

## **Appendices: Essays on A Civil Economy and a Civil Republic**

**These Appendices offer an academic background for the book A CIVIL REPUBLIC. They are not finished essays but they have a purpose. They provide a special (intellectual) history on the modern period. And they provide a basis to build theories about a civil economy and a civil republic. These essays should be helpful for students who want to advance their studies in social economy, economic sociology, social economics, and cultural economy.**

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### **Appendix A: The Philosophy of Civil Society: An Historical Background**

Appendix A is about how "civil society" developed as an idea. The history of this idea is related to the origins of concepts like civil economy and civil republic.

#### **I The Idea of Civil Society: History and Philosophy**

According to the Oxford English Dictionary the word "society" first appeared in the 1500s and meant an "association with one's fellow men, esp. in a friendly or intimate manner; companionship or fellowship." The term also referred to a "connection among people or association or companionship with others," and, more precisely, a "state or condition of living in association, company, or intercourse with others of the same species." By the 1600s "society" referred to a way of life adopted "by a body of individuals for the purpose of harmonious co-existence or for mutual benefit and defense." It also referred to an "aggregate of persons living together in a more or less ordered community." By the 1700s people were interpreting "society" as groups of people showing

taste, etiquette and culture, and by the 1800s it referred commonly to a leisure class and a fashionable life.<sup>1</sup>

The word “civil” emerged independently of “society.” The Swiss sociologist, Norbert Elias, studied "civility" as it developed in the 17<sup>th</sup> and 18<sup>th</sup> centuries. He describes how common people at that time were becoming self-conscious about their manners and their health, and the idea of being “civil” referred to this widespread shift in attitude, conduct, and demeanor. For instance, people had for millennia urinated and defecated in the streets, or burped and passed gas at dinner. These natural bodily actions began to be frowned upon as a fashionable trend developed to control the natural functions and appetites of the body. At the same time, the custom of dueling developed to restrain aggressive instincts, since people had traditionally killed or tortured others on impulse over small disagreements. Gradually the practice of dueling itself fell into disfavor, became less “civil.”

In the late medieval period, people also began to acquire a greater sense of “self,” seeing themselves independent from external authorities. More specifically, they began to talk about individuals having autonomy from the monarchy and the Catholic Church. The argument against church authority, begun by Martin Luther in the 1500s, preceded and influenced the subsequent philosophical argument against the monarchy.<sup>2</sup>

Let’s look at this history.

## **The Protestant Reformation**

The notions of “civil” and “society” came into common speech in the 15<sup>th</sup> century, at the same time that people began to develop a sense of individuality and self-direction. Catholic theologians began to speak out on unethical practices in the Church, especially its intimate links with corrupt Renaissance governments and its autocratic practices toward the faithful. Reformation leaders attempted to de-politicize religious thought, an effort that ultimately led to a change in the nature of governance itself.

The Reformation began with Martin Luther (1483-1546), who sought to free people to interpret the Gospel apart from Church authority. His protest gained support as it encouraged more self-direction, and people began to think outside the framework of the Church and its dogma.

John Calvin (1509-1564) continued this rebellion and introduced the idea of democracy into the church. In 1536 he compared the concepts of kingship, aristocracy and democracy that originated with Aristotle, arguing that kings lack the “requisite sense of justice and prudence” to govern. It would be preferable for "a number of people" to exercise power rather than just one person. A group of people can teach and admonish one another. This is an important break with the prevailing ideas about authority. Not only did Calvin reject the church’s right to rule; he replaced the idea of an unquestioned ruler with the concept of a social will developed through conversation and debate.

When a group of people governs, Calvin said, members must on occasion censure and restrain "willful individuals," so they are likely to govern better and with a greater sense

of fairness. Calvin wrote about “democracy” to broaden the base of authority among people governing the church, although he specified that the governing group should be composed of people who had knowledge and the ability to govern well.

This new religious thought stimulated different religious movements, Lutheran, Calvinist, and Anabaptist. The concern was "to develop a community of believers whose passionate witness" would change society. All these movements had leaders with hopes to liberate people who were enmeshed in the hierarchy of church and its oppressive governance. The paradigm shift at the heart of the Reformation also led to new philosophical ideas about the nature of politics and society.<sup>3</sup>

### **I Philosophers: 1600 –1900**

The philosophers noted below illustrate how “civil“ developed as an idea in connection with government and society. “Civil” changed from being a modifier of human conduct and public demeanor to a modifier of government and finally of society. At the same time, philosophers developed a new concept of commonwealth, and later a theory of society.<sup>4</sup>

**Thomas Hobbes** (1588-1679) broke the ice. He said that political thought should be formally separated from religious thought, or theology. Moreover, theology, which had been dominant, should no longer reign above philosophy. Hobbes laid the groundwork for a political (secular) theory that developed later into a field called political science.

Hobbes described two "chief kinds of bodies:" nature and the commonwealth. These two bodies generated different philosophies: natural and civil. Civil philosophy was the basis for the study of human government, as distinct from nature. In this way, Hobbes developed a mode of thought about civil authority that challenged the "divine rule of kings."<sup>5</sup>

For Hobbes, civil philosophy could be divided into two parts: ethics, which concerned individual behavior, and politics. In politics, civil law was created in the commonwealth on "qualities that dispose men to peace, and to obedience." Liberty was the natural right of everyone, but complete liberty existed only in a state of nature. When human beings left their state of nature and entered the commonwealth, they surrendered this natural liberty and exchanged it for civil liberty. Civil liberty was the freedom to do what the law of the state did not prohibit.<sup>6</sup>

Hobbes argued that a "social contract" made it possible for people to be civil, to live at peace with one another. The commonwealth was "by covenant of every one to every one" and required agreement.

The mutual transferring of right is that which men call contract.... [The] signs of a contract are either *express* or by *inference*. Express are words spoken with understanding of what they signify: and such words standing of what they signify: and such words are either of the time present or past; as, I give, I grant, I have given, I have granted....<sup>7</sup>

Individuals were motivated to give up their liberty by the benefits they acquired through the social contract. Hobbes said that a social contract was the basis for government, the commonwealth. It was the first real society insofar as it offered people a basis for peace and security, unlike primitive life. The "Commonwealth" had unlimited authority to "rule" in all matters of human life, temporal and spiritual.

*I am about to take my last voyage, a great leap in the dark.*

**Thomas Hobbes, Last Words**

These ideas got Hobbes into trouble with the monarchy and the church. Hobbes' "contract" precluded the "divine right" of kings. Indeed, Hobbes said that to divide authority between church and state was to create a "kingdom of darkness." He claimed that religion was the chief cause of the wars disrupting England and the Continent. Hobbes' "social compact" recognized civil government as the final source of authority. In effect, the "political order" should be the ultimate authority, not the religious order.<sup>8</sup>

For Hobbes, society had its origins in the need for self-preservation and to escape the natural condition of war. Under primitive conditions, "Life is solitary, poor, nasty, brutish, and short." People were unable to assure their own survival because they lacked rules for living together. The State, he concluded, was like a higher individual replacing the many. A social contract provided rules to ensure human survival in a civil society.<sup>9</sup>

Hobbes did not distinguish between the will of the people and the will of the Sovereign. The sovereign authority could be a monarch or group of persons such as a

legislative assembly. Among the benefits of surrendering to an absolute sovereign was the avoidance of anarchy and violence.

In sum, Hobbes distinguished natural law from civil law. He constructed a view of a commonwealth based on a social contract, not a monarchy or a divinely ordained king or indeed any monarchy. He said that people compose a government by a social agreement in order to protect themselves from their primitive nature. The notion of a republic finds its roots in Hobbes' concept of sovereignty.

The next step in this intellectual history, logically, would be to propose that a commonwealth develops through the sovereignty of society. People who live in society are not just citizens, but the architects of its social structures. John Locke advanced this argument.

