



## FOUR HORSEMEN OF THE APOCALYPSE: MARX, WEBER, SCHUMPETER, AND POLANYI\*

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### ÖZET

Bu makale, kapitalizmin istikrarsız doğasını, Marx, Weber, Schumpeter ve Polanyi'nin çalışmaları üzerinden anlama amacını gütmektedir. Yazıda, bu dört düşünürün, kapitalizme ilişkin benzer vizyonlara sahip oldukları ve kapitalizmin işleyişinin kendi kurumsal yapısının altını oyduğuna inandıkları ileri sürülmektedir. Makale, üç tezi ileri sürmektedir. Bu düşünürler insanlık tarihinin hem kendi kendisini ortaya koyma hem de giderek artan rasyonelleşme ve yabancılaşma yüzünden özgürlük yitimi süreci olduğunu; kapitalizmin hem insanın kendini gerçekleştirme hem de rasyonelleşmesinin koşullarını yarattığını; kapitalizmin başarısızlığının asıl nedeninin onun başarısı olduğunu savunmaktadır.

**Anahtar Kelimeler:** *Marx, Polanyi, Weber, Schumpeter, Yabancılaşma, Demir kafes, Yaratıcı yıkım*

### ABSTRACT

This paper aims at understanding the unstable character of the capitalist society, by drawing upon some respective work of Marx, Weber, Schumpeter, and Polanyi. All four, it is argued, share similar visions towards capitalism and contend that the working of capitalism undermines its own institutional structure. The paper advances three theses: all four thinkers conceive human history as displaying both human self expression and the loss of freedom due to increasing rationalization and alienation; according to them capitalism creates both the preconditions of self-realization and rationalization at once; and they also believe that the very success of capitalism is the basic cause of its failure.

**Keywords:** *Marx, Polanyi, Weber, Schumpeter, Alienation, iron cage, creative destruction, double movement*

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## 1. Introduction

Karl Löwith, regarding the connections between Marx and Weber, argues that his comparison rests on three presuppositions (1960: 19-20): first, they are comparable; second, their objects of inquiry are identical in some respects, and different in others, and third, their goals are closely related to their idea of human beings, for they both try to understand “what it is that makes man ‘human’ within the capitalistic world” (Löwith 1960: 20). The present paper, which examines the affinities and overlaps among the works of four important thinkers, namely, Karl Marx, Max Weber, Joseph A. Schumpeter, and Karl Polanyi, also adopts these three presuppositions. It is argued in the paper that they all emphasize the tendency of instability of the capitalist reproduction process, albeit from different angles: Marx and Schumpeter find the source of instability in competition and capital accumulation processes, while Weber and Polanyi seek the basic problem in the tensions within the institutional structure of the capitalist society. Marx’s analyses of accumulation and fetishism, Weber’s notion of the “iron cage,” Schumpeter’s notion of the “creative destruction,” and Polanyi’s notion of the “double movement” are all indispensable for the thesis that the working of capitalism undermines its own institutional structure, and thus making the reproduction of the capitalist society a contradictory process.

The present paper focusses on two interrelated points of convergence among the four: First, they adopt similar philosophical presuppositions and thus can be seen as influenced by an essentially German tradition called “expressivism,” which sees human activity and history as the self-expression of humanity, within which freedom is given a primary role. Second, all four agree that capitalism is led to instability by its very institutional structure. This instability results from the resistance of human beings against the emphasis on individuality and “rationalization” imposed by capitalist relations, which takes the form of reclaiming human sociality against being reduced into a “cog,” or a functional unit, by the system. This struggle between the two important traits of human beings, individuality and sociality, manifests itself as the struggle between the economic and the political spheres in the capitalist system, which eventually causes the institutional separation of the economic sphere from the political one to disintegrate, as capitalism reproduces itself.

