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Disembedded Markets and Society: Ambiguities in Polanyi's analysis

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- Abstract –

The work of Karl Polanyi and its interpretation is characterized by a fundamental ambiguity: For some, Polanyi's point lies in his discovery of the "social embeddedness" of the economy as an "anthropological" fact, for others, it lies just in his emphasis of the *non-embedded* character of the capitalist economy. In my paper, I will try to clarify the meaning of the two interpretations, showing that there is indeed a bias in favor of the first reading in Polanyi's analysis, which gives rise to severe difficulties in applying Polanyi's concept of "double movement" to contemporary global capitalism. I will discuss ways to overcome the anthropological and anti-liberal one-sidedness of Polanyi's position.

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1.) The problem

Needless to say that Karl Polanyi is an author, whose work has stimulated key debates in a variety of disciplines in social sciences, including economic anthropology, sociology and geography, and is still doing so, consider only his concepts of "double movement" or of social "embeddedness" of economic action. However, what Polanyi has left behind is not a closed theoretical system, but an analysis of capitalism that – without being arbitrary – is open for very different interpretations, and it is just this, what makes his work fruitful and stimulating. My aim here is to go somewhat deeper into some of these ambiguities in Polanyi's analysis, knowing that this is a vast debate. Nevertheless it appears worth while to do so, since such a discussion can open still hidden potentials Polanyi's thinking.

I start immediately with one central ambiguity that is running across Polanyi's entire analysis and has given rise to extended controversies (i.e. Lie 1991, Krippner 2004, Hann/Hart 2009, Go 2012): On the one hand, Polanyi is aiming at an historical and anthropological critique of classic and neoclassic economic thinking. Referring to a broad background of empirical evidence about markets and economic practices in primitive and stratifies societies, Polanyi points to the fictitious character of neoclassic assumptions about the "economic man". When securing the needs of their material reproduction, people in premodern societies neither acted as isolated individuals, nor were their actions governed by the motive of material gain. Rather, economic actions were "submerged" (Polanyi 1944: 46) into non-economic relationships securing social order, cohesion and trust, which Polanyi classifies along with his well- known typology of reciprocity, redistribution and household. In many cases, markets as a separated social sphere did not exist at all, and, where they existed, they were encapsulated into a dense network of political and institutional institutions. Markets, thus, had no overarching social importance: "Though the institution of the market was fairly common since the later Stone age, its role was no more than incidental to economic life" (Polanyi 1944: 43). On the other hand, for Polanyi there is one big exemption from these apparently sound "anthropological" findings: modern capitalism. Here the constellation between markets and society as described before turns upside down. Polanyi views modern capitalism as a society governed by "self-regulating" markets, with markets no longer embedded into social institutions, but society in turn becoming a mere "adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded into the economic system" (Polanyi 1944: 57). Contrary to his own emphasis on embeddedness, Polanyi interprets the neoclassic fiction of the "economic man" as a realistic description of capitalism.

How is such a sudden intellectual turn possible, and how does Polanyi justify it? Here, the opinions of the interpreters are diverging. For Fred Block (2003), the inconsistency in Polanyi's argument goes back to the biographical circumstance that Polanyi's shift from his earlier Marxist position to his later anthropological insights was still under way when finishing the "Great Transformation". As Block argues, it was only in the process of writing the "Great Transformation", that Polanyi developed his key concepts of embeddedness and fictitious commodities. The conclusion of the latter would have been the "the concept of the always embedded economy – that market societies must construct elaborate rules and institutional structures to limit the individual pursuit of gain or risk degenerating into a Hobbesian war of all against all." (Block 2003: 297). According to Block, Polanyi felt pressed to publish the manuscript before the end of the war and did not allow himself enough time to revise the manuscript accordingly. Block's interpretation has met many critical comments. Most recently, Kari Polanyi-Levitt criticized Block for discarding the idea of the disembedded economy and for "moving Polanyi into the mainstream of economic discourse" (Polanyi-Levitt 2013: 102). According to Polanyi-Levitt, Polanyi aimed to point to the "existential contradiction between the market economy and a viable society" (Polanyi- Levitt ibid.). In her view, Polanyi's position in so far was in line with the Marxian critique of capitalist commodification and alienation.

