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## POLITICAL ECONOMY OF CIVIL SOCIETY

Adrian Pabst

### *1. Introduction*

Political economy concerns both the economic arrangements of the polity and the political arrangements of the economy (see Chapter I of this *Handbook*). This characteristic is constitutive of political economy as a science of both practical reasoning and theoretical reflection (see Chapter by Roberto Scazzieri in this *Handbook*), and it raises fundamental questions about the place of civil society. Is civil society a third domain alongside the polity and the economy? If so, are these three domains composed respectively of the institutions of the state, the market and civic associations? And if that is the case, does it follow that the state deals primarily with the public sector, the market with the private sector and civil society with the social sector? According to such a tripartite division, what would be a political economy of civil society? Or is society more primary than the polity and the economy? In such a configuration, do intermediary institutions embed state and market in the social relations of civil society? If so, what are the implications for the interaction between instrumental and non-instrumental activities, as well as intended and unintended outcomes. Connected with these questions are anthropological issues of the social nature of humankind and the conditions of sociability in relation to political and economic arrangements.

In the history of modern political and economic thought, four models of political economy and civil society can be distinguished (cf. Taylor, 1990; Cohen and Arato, 1992; Ehrenberg, 1999). First of all, the primacy of the state over civil society and the notion of an inherently adversarial sociability either prior to, or after, the establishment of state sovereignty, which can be found in the writings of thinkers as diverse as Machiavelli (1988; 1996), Hobbes (1960), Rousseau (1997), Kant (1991; 1996) and Hegel (1991). Second, the primacy of the market over civil society and the notion of a contractually based society of private individuals

interconnected primarily through market exchanges, as inherited from Locke (1988) and the writings of Hamilton, Madison and Jay (2003) on America's 'commercial republic'.

Third, the primacy of civil society over the 'invisible hand' of the market and the 'visible hand' of the state where civil society describes a domain of social connectivity characterised by mutual mirroring and affective dispositions. This is linked to the notion of pre-rational moral sentiments in establishing the division of labour and a commercial society according to the tradition of the Scottish Enlightenment, notably the work of Adam Ferguson (1995) and Adam Smith (1978; 1991; 2000). Fourth, the primacy of civil life over the polity and the economy and the notion of embedding economic activity and social behaviour in the practice of civic virtue rather than purely based on rules, rights and contracts. Key to this model is the principle of association and the centrality of intermediary institutions in limiting both state and market power. Elements of this conception of civil society can be found in the works of thinkers like Baron de Montesquieu, Benjamin Constant, François Guizot, Alexis de Tocqueville in France, Johann Georg Hamann, Friedrich Heinrich Jacobi and the early Romantics in Germany, Edmund Burke, T.H. Green and L.T. Hobhouse in England or, before both these groups, the leading lights of the Neapolitan Enlightenment – in particular Paolo Mattia Doria (1729; 1740) and Antonio Genovesi (2013) who developed certain ancient, medieval and Renaissance ideas.

More recently in intellectual history, the concept of civil society has been associated with a domain of social relationships sharply distinguished from that of state and market (cf. Keane, 1988; Seligman, 1992; Kumar, 1993; Becker, 1994; Castiglione, 1994; Hall, 1995a; Neocleous, 1995; Walzer, 1995). For example, Shils (1994: 4) defines the domain of civil society as follows:

[a] civil society is a society of civility in the conduct of the members of the society towards each other. Civility enters into conduct between individuals and between individuals and the state; it regulates the conduct of individuals towards

society. It likewise regulates the relations of collectivities towards each other, the relations between collectivities and the state and the relations of individuals within the state.

This signals a conceptual shift away from the embeddedness of the polity and the economy in society towards the disembedding of the market from social relations and the embedding of social relations in economic transactions (Polanyi, 2001 [1944]). Such a double movement has created the conditions for civil society to be divorced from politics and the economy and even subordinated to the twin power of state and market institutions (e.g. Putnam, 1993 and 2000; Skocpol 1999 and 2003). Therefore the question that arises anew is about the political economy *of* civil society (cf. Pabst and Scazzieri, 2012).

The aim of this chapter is to explore this question by focusing on three distinct yet related dimensions: (1) the conceptual history of civil society in relation to political economy; (2) the theory underpinning a political economy of civil society; (3) the implications of a political economy of civil society for policy. To address these three dimensions, section 2 provides a broad genealogical account that focuses on the idea of natural sociability in ancient and medieval conceptions of civil society, before section 3 provides a typology of the above-mentioned four modern models that either rest on the idea of artificial sociability or renew the older notion of natural sociability. Section 4 turns to the theory of the political economy of civil society and different conceptions of social connections that rest on a particular constellation of interests and a set of institutional arrangements, which involve both cooperation and conflict as well as an overarching constitutional framework. Section 5 outlines a series of implications for policy-making that reflect the primacy of civil life and intermediary institutions over state and market and the embedding in social relations of formal, procedural standards which are connected with state law and economic contract. The

central idea linking all five sections is the distinction between natural and artificial sociability in relation to the polity, society and the economy.

## 2. *Natural sociability: polity, society and economy*

### 2.1. The heritage of Plato and Aristotle

Common to ancient Greece and Rome was the idea that civil society is primarily political but also involves the economic conditions of life in the polity. Unlike modern conceptions of political economy in terms of state and market, Greek and Roman Antiquity focused on the notion of human association – from the family (*oikos* or *familia*) via the city (*polis* or *civitas*) to the whole world (*cosmos* or *universum*). Just as the family and the entire private sphere is ultimately subordinated to the needs of the polity, so too the household is part of its foundation insofar as it rests on a division of labour that is based on different aptitudes and roles in satisfying the hierarchically ordered interests and needs of its members. Every level of association depends for its balanced harmony on whether each constituent element discharges its functions and whether relationships between all the elements are reciprocal.

Plato defines such a harmonious ordering of the polity as justice, saying that “the unjust are incapable of common action” (*Republic* Book I, 352B; Plato, 1937: 618). The principle of justice governs not just the polity but also civil society and the economy, which it encompasses. Linking them together is the priority of the common good over private interest, whether individual or oligarchic. The problem with private interest is that it reflects subjective appetites of ambition, greed, rivalry and conflict that external sanctions are unable to regulate, never mind ordain towards the wellbeing of all. For this reason, Plato emphasises the importance of shared ends such as the public good in the economy, society and polity all at once. His search for unity reflects the idea that these three domains are bound together under the authority of universal goodness and that civil society – the realm of the household and the economy – is embedded in the polity. The latter is not synonymous with the state because the

polity itself is plural and composed of different bodies and their members whose diverse talents provide the basis for the division of labour.

As he writes in Book VII of the *Republic*, any autonomy of the person and the household is subordinate to the interest of the commonwealth:

the law is not concerned to make any one class specially happy, but to ensure the welfare of the commonwealth as a whole. By persuasion or constraint it will unite the citizens in harmony, making them share whatever benefits each class can contribute to the common good; and its purpose in forming men of that spirit was not that each should be left to go his own way, but that they should be instrumental in binding the community into one (*Republic* Book I, 519E – 520A; Plato, 1937: 778 [translation modified])

The point about Plato's conception of civil society is that it includes reflections on the economic conditions of life in the polity, which is not primarily ruled by law and contract but by an orientation towards the good itself upheld by the philosopher-king and the new class of guardians.

Like his teacher Plato, Aristotle also emphasised the primacy of the polity over civil society and the economy, which rest on a division of labour that is based on different aptitudes. As Ehrenberg (1999: 10) argues, "Aristotle shared Plato's understanding that human bonds are rooted in material need and that the division of labor rests at the heart of civil society". And like Plato, Aristotle views the polity in terms of an association governed by the common good:

Every polis or state is a species of association and all associations are instituted for the purpose of attaining some good – for all men do all their acts with view to achieving something which is, in their view, a good. We may therefore hold [...] that all associations aim at some good; [...] the particular association which is the most sovereign of all, and includes all the rest, will pursue this aim most, and will

thus be directed to the most sovereign of all goods. This most sovereign, and inclusive association is the polis, as it is called, or the political association (*koinonìa politikè*) (Politics 1252<sup>a</sup>1-6; Aristotle, 1984b: 1986).

Aristotle's conception of civil society is grounded in the family, which is the most basic social and economic unit – the first locus of a fundamental division of labour that is the heart of the entire economy. The family or household is constituted by three sets of hierarchical relations that also involve a measure of reciprocity: master and slave, husband and wife, as well as parents and children. The art of managing the household, *oikonomia*, is a complex network of individual necessity and mutual dependence that serve both a material and a moral purpose – ensuring the basic needs of persons and contributing to the formation of character through the exercise of authority and the instilling of ethos based on the practice of virtue. This, in turn, helps to make a contribution to the welfare of the city as a whole. For Aristotle, the household is therefore the first rung in an upward spiral of interwoven associations that encompass villages, the city and ultimately the *cosmos*. Each subsidiary sphere has its own internal end or finality, and that of the family together with the village is to ensure the material conditions of life in the *polis*.

