

MARKETS AS CONVERSATIONS

Markets' contribution to civility, the public sphere and civil society at large

Víctor Pérez-Díaz

ASP Research Paper 59(b)/2006

Summary

1. Introduction

- 1.1. Mutually embedded spheres of society
- 1.2. A brief summary of my argument

2. Back to civil society in its broad, sense

- 2.1. The Scottish philosophers' view of CS in context
- 2.2. Various intellectual roadmaps for a way back to CS
- 2.3. On the current historical context

3. Markets as conversations and educational institutions

- 3.1. The civilizing effects of free markets, with a caveat
- 3.2. Words and deeds, or statements and practices, as communicative acts
- 3.3. Some illustrations of linguistic and extra-linguistic communication in the art world, the urban scene and politics
- 3.4. Markets as conversations, and the way they work at various stages of the economic process, and in different conversational spaces
- 3.5. Civility and two morals, of the "small worlds" and of the "extended orders"
- 3.6. Markets' morality not as *ethica docens* but as ethical life, and markets as a character-forming institution

4. Markets' civilizing effects on politics and policy, and the public sphere

- 4.1. Markets and civil virtue, and the political community as a world of shared experiences, or of friends and enemies
- 4.2. Markets' placing limits on the excesses of politics, and pointing to a self-governed society

5. Conclusion

References

To be published in Pérez-Díaz, Víctor, ed., *Markets and Civil Society*. New York, Berghahn, forthcoming

ASP Research Papers

Comité de Redacción /Editorial Board

Víctor Pérez-Díaz (director)
Berta Álvarez-Miranda Navarro
Joaquín Pedro López Novo
Josu Mezo Aranzibia
Juan Carlos Rodríguez Pérez
Fernando González Olivares (redactor jefe)

Comité Científico Internacional /International Scientific Committee

Daniel Bell (American Academy of Arts and Sciences)
Suzanne Berger (Massachusetts Institute of Technology)
Peter Gourevitch (University of California, San Diego)
Peter Hall (Harvard University)
Pierre Hassner (École des Hautes Études en Sciences Sociales, Paris)
Kenneth Keniston (Massachusetts Institute of Technology)

© Víctor Pérez-Díaz

This paper should not be reproduced in whole or
in part without the prior permission of the author

Depósito legal: M-6126-1994
ISSN: 1134 - 6116

Abstract

The author restates a traditional, broad and composite view of civil society, of increasing relevance at a time of ever greater complexity in a non-state centered world; and he explores the relations between markets, associations and politics as parts of that interconnected whole. Markets as conversations shape people's dispositions and help developing a set of civil and civic virtues, bracketed together under the rubric of civility. The paper examines the scope and limits of these civilizing effects on politics and the public sphere.

1. Introduction

1.1. *Mutually embedded spheres of society*

The economy is embedded in politics and society, as today's neo-institutional and Austrian economists as well as economic sociologists point out (North 2005, Boettke and Storr 2002, Granovetter 1992, Swedberg 2005a and 2005b), and historians have known for long (Braudel 1973:444), but the reverse is equally true.¹ We should understand the different ways of functioning of these spheres and how the boundaries between them are maintained, but also how these spheres complement and reinforce each other and how their boundaries are continually crossed. Markets are influenced by politics and society while market experiences shape each one of them in return. The connection going from the markets to the other spheres is the focus of this paper. I am also interested in understanding how markets and these other spheres may cohere in an orderly whole.

Coherence, orderliness is a matter of gradation. But while the development of society brings with it a growing complexity and institutional differentiation, yet a modicum of internal compatibility between the different institutional spheres of society is necessary for society to hold together and continue to grow; otherwise, it may regress and, in time, disintegrate. Of course, one way or another, societies continually change. They change because real, individual agents pursue manifold strategies and make use of the existing repertoire of meanings, rules and resources for achieving certain aims or for upholding certain values, that may be at variance with each other.² In so doing, institutional and cultural tensions develop which, in turn, combine with the effects of pressures originating in the environment to push change even farther. Nevertheless, the proposition that, for sustained periods of time, a minimum institutional fit is necessary holds true, as individuals need it for making their own life plans, engaging in their particular strategies and standing up for their values.

In trying to understand this process of change, we need being aware that the neatness of ideal-typical modelling is not to be confused with the untidy facts of real life. Still, some conceptual ordering is required both for theoretical and practical purposes; even though ideal types are not supposed to correspond to actual developments, they may help us to understand and evaluate them. However, not all models have equal value when it comes to making sense of historical experience, and, eventually, many reveal themselves to be inadequate to the task, and are disregarded. Thus, the realities of socialist life may weaken our current interest in Marxism as an analytical and normative model, while this may not be the case as regards some so-called bourgeois ways of thinking; even the 'messy experiences of bourgeois life'³ still

¹ Prior versions of this paper were presented at the CiSoNet (Civil Society Network) Workshop "Markets and Civil Society in Europe", Madrid (September 23-24, 2004) and, later, at the Minda de Gunzburg Center for European Studies, Harvard University (May 30, 2006). I'm indebted to the comments by the various participants at these Seminars, and particularly to Emma Rothschild and Juan Carlos Rodríguez, as well as to Michele Salvati and John Keane.

² Neither 'society' as such, nor 'atomistic' (or 'unencumbered') individuals, but rather 'situated selves'; see Taylor (1995: 181ff.).

³ Habermas *dixit* (1989: 329).

allow us to keep an interest in that seemingly most archaic specimen of ‘bourgeois ideology’, namely, the theory of civil society in its old fashion, Scottish variety.

1.2. A brief summary of the argument

The points I intend to make are, basically, three: that markets should be understood, in an ideal-typical manner, as part of a general social order which I refer to by the ancient expression ‘civil society’; that markets may reinforce that order by shaping and influencing politics and society so that they proceed, or function, in a civil manner; and that we may get a better grasp of the way markets act and achieve this effect by developing an understanding of markets as conversations.

Markets are part of, and shape, civil society understood (in ideal-typical terms) in a broad sense. This broad view of civil society (from now on, CS)⁴ has an institutional and a cultural dimension. As a set of practices and institutions, CS brings together, in a systemic whole, the spheres of free markets; of a liberal (and democratic) polity defined by the rule of law, limited and accountable government, and a public sphere, cum free elections and a representative body; and of a plural society in which voluntary associations and other communities (civil society in a restricted sense: Pérez-Díaz 1995, 1998) play a crucial role. Markets, free polities and plural societies are processes of strategic and communicative interactions which operate within given institutional frameworks, but these institutions cannot be sustained in the long run unless people develop civil (and civic) virtues which provide them with the proper abilities and inclinations to participate in them.

The broad and composite view of CS belongs to a living tradition anchored in the peculiar historical experience of certain 17th and 18th century Euro-Atlantic political communities. That time and place provided the relevant historical context for the Scottish thinkers who put the various pieces of the theory of CS together.

Of course, we must distinguish between an analytical and normative model and the actual workings of any given society. An economy of free and open markets that is subject to the rule of law and proscribes fraud and violence is a model, a regulative idea, that helps us to understand a historical situation and may eventually inspire policy. But it is not a substitute for reality; in fact, there are abundant records showing how the real economies of so-called capitalist democracies of our time incorporate the survival, and even revival, of collectivistic and authoritarian practices.

The historical record shows markets as well as liberal democratic governments can fail, and do fail. It is not only a matter of under-performance. Economic entrepreneurs may collude with public magistrates to defraud and exploit a gullible and passive public. They can make a mockery of the rule of law by controlling the administration of justice. Oligarchic parties may enter into an unholy alliance with media conglomerates of the left or right, and they may distort a liberal democratic polity and lead the way to corruption, tyranny, Caesarism or authoritarian politics. The public space may be polluted by lies and threats, propaganda and violence. All such

⁴ I use the acronym CS for the sake of brevity, but only in reference to civil society understood in its broad sense (not for civil society in a restricted sense, that is, associations)

developments are deviant and pathological from the viewpoint of a normative theory of CS, but they should be expected to happen under certain conditions.

These practices show ways in which business, government officials, big unions, media conglomerates and the like conspire to reduce the scope of, and distort, a market economy; and, of course, explaining these practices, in their historical context, implies a change in the level of analysis and the use of an array of complementary theories to that of CS as such.

In this paper, I keep my discussion at a rather general level while I attempt (in section 2) to restate the traditionally broad conception of CS, and suggest its relevance for a better understanding of our times, while reinforcing our links to our historical roots.⁵ Then (in section 3), I develop a view of markets as conversations, that is, as a system of communication (mostly, but not entirely, by non-linguistic means) which works as an educational mechanism shaping people's habits. In turn, these habits may help them to develop a complex of capacities and dispositions, of civil (and civic) virtues, which we can bracket together under an ample rubric of 'civility'. Again, a caveat is included here regarding the obvious possibility real markets depart from this ideal-typical discussion, and due acknowledgment is made to the 'dark side' of real markets (which, by the way, is analogous to the dark side of real liberal democratic polities and of real voluntary associations). Finally (in section 4), I explore the scope and the limits of the civilizing effects free markets, thus understood, have in the realm of politics and the public sphere: on the development of civic capacities, on the formation and preservation of fairly-well integrated political communities, and on the relations between citizens and public magistrates as well as the political class at large.

A last word of caution. As presented here, the theory of CS is neither a substitute for reality (as indicated) nor a substitute for a theory of a good society as such. It denotes a reasonable set of institutional arrangements that allows for people with different comprehensive views of the good to live together, peacefully, while trying to enact their ultimate moral views in the various spheres of social life.⁶ In a sense, civil society is not so much a good society as it is a superficial order which is 'good enough' for the purpose at hand.

2. Back to civil society in its broad sense

2.1. The Scottish philosophers' view of CS in context

A broad, composite understanding of the term 'civil society', encompassing social and political institutions, has been part of Western tradition for many centuries, dating back as far as classical political philosophy, civil jurisprudence, medieval political theory, the new scholastic and the Renaissance humanists. The Dutch and Anglo-Saxon thinkers of the 17th century, and, in particular, the Scottish philosophers of the 18th century were the starting point for a new avatar of the concept of CS in modern

⁵ While not questioning the relevance of using, at the same time, the concept of civil society in a restricted sense applied to voluntary associations; see Pérez-Díaz *supra* chapter 1 in this volume.

⁶ By analogy to Rawls' argument on political liberalism (1996), which is restricted to the political sphere.

times; but in order to understand this modern version better, we must put it into historical and intellectual context.

During Europe's early modernity, an expansion of overseas markets and profound demographic and agrarian transformations came along with far-reaching cultural and technological changes. As a result, a mosaic of small, circumscribed local or regional worlds (of micro-cosmos in Fernand Braudel's terms; 1990:114) became parts of a network of larger political units and of extended, spontaneous orders of economic and social exchanges of all kinds, so that, by the 18th century, Europe had become a system of states (Pocock 1999: 2, 20, 310), in which governments engaged in a certain amount of dialogue with significant segments of their subjects-citizens, religious and political dissent was gradually permitted, markets and commercial transactions multiplied, and a cultivation of manners spread among increasing numbers of the educated, wealthy sectors of society. Thus, a society based on markets, limited government, a public sphere and voluntary associations was *not* a mere theoretical construct, no more than an analytical or normative model with a distinguished intellectual tradition behind it: it had become the historical horizon, the plausible, attainable reality of significant parts of Europe at the time.

Even then, this world had to be thought out and understood by the people concerned. The Scottish philosophers of the 18th century had that world-historical experience within their grasp, and they attempted to theorize it. From their own, singular, half-local half-cosmopolitan perspective (midway between Glasgow or Edinburgh and London so to speak), they put together the different narratives and conceptual schemas which they had inherited from a civic tradition, the tradition of natural jurisprudence and the discourse on civility and manners of a polite society. In this way, they constructed a new discourse of the genesis and structure of modern 'civilized' societies.

At the same time, their choice of arguments was not merely theoretical; it had a normative and evaluative, and lastly an existential dimension to it. In a fairly deliberate way, while trying to understand the historical situation they faced, they engaged in it and, in a sense, they embraced it as well. They made the choice between clinging to the independent nation that Scotland had been in the past, and being part of the United Kingdom. They chose the Act of Union (1707) as a vehicle for a different Scotland in the future, which meant opting to engage in a system of expanding markets, representative government and public debate, and in a new social world in which the so-called 'mingling classes' would play an ever-increasing role. They chose to do all of this along with most of the middle and upper strata of the Lowlands to which they belonged.

Furthermore, the Scottish theorists were brought various theoretical languages through a variety of institutions and recent experiences (exiles returning home after a sojourn in Dutch universities, and a milieu of professors, civil servants and Whig aristocrats, among others), which provided them with the tools to articulate a new current of thought; while, at the same time, the historical situation itself provided the challenge, the motivations, a repertoire of institutional mechanisms already to hand, and the climate of intellectual debate for doing so.

At the heart of the Scottish intellectual project lay the tradition of natural jurisprudence as it was transmitted from Dutch scholars of the 17th century. This was primarily built around the principle of justice ruling the social exchanges between autonomous actors, based on respect for their private property and the fulfillment of

their contracts and promises, but it was complemented by other principles. *Iustitia*, for one, might be a key virtue of that civilized, civil society (CS), particularly in the economic sphere, but it was not the only one, since it must combine with some form of benevolence in the social sphere as well as civic virtue in the political one. Together, justice, benevolence and civic virtue constitute a broad moral character of ‘civility’ understood as a combination of those civil virtues which fit into and facilitate the proper workings of a CS in its broad sense.⁷ In fact, the Dutch experience of the 17th century bore witness to this combination of *iustitia*, benevolence and civic virtue. These were assumed to be characteristics of the *burghers*, who were engaged, on the one hand, in their economic pursuits, family life, neighborhood activities and associational experiences of all kinds (in their churches, philanthropic societies, etc.), and, on the other, in city and political affairs (Schama 1988:7). The view of society in the tradition of natural jurisprudence, dating as far back as Cicero, is that of a self-governing system of social, spontaneous coordination among rational, autonomous agents, but only up to a point. In fact, the whole cannot work unless there is a balance between the free, private arrangements of the individual actors, the institutional framework, and the attending role of legislators and those same individuals insofar as they are *cives*, that is, citizens. In turn, in order to be worthy citizens, individuals should be endowed with a certain amount of civic virtue as well as of *liberalitas* or generosity, which may be implied by bonds of fellowship, and may extend to the moral sentiments of sympathy and empathy which played such a central role in the thought of Adam Smith and Adam Ferguson (Philipson 1983, Robertson 1983).

Social and economic exchanges between individuals need a legal, political framework of rules, and a domain of public goods, to provide for protection for private property, the enforcement of contracts and the defense of the city, plus a substantial modicum of social cohesion; in fact, in the case of the United Kingdom, one of the main rationales put forward for an economic policy favoring free markets was, originally, that of procuring the betterment of the poor classes (Hont and Ignatieff 1985). In any case, the political domain and government could expand to the extent that they did not erode, less destroy, the very order of freedom, free markets included, they were supposed to uphold.

