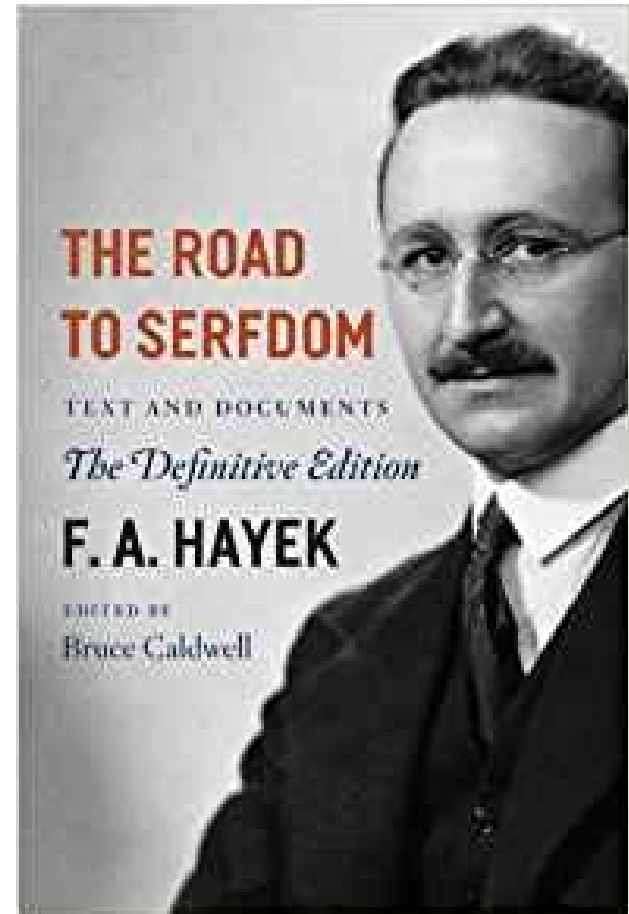


Polanyi, Karl. *The Great Transformation: The Political and Economic Origins of Our Time*. Beacon Press, 1980. © Beacon Press. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <https://ocw.mit.edu/help/faq-fair-use/>.

Karl Polanyi



Hayek, F.A. *The Road to Serfdom: Text and Documents-The Definitive Edition*. University of Chicago Press, 2003. © University of Chicago Press. All rights reserved. This content is excluded from our Creative Commons license. For more information, see <https://ocw.mit.edu/help/faq-fair-use/>.

Frederick Hayek

Karl Polanyi



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1886-1964 economic historian born in Vienna but grew up in Budapest; distinguished intellectual family; father railway entrepreneur; “Great Transformation” considered classic by social scientists outside of economics

Polanyi -

- Argues against Smith that, if you look at historical examples, there is no natural human tendency to “truck, barter, and exchange”

