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NOTES OF WEEKEND-IV WITH

KARL POLANYI, AUG. 25/56

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1. G.B.S.

Labor had a deep resentment against Shaw. They claimed he was a traitor to democracy. The upper classes claimed that Shaw probably did more to prepare the plebian government of England than any single person.

No one has raised the question of what makes Shaw a success on the stage although his characters are only masks and have no serious conviction or life. There is no reason to raise the question of his being a poet or a great mind.

Priestly<sup>e</sup><sub>A</sub> (who is really a serious obstacle to anything serious anywhere) wrote an article on this subject in the New Statesman. It was a new angle on Major Barbara with everything put on the significance of her being a religious person and this being a religious piece.

To sum up Shaw is to transcend him, and the English can't. He was the most advanced thinker in his time on political theory. He reunited two basic ideas:

- 1) The life force idea taken from Nietzsche, i.e. the basic irrational element in reality - life as against the mind.
- 2) The mind of the scholastics and Thomas Aquinas. The essence of human society was rooted in the character of which mind is made.



Society is based on the unchangeable character of mind and the problems of life are answered through the structure of society, because they reflect the structure of mind. E.g. give the devil his due and let him loose and he will rebuild the world as it was. (Also the critic).

While in the Superman life is glorified, another man is needed. This is the extreme embodiment of Nietzschean irrationalism.

Shaw is the only thinker who bothered to analyze human institutions to their basic rational nature.

Every major thinker has two opposite ideas e.g. Marx, Hegel, Rousseau, and also Jesus and Paul state opposites in an indissoluble unity of temperament. That's why innumerable interpretations are possible on one line or the other: life and logos. There are always some who embody the life force. There is the creation of a baby, but the imagination is also conceptual. Conception is both biological and logical - body and mind.

At the same time he argues for marriage and claims that for society there is no danger of anarchism etc. e.g. Pygmalion. There is no use trying to evade the inherent necessities of a mind structure which human society actually is (through being heterodox, funny etc.)

The whole mystery of saints is that there are saints e.g. Joan in an obvious situation discovers the obvious - the French nation. But the Roman church can't have nations and so she's burned. She was

supposed to work miracles but didn't. She was beginning to do what every Frenchman had to do. We describe these as miracles by pretending not to understand.

In Androcles and the Lion, Androcles is just a martyr and saint and the king can't withstand that. What he really touches on here is the greatest force of human existence - here, the saint.

Julius Caesar was caring not about himself but his duty.

In Shaw, the two most important possibilities reached their limit:

- 1) irrationality and the life force (people, races, etc.)
- 2) Equality, decency and progress.

This teaches you to rebuild human society under its rational content vs. its limitations. Then he criticizes democracy from this angle. The rational (logos) runs along mind principles. Concept is expressed as value. Then everything follows(?). Shaw doesn't accept utilitarian values as transcending.

Shaw's theorem is that there is no solution to life except the Superman as a biological entity. The play shows up the illusions of liberalism, which accepts neither the laws of the mind nor the facts of life. His criticism is of a world that doesn't accept the commitment of love and the life force, nor spirituality and logic, but cheaply evades both by conventional morality. This denies the life force and makes morality impossible. That is his criticism of ideologies, refuting their main position as not having a basis



(Mrs. Warren's Profession, Captain Brassbound's Conversion). They are not up to the basic facts on which people get their existence and act in everyday life.

What is not understood is the basic conservatism of accepting the reality of society as equal to the mind reality. The belief in freedom, equality and justice partly support and contradict each other.

But you can only say that of real things. Therefore you cannot disregard the spiritual source of your own life without destroying yourself.

The English critics never said what was the source of Shaw's effectiveness. He could write incredibly good plays with the greatest of ease.

Man exists on three levels:

- 1) The body. If you kick or pinch him it hurts.
- 2) Psychological mechanism. You may hit him in his vanity in a psychological or emotional sense.
- 3) Life is nourished from internal sources of faith and conscience which he can't contradict without destroying himself.

The secret of Shaw as a dramatist is that he never makes a move without a bullseye on one of these three sources. Shaw says that man exists on all three levels and this is true of all humans always. This is terribly original for we put either one or the other

higher e.g. either the serious or buffoonery or the psychological character.

P. once wrote on Shaw, just about fifty years ago in 1906, "The Drama of the Economic Interpretation of History". He read all that Shaw had then written. P. just thought that it was the kind of play where ideologies are victims, exploding in the shifting realities - passive dramas where the heroes didn't act but are acted upon by circumstances. Then he was only 20, and ever since Shaw was one of P.'s favorites.

Shaw is a great poet and has a world of his own in which creating goes on, but he operates with the transubstantiation of men.

All men always and all the time are equally themselves on all three levels;

- 1) There is no man you cannot hurt by pinching his ear, punching etc.
- 2) Character and psychology are expressed in human weaknesses like vanity.
- 3) The same man, however lowly he may be is a spiritual being.

The secret of the plays is that Shaw never ceases to be 100% effective on one of these levels moving up and down the scale all the time. No one ever conceived of a scale(?) related to the interpretation of man's life in society with logos and bios.

There is the reality of the mind. The mind is real and you cannot act against its law. The characters are appearing to act against



the reality of society, e.g. the skeptic, the anarchist, but Shaw doesn't give this away.

Eros, sex, hunger, struggle for survival and imagination are of the same nature. (Heartbreak House, where the old genius, the skipper is head of an upper class family).

The process of creativity is literally the same in a poet conceiving a play and a woman conceiving a child. There is no difference. (Back to Methuselah, if man lived long enough there is conceiving in the imaginative sense). A poem is not a mind product but a life product, therefore conceiving is the same.

Law, ethics, esthetics, maths, is mind. The mind is restricted to the logically compelling. Will is a life product, not a mind product. (Back to Nietzsche and the will to power)

The whole thing must be rethought in the "Essence of Fascism", and Klages. P. got it from Shaw and would never have got it without him. In the "Essence of Fascism" there is the pagan life force and categorical thinking which eliminates the individual (Spann). The individual disappears and the corporation takes his place.

These are not delusions of cheap sentimentality. It is partly the life force and love and also rationality. Equality, justice etc. are moral principles which come from the very essence of mind. Shaw insists on equality and freedom which are postulates of political theory.

P. would not argue that ideologies are a Shawian idea, but the rest could be quoted if one reads the preface and has the meaning of them and the plan and logic.

Shaw never indulged in paradoxes for their own sake. Who would care to follow the paradox unless it was really relevant? It is very clear in *Candida* how the three levels operate. It is always amusing; and refreshing because it moves among three levels.

The greatest scenes in "*Joan*" move from the levels of spiritual existence to nature. Joan can't stand the separation from nature and recants. ("I will not hear any more, birds in the morning....." etc.) Her recantation monologue on the love of life is one of the most beautiful passages in English literature.

The most poetic plays are not mentioned: The simpiton of the Unexpected Isles(?) or the village wooing, or even a play like the *Millionairess*. Altogether the late plays have the stuff of *The Tempest*. It is peculiar that it is made of the same stuff and one never hears this stuff. People think most of *Joan*, *Heartbreak House*, *Candida*, *Caesar* and *Cleopatra*. They don't mention *Androcles and the Lion*, *Major Barbara*, and *You Never Can Tell*.

Oscar Wilde is amusing and empty. P. would be bored to death by three Wilde plays, but not by Shaw. What a lovely play *Pygmalion* is. It is surprising to suddenly find the critics saying there is no substance in Shaw in the recent celebration.