## 2. The General: Philosophical and Historical Vision

It can be argued that not only Marx and Weber but also Schumpeter and Polanyi tried to understand the “contemporary mode of being human” (Löwith 1960: 20). However, this also requires a general understanding of what it is like to be a human being in general, a question which was the starting point for all of them on the basis of a mainly German philosophical tradition called “expressivism” (Taylor 1975: 547-58; 1979: 50-51, 141-52; Berlin 1963: ch. 4). Expressivism, ranging from Leibniz’s “monadology” to the metaphysical historicism of Herder and Hegel (Berlin 1963: 37-39), was basically a reaction to the eighteenth century French and British Enlightenment tradition characterized by its heavy empiricist, mechanist, determinist, atomist and utilitarian leanings about nature and human life (Taylor 1975: 22). Against this naturalistic thought that human activity is guided by the “laws of nature” is the expressivist idea that human activity and history should be seen as human self-expression, within which human freedom is given a primary role as the authentic form of this expression. Expressivism emphasizes that human action and life is directed towards self-realization, in the sense of both the embodiment of the essence in reality, and the clarification of human purposes so that each individual can realize her own essence in a way different from her fellow human beings (Taylor 1975: 16). Thus, the Enlightenment dichotomy between meaning and being cannot be sustained in the human realm; life itself is guided by human values (Taylor 1975: 16-17). As opposed to the Enlightenment tradition that “divides soul from body, reason from feeling, reason from imagination, thought from senses, desire from calculation” (Taylor 1975: 23), expressivism sees human nature as a whole, as a “single stream of life, or on the model of a work of art, in which no part could be defined in abstraction from the others” (Taylor 1975: 23). Freedom, not simply in the

sense of being free from external constraints, but in the sense of authentic self-expression is a basic aspiration of expressivism (Taylor 1975: 24).

Therefore, expressivism has four demands: the unity of human being as forming an indivisible whole so that the separation of different levels (like life as against thought, sentience as against rationality, and knowledge as against will) is rejected; freedom; communion with human beings and nature (Taylor 1975; 28). From a social-theoretic point of view, these aspirations have four implications: First, expressivism entails a hermeneutic position emphasizing the importance of “meaning,” and thus of interpretive understanding (*verstehen*). Second, it sees the human realm as an indivisible whole, deriving from the “wholeness” of human essence, and adopts a broader, interdisciplinary perspective. Third, human life activity should be seen as continuous attempts at realizing human potential and freedom in different social and institutional settings. And fourth, history, as a constant struggle for human freedom, can be characterized by an all-pervasive interaction, if not struggle, between those social forces that drive humanity towards more freedom and those that limit human freedom.

However, expressivism has also some disturbing implications, as revealed by Hegel’s philosophy that sees history as an overall movement of the “Spirit” to realize itself through overcoming self-alienation, in a predetermined fashion (Taylor 1975, 1979). The emphases over such notions as “the cunning of reason” and “freedom as recognition of necessity,” make it hard to sustain the idea of human freedom, for individual human agency involving conscious, intentional activity becomes an illusion. Yet, it is exactly this problem, the relationship, or even contradiction between freedom and necessity, between teleology and causality, between subjectivity and objectivity, and between individuality and sociality, that haunted all the four aforementioned thinkers. It can be argued that they all tried to find acceptable answers to these contradictions without dismissing expressivist aspirations. The importance of those antinomies can be seen at best in the work of Marx, who also influenced the other three in significant ways.

One can argue, like Taylor and Berlin, that Marx’s whole enterprise can be seen as an attempt which is impossible by nature: reconciling Expressivist aspirations with the basic thrust of the radical Enlightenment view that for every question there is only one true answer and that, guided by their knowledge of the “laws of nature,” human beings come to shape nature and society to their purposes in accordance with those laws. This position of causality as encompassed within teleology (in the sense of human purposes), or freedom as encompassed within necessity, is a guiding theme especially in Marx’s early writings (e.g., Marx 1975). Throughout Marx’s work, the notion of essential human nature, as “the inherent development potential of every human being when that development proceeded in the natural or proper way” (Hunt 1986: 97), had always been central. He takes human essence as neither an absolute, frozen and unchanging entity, nor a “plastic” one that is molded merely by specific societies. Even if the human essence is what makes individuals human beings, and as such, it should remain constant, the ways in which this development potential is realized in quite different ways, depending on the historical and social settings at hand. Thus, Marx’s distinction between “human nature in general” and “human nature as historically modified in each epoch” (1976: 759n).

According to Marx, a human being is essentially a *species-being* both because of the nature of human faculties and human activity, and because of the social nature of human activity (Marx 1975: 327; Hunt 1986: 97-98). Human life activity, being an interaction with nature in a social setting (Hunt 1986: 99), is a social activity that is mediated through labor, and in this activity human beings transform both nature, their “inorganic body” (Marx 1975: 328), and themselves. In this free purposeful activity of *praxis*, human beings “*objectify*” their essences (Marx 1975: 329) through labor, which refers to the process through which human beings realize their own essence and within which “labor power,” as “the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being” (Marx 1976: 270) is expended. In other words, in Marx, there is no difference between “acting” and “thinking” because expending labor power implies both (Margolis, 1989).