The civil tradition of the Scots (inspired by civil jurisprudence) led itself to be influenced by a civic (or republican) tradition (Robertson 1983: 141ff.), but with a caveat. The Scots were keen on the effects of an institutional machinery which they felt would allow the principles of justice to prevail in the long run; and some of them (Ferguson, for instance) thought civic virtue could reinforce these effects. But they also wanted to tap into people’s moral sentiments. As the Scots were inclined to make as realistic an assessment of human nature as possible, they were sensitive both to people’s cognitive limits and to their moral weaknesses: their opportunism, predatory tendencies and proclivity to envy, idleness, hubris and resentment. ‘Limits’, however, are only one half of the human condition; the other half lies in people’s ‘human potential’ for good or benevolent moral sentiments. These might be favored by the institutions which the Scots tried to describe and explain as a result less of conscious design than of complex evolution.

The practical question facing the Scots may be summarized as follows. How could reasonable people, subject to conflicting feelings and desires, organize their

⁷ A more restricted view of the virtue of (political) civility in Smith (2002).

conduct in such a way that the (partially intended but mostly unintended) results of their activities and interactions would contribute to a social order which, while adapted to their environment, would exclude a central, directing power and therefore allow the maximum degree of freedom for the individual? The Scots' answer was a repertoire of prudent recommendations. These included an appeal to heed traditions, tempered by the use of immanent, rational criticism and an attempt to design and revise such institutions, an appeal to political moderation and civil virtues, and a judicious assessment of the capabilities and inclinations of different social strata, including a strata of *burghers* or mingling classes.

The same urge to attain a dispassionate, realistic understanding of human beings in general applies to social aggregates as well. Thus, the Scots (and Smith, in particular) tended to consider the different orders of society with mixed expectations. We might say, not one of these groups (gentry, financiers, bureaucrats, the mingling classes, nor the deserving poor) qualified for the leading role, but most had some significant redeeming features, which could grow into full fledged virtues under the right conditions. The Scots accepted them as they found them, as people with mixed proclivities, and proceeded to make the best institutional arrangements, while recognizing the fact that a CS is and would always be (to put it in Humean terms) a rather precarious undertaking (Robertson 1983: 157, 167).

Thus the Scots tried to be as realistic as they could in their appraisal of the different strata. They had no illusions regarding bureaucrats, proletarians, political leaders or the intelligentsia: none of these deserved the title of either 'universal class' (*more* Hegel, or Marx), or charismatic leaders (à la Weber), endowed with a prophetic, historical world vision. At the same time, the Scots were appreciative of competent and honest civil servants, prudent legislators, resilient and industrious workers, and helpful experts and *philosophes* (in fact, they themselves tried to fit this particular description). As for the mingling classes, they saw them with a mix of sympathy and detachment but did not consider them to be a universal class, the bearers of a historical world project aimed at realizing an order of freedom on earth. They looked at their historical performance, and examined their constitution, with a clinical eye. They found their state of moral health, in modern times, tended to oscillate between moderately good and unwell. The record showed they might conspire with others, and act as accomplice to the government, to defraud and coerce the public or, alternatively, to play fair within the rule of law. By the same token, they could act like egotistical, greedy, predatory animals, or, alternatively, be driven by good (and complex) moral sentiments, possibly rooted in a humanist education, classical examples or Biblical teachings.

A word may be added concerning the relations between legislators, civil servants and *philosophes* as leading characters of the public sphere. In it, selected groups and, lastly, the public at large hold government to account, tests the limits of government action and participates in the deliberation and decision-making processes of policy, including negotiations concerning the mode of governance of society as well as the economy.

From the very beginning, there was significant variation in the way in which the public sphere was related to the world of politics and policy in Western societies. Reinhart Koselleck (1988, 2002) has insisted on the point that, at least for the Enlightenment period, the public sphere appeared in quite different modalities in the United Kingdom compared to the European continent (and there were also significant variations on the continent, between France and Germany for example). The crucial

distinction lay in the way in which governments, or states, and societies interacted, and this boiled down to differences in the public's access to politics and policy, and to differences in the public's familiarity with, and understanding of, them. This showed in differences regarding the institutional settings of public opinion, the public's self-understanding as a political actor, the criticisms it made of politics and society and its general attitude to politics.

In the United Kingdom, the bridges between public opinion and the political classes were frequently and regularly crossed, as there was no neat separation of the two worlds. Pocock (1999: 164) has referred to this situation as one of a symbiosis of state and society, in contrast with a prevailing pattern of distance, or even of separation, between the two in continental Europe. In the United Kingdom, there was ongoing, fluid communication between court, country and city which led, in due course, to the rise of a massive press readership, the development of political parties with a relatively large following (Pocock 1999: 165), and gradually, to a culture of mass consumption attuned to continuous changes in taste (Campbell 1987). Under these conditions, criticism by the intelligentsia could be turned into responsible political action since its political opinions found their way into actual politics and policy. The intellectuals-turned-politicians were judged by the practical effects of their proposals on all avenues of life by a public of attentive peers, listeners and debaters.

By contrast, in continental Europe, intellectuals (jurists and the clergy partially exempted) tended either to be cut off from the mainstream of state power or were marginal to it. Most of their debates were conducted in a parallel world of salons, coffee houses and academic settings. No doubt, there was some overlap, (more or less) extended contact and (at times crucial) mutual influence between the two worlds of political deeds and political words, but, on the whole, the logic of debates tended to be quite different in each one. In the world of politics, action brought about real consequences; but in the ideal world of the intelligentsia, criticism was unburdened by the constraints of real politics (Kosellek 1988: 11) and often proceeded in accordance with an ethics of convictions. In the continental tradition, quite a number of writers assumed the role of public intellectual not far removed from that of preacher or moral prophet, particularly if they were addressing a large audience. To the extent that they confined their influence to more restricted circles, many of them found a niche as advisors to the prince and courtiers in aristocratic circles, and, were we tempted to extend that analysis to them, we could add that, in later times, they found their niche as experts in the bureaucratic state machinery, officers in corporate bodies, cadres in party apparatuses or professional revolutionaries in radical parties. The point is that, in one way or another, they tended to shun the role of responsible politicians who could be held to account for their decisions in a public forum.

2.2. Various intellectual roadmaps for a way back to CS

The Scottish philosophers of the 18th century understood CS as a type of society which was the result of a largely unintended historical development and was composed of several institutional components which fitted together (in a more or less problematical way). They saw it as a conceptual and normative model for some contemporary societies (Great Britain, the American colonies, the Netherlands, and even France) which were partly, or in the process of becoming, such a type of society. This view has since become entrenched within the liberal tradition right up to our own

times, and is in practice, and in a diluted, vaguely ideological way, almost taken for granted in English-speaking countries. However, even in the Anglo-Saxon world, the challenges of nationalism and socialism on the domestic front, and imperialism and world politics in the international arena, as well as gradual questioning of the moral foundations of the liberal order, have obscured this view of the whole. Thinkers in the prevailing empiricist tradition have tended to neglect the systemic character of the links between the different parts of the system. Several generations of pragmatic politicians, civil servants and businessmen have dealt with institutions as if they could be managed and understood as a *de facto* miscellaneous arrangement of loosely connected parts, useful and resilient in practice but left largely un-theorized as the parts of a whole. In time, the term ‘civil society’ for denoting this whole has been all but forgotten, and the concept of CS has undergone a protracted process of wear and tear to the extent that, to many, the Scots’ original views seems *passé* and archaic. Thus, the scene has been gradually set for a semantic shift in the application of the term from the whole to some of its components, first, to the non-state parts of the whole (markets and associations), and later, to just the voluntary associations.

The fact is, however, than a closer look to the intellectual history of the discussion suggests a baroque trajectory, with an intriguing ending to it. 18th century theorists (Montesquieu being an outstanding example of it) used to have a systemic view of human affairs and theoretical disciplines. The Scots’ focus on the whole was facilitated by their ability to be conversant with, and try out their ideas in, different fields: jurisprudence, moral philosophy, economics, government and sociology; and Hegel was able to do the same, and his views were focused, too, on the unity of the social system. Hegel substituted the modern state for the Scottish, more traditional view of CS to denote the systemic whole. He made a distinction between a ‘strictly political’ state and a (more reduced) version of CS, and, in a sense, ‘separated’ state and CS; but then, he engaged in an attempt to keep the unity of the social-political system. Thus, Hegel’s CS encompassed not only markets (the so-called system of needs) and corporations but also courts of justice (and juries) as well as regulatory and welfare public agencies, and, furthermore, he made CS subject to a strictly political state in which civil servants (and, to a point, the representatives of the ‘estates’) played a key role.⁸ In the end, Hegel depicted CS less as ‘separated’ from the political state than as a ‘moment’ or a stage in the development of the state proper (Pelczynski 1984:1). Tocqueville (another example of Montesquieu’s influence) also tried to keep a vision of the whole as he looked at the transition from the Ancien Regime to modernity, and at the American experience. He, too, was interested in the role played by intermediate bodies and voluntary associations in the whole system, even though he saw their relationship with the state in a more complicated and sophisticated way than Hegel did.

However, thereafter, every discipline in social sciences has tended to move in different directions. In the case of sociology, for instance, the prevailing tradition focused on the problem of how to maintain or achieve social order under modern conditions. References to the whole remained clear in Émile Durkheim and among structural functionalists and system theorists; and they were present, too, in Max Weber’s views on the cohesive effects on modern society of a combination of value orientations, markets and politics, even though he was more interested in exploring the tensions between, and the disjunctive logics of, the different spheres of social life (as it

⁸ See Hegel (1963[1821]), paragraphs 209,210,219-249.

has been the case with other sociologists, such as Daniel Bell, for instance; 1976). At the same time, sociology also developed a particular interest in groupings such as intermediary bodies and voluntary associations, which were seen as part of the solution to problems of social order. They had already loomed large in Hegel's and Tocqueville's views, and also in Durkheim's understanding of the limits of organic solidarity and the role of corporations in overcoming these limits in the late 19th and early 20th centuries. The themes of community and societal institutions (and, in particular, of fiduciary professional organizations), and of their contribution to a cohesive and dynamic social system, played a crucial role in the development of American sociology throughout most of the 20th century and inspired the work of structural functionalists like Talcott Parsons (Gouldner 1980: 363ff.; Brick 1996). Those themes were prominent, too, in the work of small-groups, exchange theorists like George Homans, and in most of the latest research work on social movements and networks, and on social capital and non-governmental organizations which has been built on that sociological tradition. The current trend is now to look into the way in which associations, markets and states relate to each other, and to explore their connections in increasing dialogue with the disciplines of law, economics and history. This suggests a return of sorts to the same problematic as that of the 18th century thinkers, although with a different vocabulary. For them, CS stood for the social whole, and that was followed by a semantic shift towards markets and associations, then to associations; now, associations are seen more and more in connection with markets and politics, and the question is whether (and how) they fit together in a systemic whole or depart from it.

The Marxist tradition followed a different path. Marx opposed the unitary views of Hegel and the Scottish philosophers and developed his own dualistic interpretation of modern (and, for that matter, ancient and feudal) society. Marx decomposed Hegel's highly complex, structured concept of CS, and reduced it even further to the economic sphere (Pelczynski 1984: 3). For him, CS in the Scottish, even Hegelian, sense became an ideological label that stood for a bourgeois society which should be understood not as a systemic whole but as a location for radical contradictions and clashes between social and political enemies. Because the bourgeois class exploited a proletarian class, and this exploitation was the *raison d'être* and defining trait of the bourgeoisie, both classes were locked in a fierce struggle with each other which would only end by the proletariat's final victory and a new, now fully cohesive, socialist and communist society. The unraveling of Marx's dualistic, agonistic view of bourgeois (civil) society has taken a considerable length of time. In time, the grand strategy of Marx-inspired socialist and communist parties leading a revolutionary proletariat towards a new, more cohesive society became less and less plausible, resulting in a series of strategic retreats.

Marx saw the inner contradictions of the market economy as the driving force for change and, therefore, minimized agency, trusting the proletariat would fulfill its role in due time, with a helping hand from a revolutionary party. But capitalism did not follow Marx's script, and it survived and prospered enough to make room for a moderate industrial working class by the 1920s (as the German case showed: Moore Jr. 1978). The historical actors that Marxists assumed to be the bearers of a future, orderly society, such as revolutionary parties and the working classes, lost direction and became contaminated, in the eyes of some followers of the Marxist tradition, by their accommodation to the logic of the market and state bureaucracy. Workers engaged in a process of *embourgeoisement* and were more and more dependent on the welfare state,

while unions and parties either followed suit or went down a path leading to authoritarian and even totalitarian regimes.

From a Marxist viewpoint, those developments amounted to ‘recalcitrant experiences’ (to use W.O. Quine’s terms) which refuted long cherished expectations derived from Marxist theory, and asked for changes in the theory. One response was to shift emphasis from the economy to politics, society and culture, and from structure to agency. The shift provided the grounds for a revival of interest in, and a redefinition of, civil society within a marginal segment of the Marxist tradition. Antonio Gramsci saw civil society as the arena for a struggle for cultural hegemony, preparing the way for those thinkers of the Frankfurt school who interpreted civil society as a public sphere in which a selected section of voluntary associations or social movements would play a main role as the bearers of a neo-Marxist, critical moral project. In the wake of this, by the 1960s, Jürgen Habermas advanced a new version of the Marxist scenario. He had already come to the conclusion that the property-less masses could no longer gain control of their own lives and secure a measure of autonomy through participation in markets (1992: 434). He seemed oblivious to the fact that these masses had secured a significant amount of economic, political, social and educational resources (in short, they were no longer ‘propertyless’); and that there was significant inter-generational, even intra-generational, social mobility in those very Western societies where the markets played a crucial role. He was also suspicious of the state and ultimately came to believe that market and state formed a system of integrated fields that followed its own reified logic. Its two driving forces, money and power, tended to replace language as a mechanism for coordinating social action and instead used sanctions (rewards or punishments) to induce behavior. In contrast with this ‘system’ there was what Habermas called the ‘life-world’ comprising the realm of public debate and voluntary associations. Here, life followed the liberating logic of linguistic communication and mutual understanding and recognition.⁹

On the basis of that contrast, Habermas advocated opposition to, and the uncoupling of the life-world from, the integrated system of the economy and the state, and use of the life-world to create a democratic barrier against that system. However, three points qualify that opposition. First, Habermas was reluctant to advocate reform of the system, since he thought the market economy and the state could not be reformed without damaging their own internal logic. The implication here is the double recognition that damaging market logic could have negative consequences for the propertyless masses, and that allowing the market to play its role largely unimpeded can only mean this role is useful or valuable. Second, the erection of a democratic barrier against the economy and the state (or resistance to the colonization of the life-world by the economy and the state) requires collective action and, in particular, access to the welfare state and participation in democratic politics. This leaves the way open for mutual influence between the life-world and the system. Third, Habermas has since come close to subscribing to the position taken by John Rawls with his program of political liberalism for a plural society, in the knowledge that Rawl’s program is but a variation of one of the core traditions in the US experience, which gives equal weight to

⁹ In drawing this distinction, Habermas thought he was expanding on Weber’s diagnoses of contemporary societies, even though Weber’s meaningful social actions, that is, actions which take account of and are oriented towards others, apply to all spheres of social life including the economy and politics, and this should put crucial limits to the effects of any supposedly reified logic of markets and bureaucracies.

la liberté des modernes and *la liberté des anciens* (Habermas, Rawls 1998; Rawls 1996).

