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REVIEW ARTICLE

Michael Polanyi and Otto Neurath: an unplanned parallel in British intellectual life

Review of Gábor Bíró: the economic thought of Michael Polanyi, by Gábor Bíró Abingdon and New York, Routledge, 2020, ix + 178 pp., £115.00 (hardcover), ISBN 978-0-367-24563-4

Practically every scientific discipline went through major disrupting events in the last century. Because of the two world wars and the various left and right revolutions, scientists were either forced or choose to emigrate from their countries; this often happened more than once. Economics and economists are no exception. In his recently published short monograph, Gábor Bíró has told a detailed and less known story about an unorthodox economist and humanist, Michael Polanyi. Bíró's book, with the laconic title, *The Economic Thought of Michael Polanyi*, is a vivid example of how to put historical excavation in the service of telling grand stories about science and society.

The central figure of Bíró's book is Michael Polanyi, a Hungarian-born polymath who started his career in Hungary as a chemist and emigrated to Berlin after the communist takeover in 1919. Following a successful career as a chemist in Germany, Polanyi's interest turned gradually to the social sciences, especially to economics and the theory of science. When the Nazis gained power in 1933, Polanyi fled again, this time to Manchester, where he first became a professor of chemistry, and later of social science.

Polanyi is known for many as a philosopher of science (with a particular interest in the social setting of science) who made extensive use of such notions as 'tacit' and 'personal knowledge'. Although both concepts had a longer indirect history and became known under different names and in a somewhat slightly different manner in Thomas Kuhn's *The Structure of Scientific Revolution*, Polanyi is recognized as a pioneering philosopher arguing against the positivistic conception of data-gathering-accumulating science and abstract-logical-technical-impersonal knowledge.

Nonetheless, one of the most important values of Bíró's book is exactly the application of the abovementioned philosophical ideas to the long-neglected subject of Polanyi-studies, namely his ideas on economy and economics. As a non-trained and non-professional economist, 'Polanyi was less constrained by the disciplinarity of economics which enabled him to leave the beaten paths' (51). By pursuing alternative ways, unorthodox economists always have the promise of ensuring some unconceived alternatives to the mainstream histories and they also provide us further critical ammunition to shake off our current inherited frameworks and to deal with contemporary problem-settings under different lights. That is exactly what is happening in the book, namely Bíró sketches Polanyi's forgotten ideas about economy and reconstructs the basic notions and context of his grand general narrative of a new liberal enlightenment, that is, 'a new kind of liberalism with social consciousness' (28).

Chapter 1 provides the general background to understand what was Polanyi fighting against and for, during the 1930s and 1940s. His new humanist liberalism meant to secure a middle way between the Scylla of 'extreme liberalism' and the Charybdis of 'socialist central planning'. Regarding the first, Polanyi was against 'the system of absolute and unconditional laissez-faire' (15); he thought that tradition plays an important role in the functioning of knowledge (72), and traditions are not always dogmatic but may serve as springboards in obtaining and restricting the public management of knowledge. Nonetheless, Polanyi's readiness to accept traditions and customs in the formation of knowledge and science did not mean that he went strictly for such a view where the organization

of science is based exclusively on given elements, enabling only one related view. That is, (arriving now to Charybdis) the problem with planning theories was that '[t]heir radicality lay in their conviction that there is one best solution to economic problems without shades or interpretative flexibility, and that a wider social debate about its principles would be either pointless or harmful or both' (32).

It is not at all evident, unfortunately, what Polanyi and Bíró meant by 'planning', 'socialist planning' and 'central planning', and thus what became evident is that Polanyi was against socialist planning as such. We get some hint, though, on pages 22–25, where Bíró reconstructs Polanyi's thought experiments against planning, but in general, what we saw there are the flaws of particular economic mechanisms (lack of mutual adjustments, broken feedbacks, lack of competition, etc.). Neither philosophical nor epistemological questions of planning are discussed in detail; though one could object that the book is about the *economic thought* of Polanyi, thus economic planning shall be in the focus. Nonetheless, Bíró's explanations are philosophical and his method is based on the idea to substantiate Polanyi's less-known economic ideas by backing them up with his philosophy of personal knowledge. I will come back, however, below to the question of planning.

