Class and situated knowledge in Polanyi’s *The Great Transformation*

“There are forty seven percent of the people who will vote for the president no matter what … who are dependent upon government, who believe that they are victims, who believe the government has a responsibility to care for them, who believe that they are entitled to health care, to food, to housing, to you-name-it. That that’s an entitlement and the government should give it to them. These are people who pay no income tax … . And so my job is not to worry about those people. I’ll never convince them that they should take personal responsibility and care for their lives.”

Presidential candidate Mitt Romney at a private fundraiser in Boca Raton, Florida 17 May 2012

“He was born on third base and thinks he hit a triple.”

American folk saying

The question I want to raise is ‘how does the dominant class in society understand itself?’ What are the factors conditioning their ability to perceive how the rest of the world lives and, therefore, act in their own class interest. At an individual level, the question might be framed as why very smart, powerful people make bad decisions, even from the point of view of their individual as well as class interests. How can they be both terribly smart (Romney has an MBA and a law degree from Harvard) and yet not understand things that, from a different perspective, seem quite apparent? What might this tell us about the situated knowledge of the ruling class?

Mitt Romney, in the quote above, was speaking to a group of potential campaign donors and did not expect his words to be reported. Perhaps he was pandering to his audience and does not really believe what he said. If one watches the video, however, it seems both casual and spontaneous and has the ring of sincerity. He thought he was speaking in private to people much like himself. We cannot take Romney as representative of the 1% of US households that account for 21% of the nation’s household income and 36% of the nation’s wealth, but we can, perhaps, take him as emblematic. He was, after all, the Republican candidate for president.

Further, although he repeatedly insisted on his mastery of numbers and rational decision making, he arguably got his numbers wrong. Romney won twenty-four states. These included the ten poorest states in the nation. Of these ten, eight had a larger share of population receiving Medicare benefits than the national average. In short, he won the states that were most like the electorate he dismissed as dependent on government, entitled, irresponsible, and unlikely ever to vote for him.

This outcome reflects perhaps a certain amount of confusion among voters. One slogan that became briefly popular during the campaign was some variation on the theme “Keep the

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(1) [http://www.motherjones.com/politics/2012/09/secret-video-romney-private-fundraiser](http://www.motherjones.com/politics/2012/09/secret-video-romney-private-fundraiser)

(2) The figures are from Allegretto (2011).

(3) In terms of median household income for 2008 as reported in the *Statistical Abstract of the United States*. This raises the further question of why Americans don’t vote their interests, but that lies beyond the scope of this paper and, possibly, of understanding.

(4) Calculated from figures provided by the Kaiser Family Foundation State Health Facts.org ([http://www.statehealthfacts.org/index.jsp](http://www.statehealthfacts.org/index.jsp)).
government out of my Medicare.”

Medicare is the federal government health insurance program for the elderly and disabled. Still, these people did not have access to massive amounts of costly data analysis. Romney certainly did and yet he misjudged his electorate rather surprisingly.

Romney lost for many reasons, but one of them surely is that he did not seem to understand his own best interests. He defended the privileges of his own class and ignored some well-known facts about voters outside that group. This was, no doubt, a great personal defeat. Was this also a defeat characteristic of a class, and does it tell us something about the way this class understands itself in the world?

Class and situated knowledge in and through the double movement

Polanyi, it seems fair to say, was working with rather broad categories. The move towards economic liberalism and the self-regulating market was supported by ‘the trading classes’. The countermovement towards protection of people and the environment was supported primarily by the working and landed classes (Polanyi, 1944, page 138). The methods of the social groups underlying these movements are similarly broadly characterized: free trade and laissez faire on one side; factory legislation, land-use regulation, central banking, and state management of the monetary system on the other.

The essence of the Great Transformation is a progressive disembedding of ‘the economy’ from ‘society’. This involves the social disembedding of individuals and groups and the emergence of the market as the principal way of organizing production, consumption, the use of land and resources, and the allocation of labor. These trends are tempered by the countermovement—necessarily so or the system will destroy itself—but not for all that completely blocked.

Polanyi is not alone in observing that Western societies changed dramatically in the transition from feudalism to modernity and/or capitalism and/or industrialism, but he gave one of the most thoughtful accounts of how this experience was lived (Polanyi, 1944; see also Marx, 1990; Mumford, 1934; Simmel, 2002 [1903]; Smith, 2000 [1776]; Weber, 1947) In the process of this transition, classes were reworked and the nature of social relations and social being profoundly changed.