**John Locke** (1632-1704) carried social contract theory to the next level by proposing that a contract should be understood in the context of a society. Rather than identifying a social contract with the state (as did Hobbes), he looked at autonomous structures within a society, like the family and religious orders. These associations also carried social contracts, which preceded that of the state.

This was a new idea: the commonwealth (government) was part of society, and not the "first society" as Hobbes had said. Locke proposed that the "first society" existed in nature, where social (conjugal) relations prevailed to maintain order. Locke saw primitive

societies based on a communal life governed by a kinship order. These early societies had their own degree of freedom within that simple order of social life.

Modern society – which he also termed “second” or “civil” society – was different because it did not have that same degree of license that had existed in earlier times. This second society was "political" based on "explicit consent" to establish security. Civil liberty consisted of being under "no other legislative power but that established by consent."

This was a very big step, as Locke distinguished "society" from "government." And he revealed the greater complexity of society, where social authority and civil governance developed. In fact, for Locke, society had more authority in certain aspects than government. People in a society consented to create a (commonwealth) government. If people in society were unhappy with their government, they could and should change it.

**The only fence against the world is a thorough knowledge of it.  
John Locke, Some Thoughts Concerning Education**

For Locke, civil society included a "government" created within this larger order of social contract, which is an order of human association. If government became oppressive or ruthless, people should dissolve it and create another. "[C]ivil society being a state of peace amongst those who are of it...is the soul that gives life, form, and unity to the commonwealth....The constitution of the legislative is the first and fundamental act of society."<sup>10</sup>

Thus, Locke's "civil society" did not involve a complete surrender of all rights to a sovereign government. It conceded a right for people – apart from government – to resist unjust rule. The social contract was based on compatibility between individual wants and the common need for security and moral satisfaction.<sup>11</sup>

Locke's ideas were read around the world. Thomas Jefferson read Locke's work and used it to justify the overthrow of King George in the American Revolution. He based the Declaration of Independence on the right of people to determine their own government. King George had given his consent to "acts of pretended legislation," Jefferson said. The King had degenerated into a tyrant; hence, people had the right to find other rulers to look after their interests.<sup>12</sup>

The idea of "civil" was now linked with the idea of "society," not just government. "Civil" and "society" had been separate words, unconnected, but now they joined into one concept. Society had its institutions and norms beyond those established by the state and its laws. This linking "civil" with "society" became more explicit in the work of Montesquieu, and some argue that he was the first sociologist.

**Charles de Secondat, Baron de la Bréde et de Montesquieu** (1689-1755) said that "society" had more authority and power than his contemporaries imagined. The originality of his work may be in his analysis of society's "laws." These laws developed variously, according to different types of government, climate, religion, mores (*moeurs*), customs, and economies. Thus, he went beyond even Locke to analyze society's governing

power, and to identify social customs that were coincident with – yet also separate from – the state and its laws. This is why some writers call him the first sociologist.

Montesquieu's idea of “law” challenged the popular religious concept of “eternal law.” Eternal law was viewed as superior to positive (government) law, but Montesquieu argued that religious ideas were part of (secular) society. The spirit of law for him was created in society, not government. This did not mean that all societies were good, however.

Montesquieu condemned despotism, slavery, and religious persecution as contrary to the spirit of the law. He described the diversity of human experience as reducible to society and so his work generated thinking about a civil (normative) order. Society had its own system of self-governance.

Montesquieu compared the eighteenth-century distinction of two contracts (social and governmental) with the Roman law distinction of civil law and public law. Public or political law concerned the relationship of governors to the governed while civil law concerned the relationship of members of society to one another. Montesquieu saw society as an intermediate power between the state and its citizens and also saw people in "communities" inherited from the estate system.<sup>13</sup>

Montesquieu's "spirit of law" focused on society's institutions, habits, and social norms. He said that it was meaningless for philosophers to debate the origin of the first society, but it was important for them to see the regulatory power of social norms. And

contrary to Hobbes' theory, "self interest" was not the basis for the appearance of norms and human institutions. The basis for a civil (self-governing) society depended upon common interests, and it remained for educational institutions to promote them.

In this outlook, Montesquieu did not believe that the corruption in French society could be remedied simply by governmental action. This was a major turn of thought. Human passions presented problems for people living together, but there were nongovernmental alternatives for solving these problems in society.

In sum, Montesquieu proposed that civil society was different from civil government (Spirit of the Laws, 1748). He covered more domains of social life than had John Locke. He raised questions about the dubious merit of certain types of legislation, regarding "laws" to be also a social phenomenon. In order to understand how laws develop, it was necessary to follow the "historical process" by which laws acquired a "function within the context of a system." The government was not the only institution constructing "law;" society generated civil law through religion, education, mores, and customs. The nongovernmental resources of society regulated human conduct and served a function, like a government. These norms showed a power of social constraint beyond that of the state.<sup>14</sup>

**If I knew something that could serve my nation but would ruin another, I would not propose it to my prince, for I am first a man and only then a Frenchman...because I am necessarily a man, and only accidentally am I French.**

*Pensées et Fragments Inédits de Montesquieu*<sup>15</sup>

Montesquieu had an influence on mercantile economists. He recognized that commerce placed a restraint on the powers of princes and kings. His work influenced Sir James Steuart (1713-1780), whose Inquiry into the Principles of Political Oeconomy, (1767) echoed Montesquieu's ideas on the political effects of bills of exchange and of arbitrage. Steuart, like Montesquieu, knew that trade and industry were supposed to increase the power of the sovereign, but their observations of what was actually happening pointed to a very different reality.<sup>16</sup>

After Montesquieu, the notion of "society" was discussed in salons, coffee houses, cafés, lodges, clubs, libraries, and secret organizations. Some people denounced the special privileges of "high society" and high government officials, reflecting the anti-absolutism of Montesquieu and probably Voltaire (Essai sur les moeurs, 1754). The idea of "society" was now equivalent to self-rule, the idea that people somehow governed themselves beyond the state.

**Jean Jacques Rousseau** (1712-1778) said that a civil society existed with an economy. He discussed the idea of a political economy in relation to government. Rousseau described this economy in The Social Contract and described the aims of government in his Discourse on Political Economy. In these treatises, Rousseau expanded Aristotle's idea of the household economy to include the commonwealth. Aristotle had spoken about "household government," and now Rousseau enlarged the idea to include state government. Government was like an extended family. The word "economy,"

Rousseau wrote, was derived from "the legitimate government of the house for the common good of the whole family."

Rousseau distinguished different parts of the economy. In *A Discourse on Political Economy* he argued that the "public economy...has been rightly distinguished from private economy." He wrote: "Every political society is composed of other smaller societies of different kinds, each of which has its interests and its rules of conduct." Now the notion of "society" – as an independent entity with a normative order – joined with the notion of an economy with both a public and private sector.<sup>17</sup>

**The body politic, like the human body, begins to die from its birth, and bears in itself the causes of its destruction.**

**Jean Jacque Rousseau, *Discourse on the Origin and Foundation of the Inequality Among Mankind* (1754)**

Rousseau saw society in this social contract tradition as shaping the rules of conduct. Morality served as a power in itself beyond the force of government. The transition from a state of nature to a civil society, he maintained, demanded an ability to participate in "moral reasoning." Hence, he proposed a "general will" of the people, which supplied the basis for that moral life, making the social contract sustainable.

Rousseau's "general will" of the people, however, remained within the confines of the state, not society. Individual wills "fused" (mysteriously) into one general agreement. In this general agreement, Rousseau insisted, people must produce a collective good to maintain a moral life in society.

