

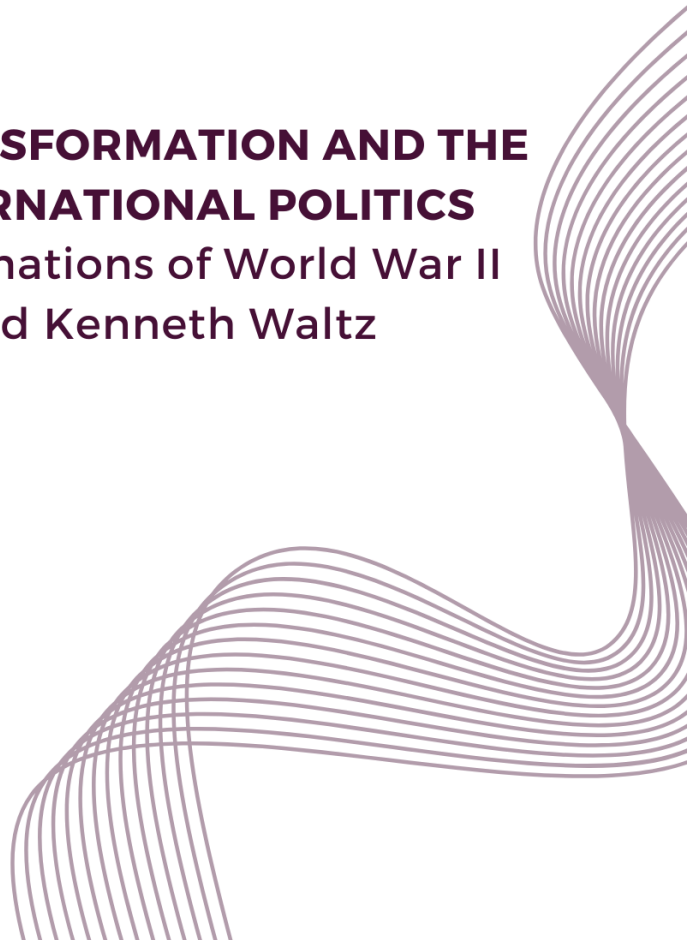
POLANYI PAPER

THE GREAT TRANSFORMATION AND THE THEORY OF INTERNATIONAL POLITICS

Competing Explanations of World War II
by Karl Polanyi and Kenneth Waltz

POLANYI PAPER #007
FEBRUARY 2025

Goodell Ugalde, Elliot (2025)
available at
[karlpolanyisociety.com/
publications/polanyi-papers/](https://karlpolanyisociety.com/publications/polanyi-papers/)





IMPRESSUM

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Names: Goodell Ugalde, Elliot

The Great Transformation and the Theory of International Politics: Competing Explanations of World War II by Karl Polanyi and Kenneth Waltz, 2025 (Polanyi Paper #007)

Online Publication, 2025

Published by International Karl Polanyi Society, Welthandelsplatz 1, 1020 Vienna, Austria

ZVR-Nr.: 1507763017

Editor: International Karl Polanyi Society (IKPS)

ISSN (Online) 2791-4674

ikps@wu.ac.at

Typeset in Calibri

Illustrations by IKPS

For more information about this series, please visit:

<https://www.karlpolanysociety.com/publications/polanyi-papers/>



ABSTRACT

This paper compares Karl Polanyi's critical theory with Kenneth Waltz's structural realism to explain the origins of World War II. It argues that Polanyi's historically grounded approach offers a more nuanced explanation than Waltz's focus on international power structures.

Firstly, the paper examines Waltz's critique of reductionist theories like those of Lenin and Hobson, noting that while Polanyi shares some normative assumptions, he avoids their economic determinism by incorporating social contingencies.

Secondly, it defends Polanyi's so-called "reductionism," highlighting his concept of the "double movement," where societies seek social protections against the adverse effects of market liberalism. This positions domestic socio-economic changes as central to the rise of fascism and the war's outbreak.

Finally, by contrasting Polanyi's detailed historical analysis with Waltz's systemic approach, the paper concludes that Polanyi better accounts for World War II by integrating socio-economic dislocations and domestic transformations—factors overlooked by Waltz's structural realism. The study emphasises the importance of aligning theoretical frameworks with the complexity of historical events and suggests that future research should refine what constitutes "reasonable reductionism" by acknowledging the normative judgments in theory construction.

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The author extends his deepest gratitude to Dr. Claire Cutler at the University of Victoria and Dr. Wayne S. Cox at Queen's University, Kingston for their invaluable guidance and inspiration. Their insights into Karl Polanyi's works have profoundly shaped the intellectual foundation of this paper.

The Great Transformation and the Theory of International Politics: Competing Explanations of World War II by Karl Polanyi and Kenneth Waltz

Elliot Goodell Ugalde ¹

1. INTRODUCTION

This paper undertakes a rigorous comparative analysis of Karl Polanyi's critique of fascism and imperialism as primarily articulated in *The Great Transformation* (1944) and Kenneth Waltz's structural realist interpretation of international conflict in *Theory of International Politics* (1979). Waltz serves as a pivotal reference point not only because of his seminal influence within the field of international relations but also due to the way his work encapsulates the epistemological divide between problem-solving and critical theories, as conceptualised by Robert W. Cox (1981; Cutler, 2018). Cox's framework delineates two contrasting theoretical orientations: problem-solving theories, which "take the world as they find it, with the prevailing social and power relationships and the institutions into which they are organised, as the given framework for action" (81), and critical theories, which "do not take institutions and social power relations for granted but call them into question by concerning themselves with their origins and how and whether they might be in the process of changing" (ibid).

