

---

## Book Review

### *The Enigmatic Life of Karl Polanyi*

**Gareth Dale: A Life on the Left. New York: Columbia University Press. 2016. 400 pages.**

Karl Polanyi<sup>1</sup> is an enigmatic figure of world social science. He became really influential well after his death, and his fame is a result of a single book. Many researchers and the few biographers now have to realise what an extraordinary life he had and how many more famous contemporaries he was connected with in various chapters of his life.

His life course, which took him through Hungary, Austria, England, and North-America, and covered two world wars, is a real challenge to any researcher, because of the need for language skills and other resources for the study of his upbringing and his scientific as well as political career, and private life.

Furthermore, Polanyi is not the person who would fit easily into the categorization of social science. Sometimes he is described as an economist, or an economic historian, but also as a sociologist and anthropologist. His name is often misspelled and he is sometimes referred to as an Austrian.

Against this backdrop, one can only start with appreciation speaking about the biography written by Gareth Dale, senior lecturer at Brunel University, London. Dale had previously published widely about the thoughts of Karl Polanyi, about German history, the political economy of the East European transition, as well as about other issues like labour migration.

This time he volunteered to write a biography of Karl Polanyi. One may argue that such a research project would have been extremely hard, if not impossible, before globalization. Dale had to arrive late enough to be able to reach out to all venues and sources within a short period. But he also had to be early enough to meet and interview persons who knew Karl Polanyi, starting with his daughter, Kari Polanyi-Levitt. For the last quarter of a century, she has been a leader and patron of the global intellectual movement promoting the legacy of her late father. Dale also benefited from consulting a number of students and followers of Polanyi.

On the other hand, the complexity of a Polanyi biography also comes from the multi-disciplinary nature of Polanyi's education, activities, and contributions. Apart from history, one needs to deal with concepts of sociology, philosophy as well as economics, which Gareth Dale does in a convincing and consistent way.

Those who decide to read this biography will most likely already have read Polanyi's main work: *The Great Transformation*. They already know about double movement, embeddedness and fictitious commodity. Dale's biography is a guide to the origins of these concepts and the magnificent book itself. We can learn from him what sort of studies, and indeed what kind of life experiences produced it.

---

<sup>1</sup> The Hungarian rendering of Karl Polanyi is Polányi Károly.

Dale tells the story of Polanyi from youth, war, revolutions, and chapters of emigration that create the elements of such a major achievement in social science. On the other hand, the two decades that follow the publication of the book, i.e. the period of American emigration give him the chance to apply the philosophy of *The Great Transformation* to teaching and anthropological research as well as editorial activity.

The book that was written by Polanyi in Bennington (Vermont, USA) explains the contradictions of the 'self-regulating market' and the 'Gold Standard', which are held responsible for the human tragedies of the 20<sup>th</sup> century. It provides deep economic and social analysis, but not a political program, so it 'can legitimately be read either as an anticapitalist manifesto or as a social-democratic bedtime story.'

We learn from Dale that the title that made Karl Polanyi so famous actually came from the publisher. The provisional title from the author was '*Origins of the Cataclysm: A Political and Economic Inquiry*'. Another possibility was: '*Anatomy of the 19<sup>th</sup> Century: Political and Economic Origins of the Cataclysm*'. Further versions were '*The Liberal Utopia: Origins of the Cataclysm*' and the most simple one: '*Freedom from Economics*'. In combination, these varieties speak volumes and carry the key messages in a more concrete way than the eventual '*The Great Transformation*'.

Together with a biography of Karl Polanyi, the reader gets two other draft biographies integrated in this book: those of Ilona Duczynska, his wife, and Michael Polanyi, his brother, who also becomes a world famous scientist. Both very strong characters, both in constant exchange of views with Karl through many decades, despite sometimes being separated by long distances, for example the Atlantic Ocean.

Love of each other and of freedom connects them, though politically they are very distinct. Ilona is more consistently communist, and Michael is more consistently liberal. Karl is the socialist in between the two, close to the British Fabians, appreciating the New Deal, and assuming that European social democracy remains committed to its 'maximum program'.

While on the one hand Polanyi remains more moderate in politics than his wife, he does not agree with his brother Michael either when the latter starts writing critical observations about the Soviet Union. Indeed, Ilona and Michael are so close to Karl and so important in his life that one would expect to read a little about what happened to them after Karl died in 1964. (Michael lives until 1976 and Ilona dies in 1978 in Canada.) However, since this is primarily an intellectual biography, the *Epilogue* is about the continuing relevance of the ideas of Karl Polanyi at the time of globalization. Polanyi may have thought that free market doctrines will never come back again in a dominant role. However, since the 1970s, neoliberalism revives many elements of pre-Keynesian economics.

Dale is right to highlight the relevance of the Polanyian critique of self-regulating market in the context of global neoliberalism. His argument could be made even more powerful by adding that Polanyi's critique of the Gold Standard is also highly relevant in the context of the ordoliberal Economic and Monetary Union.

