

# Governance und Public Policy

*Kumulative Habilitationsschrift*

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1. *The Evolution of States and Markets: An Outline of the Schumpeterian Theory of the State*  
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Das Kapitel wurde in gekürzter Fassung publiziert als “Normative Grundlagen der Sozialpolitik: Solidarismus, Historische Schule und die politische Ökonomie des Wohlfahrtsstaats“, *Zeitschrift für Wirtschafts- und Unternehmensethik*, Bd.7, Nr.2, 2006, S. 240-262.

4. *The Intellectual Foundations of the Social Market Economy: Theory, Policy and Implications for European Integration*  
(S.93-111)

Das Kapitel wurde publiziert als “The Intellectual Foundations of the Social Market Economy: Theory, Policy and Implications for European Integration“, *Journal of Economic Studies*, Bd.33, Nr.3, 2006, S.206-223.

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Das Kapitel wurde in gekürzter Fassung publiziert als "Hayek on Entrepreneurship: Competition, Market Process and Cultural Evolution", in J.G. Backhaus (Hg.) *Entrepreneurship, Money and Coordination: Hayek's Theory of Cultural Evolution*, Cheltenham: Elgar, 2005, S.131-149.

6. *Governance und kollektives Handeln: Institutionelle Aspekte einer evolutorischen Theorie der Wirtschaftspolitik*  
(S.129-148)

Das Kapitel wurde publiziert als "Governance und kollektives Handeln: Institutionelle Aspekte einer evolutorischen Theorie der Wirtschaftspolitik", in M. Lehmann-Waffenschmidt, A. Ebner und D. Fornahl (Hg.) *Institutionen, Marktprozesse und dynamische Wirtschaftspolitik*", Marburg: Metropolis, 2004, S.371-397.

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(S.222-241)

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## Inhaltliche Zusammenfassung

Gegenstand dieser kumulativen Habilitationsschrift sind teils publizierte, teils zur Publikation vorgesehen Beiträge zur wirtschafts- und sozialwissenschaftlichen Theoriebildung im Bereich Governance und Public Policy. Die Beiträge befassen sich insgesamt mit theoretischen Grundfragen der Evolution von Staatlichkeit und den institutionellen Bedingungen der Steuerung politisch-ökonomischer Prozesse. Hierbei wird ein theoretisches Feld abgedeckt, das von der ökonomischen Theorie der Wirtschaftspolitik über die politikwissenschaftliche Theorie des Wohlfahrtsstaates bis hin zur politischen Ökonomie der europäischen Integration reicht. Gemeinsam ist all diesen theoretischen Perspektiven die Zugehörigkeit zum Diskussionszusammenhang des neuen Institutionalismus in den Wirtschafts- und Sozialwissenschaften. Er wird in der vorliegenden Arbeit vor allem hinsichtlich seiner Erklärungskraft für volkswirtschaftliche und politologische Fragestellungen zu Rate gezogen. Mit den Bezügen zur den Konzepten der Governance und der Public Policy lässt sich die Arbeit daher insgesamt als Beitrag zur aktuellen staats- und steuerungstheoretischen Debatte im ökonomischen und politikwissenschaftlichen Institutionalismus werten. Beide Bereiche sind dann als Pfeiler eines gemeinsamen staatswissenschaftlichen Paradigmas zu verstehen.

Die Arbeit setzt sich aus zehn Einzeltexten zusammen. Sieben liegen in englischer Sprache vor, drei in deutscher Sprache. In der vorliegenden kumulativen Habilitationsschrift sind diese Einzelbeiträge systematisch in fünf Teilen mit jeweils zwei Kapiteln angeordnet.

Der erste Teil befasst sich mit der theoretischen Behandlung der institutionellen Evolution von Staat und Market in den Arbeiten Schumpeters und Polanyis. So behandelt das erste Kapitel Joseph Schumpeters eigenständige Staatstheorie, die er insbesondere im Rahmen seiner finanzsoziologischen Überlegungen vorgelegt hat. Das zweite Kapitel diskutiert Karl Polanyis Theorie des Wohlfahrtsstaates im Kontext seiner Konzeption der Einbettung von Marktprozessen in nicht-marktförmige institutionelle Zusammenhänge. Der zweite Teil behandelt die konzeptionellen Grundlagen der Theorie der Sozialpolitik. In diesem Zusammenhang untersucht das dritte Kapitel die im Vergleich von deutschem Historismus und katholischer Soziallehre angelegten normativen Grundlagen des Wohlfahrtsstaates. Das vierte Kapitel beschäftigt sich vor dem Hintergrund der Debatte zu einem gemeinsamen europäischen Sozialmodell mit den konzeptionell Grundlagen des wirtschafts- und sozialpolitischen Entwurfs der Sozialen Marktwirtschaft. Der dritte Teil präsentiert aktuelle Beiträge zur evolutorischen Theorie der Wirtschaftspolitik. Das fünfte Kapitel ist hierbei mit einer Rekonstruktion von Hayeks Theorie des politischen Unternehmertums befasst. Das sechste Kapitel bewertet den Diskussionsstand zum institutionellen Funktions- und Formwandel der Wirtschaftspolitik aus evolutorischer Perspektive. Der vierte Teil behandelt institutionenökonomische Perspektiven der Staatstheorie. Das siebte Kapitel untersucht die theoretischen Variationen institutionenökonomischer Governance-Konzepte unter besonderer Berücksichtigung der Problematik glaubhafter Selbstverpflichtung. Das achte Kapitel befasst sich mit Douglass Norths Transaktionskostenansatz zur Staatstheorie und dessen Wandlung hin zu einer kognitionswissenschaftlich fundierten Position. Der abschließende fünfte Teil hat die Problematik institutioneller Evolution im europäischen Integrationsprozess zum

Gegenstand. Das neunte Kapitel untersucht die institutionellen Reformperspektiven der europäischen Governance-Strukturen vor dem Hintergrund der strategischen Vorgaben des Kommissions-Weißbuchs zum Thema Europäische Governance. Das zehnte Kapitel diskutiert die europäische Beschäftigungsstrategie als Kernstück eines integrierten europäischen Sozialmodells, das sich an den Leitbildern der Aktivierung und der Wettbewerbsfähigkeit festmachen lässt.

Diese Darstellungsweise ist dem Bedürfnis nach inhaltlicher Kohärenz im Rahmen einer kumulativen Habilitationsschrift geschuldet. Für die absehbare monographische Publikation dieser Beiträge ist dagegen folgende Zusammensetzung vorgesehen. Die Kapitel 1, 2, 5, 6, 7, 8 bilden den Kern einer noch um zwei weitere Kapitel auszubauenden Monographie zur institutionenökonomischen Staatstheorie. Dagegen sollen die Kapitel 2, 3, 4, 9, 10 als Kern einer um drei weitere Kapitel zu ergänzenden Monographie zur politikwissenschaftlichen Theorie des Wohlfahrtsstaates dienen. In diesem Sinne sind die Einzelbeiträge der vorliegenden Arbeit vielseitig kombinierbar. Die inhaltlichen Schwerpunkte lassen sich wie folgt nachvollziehen.

Das erste Kapitel befasst sich mit Joseph Schumpeters eigenständigen Entwürfen zu einer Staatstheorie, die er insbesondere im Rahmen seiner finanzsoziologischen Überlegungen vorgelegt hat – vor allem in seinen Arbeiten zur Finanzkrise des Steuerstaates. Diese Schumpeterschen Entwürfe werden systematisch aufgearbeitet und hinsichtlich ihrer wirtschaftspolitischen Implikationen ausgewertet. Hierbei wird Schumpeters staatstheoretischer Ansatz erstmals durchgehend aus einer evolutorischen Perspektive rekonstruiert. Staat und Markt gelten als ko-evolvierende institutionelle Felder mit jeweils eigener Funktionslogik. Beiden gemeinsam ist jedoch der Mechanismus institutioneller Vielfalt als Bedingung einer unternehmerischen Generierung und Durchsetzung von Innovationen. In diesem Sinne stehen öffentlicher und privater Sektor in einer engen entwicklungsbezogenen Wechselbeziehung, die sich mittels des Schumpeterschen Konzepts vom „unternehmerischen Staat“ adäquat beschreiben lässt. Über die Rekonstruktion und Neubewertung dieses Konzepts gelingt schließlich auch eine originäre Annäherung an die Programmatik einer genuin schumpeterianischen Wirtschaftspolitik, die dem Staat eine innovationsstrategisch aktive Rolle zubilligen müsste.

Das zweite Kapitel diskutiert Karl Polanyis Theorie des Wohlfahrtsstaates im Kontext seiner Konzeption der Einbettung von Marktprozessen in nicht-marktförmige institutionelle Zusammenhänge. Hierbei erfolgt zunächst eine konzeptionelle Klärung von Polanyis umstrittenen Konzepten der institutionellen Einbettung sowie der Kommodifizierung fiktiver Waren. Die Betonung des Entwicklungszusammenhangs von Marktsystem und Lohnarbeit führt zur Ausarbeitung eines originären, an Polanyis Vergaben angelehnten Schemas zur Differenzierung institutioneller Regime sozialer Integration. Vor diesem Hintergrund wird Polanyi's Theorie der Sozialpolitik und des Wohlfahrtsstaates rekonstruiert. Als Referenzgröße dient wiederum ein evolutorisches Schema zur Ko-Evolution von Staat und Markt, wobei in Polanyis Ansatz besonderes Gewicht auf die staatlichen Begründung von Marktprozessen über redistributive Standards gelegt wird. So wird die für Polanyis Entwicklungstheorie maßgebliche These von der Doppelbewegung aus Marktliberalisierung und Sozialprotektionismus erstmals auf den institutionellen Doppelcharakter des Staates selbst angewandt. Aus dieser Perspektive heraus wird es zudem möglich, die aktuellen Reformen des Wohlfahrtsstaates mit einer auf Einbettung und Kommodifizierung abstellenden Polanyischen Perspektive in Beziehung zu setzen.

Das dritte Kapitel untersucht erstmals die im Vergleich von deutschem Historismus und katholischer Soziallehre angelegten interkonfessionellen Grundlagen der normativen Positionen des Wohlfahrtsstaates. Zunächst wird Heinrich Peschs Forschungsprogramm des Solidarismus vorgestellt, mit einem Schwerpunkt auf dessen methodologischen und institutionentheoretischen Grundlagen. Es folgt eine Gegenüberstellung mit dem Forschungsprogramm der Historischen Schule, wie es von Gustav Schmoller und Adolph Wagner aus deren jeweils spezifischer methodologischer Perspektive heraus vertreten wird. Diese Darstellung mündet in eine Diskussion der nachfolgenden Generation der Historischen Schule, deren Position maßgeblich von Werner Sombarts Beiträgen als Integration theoretischer und historischer Anliegen verkörpert wird. Auf dieser komparativen Exposition der Kerngehalte von Solidarismus und Historischer Schule aufbauend werden themenspezifische Gemeinsamkeiten und Differenzen analysiert, wobei insbesondere auch konkrete theoretische Einschätzungen zur institutionellen Dynamik wirtschaftlicher Entwicklung herangezogen werden. Die abschließende Erläuterung sozialpolitischer Implikationen verweist auf die anhaltende Relevanz solidaristischer Argumentationslinien für die Theorie des Wohlfahrtsstaats – interpretiert als zentrale Komponenten eines weiter gefassten institutionalistischen Diskurses.

Das vierte Kapitel beschäftigt sich vor dem Hintergrund der Debatte zu einem gemeinsamen europäischen Sozialmodell mit den konzeptionellen Grundlagen des wirtschafts- und sozialpolitischen Entwurfs der Sozialen Marktwirtschaft. Ausgangspunkt ist die in der europäischen Verfassungsdiskussion wiederholt vorgebrachte Auffassung, dass der anvisierte Verfassungsrang der sozialen Marktwirtschaft auf eine marktliberale Deregulierung nationaler Wohlfahrtsregime zielen würde. Das Kapitel schlägt dagegen vor, den konkreten Gehalt des Konzepts der sozialen Marktwirtschaft als integrativen Wirtschaftsstil zu rekonstruieren, um auf diese Weise die Vielfalt wirtschafts- und sozialpolitischer Handlungsoptionen zu betonen. Letztlich geht es dabei um die von Alfred Müller-Armack vorgetragene „irenische Formel“ einer institutionellen Kombination wirtschaftlicher Entwicklungsdynamik und sozialer Kohäsion, eingebunden in die Bedingungen eines kulturell abgesicherten Grundkonsenses. Mit diesem Rückblick auf das Konzept der sozialen Marktwirtschaft gelingt schließlich dessen Rückgewinnung als integrativer Governance-Modus, dessen Verfassungsrang zu einer strategischen Öffnung des europäischen Sozialmodells beitragen könnte.

Das fünfte Kapitel ist mit einer Rekonstruktion von Hayeks Theorie des politischen Unternehmertums befasst. Im Vordergrund steht hierbei die Problematik absichtsvollen Handelns im Prozess der kulturellen Evolution. Diese Problematik wird im Kapitel auf eine Analyse von Hayeks Konzept des Unternehmertums übertragen, wobei nun zu klären ist, inwiefern Hayeks Theorie der Staatsbildung im Rahmen seiner Theorie kultureller Evolution tatsächlich konzeptionellen Raum für politisches Unternehmertum zulässt. Die Interpretation von wettbewerblichen Marktprozessen als dezentralen Entdeckungsverfahren ist dabei von erstrangiger Bedeutung. Tatsächlich lässt sich in diesem Zusammenhang ein eigenständiger Hayekscher Unternehmerbegriff nachvollziehen, der dann auf die Durchsetzung von institutionellen Neuerungen in der Entwicklung des Marktsystems anzuwenden ist. In diesem Sinne kommen die Darlegungen des Kapitels zu dem originären Schluss, dass Hayeks Theorie kultureller Evolution mit dem Begriff politischen Unternehmertums kompatibel ist. Diese Form des Unternehmertums spielt eine maßgebliche Rolle zur Erklärung institutionellen Wandels in Hayeks Staatstheorie.