What I want to think about here is what different classes knew about each other before the Great Transformation and what they might be thought to know about each other now. The argument in brief is that almost an existential necessity for the lower classes, whoever and wherever they might be, is ‘studying up’. In order to survive as a slave, a serf, or a wage laborer, one has to understand some things about the upper classes. This need is not symmetrical. The upper classes don’t need to ‘study down’ in order to survive—at least until The Revolution, at which point it is too late. The kind of knowledge each side has about the other is likely to be quite different. The consequences that flow from this are indeterminate, but I think worthwhile considering.

This is necessarily a speculative exercise and also at least as broad-brush as Polanyi’s characterization of class, if not more so. It also looks at a question that is not specifically raised by him. However, it does approach it in the comparative historical way that he championed (see Peck, 2013). I want to look at both the ‘before’ and the ‘after’ periods to gain some depth of field and to show the transitions in greater relief.

(5) See, for example, the images at https://www.google.com/search?q=government+hands+off+my+medicare&hl=en&tbm=isch&source=univ&sa=X&ei=_WYaUZ27HLTV0gHl5oGABw&sqi=2&ved=0CDAQsAQ&biw=1047&bih=565
The medieval ‘ruling class’

Within the messy and contentious maneuvering for social power in precapitalist, premodern Europe, we can detect a number of social categories: the monarchy, the landed aristocracy, the clergy, and, in the cities, the nascent bourgeoisie. I want to focus here on the landed aristocracy as central figures in this landscape. Who do they know about and what do they know?

The aristocracy was embedded in a dense network of vertical and horizontal social relations connecting them to the king and to each other. The vertical connections were finely parsed from the king down to the lowliest baronet, and involved a complex mixture of rights and obligations. Land and goods circulated through this network, contributing to its maintenance and reproduction, but they circulated largely through gift relationships, not markets (Schoenberger, 2008).

Unlike money transactions, which can be anonymous and discontinuous (selling here, buying there), gift exchange must be enacted publicly in order to do its work of building and maintaining social ties. Visibility and the correct form of giving and receiving are critical. Gifts do not have to be reciprocated immediately or in kind, but their continual circulation creates publicly acknowledged bonds of obligation and loyalty (Mauss, 1954; Munn, 1986).

At the very top in most of Europe, the great lords possessed vast but often scattered lands. Like the king, they might go on progress, visiting their different estates in turn, living off their produce, and administering justice while there. Sons were sent for education and training to other great lords or the court. Daughters were married off essentially as part of the gift exchange circuits to build and reinforce social relations. Opportunities for mingling amongst themselves were also offered by wars, tourneys, fairs, and court life. In short, despite the dismal conditions of transportation and communications, it seems plausible that they had a rather good sense of themselves as a ruling class and a good knowledge of how others of their type lived and thought.

All of this is not to suggest a harmonious, united social body. As we know, they connived, betrayed, held each other hostage, raided each other’s estates, killed each other, and so on. But the point is that it is always each other. Even in Beowulf, Grendel kills only men of rank in the Great Hall although, as a bloodthirsty, man-eating monster one might think he would be indifferent to social status. Characteristically, no mention is made of ordinary people.

And this is also the point. The ordinary people—serfs, servants, artisans—are all over the place. They are visible, but are they really seen? By contrast, it seems possible to suppose that their well-being and possibly their lives depend on understanding important things about their particular lord and, arguably, about lords as a class, not as a matter of strategy but as a consequence of normal life. In the course of their normal lives, they see how their surplus product is appropriated because they hand it over, or they work directly on the lord’s demesne, or they pay to have their grain milled in the lord’s mill. They see who gets the surplus and how it is used. ‘Studying up’, though a useful shorthand in this journal, is perhaps a mischaracterization. The great bulk of the people on the land don’t need to study the local ruling class. As in Marshall’s industrial districts, knowledge about them is ‘in the air.’ The evidence that it has been assimilated is the survival of the people involved.

