic over-simplifications. Marxism attributes practically all ills from which the human flesh suffers to the capitalistic social order, and promises every type of redemption in a new society....” (463-464)

In Niebuhr’s view, Marxism fails to understand the reality of human sinfulness; our efforts to love one another are perpetually in tension with our own egoism.

Niebuhr is arguing for a Christian socialism that is radical and militant in its recognition that the existing social order must be transformed through struggle to create a different kind of society in which there would be far fewer obstacles to loving our neighbors. But he is also pointing to two dangers inherent in Marxian socialism. The first is the dogmatic assumption that revolutionary change will almost automatically create a better social order. This cannot be assumed because humans are sinful and movements can be hijacked to serve the egoistic needs of their leaders. It follows that a transformative movement must in its practice seek to prefigure the universal love that it seeks to achieve. Second, not all evils will be eliminated by a socialist transformation. Some might require years of incremental change as people learn to be less competitive. Others will persist because we are imperfect beings who must always struggle with our egoistic impulses.

Niebuhr's argument in that 1935 article is generally consistent with his other writings of this period, including the 1932 volume, *Moral Man and Immoral Society*, which made his reputation and his 1944 book, *The Children of Light and the Children of Darkness*. In the former, he wrote:

“...communists, in spite of their realism, become hopeless romantics when they estimate the social consequences of a new economic society. They seem to believe that it will be easy to create perfect social mutuality by destroying inequality of power. But can they destroy economic power without creating strong centres of political power? And how may they be certain that this political power will be either ethically or socially restrained?” (192)

In *Children of Light*, he continues this argument by arguing that Liberalism and Marxism make a parallel error:

“Neither understands property as a form of power which can be used in either its individual or its social form as an instrument of particular interest against the general interest.” (106)

At a number of points in the final chapter of *The Great Transformation*, Polanyi's language echoes themes in Niebuhr's writings. In fact, drawing on Niebuhr helps make sense of Polanyi's somewhat puzzling discussion of resignation in the final pages of the book. Since Polanyi is calling on his readers to transform society, it is surprising that he here invokes the idea of resignation. He writes: “Resignation was ever the fount of man's strength and new hope.” (268) Why does he invoke resignation which suggests passivity when he is seeking to empower his readers to change what can be changed?

For Polanyi, resignation has two dimensions. The first is the awareness of human sinfulness. As Polanyi puts it writing about humankind, “He resigned himself to the truth that he had a soul to lose and that there was worse than death, and founded his freedom upon it.” (268). This is what Polanyi refers to as the knowledge of freedom that entered human consciousness through Jesus' teachings in the Gospels. Once people understand that they have a soul to lose,

they are empowered to lead lives of integrity and decency in which they seek to love their neighbors. The second connected aspect of resignation is recognizing our powerlessness relative to a Supreme Being whether conceived as a deity or the spirit that links together all of Creation. Here resignation equips human beings with the humility required to act effectively in the world. Niebuhr also emphasized the critical importance of humility. He writes:

“Religious faith ought therefore to be a constant fount of humility; for it ought to encourage men [sic] to moderate their natural pride and to achieve some decent consciousness of the relativity of their own statement of even the most ultimate truth.” (1944, p. 135).

In short, Polanyi with the Owen quote and Niebuhr with the Serenity Prayer are both seeking to convey to their audiences a political ethic that can be termed “empowerment without hubris”. They are seeking to affirm Marxism’s optimism about the possibilities of a radical transformation of society while stripping away the dogmatic certainty that history is on our side. Niebuhr had clearly identified the dilemma in 1932:

“The inertia of society is so stubborn that no one will move against it, if he cannot believe that it can be more easily overcome than is actually the case. And no one will suffer the perils and pains involved in the process of radical social change, if he cannot believe in the possibility of a purer and fairer society than will ever be established. These illusions are dangerous because they justify fanaticism; but their abandonment is perilous because it inclines to inertia.” (221)

Hence, the need for a standpoint that empowered people to press for change without fostering utopian illusions

Both Polanyi and Niebuhr are also, in effect, responding to Weber’s (1946 [1919]) powerful argument in “Politics as a Vocation” about the dangers of an ethic of ultimate ends—whether it is Christian Pacifism or Marxism.² Weber wrote: “If, however, one chases after the ultimate good in a war of beliefs, following a pure ethic of absolute ends, then the goals may be damaged and discredited for generations, because responsibility for consequences is lacking....”

