

Economy and Self-Interest in Karl Polanyi

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Abstract: This study looks to clarify an evaluation of self-interest by Karl Polanyi (1886-1964) that is sometimes referred to a discussion about anti-capitalism. The unrefined view — namely, that Polanyi gave a negative evaluation of self-interest — has gained currency, as he criticizes a world that seemed to be based on markets set by prices and quantities of goods (“nineteenth-century civilization”, in his words). One main problem is the determination of whether this question is valid; in addition, we need to consider the individual and economics, as criticized in his works. This paper looks at who Polanyi was by referencing his understanding of self-interest — something that serves as a cornerstone of mainstream economics. Moreover, this study explores Polanyi’s connection with modern mainstream economics, and considers the relevance of his thought with regard to today’s problems (e.g., the relationship between the community and the market).

Key words: appetite; heterodox economics; institution; self-interest; social community

JEL codes: B29, B31

1. Introduction

After Adam Smith recognized it as a foundation of economic activity, self-interest — as a kind of basic human incentive — became a topical premise in economics. However, recent happiness studies and behavioural economics research employing psychological analysis have posed the question of whether self-interest can adequately prescribe human economic activity (Frey, 2010; Frey & Jana, 2016). With the rise since 2000 in neoliberalism in countries such as the United States and Japan, anti-neoliberalism has paradoxically boomed; this suggests the potential for an economic society that comprises humans who focus not on selfish motives, but on community-based kin and local relationships (Stiglitz, 2013). If this be the case, we need to rethink self-interest within the context of economics — not only out of academic interest, but due to high levels of relevant public concern.

Therefore, this study looks to clarify an evaluation of self-interest by Karl Polanyi (1886-1964) that is sometimes referred to a discussion about anti-capitalism. The unrefined view — namely, that Polanyi gave a negative evaluation of self-interest — has gained currency, as he criticizes a world that seemed to be based on markets set by prices and quantities of goods (“nineteenth-century civilization”, in his words). One main problem is the determination of whether this question is valid; in addition, we need to consider the individual and economics, as criticized in his works. This paper looks at who Polanyi was by referencing his understanding of self-interest — something that serves as a cornerstone of mainstream economics. Moreover, this study explores

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This paper is organized as follows. First, Polanyi's theory and thought are introduced, along with information on his life. In the second section, we confirm the contents of previous research on Polanyi. In the third section, altruism is considered, as a means of clarifying Polanyi's concept of self-interest. He did not provide an affirmative response with regard to altruism, but rather gave a negative evaluation of self-interest — that is, Polanyi considers self-interest and altruism not to be two sides of the same proverbial coin. The fourth section discusses selfish motivation in three forms of economic integration (i.e., reciprocity, redistribution, and householding), which he advocated. The fifth section examines the connection between his theory and current mainstream economics, by considering the human appetite. The final section provides a map of previous studies, and also speaks to the potential of his thought in the post-Polanyian era.

2. Polanyi's Social Economic Theory

In many of his works, Polanyi criticizes economics and insists upon the necessity of a free society in ensuring the quality of human life, by making society and politics priorities over the economy. In concrete terms, his discussion touches upon the following components: (1) indications of the four forms of economy, (2) enforcement of the idiosyncrasy of capitalism, which he refers to as “nineteenth-century civilization”,¹ and (3) describing humans in terms of social existence.

By observing many previous human economic activities while leveraging the body of anthropological knowledge, Polanyi found reciprocity, redistribution, and householding (other than exchange) to be abstract concepts within an economy. He refers to a typology of the forms of integration; in addition, he questions 20th-century economics that analyse only market exchanges, and insists that the four forms of integration exist simultaneously and in tandem. According to his theory, the market is not the sole component of the real economy.