It is surprising when P. thinks back over the last 30 - 40 years, he can't remember a page on which "Shakespeare" didn't occur. Primarily



Shaw was mentioning him all the time. Now in the New Statesman issue on Shaw, "Shakespeare" doesn't occur. Suddenly there is the question: What on earth has Shakespeare to do with it? - as if it were in bad taste.

Shaw prevented the church from burying him in the Abbey. They scattered his ashes in the garden in the rain which was the will of the dead man. He had a Lenin or Stalin picture when he died. Cf. the New Statesman issue on Shaw including Priestley, Kingsley Martin, Fritchett and Wordsley.

Shaw contributed money to the Webbs for the New Statesman.

2. THE GREAT TRANSFORMATION AND AMERICA:

There is no American economic history. P. started out on theories crucial to his position. We will keep to the last thirty years and not undertake a theorem which underlies this development since this requires several years of study.

This raises several problems:

- (1) Our knowledge of the last thirty years. Goodrich has done work on State intervention 100 years ago.
- (2) How is it possible to start with a position when the background doesn't take you back 200 years?  
We are concerned with America since 1918. How far back do you need to go for the present situation?  
P. doesn't know. We should be on sure ground without going back 300 years. We started from "communis opinio" - no one doubts the condition of predepression America.

To describe America today in a thorough fashion is to make up one's mind in terms of the place of the economy. How do we place the trade union development? We will try America of the great depression. The question of the relevance of 18th and 19th century America is doubtful. The industrial revolution in the U.S. is very late.

P. has no pre conceived opinions. P. did originally have a view. The G.F. has a starting point that America was founded as a society and not a state. But this is restricted in reference to the States. They had a vital role in the development of the economy.



One part of the G.F. is definitely not applicable to present America. That is the separation of politics and economics. There was a short period when the idea was prevalent that the U.S. tradition was separation. However, investigation showed that there was no separation. The States helped business, and laissez-faire was not an American creed. (Two Harvard people showed this separately). Laissez-faire was never an American creed.

We will try to plan a book with an outline, in the sense of having a title and a certain number of parts and what the parts would be about so that the logic would be clear. It would be an outlook book with policy as a possibility. P. is not an economic policy man, especially with his having a world-situational background.

A title like "freedom and planning" would be out of date and no one would read it. Also the theme of Hayek is so much road and so little serfdom.

The same realm of concern does come up and should raise the question of atom power and nuclear energy. The danger is utterly beyond words and tomorrow we may get news that the Belgians or the Viet Namese have produced a bomb. Then hell is loose. The problems arising from this on every hand would <sup>arouse</sup> a cry for world dictatorship tomorrow. We are afraid that the bomb wouldn't require one billion dollars but possible only twenty thousand dollars.

Then there is the question of technology. The bomb is merely a confirmation of civilization being destroyed by its technological character. This remains pinned on us through the bomb.

Technology is not understood and the bomb is dramatized. There is a totalitarian trend because of the increasingly sharp fear and the precariousness of the situation. The pre conditions of elementary existence such as food, warmth and safety are all hanging on gadgets which are unprotectable, and you have public opinion ready to give power to the authorities to protect you. This has endless totalitarian possibilities which are only counteracted through the passionate will for freedom. If the technological character is the root of the present condition then there isn't anything important that is not complicated by it. Concrete relations are deeply influenced. The social transformations of our time relate to the solution of the questions of humane and human life under conditions which are technologically organized.

This is not obvious if one takes, for example, only the totalitarian countries. Even in England and Sweden this isn't popular. Halasz was in Sweden. There is an enormously high standard of life, fantastic security and yet there is a kind of dissatisfaction. This is also true in England all the time and in the Iron Curtain countries, there is almost a general dissatisfaction. It doesn't mean that they want the old regime back. They want the regime but say that the government isn't good. Halasz says that the problems of bureaucracy are not solved. People don't like "slow but sure" methods. What P. hears about Hungary, Poland, Czechoslovakia amounts to dissatisfaction with the government and if one goes into it, it is difficult to locate. The government is abused as inefficient, incompetent and is unpopular. However, they would not have another regime.

Insofar as it would mean growing powers and pressure to conformity, backed by the technological requirements, whether it is



the power of the police or the American situation, or bureaucracy, it would be oppressive, anti-libertarian and gives a bad feeling.

P. thinks that behind our whole setup there is both a trend to increase the unlimited power for the government and pressure for more freedom expressed in the depressed feelings of people to things as they are. P. is very much for a libertarian outlook, based, however, on the recognition of the reality of society which is the metaphysical explanation of a complex technological civilization.

How strongly does public opinion lean towards conformity?

Public opinion is for conformity e.g. the mother-of-the-week. There is an accepted value and a high price attached to being as similar to your neighbour as you can.

They have an effective non-conformity of character in England. They are supposed to have a different opinion from the next fellow. This is highly prized and is the convention. Everybody is a character, although this is only a convention. The rugged and unyielding character is being conventionally prized, and everybody loves it. We could prove that England is conforming more than any other country in the world and the result is you get the most surprising answers. Canadians are different from Americans with respect to conformity which goes beyond the social fact of conforming to the basic assumptions in the community. P. wouldn't know if Toronto is very conforming. In England the safeguards of freedom go very far and we can be certain not to be asked our opinion, because everybody is free

not to answer and therefore you are protected from public opinion if you can't put a question.

In America we have the Gallup polls. It would be a brilliant idea for Russia to introduce polls on everything all the time and ask the people who had voted this way, and ask them again later. This is a vast elaborate method for a response of the community to everything the government does and would be the highest democracy. The government might publish a volume of these polls every 3 months.

Now with the two-party system we assume democracy. Rousseau and the Constitution-makers in America thought that the two-party system was the end of everything, reducing the individual and making it all collective. The Constitution knows no parties and this is avoided because it is democratic. The first parties were created by an aristocratic faction. Parties are a disease of the polity(?) In America two big coalitions work for smoothing out the inevitable tensions. The American party system works very well. P. greatly admires the English party system.

P. is for individual civic liberties, e.g. habeas corpus. That should be extended to industry and trade unions. Canada is in a very favorable position with regards to civic liberties. There is much English tradition particularly in the rural areas. A reactionary government looks out for the villages.

P. sharply distinguishes between conforming (i.e. society) and the problem of individualism vs conformism. P. regards freedom



as a culture tray. We are attached to it and the individual values his integrity highly and demonstrates it.

You may get a prize for conformism (as a culture tray) but non-conformism may be in that position too. P. would rather get rid of conformity. The American degree of conformism is a very much milder form of totalitarianism than Fascism or Stalinism. Conformism is a world problem and this brings us to the precarious condition where fear dominates. It is the psychological fear of the unknown. It is the same as creating power. It is the generating of an attitude which demands and cries for power to protect it - totalitarianism.

In a complex society nameless fear generates power whether invested in someone or not. This makes no difference in terms of it being a compelling force. There is a readiness to invest anyone with limitless power on account of the great danger.

In Russia the 5 year plans originate fear because everything is invested in a plan, which, if disturbed, is destroyed and everything is lost. Why has planning anything to do with power? Is not the power of the planning government the threat? But the problem is the necessity of power and the danger which is involved. That is why the attacks on Stalin are misleading. (P. is tolerant of Russia). There would be a need for absolute power to obviate the threat of annihilation. While Stalin was one of the blackest criminals in history, P. doesn't charge him with dictatorship. An assurance was needed of there being no uncertainty or dissension at the center like

the vacillation of the two-party system. Even a wrong decision is better. It is the same as the army in the field.

