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KARL POLANYI, JUNE 22/57

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"FREEDOM AND TECHNOLOGY" - GENERAL COMMENTS

The interdependence of technology, fear and power is the strongest part of the whole thesis and this raises our question on the correct level. It is not a purely metaphysical question because nothing related to technology can be pure metaphysics. There is a kind of precariousness of existence.

With reference to the chapters on social discontent, for a long time there was a criticism of society. Social questions appear in every kind of form. From Owen to Marx it appears society should be changed. We have to do something. Only much later does the criticism of human existence (not society) make its appearance.

The existential criticism begins with Freud and runs to Sartre and is not a criticism of society at all e.g. Tillich, Nietzsche. Shaw accepted the idea from Nietzsche that we need a superman. It is quite an interesting distinction between social discontent and modern pessimism. There is no social criticism today.

(If they found a crime wave, the Bolsheviks would go all the way in reforming society.)

We have historical material for the chapter on the machine and the discovery of society, and then we have the counterpart, social discontent, and existential discontent.

If ultimately it turns out there is something wrong with human existence, we are near the road's end.



Our answer is that it's the reality of society where the trouble is and the non-acceptance of the reality of society leads to specific troubles: absolutism and the loss of freedom. But, and this is important, we do not accept a position of resignation, that no freedom is possible at all.

What are the conditions in which freedom exists? We introduce two qualifications:

- 1) Only in our effort to reform and improve society can we discover its limits.
- 2) Certainly there cannot be an elimination of personal freedom altogether.

This falls back on Rousseau and modern society and is the existence of residual freedom. There is no possible explanation of society which would not leave to the individual a realm of freedom. Therefore we need an answer.

In this light the third revelation loses its absoluteness and becomes realistic. This happens over two centuries. There is a mystical relation between knowledge (absolute certainty) and the modalities of existence and this is what the book concludes on.

The book concludes on a very realistic position and gives seriousness to the whole position. This is not a subjective revelation but an actual history of the machine and social philosophy.

Where does the progress lie in our presentation? In dealing with Owen, Shaw and the young Marx does the latter come in at the end of social discontent? He didn't join in the social pessimism. P. anticipates that the Russians are turning to the early Marx.

Therefore, the basic tone of this whole thing should be unmitigated and scandalous provocation. There should be a series of these always related to the historical evidence, usually called reality. We don't move from a state of metaphysical insight to declarations of an extreme character, but we are constructive and indicate positive action. There is a contrast between the dogmatic position of the inner insight and the relative and practical character of the solution.

There is a double tension: between our views and the current ones and the expectation of the reader and the anti-climax. The solution lies in a reform of our consciousness and this is what we are doing although it sounds banal. We call it maturity and liberty.

The Tillich presentation in "Time" is not far from this position but he misses the technological point. With P. there appears to be no complaints with society before the technological revolution. There were all kinds of complaints with the rich etc. but these are different.

P. is satisfied by making the book historical and relating it to personalities and thoughts. Our position will emerge more and more clearly. The problems of the existentialists are more and more absolutistic than anything else.

P. also read Kierkegaard again and read the story of Abraham and Jacob. It all begins by his insistence that modern thought is really about doubt and atheism and that he doubts whether one can get beyond a position of faith. He regards the attempt to establish the position beyond faith as philosophically not serious. This is somewhat peculiar and he quotes a Latin sentence from Descartes and a Latin sentence from Newton to prove



these people were not atheists. But in this piece there is no specific interest in Christianity and no belief in Christ but there is a belief in God. On the other hand if it is faith irrespective of Christian tenets, then it is not sure if anything else is meant than the firm conviction of the meaningfulness of existence. The Christian position is based on the fact that Jesus redeemed mankind.

P. started on the Old Testament and read a lot. It is a confused story starting off several times from Genesis and especially peculiar with regard to the ancestors of the race. As regards the morality of Jacob it is not known if it is a humoresque or seriously meant e.g. the Esau affair.

The complaints against society continue for fifty to sixty years after Owen and then comes the modern pessimism complaining of man himself. The actual difficulty is with a technological society. We either accept it or not, therefore let us accept it wholeheartedly. But then there is no use complaining of the technological character of human existence. The complaint is the lack of freedom but this is not openly said.

For the liberal it would appear that freedom is not possible as long as there exists any society.

But what we mean by freedom is our conscience being our only master. There are here necessities which transcend our conscience. But there is a residue of freedom, e.g. we cannot stand for absolute freedom, 100 per cent freedom, justice, etc. If so, we get nothing and we may destroy the world, and go straight to hell. The freedoms we could have, we destroy in the name of absolutes. This is vain childish talk in a technological civilization.

It means becoming different people - Shavian people. Shaw said that

human society won't go to hell and is not dependent on cheap conventions. We can drop them; what we are adjusting to are not the true necessities. We shouldn't talk with big gestures, with big phrases. That's Shaw. What you lose is important. Instead of living within the limits, you live an artificial, empty imitation of a cheap stage and what you miss is true life. You must prick the bubble of vanity and give up the leading articles in newspapers which call for 100 per cent etc. The day before yesterday man was sitting in the trees and today we are asking why don't our wings grow faster.

My question: Comparing our own society with medieval society wouldn't it be true that more freedom would have to be relinquished in medieval society than today?

P. What is it that makes the demand for freedom more stringent than it was? Since when is there such an individualistic demand for unrestricted individual freedom?

One can't say there was always such a demand. Now when there is less freedom there is a greater demand. It is not easy to say how one has to define freedom in order to make the point that P. is making. It's quite true that before J.S. Mill, "On Liberty" (1839?) the demand doesn't come up. Yet that is the first book in which this kind of freedom of opinion, views, and associations, is held in extreme fashion.

My question: How does the problem in a technological society differ from other societies?

One obvious thing that a technological society produced is power. Before one might have imagined that we didn't need the state, although Luther and Calvin did say the state was necessary for criminals. The liberals



say that if everybody acts so as to protect the other fellow there is no need for the state.

The exaggerated claims to freedom are the product of liberalism. Not before J.S. Mill's "On Liberty" did this penetrate society. He meant freedom of conscience and opinion in an extreme form.

Something happened to prepare it. It was the attrition, after the religious wars had almost destroyed civilization. In England tolerance for religious minorities became a leading idea with the Puritans. It was the great idea for Cromwell and the Seekers - tolerance. By Locke's time religious tolerance existed for everybody except the Roman Catholics and the atheists. A tolerance for minorities develops and reaches its apogee in Mill's "On Liberty". One can't say that in the 18th century under the four Georges liberty was rampant. The Roman Catholics of Maryland made a list of all the sects which were recognized and Maryland was a Catholic State. Religious minorities meant minorities who accepted the trinity.

The first Unitarian was Servetus late in the 16th century. Calvin had him burned. Why burning? Where does it come from? Joan of Arc was burned as a witch. Shaw knew the whole thing and it is discussed at length in Joan. Shaw knew it well.

It is difficult to see how after Roger Williams (1600's) - The Bloody Tenets of Persecution - there is the claim for freedom for any sect. But between him and Mill there is another 230 years. The Bill of Rights in America goes back to Locke (1793 or 1786).

P. doesn't know whether before the formulation of modern society as a free association of individuals there was any acceptance of the possibilities for power and compulsion. There was no pessimism about compulsion because

these were not democracies in which this was established.

It is very peculiar that at the beginning of the liberal state (cf Dicey, a marvelous book) the use of legislative compulsion, the same as modern state power, is very late - the middle of the 19th century.

P. showed that in order to enforce liberty, compulsion was used all the way. Compulsion dates from the technological civilization - the enforcement of the market system. One of the most important things P. showed in his two chapters on liberalism was that while liberalism was planned planning was not. (This was quoted by Innis). The point is that the Poor Law had to be enforced all the way. Also the building of markets and building of towns had to be enforced. (Away with the vestries?).

