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Karli vagyok (je suis Charlie): Karl Polanyi, embedded moral economy and Hungary today

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Karl Polanyi (1886–1964), the seminal figure of substantivist economic anthropology, is nowadays a source of inspiration throughout the social sciences. For some years I have been trying to apply his critique of market society to the regions of Central Europe where he was raised, in particular Hungary. What follows is based on my contribution to an event organized on 23rd April 2015 by the recently established Karl Polanyi Research Center of Global Social Studies at the Corvinus University of Budapest.¹

Substantivist economic anthropology and the critique of global market society

Karl Polanyi (in Hungarian Polányi Károly) has a unique standing in anthropology. Trained as a lawyer, he later made his living as an economics journalist before winding up as a comparative historian. Although he was never an ethnographer, his chapters in a volume of essays that he co-edited sixty years ago in New York became a manifesto for the substantivist school in economic anthropology. Polanyi opposed the axioms of Aristotle to those of Adam Smith. He distinguished human economy, in the sense of meeting substantive needs in a particular environment, from the universalist sense in which agents economise by making rational choices in conditions of scarcity. The latter was the basis of mainstream (“formalist”) economics but, according to Polanyi, this approach was unhelpful in analyzing the great majority of human economies in time and space, which were thoroughly embedded in social contexts (politics, religious beliefs, kinship etc.). Polanyi’s critique was carried forward after his death by the development economist George Dalton and by anthropologists such as Paul Bohannan and Marshall Sahlins. Unfortunately the latter soon lost interest and the substantivist critique went out of fashion in the 1970s, when neo-Marxists argued that everything could be explained by class conflict and the mode of production. In anthropology, Karl Polanyi has yet to be adequately rehabilitated. This state of affairs is a sad reflection on

academic fashions. It must be admitted that the neglect also has something to do with Polanyi's prose style, the intellectual demands he makes of his readers, and the absence of original ethnography to support his arguments concerning the embeddedness of the economy. Careful scrutiny reveals that some of the most exciting work in economic anthropology nowadays does bear the imprint of Karl Polanyi, though often this is not acknowledged as fully as it might be.

Outside anthropology, Polanyi's star has never been higher. Many scholars have perceived the relevance of his 1944 opus magnum *The Great Transformation* to the neoliberal agendas which began to spread in the 1980, and which since 2008 have spawned exactly the consequences he would have predicted both for the financial sector and for the substantive economy. Gareth Dale (Brunel University) published an excellent introduction to Polanyi's oeuvre in 2010 and is currently putting the finishing touches to a full intellectual biography (to be published by Columbia University Press). Also in Britain, in 2014 Chris Holmes edited a Special Issue of *Economy and Society* devoted to various aspects of Polanyi's life and the contemporary significance of his work. Jean-Michel Servet, Jérôme Marcourant, Jean-Louis Laville and Alain Caillé have been among the most influential disseminators in the French-Speaking world. In North America Fred Block and Margaret Somers have recently gathered together their most important essays illuminating Polanyi's relevance to the new "market fundamentalism". Even a critic such as Nancy Fraser, who considers Polanyi's stark opposition between market and society to be simplistically "communitarian", nevertheless finds his perspective and conceptual tools to be of great value in mounting a progressive feminist critique of capitalist domination. Meanwhile the Karl Polanyi Center for Political Economy at Concordia University, Montreal, continues to organize regular conferences all over the world, and to maintain Polanyi's personal archive.

The fictitious commodities in Tázlár

Recently I have found Polanyi's toolkit useful in tracing the *longue durée* history of a settlement on the Great Hungarian Plain (I can only regret that, blinded by the fashions, I did not make any use of his work in my dissertation research in the 1970s). Tázlár lies between the Danube and Tisza rivers, in a region which was evacuated following the Ottoman occupation. It was not resettled densely until the last decades of the 19th century, when large estates were parceled out and sold by new capitalist institutions. Most immigrants came from over-populated rural districts further east. They built their farmhouses on their plots, which varied greatly in size and fertility. Only in the socialist decades did a nuclear village develop, and the outlying *tanya* population remains significant to this day. The socialist onslaught on the semi-feudal hierarchies of "Hungarian peasant society" (Ferenc Erdei) took an unusually mild form in this region. Most families were able to continue farming on a household basis, often on the same