The main line of Habermas' argument suggests that the pathologies of the system, or of bourgeois life, can be hard to live with but that they are not that threatening, and certainly not lethal. In this, he takes a position far removed from that of French sociologists such as Pierre Bourdieu, who comes over as much more critical. In Bourdieu's view, there are no opposing logics since one prevailing logic pervades all spheres of life. The structural homology between politics and the economy permeates society and culture down to the heart of the personality system and there is no escape from it. The agent's *habitus* is the internalization of the structural conditions the actor lives under; for this agent to be part of a dominated/dominating segment of a dominated/dominating class (in whatever combination) provides him with a fairly limited repertoire of strategies. The argument applies indifferently to liberal, democratic societies and to illiberal, undemocratic ones: for Bourdieu, these are merely variations of the same structural schema of power games and social domination.¹⁰

Apart from people with extreme positions, most Marxists came, however, to realize that a view of markets and the state as a unified system subject to a reified logic was at odds with their life experience, with their own specific life-world, so to speak, and with the moral engagement that flowed from that life-world into a long-term strategy of finding a niche in, and accommodating themselves to, bourgeois society. For 'the fortunate few', this meant living in the protected environment of academic establishments. For people who employed themselves in a variety of occupations in the real world, this led them to what came to be known as the 'long march' of the 1968 generation through the institutions. In this process, the cognitive dissonance of living within the system and applying the logic of strategic action, while also living in another world according to the logic of mutual understanding, could hardly be maintained. The *coup de grace* came a little later, with the collapse of the socialist system towards the end of the 20th century. All in all, there has been some learning along the way which people involved in this retreat from the Marxist tradition could still cling to. They recovered the concept of civil society in a restricted sense, as being a part of the social and institutional infrastructure of the public sphere (in Gouldner's terms; 1980: 371), and, in turn, they could regard the public sphere as the location where society could debate on the game rules for a well-ordered society, perhaps endlessly or until many people eventually rediscovered the old truths of an order of liberty (in other words, of CS, in a broad sense).

In these conditions, and through a baroque sequence of events, we witness a return of sorts to the 18th century broad, composite conception of CS, while, at the same time, a new emphasis is put on the non-political components of CS, namely associations (civil society in a restricted sense) and markets. This arrangement may fit in with a significant part of the sociological tradition and its current research programs, for instance, that on social capital,¹¹ and may accommodate some of the insights of the critical tradition. Thus understood, the broad conception of CS may provide a

¹⁰ Bourdieu insisted on this, most notably in a conference in East Berlin in October 1989, just a few days before a crucial march for regime change in Leipzig and a few weeks before the fall of the Berlin wall; it seemed as if, for him, there was no (or little) qualitative difference between the two sides of the wall (Alexander 1995: 189; Bourdieu 1994: 31ff).

¹¹ Putnam (2000), Field (2003).

conceptual schema that illuminates the links between the different components of the social system, while being sensitive to the gaps between a normative institutional system and the actual workings of those institutions in given historical settings. It may also respond to an increasingly perceived need for an analytical and normative theory which corresponds to the systemic whole that brings together free markets, limited and responsible government under the rule of law, and a plural world of voluntary associations.

2.3. *On the current historical context*

Historians of political thought urge us to see theoretical shifts, discoveries and re-discoveries, and innovations and deviations from semantic conventions within context (Pocock 1999), and social scientists suggest that we look at the contexts of plausibility of different cultural constructs and social interpretations of reality (Berger and Luckmann 1991). The fact is, the need for a semantic shift-in-reverse in order to return to some version of the broad 18th century concept of CS is taking place with simultaneous changes in the intellectual climate and, even more, with changes in historical conditions. We can point to four robust, partly interconnected, current developments.

First, for most countries, diffusion of liberal democracies and globalization are pointing the way towards the future, while authoritarian and socialist experiments seem to be a thing of the past. The wave of transitions to liberal democracy and the reinforcement of market economies in different parts of the world in the 1970s and 1980s made clear the institutional complementarity of a free polity and a free economy and, at the same time, bore witness to an explosion of free associations. In turn, the crisis that led to the final collapse of socialist experiments (authoritarian or totalitarian politics *cum* socialist economies *cum* weak civil societies in the narrow sense of the term) in the Soviet Union and throughout Central and Eastern Europe in the late 1980s and 1990s, made equally clear the failure of the socialist alternative in the face of a combination of free polity and free economy. All over the world, more and more societies are experimenting with different ways of putting together a liberal democracy, a market economy, and the other essentials of CS (the rule of law, an array of voluntary associations, and a civil disposition); they are rediscovering, in word and in deed, the broad concept of CS.

Second, more and more people have realized that most 'third way' experiments are versions of, or variations on, CS. The failure of third-way regimes to stand on their own had already been anticipated in the collectivistic (socialist, nationalist) experiments in developing countries, but it has since been brought home to Europeans, both West and East. In the West, this learning followed on from a better understanding of the limits of its own neocorporatist and welfare state arrangements. In the East, from the difficulties experienced by alternative social movements to define and implement a new type of post-communist society other than a version of the 'bourgeois' one. In fact, every formerly socialist country in question has gone down the road of a democratic transition coupled with a transition to a market economy. For the people involved in the social movements of those countries (think of *Solidarnosc* in Poland, for instance), their best hope has been in their ability to adapt to this process, to imitate the Western world and become part of it, and, therefore, for them to enter political parties, voluntary associations, the judiciary and the business community. They either had to learn to

compete with post-communists in leading the country or to become part of a complex system of checks and balances (inherent in a CS, in its broad sense). In so doing, their ability to counteract the uncivil proclivities of arbitrary government, corrupt firms and overly domineering cultural institutions allowed them to continue, in a new context, their old fight against uncivil practices and institutions which were a legacy of the communist past. This experience has resulted in a new, more realistic understanding of their own role, and may be similar to the one that David Hume attributed to religious enthusiasts in the 17th and 18th centuries. In effect, they were successful in challenging the rule of a new priestly caste, the communist *nomenklatura*, they subsequently harbored over-inflated views of their own role and only later came to their senses.

The two above-mentioned developments come down to a reassertion of civil ('bourgeois') society in the face of the failure of its socialist, historical alternative, and the pseudo-hybrid of third way societies. To this we may add a third factor, namely, the need of the West to respond to the challenge to CS coming from a quite different and unexpected quarter in the form of Muslim society. In this respect, it is worth noting the contribution of Ernest Gellner (1994). Gellner was attracted to the use of the term 'civil society' in a broad sense precisely because he was attempting to contrast CS with a variety of closed societies, not only Marxist *but also* Muslim societies. Gellner's aim was to make a sharp conceptual distinction between two systemic wholes: between CS defined by the institutional *pluralism* of its economic, political and social-cultural spheres, and those societies defined by a *fusion* of the economic, political and ideological hierarchies ruling over the rest of society. By the early 1990s, few matched Gellner in his anticipation of a new challenge to CS coming from the Muslim world.¹²

Finally, globalization in the form of world-wide markets integration and the diffusion of new techniques of information and communication is giving a new impulse to a historical mutation 'from polis to cosmopolis' at a world scale. This world may no longer be understood in terms of a collection of (national) states-and-societies, and their interrelations. US, Japan, China, Russia and so many other are, or try to be, players of that character; but Europe seems to be in an on-going transition to a different kind of historical entity for more than half a century, and large parts of the rest of the world cannot be understood in those terms either. Their predicament suggests fluid political and social architectures, in which networks of fragile compromises play a crucial role. More and more, the most vital problems of governance, economic growth, migrations, social cohesion and geo-strategy are tackled in this fuzzy context, from many institutional angles and at many territorial levels. This is a situation that requires rethinking the connections between world markets, an international civil society (in a restricted sense),¹³ governments of various kinds, and international law. A thoughtful return to the old schema of CS may provide some cues for a better understanding of the institutional fluidity of these new times.

¹² Other developments would point to different kinds of encounters between the Western CS tradition and other non-Western traditions. See Randeria 2006 and Bruhns and Gosewinkel 2005.

¹³ See Keane 2003 and Kaldor 2003.

3. Markets as conversations and educational institutions

3.1. *The civilizing effects of free markets, with a caveat*

Markets are processes of coordination among individual agents who are engaged in a variety of activities including investing in, producing, distributing, exchanging and consuming a large array of goods and services that they provide for each other (Swedberg 2005a). These agents are embedded in social networks of various kinds; they are ‘situated selves’, to employ the terms used by some communitarian thinkers (Taylor 1995, Sandel 1982) as well as by liberals in the Hayekian tradition (Pennington 2003; McCann 2002). In principle, markets should foster the development of CS and therefore have civilizing effects, but, of course, in practice they may not. It depends on what the agents choose to exchange with each other, and which rules they actually follow in doing so; this, in turn, depends largely on the kind of social and political arrangements that they are embedded in, and on the repertoire of cultural meanings and motives they use. At the same time, for markets to work properly, fraud and violence must be checked by legal controls which are guaranteed by public authority, by social sanctions and by a shared cultural background; in the end, they must all provide with a minimum of mutual understanding and mutual trust.

According to the Scottish philosophers, historical experience suggests that, under the right institutional and cultural conditions, allowing markets to function relatively freely (by avoiding a high degree of state intervention and/or collusion between political and economic elites) tends to increase society’s chances of freedom, survival and prosperity. It should reinforce an order of freedom, or CS in its broad sense, and thus have a civilizing effect, at least in the long run. In Smith’s words, for a civilizing process to go forwards it would be just enough to enjoy peace and justice, and ‘easy taxes’, presumably referring to a protective yet limited state. In the words rendered by Dugal Stewart: “Little else is required to carry a state to the highest degree of affluence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice; all the rest being brought about by the natural course of things”.¹⁴ The right institutional conditions mean that the game rules exclude violence and fraud, and the right cultural conditions mean ordinary people are expected to behave as if they were passably decent and no-nonsense, most of the time and under normal conditions. This degree of cognitive realism and moral decency (including self-control and sensitivity to others’ needs) creates the required minimum of mutual understanding and trust, in the absence of which the best institutions, left to themselves, cannot do their job and a CS cannot be sustained.

Institutions may fail, and in real life they often do so, because, in the final analysis, they don’t act but are acted out by human agents who have limited cognitive and moral capacities. First, these agents may misperceive and misunderstand the situations they are in, and prove unable to correct their misinterpretations.¹⁵ Besides, they perceive and articulate their desires, interests and goals in life in all sorts of ways. In a sense, humans are always, by definition, under socialized,¹⁶ and they may come to

¹⁴ Quoted in Rae 2005 [1895]:2.

¹⁵ See, for instance, Shleifer’s discussion of the case of the financial markets (2000).

¹⁶ But not ‘un-socialized’ (Granovetter 1992).

believe in quite different parts of the range of institutions and beliefs at their disposal, either agreeing with or deviating from prevailing rules and values, or plainly upholding the wrong ones. So, on top of the due acknowledgment of the eventual failures of the markets, we have to attend to the possibility of a ‘dark side’ to actual market operations at any time or place.

This dark side of the market may come in different ways. Firstly, market practices can be gravely distorted by violence or fraud, perhaps as a result of collusion practices between predatory and opportunistic economic entrepreneurs, demagogues or fanatics of various kinds, corrupt state officials or mafia-like gangs, revolutionary guerrillas or drug traffickers, and so on. In fact, markets incorporate violent and corrupt practices to varying degrees, and, for instance, the markets for hired assassins, slave labor and child prostitution as well as for drugs and weapons have thrived at one time or another.

But, secondly, we may think there is no need to focus on such extreme cases since distorted markets are often the rule rather than the exception in many places. As Andrei Shleifer and Daniel Treisman have argued (2005), many of today’s middle-income developed and developing countries (and they point to Brazil, Mexico, China and Russia) have weak judiciary and law-enforcement institutions, poorly performing liberal democracies with authoritarian leaders (or authoritarian regimes *tout court*), frail social and media controls, and a precarious public sphere. Under these conditions, it is hardly surprising that they also have market economies in which corruption and coercion play, at least for the time being, a significant role; in fact, this is what can be considered their ‘normal’ (frequent, sustained, predictable) state of affairs.

Finally, we may even consider that well established markets in advanced capitalist democracies are far from being free from still significant doses of violence and fraud that may creep into the workings of the economy in either ostensible or insidious ways, hence the need for watchful civil and civic vigilance and continuous remedial action. Indeed, next thing in the agenda of a research program that starts from an ideal typical view of markets as conversations is bound to be an examination of those problematic situations.

However, there is nothing odd in these disparities between an ideal type and real life. The same applies to liberal democracy, the rule of law or voluntary associations (the so-called third sector, or civil society in a narrow sense), or to a community of discourse, not to speak of universal religions as well as of science: they have all been distorted and put to uncivilized uses on many occasions.

The ideal community of discourse, for instance, may be geared towards testing the claims to validity, sincerity and truth of the participants in a process of deliberation, or in a reasonable conversation; but this is far from what we may find passing for a conversation in most cases. In his *Hints towards an Essay on Conversation*, Jonathan Swift (1977 [1758]) sets out to portray *not* the ideal type of conversation in its perfected form, but rather the way it was (in his words) much neglected and abused in his own time. He describes people given to the folly of talking too much, talking to themselves, running over the history of their lives, lying in wait to hear themselves praised, deciding matters in an abrupt, dogmatic way, never at ease but when they can dictate and preside, overcome by pedantry, prone to singling out a weak adversary and raising a laugh at his expense, impatient to interrupt others, troubled with the disease of wandering thoughts: the list goes on and on. And Swift was writing at almost the same time and place, 18th century Great Britain, as the modern philosophers were adumbrating their theory of CS,

which included the sphere of public debate and polite conversation as one of its key components.