How to give precise content to the technological civilization? There is a revolution and the end is not yet in sight. There is a change of the position of the individual with regard to freedom: the point is we don't doubt this but what is the change and at what point would we say that the change does occur? This change is not assumed to be either a sudden change nor is it assumed to be one which affected life at one point or another, but in some sense it's a gradual change and affects life at many points. This is in a sense obvious. We wouldn't be able to say why the invention of Kay's Shuttle should change English society or e.g. the steam engine - why the mechanical power supply should change all Western societies. That would be unreal. But the fact that the change happens over time doesn't alter the character of change itself, nor does it affect life all around at once. But this doesn't alter the fact that it affects life e.g.:

- 1) What are the ways in which the machine conceivably affects society?
- 2) What are the ways in which this affects freedom?



It would be natural to link this to stages or gradations. We have worked out something on the way the machine affects society and have taken three fairly independent effects on life in society:

- 1) There is the compulsion which working at the machine exerts on the worker who serves it. Factory work is the starting point of this. This runs through the whole gamut of Chaplin's "Modern Times".
- 2) Quite different is the dependence of all daily life on gadgets the control of which is vital to our very existence. This was begun with railways and public utilities onwards to the present dominance of centralized power sources over daily life for the community as a whole.
- 3) Third stage seemed to make at one and the same time all life capable of physical destruction and at the same time all minds controllable in the same specific sense by electronic devices and nuclear energy.

This gave us some idea of what we mean by a technological civilization. The first of these really only produces phenomena of urbanization and exteriorization of existence, but together with the first elements of the mechanization of society itself. The second is different and already makes for the precariousness of technological existence, while the third increases this to an extreme and at the same time wipes out the independent mental faculties of the individual e.g. insofar as they are watching a television screen. It is not our job to distinguish and analyse the innumerable various ways in which these three in their interpenetration affect the human environment and the tissue of society.

Yet it should be summed up in the phrase that it attacks individual freedom, and its hopes. This conviction is general and doesn't depend on the capacity of following up how technology changes the tissue or how the change in the tissue effects individual freedom.

(The question for us is now, since we have done this work a few months ago, is there any change? No it is good enough for the purposes for which we are using it. So we are falling back on the work we have done thus far. The book itself must be quiet. One cannot gallop around and get out of breath.)

We left out something after saying how the interpenetration affects the tissue of society and how the tissue of society affects the individual's freedom. We have to say what these effects are. We have to say something along the lines the tissue of society affects freedom. P. doesn't think we should simplify the problem in any artificial way.

We should keep to the point. How does it culminate in man's involvement in two things:

- 1) Unlimited power - (social and political, not mechanical).
- 2) Involvement in compulsion i.e. in it's use.

That is the thesis behind which is the interdependence of technology fear and power. What has that to do with freedom? Freedom is defined as the non-involvement in the production of power and in compelling others. But if this is true then the interdependence of technology, fear and power is the bridge between the effect of technology on the social tissue and the effect of the social tissue on individual freedom. This goes back to one of our results: that what we want to be free from is the compulsion of compelling others.



If we stop here we have said enough - more might lead to narrow statements and overprecise theory, and saying less might be the question of what on earth Christianity has to do with the problem of freedom.

When we come to the end, to what to do - we have more freedoms. They help us not to compel anybody. The freedoms of the other man help me not to compel him. That is my freedom which ultimately counts. It is not the freedom from being compelled by <sup>another</sup> other person. That only takes away my freedoms. But not being sure of compelling him takes away my basic freedom because it involves me in an ultimate sense. We don't go further than that. P. feels we are pretty near the answer to the question we have raised.

See how deeply this implies that human beings live through one another. Isolated salvation doesn't come up. That would be unreal. Here we come to Owen's points - not individualizing, as if man lived alone. Man's thought is already set.

The compulsion thing is the whole of the existentialist problem. We find ourselves committed to things we don't want to be committed to. The existentialist position is all about freedom: when you are free and that you can't be free. The whole freedom proposition is meaningless unless you accept a religious position. Why be free? What is freedom?

What is the danger of the absolutes and the danger of relinquishing absolutes and settling for concrete freedoms?

We haven't answered the antinomy between abstractions and concrete freedoms. P. regards this as a dislocation of our moral system. Instead of

having coherence, mutually strengthening one another, part of our values cut loose and are stampeding and carousing around. Others are disconnected and don't live up to their natural form (personal and social values) while these abstractions demoralize and are disengaged from personality. Absolutes are an implicit denial of the reality of society.

There is a strong suicidal trend expressed in these absolutes (e.g. equality). If mankind had reached by unanimity a common agreement that the aim was to exterminate the human race it could not proceed more efficiently than it is.

You cannot get a dilemma unless people are avoiding something (the reality of society) and escaping into 100 per centism on the one hand and the failure of everyday life on the other. It is something they are avoiding or escaping from.

Man's involvement in society went on increasing and every freedom he bought with the price of an even bigger involvement (e.g. social security). His freedom was dwindling all the time in one sense.

It is impossible for human society to exist with no freedom, but here the residual freedom becomes concrete. The idea that society has a reality cannot be conceived without a reality for individuals in some sense, but they cannot be a function of society or they wouldn't exist. We mean that the individual does have his own existence up to a point - but what point? In an emergency there are no individuals. But what happens without one? There is a residual sphere in which society doesn't absorb the individual. In every society institutional freedoms have something to do with this but what exactly, is not clear.



The reality of society and the reality of the individual are both real - it is not only society that is real. This is not particularly the idea of maturity and liberty which is quite true, but this insight would insist as something provable, on the freedom of the individual - that he really maintains his own personality, and his life turns around that (*volonte de tous*). This is for P. a kind of reversal - the original thing to say was the reality of society and personality follows here that we can't conceive of yet.

Shaw is usually recorded as a critic of society, but he is not. He was a critic of the critics. Shaw is the only modern philosopher who is the protagonist of the reality of society. He is not much interested in the residual personality. The reality of the person (call it person and not individual since we are not interested in the individual but in the person) is the basis of religious sociology. This starts from the person and proceeds to the community as a relationship of persons, versus society as an institutional structure.

P. begins to think that there is more thought and clarity in the Rousseau paradox. Goodrich's son-in-law, Chapman, thinks that Rousseau is the basic thinker. So does Terry Hopkins. P. thinks Rousseau has founded political theory, since both the *volonte general* and the *volonte de tous* are both valid. But they can't be both valid and at the same time both separate. This subject is almost imperative in a book about freedom because he invented the whole thing.

The mature person might be the last chapter. We could have a chapter on the Rousseau paradox and make it basic. P. wrote this work twice and most recently for the MacIver Volume but it appeared then too favourable to Russia and nothing could appear in print which wasn't anti-Bolshevik.

P. said that Rousseau hadn't solved the problem of freedom but led up to the problem which was insoluble. However he invented the common man, and culture to be valid, must be the culture of the common man. Every country today has a popular culture. This is true as much in Russia as in America, England and France.

In the Bennington Lecture 16 years ago on freedom, P. concluded he hadn't solved the question of freedom and that there is a reality of society and a reality of the person, and that this must be worked out. It cannot be deduced from scientific principles. This is what Owen had foreseen - we must fight it out. He didn't say it but P. said it. Rousseau turned against the intellectual and for the people.

My question: Isn't there a paradox in the Mannheim position of increasing democracy on the one hand and mankind turned into "a mere lump of matter that can be vapourized by the hundred million" (P.'s Bledsoe outline).

Ans: Technology and mass organization went parallel. Man was more and more helpless and on the other hand individuals took a greater interest than ever before. Science discovered a way of destroying them physically and discounting them mentally by hitching them to mass media. There was a greater activization of human beings and yet paralyzing them and frustrating them.

Science and technology made them more active and more helpless - liable to be pulverized, and ignored them, while the interest of the masses in their own existence e.g. number of newspapers, union funds etc. increases enormously. There is something here growing up which is not subject to their volition and unless there was this increase in mass democracy there would be no tension. It is not often said that technology is making both their bodies and minds helplessly subject to central control. The mass media have such a compelling



effect. They compel the mind immediately, unflinchingly and with precision. You must follow what is happening because you can't follow anything else. Technology is to a tremendous extent increasing its impact.