Horizontal relations are also critical to their survival. Some very consequential decisions in medieval villages such as the allocation of fields or the management of common pool resources (pasturage, woods) might be made collectively. Various forms of mutual aid—lending tools or labor or bringing food to the new widow—would have been commonplace. Exchanges of various sorts would have been taking place, but there is no reason to suppose that money or even direct barter (this for that) was necessarily involved. No one was

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(6) Dyer (2003) is a good general source. See also Bloch (1961), Duby (1974), and LeGoff (1982).
going anywhere. They could keep running tabs with each other and work balances out as they went along (Graeber, 2011). Everyone stood in a roughly equivalent relationship to lords and priests. In short, they knew a lot about the people over them, and they knew a lot about each other. This knowledge was necessary to their survival as individuals and as a group. This is an essential aspect of the kind of social embeddedness that Polanyi was talking about.

The lord’s well-being depended on the condition of the ordinary people who maintained him, but he would not seem to need to have known very much about them as individuals or as a class in order to stay alive and to remain in his position. Particular lords may of course have known their servants and serfs personally and this may have been a good management strategy. But at the limit, recognizing that a serf belonged to your domain required nothing more than seeing that he was on your land. Knowledge about the class may also have been ‘in the air’, but not continually driven home and not so consequential for daily existence as for the lower classes.

I am writing about things we do not have direct evidence for. I am unaware of any medieval lords writing about their peasants or ‘the peasantry’, and the peasants weren’t writing at all. So this is entirely speculative, although, I think, reasonably so. Polanyi was trying to describe a large social transition that affected the way we lived, the way we related to each other, the way we understood ourselves and others. It seems to me that this invites us to think about what this meant, how it was experienced and what it led to for the different kinds of people involved.

On the cusp of the Great Transformation
In the early modern period, as the rising urban bourgeoisie began to amass wealth and achieve the ability to adopt a quasi-aristocratic life style, there was a proliferation of sumptuary laws regulating dress, the decoration of one’s carriage, and the dishes served at dinner parties. Under Elizabeth I the degree of detail regulating every visible aspect of life was impressively calibrated to one’s exact status (Hunt, 1996). A little later, but under similar circumstances in Tokugawa Japan, the wearing of silk kimonos was restricted to the nobility. The degree of class anxiety driving these regulations is suggested by a Japanese edict of 1688 which instructed that “the costumes of puppets must not be expensive …. Only puppet generals may wear gold or silver hats” (Shively, 1964, page 139).

The constant reiteration and refinement of sumptuary regulations suggest that they were hard to enforce. What was at stake in such detailed and persistent efforts to control the presentation of self? One thing surely was trying to hold the line against the blurring of class boundaries. Class status had to be immediately visible. This guaranteed that the members of the class would know themselves on sight as individuals and as a specific social type. At a time when the aristocracy still had a dominant role in government, this was particularly important. But the only class boundaries that were in danger of blurring were those between the bourgeoisie and the traditional ruling classes.

Again, the ordinary people—agricultural workers, cottage weavers, household servants, urban artisans, and small-scale manufacturers, etc—were necessarily everywhere. They could hardly be avoided. The dominant classes needed them to be there doing their work. But, again, there does not seem strong reason to suppose that it was existentially necessary for the rich and/or aristocratic to know them to any significant degree.

Members of the lower classes, on the other hand, plausibly needed to know important things about the rising bourgeoisie and/or the landed nobility in order to survive. This, again, is not necessarily a formal, articulated knowledge. It is a kind of tacit knowledge (to invoke the other Polanyi) that, taken together with the horizontal social relations that helped people survive, constitute a vital form of social connectedness and cohesion.
Nevertheless, as we move towards the Industrial Revolution, this was a period in which these horizontal supports were arguably unusually severely tested. I have in mind the enclosures, the clearances, the general uprooting of a population that had been tied to the land and, therefore, to each other. However difficult, meager, and stressful the life before this uprooting, there were conventional social practices and relations that provided material support. These were broken up and made obsolete. It took a great deal of experience and struggle, as E P Thompson (1964) showed us many years ago, before they could be refashioned in a different form in a different place in wholly different circumstances.

On this side of the Great Transformation
We are now in the period where market transactions have become the dominant means of allocating land, labor, and goods. The market itself is a social institution, so we must not exaggerate the degree to which the system runs on on automatic pilot, as it were, but Polanyi’s countermovement is also critical to system maintenance.