3.2. *Words and deeds, or statements and practices, as communicative acts*

From an ideal typical viewpoint, markets may be seen as processes of exchanges between situated individuals who are rational enough to understand each other's signals and moral enough to trust each other so as to keep the exchanges going. Markets are processes of interactions with strategic and communicative dimensions which are inextricably linked to each other. As communicative processes, they are like verbal as well as practical conversations, and as such, they are conducted by linguistic as well as extra-linguistic means. These verbal and practical conversations are expansive, unending and open-ended. In fact, market practices are not fixed practices, role or *habitus* performances: simple responses to inducements by a price system considered as a steering mechanism. They are one variety of human engagements, of manners of being-in-the-world, which involve practices and social interactions that can only be partially and imperfectly understood. This limited understanding consists of knowing how to handle the (social, material, cultural) world at hand, around us, and is implicit in a repertoire of coping skills that can only be grasped in the process of doing things, exchanging things, interacting with people, and trusting them, to a point. Both limited understanding and limited trust are tested in the market process and may, consequently, either increase or decrease. Meanwhile, they are also influenced, as all human engagements are, by the sort of moods people are in (light-hearted, detached, anxious, resolute, etc.); and they incorporate, also, many levels and forms of interpretation, as regards the background of relevant (formal and informal) rules, the angle or perspective from which the situation is approached, and the process of time involved in the form of expectations, possibilities and projects (Dreyfus 1991).

The market process may be seen, then, as a range of social practices by means of which people's understanding and trust of others evolve (by growing or shrinking); these partially understood practices are partly revealed to others by various means of both conversation and communication. In this respect, Georg Simmel's (1964 [1917]: 409ff.) discussion of conversation and Paul Grice's (1989) exposition of the rules of an ideal conversation are both useful. Simmel makes a distinction between content-oriented conversation and the art of conversation. Both modalities are relevant but there is still something missing from Simmel's account. Content-oriented conversation focuses on a matter to be debated (Simmel 1964 [1917]: 409ff.) whereas the art of conversation points to a larger situation. It is more open ended. Changes of subject do not restrict themselves to following the direction of the conversation (as Grice would say). They may, and are expected to, deviate from it. The message, the implication, is that there is more than content as a rationale for engaging in conversation. It is a performance for being together, marking social distinctions, intimating a plurality of possibilities and life projects, the sharing of an entire world or an encounter between a multiplicity of worlds. Furthermore, beyond the linguistic exchanges of speech acts in the contents debate and the art of conversation, there are also gestures, body language, silences, ironies, exits and re-entries. Strict conversation (the debate and the art) is followed and preceded by, and is part of, a process of communication which is much broader, and takes place in a longer temporal frame. Seen from this viewpoint, linguistic exchanges combine with signals that are exchanged by means of actual conduct of, say,

market, social and political activities and even cultural activities, which are carried on with little or equivocal linguistic support, or none at all.

In this context, Paul Grice's rules of truth, sincerity and validity should be thoroughly revised, as far as their applicability to those situations is concerned. It is not a matter of arriving at the truth by means of an explicit argument, but rather of engaging in an open-ended process of discovery of the truth, in which thousands of hypotheses or statements of plausibility are tested again and again, and which still only give us, at best, nothing more than an approximation to the truth. The rule of sincerity becomes a rule for engaging in a process of self-discovery, by means of increasing one's awareness when confronted with the gradual unfolding of several levels of intentionality as the process of communication goes on; and of taking stock of the criticism and dimensions of self-reference implied in our own criticism of others. The rule of validity changes too. It is, rather, a matter of testing the intensity of our commitments, and their consistency with each other, in a world of pluralism concerning our own values and those of others. Thus it is also a process of discovery that goes beyond simple imitation to a better understanding of our own choice between the different models to be imitated. Besides, these statements concerning truth, sincerity and validity cannot be abstracted from performances. Discovery means experiments and tests, decisions and risks; and the same applies to self-discovery and the discovery of values. Thus, a relaxation of Grice's values follows: the more we are embedded in a flow of social interaction, the more latitude we apply to the rules related to the direction of the flow of conversation, in line with the art of conversation, and move on to a process of communication combining linguistic and extra-linguistic means. Conversation becomes part and parcel of a package of linguistic and extralinguistic communication, in a process of discovery and self-discovery with no end in sight, that could go awry any moment. This allows us to move towards an ideal typical account of conversation which is closer to reality, more relevant for understanding things as they are, and may also help us to make a more persuasive argument in normative terms.

3.3. Some illustrations of linguistic and extra-linguistic communication in the art world, the urban scene and politics

In Rilke's portrait of Cézanne (in his letter to Clara from *la rue Casette*, October 7, 1907: Rilke 1984 [1907]), he describes Cézanne in an angry mood, battling with every one of his own works. But Cézanne's works are like words to him or like sentences in a conversation of which he is a part. He starts painting with the more somber tones of his palette, then he superposes a lighter tone, going just slightly beyond the surface of the previous one, repeating the operation again and again, covering the surface while changing the tonality and the atmosphere, so that his visual perception of the motif and the appropriation of what is perceived go hand in hand. However, they do not go as amiable partners; they fight each other all the way, talking at the same time, interrupting each other, while Cézanne himself has to bear their discord. In the end, he finds refuge in 'work and only work', facing something so enormous that he is left speechless and immensely distrustful of the power of words to grasp his experience. Rilke adds that he is also distrustful of the flood of explicit, articulated words his friend Zola used to render Cézanne's experience and, in fact, to falsify it (though, no doubt, with sincerity and in pursuit of truth). In Rilke's account, Cézanne could not respond with words to Zola's misinterpretation, but only by pointing his finger at his breast,

speechless and overcome by emotion; and the next day, by waking up early and returning to work, lonely, silent and resolute, to make his work speak for him. In the same vein, we may add that Proust's esthetic feeling was of a different (and, to this reader, higher) quality than Zola's, but Umberto Eco (1979: 173ff.) has suggested that even Proust could render, almost, the range of feelings and values embodied in impressionistic painting only because he analyzed an *imaginary* painting, by 'Elstir', since a *real* painting would have carried on portions of content his words could not cover; for Eco to conclude that non-linguistic devices convey portions of a general semantic space than verbal language does not.

In a different terrain, there is the eloquence of utterances which are not words, and of words which are treated as 'material' for other words. For instance, an episodic *fou rire*, like the one Proust, and his friend Lucien Daudet, indulged in when they were together and heard a commonplace (Raczymov 2005: 157). The message is not that different from what Proust suggests himself when, in his analysis of '*le gratin*' of the Faubourg Saint Germain, he remarks: "when [Madame de Guermantes] talked [interestingly about] Faubourg Saint Germain, she provided my spirit with literature [that is, with matter for Proust's imagination to translate into a different communicative block, with its own emotional and ideational implications, a different piece of conversation between himself and his readers], while I could only hear her [rather stupid] 'Faubourg Saint Germain' when she talked literature [that is, Proust decodes her words as a game of social distancing that she shared with her own world in dealing with each other and everyone else]." (Proust 1954 [1921]: 496) What this means is that the initial conversation is taken to pieces and its various components duly transformed into utterances with other implications and reoriented to other destinations and other audiences, and given different meanings by their connection with a variety of practices.

Proust's handling of his cultural material is a way of conversing with, and engaging in a social performance with, a number of social networks. He is responding to people of his milieu as well as to the unknown reader with whom he also tries to establish a social and a moral bond. By means of words, he tries to express his emotions in a way that touches on, and engages, the reader's emotions, thus creating an atmosphere of mutual understanding and trust. What Proust does is analogous to what Jane Jacobs (1992 [1961]: 56) observes in a completely different setting, in the formation of casual public trust on the street sidewalks. There trust is formed over time as the result of many little formal and informal contacts, which create an ambiance of moral and physical safety for everybody to pursue their own errands and to connect with each other. In the end, a social situation is created, in various domains, in the way in which the familiar social networks of giving and receiving operate everyday, mixing linguistic and extra-linguistic means to accomplish their task. These social networks allow for the development of a "practical knowledge of thoughts and feelings of others which arise from complex social interactions... as a matter of responsive sympathy and empathy elicited through action and interaction... and involve pre-linguistic recognitions"(MacIntyre 1999: 14ff.).

Moving onto politics, politicians speak partly with their words but mostly with their deeds and it is not possible to understand what they are saying unless it is within the context of what they do. In the extreme case of war, the best speeches are the shortest and form part of the ongoing action: just a brief reminder of where one is and what being there means. Pericles' oration was eloquent if somewhat argumentative, in a very Greek way. Nelson's words at Trafalgar are like an elliptical summary of the same

argument. “England expects that every man will do his duty” sounds as if to fight and be ready to die for one’s country is a matter of course. But what else can you do as a British sailor facing the French and Spanish when the fighting starts? In general terms, the usual, implicit reference to the means of coercion is only a small part of the leader’s performance; it must be fine-tuned to the audience and the situation and it risks being counterproductive. What Theodore Roosevelt once suggested may be sufficient: “talk softly and carry a big stick”, but even then both the soft words and the big stick are needed. At the other extreme, 25 centuries earlier on the other side of the world, Lao Tzu said “one who assists the ruler of men by means of the way does not intimidate by a show of arms”, and he added wistfully, “that which goes against the way will come to an early end” (Lao Tzu 1962 [6/5th centuries B.C.]: 35).

Political performances can be peaceful or war-like, even though, in general, the better governed a society is, the smaller the role of political violence. Resort to violence is the very last, exceptional thing to do, and in Roosevelt’s times in the US it was of no use even to win an election. Politics is not defined by violence but by the very fact that violence is left on the margins of the game. Political language is not a veil masking the truth; power is not a medium that coerces or induces people’s behavior. Political authority, or any political agency in general, communicates by means other than rewarding obedience and punishing deviance; it makes statements of value, assertions of identity, descriptions of alternative courses of action and assessments of rapport as a means to shared goals. Obedience or the lack of it in politics are just a part in a communicative process, and go back and forth between political rulers and their constituencies. Of course, in an Orwellian world, if the dominated segment of the dominated class (to employ Bourdieu’s strict, slightly mesmerizing terms) has been thoroughly indoctrinated and trained to obey, their *habitus* reduced to playing by the rules of the dominating segment of the dominated class plus those of the dominated and dominating sectors of the dominating class, there is no alternative but to submit to a combination of physical and symbolic violence. However, the best illustration of this extreme situation is not any variation of a CS, but rather a concentration camp in the Gulag, for instance, and the best description would not be provided by sociological literature but by a personal witness, like in Shalamov’s *Kolyma* tales (1994).

Performances in the sense of communicative action that I am referring to are *not* in the manner of ritual, play or text as Clifford Geertz presents them (Geertz 1983: 23ff.). Neither are they in the manner of a ritual drama, with a largely foreseeable outcome, nor of a drama in which various agents play games with masks they put on or take off, largely in control of their performance if not of the final outcome. Lastly, they are not in the manner of conduct as text understood the way Ricoeur suggests (1981): that they are a text insofar as they are subject to inscription and being fixed. They are more in the manner of an open-ended, shifting discovery process, in which small, gradual changes are introduced at any moment by those who, while being participants in the ritual drama, the dramatic performance or the inscribed text, are ready to depart from the script.

3.4. Markets as conversations, and the way they work at various stages of the economic process and in different conversational spaces

A view of trade as an exercise in debate and oratory was a commonplace in the discourse of the classical economists. In Turgot’s words, as Emma Rothschild (2001:

8ff.) reminds us, free commerce is “a debate between every buyer and every seller”, in which individuals make contracts, listen to rumors, discuss the values of one another’s promises, and reflect on “the opinion and the reality of risk”. Adam Smith described exchange as a sort of oratory in which “the offering of a shilling, which to us appears to have so plain and simple a meaning, is in reality offering an argument to persuade one to do so and so as it is for his interest... And in this manner every one is practicing oratory on others through the whole of his life”. The point to be emphasized is that markets are ongoing (verbal and practical) conversations, which proceed in time, change direction, and display an open-ended, unpredictable character.

They are not debates in which a state or a point of equilibrium is reached on some common agreement on any given matter, as if supply (the solution to the problem) and demand (the problem to be solved) were to meet once and for all. In fact, they constantly coincide, and diverge. Knowledge flows from relative prices, signaling relative scarcities, temporary and changing desires and available means. There is a process of discovery and mutual adjustment that goes on indefinitely; disequilibria are endemic, checked by attempts at an always elusive equilibrium. Agents are endowed with varying, and limited, degrees of brilliance (knowledge, information, wisdom) and benevolence (Boettke and Leeson 2003). Their search for truth, their sincerity and the validity of their findings are tested over and over again; as they may be tempted by opportunism or hatred, and enter in collusion with politicians and fanatics to use violence and fraud. At best, peace, justice and limited government provide a level playing field for nonviolent, non-fraudulent economic exchanges, allowing a conversation to go on.

Thus, markets may work as procedural mechanisms whereby the relative scarcity of goods and services is discovered and communicated, allowing for multiple examples of action: doing rather than talking, observing and emulating behavior, imitating what is successful and avoiding what is not. Market practices go some way to protecting the playing field for the game of economic, social conversation, because, on the cognitive side, markets may provide a reality check on the wishful thinking of politicians, civil servants or academics, and refute or expose the shortcomings of their ill-conceived policies by means of capital movements, employment decisions or shifts in consumption patterns. On the normative side, markets give a voice to the public’s full range of value statements and limit the effect of the moral imperatives of the few.

Markets make use of both linguistic and extra-linguistic communication, but the core of market communication is non-linguistic (Pennington 2003, Horwitz 1992). The way market processes, *qua* social conversations, work is by means of exchanges of not so much explicit verbal statements as actual performances. These include imitating and innovating, giving and receiving, buying and selling, producing and consuming; even though these activities may be accompanied by performative utterances, partial explanations and occasional exhortations.

Extra-linguistic and linguistic communication can complement each other. Formal, explicit, deliberate discourses of analysis and justification play a role in the whole conversation; and can be put to use for modeling, pattern prediction, *post facto* explanations, piecemeal experimentation with various institutional designs and statements of general principles, all of which can make them helpful for educational purposes. There is even an interpretive dimension which may add coherence and depth to market experiences, and provides additional tools for a Humean-like, immanent, rational critique of these practices (Horwitz 1992). If market exchanges are seen as

exchanges of tacit statements (performing, giving, receiving, etc.), then they must be placed in context, and the decisions they embody (whether spontaneous or deliberated) should be seen as responses to understood situations, even if that understanding comes only in a tentative, limited, tacit way. The point is, most decisions made by entrepreneurs, investors, managers, employees, distributors or consumers have little or no explicit justification, but this does not mean they do not convey some of the reasons, diagnoses, normative orientations, priorities, expectations, hopes and predictions of the participants, based on their local, practical, tacit knowledge and moral wisdom.

Markets can be seen as part of an endless, society-wide, global conversation which encompasses an infinite number of bilateral transactions within an ever wider network, but the extent of their scope is matched by the intensity of their penetration into every stage of the economic process: of production, distribution and exchange, consumption, and investment (Swedberg 2005a). At the stage of distribution and exchange, prices guide our choices by providing us with knowledge of relative scarcities, by indicating the success of our choices and thereby discovering opportunities for profit. By so doing, markets go beyond the limits of rational discourse and enrich the range, quality and complexity of our communication process (Pennington 2003).