plots they had owned previously, though the land market was now repressed. They were assisted by a “lower” form of cooperative which provided mechanized services and assistance with marketing. These pragmatic arrangements enabled unprecedented private accumulation and facilitated the consolidation of public, “civilizing” institutions. The villagers of Tázlár were nevertheless ungrateful. The most articulate among them campaigned in 1989-90 for the full restitution of private property, a process which dragged on into the new century and ended with the liquidation of the former cooperative. Today the land is once again in private ownership, but EU subsidies to farmers are insufficient to make commercial farming a viable proposition in this rather infertile region. Only a few specialists in grapes and poultry production have prospered as agrarian entrepreneurs. Young people have left the village in droves. Large areas of land are now left uncultivated and the land market is almost dead (though plots do occasionally change hands for sizable amounts if conducive to the expansion of an existing vineyard).

Concomitant with the development of a market in land from the late nineteenth century, this very unequal community needed some form of labour market. The owners of larger holdings generally met some of their needs through taking in the children of poor peasants as farm servants (*cseléd*). In addition, they hired day-labourers at peak periods. These unequal relationships were negotiated within the conventions of a local moral economy, expressed in regular gifts of produce to the native households of the *cseléd* and in the provision of hospitality to day labourers. These institutions were suppressed in the early socialist decades, though day-labour reappeared from the 1970s when it became possible to plant vines privately. Today’s large-scale producers still need to hire labour, especially in the harvest season. Until very recently there was an abundant flow of workers from Transylvania but, under pressure from Brussels, the Hungarian state is trying to ensure that tax and insurance contributions are paid for every day worked and this is affecting the migration patterns. Employers have responded by mechanizing production processes wherever possible. This reduces the need for additional labour but also perforce the money flowing into poorer household economies within the village, forcing more of their members to seek their fortunes elsewhere. The commensality which formerly characterized harvesting groups has disappeared: nowadays one can earn the equivalent of 20 Euros for a 10 hour day, but the provision of a generous lunch and liquid refreshment throughout the day has ceased. This is of a piece with the decline of inter-household cooperation in housebuilding (there is no demand for new houses and many families are trying in vain to find buyers for the fine new houses they constructed in the last decades of socialism) and in wedding celebrations.

In short, the embedded village economy I studied in the 1970s, which maintained a careful balance between the Polanyian “forms of integration”, has been supplanted by a postsocialist economy from which viable householding and the spirit of reciprocity have largely

disappeared. Meanwhile, the forms of market exchange and redistribution have been accentuated. The most interesting form of redistribution in recent years has been the institution of workfare (*közmunka*), which allows the Mayor to employ suitably deserving members of the unemployed for a variety of communal tasks. No stigma is attached to such jobs. They are based on short-term, often seasonal, contracts, which are renewable at the Mayor's discretion. The Tázlár Mayor, in post since 1994, was generally respected for the way in which he had implemented this scheme, and for his performance more generally. He was an Independent, though he had originally been supported by the Independent Smallholders' Party and was considered to sympathize with Viktor Orbán's FIDESZ, the dominant political party nationwide since 2010. In the local elections of October 2014, however, the Mayor was opposed by a young teacher who ran for office as the official FIDESZ candidate. Confident of victory, the long-serving incumbent invested minimal effort into his campaign (which clashed with the peak period for his vineyard activities). His young rival triumphed by just 24 votes, a narrow margin which suggests that, in addition to his door-to-door campaigning, the balance might have been tipped by the visits of leading FIDESZ politicians from county headquarters to convey the message that the prospects for rural development would be improved if the Mayor was a FIDESZ party member.

Hungary and the moral economy of Eurasia

As the former Mayor of Tázlár put it to me during a recent visit, in Hungary nowadays many things are not quite what they seem. Like other friends, he is aware of the very negative image of his country in Western Europe (especially in the liberal German media) and he considers this to be a distortion. Indeed, Hungary is complicated. It is obviously too simple to claim that a disembedded market principle has become hegemonic. Some Tázlár youngsters have fetched up in London as a result of EU entry and the free movement of labour, but others have been enabled by the state's workfare schemes to remain in the village. Agricultural land is everywhere a commodity, yet it remains subject to a panoply of controls and full legal ownership remains the prerogative of Hungarian citizens. The FIDESZ government has intervened to re-appropriate agricultural land which, through a range of dubious postsocialist mechanisms, had passed into Austrian hands, enabling agribusiness interests across the border to exploit cheaper market conditions in Hungary. This sort of interference (which occurs in almost all sectors of the economy) shows that power holders are far from adhering to a Hayekian minimum-state vision which sacralizes private property and the market. Karl Polanyi would have no trouble in theorizing these recent developments in terms of the "double movement". As the sweep of the market extends and inequalities increase globally, but also within the EU, society seeks means of national self-protection. The interventions of FIDESZ are designed to answer this need (and they no doubt contribute to its electoral success). I am grateful myself that political manifestations of the double movement in Tázlár have so far led

only to the installation of a FIDESZ member in the Mayor's office. I am not sure I would be able to continue my fieldwork there if a candidate of the more extreme nationalist Jobbik party were to be elected (nowadays this is the strongest opposition party).

