

Some Notes On Discourses About Economy and Civil Society.

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FIRST DRAFT

Some observations on the classical approach

In his brilliant study “Passions and Interests” (1977), Albert O. Hirschman impressively showed that trade was perceived as a powerful force behind civilisation by Scottish as well as French thinkers of the Enlightenment.¹ Most recently, this interpretation has been supported by the book “Economic Sentiments” by Emma Rothschild (2001) which analyses the perception of expanding trade among Enlightenment thinkers. She argues that the famous philosopher and economist Adam Smith as well as the French philosopher, mathematician and politician Marquis de Condorcet are not apologists of a ‘cold’ or inhumane Enlightenment.² She maintains instead, that trade and industry fostered virtues such as diligence and sedulity, frugality, punctuality and honesty. Thus, morality and emotion were seen to result from economic activities within capitalist society.

The era is marked by the widespread perception of the individual as ‘learning by trading’, of learning, for example, how to be considerate and honourable, how to develop good manners and to exercise prudence in order to be successful. Trade was supposed to link individuals through mutual benefit and to promote decent behaviour of people who would have to avoid the unfavourable judgement of those with whom they were economically connected. Thus, a readiness to take responsibility as well as self discipline were virtues fostered by the market.³ For many enlightened thinkers, the market was an essential sphere for understanding society’s capacity to organise itself. They viewed the market as an integral part

¹ Hirschman, Albert O.: The passions and the interests. Political arguments for capitalism before its triumph. Princeton, NJ 1977. Cf. Montesquieu, Charles Louis: Vom Geist der Gesetze, edited and introduced by Ernst Forsthoef. Tübingen 1951, pp. 2/3.

² Rothschild, Emma: Economic Sentiments. Adam Smith, Condorcet, and the Enlightenment. Cambridge and London 2001. Cf. Marquis de Condorcet: Entwurf einer historischen Darstellung der Fortschritte des menschlichen Geistes, edited by Wilhelm Alff. Frankfurt 1963, p. 257.

³ Cf. Hirschman, Albert O.: Entwicklung, Markt und Moral. Abweichende Betrachtungen. Munich/Vienna 1989, pp. 193-196; Alexander, Jeffrey C.: Introduction. Civil Society I, II, III: Constructing an Empirical Concept from Normative Controversies and Historical Transformations, in: idem (ed.), Real Civil Societies. Dilemmas of Institutionalization, London 1998, pp. 1-19, p. 3/4.

of civil society because it promoted the self-consciousness of its actors and their ability to organise autonomously.

If one examines the conceptualisations of civil society and the market in the second half of the 18th and early 19th century, it seems obvious, above all, that both deal with social inter-relations which are neither subject to an omnipotent state nor to feudal dependency. Furthermore, economic activities underwent a change in that fulfilling economic needs was no longer linked to the household (*oikos*). Hence, the former republican dichotomous view of society as located between *oikos* and *polis* was transformed into the trichotomy of a domestic sphere, the civil society, and the state.⁴ This is true for Adam Ferguson as well as Adam Smith, but also applies to David Hume's essay "Of Commerce" and Georg Wilhelm Friedrich Hegel's "Rechtsphilosophie" (Philosophy of Right). The same scientists who understood 'civil society' as an area between the state and the private sphere were prominent representatives of the modern discipline of 'political economy'.

For Adam Ferguson (1723-1815) economy and civil society were not the same because commerce was based on a civil society. Civil societies "habits, virtues and customs" are thus seen as a presupposition of every economic transaction because economic transaction requires a certain social cohesion. In this way then, in his "Essay on the History of Civil Society" (1767), civil society was seen as a moralist rebellion against the logic of individual interest, accumulation of property, corruption, and venality. Social cohesion and solidarity were constituted by values, and these values were constituted not mainly by the market but by a developed militant society. Only the militia integrates citizens into a "beloved community", thereby reducing the community's inner conflicts on the societal order. Hence, only this armed civil society constitutes the possibility for free and independent commerce.⁵

However, this discourse of the civil society as a distinct societal sphere ends with the 18th century, as Walter Euchner, Hans Medick, Albert O. Hirschman, Winfried Schulze and many other historians have shown.⁶

⁴ Hunt, Louis: Civil Society and the Idea of a Commercial Republic, in: Schechter, Michael G. (ed.): The Revival of Civil Society. Global and Comparative Perspectives. Houndsmills u.a. 1999, pp. 11-37, here pp. 16/17, 28.