Neoliberal globalization explains why in the 1990s *The Great Transformation* is published in many more languages and editions, and Karl Polanyi becomes a star, if not a cult figure for social scientists outside a privileged mainstream. Surely, readers of

his book may ask where the author came from and how his very complex and sophisticated masterpiece was written.

Karl Polanyi's life is a trilogy. Volume one is about his upbringing and the years of youth in Austria-Hungary, with serious studies and fighting, and the development of political consciousness feeding on the fall of the liberal order and the rise of romantic socialism. Volume two begins with emigration from Hungary, and it covers the decades of European emigration, when the rise of fascism is the key issue of politics, economics, society and eventually the international order. Volume three is the American emigration, when the ageing Polanyi continues his research in economic history and anthropology but also engages in the intellectual dialogue on the cold war and peaceful coexistence.

Gareth Dale organizes this trilogy into seven chapters. The first two deals with the early years (the second devoted to world war one alone). Chapters 3-5 cover the decades of European emigration (Vienna and London), and lead us up to the publication of the *opus magnum*: *The Great Transformation*. From the last two chapters we learn what happened after World War Two, and in an *Epilogue* Dale elaborates on 'a lost world of socialism'.

Dale provides an excellent overview of the world of assimilated Jews in Hungary, and how this social background impacted on the intellectual development of young people growing up in Budapest (and more precisely in Pest). It is just stunning how many famous social scientists emerged from this Budapest environment; outside the Polanyi family, Georg Lukacs (György Lukács), Karl Mannheim, Arthur Koestler, Bela Balazs (Béla Balázs), with a great variety of often adventurous emigrant careers. (The only thing even more astonishing is how many leading natural scientists came from the same city in the same period: von Neumann, Teller, Szilard (Szilárd), Lanczos (Lánczos), Karman (Kármán).)

Karl Polanyi, who is today a general point of reference for socialist and green intellectuals and activists, did not come from a working class family. Why and how he became part of a left-wing intellectual movement in Budapest is a legitimate research question. University, a 'bastion of anti-semitism' accelerated Polanyi's radicalization. He was expelled from the law faculty in Budapest because of a fight and had to continue his studies in Kolozsvár (now Cluj-Napoca in Romania). After returning to Budapest, he became the first president of the Galileo Circle (Galilei Kör), a group radical scholars and students formed to deepen and spread their thoughts. He was introduced into the Freemason's lodge, but more importantly, he took on the leadership of the Committee for Workers' Education.

The Galileo Circle had many Social Democratic members, but it was not affiliated with the Social Democratic Party at all. Monist theoretician Ernst Mach had great influence over the young Polanyi in the Galileo period, together with authors like Chesterton, Dostoevsky and Tolstoy.

In Dale's book, there is more focus on why and how he became left-wing, as opposed to why and how he became so well educated and intellectually creative. What concerns language skills, we learn from a half paragraph that the young Polanyi grew up with German and Hungarian, and very quickly learned English, French, but Latin and Greek as well.

In 1914 Polanyi finds himself hesitating between three possible careers: lawyer, sociologist, or politician. In the same period he also had to do more to support his family. 'Habsburg Jews' (people of Jewish origin living in Austria-Hungary) supported the war and Polanyi finds himself among the young men in military service in Galicia. The war remains his preoccupation and his subsequent scholarly activity is partly driven by this experience. However, there are still many episodes in between.

Readers can use the first chapters also as a short introduction in Hungarian history around the turn of century and world war one, and familiarize with some of the crucial names of this period: Tisza, Károlyi and Kun. In the shadow of these 'big beasts' of politics, you find the great intellects who influenced the young Karl Polanyi in Budapest: Erwin Szabo (Ervin Szabó) and Oscar Jaszi (Oszkár Jászi). The librarian Szabo is the father figure for Marxists, anarchists and syndicalists of the time, while Jaszi is the beacon for progressive liberalism.

Polanyi becomes the first leader of the Galileo Circle where Szabo is so influential. By the time of the war, Polanyi considers himself a liberal socialist, in the footsteps of German thinkers like Eduard Bernstein and Franz Oppenheimer. For him liberal socialism was a phrase interchangeable with reformism and radicalism. When Oscar Jaszi established the Radical Bourgeois Party (Polgári Radikális Párt), Polanyi was his 'right hand man'.

What was Polanyi's relation to Marxism and what kind of socialist he was is an important question. Dale needs to focus on this in the early years but also in later chapters of political struggle and academic development. For many contemporaries (Lukacs is an example) Marxism comes after an intellectual journey, under the revolutionary experience. Polanyi does not become a Marxist either before or after the revolutions of 1917-1919. He distanced himself from orthodox Marxism, mainly because it was considered fatalistic.

In the 1918-19 revolutionary period, Polanyi remained in a polemic relation with the Leftist of the Marxist, soviet democratic orientation, namely (Eugene) Varga and (Georg) Lukacs. But the issue was not settled with emigration. The question kept coming back in the 1920s, amid the lively debates in Vienna and to some extent the political activism of his wife, Ilona Duczynska.