Ways of organizing economic life

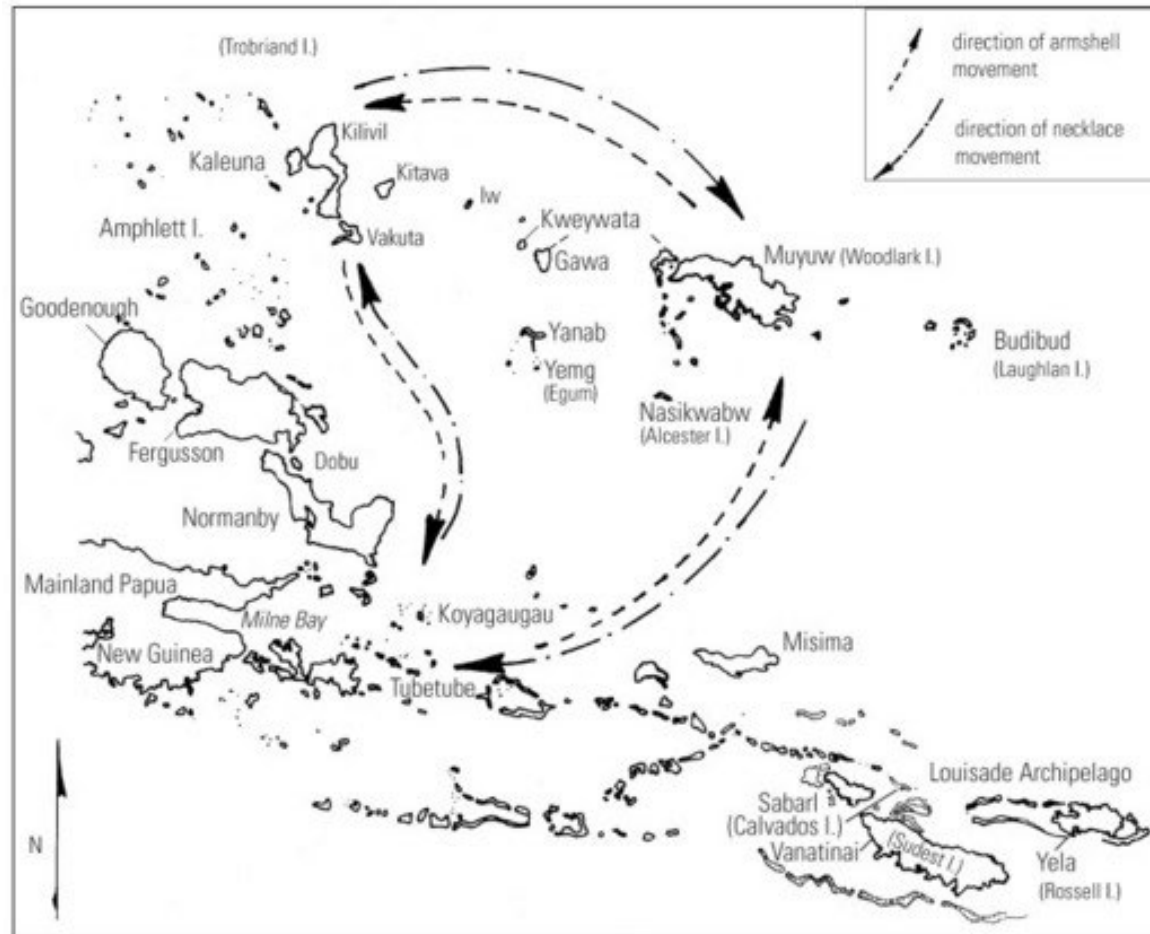
pre-19th century

-reciprocity –

-redistribution -

-householding

Map of Trobriand Islands, Papua New Guinea and Kula exchange



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Kula objects



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First Nations Pacific Northwest of US and Canada; Klallam group potlatch



Image by James Gilchrist Swan. This image is in the public domain. Source: [Wikimedia Commons](https://commons.wikimedia.org/wiki/File:Klallam_Potlatch.jpg).

Kwakwaka'wakw Potlatch – Alert Bay, British Columbia, 1983



Polanyi (on markets)

- That where there were long-distance and local markets in past, they were often kept separate by local regulations (due to fears of social destabilization if traders brought in goods more cheaply and undermined local producers but then left market that locals came to depend upon)
- - as a result “global” markets did NOT evolve from “local” ones; they were brought in by govt. interventions like mercantilist charter companies
- Treating land, labor and money as commodities (which he labels “fictitious commodities”) has socially destructive consequences

Polanyi -

- Argues that with shift to idea of self-regulating market, there is a shift from market practices being embedded in society to society being embedded in market
- But wherever that happened, a “double movement” emerged - that along with expansion of market society there is an expansion of efforts of society to protect itself from socially destructive tendencies of seeing land, labor and money as commodities
- he argues that it’s a myth that you can have a self-regulating market society or one based solely on “free trade”; he argues “laissez faire was planned”

Friedrich von Hayek



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- Hayek – 1899-1992, Austrian economist from distinguished intellectual family, primary proponent of free market, ideas championed by Ronald Reagan and Margaret Thatcher;
- founder of Mt. Pelerin society, a free market think tank with Milton Friedman

Hayek –

- sees capitalism as the system that best allows individuals freedom
- Worries about tendency for governments to become authoritarian out of ostensible desire to do good
- -argues for limited role for governments with emphasis on creating legal framework for interactions and protecting property
- Argues for treating individuals equally by law but against policies to foster greater equality
- That if individuals become unequal ok for them to use their position even if in ways that foster greater inequality

Ayn Rand – author of the *Fountainhead* and *Atlas Shrugged*, a popularizer of libertarian ideas and inspiration for Tea Party



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Critics of Hayek ask:

Does the Cold War view of a stark choice between “free trade” and totalitarianism hold up historically? (i.e. govt. regulation in Nordic countries compatible with vibrant democracy and markets, while China “capitalist” while also authoritarian)

- Can unfettered “free market” policies undermine democracy in other ways as Piketty argues?

Racial Capitalism

Cedric Robinson & Satnam Virdee



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- How does thinking about slavery and racialization help us to understand capitalism?
- According to Virdee, how is the production of difference be intrinsic to the workings of capitalism?
- Is racialization always based on color?

David Harvey,

Condition of Postmodernity, 1989:

argues there has been a shift from a post
WWII FORDIST/KEYNSIAN regime to one of
FLEXIBLE ACCUMULATION beginning in 1973



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Fordist/Keynsianism WWII - 1973

- **Economy oriented around manufacturing**
- **-social contract - model of worker lack of control over work process but high wages and more social time**
- **-long term commitment between workers and employers**
- **-Keynsian welfare state – where government programs to cushion social impacts of capitalism**
- **-macroeconomic or state monitoring of economy**

Flexible Accumulation 1973 to ?

- **Emphasis on work flexibility and cutting labor costs (temp, contract, part-time work, off-shoring)**
- **Shift to emphasis from manufacturing to service economy**
- **State- pull back and deregulation**
- **Speed up in products, faster turn over rates**
- **Growing importance of knowledge**
- **Paper entrepreneurialism**

post-structuralist principles

- Emphasis on “discourse” – ways of talking about or understanding something
- Power isn’t found just in state, but permeates social life
- People, ideas, institutions, etc. don’t exist in a pre-determined way but are constituted through their relationships with others
- Our identities are constituted in multiple ways

Ernesto Laclau and Chantal Mouffe – *post-structuralist critiques of Marxism*

- Argues that not only does base not determine superstructure (i.e. economics doesn't determine ideas and culture), but that the “economy” itself has to be thought of in cultural terms (i.e. we help create it by imagining what it is)
- Who people are isn't determined solely by their class position, but also by gender, race, generation, etc.

Ernesto Laclau and Chantal Mouffe – *post-structuralist critiques of Marxism*

- Political and economic and “discursive” are always bound up with each other
- Power not just located in state and isn’t something that can simply be seized in a revolution; it’s also located in how people understand the world
- Change can be incremental (need not be total “revolution”) and means engaging with how people think in ways not about “false consciousness”

Post-structuralist views of J.K. Gibson-Graham

- People can have multiple class positions at one time
- Capitalism is not totalizing force that dominates everything; we live in “heterospaces” in which capitalist and non-capitalist processes part of everyday life

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21A.461 What is Capitalism?
Fall 2021

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