⁵ Ferguson, Adam: An Essay on the History of Civil Society, ed. by Fania Oz-Salzberger. Cambridge 1995, p 21 (quotation). Cf. Robertson, John: The Scottish Enlightenment and the Militia Issue. Edinburgh 1985; Sher, Richard B.: Adam Ferguson, Adam Smith and the problem of National Defence, in: JMH 61, 1989, pp. 240-268; Mizuta, Hiroshi: Two Adams in the Scottish Enlightenment: Adam Smith and Adam Ferguson on progress, in: Studies on Voltaire and the Eighteenth Century 191, 1980, pp. 812-819.

⁶ Euchner, Walter: Egoismus und Gemeinwohl. Studien zur Geschichte der bürgerlichen Philosophie. Frankfurt 1973; Medick, Hans: Naturzustand und Naturgeschichte der bürgerlichen Gesellschaft. Die Ursprünge der bürgerlichen Sozialtheorie als Geschichtsphilosophie und Sozialwissenschaft bei Samuel Pufendorf, John Locke und Adam Smith. Göttingen 1981. Cf. Also Hirschman, Albert O.: Engagement und Enttäuschung. Über das Schwanken der Bürger zwischen Privatwohl und Gemeinwohl. Translated by Claus Offe. Frankfurt 1984;

Adam Smith (1723-1790) who does not distinguish between economy and civil society is the best example of this new trend. According to his “The Wealth of Nations” (1776) the “productive power of labour” supports the “richness” of a nation as well as the “refinement” and “improvement” of its citizens. Money and civility together produce the societal “wealth of the nation”. Knowledge, industriousness and ingenuity in economic life produces prestige, esteem and reputation. In this sense productive labour is a virtue in the social as well as in the economic sense. For Smith there is no difference between the happiness and richness of a commercialized nation. Markets organize reciprocal interactions, allow individuals to multiply their particular skills, and regularize their mutual dependence. Because of the division of labour people get assistance from others on the basis of mutual self-interest. When he argues that civil society – the self-interested realm of freedom, production and exchange – can correct itself, Adam Smith equates economy and civil society. Because for him, both follow to the same norms and logic.⁷

For David Hume (1711-1776) commerce and trade is the only way for the refinement of manners. Combined with a sharp polemic against the over-regulating state, Hume talks in his “Essays: Moral, Political, and Literary (Part II)” (1752) about the communicative nature of commerce and trade, which connects nations and regulates the “whole body of the people”.⁸

In this context, the values of freedom, individuality and independence played an prominent role within civil society as well as in the economy. Ironically however, the market as well as civil society showed their double-faced character in the fact that, on the one hand, both are grounded in independence and the voluntary activity of individuals while, on the other hand, freedom is only actualized in social relations and in exchange with others, thus creating the compulsory element of social mechanisms in modern societies. Georg Wilhelm Friedrich Hegel (1770-1831) considered the *konkrete Person* (concrete individual) and *Allgemeinheit* (universality) to be the decisive principles of civil society, and thought that the system of all-encompassing interrelations (“System allseitiger Abhängigkeit”) secured the survival and the welfare of the individual (“Subsistenz und das Wohl des Einzelnen”). In his “Philosophy of Right” (1821) he wrote: “In civil society, everyone is his own purpose, others are nothing for him. But without relating to others, he cannot reach his aims: these others, therefore, are the

Schulze, Winfried: Vom Gemeinnutz zum Eigennutz. Über den Normenwandel in der ständischen Gesellschaft der frühen Neuzeit, in: Historische Zeitschrift 243, 1986, pp. 591-626.

⁷ Smith, Adam: An Inquiry into the Nature and Causes of the Wealth of Nations, edited by Kathryn Sutherland. Oxford 1993.