In sum, Rousseau's social contract emphasized a moral order that included a private and public economy. He stressed the interdependency of people who live collectively. The wills of individual contractors were determined not merely by "desire" (far from Hobbes), but by social and moral norms. The "natural goodness" in people was constructed through education and politics, even as he said those social institutions needed reform.<sup>18</sup>

**Adam Ferguson** (1723-1816) said that Hobbes' social contract viewed people living together in harmony, but this was not the whole story. Social life always involved conflict as much as harmony, competition as much as cooperation. Some of society's most important institutions, he wrote, originated in conflict and "force." Like John Locke, he believed that humankind never existed in a pre-social (animalistic) condition. People in ancient societies experienced conflict and discord as well cooperation and harmony.

Ferguson saw the new commerce emerging as a necessary condition for progress. He wrote about the functions of conflict and contended that people could not truly understand each other unless they had struggled against one another.

In 1767, Ferguson published his Essay on the History of Civil Society, which was inspired in part by the work of Montesquieu. Karl Marx later singled out Ferguson as the first author to develop a theory for the division of labor in society. Later, Ludwig Gumplowicz, an exponent of conflict theory, wrote that Ferguson was the first sociologist.

For our purposes, Ferguson saw the "formation of associations" to be part of the growing complexity of civil society. These associations introduced "social politics," where

conflict became resolved. Government alone could not be counted upon to define the public interest. Hence, autonomous associations defined those interests rooted in society. Associations resolved conflicts in ways that government could not.

In sum, Ferguson pointed out that conflict appeared in war and politics, but he also recognized the importance of conflict and competition in everyday life. This competition included the new market. New values had emerged out of market competition and become incorporated into the associations of a civil society.<sup>19</sup>

**Adam Smith** (1723-1790) wrote about this new spirit in the market. He examined the spirit of the growing entrepreneurial (capitalist) system in combination with a moral order. A moral order would include all the sentiments, passions, dispositions, affections, and feelings aroused in social relationships.

"Sentiments" for Smith were essential to sustain a moral life. They were the qualities that stood between basic animal instincts and rational thought. Moral sentiments socialized and fashioned people into disciplined groups. This sense of morality was compatible with the new spirit of independence and commerce in small business. It led to a just order.

Smith's treatment of "justice" in The Theory of Moral Sentiments is important for anyone who wants to understand The Wealth of Nations. His approach to morality was similar to Aristotle's definition of "commutative justice." Moral sentiments required people to refrain from injuring one another and from withholding what belongs to others.<sup>20</sup>

For Smith, justice was the foundation of society. It was involved in the development of moral sentiments that were also natural. But this propensity for moral sentiment and justice for Smith was not strong enough to maintain society without some government control.

Hence, Smith believed in free enterprise and economic progress, but never without justice and never without government. Justice was an innate propensity that made "minimal government" possible. If justice failed to manifest itself in a free (self-regulating) market, then external regulations were appropriate. Still, Smith was critical of government, emphasizing the natural emergence of justice (civility) within systems of trade and barter.

When Smith wrote The Wealth of Nations, the term "political economy" had been in common use. The term was a little ambiguous but it did imply some "national policy" in trade and exchange. Consequently, when Smith chose the title An Inquiry into the Nature and Causes of the Wealth of Nations (rather than a popular title like "Principles of Political Economy"), scholars believe that he did so for a reason. Jacob Viner believes that Smith did not agree with the implications of "political economy" as the phrase was applied in his day.

Smith used the term "political economy" a dozen or so times, and every time, except perhaps once, he meant the economic policy of a nation. Since Smith generally took a dim view of the benefits to be derived from national economic policy, political economy must for him have been nearly synonymous with "economic poison."<sup>21</sup>

Smith assumed that a small enterprise economy developed with moral sentiments in the midst of competition. Barter and exchange were self-regulating by virtue of a “hidden [social] hand,” his metaphor for the unintended positive results of people seeking their own private ends. Smith assumed that moral judgments were made among people who had learned moral sentiments and a sense of justice. His notion of moral (mutual) sentiments became the background for the idea of mutual (self) governance, the ground for a civil economy.

In defining the development of civil society, Ferguson and Smith had personal differences about its essential character. They especially disagreed about whether it was grounded on the principle of the individual or on the principle of community. Smith considered the individual as the central principle while Ferguson believed no individual could be understood outside the context of a community.<sup>22</sup>

**Georg Wilhelm Friedrich Hegel** (1770-1831) emphasized the idea that individuals were social beings whose mission was to fulfill ethical ends. These ends were realized through a civil society, but completed only under a government. Government was the ultimate authority, the ground for universal reason. Hegel’s writing posed the "rationality of the whole" against the particular desires of individuals in the market of this civil society. He also saw the state and civil society influencing each other, but concluded that government had the final authority in creating a system of justice.<sup>23</sup>

Hegel identified civil society with the rising merchant class, and regarded this as a stage in the historical (spiritual) development of humankind. He saw England as a merchant nation with a new civil order developing separately from the state. But civil society had no overall rules and was burdened with the possibility of chaos. Its individualism had destroyed both the extended family and the village community.

He concluded that the state could be the only institution capable of resolving the most critical of human conflicts while avoiding anarchy. Civil society could socialize the individual, but it could not ensure the universal (moral) values of people. Civil society was based on individual satisfaction, at least as Hegel saw it emerging. The state, however, was based on a sense of overall justice and brought unity to all competing interests in society.

**Pierre-Joseph Proudhon** (1809-1865) proposed the idea of "mutuality" as a basis for organizing a non-exploitative economy. "Mutualism" for Proudhon stood in opposition to individualism and capitalism. He envisioned a decentralized federation of communes and counties that would retain their essential powers, ceding only limited power to higher bodies. Higher political bodies should be limited in their authority by establishing a decentralized social contract with communities. Any exercise of higher authority, he said, should be made by local consent. A higher (federal) power in this outlook would reconcile conflict among the communes, but would not compel or coerce them to follow a superior standard.<sup>24</sup>

Proudhon condemned both statism and capitalism. His political edifice would be based on mutualism and federalism. He was asked, (as reported in La voix du peuple on December 29, 1849) “What will you set up in place of the State?” Proudhon answered, “Nothing. Society is perpetual motion...It contains its own spring, always wound, as well as its own balance wheel.”

Marx said that Proudhon was a romantic idealist and broke off relations with him. We should mention here three Utopian Socialists who had concerned Marx before Proudhon: Charles Fourier, Robert Owen and Henri de Saint-Simon. These men differed from one another in fundamental ways but they had much in common. They all lived at approximately the same time: only twelve years separated the oldest (Saint-Simon) from the youngest (Fourier). All were alive between 1770 and 1825 and they all did their most influential work during the first quarter of the 19th century. It was Marx and Engels who labeled these socialists as utopian (in The Communist Manifesto, 1847). The Utopian Socialists believed that their ideal societies could be established in the immediate future.<sup>25</sup>

Proudhon’s utopian proposal included a mutual (federalist) organization for the economy; an egalitarian association to replace commercialism, individualism and the capitalist state; free credit (granted by the “people’s bank”) and a natural exchange of services. He talked about a confederation of cooperative organizations and opposed any centralized federation. This proposal (like most of the ideas envisioned by the Utopian Socialists) never came to fruition.<sup>26</sup>

**Karl Marx** (1818-1883) criticized Proudhon's ideas but also criticized Hegel, saying that the state was not the final authority. The state was a growing bureaucracy, he said, repressing individuality and humanity. The state was rooted in a division of labor that continually produced class conflict. Put another way, the individual and society could not be sustained under capitalism. The capitalist system subordinated the individual to the quest for profit and it created a false community. At some point capitalism would destroy itself:

Man in his outermost reality, in civil society, was a profane being. Here, where he was a real individual for himself and others, he was an untrue phenomenon. In the state, on the other hand, he is the imaginary member of an imagined sovereignty; he is robbed of his real individual life and filled with an unreal universality.<sup>27</sup>

Marx insisted that resolving class conflict must connect the individual with the larger community. The value of the "individual" could become realized through a new (classless) economic order. But how? Marx never answered this question in any full sense.