Two implications would follow from this. First, Marx's "historical materialism" should be taken, not as a "historico-philosophic theory of the *marche générale* imposed by fate upon every people" (Marx 1877), but as a crude first approximation to the human life activity as embracing the material and mental, emotional and aesthetic aspects of human existence (Hunt 1979a: 291-92). Second, in respect of the role played by the actions of individuals in human societies, it should be stressed that historical materialism is actually a "fusion" between (material) causality and teleology; that is, teleology in the sense of purposive human action is encompassed in the causal framework (Colletti 1973: 212; Hunt 1979b: 115). That is to say, as Marx warns us, "men make their own history, but under circumstances directly encountered, given and transmitted from the past" (1963: 15). Human volition and freedom is always restricted by the "realm of necessity" (Marx 1981: 958-59).

For one thing, although human history is being continuously made by intentional actions of individuals, unintended effects of these actions is the reproduction of social structures, independent of individuals' purposes. Human purposive activity presupposes preexisting social relations for the coordination and integration of individual acts. These very social relations, as prerequisites of individual action, are themselves the end result of the collective activities of the individuals involved in the process. Therefore, social relations, which both enable and constrain individual intentional actions, are continuously created and recreated by individual actions (Hunt 1979a: 285). History, in short, can be comprehended as a whole series of the unintended consequences of intentional human action.<sup>1</sup>

And for another, although the object that labor produces should be considered as the "objectification" of labor, under specific social relations this process also becomes a form of alienation, in the sense that "the object of that labour produces, its product, stands opposed to it as *something alien*, as a *power independent* of the producer" (Marx 1975: 324), which is a chief cause for the loss of freedom. Although Marx emphasizes alienation and fetishism predominantly with reference to capitalism, these notions also occupy a central place in Marx's understanding of history as well. The whole of human history, independent of some specific social and economic forms, can be seen as a constant interplay or a contradiction between the objectification and the alienation processes, or between freedom and the loss of freedom. As long as human beings' own products, as the specific forms of objectification of their essences, are appropriated by other individuals because of private property, this antinomy arises, and reaches its "climax" in capitalism.

Since the particular form in which this contradiction manifests itself depends on a particular institutional matrix, history becomes quite a dynamic, and even a turbulent process. This evolutionary "punctuated equilibrium" process, which is not a teleological one moving towards a predestined end, is full of bifurcations, leaps and "mutations" (Gould and Eldredge, 1977). Once a specific "path," i.e., specific "mode of production" is chosen, for a certain period, until the internal contradictions trigger a new change, a certain period of stability can be secured. What makes this process a dynamic one is the interplay and the conflict between relatively autonomous social forces and human purposes and intentions, which need not always create socially or humanly desirable consequences. Still, subscribing to the Expressivist aspirations, Marx considered human essence as an indivisible whole, and his work can be seen as an attempt to find out preconditions of realization the unity of human beings with society and nature in order for human beings to be free. Such a position implies essentially a "humanistic" and therefore an ethical position, which also requires a hermeneutic methodology along with causal explanation.

Of course, Marx is not the only thinker whose work is inspired by expressivism. Max Weber, the "bourgeois Marx" (Mommsen 1989: 53), also tried to develop a general outlook regarding both human history and capitalism, both of which presupposes a particular view of human beings (Löwith 1960). According to Schumpeter (1954: 818), Weber's historical and sociological theory rests on two notions: That of "ideal type" and of the "Meant Meaning," both of which requires interpretative

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<sup>1</sup> Karl Popper, for whom Marx is an "enemy of the open society," says: "I owe the suggestion that it was Marx who first conceived social theory as the study of unwanted social repercussions of nearly all our actions to K. Polanyi who emphasized this aspect of Marxism in private discussions (1924)" (Popper 1950: 668, n. 11).

understanding. In this “interpretative sociology” (Shills and Finch 1949, Gerth and Mills 1946, Löwith 1969: 28-40, Manicas 1989: 127-40), ideal types are meant to apply only to limited segments of the social and historical reality, rather than presenting a general theory. For Weber, history from the standpoint of an observer is meaningless in itself and appears as chaotic. Only when ideal types are applied to these limited segments of reality, can history, or its specific portions, become meaningful (Mommsen 1989: 54-55).<sup>2</sup> Therefore, the importance of the category of meaning and the resulting hermeneutics, themselves inherited from expressivism, does not imply that causality and causal explanations have no place in history and the social science. Weber denies predictability as the goal of concrete science because of causal complexity. Whatever happens is made intelligible by the theory, after it happens. Thus, rather than aiming at causal explanation, a “comprehensible interpretation” is to be achieved (Manicas 1987: 135).