So, should we read Polanyi as an anthropologist or as a Marxist? The usual answer, surely also the answer Polanyi would have given himself, would consist in pointing to his concept of a "double movement" of capitalism. To put it in Polanyi's own words: "For a century, the dynamics of modern society was governed by a double movement: the market expanded continuously, but this movement was met by a countermovement checking the expansion in definite directions. Vital though such a countermovement was for the protection of society, in the last analysis it was incompatible with the self-regulation of the market, and thus with the market system itself." (Polanyi 1944: 130). For Polanyi, the emergence of a system of self-regulated markets meant a break with fundamental conditions of human existence. As he saw it, the experiences of the British industrial revolution revealed clearly the disastrous social and ecological effects of the commodification of land, labor and money. The inclusion of those "fictitious" commodities into the market system necessarily produced political counter-movements to re-embed and regulate those markets, which Polanyi analyzed in the second part of the book. However, by hampering the forces of market self-regulation, these countermeasures did not really help to settle the crisis; to the contrary, they created further instability thus "forcing the development of the market economy into a definite groove" (Polanyi 1944: 4).

At closer inspection, Polanyi's concept of the "double movement" contains not only one, but two ambiguities. First: If the root of the crises of capitalist societies lies in the emergence of a self-regulated market economy, how can it happen that efforts to contain the self-regulating logic of markets do not settle the crisis but have the effect of aggravating it? Again, Fred Block's comments are instructive here. As he argues, it was Polanyi's point that the destabilizing impact of the counter-movements was not due to their anti-market impetus *as such* but to their internal inconsistency. Protective interventions into agrarian and labor markets, for example, were incompatible with the parallel maintenance (or re-introduction) of the gold standard system; a similar inconsistency was characteristic for the Speenhamland-System in early 19th century England. According to Polanyi, the functioning of the market system was based on the premise of a coherent interaction of the market forces: "The three tenets – competitive labor market, automatic gold standard, and international free trade – formed one whole" (Polanyi 1944: 138). Thus, the disruptive impact of the counter-movements on society was due to the fact, that they were orchestrated in an inconsistent and conflicting way.

However, even if one follows this interpretation, a second and even more basic ambiguity in Polanyi's concept remains: Given the strong anthropological foundation of social embeddedness of economic action, which Polanyi is insisting upon: How is it possible at all for a self-regulating economy to emerge out of an "embedded" economy? As it appears, the design of Polanyi's double-movement concept is highly asymmetric and biased in favor of the second sequence, the reaction of society to the unfettering of market forces. Polanyi puts all his emphasis on demonstrating, why a system of self-regulating markets, once established, cannot sustain and must provoke social and political counter-movements. However, what about the first sequence, i.e. the rise of the market economy herself? What Polanyi is offering here are ad hoc hypotheses, at best. Sometimes, he seems to explain the rise of the market economy from the ideological influence of the laissez-faire doctrine. He characterizes the economic liberalism of the 1830's as a "militant creed" (Polanyi 1944: 137) that took possession of the minds of the political and economic elites. Here, Polanyi suddenly seems to switch from the perspective of social anthropology to that of the sociology of knowledge, without any attempt to justify and elaborate this turn. In other passages of the text, Polanyi insinuates the idea that the invention of industrial machinery could have stimulated the rise of the self-regulating market. "We do not intend to assert that the machine caused that which happened, but we insist that once elaborate machines and plant were used for production in a commercial society, the idea of a self-regulating market was bound to take shape." (Polanyi 1944: 40). Again, there is no attempt to elaborate this hypothesis further – a hypothesis, which in the light of contemporary sociological critique of technological determinism appears extremely doubtful and seems to mix up causes and consequences of the commodification of industrial labor.