Waltz's structural realism epitomises the problem-solving paradigm by treating the anarchic structure of the international system and the distribution of power among states as immutable variables, directing attention to state behaviour within these constraints. In contrast, Polanyi's critical perspective examines the historical development of market societies and the socio-economic

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transformations that precipitated events such as World War II. Polanyi's analysis challenges the normative premises underlying "the birth of the liberal creed" (1944, 148) and the ideological underpinnings of the free market, emphasising the need to understand the historical contingencies and human agency underlying socio-economic change. By juxtaposing Waltz's problem-solving framework with Polanyi's historically grounded critical approach, this study seeks to illuminate the complex causal dynamics underpinning international conflict, demonstrating how each theoretical lens provides disparate insights into the historical processes shaping the global order.

As such, the central thesis posits that Polanyi offers a more nuanced and contextually situated explanation for the war's origins than Waltz's structural realism permits. The analysis unfolds in three integrated segments. First (1), it scrutinises Waltz's critique of reductionist and economically deterministic theories—particularly those of Hobson and Lenin—and contends that, while this critique is superficially applicable to Polanyi's framework due to shared normative assumptions (such as the emphasis on economic imperatives and the tension between economic and social forces), it fails to adequately address Polanyi's critical, historically embedded, and socially nuanced methodology.

Second (2), the paper defends Polanyi's so-called "reductionist" methodology by aligning it with Cox's concept of critical theory, which seeks to uncover and interrogate the underlying social and economic dynamics shaping historical events. Polanyi does not merely seek to address issues within the framework of the existing system; rather, he critically examines the historical processes and socio-economic forces that precipitate systemic crises such as World War II.

Ultimately (3), by juxtaposing Waltz's structural realism with Polanyi's critical framework, this study critically evaluates which paradigm provides a more robust explanation for the conflict. The analysis reveals that Waltz's approach, while methodologically rigorous, falls short of capturing the war's multifaceted causation due to its abstraction from historical and economic contexts. Conversely, Polanyi's critical framework offers a more nuanced and comprehensive perspective, incorporating economic, social, and political dimensions while interrogating the foundational structures of the international system.

2. PART 1: LENIN/HOBSON AND POLANYI

While Waltz critiques Polanyi's analysis as "reductionist," Polanyi's scholarship nevertheless fulfils Waltz's own criteria for a robust theoretical framework by intricately combining normative and empirical dimensions. Normatively, Polanyi underscores the embeddedness of human societies within



intricate social relations, the ethical imperative for social protection, and humanity's intrinsic proclivities for reciprocity and redistribution. This normative stance is substantiated through his empirical investigations into pre-market societies, as well as his claims regarding the transformative disruptions instigated by the emergence of self-regulating markets. Key examples include the enclosure movement and the dismantling of traditional welfare mechanisms such as the Speenhamland system, which Polanyi (1944) identifies as catalysts for disembedding economic activity from social relations. This dual normative-empirical approach aligns with Waltz's insistence that a theory must meaningfully engage with normative dimensions beyond the mere codification of "laws" (Waltz, 1979, 11).

Furthermore, Polanyi's analysis intersects with Leninist and Hobsonian frameworks across three critical dimensions that invite juxtaposition with Waltz's critiques: (1) reductionism as defined by Waltz, (2) the normative prioritisation of economic imperatives, and (3) the dialectical tension between economic and social forces in driving market expansion and extrajudicial international violence. However, Polanyi diverges from these frameworks by explicitly rejecting "the Marxist assumption of the primacy of economic class interests" (Polanyi, 1944, 255) and the teleological underpinnings inherent in classical Marxian theory. This divergence enables Polanyi to evade Waltz's critiques, presenting a more sophisticated interpretation of fascism and imperialism that weaves together social and political contingencies with economic determinants.

Polanyi further differentiates himself from orthodox Marxism by rejecting economic determinism, criticising it as a "crude class theory of social development," thereby distancing his framework from the rigid materialism that Waltz identifies in the Lenin-Hobson paradigm (Polanyi, 1944, 158; Waltz, 1979, 25). Polanyi asserts that while the economic and political domains are deeply interconnected, neither is wholly reducible to the other, a stance that resonates with Waltz's observation that "a theory about economics tells us something about politics, and a theory about politics tells us something about economics" (Waltz, 1979, 39).

Nevertheless, Waltz's conflation of Lenin's and Hobson's theories as indistinct overlooks the significant theoretical divergences between them. While both theorists address the economic foundations of imperialism, their explanatory frameworks diverge in key respects. Lenin asserts that global conflict is an inevitable consequence of capitalism's intrinsic drive for new markets, which necessitates imperialist expansion as a structural imperative (Lenin, 1966; Waltz, 1979, 25). In contrast, Hobson, whose ideas resonate with Rosa Luxemburg and later David Harvey, attributes imperialism to *crises of*



*overaccumulation*² and underconsumption that propel capital toward external markets—what Harvey characterises as a "spatial fix" (Hobson, 1902; Luxemburg, 2015; Harvey, 2017). Furthermore, Hobson diverges from Lenin by arguing that progressive taxation and income redistribution could alleviate these crises by enhancing aggregate demand, a notion later elaborated in Harvey's concept of the "temporal fix" (ibid).

Waltz critiques the Lenin-Hobson framework for presuming that crises of overaccumulation inevitably culminate in imperialism, arguing instead that such outcomes are contingent upon specific political and economic contexts (Waltz, 1979, 28). However, this critique neglects critical nuances in Hobson's analysis. Hobson acknowledges that redistribution could temporarily alleviate overaccumulation crises by enhancing aggregate demand through progressive taxation, redirecting surplus into the social wage of the working class during recessions to stimulate consumption and defer crises. This mechanism is particularly relevant when overaccumulation involves fixed capital, such as factories, which cannot be easily relocated (Goodell Ugalde, 2022). While Keynesians posited that such interventions could resolve crises by "legitimizing active government management" (Block, 2001, xx), Hobson maintained that whether capital resolves its crisis spatially through imperialism or temporally by stimulating demand, the inherent contradictions of capitalism persist unresolved (Hobson, 1902).