England and the U.S. have shown that you can have this even with live democracy e.g. Pearl Harbour and the Battle of Britain. The Romans had it as institutions e.g. when one of the Consuls was made dictator there was a 6 months limit. They never changed that or broke these rules. (Abused only once).

(See P.'s Minnesota paper). In a society where conformism is prized so highly there is no freedom. It is a debility of freedom when the diversity of shapes is lacking.

Can we explain anything using only the last 30 years?  
(my question).

If you take the last 30 years of American existence how far is it necessary to historicize? If we don't have a separation of economics and politics then what? Such a book would not be a history of the social and economic development of America, like the G.T. is of Europe. It would be a history of present-day America. The definition of the transformation in the world would be taken from the old book as a world change. If you say "and America", what happened in the transformation of the past 30 years and where is she today? P. wouldn't regard this as bound to the European phases. What is relevant is the collapse of the world, of the capital market, the currency, and the commodity market as a consequence of the gold standard being dissolved and the balance of power. Because a gold standard is not there, the G.T. position can be upheld. You speak



about America in the light of her position in this process. It doesn't involve the 19th century story of America and doesn't say that the same story as the 19th century happened here.

If you take it in this way you concentrate on American society today. On the other hand the same outlines of the American economic and political position in regard to the world at large must be assumed. All assumptions on which the American position was grounded dissolved in the passing of the balance of power system and the world economic system, including the British navy's dominance of the ocean. America refused to take over and even today begins to argue for the gold standard.

We assume this and do not argue the assumptions. We get into it only insofar as it touches our discussion. It is necessary to recapitulate the G.T., but this need not be in one chapter, but might be in different ones.

P. thinks the book is less bound to the G.T. than we thought, i.e. that the market theorem applied to the U.S. as is, and the American social scene was market-bound. These market-free territories exist and in this regard we apply the market theorem. The social configuration is the trade union, the government and the corporation. (Druker said that the trade union power is tribuneian - the power of veto.)

We have no reason not to take the approach of the G.T. on the self-protection of society.

The balance of power is returning and the old balance of power has gone by the disappearance of the British Navy, the German

and Japanese fleet and the disappearance of Germany and Japan as powers. (Great Britain has not disappeared). P. suggests we accept the vacuum theory of the world situation. The trouble was that the vacuum was created by the disappearance of Japan and Germany as powers, and only two powers remained, and unless new powers emerged it was only by a miracle that war was avoided.

Before writing the G.T., P. reduced his assumptions to a minimum. P. outlines the assumptions here, but never lays all these down.

P. would ride the gold standard and balance of power to the end. The balance of power possibility is restored but instead of the gold standard there is a new organization of world economy, and the liberal economy was never restored except where America restored it, e.g. Belgium. Nobody dreams that it is really free, they only call it free.

To what extent should a conformism and civic liberties look be utterly on the left and not in an illusionist way?

The G.T. is the jumping-off ground. The collapse of civilization occurred in the briefest of times.

Concerning my suggestion on the New Deal as a jumping-off point: we could do it. Communist opinion: the New Deal has stayed and is essentially the New America.

The G.T. has no reference to America and so you can and might start from the interest in America. What is in the G.T. and what



has occurred since has happened to the world and not America. The G.T. is a world event and not an American one.

The book has two assumptions:

- (1) the interest of the reader in the American scene.
- (2) It is a changing world.

The G.T. is behind us. We must regard the period of change as closed. The period which is closed is the last ten years '45-'55. Now the new period begins and it is much easier to speak if we are in a resting place. The postwar period is closed and instead of the cold war we write on the G.T., with thirty years to look back. (These are the recognized dates). Only now has the post-war period closed and this is an excellent time to write the book.

Lippman wrote that both conventions, i.e. both the New Deal and the post-war period, are closed. The G.T. was like the trumpets of judgment day, but instead of collapse we start from the dust-clearing.

We are sure of further transformations, but nothing as dramatic.

What does America look like after the earthquake? It is not an idyllic picture but there is no resemblance to the scene before the first World War. Take as a fact that the world has completely changed, then what has happened to America as the country left out?

The point is not that it has changed. Someone can say that nothing has changed: there are just bigger trade unions, corporations etc. It is easier to take the G.T. in the world as a fact, but it doesn't assume America had a g.t.

You don't start from the striking change, but the features in contrast to an utterly changed world. Policy questions come up with reference to the world.

Get rid of hampering assumptions but use the G.T. assumptions for the world as heuristic principles.

What about the market? Accept this feature of the G.T. as known without assuming something about America.

What about the world situation? America was forced to world leadership in a kind of vacuum and the American people hated to move into a situation of international responsibility. The cheap imperialistic argument doesn't hold, but more that if she doesn't move in, the Russians will - a typical vacuum phenomenon. America and Russia are utterly innocent and the mechanism there, is stronger than either of them. The G.T. always dealt with objective phenomena.

The G.T. and A. is not a book which requires research. P. doesn't think so (In reply to my question).

World politics places this book in time and history, a 10 year period.

We will work up to the metaphysics and what America is conceivably contributing to the future. P. conceived the intellectual and spiritual ideas in terms of understanding the problem of freedom, and the rest is an exposition of a precondition of the answers. America suffers all the problems and anxieties of our time. It is mistaken that a country (zone?) is such of a factor.



We are searching for causes and not for reasons. One knows why and doesn't imagine it is because we wanted this or something else. In looking for precision one would overstate the freedom in policy expression which constant\_ \_ \_ puts on you. e.g. America hooked onto the China coast with no hope of getting into China or getting out. America was forced by Germany and Japan to expand.

Give the briefest outline and more if possible, that's the urgent thing. It is a book which has something to say.

The New Deal is something *fo* a solution, and in instituting business, there are no differences in technology between Russia and America. However, on the questions of urbanization they are moving in different directions. (*see also p. 32\**)

The problems of the Industrial Revolution are almost all solved. Two problems have arisen and those are the problems of *place* and freedom.

What if we are instituting reaction, are we to accept this? (my question), There is a danger of approving that which is, because it is - panlogistic (The Leibniz history caricatured by Fangloss. F. invented the meaning of panlogism). P's difficulty is to make room for evil, to place him. All these are embodiments of unresolved tensions.

It is important to choose our aims because we are not in a void and it is not impossible to see how we could be useful.

P. thought we were left to our inner energy and intuition and our inner urge to embody a definite kind of thought. There is more today.

P. is very impatient with the Western world because it doesn't show any concern to live up to the hour.

The main work is to make things topical, and there the policy question comes up. Even nearer at heart is the outlook on philosophy and we will need a position which has been tested.

P.'s work in the meantime is advanced by the 1957 book and after that our position is reasonable.



3. TECHNOLOGY AND UTOPIA.

In Michael Polanyi's review of Fromm (The Sane Society) he claims that Utopian ideas are resuscitated. Nighbur and Barth raised this question, judging any idea of theological interpretation as being demonology.

There is much justification in the charge against the 19th century utopians. The reality of society is to be understood as a charge against the utopians.

P. doesn't take Owen as Utopian. He was full of realism but in one of his sentences he said that there are limitations and those would have to be accepted.

P. disagrees on where the Utopian danger comes in as a threat to the world. The great mistake is to think that the utopia we are struggling for is in the future, and the predicament comes from its unexpected fulfillment. The technological fulfillment was unexpected and occurred behind our backs.