Das sechste Kapitel bewertet den Diskussionsstand zum institutionellen Funktions- und Formwandel der Wirtschaftspolitik aus evolutorischer Perspektive. Die Darstellung dieser Thematik befasst sich zunächst mit einer konzeptionellen Herleitung des Verhältnisses von Staat, Markt und institutionellen Vermittlungsformen. Dabei werden die ordnungstheoretischen Positionen Euckens und Hayeks mit aktuellen Kontroversen zwischen Vertretern der Neuen Institutionenökonomik und deren evolutorischen Kritikern konfrontiert. Mancur Olsons Ansatz zur Analyse der wirtschaftspolitischen Rolle von Interessengruppen steht im Mittelpunkt der Auseinandersetzungen. Auf diesen Vorarbeiten aufbauend, wird das Konzept wirtschaftspolitischer Governance vorgestellt, das die institutionellen Grundlagen der Wirtschaftspolitik vor dem Hintergrund des Wandels staatlicher Steuerungskapazitäten thematisiert. Institutionelle Netzwerke werden als konzeptioneller Kern eines entsprechenden evolutorischen Verständnisses von Wirtschaftspolitik vorgestellt, das die Vielfalt institutioneller Formen in komplexen Marktsystemen als Voraussetzungen für deren anhaltende Entwicklungsdynamik betrachtet.

Das siebte Kapitel untersucht die theoretischen Variationen institutionenökonomischer Governance-Konzepte unter besonderer Berücksichtigung der Problemfelder kollektiven Handelns und glaubhafter Selbstverpflichtung. Zunächst geht es darum, kollektives Handeln als fundamentales Governance-Problem darzustellen, was mittels Axelrods Diskussion des Gefangenendilemmas erreicht wird. Vor diesem Hintergrund erfolgt eine Differenzierung von Williamsons Transaktionskostenansatz industrieller Organisation gegenüber der Perspektive von Norths Theorie institutionellen Wandels. Während Williamson die private Selbstorganisation vertraglicher Steuerungsprobleme betont, steht der Staat im Mittelpunkt von Norths Überlegungen zu den institutionellen Grundlagen wirtschaftlicher Entwicklung. Ergänzt wird diese Differenzierung von Olsons Theorie kollektiven Handelns mit ihrem kritischen Bezug zur Problematik der wirtschaftspolitischen Einflussnahme von Sonderinteressengruppen. Ein originärer Vergleich der in diesen Ansätzen angedeuteten Bezüge zur Governance-Problematik in der Theorie der Wirtschaftspolitik verweist schließlich auf deren analytische Kompatibilität.

Das achte Kapitel befasst sich mit Douglass Norths Transaktionskostenansatz zur Staatstheorie und dessen Wandlung hin zu einer kognitionswissenschaftlich fundierten Position. Relevant ist hierbei zunächst Norths ursprüngliches Modell zur Formierung moderner Staatlichkeit, das einen Zusammenhang von staatlichem Gewaltmonopol und dem Schutz privater Eigentumsrechte als Bedingung marktwirtschaftlicher Entwicklungsdynamik rekonstruiert. Ideologie wird hierbei noch als sozial konstruierter Entwicklungsfaktor aufgefasst. Allerdings hat North seit den 1990er Jahren seine Theorie institutionellen Wandels einer kognitionstheoretischen Reorientierung unterzogen. So wird eine kognitive Fundierung der Transaktionskostentheorie mit evolutorischen Analysen institutioneller Pfadabhängigkeit gekoppelt. In Folgearbeiten hat North vor allem die kognitive Dimension wirtschaftlicher Entwicklung behandelt. Bedenklich an dieser Sicht auf das entwicklungsbezogene Verhältnis von Staat, Kultur und Ideologie ist allerdings die mangelhafte Berücksichtigung gesellschaftlicher Machtverhältnisse und Verteilungsinteressen. Um diese wieder in die Modellierung einzuführen, wird ein originärer Post-Northscher Ansatz vorgeschlagen, der die Aspekte kognitiver Prägung und sozialer Konstruktion von Institutionen in konzeptioneller Hinsicht miteinander verbinden soll.

Das neunte Kapitel untersucht die institutionellen Reformperspektiven europäischer Governance-Strukturen vor dem Hintergrund der strategischen Vorgaben des



Kommissions-Weißbuchs zum Thema „Europäische Governance“. Ausgangspunkt dieser Betrachtungen ist das vorläufige Scheitern des gesamteuropäischen Verfassungsprozesses und die damit einhergehende Diagnose einer anhaltenden Krise in der Formierung eines tragfähigen europäischen Governance-Modus. Vor diesem Hintergrund werden die konkreten Vorschläge der Kommission zur institutionellen Reform von Governance-Mechanismen einer originären Neubewertung unterzogen. Hierbei geht es insbesondere um Fragen demokratischer Partizipation und der Inklusivität themen- und problemspezifischer Politiknetzwerke. Die Stagnation des Verfassungsprozesses eröffnet jedoch auch darüber hinausgehende Fragen nach der künftigen Rolle nationalstaatlicher Handlungsspielräume, wie sie im politikwissenschaftlichen Institutionalismus vor allem im Hinblick auf die offene Methode der Koordinierung gestellt werden.

Das zehnte Kapitel diskutiert die europäische Beschäftigungsstrategie als Kernstück eines integrierten europäischen Sozialmodells, das sich an den Leitbildern der aktiven Sozialpolitik und der Wettbewerbsfähigkeit festmachen lässt. Um sich dieser Thematik zu nähern, werden zunächst institutionelle Variationen der Sozialpolitik in der Reform des Wohlfahrtsstaates diskutiert. Mit Bezug auf Esping-Andersens Typenbildung wohlfahrtsstaatlicher Regime werden die institutionellen Aspekte einer integrierten Beschäftigungs- und Sozialpolitik als Gegenstandsbereiche europäischer Wohlfahrtsstaaten thematisiert. Das Leitbild der Wettbewerbsfähigkeit dient als entsprechender Ausdruck eines sozialpolitischen Paradigmenwechsels hinsichtlich einer wettbewerblichen Aktivierung am Arbeitsmarkt. Dieser Paradigmenwechsel selbst wird mit den strategischen Gehalten der europäischen Beschäftigungsstrategie assoziiert, die gegenwärtig die arbeitsmarkt- und sozialpolitische Programmatik der Europäischen Union prägt. Im Ergebnis zeigt sich, dass das Leitbild der Wettbewerbsfähigkeit eine diskursive Verbindung unterschiedlicher wirtschafts- und sozialpolitischer Handlungsbereiche herstellt.

01

The Evolution of States and Markets:  
An Outline of the Schumpeterian Theory of the State

Published in an abridged version as “Institutions, Entrepreneurship and the Rationale of Government: An Outline of the Schumpeterian Theory of the State”, *Journal of Economic Behavior and Organization*, Bd.59, Nr.4, 2006, S.497-515.

## 1. Introduction

The Schumpeterian theory of the state has been largely neglected in recent discussions on the analytical relevance of Schumpeter's thought for current evolutionary theorising. Indeed, it is rather the matter of entrepreneurship and innovation that seems to have dominated the ongoing reassessment of Schumpeter's theorising, perhaps apart from scattered references to Schumpeter's notion of democratic competition. However, it is argued in the following essay that the Schumpeterian theory of the state provides quite valuable analytical insights for an evolutionary economic perspective on the rationale of government and the related orientation of economic policy. In particular, it is proposed that the Schumpeterian theory of the state parallels the theory of entrepreneurship in its concern with the institutional dynamism of capitalist development. This is in accordance with Schumpeter's suggestions on the methodological role of economic sociology as an analytical device for the institutional analysis of modern capitalism, addressing both the matter of entrepreneurship and government.

According to the Schumpeterian approach, entrepreneurship denotes the capability for carrying out innovations by means of leadership. It constitutes the decisive internal source of capitalist development. The entrepreneurial function may be executed by diverse agents whose capabilities are embedded in a variety of institutional forms. The underlying institutional dynamism, characterised by a tendency of rationalisation, is derived from the persistence of pre-capitalist institutions. This institutional variety is an indispensable condition of capitalist development due to its role in the behavioural articulation of entrepreneurship that is basically driven by atavistic motives. These specific motives are also relevant in other domains of socio-cultural evolution, such as competition, imperialism, and parliamentary democracy. Even the genesis of the modern state is associated with an aristocratic influence that is transformed in the course of capitalist development. The tax state is actually perceived as an equivalent to those entrepreneurial features of competitive capitalism that shape the bourgeois epoch, for its rationale mirrors the emergence of a distinct sphere of self-interested economic activity in a private sector. While the state is concerned with the provision of common goods, its actual economic impact needs to be assessed with regard to the underlying social interests that mark its relationship with the private sector. This holds for the evolution of the fiscal system as well as for other domains of government activity. Indeed, Schumpeter pointed out that the state could temporarily carry out the entrepreneurial function in the setting of capitalist development quite in accordance with the notion of entrepreneurship as institutional leadership.

In outlining Schumpeter's theory of the state and its implications for an evolutionary approach to economic policy, the essay proceeds with three sections. First, the matter of institutional variety in the course of evolutionary economic change is taken to the fore, highlighting the corresponding orientation of the Schumpeterian notion of entrepreneurship as an internal force of development. Second, the Schumpeterian theory of the state is discussed. Based on a reconstruction of Schumpeter's work on the evolution of the tax state, the relationship between private and public sector is addressed, hinting at the underlying concept of an entrepreneurial state. Third, an assessment of implications for the evolutionary theory of economic policy is outlined. In this context, recent evolutionary theorising on the role of the state in economic change is taken to the fore. In conclusion, the suggestion is promoted that Schumpeter's theory of the state, despite inherent conceptual limitations, may provide valuable insights for the evolutionary theory of economic policy.

## 2. Institutional Variety and Economic Evolution

In promoting a perspective of methodological pluralism, Schumpeter's research program is characterised by an orientation toward the integration of historical and theoretical concerns (Ebner 2000a: 361n). Accordingly, in the "History of Economic Analysis", Schumpeter identifies the particular fields of economic history, statistics, theory, and economic sociology as techniques of economic analysis. Economic sociology should deal with an institutional analysis of economic development, highlighting the diversity of behavioural patterns and their motivational foundations (Schumpeter 1954: 21). The matter of government belongs to that domain of economic sociology, together with other economically relevant institutions like property and private enterprise (Schumpeter 1949a: 203). Thus, the institutional perspective of economic sociology provides the analytical foundations for Schumpeter's theory of the state. This is in accordance with the underlying perception of power and leadership as crucial facets of socio-economic affairs. Indeed, according to Schumpeter, economic sociology should quite rigorously account for the matter of leadership in society (Schumpeter 1954: 25n). Entrepreneurship, approached as industrial leadership by innovation, is part of that perspective. It involves a specific sociology of leadership that contributes to the institutional core of Schumpeter's theory of economic development (Schumpeter 1926: XVIII).

At this point, it is decisive for Schumpeter's argumentation that historically persistent institutional segments, which seem to be alien to the rationale of capitalist market economies, exhibit a dynamising role in the development process. Countering Marxist positions on the materialist determination of institutional change, which would imply an assessment of historically-rooted institutional constellations as a potential impediment to the development of the productive forces, Schumpeter claims that pre-capitalist institutions would contribute decisively to economic evolution in modern capitalism by providing institutional incentives as well as by shaping modes of economic behaviour that could be conducive to the carrying out of innovation (Ebner 1999: 148n). The figure of the entrepreneur belongs to the outstanding representations of these Schumpeterian ideas on institutional variety in economic development (Schumpeter 1942: 162).

Reflecting the impact of vitalist philosophy, Schumpeter suggests that capitalist development would be promoted through institutional variety, for extra-capitalist institutions would allow for a non-rational orientation that is perceived as indispensable in proceeding with the type of discontinuous economic change that characterises modern capitalism.<sup>1</sup> Atavistic values regarding power and conquest motivate those types of entrepreneurs who are identified as the internal force of the development process in the setting of capitalist market competition, for they carry out innovations by means of their leadership capabilities. In other words, Schumpeter associates rationality with an adaptive type of routine behaviour in an established institutional setting, while non-rational behaviour is associated with a radical mode of change, reflecting the impact of novelty and leadership (Schumpeter 1912: 147n).

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<sup>1</sup> For instance, Schumpeter explained in a private comment on Marschak's criticism of "Business Cycles" that enterprise should represent a source of energy that is internal to the system, related to the Bergsonian notion of "*évolution créatrice*". Hence, a useful theory of economic development would have to deal with an unpredictable evolutionary process, which would impede its formalisation (Stolper 1994: 375). The corresponding impact of vitalist ideas has remained quite important even for current evolutionary arguments on the sources of creativity and the act of innovation (Ebner 2000b).

More specifically, the Schumpeterian notion of entrepreneurship should reflect the impact of leadership, based on an interplay of imagination and creation that was identified as a most relevant source of socio-cultural change, having emerged specifically as the internal driving force of economic development in modern capitalism (Schumpeter 1912: 124n). This role of entrepreneurial leadership is derived from an institutional reorientation after the introduction of novelty due to the disruption of the routines of the circular flow. The radical change of data that had been used as guideposts for calculation would lead to a decomposition of habitual attitudes and experience-based rationality. Autonomous adaptation would be impossible for ordinary economic agents who face radical uncertainty. It follows that novelty needs to be forced upon the majority of economic agents, as progress in general is basically a result of force and confrontation (Schumpeter 1912: 185n). The clustering of innovations – a fundamental aspect of Schumpeter’s business cycle theory – is derived from these effects of entrepreneurial leadership, as pioneering innovations would enlarge opportunities for further ventures that could be carried out by less entrepreneurial agents (Schumpeter 1939: 100n).