(126) Weber's point is that when the end justifies the means, a well-intentioned movement can easily go astray.

But Weber did also suggest a possible way forward. He contrasted the ethic of ultimate ends with the ethic of responsibility in which one attends to the immediate consequences of one's actions, but then he says that: "...an ethic of ultimate ends and an ethic of responsibility are not absolute contrasts but rather supplements, which only in unison constitute a genuine man [sic]—a man who can have the 'calling for politics'." (127) Weber imagined this synthesis only for an individual politician, but Polanyi and Niebuhr were trying to formulate a synthesis for a transformative social movement. They are, in effect, trying to construct a non-utopian utopia.³ Polanyi is acutely aware that utopian ideas are extremely important in empowering people. He labeled market liberalism as utopian precisely because he recognizes the power that such ideas exert in the political arena. And yet, Polanyi also recoils from utopianism in his repeated insistence on coming to terms with "the reality of society". So the idea is to engender confidence in the capacity of human beings to create a more just and more democratic social order without blinding them to the limitations inherent in the exercise of human agency.

The Dilemmas of Socialist Transformation

Polanyi's commitment to this political ethic of "empowerment without hubris" helps us to make sense of his views on the key debates that divided socialists both in the 20th century and today. These debates center on three principle issues. The first is what constitutes socialism or what would a socialist society look like in its institutional design. The second is how the transition to socialism will be accomplished. Will it come through an electoral strategy or through popular mobilization or some combination of the two? Will it happen suddenly or

incrementally over a long period of time? The final question is whether socialism can be realized in a single country or whether it requires a global transformation. Let us look at these questions in turn.

Envisioning Socialism

In *The Great Transformation*, there are a number of places where Polanyi implicitly endorses Niebuhr's critique of the Marxist tradition for imagining that the problems of human existence can all be solved through a political transformation. For example, Polanyi distances himself from Marxist arguments about the possibility of creating a social order that was fully transparent. Towards the end of the book, he writes: "It was an illusion to assume a society shaped by man's will and wish alone." (*GT*, 266) Polanyi's focus here is on the ideas of market liberals, but the indictment extends to Marx. In *Capital*, Marx makes the argument that within the bourgeois order, relations among human beings come to be perceived as relations between things as when wages appear to be determined by impersonal market forces. Marx is explicit that in what he calls the community of free producers, social relations will become completely transparent; people will know exactly where they stand in relation to others.

In his writings in the 1920's, Polanyi embraced this idea of transparent social relations, but by the time he writes *The Great Transformation*, he had come to see complete transparency as an unobtainable goal. The issue is that human beings live within cultures in which some things are transparent and others cannot be. Marshall Sahlins, who was deeply influenced by Polanyi, argues powerfully in his 1976 book, *Culture and Practical Reason*, that Marx reproduced the error of bourgeois modernity in imagining a society that was based entirely on practical reason. For Sahlins, modern men and women are just as much prisoners of their culture

as were the Trobriand Islanders studied by Malinowski. To be sure, Polanyi continued to embrace Marx's goal of creating a social order that is shaped to the greatest extent possible by the collaborative agency of those who live in the society. But he also recognized that people need predictability and stability and that means certain social practices will inevitably be perceived as natural and unchanging.

Polanyi also broke with Classical Marxism in rejecting the whole idea of the withering away of the state. Here again, the influence of Max Weber is clear in *The Great Transformation*. Polanyi writes:

“Freedom's utter frustration in fascism is, indeed, the inevitable result of the liberal philosophy, which claims that power and compulsion are evil, that freedom demands their absence from a human community. No such thing is possible; in a complex society this becomes apparent.” (265-266).

Polanyi's point is that real freedom involves recognizing the necessity of power and compulsion and finding ways to control and contain their misuse. So while his target continues to be market liberalism, the critique applies equally to the Marxist claim that solving the problem of class power will, in itself, bring state power under the control of society. For Polanyi, the strengthening of democratic institutions and the expansion of civil liberties are absolutely necessary to manage the power that derives from the state's legitimate monopoly of violence.