Building on Plato, Aristotle views human happiness (*eudaimonia*) as the ultimate end of each association and by happiness he means a combination of individual fulfilment and mutual flourishing. The first condition for happiness is to achieve as much as possible material subsistence or autarchy, and the family as the most primary productive unit is an association wherein production is for use and all the fruits of production are shared in common. Whatever surplus is generated leads to exchange at the level of the village and the polis. The question that Aristotle raises is about the end or finality of commerce: does it serve the goal of subsistence in the sense of meeting the needs of the household, village and city? Or does it serve the goal of accumulating profit, which undermines the conditions of both material life in civil society and ethical life in the *polis*?

Money, as Aristotle foresaw, can be either a medium of exchange that facilitates the satisfaction of needs or it can be an instrument of accumulating abstract wealth that reinforces the human disposition towards vice, such as ambition, greed or conflict. The reason is that the 'art of acquisition' makes money the overriding aim and produces abstract wealth – in the form of profit or usury – that goes against the natural order of things precisely because it elevates private desire above the public good and is thus at the expense of fellow citizens – subjecting the other subsidiary spheres to a logic that is external to them and totalising.

On this basis, Aristotle distinguishes between two rival conceptions of civil society: either a civil society that embeds the economy and directs production, exchange and wealth towards the good life in the city, or a civil society wherein the pursuit of wealth for its own sake is now the goal of economic activity and the economy is uprooted from both civil society and the polity. The former conception views the economy as socially embedded and politically organised, whereas the latter sees it as socially disembedded and politically unconstrained. Key to Aristotle's account of the political economy of civil society is the irreducible plurality of the *polis* and the overarching unity of the common good: "But a *polis* is composite, like any other whole made up of many parts" (*Politics*, 1274<sup>b</sup>39-41; Aristotle, 1984: 2023). Such a plurally composed city, which is made up of subsidiary spheres that rest on a division of labour and relations of both individual necessity and mutual dependence, requires a mixed constitution if it is to provide the conditions for a good life whereby citizens can share in universal goodness: "governments [i.e. constitutions] which have a regard to the common interest are constituted in accordance with strict principles of justice, and are therefore true forms; but those which regard only the interest of the rulers are all defective and perverted forms, for they are despotic, whereas a state is a community of freemen" (*Politics*, 1279<sup>a</sup>17-21; Aristotle 1984: 2030).

Whereas Plato relied on the idea of a philosopher-king and guardians, Aristotle accentuated the role of citizens (restricted to adult males of a certain class) and the importance of



constitutionally recognised bodies, which foreshadow the emphasis on intermediary institutions in ancient Rome and later the Middle Ages. Other conditions for the good life that encourages virtue and mitigates vice is a set of political institutions that can limit greed and avarice: “The most important rule of all, in all types of constitution, is that provision should be made – not only by law, but also by the *general system of the economy* – to prevent the magistrates from being able to use their office for their own gain” (*Politics*, 1308<sup>b</sup>32-33; Aristotle 1984: 2078 [translation modified]). In short, Aristotle developed an account of civil society with a material basis (grounded in the division of labour at the heart of the household) and an internal differentiation between different subsidiary spheres that are held together by an outlook towards the good life, i.e. a non-instrumental end that can orientate private interest towards the common public good. As Cohen and Arato (1992: 84) write

*Politike koinonia* was defined as a public ethical-political community of free and equal citizens under a legally defined system or rule. Law itself, however, was seen as the expression of an ethos, a common set of norms and values, defining not only political procedures but also a substantive form of life based on a developed catalogue of preferred virtues and forms of interaction.

## 2.2. The Stoic legacy

Ancient Roman thinkers were divided on the centrality of civil society. Whereas the Epicureans and Cynics argues for a withdrawal from the world to a private sphere of resignation and self-sufficiency, some Stoics like Seneca and later Cicero shifted the focus back on the social nature of humankind and the need for civil associations that ultimately form a worldwide civic community (*cosmopolis*) based on universal citizenship – beyond the traditional bonds within the family and tribe, in particular overcoming the exclusion of women, slaves, children, resident aliens and foreigners (as in Plato and Aristotle). Ancient Roman philosophers shared with ancient Greek philosophers the idea that the human

condition is one of reason and life in society based on forming associations. These associations are founded upon a natural division of labour and, in turn, provide the material basis for life in the *civitas*. As Cicero writes, the *res publica* represents “an assemblage of people in large numbers in an agreement with respect to justice and a partnership for the common good” (Cicero, 1988: 65). Civil society combines both the economy and the polity that together make a civilisation and an empire possible, governed as they are by the principle of justice in the sense of pursuing universal goodness – not merely individual happiness understood as private interest or utility.

One key difference with ancient Greece is the ancient Roman emphasis on personal property and autonomous civic bodies. Private property was seen as a protection against arbitrary state power and also against excessive greed and corruption because for Cicero wealth beyond a certain level undermines the social purpose of the economy. Since the innate sociability and the capacity for reason that characterise humankind are insufficient to guarantee resilient social bonds and a balance between liberty and solidarity, Cicero also argued for self-governing civic associations in the form of colleges and fraternities which differ not just from blood ties of family and kinship but also from the more formal ties of citizenship and nationhood (Black, 1984; Pabst, 2013).

Like Plato and Aristotle, Cicero warned about the pursuit of individual interest in the private sphere as a threat to the mutual flourishing of all in the *civitas*. Money and wealth are only conducive for the wellbeing of the commonwealth insofar as they are inscribed in both civic and political institutions – otherwise they end up subordinating other spheres to the logic of personal benefit and utility and thereby destroy civil society:

To profit from another’s loss – is more unnatural than death, or destitution, or pain, or any other physical or external blow. To begin with, this strikes at the root of human society and fellowship. For if we each of us propose to rob or injure one another for our personal gain, then we are clearly going to demolish what is more

emphatically nature's creation than anything else in the whole world: namely, the link that unites every human being with every other [...] a general seizure and appropriation of other people's property would cause the collapse of the human community, the brotherhood of man (Cicero, 1991: 166-7).

Cicero's critique of both rapacious exploitation and state capture of private property underscores the centrality of a mixed constitution to balance different interests and direct them to the common good while also balancing liberty with solidarity or fellowship. A mixed constitution concerns not just the *res publica* but also the *societas civilis* – the set of social ties and civic bonds without which any commonwealth (itself the fusion of the polity with the economy and civil society) collapses.

Crucially, for Cicero – like for Plato and Aristotle – civil society is a natural institution just because human beings are by nature relational beings, and the city (*polis* or *civitas*) is the highest association governed by the principle justice and an outlook on the common good. In short, the classical conception of civil society encompasses political economy: it starts with a general account of human sociability in which natural dispositions and affections within groups of kins are the ultimate foundation of more extensive bonds within the city and beyond it, and it extends the division of labour at the heart of the household to other associations. Relational patterns and social connections are thereby intertwined with ties that constitute political association, such that each mirrors and strengthens the other in mutually reinforcing ways. In this manner, the economy is inscribed in the social order of civil society and the political order of the polity.

However, in both the Greek and the Roman case, the mixed constitution and the embedded economy failed to prevent a slide into oligarchy and tyranny. Amid exploitation and imperial expansion, the political order that bound together civil society with the economy ultimately collapsed but it bequeathed a sense of civic association, citizenship and a private sphere (as a correlate to *polis* or *res publica*) composed of family, property, interests and rights. This

sphere was distinct but not separate from *societas civilis* as the realm of reason, justice and participation in the common good – a politically organised community that encompassed the economy to secure the material basis of civilisation.

### 2.3. The medieval inheritance

Christianity took up and developed this conception in two directions. First of all, Church Fathers and Doctors like Augustine of Hippo and Thomas Aquinas emphasised the importance of linking the reciprocal relations of justice to the universal common good of God – a good that is personal, relational and embodies the highest form of association. Without such conception of justice states are but band of robbers and emperors little more than pirates. Only a universal brotherhood and sisterhood above the confines of the household and the state could direct human desire towards a proper balance between individual interest (self-love) and the mutual flourishing (love of others). Just as civil society can be dominated by human sin and vice, so too a mixed constitution involving the *oikos*, the *polis* and the *ecclesia* can provide reconciliation and a mutual regard for goodness, beauty and truth. The earthly city is a necessary but insufficient condition for the right ordering of human desire, and so the city of God foreshadowed by the Church provides a space for association beyond the pursuit of either power or wealth or both at once (Augustine, 1998).

What patristic and medieval Christianity sought to theorise is to embed both the economy and civil society in a wider order composed not only of the public political realm and the private sphere but also of a universal civic commonwealth beyond the divisions of class and colour. Central to this commonwealth was the Church as a community that limits the power of state and market precisely by guaranteeing a space between the individual person and secular authority wherein people associated around shared ends (Aquinas, 2007: 4-18, 78-85 and 202-206). This space encompassed a wide array of different intermediary institutions with a diversity of internal goods – from monastic chapters and Church orders via trading guilds and

corporations to universities and communal and civic councils (Black, 1984; Pabst, 2013). As Cohen and Arato (1992: 85) suggest,

the feudal order of fragmented sovereign units, patrimonial rulers, corporate bodies, towns, etc., as well as medieval kingship and empire, all came to be described in different sources as *societas civilis sive res publica* [...]. Unnoticed, this usage introduced a level of pluralization into the concept that could now hardly be unified under the idea of an organized collective body, the notion of *res publica Christiana* notwithstanding.