Some authors (e.g. Peck 2013) have tried to impute a "dialectical" logic to Polanyi's double-movement theorem: Market forces give rise to social counter-movements, the latter in turn will lead to a revival of market forces etc. Such an interpretation can hardly convince, as Polanyi's argument is clearly not dialectical, but anthropological. Fred Block's interpretation too cannot help further at this point. As Block argues, even an extremely liberalized market economy never can be completely "non-embedded". The self-regulation of markets does not come about spontaneously but requires detailed political interventions to secure property rights and the freedom of competition; here Block reminds to Polanyi's own arguments. In this way, it is always embedded into a political and institutional context, albeit of a kind different from pre-modern societies. What Block (not Polanyi himself) is overlooking here is an elementary point: Market regulations are largely bound to the frame of the national state, the market system itself, by contrast, is transnational and global. Though Block's thesis of the "always embedded economy" certainly holds true, the problem remains that embeddedness is confined largely to the local, regional or national levels. The markets, however, are self-regulating *just because* they are a superior, universal system beyond the reach of every single national state. Transnational firms and globally mobile investors can easily circumvent and hollow out national regulations, choosing the locations of their investments according to their preferences. Even more, they can make national states to compete for their favor and to comply with their demands; an example is the "race to the bottom" that could be observed in the area of corporate taxes and taxes on high income between 1985 and 2009 (Genschel/Schwarz 2011). As Polanyi himself had remarked, states and local social orders in their turn are "embedded" into the larger system of transnational markets, which they cannot control as a whole. As Wolfgang Streeck has put it: "While politics may operate as a countermovement to the capitalist market, and sometimes even as a successful one, the market moves on its own generating the movement to which the countermovement must try to respond." (Streeck 2012: 315). Block's attempt to make Polanyi's conception consistent against the author himself, cannot convince, with the implication, however, of the inconsistencies in Polanyi's own position remaining.

The problem, we are encountering here, has consequences concerning the applicability of Polanyi's concepts to contemporary global capitalism. As mentioned, Polanyi characterized 19th century market liberalism as a "stark utopia". He was convinced that the market system emerging from that utopia could not survive the social crises and catastrophes produced by itself: "In retrospect our age will be credited with having seen the end of the self-regulating market" (Polanyi 1944: 142). Polanyi interpreted the rise of 19th century global capitalism as a kind of historical "accident" that was extremely unlikely to be repeated. Today we know that these predictions were premature. With the liberalization of global capital markets after the fall of the Bretton Woods system in 1973, even more after the fall of the socialist system, global capitalism experienced a powerful revival. With globalization, liberalization and deregulation, the crisis-proneness of capitalism revived too, and so it appeared natural for critical theorists and political economists (e.g. Axel Honneth, Jürgen Habermas, Wolfgang Streeck) to take recourse to Polanyi's double movement concept again to interpret these developments.[1] The re-discovery of Polanyi's work since the late 1970's can be explained largely from that background. However, is it really possible to lift out Polanyi's theory from its original historical context and to apply it to the development of capitalism a second time? A theory that concentrates exclusively on the second phase of the "double movement", but has almost nothing to say about the first phase – to repeat it – is certainly not a good theory. The global disembedding of markets after 1973 cannot be declared as a historical "accident" again. It cannot be understood on the basis of a theory that defines the opposite of such a development – nationally based embeddedness – as an "anthropological fact".

2.) Four dimensions of disembedding

The task to elaborate Polanyi's double movement concept thus appears sufficiently clear. What is needed, are theoretical efforts to correct the one-sided "anthropology" of Polanyi's position, which tends to exclude the universality of markets from the human condition. Further historical and empirical investigations to clarify the historical forces giving rise to the first phase of the "double movement" (the missing link in Polanyi's analysis) are required. How could a global system of disembedded markets emerge out of the context of an "embedded" economy? This is a big question, which obviously will require a complex answer. As a first step it offers itself to recapitulate Polanyi's own historical analyses of the

[1] For Streeck, the present day counter-movements in Europe against market fundamentalism are looking like "coming out of a Polanyian storybook" (Streeck 2013: 239, transl. by the author).

spread of the market system. What I am suggesting, thus, is to read Polanyi "against the stream", i.e. not as a theorist of embedding but one of disembedding.

The basic points are well known: Polanyi interprets modern capitalism as the outcome of the European "Great Transformation" of the 18th century. The "Great Transformation" is defined as a process where markets, given the overwhelming spread of liberal ideas in the 19th century, expanded beyond their traditional institutional and political environments. This meant that society now became dominated by self-regulating markets, which Polanyi, following the neoclassic view, interprets as an a-social system governed by interests of material gain. Still under the mercantilist rule of the 18th century, markets were not left to themselves, but market access, prices, product quantities, quality standards, and many other issues were strictly regulated by the local and national political authorities. By contrast, the liberal governments in the 19th century followed the idea of "laissez faire" and concentrated their interventions on guaranteeing private property rights and the principles of free competition. Given these conditions, the markets were allowed to regulate themselves according to the signals of prices, costs and profits.