⁸ Hume, David: Of Commerce, in: idem: Essays. Moral, Political and Literary. Indianapolis 1987, pp. 253-267; Hume, David: Of Money, in: ibid., pp. 281-294; Hume, David: Of Balance of Trade, in: ibid., pp. 308-326; Hume, David: Of Refinement in the Arts, in: ibid., pp. 268-280.

means to the purpose of the individual.”⁹ Thus, according to Hegel, it was not the classical republican appeal for general virtues but, instead, the coordination of individuals through their own interests that creates the glue of civil society. In this respect Hegel was clearly influenced by Adam Smith, who said that “sympathy”, which is none other than well-understood self-love (“wohlverstandene Eigenliebe”), produces the common good and holds the society together.¹⁰ For Smith and Hegel there is no dualism between solidarity and responsibility, and between autonomy and social order, between individuality and the common good. For Smith it is the utilitarian thinking of the people which produces inter-subjective understanding and, in the end, a social conscience.

Hegel – founder of the modern conceptualisation of civil society as a sphere of social interaction between the family and the state – underscored the structurally similar logic of civil society and the market model.¹¹ Strongly influenced by the tradition of Scottish thinkers of the Enlightenment,¹² Hegel promoted the idea that civil society and the market were melting together. In both spheres, the individual would learn the values of collective activity, social solidarity and the dependence of one’s own welfare on others. In his opinion, these mechanisms rather than a pre-established cosmos of values were responsible for the civil education of mankind. Thus, the social status and reputation, as well as the security and success of the individual in civil society and the market depended upon the opinions of others. Due to the social embeddedness of individuals, their activities neither in the market nor in civil society were absolutely free or independent. Instead they were virtually forced to develop their intelligence and considerateness in the search for security and social reputation.¹³

Hegel’s follower Karl Marx (1818-1883) and socialists of the 19th century took over this conceptualization in a critical way. In his “German Ideology” (1845), Marx wrote: “Civil society as such only develops with the bourgeoisie; the social organization evolving directly out of production and commerce, which in all ages forms the basis of the state and of the rest of the idealistic superstructure, has, however, always been designated by the same name.” For

⁹ Hegel, Georg Wilhelm Friedrich: *Grundlinien der Philosophie des Rechts oder Naturrecht und Staatswissenschaft im Grundrisse*. Vol 7 of the collected works, edited by Hermann Glockner. Stuttgart/Bad Cannstatt 1964, pp. 262/263.

¹⁰ Stecker, Christina: *Woher kommt die Solidarität? Zur Genese des Bürgersinns und Adam Smiths ‚moral sense‘*, in: Jessen, Ralph / Reichardt, Sven / Klein, Ansgar (eds.): *Zivilgesellschaft als Geschichte. Studien zum 19. und 20. Jahrhundert*. Wiesbaden 2004, pp. 115-134.

¹¹ Hegel, *Grundlinien der Philosophie des Rechts*, p. 271

¹² Waszek, Norbert: *The Scottish Enlightenment and Hegel’s Account of ‘Civil Society’*. Dordrecht 1988; Oz-Salzberger, Fania: *Translating the Enlightenment. Scottish Civic Discourse in Eighteenth-Century Germany*. Oxford 1995.

¹³ Honneth, Axel: *Leiden an Unbestimmtheit. Eine Reaktualisierung der Hegelschen Rechtsphilosophie*. Stuttgart 2001; Hunt, *Civil Society*, op. cit., pp. 15, 33.

Marx civil society was a sphere that was neither autonomous, nor independent, nor a distinctive realm of the social. Civil society was constituted by production, class, and their attendant social and political relations. The state, likewise, could also not be conceptualized apart from economic processes.¹⁴

Civil society is conceived as a social field in which socio-political antagonisms and moral norms are fought out in specific ways. Varying historically flexible norms resulted from this battle. This paper focuses on the degrees of restraint, adjustment, self-control and self-monitoring that individuals have been subjected to as the “other side” of individual freedom in civil society. The elements of enforcement and resistance are hereby intertwined. In civil society, the elements of power, communication and values are interconnected in a distinctive manner.¹⁵