The idea that this could be met by the market is a utopian idea. It is utopian to think that such an organization of society could resolve the problem of technological organization and stop the dangers of the technological utopia which is fulfilled.

Market society was never completely internalized and was therefore a utopia. P. doesn't deny that the market did resolve almost all questions which the industrial revolution raised: the

Order  
#  
outgoing



level of life, social dislocation, biological restoration, and the greatest dangers of urbanization. Also freedom and order and reembedding (?) were done by the market system.

However it fails in the technological utopia, working to our destruction. We cannot stop science or automation or any of the consequences even though we see that they are the end of us.

Here there is one hope that we can give things a human shape again, and that is Socialism. That brings more order into P.'s thoughts.

The market has failed in many things tending to the dehumanizing of life and has failed completely to stop the scientific and technological internalization, whipping man <sup>on</sup> the road to death.

One sees in Asiatic civilizations and in Russia movements to stop the technological civilization. They have overtones which sound differently from the cry for more technology.

Nuclear energy is now unleased and P. is more afraid of its industrial use. We are being misled about these things: the neutron danger and the positive danger of non-stoppable destruction being started. (cf. Teller, Einstein). The danger of any reactor actually exploding seems to be unstoppable radiation which will never cease. Neutrons are created with unstoppable deadly radiation. This supposedly occurred in Chalk River, which exploded (where you

produce piles). It is like an overdose of X-rays. This is also apart from fall-out which is of a limited time, and doesn't have an everlasting effect. Teller said that this is the great danger if it goes wrong in industrial use.

The way we have entered will mean a thousand times greater danger in a short time and absolutely nothing to stop it, unless moral forces can dethrone efficiency from its ruling position and allow these forces to enter in constraint of the forces of death of which science leads. This is a line of technological civilization we cannot master. All this must result from the acceptance of the principle that any knowledge which makes for greater efficiency must be pursued.

P. doesn't think that knowledge is an unconditional good. What kind of peculiar idea is this? There is dangerous knowledge, i.e. safeguards must be created - not that we are not permitted to know.

This isn't a subject we can or should deal with lightly. P. has had these thoughts for a long time. Even 15 years ago P. was working out the problem of why Psychology programs were being broadcast without safeguards. There is now a greater immediate interest.



4. THE 1957 BOOK AND BEYOND:

The book may be called "Anonymous Economics". In these societies nothing was called "economics" and we don't call them economics - just another word for embedded.

The book leaves room for the establishment of institutional analysis. The "oikos" controversy rests on Weber not having the equipment. But we supply the equipment showing the economy doesn't work through the market.

But we don't say we can answer it all. We don't know how the Babylonian economy works - just one or two points.

Oppenheim doesn't even get to the point of agreeing with the conjectures we have thrown out with regard to reciprocity, redistribution and equivalencies instead of prices.

The term "price" is misleading. It is a kind of equivalency which is quite exceptional created by markets. The equivalencies of economic history are created by custom, law, to regulate substitution, to pay your tax, rent, and the different ways you can claim your rations.

Most people think Parsons is meaningless, but that is not so. We use it: Harry and Terry (although his paper is too long).

The 'Port of Trade' is a coastal theory which precedes Weber's and is the reverse.

The catallactic triad is the intellectual fortress.

We have developed a method to make clear statements on elements which are comparable and precise, and that is institutional analysis.

P. doesn't claim this for land and labour and doesn't see how it can be done. It has been done for trade, money and markets, not by sharp minds but by endless research and out of the empirical material leads were discovered. These were of an empirical kind, were checked and proved correct and fruitful.

How could this be done on land, e.g. on the present land problems of the world, land, tenure, agricultural systems etc. (like Jacoby)? This is all hopeless and we are fighting with terrific difficulties because there is such a blending on the way, of property forms into one another in the rural system.

P. was working on labor and knows slavery. We are not talking about debt bondage (free people) and war captives (for lots of societies the same as slaves). Lots of experts don't know it and haven't understood it.

P. would start with trade - a pioneering thing - and instantly money would be done by somebody else. We have got 'money' - all of it. P. has material collected on these lines. If such a book was written it would be a help to all the social sciences. It would not be systematic and should be interesting and good reading.

P. is not mapping out an economic anthropology and then leaving it in the hands of the anthropologists and the Marxists in the field.



(In the anthropology in the book there were obstructions by the Marxists). The anthropologists aren't good enough. Instead of having definite disciplines, we need definite purposes and a definite subject with material.

In the Hebrew text (Ec. 27?) there are two different words for traveller and negotiator. It is the same for the Greek, Teuton, Saxon and Roman. These words were merged later. The figure of the trader as we think of him, is a convergence of two institutions.

At the center of the economy in Babylonia is a palace with someone in charge of food. He doesn't buy it. He is the head of storage, but also knows what is farmed on the domain.

The first institution, travelling, is a military undertaking requiring technical organization. The second refers to being in charge of supply in the household.

If such a subject is raised, then the branchings off lead to the most peculiar kind of subject, e.g. how does the merchant emerge? Neither supply nor travelling has any connection with profit, buying or selling, but it ends up with the merchants making profit. How?

It happened with every people. Was it internal, external, the contact with trading people who were foreigners? Did it peel off with a status occupation to do this alongside? How did the merchant split off from this trader? We know nothing about it

We have collected material and have a lot to say on many points. Did it develop because prices fluctuated, or staples like

oil and wine developed? Was it because there developed twelve different kinds of cloth or was it because a man sells silk only? If you sell all kinds of articles it is not a case of single institutional matters.

We have material for many points. Where does the material come from? Such a thing can only be organized around problems, not types of sources. This is institutional because we analyze types of operations and that's permissible. There is no danger of comparing incomparables.

We need to map out a work which builds to a collective effort - an interdisciplinary approach to the place of the economy in society, or perhaps just on trade and mostly markets.

P. wouldn't want to write for the sociologists for this is not a growing point of understanding. Economics is essentially abstruse and he who wasn't trained cannot pick up the elements.

In P.'s work with the Institute, he may have his students back: Neale from India, Ann Chapman from Honduras, and there is another fellow, a student of Arensberg, going to Winnipeg to study the archives of the Hudson Bay Co. for potlach, prestige and subsistence work.

This framework cannot relinquish the place of the economy in society. P. wants the work to be interdisciplinary, and therefore the Kwakiutl should link up with ancient Greece.



The port of trade was discovered from Dahomey (Whydah). If the Dahomans moved in, the trade stopped. The natives didn't dare go in to the place held by military power. The areas were marginal. It occurred to P. that this would explain the Greek colonies. The coast was never defended. Whydah on the Niger was one of the great lagoon coasts. There was also Mexico and Venice, and on the whole the ports of trade were in such marginal areas. Asia minor in the third millennium was marshy and uninhabitable coast, and people lived in the hills higher up. There was also Denmark in the ninth century, Sweden, and Dorsted in Holland in the ninth century (the Frisians).

An unfortified place is created, not walled in and not protected. Foreign traders met here and didn't fear to be kidnapped. If there was a military occupation they wouldn't have dared to come. Only later could they establish power so great they could guarantee the stranger his freedom.

According to Firaxe and Kelleiner it is foreign trade, not local trade that opens up the history of western Europe. P. has been collecting material for years along the pre-stage line (?) of the 9th and 10th century of Western Europe - the Pirenne period. It is all about the Portus. The whole theory of western towns hinges on the port of trade in the Pirenneian sense.

Timbuctoo and Kandahar are ports of trade for administrative transshipment (administrative trade).

We don't prove our position with the enquiry. We only illustrate,

and there is no strict proof.