A most significant aspect of Weber’s work is his reconstruction of history, and his analysis of capitalism, on the basis of the distinction between “formal” and “substantive” rationality, or between instrumentally-rational behavior, and value-rational behavior (Mommsen 1989: 152-53). Whereas formal rationality refers to optimizing behavior that rests on “quantitative calculation or accounting which is technically possible and which is actually applied,” the substantive rationality applies to those actions that are “interpreted in terms of a given set of ultimate values no matter what they may be” (Weber 1947: 184-85), that is it is based on the social system of shared values and meanings, to which individual action are expected to conform, no matter how they seem as “irrational” from the standpoint of formal rationality. Whereas formal rationality refers to instrumental action that adapts to prevailing circumstances in terms of material self interest (Mommsen 1989: 152), substantive rationality refers to a “rationalization of life-conduct oriented by certain ‘ultimate’ or ‘otherworldly’ ideals” (Mommsen 1989: 161).

Although Weber’s own attitude towards rationality seems ambivalent (Mommsen 1989: 133), he seems to take history as characterized by an antinomy or a contradiction between formal and substantive rationality: according to him (Weber 1927), history moves in the direction of continuous increase in formal rationality, in a process of ever-lasting “disenchantment of the world,” or the “intellectualization” of world views, including religion and science (Gerth and Mills 1989: 51; Mommsen 1989: 157). However, this movement of the self interested adaptation of everyday life is also checked by a process dominated by value-attitudes derived from “non-everyday” beliefs that make life meaningful (Mommsen 1989: 152). This means that we have two distinct processes of social change in Weber (Mommsen 1989: 154): a value-rational change that involves “otherworldly” world-views, “ideal” interests, value-rational social action, on the one hand, and an instrumental-rational change that involves “innerworldly” world-views, material interests, formal-rational life-conduct, and instrumental-rational social action, on the other.

A direct implication of this is an antagonistic relationship between “charismatic innovations” (or the “creative forces of the charisma”) and rationalization leading to routinization and bureaucratization that restrict human spontaneity and freedom (Mommsen 1989: 112). For charisma is the basis of substantive rationality in the sense that some extraordinary individuals, like Nietzsche’s “superhumans,”<sup>3</sup> and the accompanying innovative ideas are constitutive of “otherworldly” world views. Charisma is essential for the value-rational changes that pose challenges to given social order on the basis of otherworldly life-conducts, ranging from forms of ascetism to restless innerworldly activity (Mommsen 1989: 154). Although Weber does not dismiss the importance of autonomous social forces, he emphasizes the rise of charismatic leaders that create some enthusiasm which could change or at least threaten the existing social order (Gerth and Mills 1946: 52). Yet, this does not minimize the role of institutions for the “routinization of charisma” infuses a deterministic element into history (Gerth and Mills 1946: 54). Charisma, when it becomes successful enough to have domination “hardens into lasting institutions, and becomes efficacious only in short-lived mass

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<sup>2</sup> Weber thinks that Marx’s historical materialism is significant, not as a general theory of history, but as an ideal-type construction (Mommsen 1989: 55).

<sup>3</sup> For Nietzsche’s influence on Weber, see Mommsen (1989: 26-27) and Reinert and Reinert (2006).



emotions of incalculable effects, as on elections and similar effects” (Gerth and Mills 1946: 262). Routinization of charisma gives rise to a new order with a new privileged social strata whose acquired rights are justified through some accompanying means of legitimization (Gerth and Mills 1946: 262).

Thus, history, as formed by periodic charismatic breaks or innovations that are followed by the routinization of charisma into new social strata and bureaucracy, moves in the direction in which almost all forms of individual activity will be progressively eliminated and in the end all social interactions become increasingly uniform and the incentives for innovations are gradually lost, and therefore “petrified” in a way that eventually precipitate its failure (Mommsen 1989: 116). History therefore moves not necessarily in a unilinear way, as the progressive rationalization and disenchantment process implies (Gerth and Mill 1946: 51), but as an eternal struggle between charismatic innovations and routinization, in a cyclical or a spiral fashion: a charismatic innovation, rationalization and routinization, even bureaucratization and petrification, and a new break formed by a new charismatic innovation: once again, a “punctuated equilibrium” perspective. This process, once again, need not lead to some kind of predetermined end such as complete freedom for all human beings, even if individuals’ aim as human beings is to reach self-realization. Such a vision also informs Schumpeter’s own understanding of history and “development.”