Marx thought that the conditions of class conflict would become resolved through violent proletariat revolution. By reconstructing the political economy (i.e. capitalism), a proletarian state could reduce its administrative powers and create an economic order based on freedom, equity and justice. The state would "wither away."<sup>28</sup>

In Marx's view, political economy justified the premises of capitalism, and his work Critique of Political Economy (1859) is a caustic analysis of this field of knowledge. The Critique is also grounded in the notion of "society" and "social relations," not simply politics and the state. Marx implied that a different field of study should develop. A few

scholars at the end of the 19<sup>th</sup> century called that field “social economy,” but it never developed as a discipline.

The notion “social” had dual meanings for Marx, serving as an objective description of reality and also as a desirable state of being. Its objective reference was to the interdependence of people in society, particularly in the market economy where social relationships were a fact of life. But Marx’s Critique of Political Economy also assumed the development of "social relations," which meant for him at times, “cooperative,” and “being human.”<sup>29</sup>

**Emile Durkheim** (1858-1917) studied the tension between markets and society. He identified a condition of *anomie*, which meant normlessness or the lack of "social solidarity." He studied one of the consequences of this condition in his research on suicide. Anomie pointed to a breakdown of the moral order, which caused social deviance like suicide and crime. This problem originated with market forces. Durkheim observed that anomie was a chronic state in trade and commerce.

Creating social solidarity, however, was not a special task of the state. Durkheim differed from Hobbes, Rousseau, and Hegel on the moral centrality of the state in governing society. He was critical of any contract that could be sustained without social conventions, traditions, and moral codes that were part of the collective conscience of society.

*..the old gods are growing old or already dead, and others are not yet born... Thus we find ourselves in ...a period of moral cold which explains the diverse manifestations of which we are, at every instant, the uneasy and sorrowful witness.*  
**Emile Durkheim, Elementary Forms of Religious Life**

A market society changes rapidly, Durkheim said; old hopes and dreams faded like ancient gods. A moral order was not created by the state but in the collective conscience of people who decided on rules together. People could generate a civil order in the economy.

But how could a moral order develop in a market-based society?

Durkheim studied the socialist movement, keeping his distance as an observer. He concluded that different ideologies in this movement were based on beliefs that the corporate economy should be organized on behalf of society. Socialism was not about establishing a welfare state or a communist state. It was about how a new associated economy could develop with a conscience. A human (moral) community, he said, might be accomplished in the economy through occupational (corporate) associations. Some social contract could be developed among competing corporations for the common good.<sup>30</sup>

The notion of an associative development inside a competitive market concludes this intellectual history and introduces a discussion of a civil economy and a new republic. These social contracts in a capitalist economy, envisioned by Durkheim, must fulfill individual and corporate self-interests, and at the same time work for the common good.

## II Metaphors to Models: The Development of Civility

In the history above, the word civil has been applied to different subjects. First, civil was applied to human association and to individual behavior, proper "demeanor" at home and in the town. It then generated a sense of self-direction and became part of the Protestant Ethic. Thomas Hobbes applied civil to the state, changing the meaning of a commonwealth from a divinely ordained government to a secular government. Then, civil was applied to society where it came to describe how people live in associations beyond the government. Hobbes and Montesquieu applied civil to law and Adam Smith saw that moral sentiments developed civility and discipline beyond the authority of government.

These writers created new ideas by metaphor and analogy. Metaphors occur when two dissimilar concepts are brought together to produce a new idea, a new framework. Language and culture develop in this way, as these created metaphors both describe and shape our shared reality.<sup>31</sup> This is what happened in the formation of civil society: the term "civil" was linked with other terms to create novel concepts like civil government and civil law. At this point, we are using the notion of civil to define a new, civil economy.

The capitalist economy has developed to become "civil" to an extent, but it is a work in progress. A civil economy is different from a capitalist economy. This modifier "civil" generates special concepts to describe this new (non-capitalist) economy: civil governance, civil markets, civil investment, civil polity, and more. We said in A Civil Republic that these

new (combined) concepts should lead into a new theory of the economy that goes beyond capitalism.

So, how does this modifier "civil" apply to "governance" in this emerging economy?

What is "civil governance?" Let's look at how "civil" introduces a different concept of governance in the private sector.

### Civil Governance

Plato and Aristotle discussed the idea of a republic as a city-state. During the Protestant Reformation, the Calvinist movement sparked new thought about democracy in the church and the state. Calvin helped to revise the constitution in Geneva, Switzerland, making an argument for democracy. But he had first developed a democratic structure in the church, which he saw as a civil (nonstatist) government. So, the term "governance" also came to apply to associations in the private sector, i.e. to nongovernmental associations.

Civil governance referred to the democratic management of an organization, or leadership through elected representatives, guided by a constitution and bylaws. The term "civil" also referred to a set of norms for correct conduct, i.e. a code of ethics decided among members of an association. As "civil" developed meaning it then referred to self-rule among nongovernmental associations in the private sector. Here we see the formation of new terms like civil association and civil corporation.<sup>32</sup>

Notice. This idea of civil governance began in the religious order. It was visible in the Calvinist Reformation. Hobbes' Leviathan (1651) was written after Calvin's Institutio

(1536). Hobbes was influenced by the Reformation and applied this idea to the commonwealth. Calvin is widely known to have influenced John Locke and Jean Jacques Rousseau. It appears that the idea of civil governance developed from a rebellion within the church, a revolt against the hierarchy of the religious.

Max Weber said that every economy stands within – and in tension with – a religious ethic. “Every religiously grounded and unworldly love and indeed every ethical religion must, in similar measure and for similar reasons, experience tensions with the sphere of political behavior.”<sup>33</sup>

The notion of civil governance in the private sector links with the notion of a civil (self-governing) society and has origins in a religious ethic. The call for civil governance meant self-rule. It developed from sectarian criticism of Roman Catholic Christianity; it was a call for individual freedom and decorum, a call for each believer to be self-reliant, independent from outside church controls. The Protestant Reformation was a spark in this drive for civil (self-governing) associations. The idea of liberty in the private sector was encouraged by rebellious religious fellowships where members were joined by ties of faith and love.<sup>34</sup>

### A Civil Society: Self-Organizing Associations

We said that "civil" began with the idea of association, being social. It developed in street talk and café conversations about the demeanor of individuals, not just an intellectual idea of philosophers. The Swiss sociologist, Norbert Elias explored the speech of common

people becoming conscious of their health and manners. Dueling had become an uncivil response to an offense. Manners developed. It became uncivil to eat with fingers, as knives and forks were popularized. This social history reveals the evolution of different civil orders.

Hobbes' work applied civil to government. Thus, the political order became the focus of secular authority, reducing religion to a secondary order of power. The religious order became a lesser authority in society. The political and religious orders became distinct and different, i.e. as Herbert Spencer would say, differentiated as an institution in society.<sup>35</sup>

In the 17<sup>th</sup> and 18<sup>th</sup> centuries, society differentiated into many various institutional orders: The religious order separated from the economic order and both orders separated from the state order. The church, the enterprise, and the state became separate institutions with different cultures. In effect, society was decentralizing and civilizing itself at the same time. Western society was in a “decentralized developmental” process, both planned and spontaneous.<sup>36</sup>

The idea of social democracy was then conceived as a way of life in society, not just government. The idea of democracy was central to transforming a feudal society into a civil society. Social contract theory was part of a popular movement toward social democracy, not just state democracy. The Baron de Montesquieu wrote of a constitution *in society* as

though it had powers separate from government. John Locke wrote of “experience” *in society* as a starting point to understand the truth.<sup>37</sup>

When Alexis de Tocqueville visited America in 1831 and published his two-volume Democracy in America (1835), he emphasized how associations were emerging in this setting:

In no country in the world...has the principle of association been more successfully used or applied to a greater multitude of objects than in America. . .In the United States associations are established to promote the public safety, commerce, industry, morality, and religion. There is no end which the human will despairs of attaining through the combined power of individuals united into a society.<sup>38</sup>

De Tocqueville worried about the chaos that might arise with so much freedom, but it did not stop him from appreciating democracy’s “grandeur” outside government. He saw democracy as “a way of life,” not just a government. He saw a society in which people were being civil in new ways, referring to manners, customs, conventions, and norms, a new order.