Behind the modern pessimism is the loss of freedom in many ways. There are many ways and we can't disentangle them all - but they are summed up in the compulsion to compel. (Reassure the reader that we have thought about this so that the reader sees that this is true).

We do not feel that it is a negation of personality to comply with compulsion. We agree in principle. We may have to comply where we don't agree, but this isn't a denial of the possibility to be free.

The trivial arguments of human society exerting a natural degree of the limitation of freedom we disregard. That is like cosmic rays - they have always been there and we don't trouble about them.

Hannah says that the masses play a bigger part in political and economic life today, but there is a point that P. hasn't exactly got here.

Compelling others is at the heart of the matter. The Christian's participation in compulsion is a compelled one and is contrary to inner freedom.

Why go so far? There are here no land marks and so we cross the border and are safely on the other side and it is not possible to say what compulsion would eliminate freedom altogether e.g. conscription? taxes? the Queen's figure on a stamp?

We are compelled to compel others contrary to our conviction and have no basic liberty to be free of society.

There is another point - that there is increasing complaint of our

having to participate e.g. the whole fifth amendment to protect the person from incriminating others. The Supreme Court stopped this by the Watson case. Dorothy Thompson said it was un-American to have a society of informers.

Our participation in the creation of power and its uses is contrary to our convictions. All this is on account of the atom bomb. If we had only butter bombs we are not sure this would happen. Participation in the creation of power is an inevitable quality of society. In one case the power is in the direction of our own convictions, in the other case not. (?)

P. wants to be pretty obsessive - to have one idea and that idea should come out. While the reality of society should be recognized, this idea is the reality of personality. This thought is not new but P. came to the vision from the other side - and only slowly realized that any really valid Rousseau paradox leads to the sphere of personality which is free of society. That freedom which can't be taken away if the individual is to exist at all is 'native freedom'. This gives us a real problem of the reality of society and man's inborn freedom from nativity on.

We can answer the problem which Rousseau failed to solve - it is given by the reality of society and man's native freedom. It very much touches on Owen who uses Rousseau's formula - man must be educated in the way that society needs him and then he would be free. Man must be forced to be free. In Rousseau's view he would be free because he would spontaneously do what society requires.

P.'s answer isn't that: in an emergency man stands by society. Secondly there are core values which are protected against individual deviance.

It is more exciting to think about Rousseau's than Sartre's paradoxes



which are not so solidly established. If we have Rousseau we would be on solid grounds. Twenty years ago P. spent a year on the reading of Rousseau and has his notes. He read there this basic thesis.

My question: Rousseau seems to have relevance for society in general, but does it have particular relevance for us for a technological society?

There is a difference in an inclusive or an exclusive mention of Rousseau. There isn't the slightest indication that Rousseau was interested in machines at all.

P. agrees in using the term 'conscience' in development of the idea of freedom. (My question).

P. deviates from the Marxist position on the question of native freedom. For them a society with native freedom is absurd. However savages don't strike you as acting as functionaries of their society day and night.

It all works up to different angles in which society was then tackled. What is the end of part 1? Our answer to the summing up? It is not really Wilson but Sartre. We should take a line on industrial civilization of the very many ills it had created (i.e. that capitalism had created). In the critical sense freedom was dwindling all the time (~~above sentence repeated~~).

There should be finely structured chapters and a sure dynamic. It should be a structure as hard as steel leaving nothing to the reader. The two parts of the book must be there from the beginning. The whole thing is about the reality of society: the first half about the discovery of society - it really contains the physical and intellectual history of our civilization.

The proposition and argument must be clear. The proposition comes up at the end. While the argument fills the first part (the historical part) the second part is really the heart of the book. From Owen to Marx we give the history of our technological civilization both in its factual and conceptual history - both the machine's effect on the social tissue and the reaction to this. We distinguish between the criticism of society and the criticism of man. From Nietzsche or Freud to Sartre they don't believe there is a social problem of any significance - the criticism of society stops.

The chapters should be written in a quiet way, with nothing but aesthetic movements.

#### Miscellaneous Comments:

The market mirage seemed to give only freedoms and the reality of society disappeared. As far as the new sociology is concerned P. is not sure it has found the place of the individual in society.

Michael Polanyi read a paper to a Scientific Association in December to the effect that the very idea of a general perspective with reference to a scientific sociology may be invalid. Society is only another term for an aspect of life and to think one can understand it in an objective scientific sense is a misunderstanding. Knowledge of it may help you where ever you are but you have to be somewhere.

(P. marked some cuttings in the New York Times.) Dorothy Thompson wrote an article on the recent decision of the Supreme Court to the effect that we Americans when in danger tend to decrease the liberty of those who increase the danger.



Tillich's term 'estrangement' is a Marxist term (cf. article in 'Time').

P. is for "religion" rather than using "Jewish-Christian position".  
Shaw is for that and so is Owen.

The phrase for power is compulsion: that man is compelled to compel.

The position should be put with ruthless clarity - nothing else makes any sense. Forget about the approval of the narrower and wider environments and how they would react to such a book. The writing should be quiet and clear.

This is the right form of truth.

INTRODUCTION TO "FREEDOM AND TECHNOLOGY"

Use the outline submitted to Bledsoe (April 24, 1957) for the Introduction.

The preface will contain the economic fallacy while the introduction will contain the dilemma only. The answer will be in the theoretical development and the practical proposals come at the end.

The difficulty in the economic fallacy was that some of it is largely a repetition of the Commentary article. What has to be said about an economy-centered world is that nobody can deal with the economy anymore. This is taken up in the Greek introduction.

What should the introduction begin with? A clearer definition of freedom is the problem, edited for writing.

The market economy was the first adjustment. The universal problem was the technological civilization, not a problem of capitalism. A shift in the axis of our concern is common to the capitalist and others. (Dorothy Thompson writes in the Globe and Mail about Totalitarianism.)

Machines couldn't have been used without the self-regulating market.

The "pyramidal mess" is given on page 1. The paradox is stated: it really consists in the activation of the people and we see the freedom problem as relative to a degree of activation of people in society. Mannheim has a sociological definition of a democracy: more people are called upon to a greater extent.

The malaise must be expressed (the Bledsoe outline, page 2). <sup>It is</sup> possible



to give as many as 24 writers who expressed this if we want to. This never ceases to be active. M.P. has a list of writers who expressed this malaise (cf: Wilson).

(Following headings by myself, P.'s comments.)

- 1) A technological civilization poses common problems regardless of economic organization. (There is a sharp distinction between technology and economy and a sudden and complete change).
- 2) It is from here that the problem of freedom arises.
- 3) Most of our complaints can be reduced to a loss of freedom.
- 4) It is true in spite of the fact that there seems to be more freedom (although it appears to be more painful).
- 5) The human story of the machine and mechanized society.
- 6) Criticism of society. (This starts with the machine. No one criticized society previously - only one's enemies).
- 7) Criticism of man. (The trouble transcends society and something is here that starts with a technological civilization).
- 8) Dilemma (a) the absolutes, freedom, justice, efficiency.  
(Absolute freedom made for ghastly conformity).  
(b) the reality of society and the maturity of the person.  
(We can avoid suicide on the cheap and get recompensed for it by having our freedoms enlarged).

Unless we resign ourselves in a technological civilization to ~~know~~ freedom in the old sense - there is no freedom at all. We might lose freedom

by not accepting its limitations. There has never been such great mental fear and constraint in the world since the liberation of energy in the nuclear and electronic world. The insight of the reality of society gives us a grounding for the reality of the person - a Rousseau problem. If he misses the dilemma he will be a slave and destroy society.

The Great Transformation had a detective technique. It withheld from the reader that the book had a socialist solution. P. should have told him in the beginning.

We have three socialist writers - Owen, Shaw and Marx.

In Halasz' book every chapter started low and worked up to a terrific tension. Start quietly and every chapter should work the reader up to something. (Make sure in the introduction that there are two or three points where we get the reader very excited).

The introduction should be as clear and lucid as possible. It shouldn't be less than ten printed pages that is about 16 doubled spaced pages. Five or six pages might be too short but it needn't be more than twelve.