It is Schumpeter, another “bourgeois Marx” (Catephores 1994), and the most impressive follower of Weber (Mommsen 1989: 180), who emphasizes the notion of “novelty,” as subsequent interruptions in the existing states of affairs so as to create “*transition from one norm of the economic system to another norm in such a way that this transition cannot be decomposed into infinitesimal steps*” (Schumpeter 2005: 115). The notion of novelty and “development” implies that the notion of adaptation does not apply in cases of changes in the norms themselves, for “when starting from the old form, the new one must *not* be reachable by adaptation in small steps” (Schumpeter 2005: 113).

Schumpeter’s conception of development has two important implications: first, novelty gives rise to an element of indeterminacy, as in the example of an “artistic creation” that is unrelated to the “environmental elements” within which this creation occurs (Schumpeter 2005: 112-13); and second, the interaction between “mind” and “society” entails an interdisciplinary framework in which both causality and value systems play a role. On this perspective, social and historical evolution is seen as the subsequent processes of adaptation, to establish new “routines” to novelties, again a “punctuated equilibrium” conception. Evolution is taken as a non-linear and irreversible process of random mutations in a “one-to-many-mapping” fashion creating “bifurcations,” and has some emergent, indeterminate or unforeseen outcomes (Foster 2000; Foster and Metcalfe 2001 Faberberg 2003; Metcalfe and Foster 2004).

Corresponding to this process is Schumpeter’s distinction between a “hedonistic” individual who simply adapts to given conditions, and an “energetic” individual, who engages in dynamic, creative action (Shionoya 2004: 338; Dahms 1995: 3-6). Whereas the masses are usually formed by the first type of individual, energetic (or “charismatic,” to use Weber’s term) individual is a leader, an important example of whom is the capitalist entrepreneur (Shionoya 2004: 338). This distinction between the static-hedonistic action, and the dynamic creative action, or between the “adaptive response” and the “creative response,” forms the basis of Schumpeter’s understanding of history as an “innovation and response mechanism” (Shionoya 2004: 338; Schumpeter 1947).

For Schumpeter, historical evolution is also characterized by a “changing relationship between the economic and non-economic domains, or between ‘mind and society’” (Shionoya 2004: 338). That is to say, since the “material” and the “ideal” are in constant interaction with each other, social/historical study must consider both, in a dynamic framework. Even if Shionoya (2004: 335) argues that Schumpeter’s theory of evolution of “mind and society,” which is based both economic sociology and the sociology of science, is intended to replace Marx’s economic or “materialist” interpretation of history, it can also be argued, as Elliott (1980: 66), that this aspect of Schumpeter’s work displays an important similarity to that of Marx, who also tried to develop a framework that is not characterized by pure economics, but that places economics within a wider context, as to include

history and sociology.<sup>4</sup> Therefore, history should be seen as a process of “overdetermination” of both determinacy and indeterminacy, or of both causality and hermeneutics. Interpretative understanding is an essential factor of the social scientific study, for it also forms the “prescientific vision” of the scientist herself (Schumpeter 1954: 41-42).

A similar conception emphasizing human values is given in Karl Polanyi’s work (Polanyi 1944; Polanyi *et al.* 1957; Polanyi 1977). This conception is influenced both by Marx (Özel 1997), and by Weber: Polanyi’s distinction between the *formal* and the *substantive* meanings of the term “*economic*” (Polanyi *et al.* 1957: 245-50; Polanyi 1977: 19-21) is derived from the latter’s distinction between formal and substantive rationality. According to Polanyi, the formal definition considers means-end relationship, whereas in the substantive definition, the term *economic* refers merely to the activity towards satisfying material wants. The substantive meaning considers the “economy” as “an institutionalized interaction” between human beings and nature (Polanyi 1977: 20). In this regard, he argues, three “forms of integration” of the economic activities, namely, *reciprocity*, *redistribution*, and *exchange*, and their corresponding institutional structures, can be used as “ideal types” that can help to explain “all the empirical economies of the past and present” (Polanyi *et al.* 1957: 244).<sup>5</sup>

