Expropriation and the natural world: some reflections on Karl Polanyi and Thorstein Veblen

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Karl Polanyi's masterpiece, *The Great Transformation*, and Thorstein Veblen's last book, *Absentee Ownership and Business Enterprise in Recent Times*, offer acute diagnoses of the relationship between capitalism and the natural environment. From Polanyi's fictitious commodities to Veblen's absentee ownership, this study explores the differences and similarities between these perspectives regarding the natural world. To organize our analysis, we follow Nancy Fraser's and Rahel Jaeggi's understanding of capitalism as an exploitative and expropriative system. In this sense, we state that despite their differences, Veblen and Polanyi emphasize seizure and confiscation when regarding the statute of the natural world in market societies.

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Introduction: on exploitation and expropriation

One of the most relevant contributions of Nancy Fraser and Rahel Jaeggi in their acclaimed "Capitalism: A Conversation in Critical Theory" (2018) points to the necessary articulation between the concepts of exploitation and expropriation to explain contemporary social processes. The exploitation–expropriation key is presented by the authors as a characteristic element of a capitalist system that reproduces itself in its bases but at the same time needs to continually appropriate what is outside the exploitation sphere, something classified by the authors as "brute confiscation."

In addition to the well-known "primitive accumulation" of the Marxist approach, that is, the capital storage process at the beginning of the system, Fraser and Jaeggi (2018) understand that expropriation is a continuous phenomenon and, therefore, it is at the foundation of capitalist development here and now.[1] The distinction between the two concepts is clear: "In the case of exploitation, capital pays for the workers' socially necessary costs of reproduction in the form of wages, while appropriating the surplus their labor creates. In expropriation, by contrast, it simply seizes labor, persons, and land without paying for their costs of reproduction." (2018, 41).[2] In this sense, the two concepts have a fundamental difference that is essentially "political." For Fraser and Jaeggi, the exploitation–expropriation key becomes evident when comparing humanities that were institutionally forged as different. In this case, there would be a rule that separates those humans subject to exploitation, that is, those considered free workers and bearers of rights, from those human beings subject to expropriation, that is, helpless subjects, fundamentally racialized, who do not have any political protection in a capitalist society. In addition to these dissimilar humanities, the authors point out the relationship of humans with the natural world that is based on the institutionalization of a set of expropriative rules that allow for the confiscation of the environment. Therefore, it is evident that institutions are the central elements that determine what will be exploited or expropriated in contemporary sociability.

The institutionalization of expropriation is a central element of Fraser and Jaeggi's (2018) perspective. In our understanding, this is similar to the diagnoses of the capitalist sociability of several thinkers of original institutional economics. More specifically, this approximation becomes evident when considering the role of expropriation in the natural environment. In this sense, this paper offers a discussion of the environmental perspective of two fundamental institutionalist works, namely the classic "The Great Transformation" by Karl Polanyi and the "Absentee Ownership and Business Enterprise in Recent Times," the last book

[1] Fraser and Jaeggi (2018) acknowledge precursors' perspectives on the role of expropriation in capitalism as the concept of "annexation of the land" (Landnahme) by Rosa Luxemburg (1913) and David Harvey's (2003) "dispossession."

[2] It is worth noting in the typical discussion of orthodox economics and New Institutionalism that the concept of expropriation is restricted to the compulsory removal by the state of someone's property, typically the owners of some asset.

by Thorstein Veblen. The description presented will seek to articulate the ideas of these two authors with the conceptual key exploration–expropriation of Fraser and Jaeggi, highlighting common elements and relevant differences, and mainly showing how Polanyi and Veblen contribute to the understanding of the contemporary environmental crisis.

Karl Polanyi: fictitious commodities and the natural environment

The Great Transformation (1944), Karl Polanyi's masterpiece, presents a precise diagnosis of the relationship between human beings and the environment in a market system. It is worth noting, in this sense, that for Polanyi, the self-regulated market would not be a kind of order resulting from human nature or rationality but rather an ideological construction carried forward by a historically identifiable institutional process. This process, covered by the active action of the state, would have reconstructed the foundations of what it means to be human and the understanding of the relationships between these human beings and the natural environment.