At the production stage, for instance, the engineer employs a discourse of applied science, applied economics and so forth, to his task of fitting things together and making them work (Hagood 1993: 28). In doing so, he is just one among many technicians, skilled and not-so-skilled workers involved in the design and production process, who talk to each other through what they actually do. This conversation is surrounded by talk of a similar kind with the salesmen, and through them with the consumers of the product, as well as with the financiers, and through them, with the stock markets and other sources of capital.

Mass production may be seen as requiring simple, repetitive tasks that incorporate little knowledge; but this is far from the usual, let alone the only, way of working in complex market economies. In many situations, there is a moral professional side to work, in that many producers of goods and services aim at the attainment and preservation of the highest possible skill. In the words of Joseph Conrad, such skill is made up of accumulated tradition, is rendered exact by professional opinion and, like the highest arts, it is spurred on and sustained by discriminating praise. Such skill goes beyond efficacy and efficiency, and presses into art of ceaseless striving to raise the dead level of current practice (Conrad 1988 [1906]: 20).

An analogous situation can be observed at the stage of consumption. By buying a product, the consumer sends a signal, which is very complex and wide-reaching, to many agents and institutions. But additionally, by deciding to buy, he has reached a conclusion as the result of a conversation which is part and parcel of the workings of the micro-society of which he is a member, together with other family members (Perez-Díaz 2000: 27ff.), colleagues, friends, neighbors, and so forth. The peasant farmer who buys a piece of agricultural machinery does so within the context of a family conversation. Maybe he responds to his boy prompting him to do so because otherwise he may as well pack up and go elsewhere. The same farmer, performing in the same complex role of *pater familias*, may buy a household appliance within a similar conversational context with his wife and daughters, eager to lighten their workload, and embrace the standards of modern life.

‘Markets speak’ means ‘people speak’, that is: they express values and preferences, analyze situations and make forecasts by exchanging goods and services and information, thus creating conversational spaces. These spaces can be as extensive as a large national community, even a transnational community, and as circumscribed as a business firm or a family unit.

It can be argued markets have been extremely important in undoing the decades of authoritarian, collectivistic practices that led some fairly civilized European nations into barbarism. For instance, it is true that in the very hard times of unemployment and social crisis of the late 1920s and early 1930s, the Germans tried to overcome a sense of loss of direction by putting their trust in a charismatic leader who was intent on uniting the country behind him and engaging in a search for vital space and world domination. But, as Ludwig von Mises has argued (2002 [1944]), the Nazis’ success in winning the hearts and minds of a majority of Germans till near the end of the war was the final stage of an unfolding drama and was built on experiences that could be traced back to the second half of the 19th century. While fighting each other, national conservatives and socialists had deep elective affinities with each other and, for decades, they pushed for state intervention in the economy and for a *modus vivendi* between state officials, business associations and unions around ideas of protectionism, regulated markets and a welfare state. Many of them interpreted the historical situation as one of a worldwide contest for natural resources and foreign markets, and for the final victory of one or another set of ultimate values, a particular *Weltanschauung*. It all ended in a terrible episode of violence and war, destruction and self-destruction that led to the hugely demoralized society of post-war Germany.

We have a poignant artistic evidence of this loss of direction in Germany, during the first years immediately after the war, in the film *Germania, anno zero*, by Roberto Rossellini. The lovers of old movies may remember the film was made in the spirit of the Italian *neorealismo* of the 1940s, a sort of *cinema verité avant la lettre* with a touch of a Pascalian or Augustinian Catholic view of human nature. It tries to be, however, an eye-witness account of a hugely demoralized society. Germany has just suffered an absolute and crushing defeat. In a devastated Berlin, the name of the game is now survival, and survival pitches a childish-looking boy of twelve against all the odds. The boy wanders from one place to another in search of shelter. People sharing an apartment reject and manipulate each other, they resent being close to an ill person and, in due course, gather around his dead body, anxious to get rid of it while saving the garments for further use. Fittingly, people gather in the street around the corpse of a dead horse eager to get a piece of meat from it. Adolescents come around in a display of exploitative behavior by stealing from each other. Small children playing in the streets reject the boy wanderer. The inner circle of his family is made up of a lamenting father, an aimless girl and a fearful older brother, with the boy as the only plausible chance for the survival of them all. When he happens to cross paths with his former teacher, he’s exposed once again to a lesson in the ways of the jungle, and to the ‘survival of the fit’ rhetoric of Nazi days. Putting together his teacher’s lessons, which may resonate from his own school days, and his sick father’s endless lamentations about being a burden on his dysfunctional family, leads the boy to kill his father and then commit suicide.

This gruesome tale stands up by virtue of the documentary likeness of the movie. The sequences are brief and stark. The camera moves fast and follows the boy moving intently and aimlessly among the ruins, looking for some kind of emotional shelter. But society has collapsed. German society has not just been defeated. It has

vanished. Through Rossellini's pitiless eyes, the time is not for preaching but just for looking. He looks for a society. Instead, he finds a series of social black holes, and the boy is just swept away by and whirled down to the bottom of one of them.

The point is, the way the country emerged from that kind of nightmare involved a combination of economic and social 'miracles'. Within a very few years, the Germans were able to make a comeback. They worked hard, and pulled themselves back up, abiding by rules of mutual toleration and looking destiny in the face. All of this was crucially dependent on the new rules of the economic game put in place by the Germans themselves. Ludwig Erhard bet on an open, free market economy and let the spontaneous forces of supply and demand work their way through the frail and demoralized society of post-war Germany. He achieved this with the support of a German Chancellor who had very limited political authority at that time, and by taking advantage of the fact that the highest political authority, the American military commander, was caught in a lapse of absence. With politics sidelined, the way was open for individuals to play their game of endless, ever-renewed, mutually advantageous economic exchanges. By doing so, they rebuilt a social fabric, woven of mutual trust, from the bottom up. It was done partly before and partly *pari passu* being formally stated in laws, political programs and corporatist arrangements between the political, economic and social elites.

In general terms, the whole of continental Europe had lost direction in the years preceding World War I and the inter-war period, and the result was a drift towards authoritarian politics, heavy state intervention in the market economy and feverish nationalism leading to fascism, corporatism and socialism, followed by Nazism, communism and outright war. Rising up out of this descent into madness took a huge amount of political and economic liberalism on the part of the Western European nations over the next half century, with a determining role being played by the markets. Furthermore, markets have created, or strongly contributed to the creation of, a European common space. They have checked the protectionist, inward-looking tendencies of the economic structures of every country, and they have made people all over Europe more aware of each other and to the opportunities originating among their neighbors. They have largely replaced competition through war, that is, by way of death, rape, torture, invasion, humiliation and other displays of aggressive behavior, by the more peaceful endeavor of competition through trade and investment. And they have done so generation after generation for the last sixty years.

At the opposite end of the spectrum of social forms we find small groups, or small worlds; there the markets can also be seen to enhance communications and the sense of community, in social settings such as business organizations and families. The firm, for instance, is quite often seen as a sort of community only when management is able to strike a deal with employees who are considered as prominent stakeholders in the organization; but there are other possibilities for the firm to be understood as a community. It can also be seen as a matrix of contracts, a community of weak ties (Granovetter 1973), but still a community. For instance, recent experiences point to the possibility of business employees spending part of their working day trading in futures of their own company: on the future of sales, product access, supplier behavior, procedures (Kiviat 2004). This proves that useful information embedded within a group can be extracted and organized via a marketplace. This may well be the way that management, or leadership, is downgraded within firms, and partly replaced or

complemented by people speaking in a direct, and possibly eloquent, way, instead of through their union representatives.

By the same token, the logic of social exchanges under the rule of *iustitia*, of norms of reciprocity and equal or nearly equal exchanges, can also apply to intimate relationships such as those within families, and between lovers and friends, as Viviana Zelizer (2005) has shown. In these settings, and in the context of what Zelizer calls ‘connected lives’, the logic of markets may be tempered, but it is not fully rejected, by the virtue of benevolence and by the pursuit of a common goal.

3.5. Civility and two morals, of the ‘small worlds’ and of the ‘extended orders’

Communications go beyond giving information on facts, values and ideas to setting examples, issuing exhortations, and shaping the habits of heart and mind, to intimate moral behavior. The argument developed by Hayek (1988: 18) suggests that we live in two different worlds to which different morals apply. One moral would be guided by the pursuit of a common goal and would typically apply to ‘small worlds’;¹⁷ the other, by the rule of equal exchange between agents who wish to achieve their own individual goals and would apply to extended orders and large systems of social networks. But, in fact, the moral of mutual benevolence coupled with concern for a common good applies to *all* sorts of social groupings, big and small, and has a bearing on the extended orders too; whilst the moral of extended orders also applies to both very large and very small settings. According to circumstances, we apply morals that are different yet compatible with each other, so as to not endanger the narrative unity of our connected lives; and we may combine different moral viewpoints to apply to mixed situations. We may do this in dialogue with our ‘autobiographical selves’ (Damasio 2000) and with friends, curious onlookers and, hopefully, some impartial spectators who may come along. Under those conditions, making the right choices is what prudence or practical judgement is all about.

It is true that the morals of the small world tend to apply more easily to networks of families, friends and close acquaintances, tribes and villages, and possibly to traditional, segmented societies or modern, closed ones (Gellner 1994). The small world has been the main setting for ordinary moral behavior in most of Europe throughout the second millennium, and has continued to be so well into the second half of the 20th century in rural areas (half of the population of France or Italy, for instance) (Braudel 1990). The views of MacIntyre (1999) on networks of giving and receiving, in which he finds a prominent role for voluntary associations and local communities as a source of morality apply here, and so do remarks by Boettke and Rathbone (2002) on local reputation as a disciplinary mechanism for associations and face-to-face communities. However, it is also possible to design a system of trustworthiness that goes beyond local boundaries and applies to national or transnational social networks, global non government organizations, credit systems and international institutions.

Large social ensembles have been often understood as small worlds writ large. So has a nation-state with its appeals to brotherhood, a strong public authority playing the role of *pater familias*, a common goal and shared substantive values as well as a circle of trust circumscribed to the national community, along with the corresponding

¹⁷ In fact, Hayek’s terms (1988: 18) for the same concept are various: microcosmos, small groups, small bands, small worlds.

feelings of fear and hatred of strangers. In times of war, this has been seen as quite a normal moral development. It may also underpin the task of building a welfare state as if this were a normal trait of a nation-state understood as a big family house, a people's house, a *Folkhem*. This can take different forms. In a very robust form, it may reflect the Myrdals' view of a maximalist welfare state in which "the most important task of social policy is to organize and guide national consumption along different lines from those which the so-called free choice follows", aiming at "a socio-political organization and control not only of the distribution of incomes but also of the focus of consumption within families" (quoted in Rojas 2001: 16). It could also adopt the extreme form of a 'therapeutic society' in which state interference is complemented by an army of what Edgeley and Brisset (1999: 215ff.) have called "meddlers and virtuecrats", eager to tell others how to behave and what values they should adopt, as these authors think is the case in certain social milieus in the US.

Contrary to those who think of the market as full of *anomie*, a jungle where the "law of the jungle" (i.e., no law) applies, it can be shown that the law of the jungle and market law are complete opposites. Gains made in the jungle at another's expense, by seizing their property, for example, contrasts with gains achieved in the market by serving another in peaceful cooperation (Rothbard 1970: 1325ff.). In fact, a modicum of trust in each other is the normal disposition of those who participate in well functioning markets. Without trust in the quality of products, in the contracts binding employers and employees, in the rules of lending and borrowing, and in the game rules of corporate governance, markets would come to a stop.

Again, a literary reference may serve to illustrate the point. In Joseph Conrad's *Typhoon*, MacWhirr, the captain of the ship, sees a typhoon approaching. Though a man of deeds and not words, MacWhirr explains himself and what he is about to do. Freely summarized, his explanation might be as follows: "I see the typhoon coming but until it hits us I cannot weigh up the danger it involves. At the same time, I'm under an obligation to make the trip profitable, keep an eye on the costs and save coal. I must stay on course. How could I explain taking a costly detour to avoid a danger I cannot measure? I must trust my contractors have provided me with a solid steamer, built with the strength to sail the high seas; and the builders, carpenters and other craftsmen who made the different parts of the ship to last: they will not let me down. And the seamen will do their duty". MacWhirr's motto could be: "In men I trust", in other words, in their commitment to do their work properly, and in the social arrangements, contracts and mutual promises which are behind their personal endeavors. This includes trust in people we know personally, but also trust in a worldwide division of labor, in an abstract world of professional obligation, commercial honesty and social arrangements of many kinds. Of course, we, as readers, need all the words that Conrad offers us to understand the players and the situation they respond to, but for MacWhirr himself, we gather, most of these words were not needed. He would prefer to let his deeds speak for themselves, or let the words be torn from his lips as "broken shouts" (Conrad 1962 [1902]: 281).

3.6. *Markets' morality not as ethica docens but as ethical life, and markets as a character-forming institution*

It follows from previous remarks that the morality of the market is not an *ethica docens* that comes to us in the form of a moral discourse which can be articulated in a

series of verbal, written statements, and taught and debated by similar means. It is more like a pattern of actual behavior, an ethical life. Morality is embedded in mores, habits, capacities and a cluster of dispositions, a moral character that results from continuous moral practice. The dispositions encouraged by proper and continuous involvement in the markets tend to be those of self-possession and self-reliance, readiness to assert our rights and respect for the rights of others, attentiveness to others' needs, trust and service, fulfillment of promises and contractual duties. There is also an inclination to follow the game rules while simultaneously taking the risk of making considered acts of dissent or deviance from established practice, and either paying the price for making mistakes or reaping the profits from the new opportunities opened up by that initial act of defiance (Barry 2001, Williams 2004). These dispositions indicate a life of peaceful coexistence, of live-and-let-live, with a minimal core of basic values that must be shared, since otherwise all these exchanges would be impossible to replicate or to sustain, but must be also unencumbered by excesses of moralism of either a superstitious or over-enthusiastic nature.

Let us take, for instance, the experience of Spaniards as they have been engaging in the European markets over the last few decades, in a similar way to many other European peoples before and since. Spanish workers were industrial and agricultural manual workers in France, Germany, the Netherlands and Switzerland. At the same time, they became familiar with the British, Germans and Scandinavians moving in to their own towns by buying a second home on the Mediterranean coasts and in the Canary Islands, and with the French and other European tourists holidaying everywhere. As consumers and producers, they have been increasingly engaged in commercial and financial exchanges with other Europeans. Their overall experiences have developed a corpus of implicit background assumptions which underlie attitudes of mutual toleration, an absence of xenophobic sentiments, and mutual, rational expectations of proper behavior as producers, consumers, home-owners, and bank customers and borrowers, etc. This has helped to produce elective affinities between Spaniards and other Europeans, and it is a basis for their mutual understanding and empathy for each other's predicaments in an ever larger variety of situations, in the absence of which there would be fear and mistrust among them.