Chapman and Bondarelli (?) showed that the Mexicans created traders.

(How frail the mind is! How you can see things and write them and only years later actually see them. Through editing you see things from a new angle.)

The history of the human economy can be related without markets. The towns were created by long-distance trade. The idea of local trade is an absurdity. The local market is held weekly, doesn't grow and is insignificant in economic importance. Originally there were only local markets and long-distance trade. Fairs were once a year and local markets once a week. This was the beginning of the effective market in a town where traders come.

This was discovered 15 years ago in the G.T. and has remained unobserved. The greatest achievement of the G.T. is in the realm of the institutional history of trade theorem. Market trade is only one of the three forms of trade including gift trade and administered trade. When and where does market trade begin?

The empirical approach is necessary.

P. used to open his lecture pointing out that Rodbertus thought that the difference between a money economy and one in kind is that one is organized through markets. Not that money is a more



convenient medium of exchange, but it needs markets. Harry says that Weber didn't solve the 'oikos' controversy, but he needed to know what preceded the Greek economy.

If Mesopotamia wasn't modern then Greece was the starting point of markets. The Mesopotamian question is due to come up very strongly and will break out in reference to Babylonia. (Hammurabi means to the average person Babylonia).

A retrospective recapitulation of Capitalism indicates not a system of exploitation as Marx thought, but a market system. From Marx' angle the working-class was more important than the market. Also Marx wrote in prospect and P. in retrospect.

Aristotle said that the market was just coming and Harry rightly said that Aristotle and we are linked.

The French hold that the use of anthropologists is for decisive changes in life, like crises. That is how we interpret the market. Markets came up several times in world history but broke down in a sudden expansion if the monetary system was part of the market. Some kind of market existed always but it had no price-making functions, just distributive ones. Unless you have a system of price-making markets, and then if it is only for commodities and not for labor or land, it doesn't amount to much.

Adam Smith is the answer: Without markets you can't have a division of labor in industry. No one had ever noticed the market before, although there were fairs. The market becomes a demand for

goods, which, if it goes on expanding, you can produce more and more (the Smithian market). The market which we know today didn't become important until there was a great interest in producing much more. But it had something to do with machines for production. But the market as an explosive force doesn't begin before the Industrial Revolution.

\* The Russians have been attempting the ruralification of industrial civilization e.g. having one large factory in an open area, people walk to work etc. They take industrial civilization seriously.

How can we stop industrial civilization? Socialism is our one hope.

There is a question of part of the '57 book being republished in paper back. P. is much keener on having his work managed correctly.



5. RATIONALITY:

What are ends of the rationality movement? (my question)

The nearest to a philosophy of rationalism ever built was the Enlightenment. It was only a counterphilosophy to a theologically interpreted world.

The Encyclopedists via the Enlightenment represented rationalism. They claimed that the universe and existence can be understood and is in harmony with reason. It probably means the unaided mind which does not seek support in revelation.

It may organize itself as humanism - man is the ultimate explanation and value. This got terrific secret support from accepting natural law(?) as a source of validity and reason. If you do that under natural law all the ultimate values enter by the back door. The natural law is something theology accepted and approved of and there is nothing further. It has a theological origin. The natural law derives from religion and revelation, but tribal society had these principles without religious sanction. Then we can't say whether these principles were formulated through religion or vice versa, and then you are stuck. There are no final views and no clarification because it leads back to ultimate questions for which there is no authority or ultimate knowledge.

Reason goes back to the Enlightenment but the 19th century was reactionary and started Vitalism, Historicism, and instinct themes - struggle and power. The working class remained rationalist and the middle class discovered history, biology and psychology. Descartes is

the founder of the Enlightenment. The radical century was the 19th (?)

For Weber rationalizing or 'zweckrational' meant using means in a direct way. If you say using means to an end, it is the same as using it efficiently and so he makes the economy a part of that. For P. this is not permitted to be the final directive force. Today if you say it's not so efficient as something else, you drop it.

Today we accept the priority of efficiency, and this makes science unbeatable because it decides which is more efficient. (These ideas are not new - Mumford would agree with this trend of thought). We can, however, pay the cost of it.



6. THE REVELATIONS:

(From P.'s discussion of the dangers of science, my comment of Eve's apple to Adam).

P. is not really thinking of the symbolic expression of reminiscences. Man awakened out of his vegetative soul to the consciousness of death which created what we call man. The knowledge is here a reminiscence of man as we know him, <sup>e</sup> being born and reshaping his consciousness. But to P. these revelations have always had meaning. Revelation does not come in a special or specific way or we wouldn't know it. The importance is its truth and we must know our life is limited. There is no use denying that and therefore the emphasis is its consequences.

Everybody knows he can extinguish the meaning of his life by denying his inner nature and it wouldn't be in the same sense as physical death. Revelation only means the consequences which are irreversible and that is true of the reality of society.

We can't say who told you or how do you know? That's why we speak of revelation, because once there, its irrevocable.

That's why the Old Testament or Babylonian story meant something different, such as whether sex is a danger and contradicts man's nature by his being ashamed. P. is not keen on this side of the matter. Other people might be concerned with the structure of human consciousness and the way it is linked here.

Both sex and hunger have this awkward character about them

and every human society deals with them. They are a basic danger to every society. In tribal society all are hungry and there is no shame and in the Odyssey hunger is never thought of as a terrible danger. But in the Odyssey the individual who is hungry is suddenly dependent on strangers. He begins to nurse his shameful belly and begins to ask for food. This is the first time that hunger is identified in the history of man.

P. doesn't want to decide what the O.T. scene reveals.

When P. and I talk about something we know what we talk about, but to answer questions we would need lots of education. We talk about what we mean and how it relates to things belonging to Christianity, not what Christianity means. There are many doubts and unanswerable questions here. Even Tolstoy and Schweitzer differ.

Tolstoy didn't regard the interim ethic as interim. If we accept the interim ethic it would fit with P.'s view of the reality of society because Jesus would have disregarded it.

P. only argues about things which are certain, not uncertain things, i.e. the landscape before him. Maybe it isn't Ontario or on maps but P. talks about certainty and not second-hand knowledge. P. is suspicious of anything not obvious.

The one sentence of Owen's says that we cannot appeal to the reality of society for disregarding the Christian commitment until we try to see if the reality of society is a limitation for equality and justice. The reality of society is the third horror we are confronted



with - being a member of society and not doing anything about it.

Three times shivers were sent into man - three horrors and three pieces of advice:

1) Live as well as you can. This consists of doing works. "Allons labourer notre jardin" (Voltaire). There is no metaphysics. The garden serves the day.

2) Let us forget about ourselves - Jesus. This is excellent advice, for anybody who can, feels safe.

Jesus also said don't accept the temptations: miracle, power and magic (the three temptations in the desert, bread from a stone, a jump from the roof of the temple. It offered power over all the realms of the world).

P. thinks Jesus is justified in thinking he might have been Roman Emperor - the speech he wrote for Pilate and never delivered. (P. saw it in bas-relief in the Roman catacombs).

3) Our answer is to accept the reality of society and make our society as just, equal and free as possible. There must be power and compulsion. That is P.'s answer.

It is not a glorification of the totality of society but a commitment to the first and second revelations - to live and work in spite of society. P. really believes this but believes that the place of the economy in society should be changed.

The reality of society is that limitation of some abstract free will which remains after you have abstracted from any kind of limitation of your free will in society in which you can abstract at all. After you abstract from every conceivable limitation you are limited.