It follows that Polanyi's vision of socialism was deeply democratic. In fact, he defines socialism in *The Great Transformation* this way: “Socialism is, essentially, the tendency inherent in an industrial civilization to transcend the self-regulating market by consciously subordinating it to a democratic society.” (264) While Polanyi had a lifelong fascination with Russia and an overly optimistic belief that Soviet institutions could be reformed in a more democratic direction (Dale 2016), the Soviet Union did not conform to his definition of socialism.

His definition also suggests that Polanyi believed in an incrementalist process of transitioning to socialism. He is not employing here the standard Marxian binary in which capitalism is on one side of a great transition and socialism is on the other. He is arguing rather that the process of attaining socialism dates back to the 19th century and will continue far into the future as this inherent tendency of strengthening the democratic control over the market moves forward. This is another aspect of empowerment without hubris; the elimination of various evils will not happen overnight. It will happen over an extended period of time as people learn the skills required to exert greater democratic control over their society.

It also follows that the achievement of socialism is a process of building new kinds of social institutions through which this democratic control of the market is achieved. For Polanyi, the Marxist concept of emancipation is simply too abstract. Polanyi was always concerned with imagining the actual institutional structures through which people would exert democratic control in a complex society. This was clear in his early enthusiasm for G.D. H. Cole's (1920) vision of guild socialism that mapped out how worker control of industry could be combined with the institutions of parliamentary democracy. Polanyi's contribution to the socialist calculation debate makes clear that he sees socialism as an institutionally complex structure in which constituencies would be organized into different entities that would be required to negotiate with each other. Workers' councils, for example, would negotiate prices with consumer cooperatives, but the core idea is that socialism is realized through very specific organizational structures.

This brings us back to the Owen quote. There is a strong element of pragmatism in Polanyi's envisioning of socialist construction. We do not know in advance what institutional arrangements will enhance democratic control of the market and remove many of the evils that

the market has created. In fact, our efforts might well produce new evils that then have to be remedied. His approach is similar to the democratic experimentalism that has been elaborated by Roberto Unger (1987). As democracy is expanded, the citizenry comes to recognize the need to engage in a continuous process of monitoring the functioning of institutions so they can be rearranged periodically to make sure that they are achieving their intended goals.

Accomplishing the Transition

There is definitely an affinity between Niebuhr and Polanyi's empowerment without hubris and the ideas of European social democracy in its heroic period in the 1930's and 1940's. Polanyi shared with social democrats the idea that the route to socialism lies through democratic politics and that there is not one single transitional moment but rather a long process of transition (Berman 2006). Moreover, in that heroic period, social democratic intellectuals understood that socialism was more than having a powerful party in control of government; it required the organization of people at the grassroots into union locals and party branches that made them an active part of the process of social transformation. But it also needs to be emphasized that Polanyi's views were very different from what social democracy became by the 1950's or 1960's. Moreover, he would have been horrified to see the policies of New Labour in England in the 2000's or of the German Social Democrats in recent decades. In other words, he believed in a deep transformation, not winning a slight improvement in the distribution of income that left the power of wealth holders intact.

A key element of Polanyi's thinking about this transition is that he rejected Marxism's view that socialism centered on the transformation of property from private to public. Similar to Swedish social democrats and the Legal Realists in the U.S. (Block 2013), Polanyi understood

private property as a bundle of rights that are defined and enforced by the legal system. When, for example, trade union rights are effectively protected by national governments, so that workers are collectively mobilized at individual workplaces, there is an opportunity to negotiate contracts that improve pay, job security, working conditions, grievance procedures, and most importantly, afford the union an ongoing voice in the enterprise.

In a parallel way, Polanyi anticipates much of the scope of modern environmental law. He argues that the commodification of land leads directly to extremes of environmental degradation as firms use the sovereignty of their ownership rights to pollute the land, the water, and the air. As a protective counter movement sets in, the absolutism of property rights are gradually qualified, so that firms are legally restrained from imposing environmental degradation on others. To be sure, there will be continued resistance to a tighter regulatory regime from incumbent interests, but Polanyi's point is simply that democratic societies have the capacity to address these issues.