These basic, everyday, shared experiences may also provide the basis for a European demos as (and if and when) they become more widespread throughout Europe; in fact, shared experiences are a necessary condition for any community, and this also applies to a political community. Already, these shared experiences come together through basic, possibly barely articulated or even tacit understandings. But, at the same time, it may help if some articulated thoughts, political *topoi*, narratives, are added; for instance, if there is available a repertoire of discourses of justification transmitted through the media and other cultural constructs, for instance, including familiarity on the part of educated people with a shared high culture (which has played and still plays a crucial role in European self-understanding). Still, these cultural constructs should be internalized, thought out and understood by the moral agents; and this cannot be done without putting them to practice. Only so, there can develop the kind of self-understanding and immanent critique of practices and institutions which is the proper mark of moral reasoning.

Now, to the extent that markets help to spread the morality of an extended order among situated selves with cognitive, moral and emotional resources to engage in long-term, mutually beneficial exchanges, they make people realistic and morally aware of

both their own interests and values and those of others: self-reliant, on the one hand, and alert to others' wishes, propensities and abilities, on the other.

Markets educate people in the sense of making them used to the idea that they are expected to pay a price for their mistakes. To the extent this is so, markets may reinforce the ethos of accountability at all levels and in all avenues of life, from the *pater familias* to social leaders and politicians. In that case, there is no easy way out from the consequences of mistaken decisions; others will be quick to expose and exploit them. It is the name of the game and has to be accepted. Lessons of realism happen and the principle of reality applies, any time. For better or worse, involvement in the markets allows little dream-time; less than the one people may get while waiting for the next election, the next book, or the next gathering of the chattering classes. The usual way of escaping from reality is cut off; and this may cause a hardening of the heart, an injection of courage. In fact, fear is often the first way people try to escape from a situation, which may be then followed by an attempt to reduce the appreciation of danger and ultimately by a denial of the danger itself, to the point of not naming it. Perhaps markets do not encourage people to search for danger but they certainly make them clearly aware of the specific dangers that they are trying to escape from. They may be compatible with specific fears of specific dangers but do not plunge people into a diffuse sense of angst. The usual manner in which people's clouded thinking makes them unfocused and unable to ask questions or set priorities, and therefore become incapable of facing up to reality, is thus radically curtailed. Markets focus people's minds.

They focus them not in order to have a theory about reality but to do something with it. In order to do something, the actor must make a choice between several possible courses of action, and, to be able to do that, he must make his mind up about his values and priorities. Therefore, the market has a normative dimension which is inextricably linked to its cognitive dimension.

Discovery of new opportunities comes hand in hand with choices of morals, or prudence, which is, in fact, a mitigated form of morality. For this very reason, markets require and encourage the development of some form of moral discourse to justify, and build on, the decisions that are made. Otherwise there would be no action, and the market process would come to a stop. Moral nihilism, by contrast, can only end in a cultural morass and the pervasiveness of a lack of ability to make decisions. Moral nihilism encourages distrust of other people's intentions and deeds, and therefore stands in the way of a generalization of economic exchanges. In fact, a free flow of exchanges (economic or otherwise) can only happen in a climate of mutual understanding and trust; thus markets are mighty mechanisms for a spreading of trust.

To borrow from Hume's views (Gellner 1994: 46ff.), morality of the kind that markets favor encourages people to move from superstition to enthusiasm and finally to moderation. Superstitious people follow the lead of magical manipulators, be they charismatic leaders or priests; but markets make people use their intelligence to make their own decisions and accustom them to independent decision-making, obviating the need to defer to a higher authority in order to find their way. At the same time, markets are great equalizers in the long run, and their influence converges and combines with that of political or religious enthusiasts (Puritans, for instance) who are supposed to help liberate society from its superstitious domination by priests. Then comes a time for the markets to ease the way to moderation as they lead society away from the excesses of these enthusiasts. Markets cool people's thinking, make them more rational and more

prone to use a kind of instrumental rationality that erodes much of the halo around priestly kings.

This said, a reminder of the caveat stated at the beginning of this section may be in order. Markets may help focus people's minds and strengthen some moral dispositions in them, and assist them into becoming more rational and more moral, up to a point. In the long run, markets may help in making use of dispersed knowledge and transmit information. But people trade on noise and not only on information, may follow bad advice, and may understand their situation and form their expectations on the wrong premises; in short, they may behave in a rather irrational way (Shleifer 2000). Markets may help them to learn from their mistakes *to a point*; provided markets last, and are not overrun by all sort of events (political or otherwise), as they often are. As for the morality of the play, markets are just a system of incentives and social coordination, leaving people in full responsibility for what they want to do, and to trade; and therefore, they may become instrumental in people's attempts to achieve all sorts of goals, moral or immoral.

4. Markets' civilizing effects on politics and policy, and the public sphere

4.1. Markets and civil virtue, and the political community as a world of shared experiences, or of friends and enemies

In real life, markets combine with other institutional and cultural processes, and their effects are mixed up with those of local politics, demographic movements, ethnic communities, religion and many others; the end result may well be an example of social disorder, such as the one conveyed by the image of messy, disorderly modern, metropolitan city, which has caused deep ambivalence among intellectuals of all persuasions from the outset.¹⁸ But here we are engaged in an ideal typical discussion, trying to sort out the effects to be expected from markets as such, and, from this viewpoint, participation in markets can be seen to foster the development of several civil and civic virtues. On the cognitive side, I have already mentioned the customs of deciphering signals conveyed by the structure of relative prices, and acquiring a limited but clear understanding of changing and complex situations. There is also alertness to disparities between prices and the opportunities for profit that follow. Intellectual habits come together with the development of moral capacities. Hard, critical decisions have to be made on an almost continuous basis; lapses in *akrasia* or *acedia*, in weakness of will, can be punished. As people keep trying to succeed despite occasional setbacks and failures, their resolve may be strengthened, too. They should develop a sense of responsibility in the aftermath of their decisions, since they have to bear the consequences of them, whether success or failure. People have to get used to coping with limited knowledge, discounting risks, and relying on their own judgement. But the development of sound judgement can also be expected in a world in which reality checks are continually happening. Engagement in markets should also be expected to

¹⁸Even among those intellectuals whom one might expect to be sympathetic towards a commercial, entrepreneurial society such as the United States, as Morton and Lucia Whyte pointed out (1962) when they analyzed the ambivalent, rather hostile attitudes of a good part of the American intelligentsia towards urban culture.

bring home awareness of the fact that every individual is placed within an ever-expanding network of social relations. Interdependence of the market kind may involve belonging to communities with weak ties, but they are still real communities made up of real ties. Rules apply that people have to know and follow, concerning respect for private property and the fulfillment of contractual obligations and promises. Sensitivity to others' needs, desires, expectations and abilities is expected to increase along with a sense of moral reputation and a modicum of politeness, needed in order to smooth the deals and prepare the way for future exchanges.

On top of that, continuous involvement in the market, under proper conditions, is expected to favor civility, by strengthening a sense of justice and respect for the game rules as well as some (mitigated) form of benevolence, mutual understanding and mutual trust, and, in this way, to reduce the likelihood of violence. Montesquieu's classical reference to *le doux commerce* (1961 [1748]: 8ff.) points to habituation to peaceful practices in all spheres of life, leading to a general disposition to exercise them in politics, in particular.¹⁹ *Le doux commerce* presumably reduced the pervasiveness and intensity of violence which had been usual in the heroic and military societies of the past, including that of the Ancien Regime. It did so by changing the general orientation of politics and policy, and by shaping people's manners and making them used to peaceful competition as a substitute for violent conflict. In turn, the effects of market-induced civility may be reinforced by the forms of civility linked to civic virtue.

Civility as required in politics qualifies the level and the form of the (legitimate) violence that is involved with crucial political performances. This shows both *ad intra* and *ad extra*: in domestic politics, and in the politics and policies aimed at foreigners. To begin with, the development of commerce inside the city offers a choice between two quite different interpretations of the political community. On the one hand, it rests on a world of shared experiences, and politics is supposed to reaffirm these foundations. On the other, politics is supposed to evolve around the dichotomy of friends and enemies, and the political community is alerted to watch over its internal enemies, which may mean the patrician class watching over the plebeians, the 'right' watching over the 'left', or vice versa. Now, commerce is biased in favor of the first definition of politics resting on a community of shared experiences. By contrast, the diffusion of a definition of politics in terms of friends versus enemies, à la Carl Schmitt (1996 [1927-1932]), in Germany and other continental European countries in the inter-war period, may be seen as already a symptom of how far removed these societies were from the ideal type of a CS. By the same token, it may also be argued that the survival of a vision of politics based on the dichotomy of friends/enemies is a symptom of weakness of the cultural and institutional foundations of today's liberal democracies, particularly during a period of transition to democracy, and possibly afterwards. The fact is that, initially, these liberal democracies have to draw on political leaders whose habits were already shaped in their youth by totalitarian politics (fascist, Maoist, Stalinist, Trotskyist, and the like). They then carry these habits of sectarian politics and political hatred with them when entering the arena of democratic politics. All the same, violence when it comes in the form of defending the city against foreign enemies is neither marginal nor accidental

¹⁹ By means of economic interests taming political passions, as has been emphasized by Hirschman (1997), but also by means of the views of the world which are implicit in market practices. A different view of 'commerce as a duel' in Girard (2007: 114); and on the combination of commerce and war in Europe's early modernity see Hont (2005).

to a CS but belongs at the heart of it and may epitomize civic virtue. An actual readiness to fight and die for the city, understood as an order of freedom, instead of just talking about it, was the mark of a true member of a CS in Pericles' Athens. "Fight for the city, don't just talk about it" was the topic of Demosthenes' repeated warnings to his fellow citizens to strengthen their resolve. The warnings revolved around that distinction between deeds and words, because the failure to understand it and start fighting weakened the Athenians when they faced the Macedonian king and made them unable to take crucial decisions (Jaeger 1945: 156). The critical distinction here is between an uncivic and uncivil, endlessly deliberative society, an aggregate of chattering classes unwilling and unable to fight decisively at the right time, on the one hand, and a CS composed of individuals ready to stand up against a threat to their liberty, on the other. In this regard, Ferguson's remarks on the role of a militia should be seen as indicative not of a contradiction between a CS and the need for defense, but as a discussion of the forms of defense most fitting to a CS, the choice being between a standing army (Smith's preference), a popular militia or some combination of each of them (Pocock 1999: 348ff.). At the same time, civility affects the conduct of war and the forms of fighting. For instance, Frederick II's tactics of using troops in close formation was a statement of sorts about the ruler's deep distrust of his own army of soldiers who were supposedly inclined to escape if given half a chance. Making them stand in closed ranks reduced their opportunity to exit the battlefield. By contrast, trust in ordinary soldiers was to be a mark of the citizen armies of revolutionary France, and this allowed for a mobility and tactical flexibility that empowered them to win. In time, a mobile army of conscripts may come to be replaced by an army of professionals provided they remain subject to civilian authority.

Thus, civility is not only a check on violence, it is also part of the violence involved in the workings of CS. Civility in market operations does not nullify people's aggressive drives but it does shape them, reduce their intensity, provide an outlet for them and make them compatible with positive feelings towards rivals, partners, suppliers, consumers and so forth. In the realm of politics, an analogous reasoning can be applied to the task of enforcing law and order in a CS. Just because public business is conducted in a civil manner in no way makes the police or their work accidental, marginal or external to the functioning of a CS. In fact, CS could not exist without basic defenses against internal bullies and external invaders. There is an inescapable Hobbesian component in any understanding of what a CS is about, insofar as peace and security are basic preconditions for liberty. Hence, from the perspective of the members of a CS, the basic rules of justice should be followed, or otherwise enforced. For them, police work is not the work of 'aliens': policemen do 'their' work. This is the reason why, in a well-ordered CS, the police force is supposed to be trusted and respected, and is assumed to deserve people's willing collaboration in the performance of its duties. Of course, in real life, police forces may or may not act in a proper manner. They may act with civility or with brutality, in a way befitting their role in the maintenance of a CS or in a way that erodes or destroys it.

These considerations could be extended to the whole range of state activities. They could be applied to the performance of civil servants in the fulfillment of their duties and in their rapport with the public, as well as to political parties' handling of their mutual relations, and their relations with their constituencies. In each case, civility is a crucial and essential standard to be applied to them. On the one hand, civility establishes the difference between a society of deferent subjects and one of free and

self-reliant citizens who look their public authorities in the eye. On the other, in regard to the character of the relations among the different parts of the body politic, things may oscillate between a fairly integrated political community and one on the verge of political strife. Depending on the degree of civility in its politics, every society find itself at some point along a continuum that goes from a CS proper, in which the political game is played between loyal adversaries, to an insidious and irate clash between seemingly irreconcilable parties bordering on outright hostility, right the way through to civil war (Pérez-Díaz 2002).

4.2. Markets' placing limits on the excesses of politics, and pointing to a self-governed society

Markets provide some of the resources and cultural tools for people to enter the public sphere, and, by so doing, to engage in two crucial sets of activities: to put limits on government (democratic or otherwise), and to participate in the (thus limited) political process, by way of political deliberation as well as by sharing in policy decision-making and policy implementation. By insisting on the limits of politics and by providing people with experiences of self-reliance and spontaneous coordination, markets provide them with intellectual and moral resources, and they offer them a repertoire of examples and meanings conducive to building a free society and shaping the cultural landscape accordingly. By providing individuals and voluntary associations with economic resources, markets reduce their dependency on public funds and political patronage to participate in the public sphere. In other words, markets make a decisive, indispensable contribution to the independence of the public vis-à-vis political power.

The long-term trend of increasing productivity has freed time for schooling. Affluence and schooling have freed people from habits of deference to leaders and parties, and empowered them by increasing their self-confidence. In fact, citizens can stand up to their rulers and hold them to account only if they develop a sense of political equality between rulers and citizens. Markets have provided people with the basic life experiences for understanding politics in terms of political exchanges between governments and political parties on the one hand, and a community of citizens on the other. They also allow them to envision the relationship as one between an agent (the politicians) and the principal (the demos), adding a sort of common sense, logical plausibility to the corresponding academic theories.

This is not an easy task, however, as the political spectacle tends to go in the opposite direction. Usually, public debate is vitiated by an asymmetry of information, understanding and interest, which benefits the insiders (politicians, civil servants and interest groups) at the expense of the outsiders (most citizens). The politicians face their poorly informed and mildly interested constituencies and tend to sell them a package of identity labels, charismatic leaders, ideology and a few scattered substantive policy positions. Thus the only way a genuine political exchange can take place is often on the basis of politicians' arguing on specific issues that citizens are familiar with, interested in or sufficiently knowledgeable of.