In relation to nonexchange economies, “reciprocity” refers to the give-and-take of goods or service with a specific partner, wherein there is a symmetrical pattern. In this economy, neither simultaneous transactions nor the equal value of goods between a giver and a taker are required. For instance, in Kura trade — where people circulate typical materials (e.g., rings and shells) among the islands — goods circulate only in a particular direction; as a result, in such an economy, the person who is giving me something is not the same person to whom I gave something. Additionally, because Kura trade involves only the annual movement of goods, there is no accumulation of value as discussed by various schools of economics. Then, this economy is a system that works for all the people of the community, rather than something that is transaction-based — that is, the scope of analysis is wider than that typically seen for exchanges.

Redistribution indicates an economic style where people divide materials amongst community members after gathering them at a specific place, such as the home of the head of the community. During hunts and festivals among archaic communities, there is a heavy emphasis on redistribution, with a systemic pattern of centrality. In such an economy, materials and goods that people collectively acquire are converted into individual acquisitions, by relying upon power systems (i.e., those that make use of chiefs, headmen, and kings). As a result, individuals could avoid starvation, so long as they belonged to the community. As described, redistribution demands the

¹ Polanyi's understanding of the world is limited to “nineteenth-century civilization”; it comprises four institutional systems — that is, the balance of power, the international gold standard, the self-regulating market, and the liberal state.

construction and formation of community, as well as social relationships among the people therein prior to any economic transactions. Additionally, in modern nations, redistribution quite notably takes place as per Polanyi's description²; such occasions are by no means unique to the archaic world.

The third principle, householding, pertains to "production for one's use and producing and storing for the satisfaction of the wants of the members of the group" (Polanyi, 1944, pp. 55-56), with an emphasis on the closed group. By focusing on Aristotle's concept of self-sufficiency, Polanyi focused on selfish householding while omitting a propensity towards expansion.³ In spite of human selfishness, householding differs from the exchange economy that launched modern economics and globalism.

The act of exchange — which is familiar to us by way of classical economics — determines the prices and quantities of goods in the market. Polanyi did not criticize pure and simple exchanges, but he did state that exchanges appeared on account of self-interest and economics that focused solely on exchange. In light of his assertion that exchange existed in archaic society, the balance of the four forms of economy causes real problems. In reality, market transactions implicitly entail social relationships: he insists that exchanges by free individuals never work to form an economy.

In relation to embeddedness, the assertion that 19th-century civilization was being dominated by market exchange is odd from Polanyi's perspective, because society submits to economic logic. As a result of the destruction of community, humans isolate themselves as individuals from society; this also means that human life faces danger on account of the economic domination of society. Although previous studies — such as those of Dale (2010), Beckert (2009), and Rotstein (1990) — clarify the relationship between the community and isolation engendered by economic liberalism, they do not discuss the relationship between economics and humans as per Polanyi's thinking.⁴ That is to say, when the discussion focuses entirely on social relationships with the economy, the self-interest of humans as per their cognition will not be analysed. Therefore, this study turns its attention to the relationship between humans and the four forms of economy, without discussing embeddedness or the double movement — both of which are familiar to those familiar with Polanyi's work.

How did Polanyi originally treat self-interest in his work? In his previous research, he negatively evaluated self-interest, because he emphasized the nonexchange economy and insisted on a kind of socialism that could create an ideal world; hence, there is an obvious call to deny self-interest. Additionally, the embeddedness of the economy of a society is ultimately understood as the embeddedness of economic self-interest in social relations (Vancura, 2011). Of course, Polanyi criticized economies that were based on self-interest, as found in the 19th-century market society; in addition, he also considered it a weak point in society. That is,

The true criticism of market society is not that it was based on economics — in a sense, every and society must be based on it — but that its economy was based on self-interest. Such an organization of economic life is entirely unnatural, in the strictly empirical sense of *exception*. ...[T]he self-regulating market of the nineteenth century turns out on closer inspection to be radically different from even its immediate predecessor in that it relied for its regulation on economic self-interest. *The congenital weakness of nineteenth-century society was not that it was industrial but that it was a market society.* (Polanyi, 1944, pp. 257-258; italics added by Polanyi for emphasis)

Pearson, a student and co-researcher of Polanyi, also followed this line of thinking, based on reciprocity and

² Referring especially to the usefulness of redistribution in modern society, Kasai (2016) discusses Polanyi's interest in the context of the 20th century.