In a similar fashion, Polanyi sees an expansion of individual rights as part of the process of socialist transition. He recognizes that the power of governments, trade unions, and professional organizations can represent a threat to individual freedom. Hence, the law should recognize "the right of the individual to a job under approved conditions, irrespective of his or her political or religious views, or of color and race. This implies guarantees against victimization however subtle it be." The same paragraph ends with Polanyi's resonant plea: "An industrial society can afford to be free." (264) Polanyi is responding to the way that the Soviet regime exerted pressure against dissidents by depriving them of any means to earn a livelihood. As Polanyi writes:

"The individual must be free to follow his conscience without fear of the powers that happen to be entrusted with administrative tasks in some of the fields of social life....the

‘objector’ should be offered a niche to which he can retire, the choice of a ‘second-best’ that leaves him a life to live. Thus will be secured the right to nonconformity as the hallmark of a free society.” (263-264)

In a word, those with political power should be blocked from driving dissidents into a marginal and tenuous existence.

Furthermore, Polanyi’s vision of socialism includes a considerable broadening and deepening of democratic governance. Issues such as the power imbalance between employees and employers or the amount of pollution that firms are allowed to produce would be subject to democratic deliberations. It follows as well that choices about the tightness or looseness of the supply of money and credit would no longer be left in the hands of unelected central bankers; they, also, would be shaped by democratic debate.

This deepening of democracy is explicit in Polanyi’s references to industrial democracy and the idea of employees exerting voice at the workplace. But as suggested in Block and Somers (2014, ch. 8), Polanyi’s outlook is consistent with current discourse around “empowered participatory governance”—finding ways through which citizens are able to exert increasing influence on a wide range of governmental decisions such as the allocation of resources and the prioritization of infrastructure projects (Fung and Wright 2001). Polanyi clearly saw democratic engagement as similar to a muscle that grows stronger the more that it is exercised. Polanyi imagines that the opportunity to take part in democratic deliberation at the local level and at the workplace should help to narrow the distance between voters and those that they elect to represent them at the national level. As indicated by his commitment to worker education, he believes that people can develop the skills and capacity for effective self-governance (Mendell 1994).

It follows from these points that Polanyi envisioned the transition to socialism as emerging out of an electoral struggle as a socialist party gained increasing support among voters. However, he did not imagine that winning electoral victories would be sufficient to achieve the goal of democratic control over the economy. As discussed in the next section, he emphasized the need to coordinate national initiatives with global efforts to reshape the rules and institutions governing the global economy. He understood that if the global system is organized around restrictive rules such as those of the gold standard, socialist initiatives would consistently be defeated by the machinations of bankers. Describing the politics of the 1930's, he wrote:

“Under the gold standard the leaders of the financial market are entrusted, in the nature of things, with the safeguarding of stable exchanges and sound internal credit on which government finance largely depends. The banking organization is thus in the position to obstruct any domestic move in the economic sphere which it happens to dislike, whether its reasons are good or bad.” (237)

It also follows from Polanyi's sensitivity to the ability of capital to exert power by withholding investments or by sending funds abroad that he understood that a socialist movement needed the capacity to exert counter pressure through mass strikes and mass demonstrations. This is part of the reason that he emphasized the need to build socialism from the bottom up; masses of people had to understand the need to mobilize against the power of the business community.

But while he recognized that there would be periodic confrontations in which a socialist movement would have to overcome business resistance to one or another set of reforms, he did not argue for the elimination of private property. It would seem that he believed that the interests of business were quite malleable and that they could ultimately find ways to make profits under regulatory regimes that gave significant rights to employees at the workplace and provided meaningful protections to the environment. From the 1832 Reform Act to the granting of full

women's voting rights in 1928, English businesses gradually learned how to survive within an electoral democracy. In the same way, Polanyi probably imagined, they would eventually learn how to survive within a social democratic society. But, of course, such learning could not be taken for granted; it would involve some sharp confrontations in which business would be forced to accept arrangements they despised.

Socialism in One Country?