In short, there was a differentiation of ideas and a differentiation of institutions. The idea of "society" distinguished itself in the public mind from the "state." The idea of "political" distinguished itself from "economic." The idea of "moral" distinguished itself from "social." And so on.

The idea of civil society spread across continents. Thomas Paine's Common Sense (1776), as well as the American Bill of Rights and the French Declaration of the Rights of

Man and Citizen, justified an egalitarian society in the context of a democratic government. Civil society became a source of authority, that is, a major intellectual achievement that took over three centuries. "Society" was distinguished from "government" and "civil" was distinguished from demeanor as a moral principle, not just a government principle.

I would say that the civil modifier is now applicable to the economy and markets.

### The Civil Economy: An Order of Associations

We have said that civility was linked with the state (Hobbes and Rousseau), then with society (Montesquieu and Locke). Society had different features such as mores and customs (Montesquieu) and a small business system (Smith). While philosophers of the 18<sup>th</sup> century saw civil society based on individualism, intellectuals in the 19th century made their counterpoint with socialism. Both these ideologies failed gradually in the 20<sup>th</sup> century, even as they continue to captivate the mind with hidden truths today (i.e. as they refer to the value of being an individual and social at the same time).

This is a story of societal evolution.

The idea of a civil economy and civil markets is part of this evolving story. Civil markets are evolving, not determined but potentially there, hidden within the culture of capitalist markets. The culture is capitalist but it develops (potentially) through civil relations.

We can be assured of one thing. The development of a civil market will not be any easier than the development of a civil state. It will require new government policies, new laws, new university studies, new social and political movements, and business leadership.

What is a civil market? The answer is not operational or fully definitive. It is a process of ongoing clarification, in which stakeholders and governments determine its meaning. It is defined gradually through fair and free trade. Its meaning is constructed around the idea of a self-regulatory system of associations.

It took centuries to define and develop a civil state – from a philosophical social contract theory into public debates, and finally into political movements. A civil market will evolve through a similar series of debates and movements.

**Conclusion:** The Grammar for a Civil Republic

Some degree of social order develops when people create an association, like a tribe, a city or a state. The order develops when members make rules to govern their behavior on their commons. It is based on an agreement over rules set among leaders and association members. The association today could be a business group, trade union, a street gang, a government, a professional organization, or a religious denomination, a barbershop quartet.

A social contract is an agreement that is explicit or implicit, according to Thomas Hobbes. But today it requires study as it applies to contracts in markets. Members of associations (stakeholders) in capitalist markets create contracts as agreements with rules for conduct.

People in voluntary associations create their own constitutions, compacts, and covenants. They create a normative order in the general economy. This normative order is (relatively) civil, not perfect. A “civil order” is thus a fact that is not a fact, a paradox if you will. A civil order is a fact in a state of becoming, as Aristotle might say. A civil order is a fact but also an ideal. It is a social fact that changes through the tension between the real and the ideal. A civil order is a process of change and self-development, ongoing.

There is always some oligarchy and class difference in a social contract. A fine social contract, carefully crafted, is not the end of the story, not the whole story of civil development. A tension between the real and the ideal is present in every contract. This tension is about what is real and ideal is indeed the subject for university studies. Sociologically, it is about what is latent and manifest in the culture of every association.

In civil planning, the government gives incentives to develop the ideal that is latent. The government encourages the development of associations like trade groups which have ideals that are not realized or accomplished. The accomplishment of those ideals then increases their civility.

The social contract philosophers (noted above) inspired the idea of civil government and civil society, but more studies are needed about the meaning of these terms as applied to the market. No government is wholly civil and no government can create a civil society. People in society create a civil government, as Locke said, and they develop a civil society,

as Montesquieu said. But now the challenge is to build a civil market. A civil market requires self-governing associations with public standards backed by government.

A civil market develops contract-by-contract, context-by-context, with government support. It develops under a self-directing process sustained by a strong government. Business corporations and lobby associations do not determine the policies of this government, rather the reverse. A democratic government influences the policies of lobby associations to establish a free and just economy.

A civil (free and just) economy develops as members of associations – business groups, church associations and trade unions – create contracts in the private sector. Social contracts are various, as in the covenant of a church, the agreement of buyers and sellers, the bylaws of a union, the charter of a professional association, and the rules of a city council. All these contracts become involved in civil economic development. They develop freshly as people become aware of their connection with the economy.<sup>39</sup>

Enlightenment philosophers helped society to develop from the medieval period to the modern period. The word “civil” now advances our understanding of how markets develop codes of conduct and public standards that are enforced in the private sector.

A new republic should develop with a civil economy. We call it a civil republic.

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<sup>1</sup> The Oxford English Dictionary traces the differences in the connotation of society as it was defined during these centuries. Oxford English Dictionary, "Society," [http://80-dictionary.oed.com.metalib.bc.edu/cgi/entry/00229772?query\\_type=word&queryword=society&edition=2e&first=1&max\\_to\\_show=10&sort\\_type=alpha&result\\_place=2&search\\_id=0VFN-PN8qUb-4137&hilite=00229772](http://80-dictionary.oed.com.metalib.bc.edu/cgi/entry/00229772?query_type=word&queryword=society&edition=2e&first=1&max_to_show=10&sort_type=alpha&result_place=2&search_id=0VFN-PN8qUb-4137&hilite=00229772)

<sup>2</sup> Norbert Elias, The Civilizing Process (Oxford: Blackwell, 1994.)

<sup>2</sup> The rules for civility developed in Europe as the church yielded its authority to the state. People sensed the importance of manners, personal courtesy, and control over natural impulses, as they lived more and more outside church authority. A sense of the "individual" and one's self came with this development. A sense of self-responsibility sprang up with autonomous (self-governing) associations. Europeans in the Middle Ages had lacked a sense of "self," i.e. as an autonomous personality. Now a stronger image of self-authority and self-direction developed. People saw themselves as becoming free but obliged to a moral conscience. Hence, Adam Smith's philosophy of the individual conscience working in markets, and the idea of self-regulation as a concept in thinking about markets, was understandable.

<sup>3</sup> The name "Protestant" comes from a manifesto to Emperor Charles V of Germany. It was conceived in 1529 by a number of princes who had supported Luther. The princes protested what they considered unjust measures by the Emperor and by the Pope. From this time forward the word "Protest-ants" applied to those who were opposed to the Pope

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and his party. The princes supported their claims by force of arms. The conflict between Catholics and Protestants was so severe that it finally settled into a Thirty Years' War that came to a close by the signing of the Treaty of Westphalia in 1648. This treaty, among other things, stipulated a guarantee of religious toleration for Catholics and Protestants, but not for others like the Anabaptists. The close of the War of the Reformation resulted in certain Protestant bodies: Lutherans, Reformed, Presbyterians, and Episcopalians.

<sup>4</sup> Many great writers were associated with this change in thought: Voltaire (1694-1778), Holbach (1723-1789), Diderot, (1719-1784), Condorcet (1743-1749), and others.