These are some of the ways in which the concepts of Karl Polanyi can illuminate current trends in Hungary, at micro and meso levels. It follows that there are many good reasons to welcome the establishment of this Center which bears his name. If we could conjure him back, Polanyi himself would surely be flattered that his ideas are being brought back into the public sphere in the city where he was an influential student activist before the First World war. He would, however, be immensely sad to observe that the gap between town and country, between *urbánus* and *népi*, had widened so dramatically. Socialists such as Ferenc Erdei tried hard to close that gap. They enjoyed some apparent successes in villages such as Tázlár, whose scattered inhabitants were finally incorporated into the national society and integrated into a new socialist civilization. But those socialists did not reckon with the power of peasant attachment to smallholder ideologies, especially private property and the market. There is an important lesson here for left-leaning intellectuals today. It does not help to be contemptuous of these values, whether they be those of "post-peasants" or ex-proletarians in the cities. People are voting for neo-populist political parties all over Europe, in towns and countryside alike, because other parties have let them down and left them feeling helpless. At this juncture Polanyi, who spent so much of his life tracing the deeper causes of Fascism, would call for more humanist empathy. Though he was not an ethnographer, he might approve of a discipline which found his theoretical apparatus useful to explain the phenomena observed in the field, but the real value added of which was to highlight how these contradictions play out at the micro-level, in subjective life-worlds.

At the end of a lively discussion, Vlad Naumescu (who obtained his PhD in Halle and is currently Assistant Professor at the Central European University) queried my repeated use of the term "respect" in my discussion of the small-scale community in Tázlár. I took this as an invitation to engage in my concluding remarks with moral economy. It is not surprising that, although this concept as such does not occur (to the best of my knowledge) in any work of Polanyi, it is commonly associated with him and the substantivist school. Certainly it is compatible. The moral economy is the antithesis of the market model of the formalists (and also of insidious later developments such as the "new institutionalism", which has little in common with the "old institutionalism" of Polanyi). But moral economy also stands opposed to Marxist political economy, at any rate to the socialist science of historical materialism, which was based on a form of economic determinism which Polanyi rejected as firmly as he rejected the bourgeois "economistic fallacy".

Elaborating the concept of moral economy will be an important theme of the ERC project

“Realising Eurasia: Civilisation and Moral Economy in the 21st Century”. The Hungarian case has some unique features, particularly those deriving from relatively positive experiences in the later decades of socialism, which allowed for pragmatic balances between the four forms of integration identified by Polanyi. This “embedded socialism”, however, never succeeded in consolidating moral legitimation. There were many reasons for this, some to do with nationalism and the political history of a nation which until 1918 participated in an unusual imperial project, and others pertaining to the importance of market and private property in the ideology of smallholders everywhere. Karli, as Polanyi was known to family and friends, did not live to witness these developments and unravel their complexities. But his contributions to economic anthropology, his critique of market society, and his political engagement to seek remedies for its ills, suffice to ensure him a prominent place in the pantheon of REALEURASIA thinkers. After Aristotle, let us acknowledge another major source of enduring inspiration: *Karli vagyok* (I am Karl, je suis Charlie).

¹ See <http://polanyiresearchcen.wix.com/polanyi>

This event was titled “Karl Polányi for the 21st Century”. I thank Attila Melegh, Director of the Center, for his invitation and hospitality and also my fellow panelists. Mihály Sárkány emphasized the unity of Polanyi’s work, outlined his impact on economic anthropology, and noted how his turbulent life-course in effect substituted for conventional ethnographic fieldwork. György Lengyel discussed how economic sociologists, notably Mark Granovetter, have adapted and transformed Polanyi’s concept of embeddedness in using it for the meso-level analysis of networks and institutions. Throughout the evening, panel Chair Sándor Striker interjected personal insights into the life of his great uncle, and at the same time into the tensions of Hungarian society today.

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