The media have a mixed record in this respect. They can limit the power of the state only if they are independent of government largesse and good will, and only if they do not develop a political agenda of their own in combination with politicians. In fact, in today's Western societies, the media's civic effects are mixed. Their tendency to dramatize events inflates the importance of politics, gives an aura of plausibility to

politicians and civil servants' pretenses to control fate, and entertains the delusion that the future hinges on the results of the next election. The media's partisanship leads them to attribute charismatic traits to the politicians of their liking and deny them to those they don't. Partisanship and the media's hostile attitude towards politicians reluctant to yield to the media's influence may lead to the spread of feelings of suspicion vis-à-vis the entire political class. Sometimes, this may help in cutting politicians down to size (Cowen 2000: 169), but it may also erode public trust and confuse people and their expectations. In the long run, the result might be educational, as it would promote people's detachment from hard forms of political partisanship; but, contrariwise, there could be an increase in people's cynicism and erratic moods leading to support of populist policies. In a benign scenario, the media's contribution to a CS may be extremely positive; in a worst-case, Paretian, scenario, media plutocrats would combine with demagogues to have their own way (Pareto 2000 [1921]: 55). Loading the scales in favor of a benign scenario, markets may place limits on the concentration of power in the media and check their propensities to collude with the state and political parties in two ways: by introducing pressures for competition in the market, and by the development of a discriminating public which keeps its distance with regard to the media.

In the last decades, two interconnected developments have taken place in many Western polities: the rise of monitorial citizens (Schudson 1999) and of voluntary associations, thanks to a variety of factors. The markets generally encourage this but so, from the supply side so to speak, do the state's growing complexity, which has offered many access points to the public, and the decline of political parties, which have gradually taken a back seat at many public debates. Monitorial citizens would be a variant of the informed, interested citizens of a somewhat idealized past. They decline to know everything and make no pretense at showing an intense interest in all sorts of things public. They know that to master, or even to become familiar with, the details of any public issue takes an inordinate amount of time and energy; Schudson highlights this by drawing on his own experience: just studying the reports that made up the dossier for the completion of a single local road in a county of Southern California, affecting a reduced number of communities, took several months.

Monitorial citizens are the hard core of leaders and active, non-deferential members of voluntary associations (CS in a restricted sense). Many new voluntary associations have come to exist in the guise of non-governmental non-profit organizations, quite different from the hierarchical organizations of the past, typically supported by public authorities with public money and public privileges. They try to make their voice heard in public debates, express their identities and put forward the interests of local or sectorial constituencies, articulating their different views on the common good.

Thus, markets may benefit a healthy public sphere by supporting monitoring citizens and voluntary associations. They can check the concentration of power that comes from government, or rather from some combination of an ambitious government, rent seekers in the business world, and self-appointed opinion leaders in the media. The fact is, media and politics often come together in support of a political theater that encourages people in their delusion of obtaining a political consensus and absolute knowledge about the matter in hand. Markets, on the contrary, suggest there are always limits: an inherent frailty to what can be achieved by means of public deliberation ending in a collective decision. In the final analysis, there are cognitive and moral limits

for public deliberation to end in any lasting consensus. At most, there may be agreement on a core of values and practices in the absence of which there can be no proper working of the basic institutions of free markets and a liberal polity, as there can be contingent, prudential compromises on the issues at hand. Other than that, room must be left for as much experimentation as possible.

Involvement in markets may place welcome limits on the excesses of politics in several ways. First, by proposing a model for testing experiments in which there is multiple, continuous feedback on any attempt at solving individual or social problems, contributing to fast learning. This is in contrast to the very slow learning in politics, with limited and infrequent feedback on policies (Pennington 2003), limited choice between a few political parties, a confused clash of programs and ideological platforms, and ambiguous verdicts in the polls. In their market experience, people get used to comparing the speed of feedback to consumer or investor choices when business is concerned and it risks losses and cannot hide behind the government, as compared with the usual slack in cases where it can: in the utilities, the media or infrastructure, for instance, and possibly, education, health or the welfare services.

Second, by showing that a good measure of social cohesion may be the result of market processes, by challenging social inequalities and ensuring a significant degree of social mobility. Markets per se would be supposed to provide incentives for the lower and middle classes to develop alertness and move up and, vice versa, for the economic establishment to remain stuck in their old ways and lose relative power, wealth and status, possibly over one or two generations time, unless they combine with politicians and are able to shape politics and policy to suite their interests. Anyway, the validity of arguments about trends towards equality and inequality under capitalist conditions is, of course, contingent on the spatial and temporal frame of reference, and on disentangling the effects of political and economic factors; only with this caveat in mind, it may be pointed out that markets as such have a tendency to facilitate social mobility in the long term.²⁰

Third, by emphasizing a view of the proper functioning of a system in a decentralized way, markets suggest a view of politics in which the state and society work together as a web of multiple instances for decision making and policy implementation. This is not just a 'new spirit of capitalism' in operation (as Boltanski and Thevenot suggest: 1987) but a return to an old tradition. This return has been enriched by the experience of nations such as the European ones, having lost their way many times in collectivistic and semi-collectivistic experiments during the last two centuries; having learnt the hard way what a 'politics of faith' (unchecked by a strong doses of skepticism: Oakeshott 1996) in the virtues of a central authority may mean. It is further reinforced by the erosion of communist regimes, such as the Chinese one, thanks to the penetration of markets (Nee and Lian 1994).

²⁰ Or in the short term; for instance, even in regard to a period of time which is usually seen as one of growing inequality in the United States, Young Back Choi has shown how, between 1979 and 1988, 85.5% of the poorest 20% moved upwards in just nine years, and the poorest 20% in 1979 had an equal chance of staying in the poorest strata or moving to the richest 20% in 1988 (Choi, 1999). At the same time, it's been pointed out that, by the beginning of the 21th century, real hourly wages since 1979 have barely risen for most workers even though workers' productivity has increased by 60%; in fact, workers' productivity has increased 80% since 1960 but the average worker works about 200 hours a year more that he/she did at that time (Pastor 2007: 290).

A modicum of abstract thinking, and institutional or constitutional design, may be helpful, but any pretense at knowing the totality, the whole of a situation, is doomed to failure. This is not just because of the inanity of the pretentious world-views of totalitarian states and parties, but simply because there is no way of solving even a local problem in full knowledge of its causes and ramifications, and the full consequences of different courses of action. This is a well-known, familiar feature of the human condition, the fundamental limits of human reason, even if some enlightened people did lose sight of this for a couple of centuries. Karl Jaspers' humble appreciation of what can be said and done when we accept and recognize that we are less than the 'involving whole' that we can never apprehend (1946: 178), and that not even being part of a successful mass party (or a 'society of knowledge' for that matter) can change the limits to our knowledge, makes for a different kind of good citizen. One who must focus on the task at hand, and accept that there is only limited, partial knowledge to bring to the here and now, to which he must be faithful.

In a CS, the government is supposed to rule subject to society's advice and consent, and to be sensitive and responsive to public opinion. This is not merely a matter of elections, referenda or parliamentary votes. It is a process of continuous accommodation to a largely self-governed society. In it, government should be kept on a short leash and submit to the basic principle of a free society, namely, that society is not to be led in any particular direction by anybody; and 'anybody' conspicuously includes any combination of government, business and the intelligentsia (with or without help from any particular voluntary association). Everybody is free to choose his/her own goals in life, and the institutional system, of which government is part, should allow individuals to pursue altruistic or self-interested business of their own choosing, unimpeded. Even if the public arena were populated by collectivistic or semi-collectivistic characters eager to meddle and make busybodies of themselves concerning others' choices, a proper civil government should keep the playing field level and open to all-comers, and respect the avenues that individuals decide, independently, to go down.

Civility is as much about persuading people, expressing sympathy and understanding, and coming to sensible agreements, as it is about allowing people room for maneuver in order *not* to be persuaded if they do not wish to be, or to dissent and cling to their own ideas. The spirit of civility excludes the *animus* of disputatiousness, which may prevail in meetings of scholars or religious sectarians, or in lawyers' courts; nor it is that of an endless time consuming effort to reach an agreement, near the time of the final judgement. There is no need for staying put and locked in a debate aimed at a consensus around the right collective choice that settles once and for all the matter; instead, the space is left to a multiplicity of choices, and experiments according to an immense, and changing, variety of specific circumstances. Civility implies an open and often erratic conversation, which may be interrupted by fits of distraction and absentmindedness, and in the course of which people stop talking to engage in manifold activities in the real world and then come back. Nor is it a fight to be settled by a majority vote, so that the right definition gets enshrined in the group's proceedings, the winners impose their definition and issue implicit or explicit threats of silencing and ostracism, followed by the group split and so on.

The attitude I have in mind is more in the manner of what some Victorian writers, Anthony Trollope, for instance, understood as civility, namely, in the manner of a mild disposition to settle for a truce, which allows for conversation to go on in a spirit

of accommodation, self-restraint, curiosity and understanding, punctuated by decisions to exit from the debate which are, themselves, fairly eloquent. Thus, in Trollope's novel, *The Warden* (1994 [1855]), the debate concerning the rights and duties of the wardenship is settled after being conducted in the press, in the open so to speak, according to the politically correct *topoi* of the time, in a formally deliberative, but in fact highly disputatious, manner. The settlement of the matter implies, however, the destruction of a small network of giving and receiving, built on long experience and mutual trust. But learning eventually comes in for everybody involved, thanks not so much to the warden's words, which are few and barely understood at the moment, as it does by the warden's simple decision to exit gracefully of the situation, and thus making people, himself included, to face the consequences of their moves. And then, life goes on in the community, with a minimum of governance and a maximum of mutual adjustments, by means of silences, a few wise words possibly unheard, long and vehement speeches, displays of authority good for little, examples to decipher, disappointments and provisional satisfactions.

In that literary micro-cosmos, the intimation is made that while politics may induce the mirage of a collective goal, reached through explicit debates and backed by a mix of ritual and coercion under the lead of proper authorities, and while, eventually, a deferent, submissive, insecure public opinion may encourage that authority to take the lead, by the end of the day, politics may be tempered and governments may be tamed and made to understand their limited role in a CS. For this to happen, people, in all stations of life, myriads of them, have to stand on their own, stick to whatever resources they have, of decency and common sense, of education and property, and use them, provided there are proper institutions around that allow them to do so.

5. Conclusion

Market processes are part and parcel of a larger institutional and cultural formation that we may call by different names, including that of a civil society in its broad sense, in case we stick to a particular conception that was fairly well articulated in the 18th century. I have made an argument for today's relevance of the main lines of thinking of the Scottish philosophers on civil society, and on markets. After a long detour away from the original conception, there has been a return of sorts to the old, broad conception, as a normative and analytical type. In fact, current historical developments allows us to think of market processes, the rule of law, democratic transitions, civil society (in the restricted sense of voluntary associations) and the public sphere all fitting together as parts of a whole; and the inner logic of the developments in social science disciplines encourage inter-disciplinary dialogue to a similar effect.

I have showed that markets have civilizing effects per se, provided the basic rules of the game (such as those of no fraud and no violence) are respected. Multiple experiments in discovery and self-discovery, and in the communication process by which these discoveries spread, allow for a gradual increase of knowledge and trust within society. Markets as conversations point to the complex nature of these communicative processes, by both linguistic and extra-linguistic means. The communicative experience goes beyond a content-centered debate and the domain of the art of conversation; it incorporates experiences of doing and performing, exchanging and interacting while dealing with a world of material artifacts enmeshed in a world of

meanings. In so doing, it suggests some revision of the rules of the ideal conversation, such as those of truth, sincerity and validity, is required. In these conditions, understanding and trust can only be limited, largely tacit. In fact, some of the characteristics of market processes, in this regard, are analogous to those we find in other human engagements, in culture (painting, for instance), society, and politics as well, where there is a similar mix of linguistic and extra-linguistic forms of communication.

I suggested that the idea of markets as conversations applies to diverse stages of the economic process; and I indicated, with examples, how this view of markets helps us to understand the formation of different conversational spaces, large (nations, supranational communities) and small (firms, families). This view of markets may also facilitate our understanding of their moral effects, how they apply to both the morality of the extended orders and that of the small worlds, and how they work as a vehicle for the formation of moral habits.

As for the relationship between markets and politics, policy and the public sphere, I have suggested ways in which markets shape and foster civic dispositions among the population, and check the tendency to understand politics in terms of friends and enemies, and in so doing tame the violent passions associated with that kind of politics. They help to channel and shape the violence that may be necessary to defend an order of freedom in a resolute manner when the time comes to it. Then I gave an account of some of the resources that markets provide citizens with for the task of holding their public magistrates accountable and for participating in politics and policy in order to check excesses of partisanship and help develop the figure of the monitorial citizen.

Markets may provide lessons in fast learning, social cohesion, the decentralization of systems and, last but not least, a sense of humility in regard to the control of our fate. In the end, markets work in favor of politics as a process of continuous accommodation in a civil manner. Hegel thought his *Philosophy of Right* amounted to a reconstruction of modern ethical life, a totality of ideas and sentiments, practices and relations, which were regarded as valid, in a normative sense, by Hegel's contemporary man, and prevailed in fact (Pelzcyński 1984: 8); but historical experience has taught *our* contemporary man to be much more modest. In the end, the theory of civil society may be treated as a system of significations that stands in a larger semantic context where we find opposite types of society (socialist, totalitarian ones) and gradations, variations, even degenerations of civil society; there are many 'possible worlds', and civil society in its best form is just one of them. Indeed, in view of our past experience, it may be safe to think that the realization of civil society in its best form, should be considered the least likely.

Thus, the concept of civil society in its broad sense is more of a regulatory idea (useful on both normative and analytical grounds) than a description of things as they are, or ever have been, or possibly will be, at any particular point in time. It has come closer to the fact at times, and departed from it quite often. In this regard, so far, there has been progress, and there has been regression. As for the future, there is room for hope and faith, as there is room for skepticism. But anyway, even at its best, a civil society can only leave open the question of what a good society may be, as people with different comprehensive views of the good maintain the discussion alive. Within these parameters and limits, markets are crucial for the process of creating such a civil society, mainly because they are communicative processes that go to the heart of the

kind of decent and reasonable community a civil society is supposed to be, or to eventually become, in time.

References

Alexander, Jeffrey. 1995. *Fin de Siècle Social Theory: Relativism, Reduction, and the Problem of Reason*. London: Verso.

Barry, Norman. 2001. "Ethics, conventions and capitalism," in Brian Griffiths, Robert Sirico, Norman Barry and Frank Field, eds., *Capitalism, Morality and Markets*. London: The Institute of Economic Affairs, pp. 57-77.

Bell, Daniel. 1976. *The Coming of Post-Industrial Society*. New York: Basic Books.

Berger, Peter and Thomas Luckmann. 1991. *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. London: Penguin.

Boettke, Peter and Peter Leeson, 2003. "Is the transition to the market too important to be left to the market?" *Economic Affairs*, 23, 1: 33-39.