For a systematic review of Polanyi's statements concerning the universalization of markets, it appears helpful to distinguish between four dimensions of disembedding, the territorial, social, material and temporal ones. With the territorial dimension, I refer to the *spatial extension and integration of markets,* with the social one to the *degree of inclusion of the population* into the market nexus. The material dimension focuses on the *scope of objects* that can enter into market transactions; the temporal dimension is related to the *time horizon* of transactions. The advantage of a reconstruction of Polanyi's statements along these four dimensions is that it allows a systematic assessment of the strengths and deficiencies of Polanyi's analysis. As I want to show subsequently, Polanyi's analysis focuses on the territorial and social dimensions of the universalization process. What he dealt with insufficiently were the material and temporal dimensions of disembedding. This will lead to some concluding critical comments concerning Polanyi's basic understanding of universalized markets as a social order. Following Lie (1991) I argue that he did not distinguish satisfactorily between disembedded markets as an empirical and historical reality and the description of that reality by classic and neoclassic economics.

Concerning the territorial dimension of the extension of markets (see Polanyi 1944: 56 f.), I confine myself to a brief summary. Polanyi distinguishes three types of markets: External, local and national markets. He shows that the evolution of markets did not follow the pattern imagined "naively" by the economists of the 19th century, with market exchange starting at the local level, and then spreading successively to the national and international levels. Rather, the sequence of the argument should be "almost reversed" in the light of actual knowledge, as Polanyi argues. The true starting point had been long-distance trade, developing not *within* ethnical communities, but emerging from encounters *between* communities, and often taking not the character of barter, but of "adventure, exploration, hunting, piracy and war." (Polanyi 1944: 59). With growing division of labor and centralization of political authority, local markets developed; however, they remained separated from each other and from external trade. The politics of European mercantilism in the 17th and 18th century strived to remove the barriers between the local trade markets and to create a national market, while keeping up and even tightening the barriers between national and international markets. The breakthrough in the disembedding process in the 19th century, thus, did not come from a gradual expansion of local markets, but from the removal of national and regional customs barriers, resulting in an integration of local, national and international markets. As one could add, the integration of markets was greatly facilitated by technical innovations in the transport and communication systems, such as the steamship, the railway, the telegraph and the telephone. With annual increases of 4,18 percent between 1820-1870 and 3,4 percent between 1870-1913 the volume of world trade increased at a pace many times higher than in any earlier historical age (Osterhammel 2009: 1033). Though still being shaped by a "eurocentric" perspective and needing corresponding elaboration, Polanyi's account so far seems to be largely in line with later historical research.

Concerning the social dimension of disembedding, Polanyi's analysis concentrates, as it is well known, on the case of the English Speenhamland-law, a municipal system of poor-relief existing between 1795 and 1834. Polanyi characterizes it as an attempt to prevent the rise of a self-regulated labor market, which, given the parallel rise of the Industrial revolution and the industrial labor market, led to severe dysfunctionalities and finally had to be abandoned. Polanyi interprets the abolition of the Speenhamland-system as a decisive step to surmount local subsistence economies, to promote the commercialization of labor, and to include the mass of the population into the market nexus as her dominant source of existence. Again, Polanyi's principal point about the 19th century achieving the transition from slavery and serfdom to free labor, seems out of controversy.[2] Nevertheless many empirical issues require further elaboration. Didn't the separation of workers from land start at a much earlier time, in the age of Henry VIII, as Marx had argued? Later researchers, in particular Maurice Dobb and Edward P. Thomson, have delivered a more detailed and precise account of the commercialization of labor in England. While starting long before the institution of the Speenhamland law, the inclusion of labor into the market developed, as Thompson shows, in a more gradual and complex way than suggested by Polanyi. In the 1830's, for example, a large working class indeed had developed; however, still at this time the majority of workers were artisans, masters, journeymen, homeworkers, being employed in small shops and not in factories (Thompson 1963: 234 f.). What they were selling, were their products, and not their "labor power", the difference between both vanishing only gradually. It took long time for the market for the "fictitious" commodity of labor to become established in England, let alone in the rest of Europe. The complexity of the transition reflected itself, among others, in persisting cultural differences in the interpretation of the work contract between Germany and England, which Biernacki has highlighted: "German owners and workers viewed employment as the timed appropriation of worker's labor power and disposition over worker's activity. In contrast, British owners and workers saw employment as the appropriation of worker's materialized labor via its products." (Biernacki 1995: 12). As