It is mainly due to the publication of some earlier writings of Marx that Polanyi starts looking at him in a more favourable light, and appreciate the 'Christian content' in his works. He tends to agree that the market economy is embedding class divisions within society.

Based on Duczynska, Dale suggests that by the time of moving to England, Polanyi already 'hates' the market system, which was not the case when he was a young liberal socialist in Budapest. The actual experience of capitalism, together with the greater appreciation of Marx, may have contributed to this ever stronger condemnation of the market, which he associates with chaos and suffering, rather than efficiency and justice.

The book is not littered with dates, and since Dale focuses on explaining the evolution of thoughts and the complexity of life situations it is sometimes difficult to figure out what happened to Polanyi and Duczynska and when exactly, though we are left with no doubt that for instance a decision about moving from one country to another was really difficult.

It is certainly not only a matter of curiosity when Polanyi leaves Hungary in 1919. The point is, however, that he left for health reasons, to get medical treatment in Austria (from mid-June). Of course, even if he left because of ill health, return is completely excluded after the Commune is overthrown and a white counter-revolution takes over.

It is in (Red) Vienna where Polanyi marries Duczynska (in 1923), and starts working as an editor of an economics journal, the prestigious *Der Österreichische Volkswirt* (*The Austrian Economist*). He becomes familiar with, and a critic of the Austrian School of economics, represented among others by von Mises and Hayek.

The move from Austria takes three years for the whole family. Polanyi has to leave after the Nazi takeover of Germany (1933), while his wife remains for a little longer to continue political work in Vienna. In England Polanyi works as a journalist and a tutor, and carries out extensive research and collects most of the materials for the book.

The move from England, to the US is also very complicated, since despite Karl having an appointment at Columbia, Ilona is not given a US visa (due to her earlier political activity and her unreconstructed views). Eventually, they end up living in Canada, from where Karl commutes to New York to teach.

In the 1940s, it is not only Ilona, with whom Karl has to discuss their family relocation, but also with their daughter, Kari (born in 1923) as well. (She does not like the idea of moving to America at all. True, the US gave a chance to Polanyi to write his *The Great Transformation*, but it also remained a bastion of market capitalism, despite the New Deal.)

And indeed, at least theoretically, the US is not the only option after 1945. The end of World War Two is again a start of a new era when, as we learn from Dale, Polanyi and Duczynska did not easily agree on where they should continue their life. Fascism was defeated, but they were witnessing the 'Sovietization' of Hungary. Ilona, as a Hungarian communist, hailed this process, while Karl remained rather critical. They visit Hungary, but gradually abandon the idea of moving back.

The *Great Transformation* does not make Polanyi world famous at once, but it brings him authority in the academic world, and we find that Columbia and Chicago universities are practically competing for him. In the end, Columbia offers more than Chicago. For sure, either would definitely offer more than returning to the Hungary of Mátyás Rákosi (who happened to be a member of the same Galileo Circle as Polanyi, as Dale rightly mentions).

At Columbia, he finds himself in company with the *crème de la crème* of post-war sociology: Robert Merton, Seymour Martin Lipset, and C. Wright Mills. And it already happens here what haunts Polanyi and his work ever since: for sociologists he is too much an economist, while economists consider him a sociologist. He writes critically about his adversary: Talcott Parsons.

In the 50s and 60s, Polanyi turns to economic history and anthropology which produces his book *Dahomey and the Slave Trade* (published posthumously in 1966). But he also engages with the key debates of the time: the effects of new technology, industrialization and modernization in the area of economic sociology, and the cold war in the area of international relations. He works hard to launch a new journal,

*Coexistence*, with fellows like Joan Robinson, but his terminal illness prevents him from seeing this project blossom.

In Dale's book, Polanyi comes across as a principled but open minded person. He admires many things: books, colleagues, political developments, but draws a red line when something is against a principle he considers fundamental. For example, he is thrilled by the 1956 Hungarian uprising, but he refuses to cooperate with fora where the CIA is suspected to be in the background. Working on *Coexistence*, his endeavour is to bring together authors from both East and West, thus deepening mutual understanding and convergence.

The book mentions several outstanding authors who were in direct contact with Polanyi at Columbia as students: David Landes, Abe Rotstein, Terence Hopkins, Immanuel Wallerstein. But if you look at Wikipedia, there is a long list of economic sociologists and post-Keynesian economists who are considered to have been influenced by him.

Polanyi's life becomes inseparable from politics, but he always remains a scientist, a researcher, and a professor. From youth, he is inspired by Hamlet, which also has an influence on his method: complex analysis, but refusal to 'set the world right'. Such explorations in Gareth Dale's book help understanding Karl Polanyi's life, the origins of his main book, *The Great Transformation*, and the meaning of social science in the 20<sup>th</sup> century.

László Andor ([laszlo.andor@btinternet.com](mailto:laszlo.andor@btinternet.com))

Head of Department of Economic Policy at Corvinus University  
(Budapest), Senior Fellow at Hertie School of Governance (Berlin) and Visiting  
Professor at ULB (Brussels)