Polanyi's analysis reinforces this argument by positing that fascism, driven by imperialist expansion, emerges in contexts where weak democratic institutions fail to effectively regulate the disruptions caused by unregulated markets. This perspective aligns with Hobson's assertion that, while social protections may temporarily defer economic crises, they cannot resolve the intrinsic contradictions of capitalism. Polanyi underscores this point with his observation that fascism arises when "the common mind has received the impression of an acute [economic] danger, [and] fear remains latent, as long as its ultimate cause is not removed" (Polanyi, 1944, 199). For Polanyi, the fundamental contradiction lies in the market's disembedding from the social sphere. By examining historical episodes such as the collapse of the international gold standard, Polanyi highlights the inextricable connection between political instability and economic dislocation, emphasising that economic policies are always embedded within broader social and political contexts.

Waltz, while acknowledging this interplay—stating that he does not argue that "capitalism had nothing to do with British and French imperialism" (Waltz, 1979, 26)—dismisses Polanyi's approach as

² A crisis of overaccumulation occurs when capital accumulates excessively in relation to opportunities for profitable investment, leading to economic stagnation, surplus production, and underutilised resources.



reductionist. He critiques it for failing to illuminate how different causes can lead to the same effects or how identical causes can produce divergent outcomes (Waltz, 1979, 37).

In this context, Waltz advances two conflicting critiques. First, he contends that the "Older Marxists" (Waltz, 1979, 28) were excessively economically deterministic, rendering them incapable of accounting for the specificities of individual contexts—a critique that this analysis will subsequently redirect towards Waltz himself. Yet, he misleadingly amalgamates figures such as Lenin and Hobson under the label of 'Older Marxists,' despite their divergent theoretical frameworks. Concurrently, he critiques the approaches of "Newer Marxists"³ —a group in which I include Polanyi, notwithstanding his "complicated" relationship with Marxism (Block 2003, p. 275), given that Waltz would consider his departure from rigid economic determinism—as being "parochial at best" (Waltz 1979, p. 26).

Indeed, although Polanyi deliberately avoids employing Marxian terminology such as "productive forces" and "ruling classes," and rarely uses the term "capitalism" (Block 2003), some scholars argue that this omission reflects a strategic effort to distance his work from Marxism, particularly given the political sensitivities of the United States during its composition (Halperin 1994; Stroshane 1997). Nevertheless, it is evident that the humanistic themes central to Marx's *Economic and Philosophic Manuscripts of 1844* (2016)—a foundational influence on "newer Marxist" approaches such as the Frankfurt School and Gramscian frameworks—profoundly shaped Polanyi's intellectual trajectory. This humanism diverges from the economic determinism more commonly associated with Marx's later works and "older Marxists" (Block 2003, p. 275).

Polanyi himself underscores the continuity of Marx's philosophical and economic inquiries, stating: "The early works of Marx were often regarded as a mere preparation for *Capital*, and these writings on philosophy were therefore discounted. The idea was current that Marx had a philosophical period before he branched into economics, an interest which he put behind him as soon as he came to years of discretion. This notion is entirely erroneous. The philosophical presuppositions, without which *Capital* could not have been written, are the actual content of the early writings of Marx," affirming that this humanistic foundation was "the general human basis for all his work" (Polanyi 1938, p. 2). This influence is particularly evident in Polanyi's analysis of 'fictitious commodities,' which critiques the

³ In contemporary scholarship, the term "newer Marxists" encompasses two primary approaches that diverge from economic determinism: structural Marxists, such as Althusser, who fully commit to structuralism often at the expense of historical and material context, and Frankfurt School or Gramscian Marxists, who adopt a more dialectical perspective on the base-superstructure relationship (Thompson 1978; Ashley 1984). Polanyi's methodology aligns more closely with the latter tradition, particularly due to his emphasis on humanism.



commodification of labour, land, and money in ways that resonate with Marx's early reflections on alienation and human value.

Explicated, Waltz acknowledges that "particular acts [such as World War II] have particular causes [Polanyi's account of fascism]," identifying factors such as "free trade" and "monopoly capitalism" as specific drivers of individual conflicts (Waltz, 1979, p. 26). Nonetheless, he contends that prioritising such specific causes within the broader framework of international relations theory is fundamentally flawed.⁴

In response, it becomes evident that while Polanyi and Waltz pursue distinct theoretical aims—Polanyi focusing on the rise of 20th-century fascism and Waltz seeking to account for all international conflict as part of an "attempt to serve the interests of classical realism under new and challenging circumstances" (Ashley, 1984, 231)—Polanyi's so-called "parochial" analysis provides a far more persuasive account of the most devastating and transformative war in human history, World War II. Crucially, Polanyi achieves this without succumbing to the pitfalls of incoherent unit-variable analysis. Thus, one must critically question the credibility of Waltz's purportedly 'non-parochial' approach, especially when it demonstrably fails to illuminate a defining episode in global history with the clarity and specificity offered by Polanyi's framework. How can Waltz's theory, which prioritises abstract structural dynamics over concrete historical causality, be defended when it falls short of explaining such a monumental event with the same depth and coherence?