**TABLE 1: CONCEPTUAL AFFINITIES AMONG THE HORSEMEN**

	<i>MARX</i>	<i>WEBER</i>	<i>SCHUMPETER</i>	<i>POLANYI</i>
<b><i>PHILOSOPHY</i></b>	Radical Enlightenment & Expressivism	Enlightenment & Expressivism	Enlightenment & Expressivism	Radical Enlightenment & Expressivism
<b><i>METHODOLOGY</i></b>	Fusion of Causal Explanation and Hermeneutics	Fusion of Causal Explanation and Hermeneutics	Fusion of Causal Explanation and Hermeneutics	Fusion of Causal Explanation and Hermeneutics
<b><i>ORDER AND CHANGE</i></b>	Unintended Consequences / “Punctuated Equilibrium”	Unintended Consequences/ Inefficient (due to antinomies)	“Development”/ “Punctuated Equilibrium”	Designed/ Inefficient (due to Unintended Consequences)
<b><i>SOURCE OF INSTABILITY</i></b>	Accumulation/ Crises & Socialization of production vs. Individual Appropriation	Charismatic innovation vs. Rationalization/ Bureaucratization	Creative Destruction vs Bureaucratization	Extension of the Market vs. Protective Countermovement

Substantive approach is based on the proposition that “man’s economy, as a rule, is submerged in his social relationships” (Polanyi 1944: 46), that is, human beings are essentially “political animals” who are characterized by their inner freedom and concerned with “good life” (Polanyi 1944: 114; Polanyi *et al.* 1957: 64-94; Polanyi 1977: 30-31). Just like Marx, Polanyi considers the human essence as formed by “the uniqueness of the individual and of the oneness of mankind” (Polanyi

<sup>4</sup> In fact, Schumpeter himself thinks that the “whole of Max Weber’s facts and arguments fits perfectly into Marx’s system” (1943: 11).

<sup>5</sup> Polanyi says: “Max Weber’s posthumous work would have achieved it if it hadn’t used types which were too complicated” (quoted in Litvan 1991: 266-67).

1944: 258A). Since he argues that social “institutions are embodiments of human meaning and purpose” (Polanyi 1944: 254), human society should be seen as “the transformation of external nature through human nature, which is the realization of freedom through the moral relations created by productive association” (Glasman (1994: 70). However, it should not be forgotten that institutions also impose constraints upon this freedom, because they both enable and at the same time constrain intentional actions of individuals. For this reason, Polanyi insists that it is “an illusion to assume a society shaped by man’s will and wish alone” (Polanyi 1944: 257-58).

This brief comparison, whose results are given in Table 1 below, reveals that there are some general methodological affinities among these four thinkers regarding human essence, freedom, causality, social theory and social change. First, they are all opposed to “scientism” in that they consider human beings as moral (i.e., social/political) beings, who is concerned with “good life,” in which human freedom and flourishing is achieved, a position that implies that both ethics and interpretative understanding should be considered appropriate for the social science. Second, they are opposed to reductionism in the sense of using single factor explanations of history. Third, they are all opposed to any “mechanistic” or “fatalistic” view in the sense that history can be explained as a unidirectional process moving towards a particular end-state. They all believe that history is a contradictory process that is guided by some important antinomies emanating from human essence. And last, but not the least, as a direct implication of these contradictory tendencies, it is “an illusion to assume a society shaped by man’s will and wish alone.” That is, not every intervention creates desirable consequences.

### **3. The Particular: Capitalism and the “Disenchantment” Process**

With respect to capitalism, all four believed that that capitalism is both “self-reinforcing” and “self-undermining” at the same time (Hirschman 1982), and that the basic cause of its disintegration or collapse is its very institutional structure, which carries the seeds of its own destruction. Whereas Marx and Schumpeter focus on the inherent contradictions in the capital accumulation and competition processes, Weber and Polanyi adopt a more sociological position. However, as will be seen below, Marx and Schumpeter’s mechanisms of “collapse” too are more sociological than being economic.

Marx, of course, is famous for his crisis theories (Sweezy 1942: 96-100 and 156-186), claiming that capitalism is doomed to collapse because of periodic breaks in the capital accumulation process, a theory that is seen by Schumpeter as an example to a “vanishing investment opportunities” theory (1943: 111-120). Against this is of course, Schumpeter’s idea that “capitalism, ... is by nature a form or method of economic change and not only never is but never can be stationary” (1943: 82). In fact, both Schumpeter and Marx emphasizes the dynamic, and inherently unstable, aspect of the capitalist accumulation process (Elliott 1980; Cataphores 1994). These structural instabilities, both contend, is not necessarily a weakness of the system; on the contrary, it is the existence of these instabilities in the economic sphere that makes the system as a dynamic one. In this regard, as Elliott (1980) argues, two forms of the “creative destruction” process, one regarding the working of competition with its dynamic elements, and the other regarding the institutional collapse, can be found in both Marx and Schumpeter.