The more the introduction says of the essential content of the book the better.

Make sure in the introduction there are two or three points where we get the reader very excited. Promise the reader two things:

- 1) How does the problem of freedom arise.
- 2) How to resolve it.

Perhaps in the last part of the introduction don't indicate the answers just the dilemma. That would be the part which directly leads to the book.



ROBERT OWEN

P. thinks we should borrow more from the Great Transformation on Robert Owen. Much of it is really needed. The "Discovery of Society" background is relevant and should be brought to life on the Owen chapter and no other. In England this is not accepted (The Great Transformation fell through) but this doesn't hold for America. (They know nothing about anything anyway but the American history of England is a different history from the English. What a country wants to know about another country may be quite different.)

Owen was in a unique position. He was on the same level with sovereigns, the Church, and was even ordering Parliament around. Being Welsh he had an equal social status. (The Tudors were Welsh, ~~and if~~ they had been English they would never have been sovereigns.) MacDonald, if he had been English would not have been Prime Minister. England didn't have lower class English Prime Ministers. Wales did not have classes and there is no nobility, so that this was possible for the Welsh. Owen is a typical Welsh name. Half the brigands were called Owen which is a name as Welsh as Morgan.

Owen was a Welshman and had money and could rise to a position of potential influence which twenty-five years later, Cobden and Bright couldn't achieve because they were commoners from Manchester and hadn't gone to Oxford. But Owen needn't go to Oxford. (Write a paragraph on how Owen could rise. This wouldn't occur to G.D.H. Cole but it occurs to K.P.). Cobden and Bright wore black clothes and bowler hats but couldn't get a hearing. They were the leaders of the free trade movement which was victorious in ten years. The English middle class couldn't be the leaders of the middle class and it was

not Cobden and Bright but the aristocracy who went liberal. The Tories went Conservative and that is why England imagined the Whigs were Liberals to start with. They were not, and that would be to imagine the court aristocracy of the four Georges was liberal. They were Whigs and came in with the new dynasty.

P. described the idea of "science" (as doing anything scientifically) in those times as referring not to natural science but to social science. In the Great Transformation there were many pages on Society, which was thought then to be an experimental field. There was only one science at the time - economics. It is the model of science and there was no physics or chemistry of any importance. Even the terrific authority of Newton did not establish a science. Scientific meant methodical, even if empirical was also meant. Society was thought to be the field of inquiry. See the Great Transformation, Chapter 10, pages 119 - 120. "The decisive contribution of science to engineering...". (Bentham as a social engineer).

Political economy was the greatest social science ever. The laws of society were the laws of political economy and it was really as revolutionary as the discovery of nuclear energy and fission today. Ricardo wrote in 1811 and this was the sensational thing. And Owen would have known it.

The authority of science came from economics. It was thought of as the laws of society and no one thought of the market as a distinctive institution. It is recognized that it wasn't natural science which created the Industrial Revolution. Science had nothing to do with the Industrial Revolution and not before the middle of the 19th century did science become a source of technical progress. In Owen there is no mention of science. Rationality is education and following one's enlightened self-interest and discipline. Rationality would eliminate crime.



That was the very period that the Conservatives started on low tariffs - Hutchison 1819 - 21 (?).

The very word society was unknown in the 18th century. The word didn't exist. They would have said: commonality or the state. (Look up "society" in the 8 volume Oxford Dictionary - Murray, when the word was first used).

Owen must have been selling to India etc. and therefore would have got caught up in the Bullion problem. Where is the economist in Owen hidden? Did he think that what Malthus and Ricardo said was irrelevant?

There is an indirect reference to labour difficulties, no fear of high wages and no sympathy with labour organization. Look up how he stood to Doherty and these people. Where did he take the idea of social legislation? Peel's 1802 Act? Were there people preceding Castler and Saddler? From what country did it come?

P. thinks that some workers wanted the Statute of Apprentices of 1563 revised since this would offer some protection. The only place to find all this is in Sidney Webb on the Trade Union and there almost all the evidence was collected.

There wasn't much competition at the time and a manufacturer could sell virtually any amount. They never could produce enough yarn to occupy the weavers.

All the discoveries were spinning inventions except the first and the last. The first was a weaver's shuttle - Kay's flying shuttle. The weavers always needed yarn therefore they produced machines one after the other: the Jenny, the Mule, and Arkwright stole this invention. There was no need for weaving machinery, and the power loom although it was invented was not used.

When it was finally used the weavers starved and wages fell below any living wage. The weavers however, stuck to the weaving trade and starved. This was the only place it happened and their wages fell while everywhere else wages were rising. Business was very good and the demand was enormous.

In the New Lanark papers he said that unless we do something the machine will destroy us. But there might be a limit e.g. under the Russian system it turned out that at some points they are doing the opposite of what they want to do. The workers today e.g. Hungary say "we want our own trade unions", socialist state or not.

Owen was the main complainer and was the founder of European socialism.

The idea that there is a limit set by the nature of human society is a thought one doesn't meet before him or after him for a long time.

Owen saw these things at the very beginning when it was only possible to see them. Later on they couldn't be seen. It was just like Aristotle who saw things at the beginning (myself: it was Owen's genius to see things before maturity).

The Robert Owen chapter should be a closed chapter in itself.

With Robert Owen we begin the story of the discovery of society.

My question: Do we transcend Christianity in the first chapter with Owen?

Owen didn't understand the thing. He had the Christianity of the Welsh churches and miners in mind. P. doesn't really think that Owen went to the roots of the matter but he was right all the way. What Wesleyan Evangelism



meant was the disintegration of the individual personality which comes from putting the obvious failures of the social system on the individual. He who was the victim was responsible for it. P. thinks that a suspension of the Christian revelation as a guide to life is basic to P.'s position. He sees the bridge to the Christian heresies of Communism which says that the Christian heritage is unsatisfactory.

Owen was selfless with a temperament of a philosopher and one could reconstruct his vision on what he did and said (in modern terms). His superlative optimism is part of it. At the same time it was balanced by a realism which surpassed everyone, (e.g. his remark on the "limits", no one had thought of that).

The church would have said to him that this was human nature. He said no, that it was society and there is the inference that the limitation of society is not that of human nature. The limitation P. has in mind has nothing to do with human nature. It is not the evil in us that creates the power and not the good. It is the nature of power that it is a reference to my own valuations. The more ardently I wish the good the more power there is and that is what the Robespierres found. By society Owen didn't mean common interest but something in the nature of society.

Is there any formulation of the Owen position possible which would be sufficiently interesting to arrest the reader? The opening sentence of chapter 1 might be that Owen saw into the heart of the industrial revolution. We might dramatize the matter for he will now be featured on extremely slim evidence and be credited with tremendous intellectual importance for the century. The great peculiarity in P.'s presentation is that he was unable to prove that Robert Owen ever recognized in its real importance the reality of

society, because otherwise the reader expects chapter and verse. The meaning of the reality of society is that there are limiting factors. What he did might indicate that there is no limit - never were so few words made to carry such a large proposition. We are not the first to have an intimation of it.

Why do we believe that Robert Owen was a man of this stature and insight and how do we make out his case at all? We can do that only if we regard his whole activity as one in which immense optimism and fantastic dedication and unparalleled sacrifices had their place. There was a kind of heroic determination in solving the miseries of mankind which he understood. Is there any sign of his having envisaged that this may not be possible? He saw only that human society reset the limit - not as it is, but as it would be transformed. The changing heroism would be from his own person to mankind which would have to bear it.

Some like Malthus argued that there was an inevitable fate of vice, misery etc. Owen said this needn't be so, but if it had to be, mankind would have to bear it.

(P. thinks if I could rise to half the height of this heroic figure I could see the summit).

From a knowledge of the situation and the problems nothing would follow. He was a tragic hero and that is why he went spiritualist. Who could live up to it? Unless we can see something bigger than the usual we won't be realistic. After all, what made the world sit up? Take everything he said a la lettre, he meant it.