As Polanyi was against strict and rigid dichotomies, he tried to combine rationalism of planning and the flexibility of liberalism 'to save Western civilization through economics enlightenment' (101). What was his project? After noodling over how to communicate the workings of economy and economic theories from the second half of the 1920s on, Polanyi came up with the idea of making 'the first economics film'. As Bíró noted, 'there were a few films about economy and certain economic mechanisms in the era, but none of them was framed as visualizing a specific economic theory rather than the economy – except Polanyi's readdressing of Keynesian economics titled *Unemployment and Money*' (43). Again, unfortunately, we do not get much detail about the exact film (neither pictures, nor lively descriptions), but what is more important is the *idea* of the film and what Polanyi wanted to achieve with its help. His aims were as grandiose as noted above, namely, saving Western civilization through 'a kind of epistemic empowerment. He had a rather optimistic attitude towards the masses and thought that people could and should be educated in order to be able to make a better social arrangement' (31).

To appreciate and evaluate *Unemployment and Money* under more scrutinized concepts, we have to take a step back. At first, I have to nail it down that Bíró has digested a rich and colourful material, thus as a reviewer, I shall not beat him for what he has not considered in any more detail. One has to stop somewhere and drawing the lines of influences and the relevant context for the subject matter is always a *delicate* and *tricky* matter. Nonetheless, I will venture into taking the risky task of complaining about a missed opportunity. My reason is that there is indeed a very important parallel conception or story to Bíró's which he has not told in the book, and which could shed some new light also on Polanyi's efforts. But as Bíró's book plays the pioneering role of assessing the socio-cultural niche of the 1930s and 1940s British scientific life, the criticism put forward here shall be indeed constructive rather than unjustifiably negative and hauling him for not doing something.

What I have in mind is the adventurous life and work of Otto Neurath (1882-1945). Born in Vienna as the son of a well-respected social reformer and economist (Wilhelm Neurath), Otto Neurath was educated in Vienna and Berlin primarily as an economist, but he studied philosophy, mathematics, physics, sociology and philosophy as well. Similarly to Polanyi, he was a polymath and a maverick in almost every scientific field where he put his foot. Parallel to the Hungarian events that involved partially Polanyi as well, Neurath was appointed as the head of the Central Planning Office of the short-lived Bavarian Soviet Republic, after which he was arrested, tried and imprisoned for eighteen-moths. After his imprisonment, Neurath became a leading member of logical empiricism in Vienna where he directed the Social and Economic Museum for a decade between 1924 and 1934. In the museum, he developed with a team of experts and friends what became known first as the Viennese Method and later International System Of TYpographic Education (ISOTYPE) of pictorial education.

Neurath aimed to reform pictorial representations of statistical information; instead of enlarging a certain symbol subjectively, in Neurath's method the given symbol was repeated. With this idea, ISOTYPE tried to reach a higher degree of objectivity and an easier way to represent and convey statistical information. The Viennese museum was internationally well known (similar institutes were established, with Neurath's personal help, in Moscow, Berlin, London, Chicago, and even in Mexico) and covered a broad range of topics from housing to health and from general ways of economy to parenting.

After the strengthening of the extreme right-wing movements, Neurath fled Austria and established his ISOTYPE facilities first in The Hague and later in London and Oxford after the Nazi army invaded the Netherlands in 1940. It has to be added that because he was considered to be an 'enemy alien' (Neurath had a German passport due to the Anschluss of Austria), he was imprisoned on the Isle of Man for eight months between June 1940 and February 1941. During his stay in England between 1940 and 1945, Neurath developed further his ISOTYPE method, established and secured numerous personal relations to the most diverse groups of British (and emigrated German-speaking) intelligentsia. He died on 22 December 1945 in Oxford.

Both Neurath and Polanyi were educated in the last years of the Austro-Hungarian Monarchy, and thus shared a very similar intellectual experiment of group epistemology of informal coffeehouse and private-home discussion groups. Living through some direct experiences of socialist governments after the First World War, and after their dual emigration (enforced on them by the rise of Nazism and nationalized scientific trunks), both of them ended up in England where they moved and acted in the same scientific and social niche. Lancelot Hogben, J.D. Bernal, G.D.H. Cole, G.B. Shaw and J.B.S. Haldane are just a few of those critiques and defenders of socialism that appeared on both Neurath's and Polanyi's personal radars and lists of correspondents. Discussing then either Neurath or Polanyi, one might learn a lot about the other as well. In this respect, Bíró's monograph is a book of treasure for Neurath-scholars.