In other words, civic relations under the auspices of citizenship is compatible with a variety of alternative, and sometimes mutually exclusive, memberships within a plural polity that is characterised by a complex space of diffuse sovereign power. It is also be compatible with non-political connections, including hybrid economic and social relations (such as membership in guilds), across any strict divide between the civic and the political.

The second direction developed by Christianity concerned questions of ultimate authority over the 'secular' sphere of civil society (cf. Tierney, 1964). Whereas Augustine and Aquinas argued for a balance between political and ecclesial authority based on the idea that man is a social being with an immanent and a transcendent outlook, Marsilius of Padua and William of Ockham emphasised the rupture between general sociability and political association, the artificial character of the body politic, and the absolute (unconstrained) character of political authority over civil society. For Marsilius and Ockham, the emperor rules over the entire temporal sphere, and the common good which he has the obligation to defend tends to serve the interests of the state against the transnational papacy and the national church. The reason is that church authority comes from Christ and his apostles who all refused to have any civil jurisdiction or political power. As such, the church has no legitimate temporal power in her own right and whenever the pope or the clergy exercise temporal jurisdiction, they can only do so by the will of the people (Marsilius, 1967; Ockham, 1952).

Whereas Augustine and Aquinas developed a more mediated account of papal *plenitudo potestatis* in the political sphere, Marsilius and Ockham equated the temporal sphere with coercive jurisdiction which is a monopoly of the state. As a result, state sovereignty is now absolute, while at the same time markets become progressively less embedded in the relations of civil society. As Coleman (1999: 48, 50) concludes, the consequence is that

secular politics not only has its own process of self-correction, but that it is independent of ecclesial power [...]. Because the temporal sphere is imperfect, he [Ockham] argued that secular sovereignty, once established, could be legitimate even when ‘absolute’, in that there need not be regular participation of the people in government, nor need there be institutions to restrain the power of kings.

Thus the late Middle Ages witnesses an erosion of the classical idea of a politically organised civil society that embeds the economy and also of the patristic and medieval idea that the Church can counterbalance political and economic power in such a way as to provide a space for the intermediary institutions of civil society which can direct state and market activities towards non-instrumental ends.

#### 2.4. Implications for the political economy of civil society

The rationale for such a relatively long exposition is that early and later modern ideas about state and society are only intelligible with reference to those ancient, patristic and medieval discussions and distinctions (Strayer, 1970; Black, 1984; Ertman, 1997). Indeed, current dichotomies are rooted in the contractualist perspective dominant since the late Middle Ages (Villey, 1983 and 2006; de Muralt, 2002; Oakley, 2005), but these are far removed from the more comprehensive reading of sociability to be found in the classical and Renaissance traditions (Pabst, 2014) – including the emphasis on more constitutional and covenantal approaches. For example, when Justus Lipsius wrote that “*Vitam Civilem definio, quam in*

*hominum societate mixti degimus, ad mutua commoda sive usum*” (Lipsius, 1596: 1 as quoted in Ornaghi, 1984: 71), he was still referring to the classical concept of sociability as a overarching condition encompassing a complex web of connections both of the horizontal and vertical kinds.

Indeed, Lipsius echoes themes of the Renaissance thinking about *vita civile* (civil life), both in the more Aristotelian version of Leonardo Bruni and Matteo Palmieri (civil life as a set of mutual arrangements and compensations among individual citizens and groups) and in the more Platonist version of Nicolaus Cusanus and Marsilius Ficinus (civil life as a web of bonds generated by mutual mirroring and affective dispositions) (cf. Pabst, 2011b). The four modern models on which the following section focuses cannot be properly conceptualised without reference to the legacy of ancient Rome and Greece as well as the patristic and medieval heritage.

### 3. *Political economy of civil society: a typology of the four modern models*

#### 3.1. The state-centric model

As outlined in the previous section, the Greco-Roman reflections on civil society emphasised the political foundation and finality of civil society that includes economic arrangements, whereas the patristic and high medieval conceptions viewed *societas civilis* as more primary than the polity and the economy. In late medieval and early modern Western thought, the focus shifted towards the role of the central sovereign state in defining the nature of the political community and economic activities. The intermediary institutions of civil society that mediate between individuals and the centre were increasingly subsumed under the sovereign powers of the state (Black, 1984; cf. Gierke, 1900 and 1973; Maitland, 2003). In

the same process of centralisation, there was a greater disembedding of the market from the social relations that constitute civil society (Polanyi 2001).

Underpinning the primacy of the state over civil society is the notion of an inherently adversarial sociability that defines the natural condition of humankind and requires the regulating power of the centrally enforced social contract. Among a wide range of diverse thinkers, Machiavelli and Hobbes are a case in point. In Machiavelli's *The Prince*, for example, it is the exercise of violence and the use of fear that regulate civic life (Machiavelli, 1988: 34-9, 51-3, 76-9) within the city-state. This is not limited to the internal realm of domestic politics but also applies to the external realm of foreign affairs because there is an unmediated anarchy between states that only the power of rulers can try to mitigate: in his 1503 treatise *Words To Be Spoken on the Law for Appropriating Money*, Machiavelli writes that "among private individuals laws, contracts, and agreements make them keep faith, but among sovereigns only force can" (Cesa, 2004: 2).

Like Machiavelli, Hobbes rejects the ancient, patristic and medieval idea that humans are political, social beings in favour of the view that humankind does not by nature seek society for its sake but some benefit:

By nature, then, we are not looking for friends but for honour or advantage [*commodum*] from them. This is what we are primarily after, friends are secondary. Men's purpose in seeking each other's company may be inferred from what they do once they meet. If they meet to do business, everyone is looking for profit not for friendship. If the reason is public affairs, a kind of political relationship develops, which holds more mutual fear than love; *it is sometimes the occasion of faction but never of good-will* (Hobbes, 1998: 22 [original italics]).

Later, during the Enlightenment, Rousseau inverted Hobbes by arguing that the isolated, natural individual is 'good' and not yet egotistic, because vice arises from rivalry and comparison. However, Rousseau (1997) took the latter to be endemic once the individual is



placed in a social context. Accordingly, his optimism about innocent isolation is trumped by a pessimism about human association (Milbank and Pabst, 2016). This encouraged scepticism about the role of corporate bodies beneath the level of the state: for it is only the state that can lead human beings to sacrifice all their petty rivalries for the sake of the 'general will' (cf. Riley, 1986). So just as the sovereign state seeks to stand above the interests of faction and sectional intrigue, so too the concentration of power in the centre risks undermining the civic bonds between people and the social ties that underlies the intermediary institutions of civil society.

Unlike Rousseau and rather like Machiavelli and Hobbes, the starting point of Kant's conception of civil society echoes Hobbes' notion of the 'state of nature': "In their external relationship with one another, states, like lawless savages, exist in a condition devoid of right. [...] this *condition* is one of war (the right of the stronger), even if there is no actual war or continuous active fighting (i.e. hostilities)" (Kant, 1991: 165). So in a different mode compared with Hobbes, Kant naturalises violence within the social order of the polity and considers central state coercion as a mechanism to regulate natural anarchy. Thus Kant's account of politics rests on the idea of asocial sociability: human beings are naturally self-interested and jealous vis-à-vis other human beings, but this eventually engenders some kind of competitive order, both nationally and internationally, which requires a federal union of states:

There is only one rational way in which states coexisting with other states can emerge from a lawless condition of pure warfare. Just like individual men, they must renounce their savage and lawless freedom, adapt themselves to public coercive laws and thus form an international state (*civitas gentium*) which would necessarily continue to grow until it embraced all the peoples of the earth (Kant, 1991: 107).

Like *societas civilis* at the national level, the *civitas gentium* rests on state coercion and social contract rather than free association and the pursuit of common purpose.

The same applies to Hegel's conception of civil society. In his *Philosophy of Right* (Hegel, 1991), he views civil society (*bürgerliche Gesellschaft*) in terms of the interplay between objective state authority on the one hand, and the satisfaction of subjective needs on the other hand. By contrast with Machiavelli, Hobbes, Rousseau and Kant, Hegel does accord an important role to the principle of reciprocity as a way of blending the universality of a shared ethical outlook with the particularity involved in the pursuit of private and even selfish ends in social and economic activities. Civil society is both a system of economic interdependence and a realm of social mediation whereby individual wills are directed towards a greater social good through individual efforts and struggles as well as mutual recognition based on the division of labour and the centrality of human work:

A man actualises himself only in becoming something definite, i.e. something specifically particularised; this means restricting himself exclusively to one of the particular spheres of need. In this class-system, the ethical frame of mind therefore is rectitude and esprit de corps, i.e., the disposition to make oneself a member of one of the moments of civil society by one's own act [...] in this way giving recognition both in one's own eyes and in the eyes of others (Hegel, 1991: §207).