³ Polanyi's understanding of Aristotle was demonstrated in "Aristotle Discovers the Economy" (1957a), published after *The Great Transformation*.

⁴ Baum (1996) discusses humans in Polanyi by embracing the ethical perspective.

redistribution as a typical exhibition of altruism. He states that the

characteristic motive [of the transactional pattern of exchange] is rational self-interest. Its characteristic institution is the market, which is not to say that all markets fit the pattern. ...A distinctive feature of the exchange pattern is that it isolates the economic element (used here in the formal sense of economic rationality) in the essential give-and-take relations of the substantive economic process, the act of exchange always representing, in theory, a calculated gain to each individual involved. (Pearson, 1977, xxxiv-xxxv)

However, it may be premature to draw from these quotations the conclusion that Polanyi's attitude was that human self-interest was harmful. Although he rejects market society wherever economics based on self-interest served as a social core, he does not controvert the very existence of humans with self-interest.⁵ Exchange, self-interest, and market society very strongly interrelate because the 19th-century world was created by formal economics that were based on these three elements. However, this interrelatedness exists only in 19th-century society, and so these three elements cannot be connected without giving consideration to his comprehensive anthropological perspective. Therefore, the unbundling of exchange, self-interest, and market discretely gives room to rethink the diversity of selfish economic action, without it being consolidated into a single entity.⁶ His understanding of humans — which is clarified by undertaking inquiries into economic realms — went unheeded; it naturally involves the matter of exchange without self-interest of selfish reciprocity (i.e., redistribution).

3. Contradiction of Altruism

To clarify Polanyi's thinking with regards to self-interest, let us first consider the paradox of altruism. Economic activity in archaic society that is motivated not by material profit (such as reciprocity and redistribution) seems on the face of it to embody altruism. As Pearson states, ordinarily, these activities stand in opposition to the 19th-century economic world, which was characterized by exchange, market society, the profit motive, and rational *homo economicus*. Given the altruism in antediluvian society, it is unclear as to why people become self-interested in the modern sense. If an individual has changed his or her actions to align self-interest with altruism, the question as to why that transformation appeared should be discussed. In tracing Polanyi's discourse, we see between the 19th and 20th centuries neither a shift in human nature, nor a degenerate change to the human spirit. He does not believe that people in modern society act solely on selfish motives; similarly, he does not consider the archaic human some sort of exemplar.

On the other hand, Polanyi's critics consider the social environment the cause of 19th-century conditions; they do so by concentrating on the development and acceptance of economics in the late 18th century. Moreover, Polanyi supposes that humans have as a premise of reciprocity and redistribution a utilitarian self-interest:

Reciprocity shifts the emphasis from the utilitarian element of selfish advantage to the warmth of experience and gratification that flow from mutually honorific neighborhood contracts with those to whom we are joined in specific relations of objective status and personal intimacy. Redistribution strengthens internal communal ties by all the psychological means at men's disposal. (Polanyi, 1977, p. 60)

Additionally, humans in every era have always had self-interest, and so householding and exchange were also

⁵ Although Polanyi points out mistakes in Smith's propensity for exchange (as seen in some of his works), he does not deny self-interest among humans. (Polanyi criticizes the theory developed by Malthus and Ricardo.) As a result, the current study's understanding differs from those of Hejeebu and McCloskey (1999) and Blyth (2004).

⁶ Bowles and Gintis (2000) touch upon the coexistence of reciprocity and self-interest in empirical games, while bearing in mind Polanyi's thinking.

features of archaic society; consequently, Polanyi does not deny the self-interest of humans. Although his affirmation tends to be misunderstood as the ‘worship’ of a human nature that existed in a nonexchange economy — and, by extension, a criticism of the exchange economy — the true problem is the balance of reciprocity, redistribution, householding, and exchange, as all four forms coexist in any society. The 19th-century’s economic society lost its balance; hence, society was embedded in the economy.