But besides the biographical and social-contextual similarities and parallels, one might note the congruence of theoretical interests as well. ISOTYPE was an enlightenment project with a determinate and clear social agenda. Neurath was against the overuse of experts in bringing detailed and abstract knowledge to the people (as anointed holders of real and isolated knowledge); but he was also against the approach he labelled as 'popularization of knowledge'. This approach starts from the general and complex scientific statements and translates them without further ado into popular terms, 'whereas it is common knowledge that the insufficiency of these terms was the main reason for the introduction of scientific terms' (Neurath 1945/1996, 257). In ISOTYPE, simple symbols were chosen to introduce minimal information to get a first glance at certain socio-economic relations. As Neurath wrote,

> We must begin our explanations in accordance with the knowledge and vocabulary already familiar to children and to the man in the street. Gradually simple traditional expressions in more complicated combinations and perhaps some higher terms may be introduced. But in principle, one should try to build up a more comprehensive knowledge by simply looking at the environment – house, garden, street, and by using the language of daily life and its derivatives. This procedure from the simplest to the most complicated, we shall call humanization. (Neurath 1945/1996, 257)

ISOTYPE was thus a bottom-up project – its goal was not to deliver finalized and rigid knowledge-elements to the masses (although it has to be admitted that providing relational-type statistical information of the given subject domain was a major profile of Neurath's team, as Bíró said, ISOTYPE charts 'portrayed static economic or social data related to a period or date', 97), but to empower the masses to forge their own set of values, to elaborate their own mechanisms of decision-making, and to enable them to get along in the world. Neurath was known in England as the 'sociologist of happiness', a technical expert of visual education and planner of cities and human affairs. Neurath went to London for a short stay (and to establish an ISOTYPE office) already in 1933; after his stay, he lectured at Bristol on the 4th of November 1933: the event was organized by the Education

Department of the Bristol Co-operative Society and it was advertised (as 'of great interest to Educationalists and Social Workers') along with the 1933 Workers Educational Association's National Conference which took place also in Bristol for days in the Western Daily Press and Bristol Mirror (see the advertisements of November 2 and 3 of Western Daily Press and Bristol Mirror under the heading of 'Public Notices').

Neurath's method and aim were thus clearly socio-political in a general sense and it was a large-scale endeavour regarding both its subject and audience. He often emphasized that during the reconstruction of economy after the wars, his ISOTYPE charts might be especially helpful in introducing certain useful information (about health, housing etc.) to uneducated masses (even to the illiterate youth and older generations). Thus I cannot disagree more with Bíró's claim that

> some characteristics of Polanyi's visual method were closely related to his pedagogical concerns. These concerns were central to his value-laden mission to save liberalism in particular, and the Western world in general, from moral and epistemic decay. None of the other visual methods mentioned before had such large-scale programmatic reasons behind them. (94)

Neurath entered the scene in Chapter 4 where Bíró discusses 'Polanyi's Visual Method', especially as contrasted to the practices of his contemporaries, such as Norman Angell's *The Money Game*, Elizabeth Magie's *The Landlord's Game* (two proto-Monopoly games), and James D. Mooney's project on visualizing the economy for the masses. Bíró describes in some passages the way of ISOTYPE in general, and its visual method in particular. But that is where things got a bit trickier. Neurath is introduced as a somewhat naive utopianist and social reformer, who used a static set of symbols 'to describe the world as it is', while 'Polanyi's film was using shifting symbols suggesting that both reality and its interpretation is quite flexible' (96). A certain rigidity and uniformity was indeed a characteristic feature of ISOTYPE in order to minimalize the number of symbols that one has to keep in mind (the same went for colours used on the charts), thus it served an educational goal. But this had nothing to do with the furniture of the world or with our representations of its state of affairs as they are. The Vienna

School of pictorial education under Neurath's lead postulated that 'to remember simplified pictures is better than to forget accurate figures' (1933/1973, 220, original emphasis). Take now Polanyi.