Undoubtedly, there were also sceptics about the quality of the market in the 18th century. Jean-Jacques Rousseau, for instance, had already complained about the dissolution of morality and political values as disintegrating elements in 1750. He believed this was caused by impersonal relationships between selfish individuals in the “commercial society”.¹⁶ Already mentioned was the Scottish university teacher Adam Ferguson, who feared that human interests might be privatised and that the focus of individuals might be reduced to their own economic survival by the alliance of capitalist trade and political liberalism. Ferguson pointed to the potential risks of this development and argued that ‘purchasable minds’ were prone to ‘effeminacy’ as well as to ‘repression’ and ‘servility’.¹⁷ Even Adam Smith was afraid of the costs of the differentiation in modern society which unavoidably resulted from the developing capitalist economy. He feared that the “divided character of human beings” would increase at the expense of virtuous attitudes and “public-spiritedness”.¹⁸

¹⁴ Marx, Karl: *The German Ideology* [1845] Volume 5 of *Collected Works* (New York: International, 1975), p.89. Cf. Ehrenberg, John: *Civil Society. The Critical History of an Idea*. New York / London 1999, pp. 132-43.

¹⁵ Cf. Burchell, Graham: *Peculiar Interests. Civil Society and Governing the System of Natural Liberty*, in: Burchell, Graham / Gordon, Colin / Miller, Peter (eds.), *The Foucault Effect. Studies in Governmentality*, Hemel Hempstead 1991, pp. 119-150; Bröckling, Ulrich / Krasmann, Susanne / Lemke, Thomas (eds.): *Gouvernementalität der Gegenwart. Studien zur Ökonomisierung des Sozialen*. Frankfurt am Main 2000.

¹⁶ Rousseau, Jean-Jacques: *Über Kunst und Wissenschaft* [1750], in: idem: *Schriften zur Kulturkritik*. Eingeleitet, translated and edited by Kurt Weigand. *Über den Ursprung der Ungleichheit unter den Menschen*. 2nd edition Hamburg 1971, p. 35. Cf. also Locke, John: *Second Treatise on Government*, in: *Two Treatises on Government*, edited by Peter Laslett. New York 1960, p. 280.

¹⁷ Ferguson, Adam: *Versuch über die Geschichte der bürgerlichen Gesellschaft*, edited and introduced by Zwi Batscha and Hans Medick. Translated by Hans Medick. Frankfurt 1986, p. 440, 422.

¹⁸ Smith, Adam: *Letter to the Edinburgh Review* [1756], in: idem: *Essays on Philosophical Subjects*. Oxford 1980, pp. 250-254. Cf. McNally, David: *Political Economy and the Rise of Capitalism*. Berkeley et al. 1988, p. 153/154; Bohlender, Matthias: *Government, Commerce and Civil Society. Zur Genealogie der schottischen politischen Ökonomie*, in: Kaelble, Hartmut / Schriewer, Jürgen (eds.): *Gesellschaften im Vergleich. Forschungen aus Sozial- und Geisteswissenschaften*. Frankfurt am Main 1998, pp. 115-147, here p.145/146.

The number of voices sceptical about the results of increasing capitalism grew during the 19th century. During this century, many contemporaries viewed society as marked by growing social disorder and moral disorientation.¹⁹ Marxist as well as romantic and conservative critics observed a fundamental restructuring of society, developing alongside individuals' increased aspirations for economic personal benefit. An all-embracing 'market', they feared, would threaten existing social relations, culture and the political order. Traditional principles such as solidarity, justice and morality would wane under the primacy of personal benefit. Social life would be increasingly reduced to economic considerations. Market relations would become the overriding principle of life and 'interest' the central category of economic as well as political thinking. Trust, love, family and the value of the common welfare – all of these would disintegrate with capitalism.²⁰ Capitalism had been associated with inhuman instrumentalisation, dominance and exploitation. The 'market' became a target of critical reflection, and the concept of civil society simultaneously disappeared almost entirely from intellectual discussion.

How can we assess this shift in the appraisal of civil society and market society? What led to the increased criticism of trade and trading and of the free exchange of goods and of money? Why did people speak more about moral corruption and an egoistic market rather than individual responsibility and self discipline? What led them to fear that human relations would be viewed only with respect to personal economic benefit?

Of course, social misery, growing slums and the pauperisation of the masses were some reasons for a growing critique of ruthless profit-seeking. Take Germany in the early 1840s as an example. The public critique was bundled in the image of the moneybag ("Geldsack"). Around the time of the Weavers' Uprising in Silesia in 1844 early socialist as well as the conservative bourgeois press castigated the greed and inhumanity of the "factory owner". The bourgeois morality, which can be found in both, the novels and newspapers of the time, criticized the pure profit-orientation of the merchant, trader or entrepreneur. Arrogance, self-centredness and ostentation were criticized habits.