We can parse various degrees of social embeddedness and disembeddedness, but the general drift is surely in the direction of disembeddedness in various dimensions. People are more mobile. Uprooted from the countryside, they move to the cities. Unable to survive in the Old World, they move to the New. In the US, at least, they keep moving west until the frontier is finished and, by the second half of the 20th century, constant spatial mobility and the end of the extended family have been identified as emblematic of the society.

People are more urbanized. Life in the city is more rushed, more anonymous (Simmel, 2000 [1903]). People continue to move around in the city itself. Old neighborhoods are demolished for the sake of broad, counterrevolutionary boulevards, as in 19th-century Paris, or expressways, as in 20th-century New York (Caro, 1974; Harvey, 2003).

People are more and more reliant on the market in their daily life, if only because women are working so hard and such long hours to make a living family wage that they do not have the time to cook and sew and clean. Instead, they have to buy what they used to make.

People work for corporations, not for individuals. Relations upwards, then, are impersonal and impermanent, mediated by the wage relationship as much of social theory would have it. In the absence of unions, the connection with the firm is completely individual. One might expect to work at GM for an entire career and even expect one’s children to follow suit, but this expectation, though reasonable for a time, had no legal or social sanction behind it—as became all too clear when these expectations were exploded.

In short, people have been cut loose from place, from family, from community to a degree unprecedented in human history. We have seen that vertical relations have been transformed. But what about lateral relations—within the lower classes and within the upper class? Are these also dominated by the experience of the impermanent and disembedded character of capitalist modernity?

Yes and no. Robert Caro (1974) describes the efforts of long-established neighborhoods to defeat plans for the Cross Bronx Expressway and preserve their sense of community. They failed, but in Baltimore they succeeded in stopping the Jones Falls Expressway before it demolished the last neighborhoods in its path.

Two books provide insight into how these countercurrents work for the very poor. *All Our Kin* by Carol Stack (1974) is an ethnographic account of a poor black community in an unnamed midwestern city in the early 1970s. It shows in rich detail how people get by on below poverty-line incomes. The key is being a member in good standing of social networks that support a continuous flow of goods, food, cash, and even people in informal but binding gift-exchange relationships. To a member of the white middle class, the values in circulation seem remarkable. If someone needs your television set or your living room furniture or your new dress, you simply give it to them for an unspecified amount of time, no questions asked.
Children also circulate in these networks. One of your kids may live for months with your mother or your sister or your childless Aunt Harriet who may or may not be related to anyone in your family. Kinship is created as much through these relationships as through legal or blood ties. ‘Aunt’ Harriet may have more rights in your children—rights that are recognized by the community—than your own sister or their biological father. The net effect is that, although at any given moment no one has enough to get by on, the circulation itself somehow keeps everyone afloat.

A more contemporary account is provided by *Portfolios of the Poor* whose authors followed the day-to-day financial management strategies of poor families in Bangladesh, India, and South Africa (Collins et al, 2009). We might think that getting by on less than $2 a day per person would not involve financial management at all. Instead, what the book shows is that the very poor are engaged in a myriad of financial transactions all the time. They lend and borrow, they store money with friends to reduce the temptation to spend it immediately, they guard money for other friends, they participate in savings clubs, they buy insurance, they buy and sell physical assets—all more or less simultaneously. The lending, borrowing, saving and money guarding in particular all involve participation in networks of relatives, friends and neighbors. Most of the people this book followed were migrants to the city—exactly the sort of uprooted, dislocated persons that should be lost in the anonymity of the mass. But they are not. They are absolutely socially embedded. It is the constant circulation of money, favors, and mutual help within the network that allows everyone to survive.

The embedded circulation of values allows people to survive in the disembedded market economy. The rigors of the market make off-market connections more necessary to survival—at least for the very poor—rather than less.

Now, this seems to echo Polanyi’s ‘double movement’ in which the dominance of the disembedded market is offset to some degree by what he calls regulation. He doesn’t really specify what form this regulation takes, though. He may very well have meant to include the sort of off-the-radar social networks I’ve described here. My sense, however, is that he had something more top-down and formal in mind, especially as he sees regulation counterposed to the self-regulation of the economy. The people here are going off-market altogether.

