

RE-READING POLANYI IN TIMES OF POPULISM

Christopher Holmes, *Polanyi in Times of Populism: Vision and Contradiction in the History of Economic Ideas*, Routledge, 2019, pp. 175.

Holmes' book was written after the experience of the 2008+ crisis and the 2016 manifestations of populism (Trumpism, Brexit). In response to this experience, it claims the following: on the one hand, the mainstream of modernism (positivism) lived through the crisis, on the other, the developments described lately as populism seem to confront its essence, namely 'economic perfectibility'. The line of argumentation is meant to resonate with Karl Polanyi's analysis in his seminal book *The Great Transformation* (1944/2001).

In order to reveal what is actually being challenged today in economic thinking, Holmes refers to Polanyi's view on what market-oriented economics has been about. Namely, this discipline came to present the new economic problems of the market society in terms of logical contradictions, such as between the needs of industry and the stewardship of the environment, between the provision of welfare and the productivity of the workforce, between the principle of sound money and the demands of national economic management. According to Holmes' understanding: 'Rather than accepting the existence of plurality in what ends the economy is required to serve, the idea of the "market", for Polanyi, amounted to the attempt to transcend those contradictions with recourse to modernist tropes of universalism and biological essentialism. The result was a series of overly hopeful visions of the potential for social and economic order to be realised through the self-regulating logic of price' (pp. 14–15). In sum, in this Polanyian characterization of market-oriented economics, contradiction and transcendence constitute the new.

Holmes engages in a broad history of ideas to claim that 'the very presentation of the nature of the economy in terms of contradiction has led theorists to find ways to conceptually transcend each contradiction in one way or another' (p. 148). The author begins by tracing this line of argument back to Adam Smith and his predecessors to show how this kind of theorizing was developed by liberal economists. Next, he critically examines this mindset from the angle of Polanyi who, although he relied heavily on lessons from the failure of the Gold Standard, was in fact a critic of Western modernity as a matter of fact. Where Polanyi arrived, Holmes gets started tracking 'transcendent versions of economic perfectibility' in the post-Polanyian period. He argues that 'this transcendent mindset had its roots in economic theory' which sought to deal with tensions over the twentieth century by finding new ways to transcend each contradiction (p. 148).

In Western political economic thought, 'the structure of argument has often been presented in terms of logical contradiction between the benefits of competition and the costs of monopoly, between the freedom and the power private property affords or between the need for habitation and the desire for improvement' (p. 148).

The modernist worldview, in the philosophical sense which liberal-economic thought absorbed from its very origins, means 'a faith in technological progress, technocratic efficiency and the rationalisation of economy and society' (p. 137). According to Polanyi, Western modernity emerged in the shape of laissez-faire ideology on the one hand, and totalitarian collectivism and the dictatorial state – fascism and communism – on the other. According to Holmes, the modernist worldview applies also to those late-twentieth-century visions founded on simplistic understanding of the market, in particular the one he calls 'marketised social protection'. He claims: 'If laissez-faire, fascism, communism and the New Deal were indeed the last survivals of modernist economic ideology, then these programs of marketised social protection were perhaps its ghostly apparitions, reflecting the same desire to find coherent, conceptually unified way of understanding the economy, and a correspondingly hopeful vision of how it might be ordered and rationalised' (pp. 137–138). By the 'marketised social protection' label, Holmes means mainly the late-twentieth century Third Way approach to the provision of welfare. This idea accepted that the contradiction existed, then suggested that it was possible to transcend it through policy de-

sign. However, it was utopian, since it rested on overly simplistic assumptions regarding market behaviour: 'To think that self-interest could so easily be steered to produce social goods is a type of economism different to, but every bit as fallacious as, the type that Polanyi identified' (p. 139).

Thus, taking the modernist worldview and a special 'contradiction-transcendence' analytical line brings us to the very meaning of 'perfectibility' in this book. Holmes argues that, instead of getting stuck with the modernist mindset, we need to admit that we need a balance between ends that cannot be perfectly reconciled. Minds have to be set on trade-offs and debate, notwithstanding the fact that '[v]isions of perfectibility sold well because they promised a world without contradiction, and that is a very appealing promise indeed' (p. 149).