While, the conservative and liberal press did not doubt that an entrepreneur could be moral. They nevertheless criticised entrepreneurs who tried to attain the state of the noble man with all its luxury. In short, they criticised their craving for social prestige. The press also

¹⁹ Fukuyama, Francis: *Der große Aufbruch. Wie unsere Gesellschaft eine neue Ordnung erfindet*. Vienna 2000, p. 348.

²⁰ Polanyi, Karl: *The Great Transformation. Politische und ökonomische Ursprünge von Gesellschaften und Wirtschaftssystemen* [1944]. Frankfurt 1978. For the biography of Polanyi: Baum, Gregory: *Karl Polanyi on Ethics and Economics*. Montreal 1996; McRobbie, Kenneth/Polanyi-Levitt, Kari (eds.): *Karl Polanyi in Vienna. The contemporary significance of The great transformation*. Montreal 2000.

constructed a connection between limitless purchasing power and greedy sexual desires. They feared that money would become a substitute for religion and denounced profit-orientated thinking devoid of human qualities. In May 1847, Prince Lichnowsky, a conservative member of the Prussian parliament, criticized the “factory owner” a “predator who only consumes and produces nothing”. He considered them mere “sad vampires” only interested in a downward pressure on wages.

A catalogue of certain entrepreneurial virtues emerged during the first half of the 19th century: an entrepreneur has to be an independent, self-controlled and moderate man, who is oriented towards the social welfare of dependents in the home, family and factory.²¹ Industrial paternalism was a typical and very successful expression of this codex. It entailed close and personal connection to the enterprise, an inverse loyalty of the workers to their employer, and the entrepreneurs fostering of the welfare of ‘his’ workers. All this fostered the social norm through strengthening the bond between the company and the entrepreneur and thus the entrepreneurs moral education of ‘his’ workers. However paternalism was more than just a management strategy. It constituted a moral ideal that has its own ethical-religious roots and motifs. It was also grounded in certain bourgeois values such as the traditional model of the bourgeois family father, who loved and thus cared for his children (cf. Alfred Krupp).²²

But even if paternalism meant that entrepreneur and workers shared a commitment to their company and certain common interests and assumptions about their work and lives – this corporate idea of solidarity was characterized by a relentless tension between the representation of this early form of corporate culture and certain hierarchical practices. This mixture of welfare measures and authoritarian repression was a modern response to modern problems of industrial society, such as the fluctuation and heterogeneity of the working-class and the lack of homes and qualified workers. Problems of discipline, motivation and identification were considered a consequence of such problems.

²¹ von Hodenberg, Christina: Der Fluch des Geldsacks. Der Aufstieg des Industriellen als Herausforderung bürgerlicher Werte, in: Hettling, Manfred / Hoffmann, Stefan-Ludwig (eds.): Der bürgerliche Werthimmel. Innenansichten des 19. Jahrhunderts. Göttingen 2000, S. 79-104. Lichnowsky quotation idem, p. 98. A similar complaint by Johannes Scheer from 1852, a conservative member of the parliament in Baden-Württemberg, is quoted in: Siemann, Wolfram: Gesellschaft im Aufbruch. Deutschland 1849-1871. Frankfurt 1990, pp.89/90.

²² Berghoff, Hartmut: Unternehmenskultur und Herrschaftstechnik. Industrieller Paternalismus: Hohner von 1857 bis 1918, in: Geschichte und Gesellschaft 23, 1997, pp. 167-204; Reid, D.: Industrial Paternalism: Discourse and Practice in Nineteenth-Century French Mining and Metallurgy, in: Comparative Studies in Society and History 27, 1985, pp. 579-592; Kocka, Jürgen: Arbeitsverhältnisse und Arbeiterexistenzen. Grundlagen der Klassenbildung im 19. Jahrhundert. Bonn 1990, pp. 127/128, 426-431, 498-501; Smith, D.: Paternalism, craft and organizational rationality 1830-1930: an exploratory model, in: Urban History 19, 1992, pp. 211-228; Michel, J.: Bergarbeiter-Kommunen und Patriarchalismus in Westeuropa vor 1914, in: Tenfelde, Klaus (ed.): Sozialgeschichte des Bergbaus im 19. und 20. Jahrhundert. Munich 1992, pp. 58-84; Welskopp, Thomas: Betriebliche Sozialpolitik im 19. und 20. Jahrhundert. Eine Diskussion neuerer Forschungen und Konzepte und eine Branchenanalyse der deutschen und amerikanischen Eisen- und Stahlindustrie von den 1870er bis zu den 1930er Jahren, in: Archiv für Sozialgeschichte 34, 1994, pp. 333-374.