However, the logic of Schumpeterian entrepreneurship is not associated exclusively with the institutional setting of capitalist market economies, as it represents a general principle that is also of utmost relevance for other historical formations and in different areas of social life. This universal nexus between novelty and leadership is portrayed as an essential characteristic of novelty-driven change that represents a distinguishable social function (Schumpeter 1927: 64). Following that proposition, the pattern of entrepreneurial leadership is detected in diverse areas of socio-cultural life. Concerning the domain of competition, Schumpeter thus suggests that industrial concentration is not at all based on efficiency considerations, but results from the impact of instinctive rivalry rooted in “nationalist, militarist, imperialist instincts of struggle” (Schumpeter 1920-21: 313). Motives of leadership are also traced in the political system of representative democracy, interpreted as a selection procedure of political leadership. Democracy as a method for the selection of leaders would imply political competition for the vote of the electorate. In this context, political leadership is introduced as a charismatic feature of aristocracy that contrasts with bourgeois rationalism (Schumpeter 1942: 137n).

Additionally, Schumpeter uses these arguments in his analysis of imperialism. He maintains that imperialism is neither an outcome of concrete economic interests, nor a structural feature of modern capitalism, but rather the manifestation of atavistic motives addressing expansion, struggle, rivalry, and rule, as the leitmotif of an ongoing “plus ultra” leads to the brief definition: “Imperialism is the objectless disposition of a state to violent expansion without storable limits” (Schumpeter 1918-19: 3n). Thus, imperialism should be understood as a persisting outcome of pre-capitalist institutional patterns. In this context, Schumpeter notes that this portrayal of imperialist motives parallels the matter of entrepreneurial motives (Schumpeter 1918-19: 21). Indeed, the evolution of modern capitalism should imply a reduction of imperialist leanings, reflecting an inherently pacifist rationale of capitalism, just like instinctive modes of entrepreneurial behaviour are gradually replaced by rational calculation and bureaucratisation. The conflict between free-trade regimes and neo-mercantilist policies then reflects the varieties of capitalist performance. Mercantilism with its instinct of domination is set against free trade as an equivalent of peaceful and mutually beneficial exchange (Schumpeter 1918-19: 119n).

Moreover, in addition to its relevance in various areas of socio-cultural life, the historicity of entrepreneurship is described by the proposition that the universal nexus of novelty and leadership manifests itself through diverse carriers, historically conditioned in institutional and organisational shape. Hence, Schumpeter claims that the entrepreneurial function could be fulfilled by the organs of a socialist commonwealth or by the chief of a primitive horde; that is, by those agents who would hold the leading and commanding position in their particular social and institutional environment, enabling them to enforce the dynamism of change by introducing novelty (Schumpeter 1926: 111).

This aspect of the historicity of entrepreneurship applies also to the delineation of specific types of entrepreneurial activities in distinct phases of capitalist development (Ebner 2003: 117n). Indeed, Schumpeter distinguishes between “competitive” capitalism during the 19th century and “trustified” capitalism in the 20th century, derived from institutional patterns that could be identified in Western Europe and the United States (Schumpeter 1928: 362). The “liberal epoch” of competitive capitalism was dominated by family enterprises. The motivation of the entrepreneurial type of the “industrial bourgeois” was accordingly characterised by a sense of duty as well as an unambiguous family-orientation (Schumpeter 1929: 308). Trustification during the “neo-mercantilist” period of capitalism led to the dominance of large enterprises, based on the capability for organising large-scale technological change as a professional routine (Schumpeter 1929: 316). Accordingly, different types of entrepreneurs would be selected, as large organisations require capabilities in the domain of organisational coordination and cooperation (Schumpeter 1929: 317n). Hence, the leadership function of entrepreneurship becomes obsolete (Schumpeter 1942: 132n). At last, the totality of capitalist institutions becomes subject to structural decomposition, involving its extra-capitalist components.

Schumpeter actually acknowledges the perspective of socialist transformation, prepared by the establishment of “state capitalism” as a transition stage, which would resemble a mixed economy with a strong public sector and extended administrative guidance (Schumpeter 1943: 125). This position implies that the state could carry out the entrepreneurial function, temporarily in the capitalist setting, yet permanently in a socialist system of administrative planning. Transformation, however, inherently affects the institutional rationale of government. Indeed, just as entrepreneurial leadership in the private sector is a historically-specific feature of capitalism, so is the modern state an element of the capitalist process. From the Schumpeterian perspective follows that the evolution of the state complements the dynamism of entrepreneurship.

### **3. An Outline of Schumpeter’s Theory of the State**

In accordance with the emphasis on institutional variety as a characteristic of his theory of development, Schumpeter’s approach to the “tax state” explicitly accounts for the modern state in terms of a specifically capitalist institutional form. Its character is said to be shaped by distinct forces of economic and socio-cultural evolution and embedded in an institutional setting that would resemble a specific cultural pattern (Schumpeter 1918/1953: 3). It should be analysed as an ideal typical fiction that does not exist as a pure type, for it is penetrated by “elements of the past” and “shadows of the conditions of the future” (Schumpeter 1918/1953: 23). In other words, highlighting the underlying line of reasoning, the Schumpeterian approach addresses the embeddedness of the state in a historically specific institutional matrix that reflects certain constellations of

institutional variety. Not surprisingly, in this context, a main influence on Schumpeter's treatment of the problems of state-building was Inama-Sternegg, Schumpeter's teacher in economic history with a bent for statistical methods at the University of Vienna (Backhaus 2004: 143).

According to Schumpeter, the modern state evolves from a historical process in which it obtains a role beyond merely representing the underlying material interests of those social classes and groups that promoted most actively its institutional evolution. In particular, the differentiation of private and public domains, endowed with specific legal frameworks in private and public law, reflects the genesis of the modern state as an institutional form.<sup>2</sup> Historically, the dissolution of the institutional order of the feudal system leads to the emergence of a specific private domain as the subject of fiscal efforts, organised by an evolving state apparatus. The rationalising effects of capitalism are the underlying factor in the institutional dissolution of feudalism that breeds the emergence of a social pattern based on conflicting private interests and interest groups, as Schumpeter points out with formulations that echo the impact of both Marxian and Weberian ideas (Schumpeter 1918/1953: 19).

Accordingly, the modern state emerges as a historically-specific institutional form in the capitalist system with the advent of individualism and private property as fundamental institutional conditions of its evolution, expressed by the formation of individuals and families as economic units. Different forms of political leadership govern pre-capitalist systems, like the organisations of primitive hordes, as well as socialist systems with their comprehensive bureaucratic organisation. In these systems, a distinction of private and public domains could not exist for all individual activities are merged in the social whole (Schumpeter 1918/1953: 18n). The state then serves common purposes that persist despite the societal decomposition of community:

“Therefore the state can never be its own end but only a machine for those common purposes. It belongs to its nature as a representative of the latter that it stands opposite the individual personifications of self-interest. Only then it is a separate, distinguishable social entity” (Schumpeter 1918/1953: 20).

This is a decisive argument in Schumpeter's theory of the state, pointing to the role of the state as an agent of common purposes that are to be differentiated from the competitive self-interests which characterise the private sector. In other words, the need for the provision of collective goods that are not supplied by private agents lies at the root of the genesis of the state, while the corresponding common purposes and the way they are achieved are not to be equalised with a kind of ethical ideal in terms of a supreme common good that is provided by impartial, ethically motivated public agents. To the contrary, the state reflects the interests of those social groups that dominate its institutional apparatus.

Schumpeter approaches the history of the modern state as a product of the princely fiscal crisis since the 14th century, following the structural crisis of the *desmesne* economy. The need for financing the rising expenses for warfare and courtly waste is confronted by the dissolution of the institutional order of feudalism with its societal consequences, namely the emergence of market relations with individuals and families as economic units (Schumpeter 1918/1953: 9n). As the prince fell into debt, the fiscal crisis induced the development of the modern state as an organisation for raising taxes

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<sup>2</sup> Thus Schumpeter criticised the functionalist distinction of a private sphere and a sphere of state activity, basically regarded as the public sphere (Schumpeter 1918/1953: 62n).

and governing the tax system. This organisation, however, also mirrors the specific concerns of aristocracy, for a bureaucracy of the estates was soon established in order to administer the fiscal system that was evolving. Still, the princes usually took control of that bureaucratic apparatus, thus shaping the modern state in manner that would persist even in a democratic setting (Schumpeter 1918/1953: 14n). Given these considerations, Schumpeter's references to Goldscheid's notion of the public budget as "the skeleton of the state stripped of all misleading ideologies" describe the fiscal sociological component in the theory of the state.<sup>3</sup>

Moreover, with regard to the matter of economic development, governmental activity needs to be reconsidered in terms of the fiscal manipulation of the flow of resources that constitutes the economic process. This aspect is paralleled by the motivational impact on economic agents (Schumpeter 1918/1953: 4n). Indeed, Schumpeter argues with reference to the economic impact of economic policy:

"Not only has the economic policy of all states been primarily driven by financial motives up to the turn of our century – (...), but the fiscal measures of the state, even where it was not intended at all, have created and destroyed industries, industrial forms and industrial regions, and have thus contributed directly to the construction (and distortion) of the edifice of the modern economy and through it of the modern spirit" (Schumpeter 1918/1953: 4n).

With regard to the theory of the state, this implies a co-evolution of politics and industries, for the state is viewed as an integral part of the evolutionary process of economic development and industrial change; that is, it is an internal factor of the development process. As such, the Schumpeterian position acknowledges the blurring economic boundaries of the state in its attempts of regulating the economic process by industrial as well as fiscal means.

Even more than that, the state is to be viewed both as consequence and propagator of the rationalisation process underlying the institutional evolution of capitalist civilisation. Taxation is of major importance in this process as it affects the motivational and behavioural orientation of the economic agents (Schumpeter 1918/1953: 17n). Still, in the course of capitalist development, the state establishes a distinct nature as an institutional force that moulds the fiscal system in which it is rooted, while penetrating the private sector with its entrepreneurial business ventures (Schumpeter 1918/1953: 21).<sup>4</sup>

The institutional character of the state as well as the rationale of government, however, is not to be assessed independently from a reconsideration of the social foundations in terms of social power relations:

"Decisive for a realistic understanding of the phenomenon of the state – apart from its character as a machine for some relatively narrow ends, to which machine the whole of the national cultural life with all its essential driving forces is standing opposed to – is the recognition of the importance of that group of persons in whom it is socially

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<sup>3</sup> This argument was reiterated in the "History of Economic Analysis", as Schumpeter argued that "nothing shows so clearly the character of a society and of a civilization as does the fiscal policy that its political sector adopts" (Schumpeter 1954: 769).

<sup>4</sup> Various historical cases of the development of fiscal systems hint at a pattern of increasing military expenditures followed by tax increases. This implies that state-building, perceived as nation-building, and the evolution of taxation are closely related, as both the form and level of taxation matter (Campbell 1993: 176n).



materialised and of those factors which gain dominance over it. This explains its real power and the way in which it is used and developed” (Schumpeter 1918/1953: 22).

Consequently, in the Schumpeterian theory of the state, the relationship between state and society is interpenetrating, for the societal context shapes the orientation of government activity, while the latter may influence social patterns:

“Really, one should never say: ‘the state does this or that.’ It is always important to recognise who or whose interest it is that sets the state machine in motion and speaks through it. Such a position must be repulsive to everyone for whom the state is the highest good of the people, the crown of its achievements, the sum of all its ideals and powers. However, only this position is realistic. It also contains what has been true in the otherwise wrong theory that the state is nothing but a means of exploitation for the ruling class: neither the moment of the class state, nor the idea of the state floating above all parties and classes as an entity which is simply the organised ‘totality’, is adequate to the nature of the state. Yet neither of the two is taken out of thin air: the state always reflects the social power relations, although it is not a mere reflection of these” (Schumpeter 1918/1953: 68).

To put it differently, Schumpeter views the state as a materialisation of social power relations. In its structure and orientation it is accordingly dominated by the most powerful social interest, yet it is not simply the instrument of these particular social groups, for the relationship between state and society is rather defined in terms of co-evolutionary interpenetration. An implication of that position is the explicit rejection of any “ideological theory of the state that raises the latter into a superhuman agency for the public good,” a position that was also meant to delineate the demarcation from those state-centred policy ideals that should become influential with the rise of the policies of Keynesianism (Schumpeter 1954: 37).

In historical terms, then, the pioneering social force within the state apparatus is the prince, who establishes a system of administrative rule. In the course of the development process, bureaucracy gains influence, representing a shift from ruling to serving personnel, while the state evolves as a distinct social entity that penetrates the behaviour of economic agents, at last even resembling a habit of thought. The limits of the state are thus not to be found in the domain of institutions, but rather in its fiscal potential. Its country-specific features are derived from institutional settings and social structures, as well as from the nature of wealth that reflects the overall pattern of the development process. Differentiating between old and new forms of wealth, Schumpeter even stylised the types of rentier states and entrepreneurial states, as outlined in Figure 1 below.

*Figure 1: Rentier state and entrepreneurial state*


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	Rentier State	Entrepreneurial State
Economic Foundations	<i>Routine-Based</i>	<i>Innovation-Driven</i>
Nature of Wealth	<i>Established Wealth</i>	<i>New Wealth</i>
Developmental Tendency	<i>Stagnation</i>	<i>Accumulation</i>

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These types reflect a distinction of stylised economic scenarios, involving the setting of stagnation versus novelty-based accumulation. Schumpeter even hinted at the impact of further limiting factors, like military expenditures, debt service, the moral spirit of bureaucracy, as well as the degree of etatism in the populace (Schumpeter 1918/1953: 22n). Consequently, from the viewpoint of the Schumpeterian theory of the state, this perception of an entrepreneurial state, as distinct from a rentier state, points once more at the interdependence between private sector activity and the developmental orientation of government and administration with its strategic underpinnings and the related institutional atmosphere. It thus highlights the promotion of innovation and the generation of material wealth based on novelty as characteristics of economic development in terms of an analytical perspective that accounts for private and public sector alike.

Generally, however, in terms of the structural features of the whole process, the private sector of the capitalist economy provides the dynamising elements of the economic process, while the state remains a peripheral and particularly even hostile entity that confronts the self-interested individualism of economic agents in the private sector by means of the fiscal system. As such, Schumpeter claims that the tax state may be viewed as “an economic parasite” in the setting of the bourgeois values of competitive capitalism. As the state is in permanent need of the revenue that is generated by private economic agents, then, the promotion of private sector entrepreneurship marks the rationale of government (Schumpeter 1918/1953: 23n).<sup>5</sup> This aspect constitutes a fundamental relationship between entrepreneurship and the rationale of government, as viewed from a Schumpeterian perspective. The material interdependence as well as the institutional relationships between the state and the private business sector may be boiled down to these effects of the generation of entrepreneurial profits and their taxation to the benefit of the public budgets.