This is probably the area in which Polanyi made his most important contribution to the theory and practice of socialism. Until Stalin in 1924 advanced the slogan of building “socialism in one country”, the prevailing view had been that the transition to socialism had to be a global process that involved a world revolution. Stalin was simply responding to the reality that the revolutionary tide of 1917-18 had receded and the Soviet Communist Party needed a proper legitimation for their continued rule. Yet as the ultimate fall of socialism in the Soviet Union and its dependent states in Eastern Europe attests, the critics of socialism in one country ultimately won the argument. They had always insisted that a handful of socialist societies encircled by capitalist regimes would develop in a distorted way that would ultimately prove unsustainable.

So here is the problem. The experiences of the 20th century meant that both approaches to socialist transition appeared to be impossible. The idea of a world revolution or even a simultaneous transition to socialism in ten or fifteen major nations seems highly unlikely given the different rhythms of political change in different nations. Yet the problem of encirclement has effectively doomed efforts to construct decent and attractive socialist societies. It is not just that the Soviet Union, China, and Cuba developed along autocratic lines without creating the

expanded human freedom that socialists have envisioned. It is also that democratic socialist initiatives such as Allende's project in Chile in the 1970's, Mitterrand's efforts in France in the 1980's, and Syriza's electoral triumph in Greece in 2015 all came to naught because they were encircled by a hostile global system. In Chile's case, it was an economic boycott combined with U.S. support for a military coup; with France and Greece, it was sustained economic pressures from outside. It seems indisputable that the inability of socialist intellectuals to provide a persuasive narrative of how a socialist transition might actually occur has been a critical element in socialism's weakness over the last four decades.

Polanyi, however, brought a new angle of vision to this question. He had watched closely the process by which the Labour Government in England in 1931 and the Popular Front government in France in 1936 were effectively forced to abandon their radical reform agendas by international economic pressures (Woodruff 2016). But he was able to recognize that what was at work was not the inherent and necessary logic of a global capitalist order, but the workings of a very specific institutional mechanism—the international gold standard that had been restored in the aftermath of World War I. His central insight was that this had been a mistaken historical choice and that it was possible to organize the global economy with a very different mechanism for regulating economic transactions among nations.

To be sure, Polanyi was not alone in this insight. The key British and U.S. architects of the Bretton Woods system, John Maynard Keynes and Harry Dexter White, came to the same conclusion (Block 1977). But among socialist intellectuals, Polanyi was a rarity in recognizing that the global rules and institutions for governing international economic transactions were political arrangements that could be changed in ways that would open space for socialist politics. Polanyi's viewpoint was vindicated because the Bretton Woods global order (1944-73), despite

its clear shortcomings, did facilitate the significant advances of social democracy in Western Europe. Moreover, the post-1973 global order of floating exchange rates and accelerating liberalization did the opposite. It pushed the world back to the era of the gold standard. Rapid global capital movements are once again a critical barrier to implementing reforms within nations and they exert periodic pressures on nations to reverse social democratic reforms that had been adopted earlier.

Polanyi's specific contribution to socialist strategy is the idea that socialists must engage simultaneously in political struggle at three or four distinct levels or scales.⁴ There is first the local level where people must be organized to participate both electorally and in trade unions and other forms of association that contribute to their collective power. There is then the national level where these local movements aggregate their power by fighting for measures that will subordinate the market to democratic politics. There is sometimes, as with the European Community, a regional governance structure where socialists must campaign for region-wide reforms that facilitate continued strong grassroots organizations at the local and national level. Finally, there is a global level where agreements are formulated on the global rules governing finance, trade, environmental policies, and an international regime of rights that is more or less successful in protecting workers, women, children, indigenous people, and others. At this level as well, socialists fight for reform measures that open up more space at the remaining levels of contestation.

This idea of the multi-level struggle for socialism provides answer to the historical conundrum of socialism in one country. As socialists gain increasing power and influence in particular nations, they push with greater intensity for reforms at the transnational level that would empower socialist activists and socialist reforms in other places. For example, global

trade rules have long allowed nations to block imports that were produced by child labor or slave labor. Imagine then that the global rules were rewritten to allow nations to exclude products produced in nations that did not have independent trade unions and collective bargaining. In this way, a transnational socialist politics could open up space for reform politics in places where it is currently impossible. With the same idea of gradually ratcheting up global standards that has been used by the environmental movement, one can envision an incremental process where most nations are moving towards greater democratic control over the market, albeit at somewhat different speeds.