[2] "'Freie' Arbeit kann man einigermaßen trennscharf nur formal und juristisch definieren. Demnach wäre darunter ein ohne unmittelbaren äußeren Druck vertraglich vereinbartes Verhältnis zu verstehen, bei dem der Arbeit-'Nehmer' dem Arbeit-'Geber' gegen monetäre Entlohnung die Nutzung seiner Arbeitskraft, meist für einen spezifischen Zeitraum, überträgt. Dieses Verhältnis ist von beiden Seiten prinzipiell kündbar und verleiht dem Arbeitgeber keinerlei weitergehende Rechte an der Person des Arbeitnehmers. Ein solcher Begriff der Arbeit war um 1900 in weiten Teilen der Welt zur Selbstverständlichkeit geworden. Um 1800 war dies noch keineswegs der Fall." (Osterhammel 2009: 993)

Biernacki shows, the result were persisting differences in the management, control and remuneration regimes in both countries; I will come back to this point below.

The social dimension of disembedding should be distinguished clearly from the material dimension, i.e. the extension of the scope of objects to be included into the market nexus. Polanyi's analysis of material disembedding exhausts itself largely in his theory of the "fictitious commodities" of land, labor and money, which, though being treated as commodities, actually are not. Here we are arriving at one of the most difficult points in Polanyi's analysis. As he argues, land, labor and money are resources basic for the reproduction of society. Their commodification meant to confront society with hitherto unknown existential threats, such as environmental pollution, poverty, social disorganization and unrest, excessive market fluctuations. Polanyi's connotes the uncertainty created by the extension of the market nexus to land, labor and money almost exclusively in negative terms; only in passing he notes that the self-regulating market also produced an "unheard-of material welfare" (Polanyi 1944: 3). With regard to the commodification of labor, for example, he emphasizes the social and material risks of workers being exposed to labor markets. While Polanyi's gloomy descriptions may be largely justified with regard to the early phases of the industrial revolution, his conceptualizations fail to meet the full complexity of social arrangements between capital and labor that developed in the later stages of "intensified" capitalist accumulation. The standardization and shortening of working hours – for example – did not only mean to "protect" workers against the pressure of markets, as Polanyi is arguing in his theory of "double movement". Rather, they also enabled workers to identify with the rhythm of the intensified capitalist labor process and to become more productive and committed (Stearns 1975, Deutschmann 1985).

The freedom of workers at labor markets had a double, not only negative, but also positive meaning, which Marx differently from Polanyi always had emphasized: Workers were released not only from their means of subsistence, but also from relationships of personal dependence. Marx's distinction between labor and labor power remains vital and cannot be treated as a mere formality, as Polanyi seems to do. It is not the person, but her labor power that is getting "commodified", though – of course – both factually cannot be separated from other. What the free worker is selling are not his/her products but his/her capacities to produce, and different from the slave, he/she has a personal interest to do so. This – to emphasize it again – is a complex social arrangement, which took long time to become institutionalized. The cooperative arrangements between capital and labor did not simply mean to protect people against markets, as Polanyi is pretending. Rather, they came down to a spectactular enlargement of the innovative capacities of firms and, hence, of the options embodied in money. Money now became a private property title on the creative and innovative capacities of organized labor; as such, it was no longer just money but capital. Different from the material "factors of production", humans are endowed with the ability to generate something new.[3] While the capacities of machines, plants, technical systems, even computers are basically calculable, it is impossible to give an exhausting definition of the capacities of free labour, since such a definition would have to include not

[3] I am referring here to John Dewey's pragmatist concept of creativity, which had been taken up by Hans Joas and Jens Beckert to make it fruitful for economic sociology.

only all inventions of the past and present, but also of the future. With the extension of markets to labour and the other factors of production, money became an entitlement not only on what actually *had been produced*, but also *what could be produced* via the organized employment of labour. As a consequence, "imaginations" became vital for the organization of the economy, as Beckert (2011, 2016) emphasizes.