In addition, Polanyi did not disaffirm Malinofski’s statement, which denies voluntary giving; in his mind, neither voluntary giving nor altruism constitutes a nonexchange economy, given his assertion that “reciprocity demands adequacy of response” (Polanyi, 1957a, p. 73; Polanyi, 1977, p. 54). Conversely, Polanyi was mainly interested in modern problems, such as exit from the international gold standard and the dissolution of the Speenhamland system, where he tackled how society could work on the basis of selfish humans. Therefore, people embrace reciprocity and redistribution not because of his or her partner’s pleasure, but because of social conditions that affirm the action (i.e., it is embedded in society). Consequently, social usefulness that is not contingent on profit — as exemplified by peace, prosperity, and the strengthening of ties within the community — induces these economies, rather than altruism. Given his consideration that social usefulness is mutually beneficial and gratuitous (Polanyi, 1944, p. 49), it is clear that archaic humans were neither beautiful and graceful volunteers, nor individuals acting in a benign fashion.

It is clear, says Polanyi, that we need to revise our errant understanding, if any, about altruistic humans, when we consider that

Man can be as good or evil, as social or asocial, jealous or generous, in respect to one set of values as in respect to another. Not to allow anybody reason for jealousy is, indeed, an accepted principle of ceremonial distribution, just as publicly bestowed praise is the due of the industrious, skilful, or otherwise successful gardener. (Polanyi, 1944, p. 49)

That is to say, Polanyi fathomed of a way in which the whole of society worked, which differed from the social utility function; he took particular note of the human social environment by focusing on the functional capabilities of policies and institutions. Although his views tended to diverge from mainstream economics during his efforts to grasp the essentials of society — beyond a grouping of individuals — he did share this interest with contemporaries such as Keynes, Beveridge, and Hayek,⁷ although their methodologies did differ remarkably. Consequently, Polanyi can be considered a man of the times who was at variance with the solitary thinker.

4. Selfish Motives and Forms of Economy

4.1 Selfish Motives in Economic Activity, and the Fading of Self-interest

Polanyi indicates three selfish motives that humans have in partaking in economic activities — namely, the survival motive (i.e., maintaining life), the status motive (i.e., improving social relationships within the community), and the profit motive (i.e., pursuing one’s own gains). Because fear of starvation drives and strengthens the survival motive,⁸ reciprocity and redistribution are ingrained by the formation of community and communal bonds, in an effort to overcome that fear. Second, the status motive seeks to advance humans into a better situation, where they can attain honour and glorification under the premise of communal relations (e.g.,

⁷ Incidentally, Hayek’s *The Road to Serfdom* and Beveridge’s *Full Employment in a Free Society* were published in 1944, when Polanyi also released *The Great Transformation*. That all of these contemporary works discussed how something is free, as well as the nature of freedom itself, indicates the importance of the meaning of “free” at that time.

⁸ Polanyi’s survival motive indicates the incentive of economic activities, excepting self-defence in the face of outrage, despoliation, or conflict.

position and rank). Of course, although a change in status happens through reciprocity and redistribution, material profits do not become the focus of the action; on the other hand, the profit motive mainly promotes action that permits the acquisition of material and economic gains, by appearing as an exchange.

Therefore, Polanyi considers self-interest nothing more than the origin of economic activity; he evaluates it as neither positive nor negative. Exchanges driven by selfish motives will permeate the economy of any society that comprises egoistic humans. This chain of events has been truly problematic, and has repeatedly occurred whenever the threat of starvation has abated.

The building of communal relationship is driven by selfish survival motives, as denoted by repeated occurrences of nonexchange economies; in contrast, self-interest fades away. Polanyi expresses the process whereby the nonexchange economy grows as society becomes absolved from the fear of starvation, as mentioned below.