> In his film, Polanyi uses no less than five different symbols in the same sequence for only one symbolized element, a worker. The symbols show surprisingly detailed differences in the clothes of the represented workers. They are simply called workers without providing any additional verbal or visual clues about why and in what sense they are different. One is tempted to think that different symbols are showing workers of different occupation. But there is no further evidence suggesting this or any other interpretation. The symbols are different without telling a different story which makes the Polanyi method even less like Isotype. (96)

It is not at all evident how Polanyi's flexible method of representing fluctuating relations in the making might be easier to understand or what advantages it had exactly. A more refined picture would have been in order to get a more balanced account of Polanyi and Neurath, especially as in an unpublished note, Polanyi expressed a very positive view of Neurath's achievements in representing socio-economic data and the use of ISOTYPE (called by him 'the "unit symbol" method of Neurath') in schools (Michael Polanyi Papers, Box 25, Folder 9, Special Collections, University of Chicago Library).

But one might motivate the historical/intellectual contrastive analysis of Neurath and Polanyi even further. Though Neurath was a trained economist with a Ph.D. under his belt from Berlin (directed by Eduard Meyer and Gustav Schmoller), he is counted mainly among the non-orthodox or unorthodox economists of the twentieth century. Neurath became well known in the field of war economics (he conducted some fieldwork on the Balkan before the First World War), but he even suggested (a more radical and unorthodox idea) that wartime economic structures and planning might be used in peacetime as well. Neurath was also a leading figure in the so-called socialist calculation debate (next to Hayek, von Mises and others), but he was also an ardent and life-long defender of calculation in kind, and he is often conceived now as a forerunner to ecological economics.

Neurath emphasized the relevance of such non-monetary values and reasons in economy that constitute human happiness in relation to social and cultural matters. Neurath extended the range of calculable goods extensively: 'the quality of life is connected with all types of experiences, with eating, drinking, reading, artistic sensibility, religious contemplation, moral speculation, loving, hating, heroic and cowardly behaviour' (1917/2004, 313).

This extended picture of economy and economics' relevance to basic and earthly human happiness is a fundamental commitment of Neurath's engagement with economic theory and the social sciences (through ISOTYPE as well). It was not only Polanyi who was trying to reach a point from which he could save Western democracies from totalitarian threats. For both intellectuals, this saving was basically related to economy; for Polanyi this was mainly and almost exclusively an approach of democratizing knowing ('for Polanyi, it is knowing, not knowledge, which can and should be democratized. Knowing is a compound of understanding, believing and belonging' (61)), but for Neurath this saving had *another* component, namely a material one:

> The bourgeois era has always stressed, sometimes with true but more often with false enthusiasm, that what matters are soul and spirit, yet has successfully traded in dollars and gunpowder. The proletarian era will for a long time remain suspicious of such enthusiasm. It will strive to be more sober, first, by planned organisation, to feed people, to clothe and educate them, to give pleasure through art, to promote happiness in the ordinary sense and only thereafter to save souls. (Neurath 1925/2004, 450)

Neurath thought that going directly for the 'soul' is a typical sign of totalitarian regimes that keep their citizens in material distress and poverty but compensates them by filling their souls with abstract values and views about their general place in the world. Therefore also any speak of 'spirituality' and 'faith' might have been suspicious to him; this was not the case for Polanyi who thought that 'scientific and spiritual' are 'allies being always already tied together. Science has a kind of inherent but long-forgotten spirituality' (115). This does not mean, however, that Neurath would disregard any reference to customs, traditions and spiritual elements altogether. First of all, he thought that many magical practices of the seemingly primitive people were of empirical character and involved the core of scientific reasoning in an embryonic form (Neurath 1930/1983). On the other hand, when Neurath was released from imprisonment, he went from the Isle of Man straight to Oxford. He was invited by the famous cultural anthropologist Alfred Reginald Radcliffe-Brown to Oxford University to lead a two-semester long seminar on philosophy of the social sciences. After their cooperation, Neurath mastered Radcliffe-Brown's terminology and problems and digested them in his own physicalist milieu for his last publications. He started to emphasize (with some critical twists) the role of folklore, inherited knowledge, taboos, customs and the embededdness of knowledge-practices in a complex and determined set of values and further engagements.