On Schumpeter’s conception (1911, 1928, 1943, 1946, 1947), the process of competition and accumulation is a “creative destruction” process, that always requires finding new methods of production, new forms of industrial organization, new methods of transportation, and new markets, on the part of the entrepreneur (Schumpeter, 1942: 83; McDaniel 2005; Ebner 2006). In fact, in both Schumpeter and Marx, capitalist accumulation process can be seen as recurrent periods of routinization that are interrupted by some radical innovations, which occur mostly in times of hardship, when the full potential of the old innovation is used within the process of diffusion of this innovation throughout the economy (Keklik 2003). However, with the advance of capitalism, innovations are “institutionalized” through research and development activities within the oligopolistic, big corporation (Schumpeter 1946: 200). However, since capitalism’s dynamism comes



from the entrepreneur, not from the owners of the firm, or the industrialist or the capitalist, who is only a “static-hedonist,” or “unheroic” individual, this “bureaucratization” of innovations means the dismissal of these heroic individuals from the system (Bottomore 1985: 38). The fact that “The Stock Exchange is a poor substitute for the Holy Grail” (Schumpeter 1943: 137) is the basic cause of the disintegration of the system through the routinization of the creative destruction. “Thus, economic progress tends to become depersonalized and automatized. Bureau and committee work tends to replace individual action” (Schumpeter 1942: 133). That is to say, “the capitalist process also attacks its own institutional framework” (Schumpeter 1943: 141), due to rationalization and routinization that causes charismatic individuals to give way to the productive and administrative machinery. “This order is now bound,” argues Weber, “to the technical and economic conditions of machine production which to-day determines the lives of all the individuals who are born into this mechanism, not only those directly concerned with economic acquisition, with irresistible force. ... the fate decreed that the cloak should become an iron cage” (Weber 1930: 181).

**TABLE 2: CAPITALISM AND THE APOCALYPSE**

<i>CAPITALISM</i>	<i>MARX</i>	<i>WEBER</i>	<i>POLANYI</i>	<i>SCHUMPETER</i>
<b>Basic Feature</b>	Labor power as commodity	“Rational Capital Accounting”	Fictitious Commodities: Labor, Land, Money	The Entrepreneur & Creative Destruction
<b>Institutional Tendencies</b>	“Self-sufficient Monad’ vs. Impotent ‘citizen’ (Civil vs. Political Society)	“Disenchantment” & Formal Rationality Economic vs. Political (Society vs. Community)	“Disembedded Economy’ (Economic vs. Political)	Development of Formal Rationality Economic vs. Political (Heroism vs. the Iron Cage: “The Holy Grail vs. The Stock Exchange”)
<b>The Apocalypse</b>	Alienation vs. Reclaiming Humanity: Tendency for Social Breakdown	Increasing Formal rationality: “Iron Cage” Loss of freedom	Double Movement ↓ Disintegration of the Social Fabric	The “Iron Cage” & and Destruction of the “Creative Destruction

Nevertheless, the fact that human beings have the power to resist the “iron cage” introduces another source of instability in the capitalist society through disturbing the institutional separation between the “economic” sphere and the “political” sphere (Polanyi 1944: 71). As similar distinctions between the “civil” and the “political” society, in Hegel and Marx (1975: 90), or between “community” (*Gemeinschaft*) and “society” (*Gesellschaft*), in Tönnies (1988), and between “communal” (*Vergemeinschaftung*) and “associative” (*Vergesellschaftung*) social organizations, in Weber (1947: 136), all suggest, transition to capitalism is characterized by such a separation. Marx, for example, argues that whereas in the Middle Ages “every sphere of private activity had a political character, or was a political sphere” (1975: 90), in capitalism, the economic sphere has separated from the political one and has come to be defined on the basis of “private egoism.” In Hegel’s “civil society,” Marx argues, the individual lives an egoistic life, and she becomes an “isolated monad”

(1975: 229), while in the political sphere, she becomes an abstract “citizen” (1975: 220). This dual existence of individuals also gives rise to two different types of conduct, namely instrumentally-rational behavior in the market, and a value-rational behavior in the political sphere.