The explanation, in terms of survival, is simple. Take the case of a tribal society. The individual's economic interest is rarely paramount, for the community keeps all its members from starving unless it is itself born down by catastrophe, in which case interests are again threatened collectively, not individually. The maintenance of social ties, on the other hand, is crucial. First, because by disregarding the accepted code of honor, or generosity, the individual cuts himself off from the community and becomes an outcast; second, because, in the long run, all social obligations are reciprocal, and their fulfillment serves also the individual's give-and-take interests best. *Such a situation must exert a continuous pressure on the individual to eliminate economic self-interest from his consciousness to the point of making him unable, in many cases (but by no means in all), even to comprehend the implication of his own actions in terms of such an interest.* This attitude is reinforced by the common catch or sharing in the results of some far-flung and dangerous tribal expedition. (Polanyi, 1944, pp. 48-49; italics added for emphasis)

Human activity based on the survival motive (i.e., the prevention of starvation) can work to form a community and social bond that meets a life requirement. In other words, the community can convert individual starvation into a danger that the group faces, through redistribution and dilution. The strength of communal bonds is essential to the easy maintenance of life, because exclusion from a community equals the danger of subsistence. In addition, with reciprocity and redistribution, economic self-interest gradually fades from the surface, and the status motive observed as altruism consequently appears. As is clear from the above discussion, however, any reciprocity or redistribution that is considered altruistic is about no more than oneself. The process by which the nonexchange economy forms and develops is explained from the starting point of self-interest; this understanding can require modifications to the distorted image of Polanyi's human. Economic actions that originate in the selfish mind can seem like altruism at first glance, because the nonexchange economy involves social relations (i.e., the community).

4.2 Exchange Based on the Status Motive

In this subsection, we address and resolve the dichotomy wherein the profit motive gives rise to an exchange, and either the survival motive or the status motive gives rise to reciprocity and redistribution. There are in reality some economic transactions that are based on other motives, even though they do not occupy a core part of society — namely, the nonexchange economy that hinges on the profit motive, and the exchange economy that is contingent on nonprofit motives.

On one hand, exchange arises from the profit motive; on the other hand, the status motive also gives rise to exchange. This means that “the purpose of the exchange is to draw a relationship closer and strengthen the ties between the partners” (Polanyi, 1977, p. 54). An exchange based on the status motive aims not to defuse the threat of starvation or to derive higher profits, but to promote communal strength and indirectly reduce fear. As

mentioned in the discussion above, any exchange premised on the existence of communities aims to create social ties that, in turn, mitigate the fear of starvation.

[E]xchange, the most precarious of human ties, spreads into the economy when it could be made to serve the validation of the community. In effect, economic transactions become possible when they could be made gainless. The peril to solidarity involved in making selfish gain at the expense of the food of one's brother had first to be removed by eliminating the invidious element inherent in such exchanges. This was achieved through the declaration of equivalencies in the name of the representative of the godhead itself. Exchange behaviour was made legitimate by establishing the equivalence of that which was to be exchanged. (Polanyi, 1977, p. 61)

On the other hand, Polanyi also recognizes reciprocity, which harnesses social relationships to enhance one's own profits. This economy purely implies profit, and for this reason clearly differs from previous ways of exchange that work to maintain the community and reinforce social ties, all based on the survival motive.

For example, a merchant and a trader in an archaic society would never choose to exchange with the power system (including kings and temples) to maximize their respective profits. Rather than undertake exchange with them, reciprocity with the authorities would lead to superior evaluations, which would in turn lead to increased profits.

If the 'status motive' is reinforced by that of material benefit, the latter does not, as a rule, take the form of gain made on exchange, but rather that of gifts of treasure or landed revenue received by the trader from the master or lord by way of recompense. As it is, transactional gains usually add up to paltry sums that bear no comparison with the wealth showered upon the resourceful and successfully venturing trader by his lord. (Polanyi, 1977, p. 84)

Similarly, reciprocity can rationally⁹ coexist with a profit motive, and such economic activity has the feature of "he who trades for the sake of duty and honor grows rich, while he who trades for filthy lucre remains poor" (Polanyi, 1957b, p. 259). Although reciprocity here seems at a glance to be irrational, profit is a real aim of the economy. Social institutions, the environment, and surroundings reflect what people will do for irrational aims, such as obligation and honour; this considered, the concept of the irrational, archaic human is rejected. Of course, this economy may neither appear nor work in a society that lacks the development of shared relationships, because status and the profit motive depend upon the sufficiency of human basic needs, which in turn relates to the survival motive.¹⁰ Three problems need to be considered, separately — namely, whether or not 'community' exists, what form mainly underpins the economy, and what motive prompts transactions. Polanyi considers mainstream theory unsound, as it introduces people again to the danger of starvation, even after the cultivation of community — the latter of which helps ensure survival.