Historicising the concept “civil society”

The contemporary revival and re-discovery of the concept of “corporate civil society” is understandable only by analyzing the history and development of similar conceptualizations and values and by understanding the different strategies of their use. “If we wish to continue to use the concept of civil society, we must situate it in some definite tradition of use that gives it a place and a meaning”, Krishan Kumar argues.²³ Thus, the flexibility and variety of the concept of ‘civil society’ should be taken seriously and shifted to the centre of analysis. Civil society should be understood not as a static but rather as a flexible concept with changing connotations, groups of supporters, agents and opponents. It is important for an (historical-empirical) analysis to historicise the concept of civil society and to incorporate the *normative preferences of historical actors* into the definition. By reflecting upon the historic semantics of civil society, the “subjective dimension of civil society” (Jeffrey Alexander) and the related ‘symbolic codes’ come to light.²⁴ The question is therefore not so much whether it is scientifically correct to incorporate the economy into the civil society, but the when and why of the shifting boundaries.

In this way it is also necessary to likewise historicise and reconstruct the historical meaning of the terms ‘trust’ and ‘social capital’. We have to clarify how historical actors define and circumscribe these terms as elements of economic life – beginning with the scripts and texts of the *Nationalökonomien* (“national economists”) such as Gustav Schmoller or Werner Sombart, who considered economic ethics and manners crucial factors for economic life. Another way would be to study the development of normative/judicial texts, such as, for example, the good-faith-formula in liability-contracts. As far as the behaviour of entrepreneurs is concerned, one ought to study the history and development of the successful image of the ‘honourable or respectable merchant’. The concept ‘honourable merchant’ comes from “giving credit” (“Creditieren“) in the eighteenth century. “Giving credit” means not only to give somebody money or material goods. “Giving credit“ also means to view someone as an „honourable merchant“ who is trustworthy and has the merit of social

²³ Kumar, Krishan: Civil Society. An Inquiry into the Usefulness of an Historical Term, in: British Journal of Sociology 44, 1993, pp. 375-395, here p. 390. Cf. Reichardt, Sven: Civil Society – A Concept for Comparative Historical Research, in: Zimmer, Annette / Priller, Eckhard (eds.): The Future of Civil Society in Central Europe. Making Central European Non-Profit Organizations Work. Wiesbaden 2004, pp. 35-55.

²⁴ Alexander, Jeffrey C.: Introduction. Civil Society I, II, III: Constructing an Empirical Concept from Normative Controversies and Historical Transformations, in: idem (ed.), Real Civil Societies. Dilemmas of Institutionalization, London 1998, pp. 1-19, p. 3/4.

reputation.²⁵ These examples serve to substantiate the need to reconstruct the cultural scripts, symbols and classification systems in economy.

Proceeding in this manner thus entails shifting our focus from the economical question of how efficient trust is for successful economic activities to the cultural dimension of values.²⁶ ‘Trust’ and ‘social capital’ should be first decoded as a cultural script and classification system in addition to decoding them solely as economical resources for efficient trading activities (see the debate about minimization of transaction costs, time-saving effects etc.).²⁷ At issue then is the way in which ‘trust’ and ‘social capital’, as a constructed socio-cultural resources, is subject to change by its use in economic life in a specific historical contexts. Thus, the question is not how efficient trust can be in economical practices, but – from a historical point of view – how the terms of trust and efficiency²⁸ become socially accepted and which emotional elements were attributed to an orientation along these values. The aim being the identification of processes relating to value *settings* and to ask how and where specific structures of social relevance were created.²⁹

Some concluding observations

By looking back at the history of the concept ‘civil society’ we can observe some similarities between its contemporary use in western companies and its original use by the Scottish enlighteners. It is nowadays chic to talk about corporate citizenship, corporate giving,

²⁵ Gorißen, Stefan: Der Preis des Vertrauens. Unsicherheit, Institutionen und Rationalität im vorindustriellen Fernhandel, in: Frevert, Ute (ed.): Vertrauen. Historische Annäherungen. Göttingen 2003, pp. 90-118; Gorißen, Stefan: Vom Handelshaus zum Unternehmen. Sozialgeschichte der Firma Harkort 1720-1820. Göttingen 2002.