The link between civil society and the economy in Hegel is the corporation (*Korporation*), which is a voluntary association of person based on professional or social interests that can convert apparently selfish purposes into communities of shared goals, but at the same time finds itself to be subject to central state control: "unless he is a member of an authorised Corporation (and it is only by being authorised that an association becomes a Corporation), an individual is without rank or dignity, his isolation reduces his business to mere self-seeking, and his livelihood and satisfaction become insecure" (Hegel, 1991: §253). So while the association as Corporation raises individual self-seeking to a higher level of common purpose,

it is nevertheless the case for Hegel that the state restricts it to the interests of a sectional group through central control of civil society.

In short, the civil society model that emerged from the late Middle Ages and early modernity is characterised by the growing power of the central state, which leads to complex ties between political institutions and economic arrangements. As Lorenzo Ornaghi (1990: 25) writes,

the integrating role of political institutions appears to increase with the degree of complexity and organization of economic action. The relation of political institutions with economic structure then becomes essential for two distinct reasons. First, it provides a better analytical-historical perspective on the links between political economy and 'political order' (the latter is not coincident with the type of 'order' that is associated with the existence of the State). Secondly, it contributes to a 'dynamic' interpretation of the contemporary relations between State institutions and economic order.

### 3.2. The market-driven model

The second model that emerges in the modern era centres on the market rather than the state, whereby a contractually based civil society is seen as the outcome of private individuals who are interconnected primarily through market exchanges, not social ties or civic bonds. Locke, in the social contract tradition of Hobbes, argues that human beings are born into an asocial state of nature until they agree to set up a political or civil society in order to protect their pre-political natural rights (life, liberty and estate or property) and their status as free and equal persons. In this manner, Locke established an economically determined sphere of civil society that could be envisioned in some sense as an extension of the state of nature – the primordial importance to secure private property, which

makes him [man] willing to quite this Condition [the state of nature], which however free, is full of fears and continual dangers: And 'tis not without reason, that he seeks out, and is willing to joyn [*sic*] in Society with others who are already united, or have a mind to unite for the mutual *Preservation* of their Lives, Liberties and Estates, which I call by the general name, *Property* (Locke, 1988: 350 [original italics])

The point for Locke is that both the central authority of the state and the more diffuse organisation of civil society are a function of individual freedom and private choice with view to securing property: “The great and *chief end* therefore, of Mens [*sic*] uniting into Commonwealths, and putting themselves under Government, is the *Preservation of their Property*” (Locke, 1988: 351 [original italics]). In other words, Locke views the state and civil society was means to balance individual liberty and private property with mutual security and the shared interest of stability under the aegis of the rule of law and minimal government.

Property for Locke includes life, liberty and estate, and such an expansive sense of property has been interpreted by scholars like C.B. Macpherson (1962) to mean that Locke argues for accumulation of capital (as property) by individuals. Each of the three restrictions on accumulating property (decay, sufficiency for others and accumulation based on one's own labour) diminishes and even disappears as Locke's argument progresses in the *Two Treaties* (Locke, 1988) – notably money as a store of value that is not subject to natural decay, growing productivity for capital owners and the existence of private property in the state of nature (e.g. slavery).

Whatever the merits of this interpretation, Locke does suggest that the coming into being of civil society does not fundamentally alter property rights in the state of nature. In other words, he views the economic order as pre-social and as more primary than the political order. And a result of contrasting economic with political arrangements, the realm of civil society is seen as neither more fundamental than the polity and the economy nor as having autonomy but rather

as an extension of economic activities. For Locke human beings need to submit to a common public authority whose power has to be limited in order to allow people to produce, trade and accumulate more privately owned wealth.

Locke's conception of civil society as an order founded on individual property and economically interconnected citizens shaped the notion of 'commercial republic' in the writings of America's founding fathers whose Federalist Papers defined the purpose of government to protect private possessions and to create the conditions for economic liberty – besides political and religious freedom (Hamilton, Madison and Jay, 2003: No. 10 and No. 51). Central to this vision is a combination of consent, contract and competition to turn the diversity of interests into an economic order governed by individual security and commerce: "the prosperity of commerce is now perceived and acknowledged by all enlightened statesmen to be the most useful as well as the most productive source of nation wealth, and has accordingly become a primary object of their political cares" (Hamilton, Madison and Jay, 2003: No. 12).

However, the priority accorded to commerce clashed with notions of civic virtue that were bound up closely with ideas of citizenship. Linked to this is the tendency of powerful economic interests to organise politically in the pursuit of passions (rather than actual interests) and not to be constrained by a substantive conception of the public interest that rests on civic institutions in order to shape the polity and the economy. It is this critique that informs the other two models of the modern era: the civil society model of Ferguson and Smith, and the model centred on civic life in the tradition of the Neapolitan Enlightenment and cognate movements across Europe.

### 3.3. The civil society model

Adam Ferguson's 1767 *Essay on the History of Civil Society* focuses on the implications of abandoning civic virtue in favour of modern commercial society based on passion rather than

interests. While the political domain is characterised by conflict and the need for military valour to impose some order, the economic realm risks being weakened and even destroyed by an over-reliance on individual self-seeking passions of accumulation: “the mighty advantages of property and fortune, when stripped of the recommendations they derive from vanity, or the more serious regards to independence and power, only mean a provision that is made for animal enjoyment” (Ferguson, 1995: 35). The answer is not central state intervention in the market but rather the strengthening of fellow-feeling and the importance of creating the conditions for a spontaneous order to emerge based on the uncoordinated actions of individuals within civil society. Key to Ferguson’s conception of the autonomy of civil society is the distinction between interests and passions or desires:

The dispositions which refer to the preservation of the individual, while they continue to operate in the manner of instinctive desires, are nearly the same in man that they are in the other animals: but in him they are sooner or later combined with reflection and foresight; they give rise to this apprehensions on the subject of property, and make him acquainted with that object of care which he calls interest [...] if not restrained by the laws of civil society, men would enter on a scene of violence or meanness, which would exhibit our species, by turns, under an aspect more terrible and odious, or more vile and contemptible, than that of any animal which inherits the earth (Ferguson, 1995: 17).

In fact, Ferguson defines interest as the middle path between reason and passion, which means that interest can act as a counterweight to rationalism and irrationalism. Here it is important to highlight the ambiguity of commerce. While production and trade create their own virtues of punctuality and enterprise and are also able to limit the corruption of feudalism, it is equally the case for Ferguson that commerce can weaken the social origins and outlook of human kind because in commercial society

he [man] has found an object which sets him in competition with his fellow-creatures, and he deals with them as he does with his cattle and his soil, for the sake of the profits they bring. The mighty engine which we suppose to have formed society, only tends to set its members at variance, or to continue their intercourse after the bands of affection are broken (Ferguson, 1995: 24).

In this light Ferguson argues for the importance to “reconcile [...] the social affections of mankind with their separate and interested pursuits” (Ferguson, 1995: 139). Neither the market nor the state can be the source of civic virtue. This does not mean that Ferguson views them in negative terms. On the contrary, he defended a renewed role of government (compared with the limited powers of the state according to the republican account), notably the obligation of the state to create an environment within which the market can flourish by paying attention to education, the arts, sanitation, crime, poverty and demography. Similarly, the market as the commercial sphere is indispensable to the generation of wealth based on a new division of labour. However, what both state and market require is the ethical sphere of civil society wherein men act from “affections of kindness and friendship” (Ferguson, 1995: 38). However, echoing the ancient warnings about the destructive potential of economic activities on social relations Ferguson worried that

the members of a community may, in this manner, like the inhabitants of a conquered province, be made to lose the sense of every connection, but that of kindred or neighbourhood; and have no common affairs to transact, but those of trade: Connections, indeed, or transactions, in which probity and friendship may still take place; but in which the national spirit, whose ebbs and flows we are now considering, cannot be exerted [...] the effects of such a constitution may be to immerse all orders of men in their separate pursuits of pleasure, which they may now enjoy with little disturbance; or of gain, which they may preserve without any attention to the commonwealth (Ferguson, 1995: 219-20, 222).

Similarly, Adam Smith viewed both state and market as being inscribed in the wider sphere of civil society. The starting point is Smith's conviction that commerce fosters political stability by encouraging non-violent factions to cooperate based on their pursuit of enlightened self-interest within the marketplace where individual interest is converted into a mutually beneficial outcome through the operation of the 'invisible hand'. Once the market is freed from the manifold obstructions of human laws, it can support "the natural effort of every individual to better his own condition" (Smith, 1991: 540). At the same time, the commercial society that centres on the market can lead to impediments to commerce because merchants, manufacturers and workers all try to restrict competition by forming corporations to limit entry into their sectors: "As it is in the interest of the freemen of a corporation to hinder the rest of the inhabitants from employing any workmen but themselves, so it is in the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market" (Smith, 1991: 884).