Meanwhile, what has become of the feudal lords? They have become CEOs, financiers, hedge fund managers: what Mills (1956) called “the corporate rich”. What do they know about other people and other classes? As before, they know that all the ‘little people’ exist and may know some of them by name. They are surrounded by household servants, so it is not as though they never come into contact with working-class people. But, again, it is the relationship of an individual to a group. The CEO’s survival depends on the existence of the group, but not on any particular individual within it.

As with feudal lords, the corporate rich can instantly recognize others of their type, even if they don’t know them personally. It’s not so much that they all carry weapons and dress alike. But they all inhabit places where only people of their wealth and class position can go. They get from place to place in similarly exclusive and buffered transportation. They are separated from the masses by gates, by security personnel, by dedicated airport check-in and security lanes if they have to travel by commercial airline, by dedicated bathrooms and dining rooms in the executive suite, and so on.

The CEO class is seen as highly globalized and it is true that they travel to every corner of the earth and invest all over the place. But they might also be rather provincial. The ‘World Economic Forum’ at Davos is a perfect example. They can all fit in one place. They all know each other. They are embedded in reasonably dense networks of social relations, but these are primarily horizontal relations.
**What does the ruling class know?**

We may all have become modern together, but we live modernity in different ways and we therefore know different things. Quite a lot has changed from before the transition to after, but two things have remained more or less the same. First, the ruling class does not know much about the lower classes, if only because it doesn’t need to. Second, the experience of the ruling class is arguably always individual—personal within the class. The American myth of the ‘nonclass society’ is a tremendous ideological bulwark that plausibly expresses something real about the experience of being a member of the ruling class.

Adam Smith had a very clear line on what different classes of people know about their own and the nation’s interests. Laborers, he thought, would not have much of an idea because they didn’t have the time or the education. Landlords would not because they don’t pay attention and they aren’t good with detail. Businessmen, on the other hand, would have a very acute sense of their own interests and the state of the world because they had to in order to compete successfully. This knowledge seems to encompass both the businessman’s individual and class interests since Smith (2000 [1776]) warns against accepting business advice about national policy.

Marx thought workers could be educated to understand and act on their own interests. Characterizing the state as the executive committee of the ruling class, as he and Engels do in the *Manifesto*, suggests that businessmen as a class know and act on their own interests in a capitalist society. On the other hand, his analysis in *Capital* and elsewhere clearly demonstrates that individual capitalist rationality goes hand in hand with systemic irrationality which alters the picture somewhat (Harvey, 1982; 2010). Here it seems that the capitalist is necessarily acutely aware of his individual interests in the context of the larger economy, but may not be able to see or effectively act on class interests. Regulation (eg, the Factory Acts) may help temper some of the systemic irrationality, but it is not always clear where the impulse for regulation originates. Perhaps it is the ruling class executive committee which can and must take a broader view of how the system is working. In that case, the state both is and is not identical with that class. Or perhaps, in a more Polanyian vein, the regulatory impulse emanates from the working (and, for Polanyi, landholding) class.

Romney seems to have understood his interests as an individual capitalist reasonably well. But as the would-be chairman and CEO of the executive committee of the ruling class, he was not so insightful. He dismissed an important part of his electoral base and his policies, if enacted, were likely to drag the economy rapidly downward.(7)

Why should we care if the ruling class acts against its own interests? The answer to that depends, I suppose, on what one thinks a likely outcome of systemic crisis is just now. The lesson of the most recent financial crisis seems to be that the ‘corporate rich’ who brought it about escaped more or less unscathed while the lives of millions were devastated. Our problem is that unenlightened capitalists who do not understand their own class interests cause huge distress for the many while managing somehow to stay in place.

A little nuance is required. Pursuing their individual interests as capitalists is perfectly rational and may, as Marx predicted, produce systemic irrationalities such as overcapacity, overaccumulation, and crisis. Fighting tooth and nail against government regulations that will help shore up the system or opposing the taxes that will fund the necessary social and physical infrastructure for accumulation is something else. The corporate rich seem to be suffering from a kind of class psychosis that prevents them from responding appropriately to the problems they have caused. They defend class interests as though they were personal interests, and so they get it wrong.

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(7) See almost any column by Paul Krugman in *The New York Times* over the past year.
Marx, to repeat, thought that individual capitalist rationality produces systemic irrationality and crisis. I would add that individual rationality produces class irrationality and crisis. Or I would add that, if I could figure out how they managed to come through the crisis they created still on top.

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