

Economics for the future – inspiration from the writings of Karl Polanyi

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1. Introduction

After the global financial crisis of 2007, there has been widespread dissatisfaction with conventional economic theories, which provided no warning signs.

This gave rise to restrained optimism among post-Keynesians. Marc Lavoie (2010) asked if this gave rise to a 2nd Keynesian revolution? He gives the answer himself: Government employers became disillusioned with economics as the financial crisis has shown the futility of standard economic advice and theories. This may give rise to heterodox dissenters (including post-Keynesians) to improve their standing in the social sciences in general, as they will be more likely to look for alternative views. However, there will also be forces within the economics profession and the population that are resistant to a new Keynesian revolution.

Later Lavoie (2019) later gave a lecture in Berlin with the title History and fundamentals of Post Keynesian Macroeconomics, where he calls for engaging more with other heterodox schools to improve or complete some aspects of post-Keynesian economics. These can be themes such as ecology, feminism, behavioral economics, or development of clear sets of policy recommendations

With his unconventional writing, Karl Polanyi (1886-1964) is a clear candidate that Lavoie must be looking for. Not least Polanyi's book *The Great Transformation* from 1944 has a surprisingly great relevance in these years. Today's crises can rightly be regarded as another movement through a major transformation, where the current neoliberal era has triggered similar crises as Polanyi has described for the 19th century.

In Polanyi's historiography of the failure of liberal capitalism in the nineteenth century, he mentions four elements that helped liberal capitalism thrive and at the same time hastened its collapse – these are the self-regulating market, the gold standard, international peace, and liberal constitutionalism.

There are, of course, notable differences between the liberal capitalism of the 19th century and the variety of capitalism that has emerged especially since the 1970s in the era commonly known as globalization. Thus, it can also be stated that the social structures which are Polanyi's four elements do not completely determine the actual situation. (Goldmann, 2017)

The very unique and particularly thought provoking in *The Great Transformation* (1944), is Polanyi's absolutely alternative approach to the classics' assumptions about factors of production - the three fictitious goods: labor is thus another name for a human activity that accompanies life itself, which in turn is not produced for sale, but for completely different reasons, and nor can that activity be separated from the rest of life, stored or mobilized; land is another name for nature

which is not produced by man; money is merely a sign of purchasing power, which is usually not produced at all, but is created through the banking or government financing mechanism (Polanyi, 1944, pp. 75-76).

However, it is not just a matter of a new breakthrough in economic thinking and thus a showdown with the classics' thinking about land, labor, and capital. Polanyi also takes a methodological stand against the mainstream view of economics. There is a fundamental need for a different set of concepts to understand sweeping transformations that balance economy, society, and environment. Polanyi sets out to distance himself from a formal definition of economy and develops instead a substantive alternative which is based on the relationship between basic needs, nature, and institutions (Alenda-Demoutiez, Juliette, 2022).

In the following, it is the intention, based on Polanyi's methodological and theoretical approach, to assess what consequences these insights may have for the subject of Post-Keynesian economics in the future.

But first, we begin by defining Polanyi's methodological approach. This is decisive for the analysis results he reaches. Next, the purpose is to give a brief characterization of the analysis framework, including especially the phenomenon of the self-regulating market, as well as the notions of the embeddedness of the economy in society as a whole and the so-called double movement. Polanyi has given a characterization of the collapse of the self-regulating market in the 19th century. This realization is reassessed in a contemporary setting by taking a closer look at 3 examples of the fictitious goods in the EU context - especially after the establishment of the internal market and the common currency. In the last section, some more general consequences of Polanyi's approach are described for how this can be envisaged in Post-Keynesian economics in the future.

2. Polanyi's methodological approach

Polanyi (1977, p. 3) sets out two perspectives from which to approach economic analysis: The two basic meanings of "economic", the material and the formal, have nothing in common. The latter derives from logic and the former from facts.

A formalist approach is based on a deductive and logical way of thinking, where the material or substantivist meaning on the other hand, is descriptive and based on experience. In other words, a formalist orientation is based on the idea of economic rationality with the maximization of individuals. A substantivist argue that economics is embedded in a sociocultural context. (Machado, Nuno Miguel Cardoso, 2011).

Karl Polanyi would thereby argue that the real distinction between economics and any other social science concerned with economic life is that a formalist economics dictates a picture of the economy derived from a utopian ideal on all empirical economies in history. Such an ideology, according to Polanyi, is not only outdated but also destructive in its promotion of self-regulating markets, simply because economies – past and present – are embedded and entangled in social relations and institutions. (Gemici, 2008).