To avoid monopoly and rapacious corruption, Smith appeals both to government and to civil society. Indeed, he argues for legislators who need to take "an extensive view of the general good" in order to oppose not just monopolistic practices but also "to prevent the almost entire corruption and degeneracy of the great body of the people" (Smith, 1991: 719). Civil society is the domain of inculcating knowledge of science and the practice of civic virtues that are necessary for the formation of enlightened citizens. However, for the purposes of this chapter, the question that arises is about the nature of civil society in relation to the economy. Smith is adamant that the virtues of sympathy and benevolence only operate at the micro level of interpersonal relations, producing strong, thick bonds between individuals bound together by personal ties of family or friendship. Sympathy and benevolence are absent from the macro level of weaker, thinner ties among individuals who are not bound together by personal bonds: "Men, though naturally sympathetic, feel so little for one another, withwhom they have no particular connection, in comparison of what they feel for themselves; the misery of



one, who is merely their fellow-creature, is of so little importance to them in comparison even of a small inconveniency of their own” (Smith, 2000: 125).

Smith’s emphasis on ‘cooperation without benevolence’ (Smith, 2000: 141-51) – a recurrent theme linking the *Theory of Moral Sentiments* to the *Wealth of Nations* – has far-reaching implications for exchanges in the market place where agents treat economic relations as an instrument to attain self-interested objectives. The practices of production, trade and consumption are seen as separate from mutual sympathy and benevolence. Moreover, market relations are now seen as the precondition rather than the outcome of sociality:

society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation [...] Society, however, cannot subsist among those who are at all times ready to hurt and injure one another [...] Beneficence, therefore, is less essential to the existence of society than justice (Smith, 2000: 124).

Smith’s defence of commercial society provides a key thematic link between the *Theory of Moral Sentiments* and the *Wealth of Nations*. In the former, the market as a universal human institution is a precondition for the free exercise of private virtues. In the latter, the market as a universal mechanism of resource allocation is a precondition for the free pursuit of the “propensity to truck, barter and exchange one thing for another” in ways that are individually and collectively beneficial. In other words, what provides the first and final foundation of civil is

this division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in

view no such extensive utility: the propensity to truck, barter and exchange one thing for another (Smith, 1991: 21).

As such, only a commercial society is capable of overcoming the hierarchical, vertical and iniquitous relations of feudalism in favour of egalitarian, horizontal and just relations of capitalism. In fact, Smith champions commercial society as a concrete instantiation of both social and moral progress, which is valuable not only because it creates wealth but also because of the productive nature and effects of market relationships: “Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow citizens” (Smith, 1991; 26-7). Yet at the same time, Smith’s commercial society risks weakening the relations governing civil society by supplanting intermediary associations, which he views in terms of obstacles to public well-being. In the *Wealth of Nations*, he writes that

people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices [...]. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary (Smith, 1991: 117).

The fundamental reason for Smith is that a civil society grounded in the division of labour provides the space wherein the natural ‘propensity to truck, barter, and exchange’ balances individual interests in such a way as to generate social welfare: “by pursuing his own interest he [man] frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good” (Smith, 1991: 291-2).

#### 3.4. Civil life and intermediary institutions

There are two other modern traditions that gave rise to a rather different conception of the political economy of civil society. One is the Neapolitan Enlightenment of Doria and

Genovesi (with roots in the work of Vico) and the other is the tradition of anti-absolutist thinking associated with figures like Montesquieu, Burke and Tocqueville. Linking them together is a renewal of ancient, medieval and Renaissance notions of civic virtue and an emphasis on the intermediary sphere of voluntary associations that mediate between the person, on the one hand, and the institutions of state and market, on the other hand.

Faced with the entrenched privileges of the nobility and the poverty of the peasantry, Doria – much like Vico (Robertson, 2005: 185-200) – looked for leadership among the magistracy of the city, the *ceto civile*. In his book *Vita Civile* (Doria, 1729), he contrasted a politics of virtue with a politics driven entirely by self-interest (*amore proprio*), which had given rise to a reductive view of politics as ‘reason of state’ rather than the public common good. Echoing the Greco-Roman legacy, he suggests that happiness as flourishing is the ultimate end of humankind and that this underpins our natural human disposition towards union with one another: “without any doubt, the first object of our desire is human happiness (*Primo oggetto de’ nostri desideri è senza fallo l’umano felicità*)” (Doria, 1729). Alongside a mixed constitution, Doria’s conception of civil life rests on notions of *ordini* (distinctions of rank) that in turn are grounded in a fundamental division of labour. Crucially, he viewed the proper governance of the economy in terms of the just distribution of natural resources and the fruits of human work. For this reason he warned about the potential domination of the *economia naturale* (agriculture and human ingenuity) by the *economia astratta* (the accumulation of abstract wealth in the form of money). Central to a balance of rival interests was interpersonal cooperation and trust (*fede*) as the indispensable prerequisite for agreements upon which both production and trade are based – a commitment to the common good above and beyond particular private interests (Doria, 1740).

It is this theme of public faith (*fede pubblica*) that Genovesi (2013) developed in his writings on civil economy. The starting point is that a properly embedded economy pursues mutual benefit based on reciprocal needs (*bisogni reciproci*) and the reciprocal obligation to assist

(*reciproca obbligazione di soccorrere*; Genovesi, 2013: 22). The exercise of virtue is both intrinsically good by forming character and fostering human flourishing, and that it engenders a more prosperous economy by favouring trust and promoting cooperation. For Genovesi, the economy is no exception to the rule that true happiness – in Doria’s sense of mutual flourishing – involves sympathetic ties, which tend to influence even economic transactions: “for contracts are bonds and civil laws are [...] also compacts and public contracts” (Genovesi, 2013: 341). This statement suggests that for Genovesi, there is not strict distinction of formal law and individual agency, since both must always be informed by what he calls ‘public faith’, which is defined as follows: “Public trust is therefore a bond that ties together and binds persons and families of one State to one another, with the sovereign or other nations with which they trade” (Genovesi, 2013: 341, n121). Put differently, public faith is not so much the aggregation of private trust as a kind of universal sympathy that includes a commitment to the common good.

Public trust connects the sphere of the economy to the domain of civil society: “public faith is to civic bodies what to natural bodies is the force of cohesion and of reciprocal attraction; without which there can be no solid and lasting mass, and all is but fine sand and dust (Genovesi, 2013: 342). For him, public trust is so central because it promotes the social bonds and civic ties that are indispensable for economic cooperation and civil life. Without real reciprocity, individual rights and commercial contracts cannot ultimately work. As a result, criminal activity that undermines public trust leads to a situation where “society will either dissolve itself, or it will convert in its entirety into a band of brigands” (Genovesi, 2013: 343, here echoing St Augustine’s dictum that “without justice what else is the state but a band of brigands”, *De Civitate Dei*, Book IV, 4).

Later Gaetano Filangieri, who developed the nascent ‘civil economy’ tradition, stressed that economic inequality has the same corrosive effect as criminality and that wealth cannot be defined in terms of a merely abstracted quantity:

Exorbitant riches of some citizens, and the laziness of some others, presumes the unhappiness and misery of the majority. This civil partiality is contrary to the public good. A state cannot be said to be rich and happy save in that single case where every citizen through a definite labour in the course of a reasonable time is able commodiously to supply his own needs and that of his family (Filangieri 2003: 12).

In short, the 'civil economy' tradition emphasises the centrality of virtue in the economic spheres that is thereby embedded in the structures of civil life.

From a distinct yet related perspective, the tradition of anti-absolutist thinking associated with figures like Montesquieu, Burke and Tocqueville focused on the crucial role of mixed constitution to uphold the domain of civil society that is constituted by autonomous intermediary institutions, which can embed state and market activities in a complex, multi-layered web of social relations. Montesquieu, for example, contrasted the autarchy of despotism with the reciprocity of a balanced constitution in which the sovereign, the people and intermediate associations interact based on civil laws: "Despotism is self-sufficient; everything around it is empty. Thus when travellers describe countries to us where despotism reigns, they rarely speak of civil laws" (Montesquieu, 1989: 74). In addition to civil law, Montesquieu argued that the intermediary institutions of civil society require a strong civic culture – a substratum of "mores, manners and received examples" that complement a body of law to protect the integrity of the "intermediate, subordinate and dependent bodies" that compose civil life (Montesquieu, 1989: 187).

Both Burke and Tocqueville went further in their defence of civic associations, not only as autonomous and self-governing but also as bulwarks against the excessive power of both state and market. Burke's rejection of state absolutism (whether the *ancien régime* or the revolutionary republic) is well-known, but what is perhaps less documented is the set of themes that are shared with the thinkers of the Neapolitan Enlightenment:

The constituent parts of a state are obliged to hold their public faith with each other and with all those who derive any serious interest under their engagements, as much as the whole state is bound to keep its faith with separate communities. Otherwise competence and power would soon be confounded and no law be left but the will of a prevailing force (Burke, 2014: 22).

It is true that Burke associated civil society with an inequality of status, but he also made the point that enforced equality can strengthen the power of the central state over the intermediary institutions of civil society. Therefore, as Ehrenberg (1999: 160) writes, for Burke,

legislation must "furnish to each description such force as might protect it in the conflict caused by the diversity of interests that must exist and must contend in all complex society" [Burke] because any attempt to impose a politically derived uniformity on a differentiated civil society is a prescription for disaster. Only a frank recognition that inequality stabilizes social relations could enable France's intermediate institutions to protect civil society from the Crown and the mob.