Building on this, Polanyi—much like E. P. Thompson's critique of Althusser's structural Marxism—would likely challenge Waltz's *neorealism*⁵ for embodying what Ashley (1984) describes as a "totalizing anti-historical structure" (Thompson 1978; Ashley, 1984, 227). Specifically, this critique posits that neorealism (1) abstracts structural analysis from the dynamic interplay of agents, thus privileging an isolated examination of structures, and (2) fails to adequately situate these structures within their material and historical contexts (ibid). In contrast, Polanyi—like Waltz—criticised the theories of

⁴ This critique mirrors his assessment of Morton A. Kaplan's systems theory, which, he argues erroneously, attributes systemic change to the unit level—an analytical misstep, according to Waltz, for comprehending systemic dynamics. Kaplan, in *System and Process in International Politics* (1957), delineates various international systems, including balance-of-power and hierarchical systems, shaped by the interactions and behaviours of states. Waltz critiques Kaplan for blurring the distinction between unit-level and system-level analysis, asserting that Kaplan's models overly emphasise the characteristics and decisions of individual states rather than the structural forces that define the international system. Waltz argues that a systemic theory must explain international outcomes through structural constraints that shape state behaviour, independent of individual units.

⁵ In this document, the terms neorealism and structural realism are used interchangeably, with the choice of terminology varying depending on the source.



imperialism advanced by "older Marxists" for being overly economically deterministic, reducing complex socio-political developments to a mere "capitalist conspiracy to induce governments to launch wars in the interests of big business" (Polanyi, 1944, 158).

Here, Polanyi, aligning with the theoretical orientation of the so-called "newer Marxists," reconceptualizes the relationship between the economic base and the political superstructure as inherently dialectical and mutually constitutive, rather than unidirectional. While economic forces undoubtedly shape political and ideological structures, these structures, in turn, mediate and influence economic developments. Thus, neither a strictly structuralist (Structuralist/Waltzian) framework nor a purely economic (Older/Orthodox Marxist) approach is adequate to fully account for the reciprocal dynamics that underpin global conflicts. This perspective resonates with what Ashley (1984, 229) identifies as a "dialectical competence model." Polanyi's framework, emphasising the interaction between market forces and social protections, offers a more integrative and nuanced approach, recognizing the co-constitutive relationship between economic and political forces in shaping pivotal historical events such as World War II. Crucially, this approach avoids the economic reductionism for which Lenin is critiqued by Waltz, while simultaneously steering clear of the superstructural determinism that characterises Waltz's own theoretical posture. This dialectical sensitivity sets the stage for a more sophisticated defence of reductionism, to be elaborated in the subsequent section.

3. PART 2: IN DEFENSE OF REDUCTIONISM

As previously discussed, Waltz and Polanyi engage with fundamentally divergent analytical paradigms, each rooted in distinct epistemological commitments and explanatory objectives. Waltz employs a systemic, top-down—and "problem-solving" (Cox, 1981, 81) framework, analysing the international system through the structural distribution of power among sovereign states. Polanyi, by contrast, adopts a historically grounded, socially embedded perspective, focusing on the domestic and intra-state dynamics—particularly within individual societies—that fostered the rise of fascism and culminated in World War II. This emphasis aligns with what Waltz terms "subsystem-dominant analysis" (Waltz, 1977, 43). As hitherto discussed, Waltz critiques such approaches as "reductionist," arguing that they overlook the systemic patterns and regularities that define international relations. According to Waltz, a robust theoretical model must prioritise parsimony and broad explanatory capacity, aiming to elucidate "broad trends" rather than "predict the outbreak of individual wars" (Waltz, 1979, 69). This acknowledgment, however, underscores a critical limitation: his structuralist



framework's inability to adequately address specific conflicts, thereby neglecting the domestic socio-economic and political forces that Polanyi's analysis compellingly highlights.

Waltz's critique of reductionist theories rests on the assertion that they ascribe "particular acts [to] particular causes" (Waltz, 1979, p. 26). However, characterising World War II—the most catastrophic conflict in human history—as merely a "particular act" or an "individual war" risks an oversimplification that fails to account for the event's deeply complex and multifaceted causation (Sokolov, 2009, 437). Thus, in defence of Polanyi's historiographical methodology, which prioritises rigorous historical analysis of the socio-economic and political developments within individual nations—an approach often dismissed by neorealists as subnational analysis—it can be argued that, despite accusations of parochialism, Polanyi's framework offers a more precise lens through which to understand the internal dynamics that shaped the conflict. These include structural inequalities, social upheavals, and economic crises, all of which contributed to the rise of fascism.

Waltz further contends that reductionist theories, which aim to explain international outcomes purely through the behaviour of individual units, fail to account for the decisive influence exerted by the overarching structure of the international system (Waltz, 1979, 40). He argues that an exclusive focus on subnational factors leads to an overaccumulation of unit-level variables, resulting in explanations that are not only subjective but also excessively complex. He emphasises that the persistence of recurring patterns in international politics—despite significant changes in the nature of individual actors—demonstrates the critical role of systemic constraints in shaping outcomes. This observation, he asserts, highlights the necessity of structural analysis, which moves beyond the proliferation of unit-level explanations to address the broader dynamics that condition state behaviour and international interactions (Ibid).

Waltz's theory, while adhering to his own standards for what constitutes a "good theory"—notably its simplicity and broad applicability—demonstrates limited efficacy in explaining World War II as an "individual war" compared to the subsystem-focused perspective advanced by Polanyi. Structural realism, as articulated by Waltz, offers a generalised analytical framework that emphasises the distribution of power within the international system. However, it encounters significant challenges in addressing the specific historical and economic conditions that culminated in the conflict. Conversely, Polanyi's analysis delves into the social and economic disruptions brought about by the emergence of a market society, particularly through the commodification of labour, land, and money, which led to profound social dislocations. Polanyi contends that these systemic transformations facilitated the rise



of fascism, thereby establishing the preconditions for global conflict and presenting a more historically nuanced account of the war's origins (Polanyi, 1944).