According to Polanyi (1944), the economy, in its substantive sense, can be understood as the process of transformation of nature by human beings to satisfy their needs. In this respect, the possibilities of economic organization could be quite varied, and markets would typically appear incidentally on the margins of kinship, religion, status, or hierarchical relationships, being used in very punctual and specific situations. Furthermore, Polanyi pointed out that in most human communities, mercantile relationships, when they exist, are subsumed (embedded) in social relations. There was only one exception to this rule: modern market society.[3]

[3] Founded on a broad anthropological framework, Polanyi (1944) classifies four types of societies and economic systems, that is, ways of organizing production and distribution in human groups. The first would be based on the institutional pattern of symmetry organized under the behavioral principle of reciprocity (with the anthropological example of the Kula in the Trobriand Islands); the second would be based on the institutional pattern of centrality, organizing itself under the principle of redistribution (with the example of the feudal economic order, where "The production and distribution of goods is organized in the main through collection, storage, and redistribution, the pattern being focused on the chief, the temple, the despot, or the lord" (1944, 55). The third type would be the institutional pattern of domesticity, which is organized under the principle of autarchy (with the example of productive activity to satisfy the needs of a closed group); Finally, we have the market pattern, which is based on the behavioral principle of exchange.

Polanyi (1944) emphasizes that “a market economy can only exist in a market society,” that is, an economy ordered by markets stems from an effort to create its specific human and social bases in the sense of that specific order. This effort is considered to have a radical character since it reverses the relationship observed in all other forms of economic organization. In this new world, the market would have been artificially disembedded from other social relations so that these would become “an accessory of the economic system” (Polanyi 1944, 81).

The process of implementing a society organized only by markets was founded on the deliberate reconstruction of human nature and reframing of the relationship between human beings and the natural environment. Avoiding building too long on Polanyi’s argument, it is necessary to point out that the process of institutionalization of the capitalist order was presented by the author through a historical study of England, the country that led the industrial revolution. In this sense, Polanyi explains that the widespread introduction of machinery, a fundamental characteristic of mass industrial production, was the origin of the process that culminated in a market society. The need for a large-scale flow of workforce, raw materials, and markets would be the great demand of this new industry. Although the roots of this process were established in previous centuries, several social forces resisted the constitution of a society exclusively oriented by markets. To meet the aforementioned requirements of the new industry, the English state between 1834 and 1846 deliberately created formal institutions unprecedented in human history[4] that founded three fictitious commodities necessary for the implementation of the self-regulated market: Land, Labor, and Money. The fiction resides in the fact that, despite being essential elements for sustaining an organized society with a certain level of

[4] Polanyi (1944) states the centrality of the following laws: (i) the Poor Law, which removed government protections for poor populations and made a human army available to serve as a labor force according to market logics; (ii) the Peel Bank Act, which instituted the gold standard and; (iii) the repeal of the Corn Laws, which removed the protection of local farmer producers and left the unprotected peasantry of continental Europe to the whims of the markets (Polanyi 1944, 113).

complexity, until the emergence of an industrial capitalist society, land, labor, and money had never been considered commodities because "none of them is produced for sale." (Polanyi, 1944:78) Thus, the fact that labor, land, and money began to function as commodities would be entirely fictitious, an institutional necessity to make the self-regulated market viable.

For Polanyi (1944), the fictional triad was responsible for shaping a new society ideally organized solely by markets.[5] Human beings, who in any other type of economy, had their work linked to a set of instrumental and ceremonial institutions (terms he does not use) of diverse origins, now depend exclusively on the sale of their labor power to receive a wage and to guarantee their existence. In this respect, it is worth pointing out that not only was the fear of hunger understood as the great driver of human action, but it was also necessary to institutionalize the business counterpart, the institutionalization of incessant hunger for profit.

The anthropology of the market society points out that the relationship with the outside world should be guided by the profit motive.[6] The environment, "which in the recent past would be linked to kinship relations, creed, such as the tribe and the temple, the village, the guild, and the church" (Polanyi 1944, 199) now starts to be treated as alienated and something that should be subjected to the demands of the self-regulated market.