The paradigm containing the aforementioned factors is illustrated in Figure 1. First, all three origins of economic transaction — namely, the profit motive, the survival motive, and the status motive — are selfish in nature. To preclude fear of starvation, humans built social relationships within archaic tribal society by creating communities. Humans, in this way, mitigated the fear that stems from the survival motive, by taking part in a collective life. (The arrow from the "Survival Motive" rectangle to the "Social Relationship" ellipse denotes this human action.)

⁹ Polanyi says that "[f]or whatever the end, it is rational to choose one's means accordingly; and as to the means, it would not be rational to act upon any other test than that which one happens to believe in" (Polanyi, 1957b, pp. 245-246); as such, he considers the rationality of humans to be formal. He tended to descry ideal economics as a kind of "wide meaning economics" that aimed toward human substance, rather than mere survival. His interest shares a comprehensive perspective with environmental economics, in that they both deal with the possible functionality of social utility and cost; each methodology, however, is crucially different.

¹⁰ Kasai (2016) discusses the relationship between basic and substantive needs, as discussed in Polanyi.

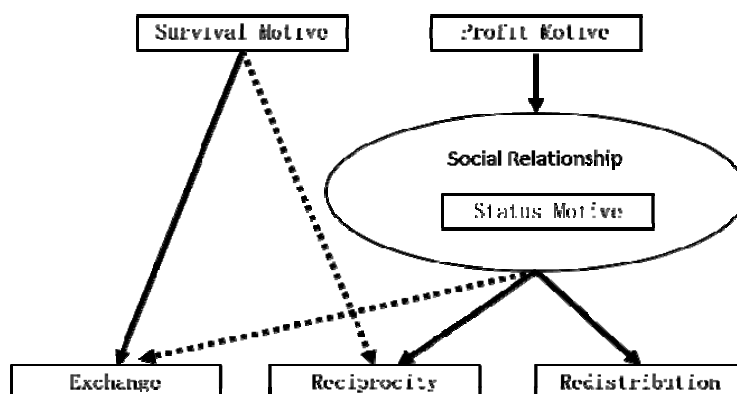


Figure 1 Human Motives and Forms of Economy

Next, to enhance their chance of survival, humans have reinforced communal relations by undertaking reciprocity and redistribution. In the same way, the selfish status motive — which refers to progression of rank within the community — creates these transactions. Because one's rank can depend on the ways in which transactions have taken place, certain bounteous actions can increase one's rank at once; on the other hand, meanness and chintziness can instantly destroy one's rank within the community. The economy obscures selfish propensities by also containing nonexchange transactions that arise from self-interest but which suggest a propensity towards altruism. (The arrows from the "Social Relationship" ellipse to each of "Reciprocity" and "Redistribution" denote this action.)

In addition, the arrow pointing to the "exchange from profit" motive refers to the innate propensity to exchange, as indicated by Adam Smith. In contrast, Polanyi points out the particularity of the action denoted by this arrow, as well as the occurrence of other actions denoted by dotted-line arrows. If an economy were to comprise only the dotted-line arrows, the profit motive would create exchange, and nonexchange would be born from other motives; in such circumstances, the dichotomy would gain approval. In addition to the solid-line arrows, however, reciprocity that arises from the profit motive and exchange (depending on the status motive) comprise the economy. According to Figure 1, Polanyi's thinking with regards to humans and the economy is more complex than the foregoing would otherwise suggest.

5. Social Economic Theory vis-à-vis Institution and Appetite

According to the previous section, it is clear that communal relationships help decide the economic form; in addition, Polanyi speaks to perceptions of the significance of such institutions. After humans create communities and attenuate their self-interest, and in addition to the domination of economics by utilitarianism, when an exchange becomes the centre of society, it helps build a market society. Of course, before the market society emerged, exchanges comprised just a small part of society. In the 19th-century world, institutions principally involved in the exchange economy affected human perception, by "unteaching" them how starvation can be alleviated through social ties; as a result, self-interest skyrocketed. This characteristic is the essence of what he calls "nineteenth-century civilization economics" — something he ardently criticizes.