Some things he put in an unnecessarily vast way e.g. "the whole history of mankind". However the essence is clear.



The Malthusian position turned out to be in practical terms, utterly idiotic. Malthus said these things precisely when the world food supply increased fifty fold, with the discovery of America and Australia and the danger was oversupply ruining agriculture in Europe. Owen's answer was that he doesn't accept that unemployment means too many people. Today we would say one hundred times that he is right. The whole of political economy was utterly mistaken. One hundred years later Keynes said that there was something wrong with money. He said that and people thought it was idiotic. P. says this thing to give the measure of the man and to give the measure of our thoughts. The point isn't that we think he was so great but he was so important for our argument - who else saw anything? By 1820 there was the first capitalist crisis that we know and 150 years have gone by in regard to these public affairs (others called it the "social question").

Nobody should argue that we are starting here on a literary proof. We have our vision and what else proves it? Nobody else has been found. There was Comte but he drew the Catholic conclusion. There would be a new church and he would be the Pope and would indoctrinate the world with political economy. The highest knowledge was sociology.

Comte had a hierarchy of the disciplines from physics (at the bottom) to sociology (at the top). He invented the word sociology. His work is marvelous but he was all wrong. Few people were as wrong. He was a Pope of a satanic church based on science (sociology was a satanic science). He drew the conclusion that resignation was the only answer.

Both Comte and Owen were alternatives to Ricardo and Malthus. Both started from the reality of society. It was amazing how alone Owen was. There was no other person or group to right the wrong.

*2nd alternative  
CCO*  
*Pol. econ. a social science*

Technology revealed its essentials to him. This was the first time the thing was seen and in the extremeness of his ultimate conclusion, the reality of society was implicit. The meaning of his determination was in the acceptance of the reality of society. This shows the unity of the whole mentality. This is partly given by his sixteen years of lonely experimenting. Also one shouldn't forget the religious background. The Wesleyan movement from Wales was one of the most intense England had seen. There were night meetings by torch light, fanatical preaching which was meant to induce complete self-effacement and sacrifice of life by the poor. He hadn't invented the tones of Messianism.

Owen was the first to notice the machine and had a vantage point of tremendous direct power. From the first, his position was an ultimate one. He wouldn't accept defeat and this explains how the man became a spiritualist. There is nothing he didn't do - he wrote the things, sacrificed his fortune, his family, went to another continent, tried to stir the whole of mankind. But it was moving in an opposite direction and at the end there was neither the political nor other means to use the machine through the commonality.

Owen was the first to see the thing. And that is where the clarity comes from. He wouldn't accept defeat and with him there was only one reason for failure - that there is an intrinsic factor which could not be overcome. This is implicit in his attitude and his sympathy with mankind was infinite. His sincere suffering was the heart of the matter - that is the man he was.

Owen had a peculiar belief in rationality - that was the great faith the the age: science. His determination was fired by faith in reason and his knowledge about society. He has a paragraph on replacing the plow by the spade.



He is quite correct for those times, for the spade cut deep and the plow didn't, although the modern plow does.

*K.P. will be outraged but good judgement - someone who didn't agree on this point would have done the same or something*  
Owen like Shaw was dictatorial - he didn't believe in the people

and altogether he was a Fabian. (p. doesn't like that, he isn't a Fabian at all).

Begin chapter 1 on Owen with an anti-climax (the introduction has taken the reader to a high point). Say that the machine, so to speak, sneaked in (on tip toe: myself) and the first man who really noticed it was Robert Owen and he got such a shock he almost went out of his mind. It is we who call it the reality of society and he was in a unique position and had an utterly fantastic determination.

The machine was everything for Owen: manufactures had been all wool and then it changed to cotton. Owen said that this was a hundred fold increase of productivity. *(Higher than 1000?)* He said that if they increase markets, a glut will disappear. The great thing about him was that he would not turn against the machine and said the machine cannot be stopped or abolished. His concern for society centered around the degenerate, thievish, criminals and prostitutes - people struggling with vice and illness. There were poor house children and he stopped having poor house children in his factory. Dale, the Elder, had done wonderful work in regards to the poor house children.

Look up the machines that were used in New Lanark. There was a phase when factories were called mills. This refers to water power. It was the pre-urbanized factory. All the mills had a millwheel run by water power. Include a picture of New Lanark including how big it was.

(Find the passage on the labour market and check whether this was pre-Ricardo).

*There was no labour market & a Scottish worker before the idea of day & night in a factory*

Owen was an obsessed person. He was obsessed by the evil character of a profit-ridden machine. He thought the capitalist was just as evil as the worker, that he was a miser and a heartless egotist. The workers consisted of thieves and prostitutes etc.

When did Owen first come across the mill? What machines were in use at the time? Was the market unlimited at the time so everybody made money?

There was a steam-powered weaving machine which <sup>Crompton</sup> Compton invented in 1780 but it wasn't put into use before 1820. These were all spinning machines driven by water power. Spinning mills were very common at the time of Owen.

Owen thought that the machine must be mastered or it will destroy mankind. <sup>Should we have these machines?</sup> Yes, but they cannot be left unchecked. That is the crucial point. This is where he differs from Tolstoy. In Owen's time the Luddites were the great feature. Today, the view of the Luddites is that they were right, and the thing to do <sup>was</sup> is to slow down the process of change. Meredith says that they smashed the frames and increased the risks. The English working-class movement was formed out of the idea that the Luddites were wrong, that you can't stop progress. This is a typical liberal idea that society consists of an atomistic flood and which you can't stop.

(also the Darwinists took the line)

Just imagine a person foreseeing what the machine would do. Owen knew the Welsh and Scottish village which consisted of a rabble of drunkards and prostitutes. He had a sociological angle.

His moral sense was the dominant thing. He had been educated by his environment. He must have heard the Wesleyan sermons at the pithead when he was preaching submission to the miners, that they should go into the pit and



perish, and that would do their souls a lot of good.

*(I were very honest,  
after all, what could you do?)*

Owen saw that if the machine remains unchecked great evils will follow.

Owen never listens to anyone, yet he was of perfect equanimity and great serenity and charm. Owen was a socialist but he didn't build on the working class. We can draw a character picture of Owen. He had a peculiar relationship to his wife. Once he didn't see her for a stretch of nine years. In 1833 there was the Trades Union. This was a union of trade and various craftsman's guilds and artisans. The trade union is different from *(what others might understand)* the trades union. Previously Owen was in America.

He had made a statement to the Archbishop of Canterbury that Christianity would have to go.

Capitalists were required to carry the risk. This existed particularly for raw materials. There were no markets in which to purchase raw materials and in which to get labour, freight, and insurance for freight. This might cause an interruption of production. As soon as the markets became general, the risks became smaller and that's why public opinion became so favourable to markets. Being able to sell and buy anything, anywhere, at any terms became a religion.

My question: Can we say that it was impossible for the State to share the risk-bearing at the time?

In England the functions of the State were at a minimum. The King was very poor. In France the King was very rich and had factories for luxury goods (Gobelin), but in England there was mass consumption almost at once. Where would they get the money in England? It was tax money.

In Russia the Serfs were working in manufactories and the last time this had happened was in Egypt under the Pharoahs. The next time was the State atelier of Louis Blanc in 1848. <sup>national</sup> (Some idea as Lasalle later in Prussia)

Risk-bearing by the State would have meant investing the money of the tax payers and combining philanthropy with business. At no time did it occur to them in England that the State should do this. The merchants were the ones who were the risk-bearers and organized domestic industry. They knew who would buy and how much. *Crucial thing was not to produce it but assure the sale. How could the state have done that?*

As soon as the plant appears there were entrepreneurs who borrowed money- they defaulted (?) Arkwright was the first to borrow a big sum. Factory towns dated from 1750 - Manchester, Oldham (all in Lancaster). Scotland was the humid part of England where the cotton wouldn't break. *(also N.W. of England. Cold stream makes it foggy)*

Owen saw the whole question of the machine on his own and was terrifically gripped and he went out on a lonely exploit. He was fascinated by the horror of all this. At the beginning of the story, there is here a person to whom there is nothing comparable in the whole industrial history. The next comparable one is Henry Ford with the assembly line and paternalistic principles. No one was comparable to Owen in English industrial history. There were other large manufacturers.