This contrast highlights a critical theoretical divergence: while Waltz's framework conceptualises World War II through a broad, abstract lens—echoing Marx's observation that "all that is solid melts into air" (Marx and Engels, 2003, 128)—Polanyi offers a historically situated and intricately detailed analysis of the underlying forces driving the conflict. Polanyi would likely critique Waltz for overemphasising the superstructural dimensions of global conflict, even if he might articulate this critique without adopting overtly Marxian terminology (Block, 2003). The issue is not that Waltz's theory is inherently flawed but rather that Polanyi's context-sensitive and historically contingent approach offers a more compelling explanation of the war's origins, deftly avoiding the pitfalls of the unit-level variables that Waltz himself explicitly cautions against (Waltz, 1979, 44).

By Waltz's own criteria for evaluating theoretical frameworks, Polanyi's approach could arguably be seen as a "better theory" for explaining the causes of World War II—a proposition explored in greater depth in Part 3 (Waltz, 1979, 8). Waltz attempts to address the perceived lack of specificity in his structural theory by arguing that, while international anarchy remains constant, variations within anarchic structures—such as bipolarity or multipolarity—result in different outcomes (Waltz, 1979, 70). However, in advancing this argument, Waltz risks succumbing to the same reductionism he critiques in Kaplan and the "newer Marxists," a group that includes Polanyi, as discussed earlier. By integrating subsystem-level factors, such as the specific form of anarchy prevailing at particular historical junctures, Waltz inadvertently undermines the rigour of his structuralist commitment, aligning his approach more closely with the historical specificity he initially sought to transcend.

Indeed, a theory that more effectively captures the complexities of an event as monumental as World War II inherently calls into question Waltz' premise that simplicity and universality are synonymous with theoretical superiority. To apply a theory crafted for abstract simplicity to an event of such historical intricacy is analogous to attempting to measure a horse with a ruler calibrated in *light-years*⁶—an approach fundamentally mismatched to the scale and context of the phenomenon in question. This analogy illustrates that the value of a theory lies not in its abstraction, but in its ability to meaningfully engage with the specific and multifaceted dimensions of its subject matter.

⁶ A light-year is the distance light travels in a vacuum in one year, approximately 9.46 trillion kilometres (Morison 2008).

Admittedly, the analogy can be reversed: Waltz contends that reductionism risks devolving into an unwieldy accumulation of unit-level variables (Waltz, 1979, 44). Indeed, just as it would be absurd to measure a horse using *Planck lengths*⁷, it would be impractical to account for minor factors—such as air quality in Weimar Germany—when explaining the rise of fascism. Nevertheless, Waltz's critique can be understood as an instance of the "continuum fallacy," which suggests that any reductionist approach necessarily leads to an overemphasis on peripheral details (Govier, 1982). This fallacy erroneously assumes that reductionist analysis lacks logical boundaries, whereas a properly applied reductionist framework—such as Polanyi's—can maintain a precise focus on critical socio-economic and political dynamics (see Fig. 1). Richard Ashley (1984) similarly critiques structural realism, noting that "theoretical alternatives are not exhausted by the false choice between neorealism's 'progressive' structuralism and a 'regression' to atomistic, behaviourist, or, in Waltz's terms, 'reductionist' perspectives on international politics" (Ashley, 1984, 228) (see Fig. 1).

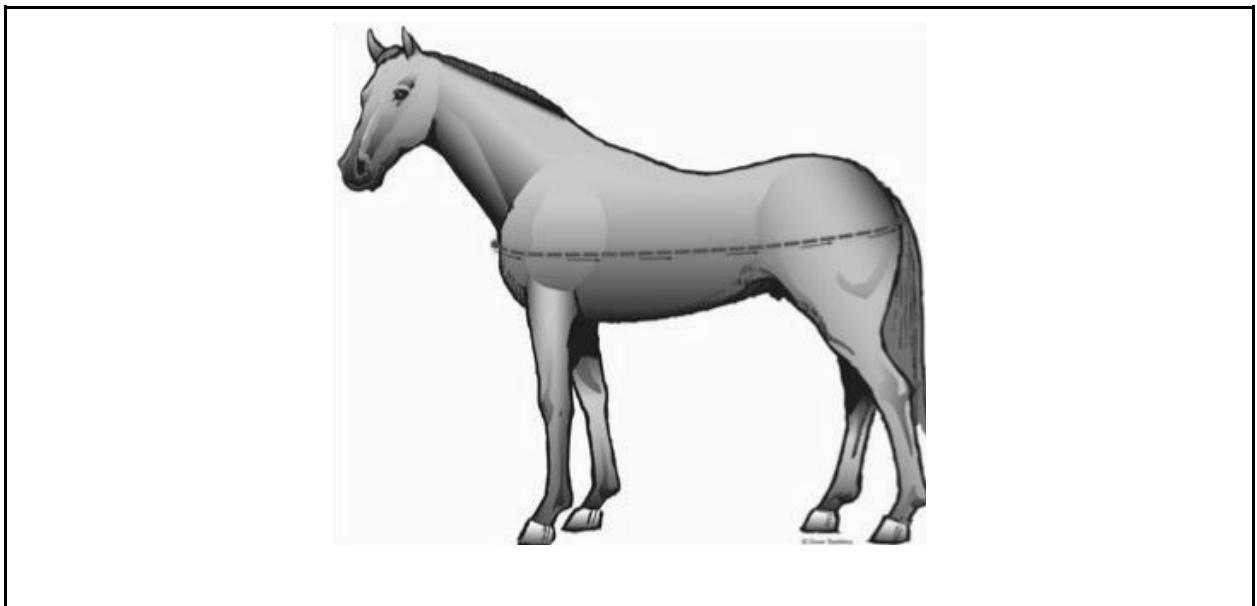


Figure 1. A horse being properly measured (Sadler 2024).