You cannot help in the creation of power and economic value and perhaps law, and this is then a cognate to the existence of inevitable alternatives. These are situations in which whatever you choose, and choose not to choose, you are choosing. You can't avoid decisions to have the consequences we have wished.

The reality of society consists in the conformity, and this is an expression of the reality of society. You can conform or not, but you can't contract out.

Rousseau said you could contract out - you go away. But then you start again. Evans-Pritchard shows that group formation consists of splitting and joining another group. Rousseau didn't raise the question of where you go.

You can't contract out of participating in institutions. You cannot avoid situations which imply inevitable alternatives. Power, value, institutions and choice are the phenomena you can't avoid participating in.

But that choice may consist of many different alternatives, one of them being conforming or not. You can participate or not.



If you take an atomistic arrangement you have dissolved society into discrete parts. The other picture can't be dissolved into parts which leaves no picture.

7. FREEDOM:

P. doesn't know the theology of freedom in Christianity. The Inquisition never withdrew from the position that nothing but free revocation of heresy would be of relevance. This meaning of "free" is voluntary. P. never heard the definition "not-compelled" for freedom. Then wouldn't it mean that freedom is a state in which you are not under compulsion of the body? Paul said that man is not free as long as he is a slave of his passions and this is the way Christian freedom is to be taken. (P. takes this position without real knowledge).

In very many regards, freedom and liberty mean the same, e.g. privileges, such as the medieval idea of the freedom of the city. In the Magna Carta freedom is assured for definite classes. In theology it is not a privilege.

Ancient Greece had ideas of freedom. For Aristotle in the Nichomachean Ethics, the word free and liberal are the same - "eleutheros" is the opposite of a slave. But he describes it as a virtue, goes into endless discussion of liberal, generous, decent, high standards, and this has no connection with freedoms or free.

How would P. indicate the meaning of freedom to me? Do we mean the same thing? (my question).

It cannot be followed further than something that derives from man having a soul - something about him which he values uniquely,



which can be lost, and is infinitely precious. The peculiarity of the situation is that in order not to lose it, he has to behave in a quite definite way: to follow his conscience, not deny his inner nature, and not lose his integrity. It always goes back to one thing - something he can lose of infinite value and if he loses it he is worse than dead. Freedom means the recognition that makes him free. Before he was in bondage and now he's free, and that's as far as it takes you. If a man is not allowed to say what he thinks, or is not allowed to stand for it or forced to deny it then he would be unfree. It would imply he is not permitted to deny it, and therefore man is free as long as he can't be compelled to deny it. He can even assert it.

If anywhere, here is the connection: the freedom he knows is his from inner insight, he could lose by outer action. This is the whole of the connection. Therefore, either he must not be compelled to swear to false gods (Caesar), or if compelled, to refuse at all costs. The first refers to freedom as institutions and the second as metaphysical. In defense of metaphysical freedom he needs the institutional freedom.

And now, is the external absence of restraint, freedom? Is it freedom to do whatever he likes? Rousseau and Kant say No. It is to follow the duties he himself has set, and the meaning is the autonomy of personality. The freedom of the wild ass in the desert is of no value. The law he follows should be his own, so there is no person free of laws. He himself sets the laws as something right and good.

This is Rousseau's answer to the question of freedom, but P. doesn't think it is the same argument. The first point is Christian freedom and the second the autonomy of the personality. Is this the same thing, e.g. Kant's autonomy of the personality and Christian freedom? The answer of philosophy is No. Kant hadn't assumed Christian freedom. His derivation of freedom is not the Christian one although it might fall under it. This derivation follows from the autonomy of the personality as the consent of freedom: Freedom is the condition in which you follow what is right. But where does "right" come from? The answer is that the freedom of the person comes from the law he has set. What is the sanction of the law he has set? The answer is that if he broke the law that he himself has set, then he is in the wrong. He is not in the wrong by breaking the law someone else has set. All this is a slight deviation (It is all in the Rousseau article).

The accepted view is that Kant and Hegel took freedom as the autonomy of the personality, from Rousseau. But Rousseau didn't call it the autonomy of the personality. But the individual follows the law he set or recognized, when he claims freedom in the name of his personality. He cannot claim this unless he does this in the name of something he regards as good and right.

If somebody denies him this right, he says that you have denied him the right to follow the right and good. If another person denies that it is right and good, he cannot argue it is my freedom to follow it (?). The only freedom that exists is to follow what he has set up and he is bound by it.



It cannot be denied that he can set up the right and wrong. P. denies the right to uncommitted freedom - that doesn't exist (the wild ass in the desert). You have no freedom outside the law you have set up. This leads to the assertion that there is no freedom outside the law, and that freedom governs your personality and there is no freedom outside of it. There is no freedom to be free outside the law.

Christian freedom is the same - freedoms to maintain that value gained from inner insight. Here there is a very clear connection. "Law" means commitment which is right. He is committed to it, hence his claim for freedoms. There is a connection between the two. Christian freedom falls under the autonomy of the personality on the inner freedom question. The recognition of freedom implies the autonomy of the personality because it is commitment.

It is not argued that they are contradictory. Rousseau and Kant didn't have Christian freedom at all. Neither had a theological background.

However, the mystery is Christian freedom. The Christian claims he shouldn't be forced to bow to Caesar. Why?

The Columbia Encyclopedia and the Encyclopedia Britannica have nothing to say about this. (P. looked it up to see if his ideas were right. P. thinks we might look it up, but wouldn't get further.

What is the nature of this commitment to follow the inner law? (my question).

The Christians answer with the salvation experience.

But this is a different matter - the experience of safety. All formulations refer to salvation and are linked because salvation is really safety and assurance for the soul. This means the same thing in different ways. The insight of this is that he recognized this freedom and changed, like the freeing of the slave - a metaphor. This is a clear way of expressing the experience and that experience everybody knows very well what it's all about.

The Protestant today speaks of integrity, and would claim that this refers back to saving face, or civil honour. But press him further, and he claims that he doesn't want to destroy himself. It goes back to the basic experience which is only expressed in the metaphor. Why is a slave so different when he is free? He isn't. If we could feel free of pressing bodily limitations we would be more free. This is metaphorical and obscure, but can be put in other terms.

The Christian revelation is the only announcement of terrible danger. You cannot deny that you are told you are vulnerable and that there is a bigger danger than death. Salvation is the safety from danger once and for all. You are really saved from eternal extinction.

In this just a single act and then redemption? (my question).

That is theology. P. is not interested and is satisfied in knowing the basic situation. There is here a force that commits you and gives you strength. The individual demands those freedoms. They are not



fairy tales and that is the way things happen.

Christianity was against slavery. P. didn't think there was any connection here. The freeman didn't have more rights than the slave. To change institutions wasn't the task of the Christians, although they did object to existing institutions, e.g. the Roman empire. At a point they claimed their freedom. They didn't accept the idea of the emperor as God. What we call freedoms derives from it. Only Locke started in this way(?)

8. ARCHAEOLOGY:

It is not definite who the Jews were. Canadian excavations in Jericho of the 4th millenium B.C. revealed that there were towns with no pottery, huge stone towns that had nothing to do with the Jews. This complicates the whole question. The territory had fortified cities and buildings up to 30 feet high and we can't understand how it could have been in 3500 - 4000 B.C. There is a tendency to believe that the Jews were in Egypt although they may never have been there.