<sup>5</sup> Hobbes had predecessors with similar ideas. For example, Jean Bodin (1530-1596) was a powerful social and political writer in sixteenth-century France. His first book (Method for Easy Comprehension of History, 1566) dealt with the problems of politics in general and the foundation of the French constitution. He sought a way to study history that would simultaneously be a method for analyzing society in historical stages. Bodin's book focused on the study of economic conditions in France, and his greatest writings (Six Books of the Commonwealth, 1576) were written as the French monarchy was weakened by the religious conflict between Catholics and Huguenots. Bodin defended the monarchy but saw the family as the first and only "natural" form of society. He viewed the state as an association of families recognizing "sovereign power." He even suggested that society preceded the formation of the state. Families grouped around advantageous sites, for trade, to cooperate in defense, and to join in common worship. The state arose from conquest

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and became a sovereign power at the essence of a society. Customary law was then valid only if sanctioned by the sovereign, even though a natural law was conditioned by all human relations. The distinction between natural law and human law, however, was not made until the work of Hobbes in the next century.

<sup>6</sup> Hobbes maintained that the state was created by a mutual agreement (i.e. a contract, compact, covenant), which meant that people gave up their right to natural liberty as individuals to become members of a civil state, on the condition that others would do likewise. Hobbes wrote that people were then united as though they were one individual person. He called it the “commonwealth,” or in Latin, “civitas.” He also called the state a great Leviathan (1651), that is, a mortal god to whom people owed their peace and defense. He differentiated natural law from the natural right to liberty. The only thing that could induce a person to voluntarily give up natural liberty was a greater benefit gained by making a social contract. A social contract meant that justice was based on “keeping a valid agreement” while injustice was defined as failing to follow the rules of that agreement, but Hobbes said nothing about the contract details. He assumed that any agreement that was based on rules of law was enough to determine “a system of justice.”

In other words, Hobbes formed a theory about a civil order of political governance, not a social order of manners and customs. He did not look at the social order in the way of later philosophers, like Montesquieu. Hobbes’ civil metaphor shifted the idea of governance from a religious to a political order, i.e. a divine monarchy to a secular

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government, a sacred-to-secular order (Thomas Hobbes, Leviathan Chicago: Encyclopaedia Britannica, 1952).

Hobbes spoke of the difference between commutative justice and distributive justice. Commutative justice was the performance of a contract in buying and selling, hiring and firing, lending and borrowing, exchanging, bartering and other acts of contract. Distributive justice was the allocation of some measure of equity, though Hobbes was not clear about the meaning of “equity.”

<sup>7</sup> The title of Hobbes' Leviathan was drawn from the Biblical book of Job and refers to a power higher than people and lower than God. For Hobbes, it was synonymous with a commonwealth or a state. After a social contract was made, "[t]he multitude so united in one person is called a COMMONWEALTH; in Latin, CIVITAS. This is the generation of that great Leviathan, or rather, to speak more reverently, of that mortal god to which we owe, under the immortal God, our peace and defence." Thomas Hobbes, Leviathan (Chicago: Encyclopedia Britannica, 1952) Quote in text, p. 88. Footnote quote, p. 100. Quotes are from Thomas Hobbes, "Elements of Philosophy", and "Leviathan," in Irwin Edman and Herbert Schneider Landmarks for Beginners in Philosophy, (N.Y. Henry Holt, 1941) pp. 390, 394.

<sup>8</sup> De Cive, (or The Citizen) was written in 1642 while the Leviathan was written in 1651. The Citizen (NY: Appleton-Century-Crofts, 1949) and Leviathan (NY: Macmillan, 1947). Today the State of Massachusetts is legally a Commonwealth. American citizens live in a

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commonwealth of states and teach the idea of civil government in public schools. But the idea of a civil commonwealth took centuries to develop as a popular subject. It was slowly refined for study as a model, designed for teaching and research – as in political science.

<sup>9</sup> The idea of a contract in society – as an association of people seeking freedom from oppression – might be traced still farther back in history. It might be seen in the Magna Carta, an agreement signed through concessions from King John. Rebellious barons created it in 1215, establishing that the power of a king could be limited.

<sup>10</sup> John Locke, "Concerning Civil Government," in Robert Hutchins, ed. Great Books of the Western World (Chicago: Encyclopedia Britannica, Inc., 1937). p. 74.

<sup>11</sup> The (second) "political society" was to be divided into the legislative, executive, and federative powers, with "judicial decision" a general power of the commonwealth. Locke favored "freedom of thought and religion" and believed that the sole purpose of government was to protect the life, liberty, and property of people. The idea of "society" was beginning to separate from the idea of "government." For Locke, the first power in society was the family and was "parental" in nature. It was where civil manners developed. "Secondly, political power is that power which every man having in the state of Nature has given up into the hands of the society, and therein to the governors whom the society hath set over itself, with this express or tacit trust, that it shall be employed for their good and the preservation of their property." (My italics.) The society set government "over itself." Put another way, Locke saw two sorts of relations between people, the first was a natural

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social contract, entered into by reason of self-preservation, and the second was by political rights in property. In his theory on the origins of civil society, the family was important. The joining of male and female was a primary stage in the voluntary community. Arbitrary government, he said, was "impossible." In a commonwealth, the consent of each individual was necessary to enter "the bond of civil society." A social contract eventuated in elections, the choice of representatives charged to exercise legislative power. Legislative power was supreme in Locke's government of federative powers. John Locke, Two Treatises of Government, ed. Peter Laslett (London: Cambridge University Press, [1690a], 1960); An Essay Concerning Human Understanding, 2 vols, edited by Alexander C. Fraser (N.Y.: Dover, [1690b], 1959); Essays on the Law of Nature, edited by Wolfgang von Leyden (Oxford: Clarendon, 1954). For Lockean principles in the background of the American constitution, see Louis Hartz, The Liberal Tradition in America: An Interpretation of American Political Thought since the Revolution (N.Y.: Harcourt, Brace, 1955).

<sup>12</sup> Various historians have noted the connection of the American Revolution with Locke's writings. Historian Andrew McLaughlin says "[S]ome of Jefferson's phrases are exact quotations from Locke." And, further, we see ministers in New England speaking of the sacredness and inviolability of social compacts. In 1774, John Lathrop said that compacts were "in the foundation of all civil societies" and they "may not be disturbed." A sense of the sacred now moved from a subject of religion. It moved toward being associated with people making a secular agreement. Society was becoming secularized and the church was

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privatized apart from government. Andrew McLaughlin, Foundations of American Constitutionalism (Greenwich, Conn.: Fawcett Publ., 1961, o.d. 1932) both quotations are on p. 116. Thomas Jefferson said "I consider the people who constitute a society or nation as the source of all authority in that nation; as free to transact their common concerns by any agents they think proper; to changes these agents individually, or the organization of them in form or function whenever they please." (My italics) Jefferson fell back on "society" as that "association of peoples whom, when necessary, will reconstitute the organization of government." He said that the object of the Declaration of Independence was not to find "new principles, or new arguments, never before thought of...but to place before mankind the common sense of the subject...all its authority rests on the harmonizing sentiments of the day," referring then to the ideas of John Locke (among others). In virtually the same voice, James Madison said, "It is essential to such a government (a democratic republic) that it be derived from the great body of the society, not from an inconsiderable proportion, or a favored class of it." (My italics) Adrienne Koch and William Peden, The Life and Selected Writings of Thomas Jefferson, (N.Y.: Random House, 1993, o.d. 1944), pp. 576, 656. James Madison, The Federalist (1788, No. 9).

<sup>13</sup> Baron de Montesquieu, The Spirit of the Laws [1748] (N.Y.: Harpers, 1949), I (3), 5. Montesquieu also drew from the work of Jean Bodin (1530-1596). Bodin described the essence of political power in terms of sovereignty. Montesquieu, more than a 150 years

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later spoke equally about sovereignty. But while Bodin considered any form of separation of powers as incompatible with sovereignty, Montesquieu supported a mixed constitution.