These Utopians were giants and each was regarded as being crazy. The great characteristic of Owen is that he was a Ford, Carnegie and Nobel all rolled into one but with enormous intelligence, and productivity. He had an (immense) amount of money, stature, and was all powerful. He had an approach to the possibility of the limitations of human society. He was unlike any person of the time and could talk with the Prime Minister, the Church and the whole European continent. Here a man made his appearance who could tackle



society. He even invited American Senators to visit.

A picture of the man, using his writings and the authentic parts of his biography, could give a picture of the inner horizons of this man, faced with such novelties as this machine which destroyed morality.

He said only one thing about the workers, that they all united against the employer.

"Undershaft" is Owen all over.

All those items on religion indicate that Owen was for religion and against Christianity. He was horrified at the sectarianism. (It was an observation)

Owen was a Welshman. If he was English all those things in his life could never have happened. When he entered the English scene he was a phenomenon. He was a man of parts. He had an exceptional and privileged position not only as a thinker. Where did he acquire his education? His writing is to the point. He doesn't have long sentences with nothing in them.

One must go into Bell and Lancaster. England has no public education system until 1870. Public education came in the wake of the sectarianism. The idea was that the poor should teach the poor. In order to do that they reduced education to the repetition of formulae.

The factory system was still in the making and these were the early factories.

One might take Owen's personality as given by his career and his outlook as given by the position he took.

In the Great Transformation it is inexplicable how Owen hit on a

limit - this was the era of the Luddites which attempted to destroy the machine. There was an overwhelming need for some kind of domestication of the new "mob" - the population of these new mills. They were uprooted and Owen faced the problem of how to produce a new population. Even Adam Smith faced the problem of the Scottish worker - the Cotter. If he was turned into part of the factory population he would become a savage.

Owen was peculiar insofar as he didn't foresee that high wages would change the position entirely when they came. His economics was Malthusian. Therefore he was utterly convinced that the wage limit was survival. Any other idea was absurd except that wages were given by the subsistence level. Both Ricardo and Malthus advised that the working classes should raise their subsistence level.

Robert Owen could be pictured:

- 1) From his exceptional position and
- 2) what "scientific" meant.

Rationalism was linked with the social sciences not the natural sciences. Owen was a rationalist through and through.

For the Owen chapter we are in the fortunate position of just showing his genius and mentality but P. thinks that where his life comes in it should be enormously dramatized. He was ridden by a demon but the one which rode him rode us for 150 years. ~~He said that~~ The thought that there could be a limit could only occur to a giant determined not to be stopped by anything. God's creation was at fault not he. Owen was reinforced by the new science of society (Malthus and Ricardo). These were unbreakable laws. He was anti-Ricardo and thought it was a tragedy



to introduce gold. Currency reform was the most urgent need and was stifling business through lack of money on which production had to depend. He wanted to abolish the labour market and have standard wages so that they wouldn't change with supply. *(at the end of report to Wes Leman)*

In the Great Transformation you get in Spoenhamland high corn prices and public works everywhere to buy the corn. It was King's rule that corn prices should always be steeper (graded prices). In the writing one should aim at bringing out those effects - what this Owen was. The way to write about these people is the way Edmond Wilson writes. Such a chapter should be between fifteen and twenty pages.

INSTITUTIONAL ANALYSIS

Harry Pearson has a theory that one can't explain accumulation without prestige phenomena. Veblen had that kind of line but he should have been on a sounder basis. The capitalist accumulates capital like the robber baron, by seizing and holding positions of dominance with a threat of violence.

Harry Pearson's comment on Joan Robinson's book is that capital is an institutional subject. Joan Robinson treats it as a technological one.

P. thinks nothing could be more to the point than institutional analysis.

Classical and neo-classical economics starts either from (1) exchange or (3) allocation of scarce means, and these schools dealt successfully with a situation where price-making markets is dominant, but outside this situation neither exchange nor allocation of scarce means have anything to do with the institutions in which the economy is embedded, e.g. slavery etc. There are about twelve institutions which have a different background and we want to know the origin and foundation of these institutions. We are inquiring into the institutions responsible for the working of the economy outside price-making markets. P. never saw previously that we are turning to institutions because they are the only interesting thing. It is a shift in the subject matter interest, not a method. These institutions with their substitutive equivalencies, and non-interchangeable moneys were not noticed or looked into before. Insofar as they were given a catallactic or exchange heading they were completely misunderstood. E.g. debt bondage was interpreted as a slave who was sold because he defaulted on a loan. But there was no loan and this was related to compulsory equivalency exchange. You must give your neighbour what he needs for an equivalence but if



he hasn't got the equivalence he works it off. Thus there is no loan, no default and no slaves.

P. thought that institutional analysis was a competing method but this is not so, it is a shift in the subject matter of investigation. This gives us equivalencies and operational devices. Equivalency is a different institution, utterly different from exchange. The emphasis is not on the conceptual difference between equality and adequacy but on the institution itself, which is a complicated matter. Equivalencies, operational devices, and debt bondage don't seem to have a connection from the catallactic point of view. It is a different money which has an operational side which doesn't relate it to value and utility but it is a step-ladder i.e. the fact that it consists of units is an operational fact and a quantitative one. Aristotle said that money is both pegs or steps and a limit to exchange, because it tells you how exchange is phased and when you stop, (that is when you have reached the last pebble.)

P. understands more clearly the difference between our approach and that of the others for price-making markets. Our whole work is more radical than P. thought.

The American institutionalists have no idea of this. They would have said to turn to the institutions outside markets, but nothing about operational devices. No one saw that preliterate civilization is operational. We are not afraid of dealing with this civilization, but it has operational devices and avoids a valuational character.

The best example of an operational device is the double numeration of the cowrie:- while in counting men or mice  $10 \times 10 = 100$ , in cowrie  $8 \times 10 = 100$  and 8 times these results goes on, up to 100,000. This has the effect of the

middleman paying 64,00 for 100,000 but the poor man on the market pays 8 for the 10, and the poorest who buys in such small quantities is subventionized while the middleman gets his profit. Few buy in such small amounts and most buy in thousands. In the middle you must pay a 1000 for a 1000 and not a 100 for a 1000. The middle class people don't get 10 for 8, but the wholesaler gets 64,000 for 100,000. Precisely by operating cowrie in different factors you are installing the middleman's profit and the poorest gets his food cheaper. In the 17th century in the Persian Gulf, cheap cloth was bought with a bigger ell than expensive cloth. Therefore if you buy with native currency it is cheaper than buying with the other currency and that is achieved by dead-end money - that which is not interchangeable. By moving the slide rule you are carrying an operation through. The Old World was full of this and included almost everything. Operational devices are important but when writing comes they disappear. Mathematical things could be done by devices. Most of their mathematics was carried through operationally and this explains archaic society.

As for the economy it consists of two elements:

- 1) Devices, technology
- 2) Customs and institutions

Mores is the instituting of the process.

P.'s new book on the continuation of Trade and Market will take the same line. The economy then wasn't separated from society like today. Aristotle and Hesiod took an anthropological approach, i.e. tools and customs. At no time were tools as revolutionary as the past 200 years with the industrial revolution. There was progress in state-building rather than tool-making.

Harry Pearson in his surplus paper said toward the end how prestige might lead to accumulation.



Institutional analysis comes from an interest in institutions and this is a subject matter change. It is difficult to distinguish it from an operational device. You can use the latter for accountability and interchange. Therefore it is difficult to distinguish operational devices and institutions.

THE ECONOMIZING PROCESS

My question: If we detach the economizing process from the market institution then what can we say about its being instituted under other forms of economic organization?