Therefore, the taxation of entrepreneurial profits could affect the process of industrial evolution in terms of an institutional obstacle that manipulates the material incentives

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<sup>5</sup> The tax state thus appears as a “fiscal analogue” to the institutional setting of the market system (Musgrave 1992: 90).

for entrepreneurial activity (Schumpeter 1918/1953: 27n). Even a position of the state as an entrepreneurial owner of the means of production would not alter that situation, for the data and methods of the private sector would prevail as dominant principles (Schumpeter 1918/1953: 30n). Accordingly, Schumpeter argues that no economic structure has been created by the state that would not have evolved in more or less the same manner as a result of initiatives from the private sector in the setting of market competition (Schumpeter 1918/1953: 58).<sup>6</sup> It follows that the resulting policy implications of the Schumpeterian theory of the state need to be reconsidered in a quite differentiated and context-specific manner.

#### 4. Implications for the Theory of Economic Policy

Schumpeter's arguments on the genesis and evolution of the modern state in terms of a tax state which requires revenue from a private business sector have been quite influential in recent theorizing on the role of the state in economic development, although this influence has been mostly of an implicit nature. For example, in the context of his historically-minded transaction-cost approach to economic development, North's "neo-classical theory of the state" reiterates decisive arguments of the Schumpeterian approach. In providing a definition of the state that emphasises the role of property rights, then, the state is characterised as an organisation that is endowed with comparative advantages in the execution of violent means, yet limited in its territorial range by the capability for taxation (North 1981: 21). Moreover, North actually refers to Schumpeter's work on the fiscal crisis of the tax state as a pioneering work on the need for raising revenue to finance warfare as a key aspect in the formation of modern states (North 1990: 113).<sup>7</sup> However, Olson criticizes the Northian transaction cost theory of the state, which allegedly overemphasises the voluntary character of state formation by means of contractual arrangements, whereas the ruler's use of violence and coercion would have a decisive role to play in state formation (Olson 1993: 567-569). In this, he is quite in line with the historical work of Charles Tilly, who views the evolution of the modern state as a representation of the interplaying logics of capital and coercion (Tilly 1990: 16-18).

Yet North also provides further hints at the co-evolution of the monetary economy of capitalism and the modern state. The roots of the state are traced in a sustainable mode for financing the rising costs of warfare through the establishment of a system that allows for granting and enforcing property rights in exchange for revenue – involving the establishment of Parliament as a terrain for the representation of constituents (North 2005: 131-132). In particular, in the monetisation of the Western European economy since the eleventh century, also revenue was transformed into monetary forms. This generalisation of monetary revenue would allow for an exchange mechanism involving the granting of property rights in terms of privileges in return for revenue, framed by the expansion of protective functions of the ruler as well as by the competition among the evolving states that would constrain the portfolio of a ruler's strategic options (North 2005: 140-142). With regard to these concerns, it may be argued that the fiscal

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<sup>6</sup> These arguments were meant as contribution to contemporary debates on the economic problems of the Austrian Republic in the aftermath of the First World War. Schumpeter suggested that there was no inherent crisis of the Austrian tax state, but a need for a revival of entrepreneurial activities in the face of a political crisis of capitalism (Schumpeter 1918/1953: 56n).

<sup>7</sup> North actually refers to Schumpeter's contributions in the context of an institutional analysis of the divergence of development paths of England and Spain in the sixteenth century (North 1990: 113n).

sociological dimensions of Schumpeter's theory of the state have at last remained most influential in current debates on related topics.

This applies also to recent discussions on the role of economic policy, as viewed from the Schumpeterian perspective, which have emphasised the facilitation of change through innovations as well as the mitigation of the social costs that arise from that change (Stolper 1991: 203n). This line of reasoning is in agreement with the claim that the evolution of the tax state addresses three specific dimensions of long-term change, namely a change in the source of revenue, a change of social structures and a change of the political system (Schmidt 2003: 343). However, this perspective has been primarily interpreted as if economic policies inspired by Schumpeterian thought should primarily highlight the public sector as an intermediary in providing credit facilities to entrepreneurs who are in need of these funds in order to proceed with their innovative ventures (Jackson 1988: 299n). The Schumpeterian theory of the state, however, is much more comprehensive in analytical and empirical terms. It also allows for rather diverse policy implications that may be associated with the concept of an entrepreneurial state, which rests its developmental position on the accumulation of wealth through novelty, but in doing so addresses not only the promotion of private sector entrepreneurship for expanding the volume of public revenue, yet also exercises much more direct policy measures.

Indeed, the Schumpeterian perspective on economic development implies the controversial thesis that even government may carry out the entrepreneurial function – temporarily in the institutional context of capitalism, yet permanently in a socialist system. At first glance, it seems to be rather difficult to reconcile this concept of an entrepreneurial state with Schumpeter's general theoretical framework of market competition and personal entrepreneurship (Freeman 1992: 75). Nonetheless, in assessing this concept of the entrepreneurial state, the historical specificity of the institutional order of modern capitalism needs to be taken into consideration. According to Schumpeter, an administrative enforcement of innovation as the dominant type of entrepreneurship would already signal the socialist transformation of trustified capitalism. At last, in a socialist system, the state could carry out the entrepreneurial function directly by exercising economic leadership through administrative command (Schumpeter 1912: 173). Accordingly, even the planning of innovations and thus the stabilization of the economic process seemed to become feasible (Schumpeter 1939: 697).

Generally, an articulation of the entrepreneurial function by organs of the state would point to an entrepreneurial intervention in certain industries by introducing novel methods of production through the provision of material resources, accompanied by knowledge transfers in terms of focussed training and education, as well as by setting up public enterprises that could proceed with the introduction of innovations in particular industries.<sup>8</sup> Another domain of entrepreneurial states addresses the conditioning of the economic process through institutional and physical infrastructures including legal frameworks. Thus, Schumpeter stylises statecraft as a particular kind of entrepreneurship that could temporarily shape the data of capitalist development (Schumpeter 1939: 235). The primary policy implications of the Schumpeterian theory of the state are therefore related with this distinction of direct and indirect modes of

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<sup>8</sup> Schumpeter illustrates the former case by invoking agricultural policies in the United States that "revolutionised" the productive routine of farmers through the introduction and dissemination of novel methods, based on extensive efforts in training and education (Schumpeter 1949b/1951: 255).

exercising leadership, highlighting the role of public enterprise in the directly innovation-oriented efforts of entrepreneurial states, accompanied by the indirect means of knowledge transfers and the provision of infrastructures.

Yet Schumpeter also accentuates problems with the sustainability of these policy measures. Recognition of the temporary character of entrepreneurship allows for a more affirmative assessment of states as entrepreneurs. Indeed, with regard to those policy options that should provide a long-term view on the development process, the aspect of conditioning private sector entrepreneurship by adequate policies seems to provide the most promising perspectives. Underlining the persistent relevance of this aspect, Schumpeter emphasises that innovation resulted from a distinct type of entrepreneurial behaviour that could be incited by an appropriate institutional environment. The latter would include government involvement in the promotion of entrepreneurial behaviour among economic agents: “This business behaviour may, of course, be moulded not only by general environmental conditions but also by the specific action of other social organs, governments for instance, taken with the intention of calling it forth” (Schumpeter 1939: 86). Therefore, it becomes obvious again that it is the behavioural dimension of entrepreneurship, embedded in the context of institutional variety, which constitutes a key concern of the Schumpeterian theory of the state, analytically as well as in terms of the policy conclusions.

The decisive arguments of the Schumpeterian theory of the state and their relevance for theorising economic policy may be summarised in seven propositions as follows:

- Proposition 1: The Schumpeterian approach addresses the embeddedness of the state in a historically specific institutional matrix that reflects distinct constellations of institutional variety.
  
- Proposition 2: The role of the state as an agent of common purposes is derived from the competitive self-interests which characterise the private sector, as the need for collective goods that are not supplied by private agents lies at the root of the genesis of the state.
  
- Proposition 3: The material interdependence as well as the institutional relationships between state and private sector are reflected by the developmental interdependence that arises from the generation of entrepreneurial profits and their taxation as a source of public revenue.
  
- Proposition 4: This interdependence hints at the co-evolution of polities and industries, for the state is viewed as an internal factor of economic evolution, subject to the blurring of the economic boundaries between state and industry due to its policy efforts.
  
- Proposition 5: In its institutional substance, the state is a materialisation of social power relations, dominated by the most powerful social interest. Yet it is not simply the instrument of these particular social groups, for the relationship between state and society is defined in terms of co-evolutionary interpenetration.

- Proposition 6: The ideal types of entrepreneurial state and rentier state point at specific types of synergies between state and society at large. They underline the need for promoting innovation and the generation of material wealth based on novelty as requirements for sustainable development patterns.
- Proposition 7: The policy-related distinction of direct and indirect modes of exercising leadership highlights the role of public enterprise in directly innovation-oriented efforts of entrepreneurial states, accompanied by the indirect means of knowledge transfer, provision of infrastructures and institutional influences.

These propositions, as derived from the Schumpeterian line of reasoning, first of all emphasise the institutional as well as the structural features in the relationship between state and private sector as constitutive problem of economic policy – involving not only the flow of material resources but also the flow of knowledge as well as the matter of underlying rules, norms and routines. All of these are also decisive for the discussion on an evolutionary perspective on economic policy, which operates on the basis of wide-ranging theoretical foundations and thus implies quite different positions on the role of the state in economic development and industrial evolution, if addressed at all, yet commonly includes the matter of innovation, knowledge and learning as characteristic themes (Witt 2003: 77n). Consequently, when formulating and implementing public policies, especially with regard to the stimulation of innovation, the state needs to confront the radical uncertainty and structural complexity that results from the open-ended process of novelty-driven endogenous change in economic evolution (Moreau 2004: 847n). However, due to the active role of the state in moulding the technological dynamism of evolutionary change and its institutional conditions, technology and organisations are actually co-evolving, both with regard to the business firms of the private sector and the array of supporting institutions of the public sector (Nelson 1995: 77n).

Accordingly, in the context of an evolutionary perspective on economic policy, the complexity and variety of governing structures that address the organisation and coordination of economic activity in modern capitalist economies needs to be taken to the fore. Including not only the state and the private sector, but also the wider sphere of civil society with its diverse associations and networks, this variety of governance structures represents a crucial area of political conflict and related choices on the provision of collective goods (Nelson 2002: 209). In this line of reasoning, the functions of the state are not to be derived as residuum from market failure scenarios, but represent rather a domain of its own, namely the values of the collective of social actors, which are subject to political competition and deliberative processes of change (Nelson 2002: 234n). Accordingly, decisions about economic governance structures are substantially political decisions that respond to existing constellations of power and influence (Nelson 2003: 708). Yet underlying these decisions are the collective values and related modes of understanding that contribute to the orientation of public policy (Nelson and Winter 1982: 372n). These aspects need to be considered when assessing the fact that institutional variety persists in the actually existing varieties of capitalist market economies with their specific modes of positioning the state as an economic actor (Hogson 1999: 152n). Also in the setting of an evolutionary approach to game theory, an understanding of states as stable equilibria of an exchange game in the polity

domain implies that states do not evolve in isolation, but are shaped by the evolution of other organisations, interest groups and markets (Aoki 2001: 75-76). Again, this resounds the Schumpeterian framework.

Similar viewpoints have been outlined in institutionalist discussions on the theory of the state that are inherently related to the corresponding discourse in evolutionary economics. In this framework, implicitly resonating Schumpeterian ideas, the state is approached as an organisation through which collectives may pursue their goals, yet it is also understood as an institutional configuration that influences the meaning and methods of politics, thus shaping society as a relatively autonomous agent (Skocpol 1985: 27n). From the related viewpoint of economic sociology, then, Bourdieu has argued that the state is an indispensable stimulant in generating the economic field of the market domain with its particular set of contested rules, norms and practices (Bourdieu 2005: 12n).

Indeed, in the domain of economic policy, the most relevant coordination problems that are to be dealt with include multiple actors from the public and private sector with a focus on the state apparatus in its entirety. This underlines the appropriateness of a refined definition of governance capacity as ability to coordinate the aggregation of diverging interests and thus promote policy that can be credibly taken to represent the public interest (Frischtak 1994: vii.). In a Schumpeterian spirit, such a notion of governance capacity allows for addressing the complex relationship between state and private sector, while acknowledging the indispensable role of institutional variety for promoting an innovation-oriented economic policy. Thus, current theorising on governance and economic policy may provide the evolutionary theory of economic policy with further conceptual impulses, while addressing topics that have been put forward most prominently in the framework of the Schumpeterian theory of the state.

## 5. Conclusion

According to Schumpeter, the specific combination of diverse institutional components is indispensable for promoting the dynamism of capitalist development, for it informs the entrepreneurial carrying out of innovations, motivated by atavistic values yet implemented in a most rational manner. In a similar fashion, Schumpeter presents the state as a historically specific institutional phenomenon, associated with the constitution of a private sphere of economic activity that would require the provision of common goods by a basically tax-financed state. The bureaucratic administration of the state, however, exhibits historical roots that reach back to the fiscal needs of the prince, resulting from motives that resemble those pre-capitalist values that drive entrepreneurship in the competitive phase of modern capitalism. Schumpeter thus argues that private sector entrepreneurship and public sector government represent two sides of a comprehensive development process. Indeed, also the rationale of government is shaped by the orientation of entrepreneurship as a distinct leadership function in evolutionary change (Ebner 2006a). Therefore, Schumpeter suggests that the rationalisation of the socio-economic sphere would result both in the decline of private sector entrepreneurship and the in transformation of the tax state towards an ever more comprehensive bureaucratic structure.