Moreover, this vision of multi-level contestation incorporates the idea of democratic experimentalism. The process of improving the global level rules will inevitably involve victories and defeats since the barriers to movements effectively coordinating across international lines are formidable and movements also have to contend with the complexities of power politics among major nations. Nevertheless, the idea is that over time these democratic movements from below will develop greater capacity as people around the world come to recognize that their own futures are highly dependent on what happens at the global level.

Conclusion

This essay has been organized around the surprising convergence between Karl Polanyi and Reinhold Niebuhr who both used a single sentence in 1943 to convey an ethic of empowerment without hubris. Significantly, both men lived many years after these wartime formulations, but they did not return to this set of themes.⁵ The obvious explanation is that both men were responding to a unique set of circumstances.

Both Polanyi and Niebuhr had been passionate opponents of fascism since the early 1930's. Polanyi had left Vienna because of the fascist tide and Niebuhr who had strong family connections with Germany was closely involved with German theologians who resisted Hitler such as Tillich and Bonhoeffer. Polanyi and Niebuhr could not help but be moved by the almost miraculous scale of the wartime mobilization in the U.S. to defeat the fascist enemy. In fact, Owen's reference to the "new powers which men are about to acquire" took on new salience at an historical moment when factories in the U.S. were producing 232 new war planes every day and Kaiser's shipyard in Richmond California was launching five new battleships a week. The scale of the collective effort by the people of the United States working together with a common purpose must have been extraordinarily moving to both of these men who had spent more than a decade alerting others to the fascist threat.

It would seem that both Polanyi and Niebuhr were projecting into the future what might happen if even a fraction of that wartime collective effort were devoted to the task of creating a more just and more democratic social order. But such a projection proved fanciful. What occurred in the post-World War II period was not progress towards democratic socialism, but the intensification of the Cold War that effectively closed the door on the radical possibilities that had existed in the 1930's.

Nevertheless, the ideas that Niebuhr and Polanyi formulated more than seventy years ago are extraordinarily relevant for the political economic circumstances that that world is facing today. The crisis that the world economy experienced in 2007-2009 is remarkably similar to the crisis of the 1930's. The major difference is that governments were able to arrest the downward slide of the global economy in late 2008 and 2009, so a second great depression was avoided. Yet those same governments have not yet figured out a way to restart global economic growth.

Instead, the world economy has stumbled from crisis to crisis for seven years, so that unemployment, marginalization, and intensifying poverty plague virtually every region of the world. At the same time, as in the 1930's, there has been a broad retreat from democracy as voters throw their support to parties that embrace nationalist and anti-immigrant sentiments. The confluence of intensifying nationalism, a weak global economy, migrants fleeing warfare and economic hardship, and the initial dislocations caused by global climate change is steadily increasing geo-political tensions.

Most importantly, political and economic elites have responded to the crisis with a total lack of ideas or visions. Their only idea appears to be that a little more austerity will eventually set things right perhaps next year or the year after. In this setting, there is an urgent need for socialists to advance an alternative vision of the way forward. The time has again come for the empowerment without hubris that Polanyi and Niebuhr advocated. We know what we must do. We must have the courage to change the things we should, the serenity to accept those that we cannot change, and the wisdom to know the difference.

¹ This was a debate published in German in the 1920's that centered on the question of whether a socialist economy could be organized in a way that efficiently allocated resources. For an overview of the debate and Polanyi's contribution, see Bockman 2016.

² Both Polanyi and Niebuhr were fluent in German and would have known Weber's important speech. Sifton (2003, p. 123) reports that Reinhold and his brother Helmut came to Weber through the work of Ernst Troeltsch.

³ There is a resemblance between this non-utopian utopia and what Erik Wright (2010) has called a "real utopia."

⁴ This interpretation of Polanyi was first advanced by Block and Somers (1984) and has been further developed by Evans (2008) and Sandbrook (2014).

⁵ Niebuhr joined the ranks of Cold War anti-communists after World War II and abandoned his previous radicalism.

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