Ans: The work of such people as Lerner, Helman, and Lange has been concerned with this. The answer is simple: the disposal and allocation of scarce means would be maximum efficiency and minimum cost. P. says that this however, is to little effect because there are no proper prices. You get correct sequences. If you have prices which are artificial or arbitrary, then the manipulation of prices is of little value. This permits a more or less efficient way of production, but the prices in relation to one another don't form a symmetrical system. If  $a = b$ , and  $b = c$ , it should follow that  $a = c$  but this is only an administrative act. If this is an administrative price why should it be symmetrical? If these are artificial figures, the relationship may be as symmetrical e.g. the price may be ten and the total of the costs may be four. In a market that is not possible. If the cost of the goods adds up to four the price is four. If competition is excluded, prices needn't be consistent. Therefore economizing will occur with reference to arbitrary prices but maximization may not occur under arbitrary prices. We may rationalize the process up to a point e.g. if you have two ways of producing it. It has no quantitative relevance but it has a sequential one. You can say more or less, but not by how much. You can say in what sequence, you can choose your ways of production but not by how much. In a market economy these prices form part of a system.

The costing system under a market economy has a definite relevance but



it hasn't that relevance under a non-market system. We can apply economic analysis in principle to a planned economy. In fact it is primarily to a planned economy to which it applies. The whole of the theory of economic analysis applies to persons allocating scarce means, but it gives no quantitative results.

Marginal utility is not really understood because the indifference curve has taken its place and students believe that marginal utility is not relevant. However, the whole analysis is based on marginal utility.

P. never said that economic analysis was not applicable outside the market. Logically, it is primarily applicable to a planned economy, where you allocate resources. However, practically it does not produce quantitative results just sequential ones (which is better?).

The marginal utility principle is given by removing one unit and then reallocating all units, and seeing what the real marginal utility of that one unit is by the change that occurs.

BOOK ON MONEY

Work is proceeding towards a book on money and P. started to map out such a book. This would be a completely different approach from anything ever tried. It would drop the market and exchange side (allocation) but would include the origins of market institutions. P. would use his money paper as an introduction and keep to money uses but not have it systematic. E.g. the role of equivalencies and operational devices in the development of money institutions. He would ask Ostwald to do money from this aspect, where sale - purchase isn't practiced, only the auction. (This has the feel of a war).

The Phrygians and the Phoenicians displayed their goods in the argos (auctions).

The impersonal character of transactions is not limited to the market - the auction is just as impersonal if not more so.

The stock exchange is functionally price-making but personally it is not. In the rialto there would be higgling and haggling. In a stock exchange there is no higgling and haggling while in a typical market there is higgling and haggling. Therefore it is not true that the market is higgling and haggling necessarily nor impersonal. All that is being taught about this question is superficial. The auction is more impersonal.

Now it turns out that important deals and objects were sold privately and were at the same time subjects to higgling and haggling while in the market there may be fixed prices and no higgling and haggling. Therefore everything we are teaching is empty talk. The main distinction is between the auction which is a market-type institution (there is only a demand crowd) and therefore we must distinguish between price-making and non-price-making markets. The



latter are markets because supply and demand crowds are present. There may be transitional things such as controlled prices. (Rostovtzeff says all prices are controlled).

Harry Pearson and Arensberg are agreed to make money the main subject and we have enormous money material which has not been used.

My question: are ration coupons money?

P: we are not permitted to transmit them. They are a kind of operational device but not regarded as money, there is no possibility of circulation. They are a token but not the usual token of representing something else. It is a device but not money.

K.P. ON WRITING

Sartre says a writer can have two motives: he can express his individuality and he can express his solidarity with everyone. Sartre is for the latter and the content and clarity comes from a kind of humility.

P. thinks it's true. It was one of P.'s sources of never becoming a writer. For the greatest part of his life he wrote with definite intent of conveying meaning by indirection, not directly. He thought this was one of the features of writing. This was a vanity - that you do not reveal yourself, and if you did, you would have to reveal the limits of your depth and greatness. Your refuse to face the facts that there is nothing deep, mysterious and wonderful to your thoughts. That is one of the possible sources of it and that is why Tolstoy leads to admirable clarity and limpidity of expression.

Only in *The Great Transformation* for the first time, did P. decide he would have only one principle in writing - utmost clarity from beginning to end. The weakness is that it should have been twice as long. There is, however, never a complaint of obscurity. This was the justified and common complaint of the things he had written previously. The main thoughts were not expressed simply and clearly and given their due. Partly, the main thoughts were quite commonplace and P. professed to disown them. That is the secret of this kind of failure, and yet with the very greatest writers they do the opposite e.g. Kafka, the appearance is always clarity and limpid style and simplicity. The great writers seemed simple but e.g. Rousseau - *the Contrat Social* - is obscure. What Rousseau would have had to say was beyond his grasp and some things couldn't be expressed any other way. The paradox of the New Testament is another thing, and short of the paradox nothing can express the thought.



THE CANADIAN ELECTIONS

In discussing the reasons for the turn of events in the June 9th elections, certain explanations are given such as "the government went too far" or "it was tactless" etc. This is similar to business or family life which is a fair comparison. These reasons therefore are sincerely given. However, these elections were the occasion of the break - the above reasons were not the cause itself. It was the last straw and appears to be the immediate cause however, but there are other causes.

For F. the reasons for the election results stem from three particular factors:

- 1) the St. Lawrence Seaway
- 2) the handling of the Pipe line
- 3) the Norman Affair

All three were handled in a manner deeply unsatisfactory to the national feeling. The start of all three dates from several years ago and by the time the decisions had been made and carried through, public opinion had changed altogether. One doesn't say that they could have acted otherwise at the time.

For example, with the Seaway, first of all they gave away something, which stems from the fact that they didn't give a month's notice at the end of a certain agreement, which they had the right to do but at the time no one demanded that this particular action be watched. This showed a complacency which today would be infuriating.

Such reasoning is not precise, but not to say anything at all because we have no exact precision, prevents our giving a right judgement. The answer is to go ahead on the basic judgement and for this one needs a lot of dialectical

practice. Not to make a statement is a mistake. You rely on a certain commonsense to tell you how to manage the error.

The difficulty in the handling of the Norman Case stems from the fact that five years ago Pearson could make available the dossier on Norman to the Americans, while today such an action would be considered intolerable.

In general the handling of all these affairs was set by a policy five years ago, while in the past five years the whole temper of the country has changed radically and therefore will not stand for the policies which were set and were expected five years ago. The government however is too deeply committed to these policies to change, and therefore the only answer is to have a new government. (This last paragraph done from memory).



GREECE, ROME AND THE ECONOMY

Plato's views on the economy were those of an aristocrat. But we can't say this of Aristotle who took up the question of the economy. Plato reflects Socrates who was put to death after the Peloponnesian War. Socrates was regarded as responsible for the defeat of the democracy.

Vlastos agrees on the Aristotle text but otherwise has a Marxist interpretation. Aristotle died in 322 B.C.

Plato lived to age 90 insinuating himself everywhere by being a great poet. Plato was a student of Socrates. These three lives span the whole of classical Greece. Aristophanes wrote against and made fun of Socrates - "these Freudian corrupters of the youth", and was probably responsible for his death.

The work with Ostwald brings in the auction as the main form of sale. How many purposes are served by the auction, including publicity? Things could be sold either at the greatest publicity or with complete secrecy. The greatest publicity is given to the sale of land and slaves in the middle of the market. Otherwise we have evidence of these not being sold in the market place or through public agents. Land and slaves are part of the public structure. Land is not a private property ever except in modern times. There are claims on it of the family, nobility etc. and they would register their claim.

Under Roman law a certain piece of land could only be sold under ancient Roman law forms. Also slaves and oxen were sold under the "mancipatio". During the sale the balance was held up as a part of ancient Roman law and a man would hold up the balance before five Roman citizens. Slaves, oxen and

the Roman land plot that you had inherited were so important that you have the highest publicity and ceremony when these were being sold or they were sold secretly and privately in a house off the agora where deals were made. The agora is not the rialto. The rialto is a place of business where you could talk with other business men. That may have been open talk. But ultimately the deal in the rialto was solemnized (and a pound of flesh would be claimed, P. is not talking about Shakespeare's "Shylock" which was semi-romantic). There was then either extreme publicity or privacy. The auction is public (the secret auction exists but not in those times).