A reassessment of these considerations on the development tendency of modern capitalism may lead to the conclusion that Schumpeter underestimated the economic potential of an expanding public sector, misjudging it as an indication of capitalist decline, whereas the market system seems to have benefited from some aspects of the

welfare state, thus promoting a diversity of institutional forms that corresponds to a persistent variety of capitalist settings (Musgrave 1992: 102). Similar arguments apply to the matter of entrepreneurship, for Schumpeter seemed to have misjudged the capacity for institutional reproduction that characterises the various modes of entrepreneurship, ranging from small business ventures to the initiatives of entrepreneurial states (Ebner 2006b). However, this does not at all affect the analytical value of Schumpeterian thought, for these developments may be explained by Schumpeterian theorising too – in particular with regard to the evolutionary character of economic development as an inherently uncertain, open-ended and indeterminate process.

Regarding the Schumpeterian theory of the state, in particular, the impact of ideological factors and social interests remains of utmost importance for the institutional analysis of governance structures as a component of evolutionary analyses of economic policy. This even applies to political competition and political entrepreneurship in democratic political systems as an outstanding analytical domain in the evolutionary approach to economic policy, transcending the static limitations of public choice theory with its mechanistic models of policy-making (Witt 2003: 82n). True, in Schumpeter's line of reasoning on the evolution of the modern state these aspects remain rather fragmented and conceptually underdeveloped. However, the governance perspective on the relationship between state and private sector may remedy these deficits by combining Schumpeterian ideas with current evolutionary arguments.



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02

Polanyi's Theory of Public Policy:  
Embeddedness, Commodification and the Institutional Dynamism  
of the Welfare State

## 1. Introduction

According to Gøsta Esping-Andersen's seminal work on welfare capitalism, the institutional approach to the theory of the welfare state is rooted in the work of the German Historical School with its inclinations towards a combined socio-economic and historical-ethical approach to the analysis of social integration. However, in theoretical terms, corresponding lines of institutionalist reasoning are best represented by Karl Polanyi's work on the problem of embedding the market system in social communities as a means for sustaining societal coherence. In this setting, social policy serves as a necessary condition for integrating politics, economy and society (Esping-Andersen 1990: 14-15). Indeed, Karl Polanyi, who was born in 1886 in Vienna and died in 1964 in Pickering, Ontario remains a most influential theoretical figure in the social sciences, in particular stimulating both analytical and policy-related concerns that are related with the new institutionalism in economics, sociology and political science. Polanyian insights on the political economy of economic development from an institutional perspective have persistently shaped a variety of discourses that range from the theory of the welfare state to research in comparative economic systems and economic anthropology.

Yet this outstanding influence on institutionalist reasoning goes together with controversies on its actual analytical implications. Thus, an assessment of Polanyi's work in the new institutional economics may be expected to be rather disparaging, given the latter's original attempts of applying a rational choice framework to historical analyses of institutional change, by doing so challenging Polyanian positions. Still, already during the formative periods of the new institutional economics, Polanyi's works have been addressed as a major stimulant. According to Douglass North, the contributions of Polanyi pose decisive questions on the evolution of markets in terms of their historical specificity, their institutional underpinnings and their relationship with the industrial revolution (North 1977: 703-704). The impression that Polanyi also provided fruitful answers to these questions is prevalent in those evolutionary strands of institutional economics that emphasise his role as an institutionalist theorist of the evolution of the market system (Rodrigues 2004: 191). Even more significant assessments are prevalent in institutionalist discussions of economic sociology and political economy, in which Polanyi is viewed as a paradigmatic reference concerning the variety of institutional arrangements that are required for the coordination of commodity production and exchange in modern capitalism (Boyer 1997: 60-61). This goes well together with a reconsideration of the economic sociology of capitalism that draws upon Polanyi's stylisation of the diverse institutional modes of socio-economic integration (Swedberg 2005: 7-8). Perceived in policy terms, such a perspective also involves a reconsideration of industrial relations and welfare regimes in the regulation of markets (Boyer and Hollingsworth 1997: 476-477). Related to these assessments is the positioning of Polanyi as a theorist of the institutional transformation of the welfare state in the context of economic globalisation (Block 2001: xix).

The following exploration of Polanyian thought draws on this indication of its policy relevance in terms of institutionalist theorising on the welfare state. The transformation of welfare states towards a market-oriented setting has been diagnosed as a key component in a more comprehensive institutional reorientation of capitalist economies, involving a shift of political-economic governance structures. The theoretical framework of Polanyi's approach to comparative economic systems with its reconsideration of the embeddedness of market operations in non-market institutions provides arguments for perceiving this transformation of Western welfare states as a

manifestation of an evolutionary process that redefines the historically variable demarcation of the market domain once again. Thus, an exploration of Polanyian thought may provide major insights regarding the prospects and limits of social policy in the institutional evolution of capitalist market economies. This suggestion underlines the need for reconstructing Polanyi's theory of public policy, which has remained a rather neglected topic in the intellectual reception of Polanyian ideas. Its institutional substance involves an active role of the state in market creation as well as in social regulation. Thus, the state provides a decisive terrain for societal conflicts that inform particular sets of public policies.

The paper proceeds as follows. First, the Polanyian perspective on the institutional evolution of the market society is taken to the fore with an emphasis on the notion of "the economy as instituted process", which addresses diverse patterns of social integration. Second, a conceptual clarification of the Polanyian concepts of embeddedness and commodification is put forward. It highlights a definition of embeddedness as a framework that addresses the shaping of economic activities by market and non-market institutions. Moreover, it elaborates on the need for combining the matter of embeddedness with a reconsideration of the commodity status of labour. Third, Polanyi's theory of public policy is examined by underlining the active role of government in the formation of the market system. This goes together with an outline of historical perspectives on the co-evolution of states and markets. Fourth, the Polanyian notion of the double movement of market expansion and social protection in the set-up of welfare regimes is discussed in relation with the problem of policy interventions that may destabilise the economy. Fifth, current debates on the institutional transformation of the welfare state are addressed from a Polanyian point of view, in particular drawing on Esping-Andersen's work on welfare capitalism. The ensuing exploration of the role of commodification in welfare reform leads to concluding remarks on Polanyian assessments of public policy in globalisation.

## **2. Theorising the Economy as an Instituted Process: The Polanyian Perspective**

Karl Polanyi's institutionalist reasoning theorises the co-evolutionary dynamism of economic development and social change. Accounting for this specific perspective requires a first reconsideration of Polanyi's vision of the character of socio-economic evolution. Polanyi actually rejects a conceptualisation of evolutionary change as synonymous with "unconscious growth" and "organic continuity", which is common with positions of evolutionary gradualism. Instead, he favours a conception of deliberate institutional change and developmental interventions (Polanyi 1977: liv). This particular view on the cultural evolution of socio-economic patterns allows for both non-intentional, spontaneous as well as for intentional, organised impulses. Yet in doing so it also underlines discontinuity and radical change as decisive features of the evolutionary process. The corresponding emphasis on the disruptive character of evolutionary change resembles a distinct line of institutional analysis that is well represented by Joseph Schumpeter's approach to innovation as the source of evolutionary discontinuity (Ebner 2006a: 503-505). Moreover, the reconsideration of both spontaneity and design resembles an institutionalist account of socio-economic evolution that may be well associated with the work of John R. Commons and its analytical differentiation of spontaneous change in customs and institutional design in legal rules (Rutherford 1994: 105-106).

Resounding these positions on the institutional dynamism of development and change, the key concern in Polanyi's comparative institutional analysis of economic systems is well represented by the notion of "the economy as instituted process", which serves as a leitmotif of his research programme. It means that an analysis of the institutional substance of economic processes is indispensable for understanding their social coherence and historical dynamism, which is derived from both economic and non-economic institutions that constitute a specific mode of social integration (Polanyi 1957b: 249-250). Polanyi contrasts this substantive perspective from the considerations of neoclassical economic theory, which is said to refer exclusively to the logic of choices on means-ends relationships that are marked by resource scarcity. In the Polanyian perspective of a substantive perception of economic life, interchanges with the natural and social environment for the means of material want satisfaction are taken to the fore, basically referring to subsistence constellations (Polanyi 1957b: 243-244). Only this substantive perspective approaches the economy in adequate terms as an instituted process of coherent interactions between society and natural environment (Polanyi 1957b: 248-250). The coherence of these interactions requires distinct institutional properties that allow for a particular set of integrative qualities (Polanyi 1977: 34):

- unity and stability through a definite location in time or space,
- structure through permanent points of reference,
- function through definite modes of action accounting for the social whole,
- policy relevance through the influence of societal goals.

All historically recorded types of economies are integrated through historically specific support structures that institutionalise the movement of goods and services as well as rights of disposal in the economic process. These institutional structures are denoted as reciprocity, redistribution and exchange, highlighting integrative patterns of interaction that are relatively independent from deliberate interventions of government or the variable ideals of cultural frameworks (Polanyi 1944/2001: 50-51; Polanyi 1977: 36-37):

- reciprocity accounts for the movement of goods and rights of disposal between corresponding points of a symmetrical arrangement, involving symmetrically placed social groups as exemplified by kinship-related types of gift exchange;
- redistribution addresses related movements towards and out of a centre, involving an established political-administrative centre as exemplified by a territorially centred storage system run by local authorities;
- exchange stands for movements between dispersed or random points in a system of interactions, involving the presence of a market mechanism.

Householding, as an additional principle, then contains the autarchic and self-sufficient production of a group. Yet its integrative function in more complex economic systems is of minor importance as compared with reciprocity, redistribution and exchange (Polanyi 1944/2001: 55).

At this point, the matter of embeddedness emerges as a major analytical device, for Polanyi claims that all historically recorded economic systems except of the market system submerge the economy in social relationships, framed by non-economic institutions. Production and distribution would not follow economic interests shaped by

acquisitive motives, but rather resemble social interests, based on collectively shared norms and conventions. These may differ in diverse economic systems over time and space, involving small hunting communities as well as vast despotic societies, yet in all of these cases the economic systems were driven by non-economic motives (Polanyi 1944/2001: 48). This means for the individual economic actor: “He does not act as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets” (Polanyi 1944/2001: 48). In primitive societies, thus, the pattern of embedding economic activity in non-economic institutions that integrate social relations may be derived from kinship aspects as well as from separate political-economic organisations preceding the institutional evolution of the modern state: “Since there is no separate economic organization and, instead, the economic system is embedded in social relations, there has to be an elaborate social organization to take care of such aspects of economic life as the division of labor, disposal of land, organization of work, inheritance, and so on” (Polanyi 1977: 53).

It is this specific pattern of relationships between economy and society, in particular relating to the political system, that defines the matter of embeddedness as a constitutive component in Polanyi’s approach – although the concept itself is spelled out under different labels and rarely in direct terms throughout his published works. Regarding its intellectual underpinnings, next to Hegel’s and Marx’s analyses of state-society relations in commodity producing societies also Maine’s sociological distinction between status and contract is accounted for, serving as a stimulus for the anthropological positions of Malinowski as well as for Tönnies’ distinction between community and society (Polanyi 1957a: 68-69). According to this logic of embeddedness, the economic system was historically set to be a function of social organization – a pattern that remained intact until the rise of the market economy in the 19th century, which reversed relationships between economy and society as economic requirements would come to determine social structures. This would actually imply a disembedding of the economic sphere.

With intellectual reference to the approaches of Maine and Tönnies, then, this disembedding dynamism resembles a move from status to contract in terms of Maine, and from community to society in terms of Tönnies. Economic systems are no more embedded in social relationships, as these are now embedded in the economic system, that is, they come to follow the commodity logic of the market (Polanyi 1947/1968: 70). Contract serves as the decisive feature of this disembedded economic sphere, in which legal aspects of exchange provide the institutional order of the market process. Status, in contrast to that, reflects the predominance of norms of reciprocity and redistribution which shape the embeddedness of production and consumption in societal institutions like family and kinship. The disembeddedness of the economic sphere is therefore analogous to the institutional separation of the market from social relationships apart from contractual exchange (Polanyi 1957a: 70-71). Accordingly, as the market becomes an institution in its own right that shapes the modern exchange economy, it coincides with legal concepts like the rule of law, which imply a reduction of social relations to the regulation of property and contract (Polanyi 1966: xvii).

As the resulting institutional order propels the disembedding of the economic domain from non-market modes of social integration, it also drives a separation of economy and society at large:

“It was characteristic of the economic system of the nineteenth century that it was institutionally distinct from the rest of society. In a market economy, the



production and distribution of material goods is carried on through a self-regulating system of markets, governed by laws of its own, the so-called laws of supply and demand, motivated in the last resort by two simple incentives, fear of hunger and hope of gain. This institutional arrangement is thus separate from the noneconomic institutions of society: its kinship organization and its political and religious systems. Neither the blood tie, nor legal compulsion, nor religious obligation, nor fealty, nor magic created the sociologically defined situations that insured the participation of individuals in the system. They were, rather, the creation of institutions like private property in the means of production and the wage system operating on purely economic incentives” (Polanyi 1977: 47).

This institutional dynamism of market exchange relates to the aspect that the exchange motives of truck and barter, so vibrantly portrayed by Adam Smith, can not rely on established social institutions. These have to be created in the deliberate formation of markets (Polanyi 1944/2001: 60). The resulting type of market economy resembles a self-regulating system of markets. It is historically unique in its character as an economic system that is exclusively directed by market prices (Polanyi 1944/2001: 45). Market prices are indispensable for this kind of self-regulation: “A market economy is an economic system controlled, regulated, and directed by market prices; order in the production and distribution of goods is entrusted to this self-regulating mechanism” (Polanyi 1944/2001: 71).

Yet self-regulation through market prices also implies that all production factors, goods and services – decisively involving labour, land and money– are turned into commodities, bought and sold at market prices while generating a market income (Polanyi 1944/2001: 72). Subjecting labour to the self-regulation of markets and thus separating it from other societal domains, however, tends to annihilate the organic interdependencies of the social whole. The underlying freedom of contract eliminates non-contractual organisations such as kinship. Indeed, the contractual exchange mode of the labour market, ideologically legitimised through the notion of non-interference in the spontaneous order of the market process, radically interferes with social relationships that are based on non-contractual interactions (Polanyi 1944/2001: 171). This tendency drives the formation of market society as an extended format of market principles beyond the economic domain.