The material approach, for which Polanyi finds inspiration in Aristotle, rejects the idea of choice induced by scarcity and insufficient means; choice may just as well arise from exuberance or 'the intention ... to do the right thing'. Polanyi explicitly states that only the substantive meaning of 'economic' is useful for social science, which takes as its subject the study of 'all the empirical economies of the past and present' (Polanyi, 1944, p. 244). The formal meaning of 'economic' is useful only for the study of the market economy. Thus, 'economic' in its material sense refers to all interaction with nature and other people in the pursuit of livelihood, and not to a particular type of behavior; therefore, the analysis of economic life should focus on this interaction (Gemici, 2008, p. 21).

It is decisive and significant that there is a high degree of common agreement in methodology between Polanyi and Post Keynesianism and thus a common distance from neoclassical instrumentalism and individualism. On the other hand, there is a common understanding between Post-Keynesianism and Polanyi that both work in historical time and with non-ergodicity and uncertainty.

3. Polanyi's analytical framework

What is special about Polanyi's analysis is, firstly, his characterization of the commodities land, labor, and money as fictitious because, in addition to their exchange value, they have a wider use value. Secondly, he examines what consequences these goods have for a self-regulated market and finally, to what extent a self-regulated market can be embedded in the general society.

As an example, we can start with Fraser (2014), who uses Polanyi for a new interpretation of the current crises via her definition of the three fictitious goods, land, money and work. When it comes to land, it is the ecological part of the crisis, which is reflected in the depletion of the earth's non-renewable resources and in the progressive destruction of the biosphere, which is primarily the cause of global warming. When it comes to money, there is the financialization of the 2007/8 crisis, which is reflected in the creation of an entire shadow economy of paper values, capable of destroying the 'real' economy and bringing uncertainty about the livelihood of millions of people. And finally, there is labor concerned with social reproduction, reflected in the growing emphasis under neoliberalism on what some call 'care' or 'affective labor', understood more broadly as the human capacity available to create and maintain social ties.

These goods already exist as a use value before they take the form of an exchange value, or it is produced as a use value before it is appropriated and offered for sale. Above all, unlike a capitalist commodity, a fictitious commodity is not created in a profit-oriented labor process subject to the competitive pressure of market forces to rationalize its production and reduce the turnover time of invested capital.

Polanyi, as previously described, ignores the narrower, formal meaning of economics and views the economic system in a more substantives' sense. Polanyi (1944). This means that specific forms of behavior such as reciprocity, redistribution, household or exchange and social patterns are always present. Therefore, the implementation of a self-regulating market can be considered a

fundamental and conscious transformation of organizational principles in society. For Polanyi, self-regulating markets, including competition as a fundamental principle, can be deliberately created and institutionalized. Self-regulation implies that all production is for sale on the market and that all income comes from such sales (Polanyi, 1944, p. 75)

Polanyi does not regard the self-regulating market as natural, nor does he perceive competition as something desirable. Again, his view is substantivism: competition looks like "only one form among many of organizing the allocation of material goods". It is the movement from local non-competitive to internal competitive markets, created in the 19th century by the "artificial phenomenon of the machine" and culminating in the factory system (Polanyi 1944, 60). This required that all factors of production involved in production be for sale and available at all times, including labor, land and money. The profit motive is particular to production for markets, and profit can be achieved if self-regulation is ensured through a interdependent competitive market (Polanyi, 1944, 78).

In *The Great Transformation*, Polanyi (1944) discusses the institutionalization of what he calls a liberal utopia: the self-regulating market. He argues that the economic sphere was historically embedded in society and therefore subject to customs, norms and moral beliefs. If the self-regulating market is to function, the undermining of past customs, norms and moral beliefs is therefore necessary.

"A self-regulating market requires nothing less than the institutional separation of society into an economic and a political sphere." (Polanyi 1944, 74) This institutional separation is also referred to as the disembeddedness of markets from society - as opposed to a market that is embedded in and regulated by social norms and institutions.

As part of his substantivism approach, Karl Polanyi expresses the degree to which an economic activity is limited by non-economic institutions. It was his view that in non-market societies there are no purely economic institutions, to which formal economic models can be applied. In these cases, economic activities are embedded in non-economic kinship, religious and political institutions. In market societies, on the other hand, economic activities may have been rationalized, and economic action is thus detached from society and establishes its own logic, which can be captured in narrow economic modelling.