What came to be known as 'populism' nowadays seems to confront this essence of modernism in a broad sense. The term applies to a variety of insurgent movements in the US and many European countries as well as to political parties which have emerged there from outside of existing structures of party politics, introducing themselves as 'anti-establishment'. What they have been fed by was a widely felt sense of economic insecurity, coupled with, for example, stagnant wage growth or growing inequality that intensified especially after the experience of the 2008+ crisis. The political ideologies at stake seem to reject central precepts of the liberal economic order and the broad consensus on the virtues of international economic integration and cooperation, with economic nationalism and demands for protectionism as alternatives. Populism of the twenty-first century within international society manifests itself in insulation and confrontation rather than integration. This stance, from the perspective of Holmes' book, can be perceived as opposition to the philosophy of economic perfectibility, because it obviously puts into question a world without contradiction and, moreover, challenges the promise of the political and economic mainstream to overcome contradictions once they emerge. In a nutshell: 'people ... have had enough of experts' (p. 5).

Reading Holmes is exciting, mostly due to such points as the one just made in the previous paragraph of this review, where theoretical constructs allow contemporary developments to be viewed in a new light. This is what Holmes also tries to do with regard to the 2008+ crisis. According to Holmes, the concept of marketized social protection was the last case of a win-win outlook so typical of economic perfectibility; in 2008, this all changed. His argument, again, relies on theoretical framework borrowed from Polanyi, with a focus on the 'improvement-habitation' dialectics. The tension between habitation and improvement is a master contradiction in public discourse on political economy. This is a contradiction between economic growth and profitability (the desire for improvement) on the one hand and stability and security of livelihood (the need for habitation) on the other hand (pp. 10–11). For Polanyi, this was a generic contradiction of capitalism (p. 148). Holmes, Polanyi's follower, implies the same by choosing it as a cornerstone of his analysis; the whole third part of his book is devoted to it. For him 'marketised social protection' is one of the exemplifications of how this tension has been transcended. In the Western world at the turn of the twentieth and twenty-first centuries, the idea was to marry conceptually the desires of financiers, that is, 'improvement' in the Polanyian intellectual framework, with the needs of society, that is, 'habitation'. The contradiction was acknowledged and transcended by policy design that introduced the commercialization and privatization of previously publicly administered welfare. After the 2008 crisis, however, instead of the contradiction between them being acknowledged and then transcended once again, improvement became prioritized over habitation or vice versa (pp. 139–143). In this very special sense, then, the post-2008 experience can be perceived as a turnabout in the underlying mode of problematization in terms of contradiction and the potential for transcendence.

Holmes' book is a worthy study for a couple of reasons. It is an inspiring example of how the 'old' concepts of the master can be taken up skillfully in order to explain contemporary ideational processes. Contradiction and transcendence, habitation and improvement, put the post-crisis tensions and populist movements in a new light.

Moreover, it is smart in creating notions of its own in order to describe the ideational processes more precisely. Economic perfectibility served in this review as a single example of such a notion. In the book, this notion helps an engaged reader find an interesting thread. In the classical-economic vision, perfectibility first emerged as the self-regulating logic of price. Second, it also took the shape of (private) property. Such a world deserved to be considered as 'perfect' as

long as property meant a new social order without coercion, and coordination by natural prices was meant to save individual freedom. This idealistic vision is still taught in academia, and is strongly tied to the popular understanding of economics. No matter that in the real world the concentration of private property brought monopolistic prices, which definitely spoiled price-led coordination. No matter that the more private property became concentrated, the more it needed to be backed by power, which opened the way to state intervention and coercion. This 'fall from grace' became evident almost instantaneously; however, economic theory has been developed further in this classical vein, getting more and more sophisticated, because theoretical cover of this kind was apparently appealing. Holmes' book, interestingly enough, uses these concepts to expose economic liberalism as a 'secular religion'. It shows how the theory has been used to transcend economic contradiction in political economy, and draws away the veil from such an economic thinking to recall once again alternative patterns of cognition.

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