Consequently, the differentiation of economic and political spheres becomes a historically unique trend in the evolution of market economies. While in preceding formations the economic order served as a function of the social order now these relationships are redefined, as the separate economic system of a market economy promotes the formation of a market society as a supporting device. The unfolding of the market pattern as the dominant system in the economy leads to the relegation of society as a mere adjunct to the market. The market society is thus adapted to the institutional pattern of the market economy:

“Instead of economy being embedded in social relations, social relations are embedded in the economic system. The vital importance of the economic factor to the existence of society precludes any other result. For once the economic system is organized in separate institutions, based on specific motives and conferring a special status, society must be shaped in such a manner as to allow that system to function according to its own laws” (Polanyi 1944/2001: 60).

However, this extension of the market sphere all over society breeds a basic structural contradiction. The essence of society is subordinated to the market mechanism, for

labour and land as representations of the human substance and natural environment of society also become commodities. Together with money as a mere representation of purchasing power promoted by the state and the banking system they share the characteristic that they are actually not produced for sale. Their existence is not to be derived from a commercial rationale. Thus their characterisation as marketable commodities is fictitious. This commodity fiction becomes the organising principle of the market society (Polanyi 1944/2001: 75-76). Indeed, the rise of the market society is necessarily based on this commodity fiction involving labour, land and money (Polanyi 1977: 9-10). This implies that changes in the institutional status of labour as a substantial resource of economic activity actually suffice for differentiating economic systems in their historical evolution. Quite in accordance with the logic of embeddedness, these historically specific institutional qualities of labour involve kinship ties in tribal economies as well as ties of fealty in feudal systems, while underlining the transformation of labour into a commodity as a distinct feature of the market system (Polanyi 1977: 43). Identifying socio-economic mechanisms that establish labour as a fictitious commodity, however, locates public policy as a decisive factor in processes of development and change that exhibit a high degree of historical variability.

Indeed, Polanyi outlines the actual historical process that leads to the formation of market economy and market society by highlighting two distinct settings, that is, the establishment of national markets in the mercantilist age of Western European development since the 15th century, followed by the social and technological disruptions commonly associated with the Industrial Revolution in Western Europe – and here primarily in England – since the early 19th century (Polanyi 1944/2001: 5-7). Decisively, the formation of the market system is not a spontaneous process as liberal theory may have it, but the politically administered result of artificial stimuli based on socio-economic constellations shaped by the likewise artificial phenomenon of the machine as a representation of disruptive technological change (Polanyi 1944/2001: 60). From the outset, the historical evidence for market patterns points at long-distance trade as the original domain of markets. It represents a commercial sphere that is external to socially embedded economic systems, fuelled by differences in local resource endowments. Local markets for trade between towns and countryside were allegedly less relevant. Nonetheless both highlighted the primacy of an exchange of complementary goods that was rather non-competitive (Polanyi 1944/2001: 61-63). Market competition only evolved with the emergence of internal markets for substitutable goods, historically constituted as national markets during the formation of modern states in the mercantilist era (Polanyi 1944/2001: 63). However, despite the drive for a national market order, mercantilism would not promote the transformation of labour, land and money into commodities. Thus, mercantilism with its combination of extended regulation and market-based commercialisation of the national economies viewed markets in a way most contrary to the liberal ideas of the self-regulating market system (Polanyi 1944/2001: 73).

In contrast to these early modern constellations, both the industrial dimension of the “machine age” and the commodity dimension of the market system characterised the socio-economic disruptions of the 19th century. The self-regulating market system served as an institutional adaptation induced by the factory system of the machine age and its industrial civilisation – which was soon accompanied by a counter-movement for social self-protection that would give birth to the welfare state (Polanyi 1977: xlvi-1). The historical break of the Industrial Revolution thus combined technological and

ideological factors. The technological factor was represented by the use of specialised machines, typical of industrial capitalism, that would require a steady flow of marketable resources in inputs and outputs. In order to keep the productive circuit running smoothly and to allow for the realisation of productive gain, then, labour, land and money were to be turned into commodities that would be readily available on demand. This is the technological source of the commodity fiction of the market economy: “Machine production in a commercial society involves, in effect, no less a transformation than that of the natural and human substance of society into commodities” (Polanyi 1944/2001: 44). The expansion of the commercial sphere, which transformed income into a compensation for marketable services, promoted the expansion of the market system that was self-regulated through market prices (Polanyi 1944/2001: 43-44).

Also economic motives needed to change, basically turning from subsistence to gain. Polanyi proposes that economic liberalism promoted the “utopian endeavour” of a self-regulating market system with a motivational emphasis on material gain, allowing for an institutional dominance that paralleled the homogenising intolerance of religious fanaticism (Polanyi 1944/2001: 31). Utilitarianism provided the backbone for market ideology as a sectarian creed that aimed at solving human problems through the provision of an unlimited amount of material commodities (Polanyi 1944/2001: 42). This assessment of course provides a pointed counter-position to Max Weber’s well established thesis of Protestant Ethics and the spirit of capitalism as a striving for rational acquisition in continuous business concerns. Rather, Polanyi’s argumentation resembles the Sombartian line of reasoning with its emphasis on the non-rational aspects of the capitalist spirit as a striving for unlimited acquisitive gain (Ebner 2005: 263-265).

However, in liberal ideology, the ensuing “separateness” of economic and political spheres was well reflected by policy demands for a retreat of the state from economic regulation: “Institutions, motives, and laws are specifically economic. The whole system can be imagined as working without the conscious intervention of human authority, state, or government” (Polanyi 1977: 47). Accordingly, the formation of market society implies a reassessment of the state as a subordinate institutional feature that should comply with the self-regulation of the market system (Polanyi 1977: 12). Yet this constellation was short-lived, if ever realised in history, for society was soon endangered in its totality. In particular, the institutional status of labour as a commodity included real humans that would become socially exposed and dislocated objects of market volatility. Thus, for society at large, the need of protection arose as a condition in safeguarding the reproduction of its substantial components (Polanyi 1944/2001: 76-77). The extension of markets was actually paralleled by efforts in the self-protection of society, amounting to a “double movement” of market forces and social regulation: “Social history in the nineteenth century was thus the result of a double movement: the extension of the market organization in respect to genuine commodities was accompanied by its restriction in respect to fictitious ones. While on the one hand markets spread all over the globe and the amount of goods involved grew to unbelievable dimensions, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labour, land, and money” (Polanyi 1944/2001: 79). What was to be observed was a double movement of distinct organisational principles in society, namely economic liberalism promoting self-regulating markets, socially based in the trading classes versus social protectionism as an effort to shield human and natural resources from the

grip of the market forces through interventionist measures in legislation, administration and associative self-organisation, socially based primarily in the working and landed classes (Polanyi 1944/2001: 138-139).

Yet this interventionist countermovement against the expansion of markets and its underlying commodity fiction was incompatible with the working mechanism of the market itself, leading to a further intensification of institutional tensions (Polanyi 1944/2001: 136-137). Measures of social protectionism that lay the foundations for the welfare state since the 1860s obstructed price-based adjustments of labour markets by stabilising earnings beyond volatile market incomes as well as by regulating institutional features such as professional standards, thus reconstituting the human character of labour beyond the commodity fiction (Polanyi 1944/2001: 185-186). As the counter-movement and its protectionist stance came to disturb the self-regulation of the market system ever severely since the 1880s all over Western Europe, the national domain became the decisive terrain for political identity – implying a drive for national rivalry. Economic and political crises then culminated in World War I, followed by a prolonged period of instability afterwards that would pave the way for totalitarian solutions to the prolonged crisis of the market system (Polanyi 1944/2001: 210-212). Accordingly, as market and state represent co-evolving institutional ensembles in Polanyi's view of socio-economic development, understanding Polanyi's theory of the market society requires a reconsideration of the corresponding theory of public policy. Yet before this topic is explored in more detail below, a further reconsideration of the controversial notion of embeddedness in recent debates on Polanyian thought is required. It pinpoints the need for viewing institutional embeddedness in relation with the commodification of labour as basic concerns of public policy. To this end, a further conceptual differentiation between the institutional order of markets and their societal embeddedness is to be taken to the fore.

### **3. Embeddedness and Commodification: A Conceptual Clarification**

The notion of embeddedness is a key component in Polanyi's comparative institutional analysis of economic development – although the expression itself is used only rarely in his works. A long-standing interpretation of this notion of embeddedness in Polanyi refers to the non-market allocation of land and labour according to principles of social rights and values, involving kinship as well as political or religious affairs (Dalton 1968: xii-xiii). Accordingly, the notion of embeddedness in Polanyian terms addresses the economy as subordinated to social relations, culture and religion as well as to the political domain. With the advent of the self-regulating market and the commodification of labour, land and money, therefore, a disembedding procedure sets in, which is met by a countermovement for regaining social control of the economy, and thus for re-embedding its institutional rationale (Block 2001: xxiii-xxv). It follows that Polanyi's notion of embeddedness should serve as an antithesis to the conception of atomisation in market exchange, instead underlining the interrelatedness of economic actors in distinct social, political and cultural environments (Ibata-Arens, Dierkes and Zorn 2006: 2). There is thus a two-fold meaning of embeddedness in Polanyi: on the one hand as a representation of the connection of markets to the moral fabric of society, on the other hand as a political term that refers to social reform and the regulation of markets – in particular regarding fictitious commodities (Beckert 2007: 8). Following an influential position in institutionalist theorising, this aspect of Polanyi's embeddedness framework may be interpreted in terms of the operation of a "logic of appropriateness", that is as an institutional principle which highlights societal relations based on status-related and

context-specific concerns (March and Olsen 1989: 160-162). However, apart from the moral underpinnings of Polanyi's viewpoint, there is also a functional argument to be taken into account, which claims that markets for labour, land and money simply require governmental guidance, as their self-regulating adjustment would lead to disastrous social consequences. That is why market expansion usually implies a parallel expansion of rules and regulations that aim at social protection (Block 2001: xxv-xxvii). This distinction of the institutional order of markets and non-market types of embedding institutions requires further specifications.

A first problem in that regard refers to the institutional substance that is involved in the embedding of economic processes. Fred Block, in particular, argues that persistent efforts in the re-embedding of economic processes would allow for speaking of an "always embedded market economy", which Polanyi allegedly overlooked while he was coping with the drive for embedding market forces in social protectionist measures and the obstructive impact of these measures on the self-regulation of markets (Block 2003: 297-298). Block then claims that markets are always politically embedded in distinct legal rules and institutions. Yet they are also always morally embedded in specific values and norms that support rule compliance and trust (Krippner, Granovetter, Block et al. 2004: 118-119). This line of reasoning is summarised in the concept of ideational embeddedness, which suggests that markets are always embedded in rules and regulative institutional arrangements. Thus, there exists no disembedding of the market sphere but only its persistent re-embedding in different sets of institutions, including ideas, discourses and ideologies that are part of the normalisation of market processes (Somers and Block 2005: 263-264).

From this self-labelled Neo-Polanyian thesis follows that there cannot be fully disembedded markets, as markets always require some type of institutional underpinning to sustain their operation, which also shapes the varieties of market systems. An example of these mechanisms is provided by the regulation of labour markets (Block 2007: 5-6). Yet this reference completely neglects the role of labour markets as a terrain for the commodification of labour. Thus, it already indicates that Block's perception of embeddedness rather tackles the institutional order of markets, that is the rules and norms that institutionalise market exchange, instead of addressing the embeddedness of economic operations in non-market modes of social integration. It is the latter aspect that allows for the de-commodification of fictitious commodities as a key aspect of embeddedness in Polanyian terms. This critical assessment is furthermore corroborated by Block's repeated references to John Ruggie's concept of "embedded liberalism", which has risen to prominence as an apparently Polanyian concept in international political economy. The underlying interpretation of the international economic order of the Bretton Woods system associates the embeddedness of market liberalism with a kind of multilateralism in trade and investment regulations that allows for domestic interventions and thus combines the drive for economic internationalisation with the formation of national welfare states (Ruggie 1982: 393). Again, such an identification of embeddedness with the rules and regulations of market exchange differs markedly from Polanyi's concern with commodification and de-commodification as key components of disembedding and re-embedding strategies and practices.

It is to be underlined that Polanyi acknowledges the need for positioning markets in an institutional order that allows for enforcement mechanisms of contractual arrangements, which accompany the allocative function of the price system in the self-regulation of markets. This market order addresses the rules and norms that provide the institutional

substance of the market process – and as such it is indeed constitutive for every type of market exchange. Yet Polanyi addresses a different matter when he approaches the embeddedness of economic operations. Here, the differentiation between market order and market embeddedness is at stake. Indeed, the Polanyian concept of embeddedness is not associated with the rules of the market as such. Rather, it is the content of these rules with regard to the commodity character of labour itself that matters. A Polanyian viewpoint therefore implies an integrated perspective on embeddedness and commodification – for the former addresses the diverse types of social integration and the latter is concerned with the material substance of socio-economic reproduction. This specification is well illustrated by the case of labour markets. Rules that simply fulfil a market-enhancing function, for instance by reducing transaction costs and information asymmetries in the setting of wages, do not qualify as embedding rules. They still support the rationale of commodification that follows the allocative rationale of market supply and demand. However, a set of rules that delegates some component of wage setting and related features of industrial relations to an institutional domain beyond the commodity logic of supply and demand qualifies as a feature in the embedding – or re-embedding – of markets. These sets of rules, which may refer to the inclusion of welfare arrangements in wage setting or to the participation of the workforce in management decisions, just like in German co-determination law, actively promote a de-commodification of labour, as they shield its reproductive conditions from market fluctuations and employer's market power.