Mobilizing the creative capacities of labour – of course - is not possible by force, but depends on the active cooperation and commitment of workers. Finding the right balance between controls, sanctions and incentives here became a key challenge for capitalist entrepreneurs and managers. The final success of these efforts is documented by the fact that the commodification of labour in the course of the "Great transformation" resulted in an unprecedented "growth explosion" of the economy. Between 1820 and the present the world economy grew at a pace many times higher than in any former period during the last two thousand years (Maddison 2001). Growth instead of stationary reproduction became the dominating pattern of economic development. What is vital for capitalist growth is not simply higher "productivity" in the sense of an increasing per capita output of a *given* set of products and services, but *innovation* (Baumol 2002), enhancing the *value* of production. Capitalist growth is based on the continuous invention of new products, services, technologies, logistic concepts and the concomitant elimination of conventional ones. As Schumpeter and later researchers (Freeman/Louca 2001) have shown, the capitalist process of "creative destruction" does not develop continuously, but in cycles and waves, producing ever-new "industrial revolutions". The invention of machinery was a result of that process, not a factor coming from the "outside", as Polanyi seems to assume.

For Marx, the extension of the power of money to the potentials of free labor had been the key point of his definition of capital. By mobilizating the creative capacities of labor, money itself takes on the character of a "capacity" (*Vermögen* in German) that is bound to grow and accumulate. As the creativity of labor is basically indefinable, the property claim embodied in the capital form of money can never be redeemed finally, but only in a never ending process of capital accumulation. Since money in its capital form is determined to grow, the need for a complementary increase in the supply of money and credit arises too. This requires the commodification of money as the third "fictitious" commodity in Polanyi's list. Thus, the commodification of labor and that of money can be interpreted as two sides of the same coin.

Again however, Polanyi's analysis of the commodification of money and credit appears fragmentary and bound to the experience of his time. For Polanyi, the gold standard represented the cornerstone of the self-regulation of money and of the market system as a whole. Consequently he interprets the final failure of the gold standard in the early 1930's as "the final failure of the market economy" (Polanyi 1944: 200). As Polanyi argues in line with the contemporary liberal consensus, the gold standard was vital to secure the stability of international trade, as it made foreign exchange calculable. To counter the negative repercussions of external trade imbalances on the domestic economy, central banking systems were developed on national level, whose actions, however, were often inconsistent with the rules of the gold standard and contributed to the erosion of the system. While the trade-off between key goals of national economic policy (the often cited "magic triangle" of employment, price stability and external trade equilibrium) has remained a recurrent issue up to the present day, Polanyi's interpretation of the gold standard as the cornerstone of the self-regulation of the market system clearly has become anachronistic. Even in its actual implementation, the gold standard was much more politicized than the narrative of gold as a "neutral" anchor of value pretended (Knafo 2013). Moreover, the gold standard had been dysfunctional not only from the viewpoint of the self-protection of society against market forces, as Polanyi is arguing. Rather, as later analyzes (Kindleberger 1993, Reinhart/Rogoff 2009) have shown, the true problem lay in its dysfunctionality for the market process itself, as the dependence of the credit system on the contingent datum of gold reserves meant unnecessary restrictions in the supply of money, preventing its adaptation to the requirements of a growing capitalist economy. Thus, Polanyi was clearly premature proclaiming the end of the market system after the end of the gold standard. The spectacular expansion of world trade even after the abolition of the gold base of the dollar in 1971 gives abundant evidence about the dispensability of the gold anchor as a mechanism to stabilize globalized markets.

Nevertheless, Polanyi's warnings against the disembedding of financial markets have proven substantial too. The extension of the market nexus to money means capital markets to become self- referential, as capital now is getting invested no longer only into nonfinancial assets, but in financial ones too. The risks of such a "decoupling" of capital from the nonfinancial economy, which are greatly enhanced by the globalization of capital markets, have been discussed extensively in the "financialization"-literature developing in connection with the crises of the 1930s and most recent financial crisis (Reinhart/Rogoff 2009, Lounsbury/Hirsch 2010, Heires/Nölke 2014). Political regulations on national and international levels, such as minimum capital requirements, firewalls between credit and investment banking, prohibitions of certain financial "products" (Hellwig/Admati 2014) appear vital to control the danger of catastrophic market collapses.

Material disembedding does not exhaust itself in the extension of the market nexus to labor and finance; we have to consider land as the third "fictitious" commodities listed by Polanyi too. As in the case of labor, it often has been shown that the successful inclusion of land and money into the market nexus depended on parallel moves of decommodification. A key concern in the early 19th century (Ricardo, Malthus) had been that rising prices for land and agricultural products due to population growth and industrial development would increase the profits of landowners at cost of industrial entrepreneurs, thus finally curbing the dynamics of capitalism. While productivity growth in agriculture invalidated these concerns to some degree, new problems arose, in particular the devastation of the natural environment resulting just from the application of industrial technologies to agriculture, and the soaring of real estate prices in the urban agglomerations. The only way to cope with these problems were political interventions, such as environmental regulations, locally managed systems of resource control (Ostrom 2010), or the extension of public real estate ownership.