Of equal importance is his critique of the political economy underpinning the French Revolution, which put in place a new settlement revolving around central state power and debt-funded commerce – to which the autonomy and property of intermediary associations were sacrificed to provide the stable guarantee for a new flood of paper money. The creation of public credit reached a *new* acme with the French Revolution because the revolutionaries brought about, according to Burke, a new settlement in which

everything human and divine [is] sacrificed to the idol of public credit, and national bankruptcy the consequence; and to crown all, the paper securities of new, precarious, tottering power, the discredited paper securities of impoverished fraud and beggared rapine, held out as a currency for the support of an empire, in lieu of the two great recognised species that represent the lasting conventional credit of mankind, which disappeared and hid themselves in the earth from

whence they came, when the principle of property, whose creatures and representatives they are, was systemically subverted (Burke, 1955: 126).

Burke's critique anticipated not only political totalitarianism and looming terror but also the 'paper-money despotism' that consists in expanding simultaneously public credit and state debt, which had built up as a result of corruption and expensive wars. First the revolutionaries converted the confiscated property of the Crown and the Church into money, which was lent to the state. The money became public debt contracted by the government to wage war. This created a new class of 'monied interest' that charged usurious interest rates, making money out of money and generating speculative profits. Then the state taxed the people and robbed them of their assets to service the growing mountain of public debt financed by private creditors. This produced an 'ignoble oligarchy' composed of state agents and private speculators who colluded against society, as Burke observed:

if this monster of a constitution can continue, France will be wholly governed by the agitators in corporations, by societies in the towns formed of directors of *assignats* and trustees for the sale of church lands, attornies, agents, money-jobbers, speculators and adventures, composing an ignoble oligarchy founded on the destruction of the crown, the church, the nobility and the people. Here end all deceitful dreams and visions of the equality and rights of men (Burke, 2014 [1790]: 199).

Burke also rejects the Hobbesian idea of a violent and anarchic state of nature, which can be merely regulated by the central state and an international system of sovereign states. Nor does he agree with the Rousseauian notion that in the state of nature human beings do not depend on each other – pre-social liberty as self-sufficiency. On the contrary, for Burke the natural condition of humankind is social and relational, and human nature is by nature artistic and creative:

The state of civil society is a state of nature; and much more truly so than a savage and incoherent mode of life. For man is by nature reasonable; and he is never perfectly in his natural state, but when he is placed where reason may be best cultivated, and most predominates. Art is man's nature (Burke, 1791: 108).

In line with this thinking, Burke views rights as social and relational too, such as the right to property by descent, the right to due process (including trial by jury) and the right to education. In the *Reflections*, he contrasts these 'real rights of men' (Burke 2014 [1790]: 59 [original italics]) with purely individual rights either in the state of nature, as for Rousseau, or in the artifice of political society, as for Hobbes.

Central to Burke's account of civil society is his conception of human beings as naturally linked to others by bonds of sympathy, which prevent fellow human beings from being 'indifferent spectators of almost anything which men can do or suffer' (Burke 1993: 68). Coupled with the passions of imitation and ambition, sympathy helps to produce an order that is not imposed upon some pre-existing chaos but rather emerges from nature. It does so by fusing a concern for others (sympathy) with following the example (imitation) of those who excel and can offer virtuous leadership (ambition). Even though they are 'of a complicated kind', these three passions 'branch out into a variety of forms agreeable to that variety of ends they are to serve in the great chain of society' (Burke 1993: 68). Therefore the key difference between the social contract tradition based on an anarchic state of nature and Burke's emphasis on 'natural sociability' is that the latter evolves with the grain of humanity, starting with the innate desire of human beings to associate with one another. The primacy of association underpins Burke's conception of community as expressed by his famous invocation of the 'little platoons': "To be attached to the subdivision, to love the little platoon we belong to in society, is the first principle (the germ as it were) of public affections. It is the first link in the series by which we proceed towards a love to our country and to mankind"



(Burke, 2014 [1790]: 47). Here, as before, we find civil society embedded in a complex web of multi-layered social relations.

It was Tocqueville who outlined a more fully developed conception of civil society as the most fundamental locus of social organisation that can balance individual liberty with mutual solidarity by diluting state and market power, in particular preventing the monopoly position of vested interest and guarding against either majority will or mob rule. By contrast with Smith, Tocqueville views humans as primarily social beings with a unique propensity to associate rather than to 'truck, barter and exchange'. For the purpose of a more democratic polity, economy and civil society, the complex web of civil associations is indispensable:

A government can no more be competent to keep alive and to renew the circulation of opinions and feelings among a great people than to manage all the speculations of productive industry. No sooner does a government attempt to go beyond its political sphere and enter upon this new track than it exercises, even unintentionally, an insupportable tyranny [...] Governments therefore should not be the only active powers; associations ought, in democratic nations, to stand in lieu of those powerful private individuals whom the equality of conditions has swept away (Tocqueville, 1990: I, 109).

Thus the responsibility of the state is limited to the political sphere while that of the market is limited to the economic realm, with the complex web of civil associations constituting the domain of civil society, which underpins both the polity and the economy. From this perspective, neither economics nor politics as disciplines can provide first principles or final ends for humankind. Rather, "in democratic countries, the science of association is the mother of sciences; the progress of all the rest depends on the progress it has made" (Tocqueville, 1990: I, 110).

#### *4. Conceptualising the political economy of civil society*

#### 4.1. Disciplinary divides and the domain of civil society

Mainstream academic research and public policy-making tends to treat markets, states and individuals as foundational categories that are more primary than the civil society they constitute. Such a partitioning of social reality into foundational categories underpins the strict separation of academic disciplines and a process of ever-greater specialisation and the proliferation of new sub-fields. The divide between separate spheres is encapsulated by the split between political philosophy and intellectual history, on the one hand, and the social sciences, on the other hand. In turn, the social sciences are further divided into specialised fields of inquiry according to an ever-greater 'division of labour'. A case in point is the disciplinary divide between political science and pure economics, which deepened following the Marginalist revolution of the 1870s insofar as both politics and economics were no longer seen as branches of political economy but instead as new sciences in their own right (Screpanti and Zamagni, 2005: 380-450).

In economics the split occurred in the wake of Marshall (Marshall, 1890) and in politics it arose as part of the influence of Comte (cf. Collini, Winch and Burrow, 1983; Manent, 2010). Both disciplines continue to differ on the respective role of markets and states or the relative importance of individuals and groups in the allocation and distribution of resources, but the growing disciplinary divide has led to the absorption of politics into economics (e.g. North, Wallis and Weingast, 2010; Lohmann, 2008) or else to the absorption of economics into politics (e.g. Blyth, 2013). Either way, both fields rest on instrumental rationality, the maximisation of utility and a trade-off between rival interests – a zero-sum game of winners and losers in which conflict is more fundamental than cooperation.

Connected with this is a growing focus in economics on theories of rational choice, instrumental reason and methodological individualism at the expense of the classical analysis of system-wide opportunities and constraints – including bounded rationality, uncertainty and

the shaping of individual agency by shared norms reflected in institutions such as the civic associations that compose civil society (Scazzieri, 1999). Since systemic opportunities and constraints are associated with different institutional and organisational patterns that affect the division of labour and exchange, each system encompasses alternative *political economies*. Seen from this perspective, the rational-choice framework stemming from the Marginalist Revolution has reduced the range of possibilities to a *single* political economy that can merely accommodate a limited range of policy options (Pabst and Scazzieri, 2012).

Such approaches are also unable to conceptualise how and why the respective ‘objects of study’ (such as the economy, the political system or society) are increasingly intertwined with one another. One reason is that the separation of economics from politics prevents a proper conception of political institutions in defining the boundaries of the economic system and its different institutional and organisation patterns, which affect the division of labour and exchange. To quote once more Ornaghi (1990: 25):

the integrating role of political institutions appears to increase with the degree of complexity and organization of economic action. The relation of political institutions with economic structure then becomes essential for two distinct reasons. First, it provides a better analytical-historical perspective on the links between political economy and ‘political order’ (the latter is not coincident with the type of ‘order’ that is associated with the existence of the State). Secondly, it contributes to a ‘dynamic’ interpretation of the contemporary relations between State institutions and economic order. In turn, this is the only route to an analysis emphasizing the link between order and transformation in a theory of the intersections between economic and political cycle.

Thus, the modern separation of economics from political science coincides with a split between economic structures and political institutions, which has reduced the scope of

political economy and separated the analysis of both markets and states from the social connections in which they are embedded.

Another example of how this disciplinary divide affects conceptions of sociability in relation to markets and states is the tension between International Relations and International Political Economy. In fact, the discipline of International Relations always struggled to theorise the international system of national states without taking into account the role of transnational markets (e.g. Rosenberg, 1994). Even when new fields such as International Political Economy and (Critical) International Political Economy seek to cross artificial disciplinary boundaries, it is not clear whether they can conceptualise civil society or sociability (cf. Porta and Scazzieri, 1997; Scazzieri, 2003). The distinct nature of civil society in relation to political society or commercial society is under-explored, and its foundation seems to be grounded in separate spheres that are linked to other domains by formal standards of law or economic contract – not partially overlapping social ties or civic bonds.