Distinguishing between ordered markets and embedded markets is decisive for understanding the Polanyian concern with the historical coincidence of disembedding pressures in the commodification of labour during the formation of the market system. Thus, it also informs the policy-related distinction between disembedding liberal moves and re-embedding social protectionist counter-moves in the Polanyian development scheme. However, some of the mentioned misrepresentations of the concept of embeddedness may be traced back to shortcomings in Polanyi's own statements. Indeed, Polanyi tends to identify the rationale of the economy exclusively with market exchange, contractual arrangements and the profit motive. That is, the separation of a distinct economic sphere and the evolution of the market system are synonymous in Polanyi's thought. Paradoxically, it seems that Polanyi's view of the market as an universal principle of economic operations remained true to the framework of the Austrian School which had shaped his intellectual socialisation before and after World War I. And this may be a decisive reason, why Polanyi has major difficulties in abandoning his unfortunate characterisation of embeddedness as a constellation in which the economy is regulated predominantly by non-economic institutions. Certainly, also for Polanyi a clear-cut distinction between economic and non-economic institutions remains out of sight unless tautological references to the market process are put forward. More convincingly, thus, Polanyi's ideas on embeddedness are best reiterated with reference to the embedding of markets in non-market institutions involving non-contractual arrangements and non-commercial motivations, all of them subject to the impact of predominantly non-material incentives.

At this point, a second problem with the interpretation of Polanyi's notion of embeddedness comes into play, which is related to the characterisation of markets as void of social relationships. This interpretation is implicit in the claim that the integration modes of reciprocity and redistribution would differ from exchange in that they represent specific social relationships such as kinship or political-religious affiliation, whereas market exchange would stand out as a merely economic interaction

among anonymous actors (Dalton 1968: xiv-xv). Given Polanyi's prevalent identification of market exchange with the procedures of competitive spot markets, such an interpretation may be legitimate. Yet this problematic account of the social structures of markets – or rather the lack thereof – has paved the way for further misconceptions in the understanding of embeddedness. As a landmark in the discourse of modern economic sociology, Mark Granovetter's notion of embeddedness, originally meant to confront Oliver E. Williamson's transaction cost approach to economic organisation, claims that economic institutions are always constrained by ongoing social relations. Despite these Polanyian motives, Granovetter also emphasises that non-market societies were less embedded and market societies less disembodied than claimed in Polanyi's substantivist account (Granovetter 1985: 481-482). From these qualifications follows an analytical focus on the pattern of personal relations which frame economic transactions, prominently accounting for networks of social relations (Granovetter 1985: 506-507). Granovetter's favoured empirical example for this identification of embeddedness with network interactions is the historical origin of trade in financial derivatives at the Chicago Board Options Exchange, based on interpersonal efforts in redefining a specific set of transactions and furthering a shared understanding of their business implications (Krippner, Granovetter, Block et al. 2004: 115-116). From a Polanyian perspective, the evolution of the market for financial derivatives rather qualifies as a component in the move for disembodiment and commodification. Yet in Granovetter's account the aspect of commodification remains out of the picture, as his view of embeddedness focuses on the social structure of markets in terms of network relations. Not surprisingly, this particular variant of embeddedness, which is stripped off some of the most decisive features of Polanyi's framework, has met some fierce criticism that invokes Polanyian ideas.

For instance, Greta Krippner insists that every market transaction is a social process that involves a history of struggle, contestation, understandings and rules, thus making state, politics and culture inherent components of any market in a much richer institutional setting than addressed in Granovetter's network concept (Krippner, Granovetter, Block et al. 2004: 112). In other words, the diversity of social structures in the formation and maintenance of markets is ignored in Granovetter's network approach. Granovetter thus reduces embeddedness to the matter of network ties that serve as social envelopes for otherwise asocial markets (Krippner 2001: 777-778). A related criticism highlights the reduction of the empirically rich notion of embeddedness in Polanyi's approach to Granovetter's much more narrow consideration of social networks as embedding frameworks of economic action (Beckert 2007: 9-10). Summarising these points, it may be suggested with reference to Polanyi's scheme of social integration that Granovetter's network approach focuses on reciprocity in relation with exchange and by doing so neglects redistribution as primary domain of public policy. This argumentation also applies to Richard Swedberg's model of capitalism as a set of several sectors, each following a particular rationale of economic processes in Polanyian terms, involving redistribution, reciprocity and exchange. According to Swedberg's scheme, only the exchange sector is dominated by the profit motive, which is modelled as the source of a feedbacks from consumption into the production sphere (Swedberg 2005: 8-9). Thus, the commodification of labour as a key component of the Polanyian perspective is ignored once again. Such a reduction of Polanyi's positions on the complexity of social integration to a mere consideration of the social structures of markets loses most of the specific content that provides the analytical edge of the Polanyian notion of embeddedness.

A more promising way forward would rather distinguish diverse modes of embeddedness according to the specific institutional dimensions they are related to. For instance, Zukin and DiMaggio have used the notion of embeddedness as a reference to the contingent nature of economic action, to be differentiated according to the domains of cognition, culture, social structure and political institutions. Cognitive embeddedness then refers to structured regularities in mental processes that bind economic reasoning whereas cultural embeddedness highlights the corresponding role of shared collective understandings. Directly referring to Granovetter's position is the notion of structural embeddedness that addresses the contextualisation of exchange activities in interpersonal relations. Finally, political embeddedness is associated with the shaping of economic institutions and decisions by power struggles involving non-market institutions like the state and social classes (Zukin and DiMaggio 1990: 15-20). This latter type of political embeddedness is evidently closest to the Polanyian line of reasoning, involving the redistributive impact of public policy. A related strategy of differentiating types of embeddedness addresses the levels of interpersonal relations and inter-organisational relations that may be distinguished from the societal embeddedness of functionally differentiated institutional orders in a complex society – and here Polanyi's approach would be most relevant (Jessop 2001: 223-224). Such a specification is highly compatible with a categorisation of embeddedness as a top-down processes by which higher level entities such as institutional mechanisms of interaction shape the properties of lower level entities (Coriat and Dosi 1998: 23). After all, such a categorisation points again to the domain of public policy as a major factor in the sustainable embedding of market processes (Adaman, Devine and Ozkaynak 2003: 357-358).

Beyond these categorisations, a combination of the concepts of embeddedness and commodification remains decisive for reconstructing the Polanyian framework with its socio-economic concerns. As outlined above, a crucial problem with Polanyi's notion of embeddedness is its ill-conceived representation of the economy as a domain of exchange, contract and profit, subject to material incentives. Acknowledging that problem by specifying embeddedness in terms of market and non-market components even accentuates Polanyi's original concerns with diverse modes of social integration. It allows for an understanding of the economy as a set of diverse institutional constellations that transcend the monoculture of market exchange. Thus, the notion of embeddedness may be useful in distinguishing the aspect of rule-based market order with its exchange rationale from the social structure of markets, involving the reciprocity of networks, as well as from other non-market modes of integration that highlight the redistributive role of the state. With reference to recent advances in institutionalist theorising such an acknowledgement of institutional variety may be supported by concepts like the impurity principle of systems theory, which maintains that each functional system contains impurities which are not typical of the whole, but which are nevertheless necessary for the reproduction of that particular system. Socio-economic systems then represent diversified pluralities with a dominant structure that is accompanied by a variety of multi-faceted and inter-penetrating components (Hodgson 1988: 167-168). It follows that the evolutionary potential of systemic combinations may generate the specific diversity of institutional forms and modes of interactions that is constitutive for the reproductive capacity of capitalist market economies (Hodgson 1996: 419). In the context of the Polanyian perspective on comparative economic systems, then, this setting involves a corresponding variety of embeddedness patterns in combination with various forms and degrees of commodification. An illustration of these regimes of embeddedness and commodification is outlined in table 1.



**Table 1: Polanyian Regimes of Embeddedness and Commodification**

	<i>Commodification</i>	<i>De-Commodification</i>
<i>Embeddedness</i>	Business Networks (strong reciprocity and exchange)	Welfare Services (strong redistribution and reciprocity)
<i>Disembeddedness</i>	Competitive Markets (strong exchange)	Forced Labour (strong redistribution)

The decisive point in this recombination of embeddedness and commodification is derived from the aspect that Polanyian embeddedness derives its integrative quality from the status of labour as the substantial type of fictitious commodity in capitalist market economies. In this Polanyian framework, embeddedness addresses the shaping of market operations by non-market modes of social integration, whereas commodification denotes the exposure of production and consumption to commercial principles and incentives. In this context, the commodity status of labour plays a decisive role. In outlining the spectrum of embeddedness-commodification combinations, four major variants may be taken to the fore, always containing certain strengths in social integration. Embeddedness and commodification reflect an integrative pattern of strong reciprocity and exchange, as exemplified by family business networks and their specific social structures which may be associated with the cases of regional family businesses in the Italian Emilia Romagna or Overseas Chinese business networks in Southeast Asia. Embeddedness and de-commodification is well represented by the service profile of traditional welfare states that allow for strong redistribution and reciprocity. In this setting, the welfare state becomes a decisive carrier of income transfers that are set apart from wage labour. Recent liberal reforms of the welfare state, as discussed further below, accordingly involve a shift from embedding de-commodification to disembedding commodification. They approach the combination of disembeddedness and commodification typified by competitive markets and their integrative strength in market exchange. To complete the picture, the constellation of disembeddedness and de-commodification may be reflected by forced labour with strong redistribution effects, as witnessed especially during early phases of industrialisation. The shift from one constellation to another involves major efforts in the domain of public policy. The following exploration of the analytical substance of Polanyi's theory of public policy thus addresses states and markets as co-evolving

institutional ensembles that are set in a continuum of embeddedness and commodification.

#### **4. States, Markets, and the Rationale of Public Policy**

The theory of public policy is concerned with the motivations, governance modes and effects of government activity in the design and implementation of distinct policies (Parsons 1995: XV). Polanyi's approach to the evolution of economic systems actually entails a specific theory of public policy, based on a portrayal of the state as an indispensable factor in regulating the complex affairs of modern society (Polanyi 1947/1968: 73). In acknowledging this often neglected aspect of Polanyi's thought, however, recent institutionalist interpretations have focused almost exclusively on the matter of state interventions in regulating market processes (Hodgson 2003: 389). An underlying argument suggests that the Coasean solution to the externalities problem is misconceived, for its emphasis on the introduction of property rights is meant to promote a withdrawal of the state from the regulated area of the market, whereas such an extension of property rights in fact also implies a parallel extension of state interventions due to the need for organising their enforcement (Hodgson 1988: 152-153). Yet Polanyi's theory of public policy reaches beyond these limitations and instead takes its point of departure in the proposition that states are at the very beginning of market evolution by providing legal frameworks and enforcement mechanisms that are indispensable for procedures of disembedding commodification. In this sense, the Polanyian perspective is well aligned with those strands of institutionalist reasoning that view the state as a generative force of market exchange. In particular, Polanyian ideas may be directed against those variants of property rights theory, which assume the primacy of markets and derive the role of the state from its functions in maintaining the market process.

In Polanyi's view, states serve as major driving forces in the evolution of markets, as they promote the political-administrative construction of markets and the regulation of market competition. Thus, the matter of public policy addresses the disembedding and re-embedding of market processes in both type of market and non-market institutions. In this sense, public policy fulfils a key function in the Polanyian account of the evolution of the market system. This is well illustrated by Polanyi's general assessment of the role of the state in cultural evolution. The state is viewed as a decisive factor in organising the economic field by institutional means that involve the rule of law: "Actually, justice, law, and freedom, as institutionalized values, first make their appearance in the economic sphere as a result of state action" (Polanyi 1977: 16). Tribal relations in stateless societies highlighted custom and tradition as means for embedding economic affairs in the wider domain of social and political organisation and thus rather obstructed exchange transactions. In contrast to that, the emergence of territorial rule paved the way for their promotion, as market transactions needed to be made gainless in order to become acceptable as a generalised mode of exchange in a non-market setting typical of irrigational empires – as an alternative to strictly regulated and limited transactions that remain typical for peasant communities and their pattern of market evolution (Polanyi 1977: 73).

Indeed, the ruler – usually a god-king as in the ancient Mesopotamian states – provided basic supplies of goods for a community threatened by loosened kinship ties. Economic transactions were characterised by formalised equivalencies and thus became just and lawful, for they were made gainless through the actions of the ruler who would head the

taxational and redistributive apparatus of the state and whose declaration of equivalencies could legitimise exchange behaviour – and accordingly act as a source of economic justice and formalised fairness in exchange. The rule of law evolved later on from trade regulations for guilds (Polanyi 1977: 16-17, 61). Thus, according to Polanyi, the irrigational empires served as a crucial historical terrain for the formation of justice, law and freedom as creations of the state, while stimulating a trajectory of well administrated dispositional exchange (Polanyi 1977: 73-74). Even the taxation systems of modern states resemble redistribution as a principle of social integration that implies the collection and redistribution of resources from a political-administrative centre (Polanyi 1977: 41). State-building in archaic societies thus resembles a major secular force of economic organisation, fuelled by aspects like the provisioning of an expanding military through means of taxation. Perceiving the circulation of a currency as an instrument of taxation points to further efforts at standardisation and market-making, which are part of the state-building process, basically contributing to the replacement of status-orientation in transactions by statute law that evolved in the state sphere (Polanyi 1966: 186-187). The modern state is thus viewed as a “tax state” with redistributive functions that account for the disintegration of pre-modern social relationships – an argument that had been elaborated most promisingly in Joseph Schumpeter’s approach to fiscal sociology (Ebner 2006a: 507-509).

Based on these assessments, Polanyi approaches the mercantilist promotion of market exchange as well as related efforts in protective regulation as a manifestation of moves and counter-moves in the evolution of the market system. While foreign trade had been largely a local phenomenon only, Polanyi claims that internal trade in Western Europe was created by interventions of the state, transposing the mechanism of municipal trade to a national level. The mercantilist state of the 15th and 16th century thus resembled a major “instrument of the ‘nationalization’ of the market and the creator of internal commerce” as it forced protectionist towns and principalities into nationwide market competition (Polanyi 1944/2001: 68-69). In turn, implying a co-evolutionary pattern in the relationship between states and markets, the centralised state of the mercantile system was historically created by the Commercial Revolution that led to the economic dominance of the Western European countries since the 15th century, promoting state sovereignty over extended territories that became subject to political-cultural unification. Underlying administrative techniques of the public policies of central government were usually adapted from a diversity of municipal practices, thus shaping distinct national patterns in state-building (Polanyi 1944/2001: 69). At this point, it is remarkable that Polanyi refers affirmatively to the analysis of the liberalising efforts of mercantilism put forward by Gustav Schmoller, the figure head of the German Historical School (Polanyi 1944/2001: 284). In this regard much of Polanyi’s reasoning may be associated with the Schmollerian agenda of an ethical and evolutionary approach to the analysis of economic development in the “machine age” of industrial civilisation (Ebner 2006b: 208-210).