So far, I have referred to Polanyi's analysis of the territorial, social and material dimensions of the disembedding of markets. However, there is still a fourth dimension of disembedding hardly touched by Polanyi, the temporal one. Modern sociological interpretations of time, following the theories of Durkheim, Merton, Sorokin, Mead, Schütz and Luhmann, have emphasized the character of time as a social emergent: Time is understood not as an "external" standard, coordinating social activities from the outside, but something that is generated within the social process (for an overview: Bergmann 1992). Simple societies are developing "natural" patterns of time, reflecting the limited experience horizon of small communities. Complex societies, by contrast, depend on abstract forms of time calculation, bridging a variety of different social roles, and mediating complex divisions of labor, with modern "world-time" as a final stage (Luhmann 1975). A parallel distinction is that between cyclical and linear systems of time. Where the reproductive activities of a society are following a stationary pattern, this tends to reflect itself in a cyclical organization of time with no clear differentiation between the present, the past and the future (Bergmann 1992: 102). Thus, as pre-modern societies are embedded into traditional institutions, they are embedded into cyclical and organic time structures, reflecting a stationary pattern of reproduction, with no clear consciousness about the irreversibility of time. Modern societies, on the other hand, are characterized by a conception of time as a reflexively structured linear flow, stretching from the past and present into an open and uncertain future. The hypothesis I want to suggest here is that the rise of modern linear time is closely related to the material disembedding of markets, in particular to the inclusion of labor power into the market nexus and the resulting transformation of money into capital (Deutschmann 1985). As emphasized above, the extension of the property claim of money to the creative potentials of labor implies that the claim no longer can be redeemed in a definitive way but only in a never ending process. From here the centrality of the future and of "fictions" to fill the future (Beckert 2016) again is becoming apparent.

3.) Conclusion

While Polanyi has invested much effort into an ethnographic reconstruction of the social embeddedness of pre-modern economies, he did not enter into a similarly rigorous empirical analysis of the capitalist disembedding process itself. Instead, he accepted – as I think, prematurely - the classic and neoclassic market model as an adequate description of a reality that he qualified as "utopian", "absurd" and bound to downfall at the same time. From the viewpoint of today it is evident that Polanyi's predictions about the demise of global capitalism were erroneous.

Thus, the nature of disembedded markets as a *social* system needs new and intensified analysis. For the time being, four guidelines for such an analysis can be concluded from the above discussion. *First*: Markets are not only based on "instrumental" or "technical" action, but on the social institution of private property, with money as a mediator of the interpersonal recognition and transfer of private property rights. Mutual recognition of individual property rights *within society* should be distinguished clearly from simple selfishness. Therefore, the interpretation of markets as a quasi "technical" system regulating itself via the interaction of purely "instrumental" or "material" interests is inadequate, even as a "critical" description of capitalism, which Polanyi (and, following him, critical theorists and economic sociologists) is intending. Markets, whether "embedded" or nor, are clearly a *social* system, characterized by social universality as well as by their potentials of individualization. *Second*, due to the very process of disembedding, the characterization of disembedded markets as a merely “economic” system within a larger society, can no longer be maintained. Instead, disembedded markets are occupying the place of the most encompassing social system by themselves, its universality extending to the spatial and social, as well as to the social and temporal dimensions of human existence. *Third*: Even more so, disembedded markets may even take the role of an interface of society with the experiences of the irregular, the unknown and the numinous, which in premodern societies had been the domain of religion. Hence, money – to be precise: the capital form of money – as the key medium of disembedded markets is understood insufficiently when being characterized only as a means of rational calculation of material gain. Rather, given the vast and inexhaustible room of options which money is commanding in its capital form, it is becoming a key vehicle to manage social contingency, which is valued *as such* and not only as a means to acquire external ends. *Fourth*: The encompassing character of the system, which makes it unobservable as a whole, raises the epistemological problem of the relativity of any observer perspective, which is basic for macro-sociological analysis.

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