A different approach is to theorise the domain of civil society in terms of interpersonal relationships that are inscribed in something like an objective ‘order of things’ – not a fixed, determined structure or a conventional set of contractual arrangements but instead relational, non-instrumental patterns of interaction that underpin social congruence. Such an approach is consistent with von Hayek’s focus on “how the *order of rules* affects the resulting *order of actions*” (Vanberg, 2005: 25 [original italics]; cf. Hayek, 1969) in situations where knowledge is tacit and rules are those “which the individual may be unable to express in words” (Hayek, 1978: 7). One key source of Hayek’s conception is Adam Ferguson’s point that human beings “stumble upon” institutional devices that nobody has actively designed and implemented (Ferguson, 1995: 123), which applies to many intermediary institutions of civil society.

The approach focused on an ‘order of things’ rather than a divided social reality is also consistent with John Hicks’s distinction between the ‘order of being’ and the ‘order of doing’ (see Scazzieri and Zamagni, 2008: 6) whereby the former is defined as a causal network that

precedes specific goal-seeking practices, while the latter is conceived as a causal structure brought about by practices that aim at specific objectives (but do not necessarily attain their stated purpose). The question raised by this distinction is about intention and the complex interplay of reason with habit in shaping actions that are grounded in natural sociability instead of purely artificial arrangements. Here it is instructive to draw on Michael Bratman's distinction between willing and reasoning (Bratman, 1987: 23-7) and on John Broome's recent accentuation of the role of dispositions in disentangling the ambiguous status of "acting for a reason" (Broome, 2009). These contributions to the debate are an important reminder of the interweaving of deliberate reasoning with habits of which agents may be unaware but which may be central in determining the outcome of actions in a given social context (cf. Drolet and Suppes, 2008). Another key factor affecting the 'order of things' is the role of uncertainty in the functioning of the polity, economy and society. According to Albert Hirschman, the outcomes of certain activities "are so uncertain" that they are "strongly characterized by a certain fusion of (and confusion between) striving and attaining" (Hirschman, 1985: 13; cf. Hirschman, 1982: 84-91).

What these contributions to the literature on civil society highlight is the nature of the relationship between intended and unintended outcomes of actions that are grounded in natural sociability. The world of practice that characterises the domain of civil society is a complex structure of overlaps between intended and unintended outcomes, and these overlaps capture the constitution of a social realm of subsidiary spheres in which interactions are not solely instrumental and utility-oriented. Within any such domain, social activity is open to a plurality of possible results, and uncertainty is partly a product of the criss-crossing of multiple causal linkages (Pabst and Scazzieri, 2012). Civil society so configured suggests a fundamental rethinking of economic and political theory. Rather than being wedded to the dichotomy between the body politic and commercial society that are governed primarily by individual rights or private self-interest (see above), the approach focused on natural

sociability and an 'order of things' views civil society as the principal locus of the dispositions for co-operation or conflict (Pabst and Scazzieri, 2016).

As such, it is different from some pre-modern conceptions of community and civic life (Bruni, 2012). Indeed, it addresses interpretive and policy issues by highlighting the manifold possibilities that are grounded in the domain of social practices. By contrast with Hobbesian and Lockean ideas of contractual connections based on pre-social individual rights and means-ends rationality (see sections 2 and 3 above), a conception of civil society in terms of natural sociability begins with the preliminary consideration of the mutual congruence of dispositions within any given social structure. The domain of civil society (as defined above) is the space of possible arrangements in which dispositions of the means-ends type interact with non-instrumental actions and dispositions and thus become embedded in the causal structure generating both intended and unintended outcomes. Civil society so conceived combines the realisation of specific objectives in the economic and political spheres with the persistence of a durable space of social connectivity. This complex web of instrumental and non-instrumental social relationships can provide the foundations not only for informal arrangements but also for formally instituted political and economic life.

#### 4.2. Constitutional political economy and the primacy of association

One question that these reflections raise is about the relationship between constitution and political economy. This question is addressed in a number of different ways, for example by James Buchanan in his approach to constitutions as normative frameworks to be assessed in terms of allocative efficiency. His work conceptualises the constitutional dimension of political economy in terms of

the working properties of rules and institutions within which individuals interact, and the processes through which these rules and institutions are chosen or come into being. The emphasis on the choice of constraints distinguishes this research

program from conventional economics, while the emphasis on cooperative rather than conflictual interaction distinguishes the program from much of conventional political science (Buchanan, 1990: 1).

Buchanan's work shows that constitutional political economy differs from neo-classical economics and modern political science insofar as it explores the wider constitution of the domain within which institutions, rules and policy choices occur – notably the cooperative framework of reciprocal exchange in the pursuit of mutual benefit that applies not just to the economy but also to civil society.

However, his account of political economy seems to view conflict as more primary than cooperation because he defines cooperation in terms of rational avoidance or resolution of conflict. Moreover, both conflict and cooperation rest on “methodological individualism and rational choice” (Buchanan, 1990: 1), which suggests that the ‘primary units’ of society are for him rationally driven individuals who are bound together by contractual arrangements – only the social contract and economic exchange can turn natural conflict into some form of human cooperation. For Buchanan, both economics and politics subsume virtually all social relationships under the formal functioning of markets and states. Patterns of social interaction at the national and the international level are subordinate either to political relations within or between states or to economic transactions in the national or global marketplace. In this manner, his approach ignores more fundamental social connections that occur at, as well as across, different levels.

In turn, this raises questions about the nature of the structures that might characterise social connectivity. Any given *political economy* presupposes the design of a specific organisational structure insofar as it requires the arrangement of human actions in view of a particular objective, or set of objectives. Max Weber's distinction between organisation and union is useful in clarifying this concept: “[a]n 'organization' (*Betrieb*) is a system of continuous purposive activity of a specified kind” whereas the association (*Verein*) is “a corporate group

originating in a voluntary agreement and in which the established order claims authority over the members only by virtue of a personal act of adherence” (Weber, 1947: 28). In view of Max Weber’s discussion, a political economy consistent with the non-instrumental character of civil society would be a specific organization (*Betrieb*) embedded in a wider space of social connections (*Verein*).

Here one can go further than Weber to suggest that the idea of plural political economies explore the complex links between the economy and the polity with a particular emphasis on different forms of sociability that constitute the domain within which markets, states and individuals interact. In this perspective, the domain of political economy rejects not only the strict separation of economics from politics and other similarly antagonistic binary opposites such as state vs. market, the national vs. the supranational level or individual vs. collective interest. It also views social relations as more primary than either state-administrative or market-commercial arrangements – a constitutive domain that embeds the economic-political domain (Polanyi, 2001). Thus, political economy seeks to theorise the overarching constitution of the domain within which markets, states and individuals interact and the social structures in which both cooperative and conflictual relationships are grounded (Pabst and Scazzieri, 2012; Pabst, 2014). Contrary to the rational-choice framework of market-exchange upheld by the central state, political economy approach focuses on the ordering of different functions and an arranging of different positions, which embed both the economic and the political field in the complex structures of social interdependencies that help to constitute society (Pabst and Scazzieri, 2016).

These reflections call attention to the widespread assumption in contemporary economics and political science about civil society as the outcome rather than the source of social interactions. Linked to this is the questionable modern move to subsume virtually all non-instrumental social relationships under the framework of markets and states (cf. Anderson, 2000). If national states and transnational markets are treated as constitutive concepts of the



modern international system since the 1648 Treaty of Westphalia (Hicks, 1969; Hont, 2005; cf. Arrighi, 1994; Philpott, 2001; Teschke, 2003), then a fundamental problem occurs. Patterns of social interaction at the international level are relegated either to political relations between states or to economic transactions in the marketplace. Such an approach ignores more fundamental social connections that occur at both the national and the international level and are characterised by predominantly horizontal and non-instrumental relationships rather than the primarily vertical and instrumental relationships associated with national sovereignty and global commerce (Porta and Scazzieri, 1997; Keohane, 2002; Miller, 2009).

As Polanyi (2001) suggested, both modern states and modern markets increasingly abstract from context-dependent social connections, thereby undermining the complex array of relationships that are at the root of human sociability. For this reason, one can suggest that the abstract, formal nature of the modern social contract can and does undermine the complex web of interpersonal social that embed the rule of law and commercial exchange. More recent historical and anthropological research indicates that across different societies and cultures, social bonds and intermediary institutions have traditionally been more fundamental than either formal constitutional-legal rights or formal economic-contractual ties (e.g. Godbout and Caillé, 1992; Strathern, 2004). The social practices involved in autonomous and self-governing groups and associations are for social purposes and reasons of mutual recognition that can serve both private and public interests (Goody, 2004; Godbout, 2007).

An association that is neither for state-administrative nor for economic-contractual purposes tends to involve three constitutive elements: first of all, the common *telos* of its founder or founders; secondly, different groups providing guidance based on the principles that underpin the association; thirdly, the free consent, whether tacit or explicit, of the many members who compose the association. What is relevant here is the distinction between non-instrumental and instrumental patterns of social congruence that Oakeshott (1975: 108-84) emphasised with the distinction between 'civil association' and 'enterprise association'.