Boettke, Peter and Anne Rathbone. 2002. "Civil Society, Social Entrepreneurship and Economic Calculation: Toward a political economy of the philanthropic enterprise," *Working Papers in Economics*, WPE 02.02: George Mason University.

Boettke, Peter and Virgil Henry Storr. 2002. "Post-Classical political Economy: Polity, Society and Economy in Weber, Mises and Hayek," *American Journal of Economics and Sociology*, 61, 1 (January): 161-191.

Boltanski, Luc and Laurent Thevenot. 1987. *De la justification: Les économies de la grandeur*. Paris: Gallimard.

Bourdieu, Pierre. 1994. *Raisons Pratiques: Sur la théorie de l'action*. Paris: Seuil.

Braudel, Fernand. 1973. *Capitalism and Material Life. 1400-1800*. Translated by George Weidenfeld and Nicolson Ltd. New York: Harper & Row.

Braudel, Fernand. 1990. *L'identité de la France: Espace et Histoire*. Paris: Flammarion.

Brick, Howard. 1996. "The reformist dimension of Talcott Parsons' early social theory," in Thomas Haskell and Richard Teichgraeber III, eds., *The Culture of the Market: Historical Essays*. Cambridge: Cambridge University Press, pp. 357-396.

Bruhns, Hinnerk and Dieter Gosewinkel. 2005. "Europe and the Other: Non-European concepts of Civil Society," *WZB Discussion Paper Nr. SP IV 2005-406*.

Campbell, Colin. 1987. *The Romantic Ethic and the Spirit of Modern Consumerism*. Oxford: Blackwell.

- Choi, Young Back. 1999. "On the rich getting richer and the poor getting poorer," *Kyklos*, 52, 2: 239-258.
- Conrad, Joseph. 1962 [1902]. *Thyphon, and other tales*. New York: The New American Library.
- Conrad, Joseph. 1988 [1906]. *The Mirror of the Sea*. Marlboro, Vermont: The Marlboro Press.
- Cowen, Tyler. 2000. *What Price Fame?* Cambridge, Massachusetts: Harvard University Press.
- Damasio, Antonio. 2000. *The Feeling of What Happens: Body, Emotion and the Making of Consciousness*. London: Vintage.
- Dreyfus, Hubert. 1991. *Being-in-the-World: A Commentary on Heidegger's Being and Time, Division I*. Cambridge, Massachusetts: The MIT Press.
- Eco, Umberto. 1979. *A Theory of Semiotics*. Bloomington: Indiana University Press.
- Edgley, Charles and Dennis Brisset. 1999. *A Nation of Meddlers*. Boulder, Colorado: Westview Press.
- Field, John .2003. *Social capital*. London: Routledge.
- Geertz, Clifford. 1983. *Local Knowledge: Further Essays in Interpretive Anthropology*. New York: Basic Books.
- Gellner, Ernest. 1994. *Conditions of Liberty: Civil Society and Its Rivals*. New York: Allen Lane.
- Girard, René. 2007. *Achever Clausewitz*. Paris: Carnetsnord.
- Gouldner, Alvin.1980.*The Two Marxisms: Contradictions and Anomalies in the Development of Theory*. London: McMillan.
- Granovetter, Marc. 1973. "The Strength of Weak Ties," *American Journal of Sociology*, 78: 1360-1380.
- Granovetter, Marc. 1992. "Economic Action and Social Structure: The Problem of Embeddedness," in Marc Granovetter and Richard Swedberg, eds., *The Sociology of Economic Life*, Boulder: Westview Press, pp. 53-84.
- Grice, Paul. 1989. *Studies in the Way of Words*. Cambridge, Massachusetts: Harvard University Press.
- Habermas, Jürgen. 1989. *The Theory of Communicative Action. Volume Two. Lifeworld and System: A Critique of Functionalist Reason*. Translated by Thomas McCarthy. Boston: Beacon Press.

Habermas, Jürgen. 1992. "Further Reflections on the Public Sphere," in Craig Calhoun, ed., *Habermas and the Public Sphere*. Translated by Thomas Burger. Cambridge, Massachusetts: The MIT press, pp. 421-461.

Habermas, Jürgen and John Rawls. 1998. *Debate sobre el liberalismo político*. Translated by Gerard Vilar Roca. Barcelona: Paidós.

Hagood, Fred. 1993. *Up the Infinite Corridor: MIT and the Technical Imagination*. Reading, Massachusetts: Addison-Wesley.

Hayek, Friedrich. 1988. *The Fatal Conceit*. Chicago: The University of Chicago Press.

Hegel, Georg Wilhelm Friedrich. 1963 [1821]. *Hegel's Philosophy of Right*. Translated by T. Knox. London: Oxford University Press.

Hirschman, Albert O. 1997. *The Passions and the Interests. Political Arguments for Capitalism before Its Triumph*. Princeton: Princeton University Press.

Hont, Istvan. 2005. *Jealousy of Trade: International Competition and the Nation-State in Historical Perspective*. Cambridge: Harvard University Press.

Hont, Istvan and Michael Ignatieff. 1985. "Needs and Justice in the *Wealth of Nations*: an Introductory Essay," in Istvan Hont and Michael Ignatieff, *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*. Cambridge, Massachusetts: Cambridge University Press, pp. 1-44.

Horwitz, Steven. 1992. "Monetary Exchange as an Extra-linguistic Social Communication Process," *Review of Social Economy*, 50, 2: 193-214.

Jacobs, Jane. 1992 [1961]. *The Death and Life of Great American Cities*. New York: Vintage Books.

Jaeger, Werner. 1945. *Demóstenes: la agonía de Grecia*. Translated by Eduardo Nicol. Mexico: Fondo de Cultura Económica.

Jaspers, Karl. 1946. "Sobre el espíritu europeo," in *Balance y Perspectiva*. Translated by Fernando Vela. Madrid: Revista de Occidente.

Kaldor, Mary. 2003. *Global Civil Society: An Answer to War*. Cambridge: Polity Press.

Keane, John. 2003. *Global Civil Society?* Cambridge: Cambridge University Press.

Kiviat, Barbara. 2004. "The End of Management?," *Time*, July 6, 2004.

Koselleck, Reinhart. 1988. *Critique and Crisis: Enlightenment and the Pathogenesis of Modern Society*. Cambridge, Massachusetts: The MIT Press.

Koselleck, Reinhart. 2002. *The Practice of Conceptual History: Timing History, Spacing Concepts*. Translated by Todd Samuel Presner and others. Stanford, California: Stanford University Press.

- Lao Tzu. 1962 [6/5th centuries B.C.]. *Tao Te Ching*. Translated by D.C. Lau. London: Penguin.
- MacIntyre, Alasdair. 1999. *Dependent Rational Animals: Why Human Beings Need the Virtues*. Chicago and La Salle: Open Court.
- McCann, Charles. R. 2002. "F.A. Hayek: The Liberal as Communitarian," *The Review of Austrian Economics*, 15, 1: 5-34.
- Mises, Ludwig von. 2002 [1944]. *Gobierno omnipotente: En nombre del estado*. Madrid: Unión Editorial.
- Montesquieu, Charles-Louis de Secondat, Marquis de. 1961 [1748]. *L'Ésprit des Lois*, II. Paris: Garnier.
- Moore Jr., Barrington. 1978. *Injustice: The Social Basis of Obedience and Revolt*. New York: Random House.
- Nee, Victor and Peng Lian. 1994. "Sleeping with the Enemy: A Dynamic Model of Declining Political Commitment in State Socialism," *Theory and Society*, 23, 2: 253-296.
- North, Douglass C. 2005. *Understanding the Process of Economic Change*. Princeton: Princeton University Press.
- Oakeshott, Michael. 1996. *The Politics of Faith and the Politics of Scepticism*. Timothy Fuller, editor. New Haven: Yale University Press.
- Pareto, Vilfredo. 2000 [1921]. *The Transformation of Democracy*. Charles Powers, editor; translated by Renata Girola. New Brunswick, New Jersey: Transaction Publishers.
- Pastor, Alfredo. 2007. *La ciencia humilde*. Barcelona: Crítica.
- Pelczynski, Z. A. 1984. "Introduction: The significance of Hegel's separation of the state and civil society," in Z. A. Pelczynski, ed., *The State and Civil Society: Studies in Hegel's 'Philosophy of Right'*. Cambridge: Cambridge University Press, pp. 1-13.
- Pennington, Marc. 2003. "Hayekian Political Economy and the Limits of Deliberative Democracy," *Political Studies*, 51: 722-739.
- Pérez-Díaz, Víctor. 1995. "The possibility of civil society: traditions, character and challenges," in John Hall, ed., *Civil Society. Theory, History, Comparison*. Cambridge: Polity Press, pp. 80-109.
- Pérez-Díaz, Víctor. 1998. "The public sphere and a European civil society," in Jeffrey Alexander, ed., *Real Civil Societies. Dilemmas of Institutionalization*. London: Sage, pp. 211-238.

Pérez-Díaz, Víctor. 2000. "El consumo, la conversación y la familia," in José Antonio Gimeno, ed., *El consumo en España*. Madrid: Fundación Argentaria-Visor, pp.27-33.

Pérez-Díaz, Víctor. 2002. "From 'civil war' to 'civil society': social capital in Spain from the 1930s to the 1990s," in Robert Putnam, ed., *Democracies in Flux*, New York: Oxford University Press, pp. 245-287.

Philipson, Nicholas. 1983. "Adam Smith as civic moralist," in Istvan Hont and Michael Ignatieff, *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*. Cambridge, Massachusetts: Cambridge University Press, pp. 179-202.

Pocock, J. G. A. 1999. *Barbarism and Religion, II: Narratives of Civil Government*. Cambridge: Cambridge University Press.

Putnam, Robert. 2000. *Bowling Alone: the Collapse and Revival of American Community*. New York: Touchstone.

Proust, Marcel. 1954 [1921]. *À la recherche du temps perdu, t. II. Le côté de Guermantes, II*. Bibliothèque La Pléiade: Paris.

Raczymov, Henri. 2005. *Le Paris retrouvé de Marcel Proust*. Paris: Parigrame.

Rae, John. 2005 [1895]. *Life of Adam Smith*. Liberty Fund, Inc. The Online Library of Liberty. <http://oll.libertyfund.org/Home3/index.php>

Randeria, Shalini. 2006. "Entangled Histories: Civil Society, Caste Solidarities and Legal Pluralism in post-colonial India", in John Keane, ed., *Civil Society: Berlin Perspectives*. New York/Oxford: Berghahn Books, pp. 213-241.

Rawls, John. 1996. *Political Liberalism*. New York: Columbia University Press.

Ricoeur, Paul.1981."The model of the text: meaningful action considered as a text," in *Hermeneutics and the Human Sciences*. John B. Thompson, editor. Cambridge: Cambridge University Press, pp. 197-221.

Rilke, Rainer Maria. 1984 (1907). *Cartas sobre Cézanne*. Translated by Nicanor Ancochea and Kim Vilar. Barcelona: Paidós.

Robertson, John. 1983. "The Scottish Enlightenment at the Limits of the Civic Tradition," in Istvan Hont and Michael Ignatieff, *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment*. Cambridge: Cambridge University Press, pp. 137-178.

Rothbard, Murray N. 1970. *Man, economy and the state*. Los Angeles: Nash.

Rojas, Mauricio. 2001. *Beyond the Welfare State*. Stockholm: Timbro.

Rothschild, Emma. 2001. *Economic Sentiments: Adam Smith, Condorcet and the Enlightenment*. Cambridge, Massachusetts: Harvard University Press.

- Sandel, Michael. 1982. *Liberalism and the Limits of Justice*. Cambridge: Cambridge University Press.
- Schama, Simon. 1988. *The Embarrassment of Riches: An Interpretation of Dutch Culture in the Golden Age*. Berkeley: California University Press.
- Schmitt, Carl. 1996 [1927-1932]. *The Concept of the Political*. Translated by George Schwab. Chicago: University of Chicago Press.
- Schudson, Michael. 1999. "Good Citizens and Bad History: Today's Political Ideals in Historical Perspective." The keynote lecture at the conference on "The Transformation of Civic Life," Nashville, Tennessee, November 12, 1999.
- Shalamov, Varlam. 1994. *Kolyma Tales*. Translated by John Glad. London: Penguin Books.
- Shleifer, Andrei. 2000. *Inefficient markets: An Introduction to Behavioral Finance*. Oxford: Oxford University Press.
- Shleifer, Andrei and Daniel Treisman. 2005. "A Normal Country: Russia after Communism," *Journal of Economic Perspectives*, 19, 1: 151-174.
- Simmel, Georg. 1964 [1917]. "The Metropolis and Mental Life," in *The Sociology of Georg Simmel*. Kurt Wolff, editor. New York: The Free Press, pp. 409-426.
- Smith, Philip D. 2002. *The Virtue of Civility in the Practice of Politics*. Lanham, Maryland: University Press of America.
- Swedberg, Richard. 2005a. "The Economic Sociology of Capitalism: An Introduction and Agenda," in Victor Nee and Richard Swedberg, *The Economic Sociology of Capitalism*, Princeton: Princeton University Press, pp. 3-34.
- Swedberg, Richard. 2005b. "Markets in Society," in Neil Smelser and Richard Swedberg, eds., *The Handbook of Economic Sociology*, Second Edition, Princeton: Princeton University Press, pp. 233-253.
- Swift, Jonathan. 1977 [1758]. "Hints towards an essay on Conversation," in *The Portable Swift*. Carl van Doren, editor. London: Penguin, pp. 89-99.
- Taylor, Charles. 1995. *Philosophical Arguments*. Cambridge, Massachusetts: Harvard University Press.
- Trollope, Anthony. 1994 [185]. *The Warden*. London: Penguin.
- Whyte, Morton and Lucia. 1962. *The Intellectual versus the City*. New York: New American Library.
- Williams, Walter. 2004. "The argument for free markets: morality versus efficiency," in Dennis O'Keefe, ed., *Economy and Virtue: Essays on the Theme of Markets and Morality*. London: The Institute of Economic Affairs, pp. 34-51.

Zelizer, Viviana. 2005. *The Purchase of Intimacy*. Princeton: Princeton University Press.

ASP Research Papers están orientados al análisis de los procesos de emergencia y consolidación de las sociedades civiles europeas y la evolución de sus políticas públicas.

En ellos, se concederá atención especial a España y a la construcción de la Unión Europea; y, dentro de las políticas públicas, a las de recursos humanos, sistema de bienestar, medio ambiente, y relaciones exteriores.

ASP Research Papers focus on the processes of the emergence and consolidation of European civil societies and the evolution of their public policies.

Special attention is paid to developments in Spain and in the European Union, and to public policies, particularly those on human resources, the welfare system, the environment, and foreign relations.

ASP, Gabinete de Estudios S.L.

Quintana, 24 - 5º dcha. 28008 Madrid (España)

Tel.: (34) 91 5414746 • Fax: (34) 91 5593045 • e-mail: asp@ctv.es

www.asp-research.com