<sup>14</sup> Montesquieu thought that the orientation of political actors was to be explained in large part by religion, ideas, maxims, and public opinion rather than government. See the Baron de Montesquieu, The Persian Letters, transl. by George Healy, (Indianapolis: Bobbs Merrill, 1964, o.d. 1721); Considerations on the Causes of the Greatness of the Romans and Their Decline, transl. by David Lowenthal (N.Y.:Free Press, 1965, o.d. 1734); Jean Brethe (ed.), De l'esprit des loix. Vols. 1-4. An English translation was published by Hafner in 1962, o.d. 1748. Alexis de Tocqueville was following Montesquieu's mode of thought in the first part of Democracy in America. He concluded that the success of the United States had been caused more by the constitution than by the climate and terrain, but, most importantly, by the mores of the inhabitants. Montesquieu's insight into the interdependency of "law and society" also seeded new thinking in the profession of law and the social sciences. Sir Henry Maine applied Montesquieu's idea to the similarities between the laws of ancient Rome and of India, showing parallels in their development. Maine coined the concepts "status" and "contract" and described them as part of the evolution of law. Sir Henry Maine, (Ancient Law, 1861) The concept of society became a subject of sociology.

<sup>15</sup> Charles de Secondat, baron de Montesquieu, 1689-1755. Pensées et fragments inédits de Montesquieu / publiés par le baron Gaston de Montesquieu. – Bordeaux [France] : Gounouilhou, 1899-1901.

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<sup>16</sup> Montesquieu said that the “the monied interest” (in contrast to the landlords with their “solid property”) “can baffle [the statesman’s] attempts” and “can frustrate his schemes of laying hold of private wealth.” Trade expansion strengthened the “middle rank of men” at the expense of the lords and eventually the king. Here I am quoting Sir James Steuart from references in Albert O. Hirschman, The Passions and Interests: Political Arguments for Capitalism before its Triumph (Princeton, N.J.: Princeton University Press, 1977.) p. 82.

<sup>17</sup> Rousseau said in 1755 that the word Economy, or OEconomy, is derived from oikos, a house, and vomos, law, and meant originally only the wise and legitimate government of the house for the common good of the whole family. The meaning of this term “economy” was then extended to the government of that great family, the state. To distinguish these two senses of the word, the latter would be called general or political economy, and the former domestic or particular economy. The first only was discussed in Jean Jacques Rousseau, "A Discourse on Political Economy," in Robert Hutchins, Great Books of the Western World (Chicago: Encyclopedia Britannica, 1952). pp. 367, 369.

<sup>18</sup> Rousseau said that people have a duty to obey only legitimate powers, only rightful rulers, whom citizens freely choose themselves. The right of a monarch, therefore, was given by the people, not by God. Jean-Jacques Rousseau, The Social Contract, transl. by G.D.H. Cole (NY: Dutton, 1950, o.d. 1762). Some writers call Rousseau’s concept of contract totalitarian, insofar as all individual rights were yielded to a sovereign state.

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Rousseau's social contract oath for his projected constitution for Corsica stated, in effect, that all citizens granted their will and ownership to the state.

<sup>19</sup> Adam Ferguson, An Essay on the History of Civil Society (1767), (Philadelphia: Finley, 1819). For an evaluation on Ferguson's thought, see: David Kettler, The Social and Political Thought of Adam Ferguson (Columbus, Ohio: Ohio State University Press, 1965).

<sup>20</sup> Robert Heilbroner, (Editor), The Essential Adam Smith (N.Y. W.W. Norton & Co. 1986).

<sup>21</sup> Jacob Viner, "Smith, Adam," International Encyclopedia of the Social Sciences (N.Y.: Crowell Collier and Macmillan, 1968), p. 328.

<sup>22</sup> These contrary principles – the individual vs. the community – are still debated.

Libertarians and Communitarians today have different outlooks on the priority and the meaning and the relationship of these two concepts. We see the individual and the community to be universals in theory that must be defined concretely in each society.

Ideally, neither of these (universal) ideas should dominate the other nor gain higher priority in the good society. Benjamin Barber describes this argument between libertarians and communitarians and contends that the best notion of civil society is one that can mediate between the individual and the community. Benjamin R. Barber, A Place for Us: How to Make Society Civil and Democracy Strong, (N.Y. Hill and Wang, 1998).

<sup>23</sup> The three orders – family, civil society, and state – were for Hegel the ways in which an Idea became actualized. In Hegel's formula of history, the concept (the form of an Idea)

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was its "first moment," as in the "family;" the second moment was in the actualization of the concept, as in "civil society;" the third moment was in the synthesis of the first two moments, as in the state. Civil society was viewed with its own successive "moments." Thus, civil society could be in its own category of development. Yet family, civil society, and the state were themselves three moments in which the "pure concept" was united through the actualization of self-knowledge. People did "actualize" themselves in social relations, but ultimately did so in the state. Hegel said, "The principle of rightness passes over in civil society into law." Georg Wilhelm Friederich Hegel, "The Philosophy of Right," in Great Books of the Western World (N.Y. Encyclopedia Britannica, 1952) p. 72. For an analysis of Hegel's work, see Jean L. Cohen and Andrew Arato, Civil Society and Political Theory (Cambridge, MA: MIT Press, 1994). See also: Georg Wilhelm Friedrich Hegel, The Philosophy of Right, trans. by S.W. Dyde (London: George Bell, 1896). In Selected Essays, trans. H.J. Stenning (London, n.d.) Leonard Parsons, p. 24.

<sup>24</sup> Pierre Proudhon, What is Property? An Enquiry Into the Principle of Right and of Government (N.Y.: Fertig, 1966, o.d. 1840).

<sup>25</sup> Proudhon's writings are well described by the epigraph he gave them: Destruam et aedificabo. The original quotations on Proudhon are in Jean Cassou, Quarante-huit. Paris: Gallimard. My reference here is from Marcel Prélot, "Pierre Joseph Proudhon," in International Encyclopedia of the Social Sciences, Vol.12 (N.Y. The Macmillan Company & The Free Press, 1968) p. 605.

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<sup>26</sup> Steven K. Vincent, Pierre-Joseph Proudhon and the Rise of French Republican Socialism (NY: Oxford University Press, 1969). Proudhon defined the federal contract with particular care in his Du principe fédératif of 1863. Federation (from the Latin word foedus, or pact, contract, treaty, convention, or alliance) was a covenant by which several groups of communities or states bound themselves reciprocally and equally to fulfill their joint purposes.

<sup>27</sup> Quoted in Henri Lefebvre, The Sociology of Marx (N.Y.: Vintage Books, 1969) pp. 129-130.

<sup>28</sup> Marx's key idea in this sense can be seen as follows:

“Only in community [with others has each] individual the means of cultivating his gifts in all directions; only in the community, therefore, is personal freedom possible. In the previous substitutes for the community, in the State, etc. personal freedom has existed only for the individuals who developed within the relationships of the ruling class, and only insofar as they were individuals of this class...In a real community, the individuals obtain their freedom in and through their association.” Karl Marx and Frederick Engels, The German Ideology, ed. C.J. Arthur, N.Y.: International Publishers, 1973. p. 83. For Marx, capitalism was self destructive, and at the same time, the greatest human achievement in history. But political citizenship was not the final answer for Marx, as it was for Hobbes, Rousseau and Hegel. Rather, the state stood for a mode of alienation, especially by its bureaucracy. Marx held that the ideal of citizenship – an identity through which people can emancipate themselves

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from other status identities – could enable people to make the final human "emancipation" possible. Political emancipation represented progress, Marx said, but it was not the final form of human freedom and civil order.