At the same time, Oakeshott's preference for *societas* over *universitas* is an argument in favour of bonds of formal agreement that restrict community to participation in economic processes (Oakeshott, 1975: 185-326). By contrast, a conception of association in terms of *universitas* shifts the emphasis to the idea of a community of purpose that encompasses political participation. In other words, the question is whether civil society ultimately embeds both the economy and the polity or whether the political domain is more primary than the social domain (Polanyi 2001; Hirst, 1996; Hirst and Bader, 2001).

A political economy of civil society can be conceptualised in terms of the constitution of the polity and its political and social ties. Such a political economy is rooted in the view of the social sphere as a multi-layered set of relations that involve both convergent and divergent interests between individuals or social groups. This account of the social as more primary than the economic or the political is a useful tool to analyse potential patterns of cooperation within and across different societies, and to explore possible ways in which a mutually beneficial organisation of diverse interests may be established. The social denotes a continuum of interests and institutions that cannot be partitioned into self-contained fields such as the economic or the political. Rather than being founded purely on formal theories and concepts that abstract from social relations (as in much of economics and political science), political economy reflects the specific fabric of given societies (Pabst, 2014; Pabst and Scazzieri, 2016).

Thus political economy shifts the emphasis away from constitutively separate interests to the 'co-constitution of interests' – a structured space of social relations that is prior to decisions about the allocation and distribution of resources. In other words, different rules and institutions are grounded in different types of sociability, and the ultimate source of social interactions is civil society – defined as “the primary constitution of connectivity in which markets and states operate [... and which] *embeds* the causal structures determining the relationship between intended and unintended outcomes in any given social domain” (Pabst

and Scazzieri, 2012: 337-8). The 'political economy of constitution' is thus a sphere of partially realised social connections that represents a certain 'constitution of interests'.

#### 4.3. Interest and Intermediary Institutions

At this juncture it is instructive to consider the way in which the economic constitution of any given society allows manifold individual and/or groups to coalesce around partially overlapping interests and thus to bring about patterns of social congruence. Douglass Cecil North and other scholars have focused in their research on some of the historical conditions rendering certain rules and procedures effective in certain contexts and ineffective in others (North, 1990 and 2005; North and Weingast, 1989; North, Wallis and Weingast, 2010). In fact, fragmentation of interests may also lead to the opposite outcome. Cleavages, even if not coinciding, may still make congruence more difficult. This can happen when the social domain is so completely fractured that spheres of shared interest become very hard, if not altogether impossible, to detect. Recent theoretical and empirical work on failed states calls attention to this dark side of social differentiation (e.g. Acemoglu and Robinson, 2005 and 2012).

However, contrary to standard rational choice theories in economics and political science, interests can also be seen as relational in two ways. First of all, the interests of individuals, groups and even larger social 'units' such as sectors or entire nations are not simply the sum of their individual parts but extend to 'clusters' that reflect the relative positioning. Secondly, individual, group and larger relational interests are embedded within a set of relationships that are irreducible to purely contractual arrangements because the relative initial positions are not a matter of choice. As Ornaghi (1990) suggests, the very etymology of the term 'interest' (inter-esse) emphasises the 'in-betweenness' of social actors. This conception relates 'interest' to the reciprocal constraints and opportunities that characterise participation in a specific subsidiary social domain (see above). Whereas rational-choice based economics and politics

tend to focus on individual private interest or collective public interest, the political economy of civil society shifts the emphasis to the relational structure of shared interests and the multi-layered positioning of specific interests that are partially convergent and divergent at different levels.

Here one can once more go further to make the point that contractualist theories of institution ignore the pre-existing social ties into which individuals are not just born but also in which they find themselves at different points in time (e.g. the professions they join) and which are not reducible to personal choice (e.g. Pabst, 2014; Milbank and Pabst, 2016). These ties provide both constraints and opportunities in relation to conflict and cooperation. Such a focus on pre-existing social ties can overcome a series of dualisms that characterise modern politics and economics, including instrumental vs. non-instrumental action, hierarchical vs. vertical interaction, intended vs. non-intended outcome and homogeneous vs. heterogeneous interdependence. By conceptualising the economic and political fields as ultimately embedded in the social domain, the political economy of civil society can offer a different conceptualisation compared with those approaches that focus exclusively on the contractualist arrangements underpinning the institutions of states and markets.

The focus on social ties and bonds that pre-exist the emergence of conflict and cooperation links institutions to constitution (Pabst and Scazzieri, 2016). Such connections are characterised by more hybrid relationships rather than the more homogeneous links associated with state sovereignty and global commerce (as indicated above). Therefore, different rules and institutions are grounded in different types of sociability that point to the existence of a more fundamental social domain that can be conceptualised in terms of civil society (Pabst and Scazzieri, 2012). Accordingly, a broader account of 'constitution' presupposes a multiplicity of partially overlapping connections at different levels. This is to say that constitution allows individuals and social groups to relate to other individuals and social

groups at a certain level while relating to yet other individuals and social group at another level.

Here the proximity model of civil society provides a relevant interpretive framework insofar as in this model “individuals or groups derive their identity from a variety of attributes” such that “some of those attributes are central in a given relational domain but secondary in another domain” (Pabst and Scazzieri, 2012: 345; cf. Scazzieri, 1999). In a social domain whose structuring follows the above pattern, sociability is linked to multiple forms of connectivity in two different ways. First of all, the distance between individuals or social groups is characterised by a significant variety across society. Secondly, the notion of distance is a function of the nature of interdependence in question, e.g. profession, location or cultural affinity. Therefore, the notion of proximity shifts the emphasis away from a single set of standards towards a more plural, inclusive space of dispositions and connections.

Linking together interests, institutions and constitution is the notion of ‘community of shared purpose’ that reflects the complex sociability constituting the domain of political economy. ‘Communities of shared purpose’ can be understood as diverse forms of social interactions that have potential for both conflict and cooperation and that are not reducible to dualisms or to the binary logic that underpins them, because sociability is plural and hybrid. One possible objection to the argument of this essay is to say that the internal structure of society is so diverse as to produce ‘parallel societies’ within a given territory and its people, not to mention diversity across countries and cultures. Indeed, there has been much discussion about the growing pluralism of late modern societies, including the pervasiveness of fundamental disagreements (political, economic, social and ethical) and the inability to resolve such disagreements rationally (e.g. Hirschman, 1977; MacIntyre, 2000 [1981]). This has led thinkers as diverse as Isaiah Berlin and John Rawls to argue that key substantive values are incommensurable and that therefore it is only possible to ‘agree to disagree’ and to settle for

certain procedural mechanisms such as contractual arrangements backed by the rule of law (Berlin, 1969; Rawls, 1971).

However, it is possible to contend that such and similar oppositions between commensurable and incommensurable values rest on an unwarranted dualism. The notions of sociability and community of shared purpose (as defined above) can help to overcome this opposition in the direction of a multi-layered social space in which there can be both disagreement on some substantive choices and also agreement on other substantive choices. Therefore, diversity and pluralism are not inherently antagonistic, and the notion of constitution is key to understanding that there are certain pre-existing social arrangements and patterns of sociability on which both conflict and cooperation rest.

### *5. Concluding reflections*

The concept of civil society is central to economic, political and social theory. This chapter has outlined a series of different approaches to the political economy of civil society – from Greco-Roman conceptions via patristic and medieval ideas to modern and contemporary notions. One of the main fault-lines that runs through the history of ideas on this theme is the contrast between natural and artificial sociability and whether the institutions of civil society are grounded in activities with a ‘non-instrumental’ purpose. As such, civil society is neither subordinate to markets and states nor does it involve a social dimension isolated from economic and political relationships. It is rather an encompassing concept that has the potential to embed both markets and states in a set of multi-layered social connections.

More specifically, the domain of civil society is the space of possible arrangements in which non-instrumental dispositions interact with dispositions of the means-ends type and embed them within an underlying relational set-up. The complex web of non-instrumental social relationships provides the foundations not only for the intermediary institutions commonly

associated with contemporary notions of civil society but also for markets and states. This is because social connections and practices are more primary than activities for either state-administrative or economic-contractual purposes. Civil society properly configured is the most primary locus of imagining and instituting political and economic life.

In terms of theorising civil society, the chapter has tried to show that the domain of political economy cannot be defined as a space of freely choosing individuals; rather, it presupposes conditions of sociability that are compatible with a number of different patterns of social congruence. Within that domain, constitution refers to the architectural structure that provides relative persistence to potential social arrangements. And within that constitutional framework, the relations and associations between individuals or social groups mark the partial actualisation of the existing potential for cooperation or conflict. This suggests that neither action nor interest is independent of the conditions of sociability. On the contrary, performing an action is always embedded in social practices that involve specific goals and interests, which arise from the existing patterns of interdependence. Therefore interests are defined within a complex social structure in which human practice overcomes the dualism between instrumental and non-instrumental actions, intended and unintended outcomes, and individual and collective levels.

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