Among fictitious commodities, the natural environment is for Polanyi (1944) the most difficult to be considered as such.[7] As Polanyi points out, it is impossible to produce nature as a commodity; the relationship presents itself as a confiscation disguised as a commercial relationship. The commodification of nature normalizes the relationship of expropriation to allow its appropriation

[5] Polanyi (1944, 76) is very clear in this sense: "To allow the market mechanism to be sole director of the fate of human beings and their natural environment indeed, even of the amount and use of purchasing power, would result in the demolition of society."

[6] Lacher (2007, 54) emphasizes that "The great transformation of the early nineteenth century thus put the profit motive at the center of society's interaction with nature [...] this emergent centrality of the profit motive was not a mere shift in "mentalities." It was the result of a fundamental transformation in the very structure of society that forced people to pursue profitable economic enterprise or earn wages if they wanted to survive and maintain their social position."

[7] For Polanyi"[w]hat we call land is an element of nature inextricably interwoven with man's institutions. To isolate it and form a market for it was perhaps the weirdest of all the undertakings of our ancestors" (Polanyi 1944, 187).

for capitalist reproduction. It is on the essence and contemporaneity of the confiscation of the environment that Veblen presents his contribution.

Thorstein Veblen: vested interests, absentee ownership, and the confiscation of nature

The institutionalist pioneer Thorstein Veblen (1857–1929) developed a complex work that sought to provide the fundamental elements for understanding the logic of contemporary capitalist sociability. In this sense, in his last major work, *Absentee Ownership and Business Enterprise in Recent Times* (AO) (1923), we can find a reflection of the relationship between the current economic society and the natural environment.

We advocate here that AO provides some elements that can be integrated with the Polanyian diagnosis of environmental issues. Just like Polanyi (1944), Veblen (1923) focused on the anomalous relationship between capitalism and the natural environment. In his book, Veblen emphasizes the incompatibility between the concept of the "natural right to property" and what he called "absentee ownership." Absentee ownership would be "the ownership of means in excess of what the owner can make use of, personally and without help" (1923, 12). For Veblen, absentee ownership is the central concern of the authorities of Western nations who, as a result, work incessantly to "safeguard the security and gainfulness of absentee ownership" (1923, 4).

Like Polanyi (1944), Veblen (1923) pointed out that property over nature is far from what was established as a natural right to property. Following Locke, Veblen notes that this natural right to property is based on the idea of workmanship, which comes from the objective combination of human work with the natural resources used for production.[8] For Veblen, credit

[8] According to Locke (1659) private appropriation would be a consequence of the human right of self-preservation and would be extended to all nature, which would have been provided by God for man to appropriate. In this respect, according to natural law, this appropriation should be realized through labor. We see, therefore, that, in

and wage relationships could be characterized as absentee ownership, as they are based on a relationship of command over resources and people aimed at creating a surplus for the absentee owner. However, this type of absentee ownership is still "traceable to workmanship," as it is still linked to the appropriation of the product of human labor.[9] In this sense, Veblen points to the ownership of the natural environment as an example of a distinct and deeper type of absentee ownership, since "[The] ownership of natural resources – lands, forests, mineral deposits, water-power, harbor rights, franchises, etc. - rests not on a natural right of workmanship but in the ancient feudalistic ground of privilege and prescriptive tenure, vested interest, which runs back to the right of seizure by force and collusion" (1923, 50–51). In this sense, despite its "feudal" origins, it should be noted that absentee ownership in the world of business enterprises is more than mere property over natural resources; it is directed to the manipulation of this property in terms of market control.[10] In this sense, in AO, Veblen emphatically reports the absentee ownership of "key industries" such as iron, gold, coal, timber, and the real state.

A comparison between Polanyi's fictitious commodities and absentee ownership is necessary. If for Polanyi, land, labor, and money were falsified as commodities to give vent to the institutionalization process of the self-regulated market, for Veblen, credit, wage relations, and natural resources are clear evidence of absentee ownership that in the "last decades" became "the prime institutional factor that underlies and governs the established order of

this perspective, property would be a result of the state of nature and not a social construct, as Macpherson (1983, 222) points out "Locke instituted the natural right to individual property, a right prior to civil society and government."