The Romans sold all the state property, booty and confiscated material through the auction. Ostwald has to look up all the books of reference and this study will go into the money book. To approach this question from "money" and "sale" is something unheard of. Ostwald would have to take up our views on money and he would tell us what he is permitted to do along his own lines.

In his introduction to "Greece" P. says a human society based on the economy was unable to deal with economic matters.



JEWISH SURVIVAL

Jewry survived because the tribal institutions were artificially introduced at the time of Nehemiah in order to have a sociological background for reciprocity institutions. These couldn't have been introduced unless there were tribal or clan institutions to support them. Ezra and Nehemiah list all the clans in the Old Testament in 445 B.C. When this part of Jewry returned they were artificially organized in tribes. This made it possible to say that now they should have mutual help and the principle of no gain. That couldn't have been done unless there was a clan organization and in principle this never ceased to work. These remained established in customs, and the principle of mutual help and non-gain survived but this couldn't have been done without family organization. Jewry continued to practice among itself a consistent non-gain organization throughout the ages and when the clan was disorganized the community organized itself on a reciprocative basis. There were no transactions among members of the community.

This discovery is due to K.P.'s method. Reciprocity can not be practised unless we have an institutional basis. It can only be practised if the individual in one group has a correspondent in another group.

The Mishnah is absolutely conclusive and the extent to which the Mishnah excludes gainful transactions is fantastic. P. thinks that this kept the Jews an utterly non-commercial community through millenia, This forced them for a living on the Gentiles (my question, P. agrees). The community was sharply closed.

NOTES:

MARX

We should have the early Marx in the book and he will be practically the chief figure. In his younger years he was more an all-round philosopher than the rest. P. read Edmund Wilson "To the Finland Station" which includes the Marx and Engels. Wilson is an admirable fellow.

Marx said in the Gotha program that you can't have equality of rights because men are not equal. Socialism is not an equalitarian creed i.e. it doesn't accept differences in heredity, race or religion but accepts differences in productive ability.

P. will read the early Marx and he has his notes on it. He will also reread the Adams book. Then we will come out with the early Marx. The Russians should read the early Marx.

EDMUND WILSON

"To the Finland Station" was written in 1940 after the trials and instead of repudiating Marxism, Wilson tries to show the depth and greatness of the Marxist position. The utopians are maltreated, especially Saint Simon (one of the greatest minds). But there are excellent essays on Michelet, Renan, Taine and Anatole France. P. did not know that Renan was such a great thinker.

Marx all his life had an enormous regard for Owen which he didn't have for Fourier and Saint Simon.



Wilson has a peculiar idea about Marx, that he was a Jew and he identified the position of the proletariat with the Jews and was just a belated Jewish prophet. This is never stated with such enormous conviction as by Wilson who sees both the greatness and weakness of Marx. P. never took this seriously before but after the enormous power and conviction of Wilson P. tends to think that this is true. Who ever could he have got this from except the prophets. Although Marx had many weaknesses he never in all his life compromised an inch on the question of the proletariat. He had a solidarity with the proletariat and a detestation of capitalism and the bourgeoisie. In his way of life he was not heroic but in politics he had an absolute and unrelenting dedication to his work. Behind this there is a roaring raving passion which never abated. His anti-semitism was of a kind that was deeply rooted and it might be argued he really reacted very much in identification with the race as a whole. You find this anti-semitism in Jeremiah and Isaiah. This is also found in Spinoza with an ethical passion that is unique.

#### SARTRE

From reading the piece on Sartre in the current "Listener", P. doesn't think that Sartre knows Marx. One reads Sartre and feels there isn't anything to connect psychology with personality. Psychology is ambivalent and could cause this or the opposite. One sees in such a paper as the "Listener" the level of things which are put to the

public e.g. if you examine the rule that anything that goes to a big audience must necessarily have a low level, then it appears there are no such rules.

### SHAW

Bernard Shaw's complaint is that the bourgeois world is an adjustment to a non-existent world of conventions and phobias which were an evasion of the reality of society. What we suggest is the actual reality of society not the delusionary one.

Shaw was a poet, artist and a successful playwright and he had an utterly basic philosophical approach. He could use the circus technique and since people didn't accept the reality of society he could have ropes and holes and people would fall through them and stumble. He brings man's body, soul and spirit on the same level. Otherwise it's in bad taste to play with man's salvation and cut his whiskers with a scissor. E.g. the doctor and the young girl in "You Never Can Tell". The idea of the practical joke is a Shavian idea - man stumbling down the stairs in his career. Pygmalion is a Greek myth. The sculptor forms a girl and brings her to life.

P. read Candida. The most amazing thing is the last page of Major Barbara. Also read "Arms and the Man", "Man of Destiny". It is quick reading and the shorter ones take only one and a quarter hours. P. also read "The Joan" introduction which is not so relevant.



DERY

It isn't art alone which accounts for the Dery short story. He had internalized the story to such an extent, he was capable of using these artistic means. Also you seem to know this man B. so well. This is a rare effect: "I am B., said B." It is an immensely sentimental story and hasn't got the quality of objectivity. It is written with great restraint but is out and out sentimental.

MONTAGUE NORMAN

Henry Clay wrote a book on Montague Norman and Lionel Robbins reviews it. He saw that Norman damaged the cause of the Bank of England through not explaining any of his actions and thus the nationalization of the Bank of England was due in large measure to his personal absurdities.

THE POOR LAW

P. upholds the thesis that the Poor Law was the matrix of English economic history. Should the poor be helped or not? Was it a good thing to have many poor? Why could you make money on the poor? (I.e. the authorities).

The poor had a place in the country and the church took care of them. The man in the village wasn't poor. At the time of Laud the church didn't accept the destruction of society by capitalism (1640) and he lost his life when he stood against the enclosures. Needham also has a chapter on this in "Christianity and the Social Revolution".

"CHRISTIANITY AND THE SOCIAL REVOLUTION"

This is a book with brilliant contributions and nothing came of it. Needham, Borkenau, Macfurray, Noel (who was not very good) made on the whole a series of brilliant contributions but they were lost and nothing came of it. There were also Raven's Lewis', and P.'s wasn't bad but nobody ever mentioned it. It wasn't correctly edited and not rightly done. It was edited ultimately by a Unitarian Marxist, John Lewis, and he ruined the book. He later became editor of the Left Book Club and the number of their publications went into the hundreds. It was one of the biggest things in England of the 1930's.

THE GREAT TRANSFORMATION

The Great Transformation fell through because of the wrong publisher. Allen and Unwin said they would only publish 1000 copies. P. said no. Allen and Unwin would have brought the book to the scientific world in England. In America, Rinehart was the right publisher at the time.

Drucker says that P. should be proud to be selling 200 copies of the book a year, today.

"TRADE AND MARKET IN THE EARLY EMPIRES"

P. thinks 'Trade and Market' will have an influence. The point is that trade and market are entirely distinctive institutions. This is a flabbergasting idea because you can't transmit this into words.



P. decided that the book is about societies with trade and money but without markets. Of this fact, we have no market places in Mesopotamia. Mahcrum - is for the Assyriologists markets. But for P. "Maherum" is price. There is a place where equivalencies are published. It takes a year or two of training to grasp all this.

P. was greatly cheered by the fact that Joan Robinson who dipped about in the book recognized the meaning and importance of it completely. This means that one underrates the other people and overrates oneself. The mass seems to be the others, those not in the room. Oneself is the people in almost every regard - whether on the road or shopping. One might imagine we are doing something different, but we are not.

#### CHINA

The debasement which has been brought about through fear and the power situation is abysmal. This is done through the newspapers.

These are events of the first rank which are setting the standard of mankind.

The Chinese cut loose from Marx. In a way there is no broad framework that would link the West and the East. The Mao leadership was a break with Western tradition and a complete one. This is a peasant movement. P. thinks that Ilona should point that out in her book (on Hungary).

#### FRANCE

In France literature is being carried on on an unprecedented level of responsibility and political morality.