<sup>29</sup> The term "social economy" was rarely used in the 19th century as a field of knowledge (e.g. an exception: Luigi Cossa published Economia Sociale in 1891). The term today is often associated with the "Third Sector" composed of nonprofits and grassroots organizations. But the essential idea signifies only that an economy has a human basis for exchange that is interwoven with its politics. The term "social" includes the term "political," and its use is noteworthy in the work of Karl Marx. Socialism in this century identified the state with "community" in direct opposition to Marx's view of the state as bureaucratic, temporal, and at some point, "withering away."

<sup>30</sup> The subject of sociology was derived from these different philosophies of society through the work of Henri de Saint Simon, Auguste Comte, Herbert Spencer, Emile Durkheim, and others. Durkheim especially wanted to promote moral ground for a "community" of competing interests. This could be accomplished at best through consent based on shared information and inter-corporate collaboration around essential issues. He studied the socialist movement, concluding that it was a system of beliefs about how groups (corporations) should collaborate for the common good. Emile Durkheim, The Division of Labor in Society, (NY: The Free Press, 1964); Professional Ethics and Civic Morals (London: Routledge and Kegan Paul, 1957).

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<sup>31</sup> The word “understand” was created from the practice of looking under a stand (table) to see how it was made, determining whether it was solid enough to purchase. The concept to understand in the mind meant looking beneath an idea. For Aristotle, the greatest thing was to be a master of metaphor. “It is the one thing that cannot be learned from others; it is also a sign of genius, since a good metaphor implies an eye for resemblance.” Aristotle, De Poetica, 322 B.C. Metaphor is a figure of speech where a comparison is made between two seemingly unrelated objects without using "like" or "as". It is transference of one object's characteristics onto another. It is not to be confused with simile, metonymy, personification, allusion, and antonomasia. When we say, “the ship plows the sea,” we construct a new concept from an old concept. We see how a ship cuts the sea like a plow cuts the ground. Language and new imagery develop by metaphors in this fashion.

<sup>32</sup> In Geneva’s government, four chief magistrates came to be elected by vote of all citizens from a list of eight names presented by a governing body called the Little Council. Membership in the Little Council was by a "co-optation of distinguished people" with the approval of the "Council of Two Hundred," a body that was also selected in turn by the Little Council. It was an aristocracy not by lineal descent, but now with a greater sense of democracy. Calvin thought about the classic Greek idea of a democratic government and in 1560, he noted that hereditary kingship seemed out of accord with liberty. He proposed that a well-ordered government was derived from a general vote of the people. John Calvin,

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Institutes of the Christian Religion (Philadelphia: Westminster Press, 1960); John McNeill, Ed., John Calvin on God and Political Duty (N.Y.: Liberal Arts Press).

<sup>33</sup> Weber referred to Calvin, “The character of the Calvinist church differs from that of all other churches, Catholic, Lutheran, and Islamic.” The charismatic prophet Mohammed and followers of Islam had a strong political orientation, but Weber in the Calvinist case said, “Thus, the church has here been completely divested of its charismatic character and has become a mere social institution.” Max Weber, Economy and Society, editors, Guenther Roth and Claus Wittich (N.Y. Bedminster Press, 1968), 3 vols. pp. 590, 1198-99.

<sup>34</sup> Calvin introduced a democratic church polity that was an alternative to Catholic polity. Calvin’s theory of religious order was an extension of his Christian faith, a faith “consistent with itself.” Thus, he saw the church to be a self-governing institution with members expressing their religious convictions in government. Church polity aimed for democracy as a way of life in all government. Calvin spoke of the church as a commonwealth, a counter-polity to the state. Indeed, the English revolution led by Oliver Cromwell was influenced in part by Calvin’s theory of the church.

<sup>35</sup> Hobbes put together "civil" and "government" to clarify the connection between natural and human laws; and by doing so, he enabled two (very different) ideas to join into one idea, *civil government*. This single idea would make a difference in the way people saw themselves living together under a social contract, not under divine rule. People began to form an image of self-government in society.

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Today some social scientists argue that religion was strengthened (not weakened) by its mounting diversity of belief and organization. Philosophers were explaining a secular democratic government but also a society that existed outside the state. The term "political society" distinguished "government" (Hobbes) from "religion" as the final moral authority. The Protestant Reformation then splintered religious beliefs, but it also challenged the moral authority of the church itself. The power of religion declined institutionally, no longer as a "sacred canopy" in society, but religion did not become less significant in the individual lives of people. It only became more privatized. See R. Stephan Warner, "Work in Progress Toward a New Paradigm for the Sociological Study of Religion in the United States," American Journal of Sociology, Vol. 98, No. 5, March 1993) pp. 1044-1093.

<sup>36</sup> Sociologist Robert MacIver discussed the complexities of this differentiation in social and political orders of society. His books include Community: A Sociological Study (1917), Society: Its Structure and Changes (1931), The Web of Government (1947), The Pursuit of Happiness (1955), Social Causation (1964), Politics & Society (1969), and On Community, Society, and Power; Selected Writings, ed. by L. Bramson (1970). This differentiation was most clearly outlined in The Web of Government.

<sup>37</sup> John Locke became known the philosopher of the English Revolution of 1688. Locke and Montesquieu were intellectuals in the background of the American Constitution. Jean Jacques Rousseau was close to the French Revolution that began on July 14, 1789. This

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revolution set political forces into motion to alter the constitution of society. The French Revolution was directed largely by the middle class (bourgeoisie) against the absolute rule of the French kings and against the privileges of the nobility. Rousseau said the true end of government was liberty and equality and the battle cry of the French Revolution was “Liberty, Equality, Fraternity.”

<sup>38</sup> Alexis de Tocqueville, Democracy in America, Vol. 1 (N.Y.: Vintage Books, 1945) pp. 198-99.

<sup>39</sup> Political economy emerged at the end of the eighteenth century to explain a system of economic exchange governed by the state. But Adam Smith was looking beyond the political economy. He was reluctant to give his treatise (Wealth of Nations) a name with the phrase “political economy” because of the close affiliation this had term with government. He called markets *free* and *self-regulating*. For Smith, justice was expressed through the conscience of individual entrepreneurs. Based on the idea of an individual conscience working in free markets, it was then not a perfect justice system.

Political economy continued as its own subject to form the background for economics. William Stanley Jevons (1835-1882) saw the political economy defined by “utility, wealth, value, commodity, labor, land, and capital.” But Alfred Marshall decided not to use the term political economy, seeing the subject as a more autonomous project. Marshall popularized the term “economics” to represent the subject in academic studies, admitting a concept of human welfare.

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Social thinkers, like St. Simon, Cabet, Owen, Fourier, Marx, Proudhon, and others, were contributors to the idea of an economy that could transcend capitalism. There were Fabian socialists (e.g. Shaw, Wallace, Olivier, the Webbs) who saw an “evolutionary gradualism” in this social idea working its way through the economy. Close at hand were the Guild Socialists (e.g. Orage, Cole) who saw industrial democracy as complementing political democracy. There was also the historical school of economic thought that began with Hildebrand (1812-1878) and the later school that began with Gustav Schmoller which continued in the United States with Charles Beard. They were interested in documenting the stages of societal development as an economic idea. This school of thought had an influence on institutional economists who believed that any absolute postulate of economic freedom should be disregarded, and emphasis should be given to the actual development of economic institutions and groups. After World War I, they worked to form an independent school of thought: the institutionalists. The “institutionalists” included J.R. Commons, R. G. Tugwell, C.E. Ayres, Thorstein Veblen, and others in the United States. They turned away from the concept of marginal utility theory and the fiction of the “economic man” and became involved in the debate over whether studies could be “value-free.” In this dispute over method (kleiner Methodenstreit), Veblen was in the forefront of a challenge to John Bates Clark’s economic theory that claimed to be neutral and objective.