By positioning the normative "referent point of analysis" or the "proper object of theory" as the methodological tool of measurement—and acknowledging Waltz's concession that theory requires a normative dimension to transcend mere empirical regularities, despite his frequent

⁷The Planck length is the smallest measurable unit of length, beyond which the known laws of physics, including general relativity and quantum mechanics, break down (Planck 1889).



classification as a positivist—Polanyi's theoretical framework emerges as a more effective lens for interpreting World War II as an "individual war" (Singer, 1982, 77; Ashley, 1984, 236; Waltz, 1979, 11; 69). In this analogy, Waltz's approach, akin to measuring in light-years, offers an expansive but potentially overgeneralized perspective. By contrast, a postmodernist approach, represented metaphorically by Planck lengths, embodies a preference for deconstructing grand narratives and prioritising localised, subjective experiences (Das, 2023), often described as "phenomenological knowledge" or "lived experience" (Ashley, 1984, 234; Eastmond, 2007). Such perspectives are captured in evocative phrases like "the shop-girl's web of subjectivity" or "the [anecdotal] swamps of experience" (Giddens, 1979, 38). Polanyi, however, achieves a synthesis between these extremes. His framework is finely calibrated to the scale of the phenomenon, integrating macro-structural forces with specific historical contingencies. This balanced approach might be characterised as a form of 'reasonable reductionism', adeptly bridging the abstract generality of structuralist theories with the nuanced specificity championed by postmodern and phenomenological perspectives.

Following, while Waltz acknowledges the indispensable role of normative commitments within theoretical constructs, he explicitly positions the state structure as the primary referent object of analysis—a "metaphysical commitment prior to science and exempted from scientific criticism" (Ashley, 1984, 239). This foundational presupposition, integral to his structural realism, effectively shields the state-centric model from direct ontological scrutiny. Paradoxically, any critique of this fundamental assumption must itself be normative, even as Waltz underscores the necessity of subjecting theories to falsification through "hard confirmatory tests" (Waltz, 1979, 124). This tension underscores the inherent normative undercurrents embedded within ostensibly positivist paradigms, wherein the state structure remains an unexamined axiom, immune to critical interrogation.

Waltz asserts this commitment to structural-level analysis, analogizing the international system to the process of natural selection in evolutionary biology, which purportedly operates autonomously, independent of individual agents (Waltz, 1979, p. 76). However, he simultaneously characterises structure as the emergent product of the very interactions among these agents (Waltz, 1979, 40). This presents a fundamental conceptual tension: how



can structure be coherently disentangled from the interactions of actors when Waltz explicitly acknowledges that structure is constituted by those interactions? (Waltz, 1979, 70). Extending the analogy, one must ask whether evolutionary biology can legitimately be conceptualised as existing "autonomously, independent of the parts"—that is, independent of the flora and fauna that constitute its basis (Ashley, 1984, 235). This paradox invites deeper scrutiny into the implications of ontological coherence of Waltz's structural framework which are "suspended in thin idealist [or superstructural] air" (ibid).

To further illustrate his concept of structural autonomy, Waltz uses the analogy of adolescents whose conformity ostensibly arises "spontaneously" without explicit guidance, suggesting that structural analysis explains emergent norms independently of individual motivations (Waltz, 1979, 66; 77). Polanyi, however, would likely critique this view, arguing that social norms—such as teenagers adopting similar modes of dress—do not emerge "spontaneously" from abstract structural dynamics alone. Instead, he emphasises the profound influence of economic forces, particularly those rooted in market dynamics and capitalist imperatives, on socialisation processes. This perspective challenges the purported autonomy of structural forces in Waltz's framework by highlighting the intrinsic interdependence of structures and individual actions, both of which are conditioned by their broader economic and social contexts (Polanyi, 1944).

This divergence reflects the fundamentally distinct paradigms of Waltz's structural realism and Polanyi's embedded approach to understanding international relations. Waltz prioritises the state structure as the primary analytical unit, portraying the international system as an autonomous structure independent of its constituent elements. Polanyi, by contrast, critiques this abstraction, arguing that institutions are deeply embedded within economic, social, and cultural matrices (Polanyi, 2014, 116). These contrasting approaches underscore the epistemological and ontological limitations of structural realism while highlighting Polanyi's methodological strengths, which account for the intricate interdependencies that shape institutional and systemic dynamics.

Polanyi's intervention into the debate on the ontological status of institutions and their social foundations unsettles the assumption that such entities can be apprehended in isolation from



their broader economic and social milieu. He stresses the indivisible relationship between economic processes and their contextual embedding, asserting that "human economy is not altogether a concern restricted to our own department—not even from the academic angle" (Polanyi 2014, 55). Moreover, he insists that "man's life is a process of adjustment directed toward an environmental universe that consists precisely of the elements of the matrix that science [or, in this context, Waltz's attempt at positivism] tends to eliminate as metaphysical" (Polanyi 2014, 68). In doing so, Polanyi draws attention to the paradox whereby Waltz—despite his putative scientific rigor—embraces normative commitments that remain fundamentally metaphysical in nature (Ashley 1984).

Reiterated, the central element of Polanyi's critique resides in his deployment of the concept of the "matrix," a methodological rubric that elucidates the interwoven economic, social, and cultural dimensions constituting the underlying substrate of social phenomena. Polanyi observes that "the birth of a science destroys the matrix in which it was conceived," highlighting how scientific abstraction, through its isolating tendencies, effaces the intricate interdependencies that actually shape reality (Polanyi 2014, 214). Applied to Waltz's structural realism, this insight foregrounds how the latter's systemic abstraction detaches the international order from its historical, economic, and institutional embeddedness, thereby reducing the fluid interplay of forces to rigidly delineated systemic 'laws.' In this respect, Waltz's approach parallels the broader dynamic of reification critiqued by Marx, who notes that capital "abolishes all natural and spiritual distinctions by enthroning in their stead the immoral, irrational and soulless abstraction" (Marx 1842). Both Polanyi and Marx, albeit within distinct analytical registers, caution against the epistemic violence wrought by abstractions that sever the living, variegated tapestry of social life from the frameworks designed to comprehend it.