Such discussion creates a new problem: how can the people produce an institution that helps control self-interest? Interestingly, the human conceived of by Polanyi does not substantially differ from that seen in mainstream economic theory: his image of humans derives from selfish motives and bears the mark of formal

rationalism. Additionally, Polanyi shares the perspective where individual rationality quietly incurs miserable results, even as the neoclassical economics of information focuses on moral hazard and reverse selection. Basically, both theories premise the rational human, and how it adapts to surroundings; consequently, there is a need for societal economic theory that analyses what the whole of society asks for. This new theory would inquire into the means of restricting economic selfishness and ways of fulfilling human subsistence. The significance of the institution, according to Polanyi, is in its consideration for society and how it satisfies the various needs of rational people.¹¹

Appropriately, this subsection discusses the nonsatiation of appetite in the existing mainstream economics — something that very much differs from elements seen in Polanyi's theory. Polanyi's theory wishes to point out an error — namely, that the exchange economy is often discussed without consideration for social ties, and that such an economy changes humans into individuals who are driven by economic selfishness. (In this sense, he does not deny that humans are rational.) Moreover, he denies the nonsatiation of appetite, given that “[f]or the higher wages the smaller the inducement to exertion on the part of the native, who unlike the white [hu]man was not compelled by his cultural standards to make as much money as he possibly could” (Polanyi, 1944, pp. 172-173). While humans, according to this supposition, are driven on one hand by economic selfishness, on the other hand, they do have appetites that are satisfied at some point. Consequently, Polanyi's ideal society comprises such humans, where such actions are undertaken.

As a matter of fact, the concept of humans with satisfied appetites currently exists in contemporary mainstream economics, and is often spoken of in terms of the “backward-bending supply curve of labour”. This term refers to how the plotted supply curve of labour indicates worker action: the curve bends backward as humans reduce their supply of labour, at a rate greater than particularly high wages would predict — all in spite of there being a clear and superior gain. Contrary to expectations, this pattern of labour supply by archaic humans naturally appears when the substitution effect of leisure exceeds the income effect. In the case where Polanyi's society is an extension of modern economic theory, humans will act in ways similar to archaic humans, and satisfy their appetites by earning high wages. Then, in using his theory *in corpore*, there is a need to establish a law or a culture that drives humans to move from selfish motives and satisfy their appetites. When we consider contemporary labour and the need to reduce one's work time, a high wage that coexists with short work time is deemed reasonable. The discussion heads in two directions, using either the social institutional approach, or an approach consistent with typical human behaviour. In relation to the former approach, high wages will be achieved through improvements to labour law; on the other hand, enriching the substitution effect of leisure promotes the use of the latter approach. For example, the promotion of work-life balance affects both sides of the issue — namely, improvements to labour surroundings, and the preferences of people who support the policy. These matters merely point to the embeddedness of the economy in society. In any case, it is not only that Polanyi's thinking can exist in tandem with the prevailing economics: those economics can also benefit from that thinking. The high potentiality for such a connection aligns with the values seen in today's world.¹²

¹¹ North (1977) suggests, by using the comparative institutional approach, that the dichotomy of research on Polanyi speaks to the compartmentalization of individual and group profits.

¹² With the advancement of female labour force participation in 2016, Japan's Abe cabinet has promoted work-life balance, in order to prevent overwork.

6. Post-Polanyian Thinking

This final section — which should be read while referencing Figure 2 — coordinates and classifies discussions with regards to Polanyi's thinking, from the perspectives of self-interest and appetites. In that figure, using two axes, individual self-interest and the satisfaction of appetites can be divided into four realms. Individual self-interest in this context is somewhat superficial, and it follows a dichotomy that involves on one hand an exchange economy created by unusual profit, but on the other hand involves a nonexchange economy that issues from a single group.¹³ Briefly, Polanyi's thinking presupposes that today's world creates social communities.