Subsequently, the term embeddedness was further developed by the economic sociologist Mark Granovetter, who argued that even in market societies, economic activity is not as detached from society as economic models would suggest (Granovetter, 1985, p. 506)

Embeddedness can also be assessed with the help of the concept, the double movement. An example can e.g., be workers and capitalists who, as major actors, engage on each side in two movements and can thus represent respectively the key part of two rival movements. According to Polanyi's analysis, it can also be different social groups that actively participate in these movements. In general, workers tended to side with the countermovement against *laissez-faire*, and capitalists favored freedom and expansion of the market.

A Polanyian theoretical framework thus consists of both a special approach with demarcation of the condition of the fictitious goods, but also how they form the basis of a self-regulated economy in extreme cases. However, this state of the economy can be challenged by different reactions in the form of counter-movements.

4. The second great European transformation

With The Great Transformation, Polanyi provides a thorough analysis of the collapse of the self-regulating market in the 19th century. With the intensified globalization since the 1970s, it seems that land, labor, and money are again increasingly detached from the rest of society.

The emergence of the free-market paradigm was a political project that began with the crises of the late 1960s and 1970s – fully in line with Polanyi's description of the 19th century liberal breakthrough and culminates in the establishment of the EU's internal market and the implementation of a common currency, the Euro at the end of the century.

It transformed the subordinate role of the economic market to the post-war peace interest and ended up freeing the market more and more from politics and society. In Polanyi's work, the concept of fictitious goods and the associated dynamics of commodification are central. Although Polanyi, for good reasons, failed to predict a new wave of marketization are land, labor, and money now commodified in a highly interconnected manner and on an unprecedented transnational scale.

Likewise, European economic integration with a minimalist social policy at EU level has been made possible by strong domestic labor market and social welfare institutions. The EU's market liberalization is embedded in institutions of social citizenship at the national level, which provides an opportunity to counteract the liberalization of the single market. But this construction has come under pressure. In addition to the challenges posed by the global economic crisis to the sustainability of the European welfare states, the jurisprudence of the European Court of Justice (CJEU) contributes to the internal market to the fact that doubts are created about the sustainability of the so-called 'embedded liberal agreement'. Focusing on the role of the CJEU, particularly in its jurisprudence on the interplay between (EU) market freedoms and (national) labor law, undermines the ability of states to maintain their regulatory autonomy over labor or social law and thus accelerates the unraveling of the 'embedded liberal trade'.

This leads us to a preliminary inventory of similarities and differences between Polanyi's analysis of the transformation in the 19th century and the ongoing transformation can be illustrated in the following diagram:

European transformation	The first: 1815 - 1914	The second: 1973 - ??
Institutions	Self-regulating market, The gold standard, International peace Liberal constitutionalism	The inner market, The Euro (new gold standard), War in Europe, Liberal constitutionalism
Political countermovement	New Deal, Marshall, Bretton Woods Welfare state	Fiscal rules/Austerity

Based on Polanyi's methodology, it focuses on how several changes today have taken place for the fictitious goods money, labor, and land after the introduction of the internal market, as well as, by extension, examples of double movements. Here are 3 illustrative examples.

MONEY: When it comes to the commodification of money, Polanyi was remarkably prescient. But in the twenty-first century, financialization has reached new heights of vertigo far beyond anything he could have imagined. With the invention of derivatives and their metastasis, the commodification of money has floated so free from the materiality of social life that it takes on a life of its own (Fraser, 2014).

Polanyi's (1977) historical analysis calls for the rejection of the quantity theory because it treats money merely as the special commodity that happens to serve as numeraire. Although he does not develop the argument further, a credit-based view of modern money seems to be the next logical step in accounting for money in advanced capitalism. He could have taken inspiration from Keynes, who pointed out that even if central banks create a non-commodified unit of account, it is immediately brought into the logic of capitalist markets as a commodity sold at profit in the form of credit.

An incipient deregulation and liberalization of capital flows at global and European level in the 1970s and 1980s led to a rapid expansion of the EU's financial services sector as well as to its transformation from a bank-based system to a market-driven system (Frangakis, 2014, p. 17).

Polanyi's claim about the fictitious nature of money deserves credibility today in the context of extensive central bank intervention in the economy. In the wake of the most recent episode of the global credit crunch in 2007/8, financial companies had to be rescued from the undisturbed functioning of the market mechanism via the massive injection of central bank money into the money markets - this has already been dealt with thoroughly at Hein (2016) and Sawyer (2022).