²⁶ This part follows the motto: Do not ask what civil society can do for the economy, ask what the economy can do for the civil society.

²⁷ Beckert, Jens: Von Fröschen, Unternehmensstrategien und anderen Totems. Die soziologische Herausforderung der ökonomischen Institutionenökonomie?, in: Maurer, Andrea / Schmid, Michael (eds.): Zur soziologischen Erklärung von Organisation, Moral und Vertrauen. Frankfurt 2002, pp. 133-148, here p. 133. In accordance with Jeffrey Alexander, I do not argue that the ideas about ‘trust’ have been invented by economical practices in the market, but rather that the market established a new specification and institutionalisation of trust (Alexander, Introduction, pp. 6/7). For the new institutionalist economy see only: North, Douglass (ed.): Theorie des institutionellen Wandels. Eine neue Sicht der Wirtschaftsgeschichte. Tübingen 1988; Williamson, Oliver E.: Die ökonomischen Institutionen des Kapitalismus. Unternehmen, Märkte, Kooperationen. Tübingen 1990; Feldmann, Horst: Eine institutionalistische Revolution? Zur dogmenhistorischen Bedeutung der modernen Institutionenökonomik. Berlin 1995; Richter, Rudolf/Furubotn, Eirik G.: Neue Institutionenökonomik. Eine Einführung und kritische Würdigung. Second edition Tübingen 1999; Hesse, Jan-Otmar / Kleinschmidt, Christian / Lauschke, Karl (eds.): Kulturalismus, Neue Institutionenökonomik oder Theorienvielfalt. Eine Zwischenbilanz der Unternehmensgeschichte. Essen 2002; Berghoff, Hartmut: Transaktionskosten: Generalschlüssel zum Verständnis langfristiger Unternehmensentwicklung? Zum Verhältnis von Neuer Institutionenökonomie und moderner Unternehmensgeschichte, in: Jahrbuch für Wirtschaftsgeschichte 1999, vol. 2, pp. 159-176.

²⁸ Cf. Beckert, Jens: Grenzen des Marktes. Die sozialen Grundlagen wirtschaftlicher Effizienz. Frankfurt am Main and New York 1997.

²⁹ Cf. for a similar sociological plea: Fevre, Ralph: Socializing Social Capital: Identity, the Transition to Work, and Economic Development, in: Baron, Stephen / Field, John / Schuller, Tom (eds.): Social Capital. Critical Perspectives. Oxford 2000, pp.94-110.

corporate volunteering, responsible entrepreneurs and the enormous value of trust in economic relations. Entrepreneurs are talking about social capital as an important precondition for an effective and sustainable market economy. In doing so, they see a close affinity between a strong civil society and modern capitalism. In this discussion it is not however clarified whether corporate culture and corporate citizenship are build primarily on sectional or extensive social capital, whether based more on hierarchical and strong ties than on egalitarian social relations with weak ties, or if BINGO's produce more "bonding" than "bridging" social capital.³⁰ The same can be said about trade-relations because not every trade or economic interaction has positive effects. To make the point one need only consider the market for the roughly twenty million african slaves from the 15th til the 19th century or the grey or black markets for child prostitution, drugs or weapons. Through these markets may strengthen internal ties and mutual trust they had long lasting and far reaching decivilizing effects on the whole society.