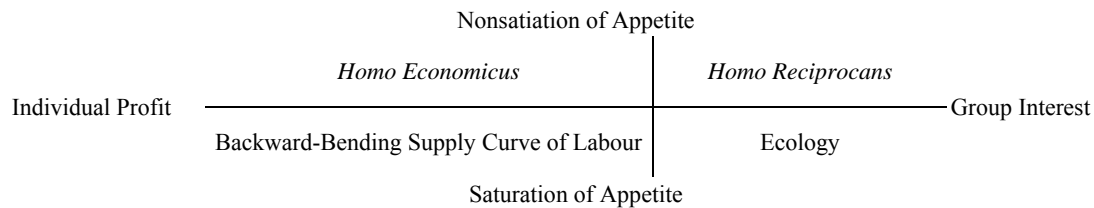


Figure 2 Human Appetites and Profits

First, orthodox economics is based on *homo economicus*, which Polanyi mainly criticizes as a realm containing economically selfish humans with unsatiated appetites. Therefore, analyses of Polanyi's thought encounter a problem: how does society address this issue? Next, those who presume the satiation of appetite and group interests are frequently found in schools of ecology and of utopian communism. Previous studies, especially those published until the 1980s, understood that Polanyi highlighted the antagonism between these two realms, given its identification of economic self-interest and appetites.¹⁴ In addition to these two realms, the sphere containing neither individual profit nor the satiation of the appetites possesses a new creature, *homo reciprocans* (Bowles & Gintis, 2000). This creature adheres to a reciprocal principle and lacks self-interest; additionally, it achieves profit from the group interest, whose satisfaction has no limitation. In other words, there is hypaethral altruism.¹⁵ Fourth, the backward-bending supply curve of labour belongs to the residual area, where a person works in line with his or her individual interests and unsatisfied appetites. In terms of embedding an economy in society, Polanyi's creature belongs to the absolute realm — that is to say, the human has a socialistic existence.

If we are to draw from Polanyi's thought implications more significant than those that pertain to anti-capitalism, it is important to focus on the potentialities in each area of Table 1. With regards to various schools of ecology, research should work to overcome the existing economic theory. For example, the massive earthquake in 2011 in Japan prompted many to question the use of atomic power, and the events dovetailing from that catastrophe provided opportunities to transform an otherwise narrow perspective of economics; additionally, Knight's question about how to truly deal with risk and uncertainty resurfaced. In contrast, as we focus our hopes on *homo reciprocans*, theory that speaks to economic groups needs to be developed, thus differentiating it from that pertaining to *homo economicus*. The theory of *homo reciprocans* will inevitably speak to how we see and define a group; accordingly, the formulation of new perspectives will work to coordinate economics and other disciplines, such as political philosophy and sociology. Moreover, as human activity better approximates the

¹³ We use such a separation here, in order to generate a map of the existing research.

¹⁴ The underlying cause of the widespread persistence of such a popular and misguided image of Polanyi seems to be antagonism.

¹⁵ In this regard, strictly speaking, *homo reciprocans* differs from Polanyi's concept, which directly connects self-interest and reciprocity.

backward-bending supply curve of labour, we will need to inquire into and clarify the turning point at which the wage works to reduce the labour supply. Research that leverages quantitative analysis and the Easterlin paradox between happiness and income might become useful and provide researchers with some clues.

This study found not only that Polanyi considers reciprocity and redistribution points of criticism in the exchange economy, but also that various forms of economy originate economic self-interest. The transitional economic process on which he insists, first of all, premises selfish motives, and incentives have pushed the members of a community, even as far back as archaic society, to relegate their own self-interest. Archaic society's change to market exchange and its formation of a different market society prompted Polanyi to undertake research and present a new social conception. By adding the axis of appetites to any economic theory that is based on *homo economicus*, institutions that support communal relations (and which in turn support the economy in terms of human subsistence) will appear; of course, this is precisely what Polanyi sought after and worked towards.

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