Two Old Testament texts ("..... and Jehovah" - Wellhausen) are the basis and would show that they were not just a Babylonian offshoot and that there was a Canaanite literature (Ugaritic) with writing and language close to Hebrew. Are they people who would be occupants of Phoenicia too? Their writing was deciphered and has 27 letters. This was the first alphabetic writing - cuneiform. It was thought to be cuneiform syllabic. Greeks took over Phoenicia but not the first alphabet. The Canaanites had an alphabet before this in cuneiform. It was not used in Babylonia, just in the ports.

Two years ago Cretan or Mycenaean<sup>ea</sup> was deciphered. This world was utterly closed to us before. The Greeks knew nothing about this and that's why our perspective is enlarged.



9. "CHRISTIANITY AND THE SOCIAL REVOLUTION"

Needham's is a beautiful piece, Bruno Meyer (Borkenatz) is very interesting and MacMurray is very good.

The book was utterly ineffective. What did P. learn from it? What the world needs and doesn't need. P. thought then he was writing for 50 years hence, but this has gone and we didn't learn anything from the "Essence of Fascism".

The world acts as if it knows precisely what it needs for mind food today. Things are read because they mean something. There are cases when it means something for times to come but to have written for times to come which never come is to have said nothing. If you have written something which makes no sense, the time will never come.

Thoughts which under no circumstances can have any effect are not worth thinking. This is obvious. It is worth straining to know the thoughts that will be useful in the future.

The Essenes are remarkable in that they won through even though the odds were against them. Now it has been found and will have some effect. The Essenes were discussed in Josephus but it was ignored.

The Christians interfered with Christology. The Jews didn't and resuscitated the Christology, made it a Jewish matter and destroyed the substance of the position. They had no part of it.

10. MODERN POLITICS:

Re: the German war crimes:

Legal procedure is not the means of expressing temperamental accusations of war crimes against the Generals. The war crime is an absurdity. There is no such thing. War is a crime but there are no war crimes. P. is conservative in this regard. To have common concepts of law was an achievement.

The war trials were the beginnings of the post-war horrors. Then there was the drive against Russia. The power situation upset the treaties, and because Russian strength was so great, fear was natural. It was an absurdity to think of the Russians relying on the letter and spirit of the treaties. This was an absurdity for it meant stopping world history for it to have effect. It would have been peculiar for Stalin (a criminal) to restrain history by way of treaties. Later, the Yalta agreements were regarded as a lesson by the American people.

We should have an agreement on the H-bomb tests declaring that they should not be used. This is working irresistibly against us. Those who want the bombs banned are growing all the time. In a war, no one would be stopped for using them. (P. hates Strauss and distrusts him.)

In view of the power situation, what else is there to do?  
(my question).



Is banning the bomb a help? Why not, we won't use them and we don't want to. This could stop the erosion of the world political situation.

What do we really gain from this position? We are still at the mercy of the Russians due to their superior army strength. It does imply that we insist on using these weapons even though not attacked. We may say this is only a protection against invasion and it is needed against the superior strength of the Russians in Europe. The British rebuilt their fleet for atomic weapons. This is a losing position. We still might say that such weapons would be used only if we were attacked, but "attacked" or "not attacked" is too fine a point for the use of nuclear weapons.

Re: "Three Who Made A Revolution" - Deriram Wolfe. While Wolfe hates Stalin, the book isn't about that. In regard to Stalin, he describes in detail the way Stalin and Beria falsified the record. This is a terrible story and doesn't reflect on the trials, just states the biographies. Stalin supervised everything that was written about him for 20 years.

The Khrushchev revelations were astounding and P. came to the conclusion that the trials were committed by one man, and not more than 2 or 3 were involved. But we know that 70% of the elected members were later murdered under one charge or another. Kirov had them elected and was murdered and mass terror introduced. Everything that was written about this was utter nonsense.

We shouldn't mix up the crimes with Stalin's policy which was his genius - socialism in one country. For the Russians, Stalin's greatness was obvious, for the non-Russians it was not so obvious.

Russian policy is leading to a German civil war. The two sides are being built up and behind this is fear.

Re: newspaper incident where China downs a U.S. plane; The U.S. was testing to see whether the policy of the Russians not using violence applies here.

The Suez crisis is solved by starting a second one here.

P. increasingly feels the challenge to the Western world and the reluctance to face up to the Russians, Chinese, and Asiatics in the West.

I'm not at home in international affairs and in that case it would be impossible to write of vital daily policy questions reasonably.



11. MARX:

In the '20's P. was interested in a critique of Marxism.

Re: the Marx pamphlet: P. took from Marx the relations of man to nature and man to man. The translation from the Marx thesis on Feuerbach is important. (p. 11). P. didn't write the introduction or the chronology and appendix. P. did it in Jan. '38, and had taught in the W.E.A. since 1937.

This trend of thought is coming up in Russia when philosophical considerations arise. It is important to know the Adams well (on the early Marx).

Dialectical materialism is really not in Marx. It is Engels in Anti-Duhring. Dialectical materialism is the Russian version of Marxian philosophy. (See the John Lewis presentation.)

One shouldn't imagine that empirical methods make superfluous conceptual clarity.

The market is the exteriorization of man which Marx has in Capital. The market law presents phenomena which are human in their origin and is essential to the Marxist position: that prices moving up and down like a natural phenomenon are the result of human activity.

The point where we transcend Marx is where Marx thought that the value of commodities is real - a real reflection of labor and usefulness. It is real like mirroring an object is real, and yet it is not the object but the mirroring. There is a reality to that price.

We say no: all that happens is that people buy and sell at that price. It has no value and this is a pure figment of the imagination. Marx said value has a kind of reality. We don't ever take these imagined phenomena for real. All you find is price which is not an objective characteristic reflecting value but a behaviour thereof, e.g. people sell it for "7". In this way the labor theory of value has a physical existence(?).

Marx believes in values. We don't. There is no value there at all. Modern economic theory doesn't operate with value.

In the reality of society there is economic value. If price is all there is, that price is a reflection of my needs.

Power comes into being as a mirroring of one's fear. He who assumes power can say that X wants to be protected, so X agrees and the power he assumes is X's agreement. Hume was right about opinion.

The same is true with value. Take it as price and drop value. e.g. "These gentlemen have queued up, so raise the price". This also happens if he knows they are going to queue up. We are locating the phenomenon then, not in the object but in the behaviour of the consumer or producer. Marx said it was the reflection of the relationship of the persons involved. P. accepts the subjective theory of value. They used to discuss, when P. was young, tying subjective value to the price of iron.



12. WORLD TRADE:

Jacoby's book "Agrarian Unrest in Southeast Asia" - 1949, introduction by J.B. Conliffe - says that the new nationalism should be regarded as caused by a far reaching dislocation, the dislocation of the market and trade system of World War I e.g. Korea, Indo-china, Egypt, North Africa.

Our original trade organization is irretrievably damaged and a dislocation is taking place. J.B.C. now at Berkley in International Trade wrote a book 3 years ago - "The Trade (or Commerce) ~~fo~~ the Nations" (?) which explains trade in the 19th century very well. It quotes the G.T. in a positive way and uses the concept of "social dislocation". The deepest root of the problem is the gold standard working through the trade system. What started nationalism was the social dislocation caused by a world trading system.

13. JOAN ROBINSON - "THE ACCUMULATION OF CAPITAL".

In his review of "The Accumulation of Capital" T. Balogh said that the great question was to develop a policy to meet the practical requirements of the competitive co-existence period. Old neo-classical terms have failed entirely and now Keynes is partly replaced. Now we must build up our accumulation of capital and foreign trade and Joan Robinson says this is only possible as a historical event and in a historical process and these are not economic. Balogh says that out of these elements the most urgent things will be developed: the policy principles to meet competitive co-existence and different economic systems.