Finally, a few words shall be reserved for the question of planning. Neurath was an ardent defender of planning everything: planning science (via the *International Encyclopaedia of Unified Science*); planning language (forming a certain physicalistic language on the base of his *index verbum prohibitorum*); and planning economy (transforming wartime-economy into peacetime-economy) to list the most important ones. It might be not at all accidental that Neurath went to England and found a familiar and in general friendly atmosphere among British socialist planners. But planning was never a fundamentally determined and one-dimensional way for pursuing the given task for Neurath. On a theoretical level (which cannot be discussed here), Neurath's views on language, knowledge and science prohibited him from making exact predictions that might be tested without further ado in the context of an *experimentum crusis*. (The idea of 'unpredictability in principle', which was made famous by such people as Robert Merton and Karl Popper, originated in this context by Neurath in the 1930s and 1940s.) On the other hand, as Polanyi 'went to the agora to discuss economic matters' (28), Neurath did the same. But while this meant for Polanyi to keep up an extended correspondence with British intelligentsia, Neurath went straight to the masses (next to the correspondence, of course). Neurath was asked in 1945 to participate in the city planning of Bilston, a small coal-miner industrial town west to Birmingham whose houses became uninhabitable by the 1940s.

Neurath went regularly to the town, conducted long talks with the inhabitants and tried to measure with his team the needs and wishes of the people. As the town council remembered later,

> [w]ith reference to the decentralization of administration, Dr Neurath stressed that participation is vital. The whole success of any plan involving the lives of human beings depends upon obtaining the assent, encouragement, and co-operation of those human beings. It would be fatal to the success of a new housing scheme merely to build a number of houses without reference to the people who are going to live in them and then to uproot those people en bloc and place them in the new houses. (Neurath and Cohen 1973, 76)

Neurath organized an ISOTYPE-based exhibition (though it was finished and lead after his death by his third wife, Marie Neurath) to show the various possibilities and options to the citizens of Bilston. He imagined what would happen after the many discussions and exhibitions as follows:

> If city planning is being discussed, and one third of the population want small houses with gardens, while the two thirds want big flats, why should the society decide by a majority vote about either? Why not build small houses for one third, flats for two thirds? (Neurath 1945/1996, 249–250)

Planning was thus an entirely human affair for Neurath and not an overtly rationalistic endeavour that is built on rock-solid facts and data, utilizing the Laplace-like knowledge of the experts. The same went for his economy planning. Planning was important to involve those who are concerned with economy and either suffer from or make advantages due to their place in the economic system. Finally, planning mattered because Neurath thought that by an explicit and somewhat structured and planned way of life could make people more conscious of their own place and values in the world, to empower them to find alternative ways (also called by Neurath 'social engineering') for pursuing happiness.

As Polanyi was an unorthodox economist who was threatened by the fact he was not a professional to 'not being taken seriously' (51), Neurath was also not taken seriously by many of his enemies and allies. He was also a maverick, who often spoke more loudly and vehemently than it was necessary and made many enemies with this overtly propagandistic journalism. Polanyi was able to find a balance for his socially engaged view of economics and philosophy of science. He was still much more like a traditional scholar and a respected natural scientist – even if it would be too speculative to say that his being-a-scientist was a major advantage for Polanyi, it certainly did not cause him much trouble in England.[1]

Further studies are needed to minutely discuss and make explicit all the relevant similarities and divergences in the scientific, philosophical and economic ways of the 1930s and 1940s British intellectual life. Bíró made an important step in drawing the contours of this task and putting Polanyi back on the map for historians of economy and scientific methodology.

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[1]It has to be added that in a forthcoming paper ('Michael Polanyi's Neutral Keynesianism and the First Economics Film') Bíró discusses Neurath's method in some more detail. Furthermore, a longer monographic study is in preparation by Jordi Cat and Benjamin Alford under the title *Drawing Neurath and Polanyi Together and Apart: The Social, Scientific and Cinematographic Projects and Cultures that Animated their Diagrams*. Forthcoming manuscript.

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