As Simon Szreter has shown for England from the mid 18th to the mid 19th century: the same networks of non-noble, highly communicative, polite and commercial people perceiving themselves to be representative of the interests of "the public" during the 18th century became a problem in the 1840s and 1850s. The multiplicity of congregational networks which had provided the local, small-scale social capital for early industrial enterprise to prosper now became something of a barrier to the wider alliances which were required to find the political will to invest in heavily stressed urban environment (high death rates, a failing public health system, income inequality). As Szreter said about the Victorian bourgeoisie: "Small-scale, localized networks and social capital had been sufficient to empower Britain's home-made early industrialization of the eighteenth century; but there was a failure in the first half of the nineteenth century to 'scale up' and to promote extensive social capital on a cross-class, national basis". It took at least 10-20 years till the more hard-nosed businessman and the new urban patricians, "inspired by a mix of religious and political, high-minded and venal

³⁰ For the literature on social capital see: Lin, Nan: *Social Capital. A Theory of Social Structure and Action*. Cambridge 2001; Putnam, Robert: *Bowling alone. The Collapse and Revival of American Community*. New York u.a.2000, here pp. 22-24, 362/363; Woolcock, Michael/Narayan, Deepa: *Social Capital: Implications for Development Theory, Research, and Policy*, in: *World Bank Research Observer* 15, 2000, Nr. 2, S.225-249; Rotberg, Robert I. (ed.): *Patterns of Social Capital. Stability and Change in Historical Perspective*. Cambridge 2001; Baron, Stephen / Field, John / Schuller, Tom (eds.): *Social Capital. Critical Perspectives*. Oxford 2000; Hooghe, Marc / Stolle, Dietlind (eds.): *Generating Social Capital. Civil Society and Institutions in Comparative Perspective*. New York 2003.

motives”, spent increasing amounts of capital on their environments and local social and health services.³¹

The concept of ‘civil society’ was developed during the 18th century by the same scientists and politicians who were prominent representatives of the modern discipline of ‘political economy’. It is crucial to note that this is not accidental. In this context, the values of freedom, individuality, independence and trust played a prominent role within civil society as well as in the economy. The terms ‘market’ and ‘civil society’ are based on independence and voluntary activity and this liberty expressed itself in the interchange with other individuals. ‘Market’ and ‘civil society’ can insofar be understood as terms that advocate “governing by the interests and opinions of the people” (Adam Smith).³²

Looking back to the origins of the concept civil society reveals a deeply liberal concept. Yet privatisation, deregulation, liberalisation and self-organisation are also central elements of our neoliberal economy. It is paradoxical that some entrepreneurs want to cure economic neo-liberalism with a liberal concept. Both neo-liberal economy and civil society can be seen as technologies of the Self, as strategies for a new way to govern in which everybody is free to govern himself. These can be seen as a new form of government by governmentality. This complex technology of power is not only repressive, but demands and promotes people through a “regime of rationality” (Foucault’s “régimé de rationalité”). These processes of identity-construction fail to distinguish subjectivity and submission, that is between force and consensus.³³

To conclude, the Scottish enlightened fathers combined capitalism and civil society and saw it as part of the same social sphere. They constructed a paradoxical modern Self, which is at the same time an egoistic and responsible social being. This construction was directed against a clientelistic nobility as well as against a power-ridden absolutist state. Today it is directed against a strong welfare state as well as against fragmented identities in a “liquid” (post-) modernity.³⁴ This is why we have no reason to romanticize civil society as a realm of harmony, dialogue immune to the taint of power, reciprocal understanding, or consensus. Rather it is a sphere in which man struggles for norms and values, for achieving power by cultural hegemony and for setting standards of rationality.

³¹ Szreter, Simon: Social Capital, the Economy, and Education in Historical Perspective, in: Baron, Stephen / Field, John / Schuller, Tom (eds.): Social Capital. Critical Perspectives. Oxford 2000, pp. 56-77, here pp.69-76, quotation p. 72 and 73.

³² Quotation in: Bohlender, Government, p. 147.

³³ Foucault, Michel: On governmentality, in: Ideology and consciousness 6, 1979, pp. 5-22. Cf. Lemke, Thomas: Governance, Gouvernementalität und die Dezentrierung der Ökonomie, in: IWK-Mitteilung 56, 2001, pp.25-29, here pp. 26/27. See also: Lemke, Thomas: „Die Ungleichheit ist für alle gleich“ – Michel Foucaults Analyse der Gouvernementalität, in: 1999 16, 2001, pp. 99-115.

³⁴ Bauman, Zygmunt: Liquid modernity. Cambridge 2000.