Contemporary monetary policy instruments demonstrate the continued relevance of Polanyi's notion of the fictitious nature and dual movement of money, namely the European Central Bank's unconventional monetary policy measures and its asset purchase programs, which capture the limits of the self-regulating market (Madsen, 2022). The ECB as Lender of last resort, via its program of quantitative easing (QE), is a contemporary example of protection against the utopian nature of so-called benefits of an undisturbed market mechanism. Arguably, if left undisturbed,

the market administration of purchasing power would be governed solely by periodic shortages or surpluses, which would have wiped out the Eurozone's productive capacity. The crisis in the eurozone revealed an asymmetry in the monetary policy area, largely generated by the ban on monetary financing.

LABOR: When it comes to labor the emergence of actual labor markets ended traditional business relationships in families, clans, guilds, workshops, and other contexts that had provided trust, solidarity, and security. It transformed labor into a commodity that became salable regardless of many of these social relations. Filling the void and resulting uncertainty would have required government intervention in the market to re-establish trust, solidarity, and security. But that was exactly what the free-market paradigm sought to avoid. (Goldmann, 2017).

Since the collapse of the Bretton Woods system and the liberalization of capital, it has been possible to ascertain that the labor force's share of the total income distribution has been decreasing. A phenomenon that has been observed both on a global and a European level. (Frangakis, 2014, p 22)

The functional distribution of income is also the archetypal problem in political economy. This is what the classics fought over and what the neoclassic chose to ignore or dilute within the general framework of economic analysis.

There are sharp inequalities in the distribution of personal income within the population of the EU as well as between its Member States. Such inequalities undermine social cohesion, and they directly influence the extent and depth of poverty (Frangakis, 2014 p. 24)

The financial sector contributes to pressure on the labor income share through its overbearing presence in the economy and its implications for the allocation of resources between productive uses and financial and speculative uses. The International Labor Organization estimates that almost half of the decline in the income share of labor is due to the actions of the financial sector (Frangakis, 2014, p. 25).

Wealth in both the US and Europe has also been significantly increasing in relation to income (Piketty and Zucman, 2013) find that in eight developed countries—the United States, Germany, the United Kingdom, Canada, Japan, France, Italy, and Australia—there has been a gradual increase in wealth-to-income ratios in recent decades, from around 200– 300% in 1970 to 400– 600% in 2010, indicating a return to levels of wealth-to-income ratios not seen since 19th century Europe. The wealth-to-income ratio in Europe reached a peak in the late 19th century and after this fell largely because of the world wars of the first half of the 20th century. In the 1950s it began to rise again, and since 1990 the wealth-to-income ratio in Europe has overtaken that of the United States – (Frangakis, 2014, p. 28).

The policy of distribution is very much in the mind of the Polanyian approach.

LAND: When it comes to land there is only one purely fictional commodity: land. Nature is historically and categorically prior to human institutions. Since land, water, and air unequivocally exist without human action or intent, the assignment of property rights to these elements is

fictitious commodity improvements par excellence. The attribution of any aspect of ownership bundle (occupation, use or sale) is therefore a fictitious commodity. (Anthony Bonen and José Coronado, 2014)

Regarding land, Polanyi was also prescient and laid the foundations in 1944 for an ecological critique of capitalism. He understood that nature is an indispensable prerequisite both for social life in general and for raw material production. He also understood that unrestrained use of nature is unsustainable, bound to damage both society and the economy. If land is reduced to a factor of production and exposed to unregulated market exchange, nature is destined to become a crisis node. At the same time, such treatment is the basis for provoking resistance and triggering counter-movements to protect nature and human habitats from the ravages of the market. Polanyi also envisioned here a "double movement", a two-sided struggle between environmentalists and free marketers (Fraser, 2012)

In the European Union, agricultural policy and thus the use of land was one of the first common policy fields. Based on Article 39 of the Treaty of Rome (1957), the intention was to increase the marketing of land agricultural by raising productivity via optimal utilization of the production factors. This led to price support, which gave rise to extra profits for larger farms and encouraged them to endlessly intensify production. This led to increasing support costs and consequently dumping on the world market. At the same time, market forces created pressure to industrialize processes, which entailed increasing pollution and loss of landscape heritage. (Denis Barthélemy and Martino Nieddu, 2007).

However, agricultural production in the EU extends further. The agro-food sector has become an arena for the double movement of global capitalism since the 1970s. The most important thing is that feed-livestock-meat complex, which experienced unprecedented economic growth, also raised social and environmental concerns about excessive meat production and consumption, where Europeans eat large amounts of meat and where pork is their favorite variety.