In the market, individual emancipates herself from the straightjacket of the communal controls over her life, for the market is “the exclusive realm of Freedom, Equality, Property and Bentham” (Marx 1976: 280). Since in the “complex society” (Polanyi 1944: 257) of capitalism is characterized by a progressive machinery of production, the market also makes us trust our own transformative power, or “efficacy”, we see the nature and also other individuals around us “as potentially raw material for our purposes” (Taylor, 1985: 266), thus developing an instrumental attitude towards nature and society. Yet, at the same time, increasing social character of production makes individual realize her dependence on other people. This “discovery of society,” characterized by a complex division of labor and an extended bureaucratic network both in the economic and the political realms, also make individual feel more and more powerless through “its paralyzing division of labor, standardization of life, supremacy of mechanism over organism, and organization over spontaneity” (Polanyi, 1947: 109). Therefore, while on the one hand emancipation from the ties that bind individual makes her more and more independent, self-reliant and critical, the process of rationalization towards an “iron cage” makes her more dependent, powerless, and isolated (Ertürk 1989). While rationalization is a precondition for individual self realization (Mommssen 1989: 133), it also poses a threat for human creative action. In other words, while the possibilities of realizing and developing the potentialities of the individual seem to increase in a market society, market system also destroys the very sociality of the human beings by depriving them of the direct, personal relationships with other individuals, and their social relations are mediated by exchange or money, which reduces them into abstract, functional units. This process of alienation and fetishism makes the individual to be reduced to a “cog” in this runaway machine. As we are drawn into exchange relations more and more, we yield our own individuality and efficacy to the machine and the commodities which endowed with the properties of the life to which they are supposed to serve (Marx, 1975; 1976: 165).

**TABLE 3: COMMON ELEMENTS AMONG THE FOUR HORSEMEN**

	<i>WEBER</i>	<i>POLANYI</i>	<i>SCHUMPETER</i>
<i>MARX</i>	<ul style="list-style-type: none"> <li>• Alienation</li> <li>• Rationalization</li> <li>• Economic vs. Political (Society vs. Community)</li> </ul>	<ul style="list-style-type: none"> <li>• Alienation</li> <li>• Economic vs. Political</li> <li>• Social Disintegration (Double Movement)</li> </ul>	<ul style="list-style-type: none"> <li>• Creative Destruction</li> <li>• That “Capitalism undermines its own foundations”</li> </ul>
<i>WEBER</i>		<ul style="list-style-type: none"> <li>• Economic vs. Political</li> <li>• Double Movement</li> </ul>	<ul style="list-style-type: none"> <li>• Charismatic Individual (Entrepreneur)</li> <li>• “Routinization of Charisma” (Bureaucratization)</li> </ul>
<i>POLANYI</i>			<ul style="list-style-type: none"> <li>• Economic vs. Political</li> <li>• Double Movement</li> </ul>

However, this process of “petrification” should create a reaction on the part of the society against being imprisoned in the “iron cage”. This process, as conceptualized by Polanyi’s “double movement” between the extension of the market into every sphere of life, and a protectionist countermovement against this extension (Polanyi 1944: 132-33), disturbs the institutional separation

between the market and the rest of the society. Since the double movement takes the form of the resistance of human spontaneity, creativity, and freedom against being imprisoned in the iron cage, that is, against the extension of the market as the locus of fetishism, rationalization and bureaucratization, it makes the reproduction of capitalist society a contradictory and an unstable process. This struggle between the two spheres and between two forms of rationality will eventually lead to the disintegration not only of the social fabric, but also the market institution itself for it will induce direct, political interventions into the working of the market system by different agents, including the state itself, and social classes, which will create tendencies for “hitches” (Schumpeter 1954: 565) in the accumulation process, if not for periodic crises. These tendencies are further aggravated by the tensions between social classes, which are in turn carried back and forth between the two spheres. Thus the whole process becomes a contradictory one that need not have a definite end, such as collapse or inevitable revolution, as Polanyi shows in the *Great Transformation* that the double movement led to fascism in the 1930s. Therefore, as shown in Table 2 above, all of the four thinkers has similar, and overlapping stories about the “apocalypse”: the more capitalism establish itself firmly, the closer it gets to the verge of the collapse, or at least disintegration.

#### 4. Conclusion: Theses of “Apocalypse”

On the basis of the affinities among the “four horsemen,” as shown in Table 3 above, one can formulate three important theses: 1.) *Historicity*: Human history can be understood as displaying two antinomical tendencies at once: human self expression through creative action vs. the loss of freedom due to increasing rationalization, alienation, and domination; 2.) *Iron Cage*: Capitalism should be seen as a big leap towards more rationalization and therefore the loss of freedom, even if it creates the preconditions of the self-realization of the “species-being”; 3.) *Self-Destruction*: The very success of capitalism is the basic cause of its failure. (“Rationalization towards the irrational” (Löwith 1960: 48).

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