Polanyi, by contrast, emphasises the embeddedness of institutions, describing them as "embodiments of human meaning and purpose" (Polanyi 2014, 80). He argues that institutions, including war, are dynamic and historically contingent, deeply shaped by social and economic realities. Unlike Waltz, who interprets war primarily as a response to systemic pressures in an anarchic international system, Polanyi views war as a socially embedded



mechanism serving specific historical functions: "War is an institution the primary function of which is to decide on issues that arise from various territorial groupings and cannot otherwise be decided" (Polanyi 2014, 79).

In particular, Polanyi would, in all likelihood, critique Waltz's abstraction of economic forces, rejecting the reductionist tendency to treat economic systems as mere background conditions for state interactions. Instead, Polanyi insists that economic systems are intrinsically embedded within social relations, arguing that "the social sciences also start from our innate interest in the job of living" and must therefore integrate their methods with the lived realities they aim to examine (Polanyi 2014, p. 56). This standpoint underscores the active role economic forces play in shaping state behaviour and global structures—an insight largely overlooked by Waltz's structural realism, which isolates economic systems from their relational and cultural contexts. Drawing further on Marx's humanist critique, wherein capital is denounced for abstracting use-value into exchange-value (Marx 1867), Polanyi would likely challenge neo-realism for its analogous abstraction of economic forces from their social and cultural matrices. For Polanyi, the disembedding of the economic from the social constitutes an abstraction that mirrors the processes Marx identifies, ultimately obfuscating the interconnectedness of these domains.

4. PART 3: CONTRASTING POLANYI AND WALTZ' ANALYSES OF THE CONFLICT

Having defended Polanyi's theoretical framework against Waltz's critique of Lenin and Hobson—an essential endeavour given the shared normative foundations among these models—and having articulated what I term Polanyi's '*reasonable reductionism*,' which, contrary to Waltz's assertion that reductionist theories often devolve into unintelligible unit-level variable analysis, provides a more coherent explanation of pivotal conflicts such as fascism and World War II, it becomes imperative to demonstrate how Polanyi's account meets the criteria of offering a coherent explanation without descending into nonsensical unit-level analysis by directly comparing the two approaches. That is, by illustrating that Polanyi's approach indeed employs a more appropriate "level-of-analysis" (Singer, 1961, 75) than Waltz's in this context.



Waltz's theory, grounded in the anarchic structure of the international system, posits that states operate within a self-help environment where survival and security are paramount. This structure, defined by the distribution of power capabilities, shapes state behaviour independently of domestic factors. In this way, Waltz distinguishes his structural realist approach from classical realism, which emphasises the interplay of variables and conceptualises the international system as an aggregation of these interactions (Waltz, 1979, 56). Analysing the interwar period, Waltz contends that systemic instability emerged from the power vacuum created by a weakened post-World War I Europe, the rise of revisionist powers such as Germany and Japan, and the failure of effective balancing mechanisms. In the absence of a central authority—or an international sovereign in the Hobbesian sense (Hobbes, 2022)—to enforce order, aggressive states pursued expansionist agendas, thereby provoking conflicts as other states reacted to perceived threats (Waltz 1979, 144; 165; 176).

Indeed, Waltz's structural theory faces significant limitations when applied to the complexities of World War II, particularly its failure to address the critique that "similar states have produced different outcomes"—a paradox Waltz himself raised against reductionist theories (Waltz, 1979, 37). By excluding domestic factors, his framework cannot adequately explain why states such as Germany and Japan pursued aggressive expansionism, while Sweden and Switzerland maintained neutrality, and others, like the United Kingdom, adopted diplomatic containment over militaristic aggression. Even the United States, despite its emergence as a global power, initially embraced isolationism, further complicating the explanatory scope of Waltz's theory.

From a Polanyian perspective, the divergent state responses, particularly that of the United States, can be better understood through the concept of the "double movement," which explains how societies counter the destabilising effects of unregulated market forces by re-integrating the economy into social structures (Polanyi, 1944, 136). The U.S. response to the Great Depression—epitomised by the New Deal's labour protections—acted as a counterbalance to the rise of fascism, reflecting a broader societal effort to restore stability and equilibrium (Polanyi, 1944, 156). Waltz's systemic focus on structural constraints neglects these crucial domestic processes, economic transformations, and ideological shifts, highlighting the limitations of his framework in explaining the non-aggressive behaviours of certain states during this era.

Polanyi further underscores the social disruptions caused by the self-regulating market and the commodification of "fictitious commodities"—labour, land, and money (Polanyi, 1944, 71). He argues that the disembedding of the economy from social protections in the early twentieth century created



conditions conducive to extremist ideologies, which promised national restoration. His framework illustrates how societies resisted these market encroachments by instituting protective mechanisms, such as regulatory frameworks and welfare policies, to restore economic and social equilibrium.

During the interwar period, Polanyi's concept of the double movement manifested divergently across states, illustrating how domestic socio-economic conditions shaped their trajectories in response to the destabilising effects of unregulated markets. Robust democracies mitigated these effects through the implementation of social welfare policies, while weaker democracies, such as Germany and Italy, succumbed to fascism and militarism, rejecting the tenets of liberal market economies (Polanyi, 2014, 83). This perspective fundamentally challenges Waltz's structural approach, which neglects the internal socio-economic transformations and political dynamics that profoundly influence state behaviour.

Central to Polanyi's critique is the role of the international gold standard in exacerbating economic instability by imposing deflationary pressures that restricted governments' capacity to address the Great Depression. He contends that "this order, of which the international gold standard formed a part... can never come back again" (Polanyi, 2014, 83), underscoring the imperative for novel frameworks of international economic cooperation. The rigidity of the gold standard intensified unemployment and social unrest, undermining democratic institutions and fostering the appeal of extremist ideologies promising national restoration.