Through large-scale imports of animal feed, the EU has expanded its access to land beyond its borders, thus expanding the worldwide agricultural frontier (Krausmann and Langthaler 2019). European pressure on overseas regions is mainly located in South America, primarily in Brazil and Argentina.

The accumulation of land, removed from rural communities and their environments, in the hands of the wealthy and powerful agricultural elite fueled various counter-movements. In the 1990s, the displaced rural population formed the Landless Rural Workers' Movement (MST), which is the largest social movement in Latin America.

A prudent and sustainable use of land is strongly in Polanyian thinking.

Summing up the study of the second great European transformation can be started in this way with a review of the state of the three fictitious goods. However, this is not sufficient, as the three types of goods have many other characteristics. But new aspects of the study of the current crisis can be explained in this way.

5. Economics for the future – a Polanyian outline

A critical theory for the 21st century must be integrative, oriented towards understanding the current crisis. This can be done, among other things, by adopting Polanyi's idea of fictitious goods, to connect three major dimensions of the crisis: the ecological, the social-reproductive and the financial, Fraser (2012).

What we can take from Polanyi is not so much his own answers, but his questions. That challenge is multifaceted, and should interest Post Keynesian economists. First, his contributions to the debates and substantivism and formalism remain relevant. Polanyi challenges us to understand economic systems from the point of view of the organization of production and distribution (substantivism), and to see them as historically highly differentiated phenomena, rather than assuming a series of minor variations in imperfect markets (formalism). Polanyi challenges us by asking what type of economic thinking actually applies, and also questions the assumption that reference to conventional economic theory can automatically provide adequate explanatory value.

Polanyi basically claims that there has been a conscious will throughout history to gradually commodify three factors of production - labor, money and land. This transformation appears as a necessary prerequisite for the emergence of a "self-regulating" market (Postel & Sobel, 2010), as the market must set a price for raw materials, the number of working hours and productive assets financed with credit. The market economy thus needs these "fictitious goods" to establish its hegemony and ensure its endless expansion. For Polanyi, however, this transformation is unthinkable. Labor, money and land are not commodities. These factors have never been produced to be sold.

Polanyi's view is that only by assuming the material meaning of 'economic' will we be able to provide the social sciences with the necessary categories for the study of all real economies of the past and present. For this reason, substantivists are particularly interested in studying economic institutions, i.e., the social structures that create the necessary framework for people to engage in activities such as production, distribution, and consumption.

For Polanyi history is not subject to laws that drive it in certain directions. Better human attempts to understand historical experience are represented by theories for good or for worse. These theories shape responses to this experience, which then become part of the story. Because theories are formulated to understand historical experience, they must be evaluated within the context of that experience.

An example could be the understanding of the rise and fall of nations and groups that may depend on whether their institutions are adapted to an underlying process of social change (Polanyi, 1944, p. 27). The underlying process is often hidden and misunderstood by contemporaries.

Another way of understanding this is, following Polanyi, that it is not the market's failure to function according to the ideal of perfect competition that requires regulation, as neoclassical

economics claims. Rather, the impact of market competition on social areas that are impaired by the market mechanism itself should be the primary area of regulatory effort. However, these regulatory efforts known from New Public Management are bound to fail under conditions of an institutional separation of political and economic affairs. Therefore, the regulation of markets can be examined in relation to the public sector and markets that develop together. It is crucial that the public sector not only deals with entrenched forms of market regulation, but also with the construction of markets through settlement procedures that promote the institutional and social conditions for market exchange. Therefore, it is a central Polanyian insight that regulation of markets is closely linked to the institutional features of market competition in society.

The commodification of labor is linked to the phenomenon of unemployment and, as Polanyi announced, can be traced back to the origins of capitalism. From a feminist perspective, it can even be made invisible to the eyes of the market, in cases where women's unemployment results in them working in their own homes instead. However, income from work is indispensable for the reproduction of families, and since housework is not valued, it forces women to sell their labor power, thereby also becoming a commodity on the labor market.

The commoditization of land has provoked its own speculation, such as removing land from farmers or, in the case of some Latin American countries. It has also fueled urban land price speculation that led to severe housing problems, rising costs of living in big cities and fraud by real estate companies. The other visible problem is the effects of environmental destruction. All environmental damage caused by the treatment of land, water, underground, air, climate change was considered as subject to supply and demand. Furthermore, because they are not commodities, it is impossible to measure their true value with money.