We meet to a point but she does it in terms of economic theory and we have done institutional analysis to describe the process of change. We have found the key in the institutional separateness of trade and money problems and there is no unity of these three problems. The basic vision must be that trade, money and market are not all market problems.

For a brief time trade and money were market functions but this has ceased to be so.

For Joan Robinson the point is only economic theory and this is only market theory. Balogh says that the upshot is that there is a limit to economic theory, and Joan Robinson reaches the limit. Then only would we be ready to go over and pass into institutional analysis from economic analysis.



As soon as F. reads the book he will send her<sup>g</sup> Harry's paper - the economy has no surplus - and explain that we work on substantive economics and institutional analysis that may help on the policy level. Then it would make more sense to go to England to discuss it in the Spring, and speak to people in Cambridge.

14. ANTHROPOLOGY FIELDBOOK:

P. has dropped the idea of the fieldbook.

It would allow the social scientists to use our material for the economy. It is really pointing out the questions which arise if the place of the economy in society is to be understood as a central question of all sciences. It adds all the factual material right away e.g. port of trade, equivalencies etc.

The whole book could be written disregarding the distinction of anthropology and economic history. But the social scientists don't want economic history, not even peripherically.

Edward Meyer collected material from the Greeks and Romans on primitive society and their times from Herodotus, (mainly the Saphians (?) and the Red Sea people) Strabo and Pliny. Meyer said you can't study ancient history without anthropology.

A Chicago publisher is interested in the Anthropology book.



15. THE MIND.

The mind works as dialectic, and psychological phenomena act that way. Hegel was the only thinker to use dialectic.

This has a relevance to social phenomena for they are movements of the mind. The mind is an explanation of the action, e.g. if you have a class struggle with revolution, counter-revolution etc. Dialectic brought in phenomena that were not historical or social. That's the peculiarity of a philosophy: you can apply it to art, nature, and then you can play about with these terms in a clever way.

Take the concept of a fact: give a negation of it and you have a delusion. Then negate that and you have art - a synthesis. You can say of art it's a delusion insofar as it's not a fact and vice versa. Therefore it has elements of both fact and delusion, and denies both. There is an artistic reality.

This is probably the way mind functions, in fact, delusion and art. The relationship of art to delusion is part of a comprehensive metaphysics. Art is not in nature. Only in disciplines is fact verified.

Take the statement "The grass is on the hill". If he actually dreamt it you have a dream statement and this is the content of it. Now if somebody says it's a poetic statement, it has a reality of its own and it's art. Art is a higher type of reality and a higher type of delusion.

The dialectic is an ordering of concepts. Facts have other opposites: the lie, semblance, (process?) are opposites of fact in different directions, and you can reverse this again. You can put order into the terms of science, but if you apply dialectic to a process.....

Drama is dialectic itself - in order to get change and reverse something.

People like Marx could play about with this. Dialectical Materialism is unreal. It is not a mind phenomenon. The mind works in contradiction. Hegel's dialectic is the way the mind works in its inner laws - the concept of fact, the concept of illusion, the concept of art.

There is no reason for nature to change accordingly - no reason to assume opposites, e.g. cold and hot are not. Hegel wrote an astronomy where stars move about dialectically. This is all nonsense. Engels makes matter move according to mind.

In history, for 'material' Marx meant that the economic and technological determine the movement of the spirit. There is much more truth in this than saying it is the change of ideologies. This is true for a change in economic circumstances.

History is things happening through human beings and so is partly a mind phenomenon, i.e. it suddenly turns the opposite way. By 'material' you don't mean dead nature. But "economic" could mean "process" and "motives" and this is complex.



16. ART.

(P. looking out of a car window:)

The steel pylon against the background of the landscape gives us a new beauty. Nature is redeemed from the blight of the distant towns.

Twenty years ago P. didn't see the beauty of this contrast, there existed then the school of the Constructivists, one of the expressionist schools of painting. It was not abstract, every Constructivist had a material. There were paintings of lumber, steel and earth, reminiscent of Braque and presented in true character. P.'s first reaction was that it contained no colour.

This was explained in '34 - '35 when he was invited for a fortnight or 3 weeks to an unemployed Welsh miners hostel called Grenfell (brother of the M.P.). The idea was to bring intellectual food from Swansea. But there was no audience - why should these miners come? Perhaps 2 or 3 radical workers could be expected. P. lived there and gave quite good lectures. One art professor, Tague, showed reproductions of paintings and explained this to Polanyi. This kind of Constructivist painting showed steel and timber, wire and broken stone. The character of the material was brought out in the painting. The technical showed up the contrast, and ever since, 22 years ago, P. changed his vision. P.'s apartment in New York overlooks flat roofs and sees black tar, water and electricity supplies and appliances. It takes up part of the glacia and the contrast is of the construction and all the rest. In P.'s lifetime the painters taught us to see. The point is the contrast - like somebody who was dumb speaking in an utterly different way.

The painters in the '20's were a presage of Communism and Fascism. The painters were the first to see many things: the poor symbolist sentimental representation for painting could not continue because of the enormous moral problems of society hidden by it.

It began with the Futurists, an Italian group of madmen, regarded as crazy. This issued a manifesto: painting, music and art are at an end because it is the age of the airplane, and because of the airplane, and because of fast movement it's silly to have art.

There were also the Dadaists - poetry with just meaningless words - and the fetishes: the negro sculptured piece of horror in wood. Thus primitive art was discovered.

All this happened at about the same time: the same period as the great new painters, Gauguin, Cezanne (in the '80's and '90's), Van Gogh, and a little later, Matisse. At that time it was not understood to be paintings. There was a Jew, a Hungarian boy who was a painter - however painted anything and was terribly ugly - who bought these fetishes from the sailors in Marseilles and was the first man to understand that they were works of art. He only had certain theories of art (Brugel or Bruckner was his name) and that was the beginning of native art, which by now has done its work and has transformed our relation to art.

Also the Germans had a leader - Kandinsky - and the 'Blauereite' in Vienna preceded the movement in Central Europe. The "secession" (?)



tried to be wild and untraditional, but they had no talent, and weren't untraditional, just bad. Their gallery is still there. These people preceded the great changes.

In Vienna, the first ones were of a false originality, but some of the new architecture conquered the world. But there was also the influence of Berlin, Holland, and Sweden and we can't say that Vienna was the leading form of the design, i.e. there are cases where heretic pioneers are not best.

Great new paintings and masters emerged from Paris. The general public saw these with a traditional eye, regarded them with utter horror and banned the painters.

In the 1830's and '40's there were two schools, the Romantics and the Classicists, but the new painters were banned by both. The French were 'on plein air' and the great Dutchmen painted in ateliers.

The Anarchists in 1917, in a Rebellion against the Communists sprayed the trees black as in a novel by Alexei Tolstoy. They wanted Moscow to have black trees.

REMARKS:

Borkenau

See Borkenau's book on the 17th century - the passing of the feudal into the bourgeois. Also a book on the philosophy of history.

C.S. Lewis

C.S. Lewis is a self-assured literary chorophile(?) concerned with the metaphysical meaning of reality.

Gardening

Gardening here (in Canada) doesn't make sense. There is lots of land about, the climate is no good and it doesn't pay. There is no moisture for things to grow luxuriantly and most of the earth is bad, clay. Very few people are gardening. People work at their cars, or fishing.