Polanyi also underscores the intrinsic interconnectedness of national economies within the global framework, warning that "unless the international division of labour is maintained in some form or other, a general fall in the standards of life is inevitable" (Polanyi, 2014, 83). He cautions that "the powers opposed to international cooperation will force their imperialist wars on the other countries" and that "no international system can prove workable that does not provide for the exigencies of genuine economic cooperation on an international scale" (Polanyi, 2014, 89, 91). By linking economic policies, social dislocation, and political upheaval, Polanyi offers a nuanced and holistic analysis of the socio-economic and political forces that shaped the interwar geopolitical landscape.

Waltz's structural realism acknowledges the influence of economic factors on state behaviour but inadequately addresses how domestic crises, such as those of the 1930s, fundamentally recalibrated international relations. In contrast, Polanyi underscores the transformative impact of domestic economic disruptions, asserting that "human consciousness is being reformed again" (Polanyi, 2014, 83). By emphasising the collapse of economic structures as central to both national and international



political dynamics, Polanyi provides a more comprehensive framework for understanding how domestic economic turmoil fuels global instability. This perspective offers a clearer and more integrative explanation of the link between internal crises and the systemic upheavals of the interwar period.

Thus, Polanyi's concept of "reasonable reductionism" is not a theoretical limitation but a crucial analytical strength, facilitating a sophisticated examination of the causal mechanisms underpinning World War II. By situating his analysis within the specific historical and social contexts of individual states, Polanyi reveals why certain nations were particularly vulnerable to internal contradictions—what he terms the "ultimate cause(s)" of their aggressive foreign policies (Polanyi, 1944, 199). He contends that "the actual forms of material existence of man are those of worldwide interdependence" and that "the political forms of human existence must also be worldwide" (Polanyi, 2014, 87). This perspective aligns with Cynthia Enloe's assertion that "the personal is international" and, dialectically, "the international is personal" (Enloe, 2014, 343), further underscoring the intricate interconnections between domestic socio-economic conditions and global political dynamics. Together, these insights emphasise the centrality of internal transformations as drivers of foreign policy, illuminating the dynamic interplay between domestic upheavals and external state behaviour.

5. CONCLUSION

In sum, the first phase (1) of this document engaged with Waltz's critique of reductionist and economically deterministic theories, particularly Lenin and Hobson's frameworks on imperialism. Waltz's structural realism critiques these approaches for overemphasising economic imperatives in global conflict. While Polanyi shares normative assumptions with Lenin and Hobson, including the emphasis on economic and social tensions, the paper argues that Waltz's critique applies less successfully to Polanyi's framework, as Polanyi incorporates more nuanced social contingencies into his analysis. The second phase (2) defends Polanyi's so-called "reductionism" as essential for understanding the socio-economic dislocations that contributed to the rise of fascism and World War II. Unlike Waltz's structural focus, Polanyi's theory captures the complex interactions between market disruptions, social protections, and political responses, situating domestic socio-economic transformations as central to the war's origins. In the final phase (3), the paper juxtaposes Polanyi's historically contingent analysis with Waltz's systemic approach, ultimately concluding that Polanyi's framework offers a more



compelling explanation of World War II. While Waltz's structural realism provides a broad account of power relations in the international system, it fails to address the specific domestic factors that Polanyi highlights as critical to the emergence of global conflict.

However, this analysis brings to the fore a critical area for further research: the need to define more precisely what constitutes '*reasonable reductionism*.' The earlier analogy of measuring the length of a horse using units calibrated in light-years or Planck lengths underscores that the appropriateness of an analytical framework relies heavily on normative, contextual intuition. We intuitively understand that we *ought not* measure a horse in such incongruent units because they fail to align with the scale and context of the subject. Similarly, determining the legitimate referent point of analysis in theoretical frameworks is guided by normative judgments about what is contextually appropriate or what David Singer (1961) refers to as "the level-of-analysis problem in International Relations" (75).

Notwithstanding, this reliance on normative, contextual intuition may not be a weakness, but rather an acknowledgment of the inherent normativity in theoretical construction—a point that resonates with Waltz's assertion that all theory necessitates normativity, lest it devolve into mere laws devoid of explanatory power (Waltz, 1979, 11). Waltz contends that without normative considerations, theories risk becoming overly simplistic generalisations, incapable of offering meaningful insights into complex phenomena. Thus, recognizing the role of normative judgments in the selection of analytical frameworks is essential. Defining '*reasonable reductionism*' requires us to articulate the criteria that make a particular level of analysis appropriate for explaining specific events. This task demands reflection on why certain factors are deemed relevant, while others are excluded, grounded in an intuitive understanding of the context and the phenomenon under investigation.

By acknowledging this normative dimension, Polanyi's approach not only provides a more comprehensive explanation for the outbreak of World War II but also emphasises the necessity of aligning theoretical frameworks with the scale and complexity of the phenomena they aim to address. Such alignment ensures that theories remain both explanatory and relevant, avoiding the dangers of overgeneralization or excessive particularism. Ultimately, future metatheoretical research should aim to clarify the parameters of '*reasonable*



reductionism, investigating how normative, contextual intuition shapes our selection of analytical frameworks. This line of inquiry would refine our theoretical tools for analysing complex historical events, ensuring they are appropriately scaled and contextually attuned. Embracing the normative elements of theory construction, as both Polanyi and Waltz advocate, deepens our understanding of international relations and the intricate interplay between domestic and international forces. Nevertheless, Polanyi better explains World War II by integrating the socio-economic dislocations and domestic transformations that led to the rise of fascism, which Waltz's structural focus on power distribution overlooks.

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