The idea that environmental problems should be solved by government regulation changed in the 1970s to solutions based on economic instruments and against the background of fuel crises and environmentalists' warnings of an impending environmental collapse. Environmental issues, once largely treated as local political and regulatory failures, were recast as a form of quantified global aggregates. This has shifted normative understandings of causality from specific actors to a generalized 'humanity' whose collective behavior has resulted in existential and rather intractable 'global' crises. In parallel with the fact that the ecological and social consequences of globalization and growth have become more pressing and difficult to ignore, market thinking and financial valuation have increasingly found their way into environmental policies (Chiapello, 2015).

As for the main international development institutions such as the IMF, the World Bank and the GATT/WTO, these are designed to enforce, not remedy, the market stratification that exists on a global scale. Until this changes, private growth in the international economy will continue to be the preferred policy solution for the richest states. The formalistic market mentality neglects the essential past and misreads much of the essential present. Having done so, it is of very limited use in efforts to imagine an alternative future. As in the past, we remain unprepared for the difficult choices that lie ahead. But instead of attributing this to our "outdated market mentality", perhaps it would be more accurate and more constructive to see our cultural attitudes as the product of a still-functioning market society.

A 21st century critical theory must also connect the critique of commodification with the critique of dominance, going beyond Polanyi's idea of a double movement. Rodrik (2000), for example, has described a trilemma that states that democracy, national sovereignty and global economic integration are mutually incompatible: We can combine two of the three, but never have all three simultaneously and fully. According to Rodrik, states embraced globalization and national autonomy in the late 19th century, but sacrificed democratic decision-making. In the post-World War II period, states dealt with globalization via the Bretton Woods Agreement while embracing domestic democracy and national autonomy. The trilemma suggests that the reaction against greater globalization in the last few decades is rooted in a desire to regain democracy and national autonomy, even as it undermines economic integration.

As capital remains powerful in the economic sphere under capitalism, the latter becomes the stronghold of industrialists and capitalists, who form a minority in the political sphere as they are usually fewer in number. The democratic process ensures that workers, who are typically stronger in numbers, control politics by building strong unions. If no tension is present, the conflict of interest remains latent. Once it breaks out, however, the system crashes. Due to – in Polanyi's view – the artificial and institutionalized separation of the economic and political spheres, the conflicting interests are no longer balanced by a compromise and turn into an intense conflict between the economic and political spheres; this is problematic because one needs the other to work.

Polanyi's critique, including the idea of fictitious goods, sought to expose contradictions of the 'self-regulating market' model in the context of industrial capitalism. However, capitalism and the dynamics of value creation, as well as the shape, scale and framework of environmental crises, have evolved greatly since the 1940s. Changes are reflected in the development of resource management, state-capital relations and synergies between industrial and financial globalization. Market value is still created from nature through harmful industrial means of extraction, but also through technologies of economic extraction.

Polanyi arrives at the following question: what can be expected from the next movement? The direction the current system is moving toward is a form of socially coordinated capitalism, or toward "more of the same." Fraser (2014) shows that transformation of the basis of social life into fictitious goods has a strong echo in 21st century society.

The effects of this were already announced by Polanyi, but for future generations it deserves much attention, since the coming consequences of the second transformation are no less than those of the first transformation – quite the opposite.

6. Final perspective

For good reasons, inspiration has been called for to renew the current economic thinking – especially after the financial crisis in 2007/8. An attempt has been made here to summarize an exploratory study of Karl Polanyi's relevance - not least for post-Keynesian economic thinking.

There is basically a very good basis for this, as broadly the same economic methodology is used. On the other hand, Polanyi can provide several theoretical impulses and angles that can help develop a more comprehensive and critical theory about the crisis of the 21st century. Such will contain a summary perspective around ecology, financialization and social reproduction.

The most interesting angle is Polanyi's focus on fictitious goods, i.e., those goods where a difference in use and exchange value can be immediately ascertained. A very central question is thus asked about how a supply function can even be provided for work, land, and money. This both opens new theoretical insights and focuses on the limitations of economic models.

Like Polanyi's analysis of the transformation of nineteenth-century Europe, the same is about to happen to a Europe with the introduction of the single market and a common currency. Among other things, this has resulted in a more extensive financialization, in a falling wage share and an increasingly intensive land use.

As previously pointed out, it is important to protect democracy from the disruptive consequences of free markets and this is only possible by expanding democracy to include markets in the form of decommodification of labor, land and money.

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