[9] It is important to emphasize Veblen's separation between production and earnings in order to understand this mixture between workmanship and business under capitalism. In this respect, in the words of the author: "Production is a matter of workmanship, whereas earnings is a matter of business." (1923, 61)

[10] According to Veblen (1919, 38), vested interests are "a marketable right to get something for nothing." The vested interest does not stem from the productive use of a plant but from the "ways and means of driving a bargain." In the first case, wealth derives from the use of a tangible asset, and in the other case, wealth is derived from intangible assets, or the "immaterial relations between owners and the industrial system." In this sense, the wealth derived from the use of intangible assets is not a result of "an increase of the equipment or the material resources in hand."

society" (Veblen 1923, 4). Commodity for Polanyi and natural law for Veblen are understood as norms not fulfilled by fictitious commodities and absentee ownership. Moreover, for both thinkers, the way the natural world is approached by contemporary capitalist society is central to understanding this identified anomaly.

For Polanyi (1944), the fiction of nature as a commodity placed market society in the face of the unprecedented manipulation of the natural world for the profit motive; for Veblen, the relationship between "absentee ownership" and the environmental world extends in a similar direction. Veblen (1923) understands that taking over the natural world for private gain is a fundamental feature of the capitalist development of his time, especially in the US. In the world of business enterprises, natural law, coming from an era of handicraft, would be "playing the role of a dead hand."(57) In big corporations, fundamental institutions have vested interests and absentee ownership, and this applies in relation to nature. For Veblen, this relationship occurs through the expropriation of private gain. Referring to the North American case, Veblen points out that in this country, natural resources "have progressively been taken over into private ownership on a reasoned plan of legalized seizure" (122).[11] Absentee ownership of natural resources is a source of free income, as it is based on sabotage by those who own these resources, embodied in the contemporary world in the pecuniary interests of the business enterprise. As necessary resources for production, the value of the natural environment becomes directly related to the power of control of owners over these resources vis-à-vis the productive needs of the community. In this respect, the absentee ownership of these resources manifests itself as a simple vested interest.

This forced conversion of natural resources into absentee ownership was named by Veblen (1923) as the American plan. In this regard, Veblen is clear in his diagnosis:"[The]

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[11] According to Veblen "[T]here has been in American common sense and has grown into American practice the presumption that all the natural resources of the country must of right be held in private ownership, by those persons who have been lucky enough or shrewd enough to take them over according to the rules in such cases made and provided, or by those who have acquired title from these original impropriators" (1923, 123).

American plan or policy is the very simply settled practice of converting all public wealth to private gain on a plan of legalized seizure" (1923, 168). This procedure would have manifested itself in different ways within North American history, including "the debauchery and manslaughter entailed in the Indian population" and the consequences of the private appropriation of land in the South, leading to production with enslaved labor.

Final remarks

For both Polanyi and Veblen, the fact that the environment (land, natural resources) in industrial society is treated as one more commodity is a very serious matter. Polanyi (1944) argument proposes market sociability as the result of an institutional rupture that reconstructed the anthropological foundations of contemporary Western societies. For Polanyi, the self-regulated market has a birth date that would be in the first or second third of the 19th century. Thorstein Veblen's perspective differs because he considers subtle cumulative processes that manifest themselves over long-term temporality. If Polanyi had a radical turning point less than 200 years ago, for Veblen, we would have to return to the origins of property and social stratification in the barbarian era to understand the roots of contemporary sociability.

Despite these important differences, the two authors' critical perspectives enable fruitful dialogue when well delimited. In this sense, understanding the relationship the authors posit between capitalism and the environment has become a topic that allows for comparisons.

Following the emphasis of Fraser and Jaeggi (2018), the point of view proposed here intends to verify how Veblen and Polanyi manage the issue of the expropriation of the natural world within capitalist sociability. In Polanyi (1944), we find the identification of fiction inherent to the institutionalization of market society, that is, the fiction that nature is a commodity and, as such, becomes liable to be manipulated in a generalized way based on the manufactured universality of the profit motive. Veblen (1923), in turn, emphasizes absentee ownership and vested interests as the principles that guide the appropriation of nature within contemporary capitalism but also highlights this process as the result of a long history of the construction of what he calls “imbecile institutions.” It is from this private control, forged by force and fraud, that a business enterprise can profit simply by interposing itself between natural resources and the productive needs of society.

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