Moreover, in the mercantilist epoch, interventionism was not only characteristic of government involvement in the formation of markets – due to the forced dissolution of potentially obstructive institutional constellations – but it also typified public policy in the maintenance and expansion of the institutional conditions of market exchange. State interventions in the formation of national markets would herald persistent regulations of the economy, coping with both the sustainability of competition and the ensuing problem of monopoly as a potential result of competition. Interventions were even extended over time, while markets remained submerged in social relations that were

moulded by a mercantilist state whose authority over the institutional setting of society became ever stronger. Polanyi therefore suggests: “The ‘freeing’ of trade performed by mercantilism merely liberated trade from particularism, but at the same time extended the scope of regulation” (Polanyi 1944/2001: 70). Markets that were absorbed into the social system would still thrive as they were subject to the control of the centralised public administration of the mercantilist regimes. It follows: “Regulation and markets, in effect, grew up together” (Polanyi 1944/2001: 71). The actual role of government in the evolution of market systems thus contradicts liberal beliefs in the spontaneity of socio-economic development. Indeed, policy interventions tended to alter the rate of change by either speeding it up or slowing it down in accordance with well articulated societal demands (Polanyi 1944/2001: 39).

Polanyi discusses these aspects by invoking the example of the Tudor and early Stuart regimes in England, who are said to have followed an adaptive and gradualist approach to structural change by slowing down the process of enclosures until the shift from arable land to pasture became socially bearable. Given an understanding of enclosures as a major institutional factor of industrialisation, which enabled the emergence of a competitive cotton industry endowed with mobile surplus labour, this implies that the mercantilist strategy of the English Crown shaped institutional adjustments to new conditions brought about by the disruptive impact of economic development (Polanyi 1944/2001: 39-40). Yet this type of government intervention was far from reactionary. Rather, it exercised leadership functions in innovatively managing socio-economic change:

“Their chancelleries and courts of prerogative were anything but conservative in outlook; they represented the scientific spirit of the new statecraft, favoring the immigration of foreign craftsmen, eagerly implementing new techniques, adopting statistical methods and precise habits of reporting, flouting custom and tradition, opposing prescriptive rights, curtailing ecclesiastical prerogatives, ignoring Common Law. If innovation makes the revolutionary, they were the revolutionaries of the age” (Polanyi 1944/2001: 40).

Again, and most remarkably, this argumentation resembles Schumpeterian theses on the entrepreneurial function of the state as an agent exercising innovative leadership in industrial evolution – with mercantilist policies as a primary example (Ebner 2006a: 509-510).

Following Polanyi, the mercantilist state could exercise its leadership function in managing socio-economic change by creative as well as protective means in a coherent manner, because its political-administrative apparatus was relatively autonomous from the special interests of powerful social classes. This amounts to a distinction between “government of the Crown” committed to general welfare and “government by a class” committed to particular class interests (Polanyi 1944/2001: 40-41). Despite the advantages of a relatively autonomous political-administrative apparatus, Polanyi suggests that the paternalism of mercantilist regulations was misplaced in the setting of an industrial economy. Still, its administration of labour and industry could be perceived as a model for the social administration of the emerging welfare state in the late 19th century that followed a brief interlude of liberal hegemony in English policy-making (Polanyi 1944/2001: 41).

The heyday of liberal public policy hit England in the 1830s, carried by a liberal ideology which rejected any political-administrative measure that could obstruct the unimpeded flow of marketable resources and their self-regulation by market prices.

Public policy was viewed as a supporting device for the self-regulation of markets, based on a strict separation of economic and political spheres (Polanyi 1944/2001: 72). This ideological outlook contradicted the fact that the evolution of the market system and persistent interventionism were not exclusive, for the formation and maintenance of market institutions requires persistent interventions, involving antitrust regulations as well as union laws. Even violent means were applied in facilitating social and political conditions for promoting the market mechanism, at last also including the option of civil war as a means for dissolving obstructive social relationships and their institutional carriers (Polanyi 1944/2001: 155-156). The establishment of markets is thus not the result of spontaneous institutional change: “On the contrary, the market has been the outcome of a conscious and often violent intervention on the part of the government which imposed the market organization on society for noneconomic ends” (Polanyi 1944/2001: 258). Indeed, when viewed as a historical sequence, the institutional design of the market system in England during the first half the 19th century proceeded primarily through legal instruments. The Poor Law reform of 1834 promoted a deregulated labour market and the commodification of labour, followed by the Bank Act in 1844 that established the gold standard for the self-regulation of the monetary sphere, whereas the repeal of the Corn Law in 1846 allowed for free trade in grain, thus promoting the transformation of land into a marketable commodity (Polanyi 1947/1968: 67-68).

These changes in legal rule and regulations would also produce new categories of legal subjects that were held in accordance with the principles of the market process. This is again well illustrated by reference to the liberal interventions in social affairs. For instance, the origin of the legal category of the unemployed is related with the elimination of the Speenhamland system of a guaranteed minimum income in England, following the Poor Law Amendment of 1834. As the category of the “poor” was abolished, now the differentiation between physically incapable pauper and independent worker as wage labourer was affirmed, then also highlighting the category of the unemployed, who was not to be relieved by means of income compensation as he was to be subjected to the working mechanism of wage adjustments in the labour market. Basically, this meant establishing the alternative between physical hunger and wage labour at a given market rate: “The perversion of cruelty consisted precisely in emancipating the laborer for the avowed purpose of making the threat of destruction through hunger effective” (Polanyi 1944/2001: 232-233).

During the same period of liberal restructuring, the contradiction between the formation of markets and political democratisation became apparent. While the Chartists demanded universal suffrage, which could potentially empower those strata of society that were to be turned to wage labourers, the separation between economic and political sphere became decisive for upholding the market system under democratic conditions. Liberal ideas of constitutionalism, which were originally directed against the danger of the confiscation of private property through despotic rulers, were now reinterpreted for safeguarding private property against the impoverished masses. In particular the US-American constitution represents such a type of “legally grounded market society” with its separation of powers that could hold voters relatively powerless against the interests of owners (Polanyi 1944/2001: 233-234). At this point, the political dimension of the co-evolution of states and markets becomes crucial once again, as it addresses both the prospects and limits of public policy in coordinating the drive for a market system and parallel efforts in social regulation. The double movement of market liberalisation and social protectionism is thus accompanied by increasing difficulties with the effective

implementation and democratic legitimisation of policy interventions. In consequence, the institutional stability of the market system is at stake.

### **5. The Double Movement and the Problem of Policy Intervention**

Polanyi outlines two paradoxical aspects in the co-evolution of market and state that contradict liberal ideologies of the market system. First, as the English example illustrates, laissez faire principles were historically enforced by the state and did not evolve spontaneously in a natural market order. Indeed, even utilitarian liberalism of the Benthamite creed would favour strong government as the most indispensable agency of knowledge and power needed to make markets work (Polanyi 1944/2001: 145-146). In practice, as the expansion of markets required a massive restructuring of social affairs, particularly relevant regarding the public treatment of poverty, it was paralleled by an extension of interventions and regulations that eventually fuelled a bureaucratisation of government, endowed with extended powers for social control: “The road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism” (Polanyi 1944/2001: 146). Second, while the establishment of the laissez faire economy was the product of deliberate state action, the political counter-movement that organised its resistance in England since the 1860s resulted from spontaneous activities scattered all over society, pragmatically assembling diverse social interests and political ideologies ranging from socialism to conservatism. It follows: “Laissez faire was planned; planning was not” (Polanyi 1944/2001: 147). Obviously, the latter assessment represents a pointed counter-position to liberal worldviews, as represented most prominently in Hayekian reasoning on the spontaneous order of the market. Polanyi contradicts Hayek’s notion of the rationalist utopia of planning by deliberate interventions as he claims that it is in fact the market system, which is the product of an utopian rationalism that manifests itself in coordinated government interventions to disembed the market sphere from non-market modes of social integration, whereas efforts in re-embedding regulation would proceed in the ad-hoc manner of diverse spontaneous moves for social protection (Holmwood 2000: 34-35).

This claim is rooted in Polanyi’s thesis that the countermove against the expansion of markets resulted not from the impact of distinct social forces and ideologically fuelled political movements but from the cumulative increase of insights into the problems of socially disembedding market forces, that is, “a result of the increasing realization of the nature of the problem in question” (Polanyi 1944/2001: 156). Accordingly, Polanyi rejects an analytical emphasis on the particular interests of social groups and classes in the political assessment of the counter-movement, for the latter would reflect a general interest that spans diverse social classes, based on insights on the required maintenance of the human and natural substance of society and thus highlighting broader social interests that are not to be defined in terms of narrow economic interests (Polanyi 1944/2001: 160-162). This rather idealistic depiction of the counter-move as a project of societal enlightenment against the market society resembles a Hegelian idealism that points to cumulative insights into the laws of motion of society – and indeed it has been criticised as such. Decisively, it is claimed that Polanyi provides an apolitical theory of the welfare state, viewing it as a societal response in the spontaneous counter-movement against the market society, which is not subject to particular interest group interventions (Hejeebu and McCloskey 1999: 295). These problematic aspects of political considerations in Polanyi’s approach imply that society is perceived as having a reality

of its own, acting on its own behalf as an active, self-conscious entity (Burawoy 2003: 189-199).

Still, the impact of social forces in the formation and crisis of the market society does not remain uncovered at all. This is well exemplified by Polanyi's discussion of the persistent influence of feudal culture and landed interests in the drive for the market society, which is explained by their protective functions in the restriction of disembedding processes. The fixing of human resources in a particular place is typical for the feudal mode of life, contradicting mobility and adaptation that become typical for the market system. The corresponding drive for a spatial fix also explains the territorial character of sovereignty in the modern nation-state (Polanyi 1944/2001: 192-193). Furthermore, feudal sentiment and agrarian protectionism contributed decisively to the containment of the commodification of land in Western Europe, although in a rather accidental manner that served common social interest non-purposefully. In their general outlook, these sentiments preceded progressive projects in socio-economic regulation like Roosevelt's Tennessee Valley Authority during the New Deal. Indeed, while landed interests on the European Continent rejected liberal ideas, they would promote social protectionist approaches, as implemented in Germany during Bismarck's Chancellorship (Polanyi 1944/2001: 194-195). Nonetheless, during political turmoil, these landed interests would rather defend the market system than siding with the labour movement in promoting its abolishment, primarily due to the question of private property and its political defence (Polanyi 1944/2001: 200).

This societal divergence of political orientations regarding the transformation of the market system points already at the political and economic instability that resulted from protectionist disturbances, furthered by the counter-movement against the market system in Western Europe since the 1880s. Paralleling this advance of protectionism, the nation-state became the decisive terrain for political identity. Ensuing patterns of national rivalry together with prolonged economic and political crises culminated in World War I, followed by unsteadiness and reorientation afterwards (Polanyi 1944/2001: 210-212). Polanyi explains this permanence of instability by referring to the interconnectedness of the separated political, social and economic domains that would become subject to protectionist policies. As protectionism encouraged the monopolisation of market structures, interventions in support of a competitive order became ubiquitous, leading to an increasingly bureaucratic and corporatist setting that persistently distorted prices and prolonged recessions. The institutional separation of economic and political spheres intensified the disruptions emanating from destabilised markets. Thus, the transformation of the market system towards an authoritarian solution following World War I was not driven by new economic motives, but by new institutional mechanisms in coping with the market civilisation (Polanyi 1944/2001: 227-228).

Due to the interconnectedness between the separated societal domains, market strains would affect other institutional zones such as national government and thus even affect international politics: "Each field was comparatively independent from the other and tended toward an equilibrium of its own; whenever this balance was not achieved, the imbalance spread over into the other spheres. It was the relative autonomy of these spheres that caused the strain to accumulate and to generate tensions which eventually exploded in more or less stereotyped forms" (Polanyi 1944/2001: 220). Policy interventions into the market system therefore escalate a socio-economic destabilisation that leads to the "great transformation" of the market society with the option of an authoritarian solution. Underlying the controversial impact of these theses is Polanyi's

belief in the socially disruptive yet economically equilibrating capacities of markets that are unhampered by policy interventions. Thus, in Polanyi's account, also business cycles are basically derived from policy interventions; a position which radically contradicts contemporary Keynesian ideas on the endogenous instability of markets (Dalon 1968: xxv). Indeed, with regard to the self-stabilisation of markets, Polanyi remains close to the positions of the Austrian School of Mises and Hayek with their monetary theory of the business cycle. Polanyi's positions thus remain paradoxically close to the Viennese milieu of their origin, in particular shaped by Mises's rejection of policy interventions into market processes. In other words, Polanyi is overdoing the case of market distortion by policy interventions, as he seemingly relies on a type of flawless market process that should become most prominent with general equilibrium theory (Hejeebu and McCloskey 1999: 302). Yet Polanyi's reconsideration of structural tensions arising from the separateness as well as connectedness of the diverse domains of economy, polity and other spheres of society which follow a distinct functional logic has also invited sympathetic interpretations in terms of systems theory. The market system is accordingly viewed as an autopoietic system which functions according to its own rules and logics that conflict with the alien rationale of those systems from which outside interventions emerge (Jessop 2001: 222-223).

For Polanyi follows from the consideration of policy interventions that the tensions arising from the protective regulation of the market system have consistently fuelled a transformation of the liberal bourgeois civilisation that had become prominent during the 19th century, leading to an upsurge of socialism and fascism as conflicting solutions to the turmoil of the 1920s. Socialism represents an inherent tendency of industrial civilisation towards a conscious subordination of the market to democratic principles by means of adequate public policies, basically confronting private efforts in achieving monetary gain as an exclusive motivation for productive activity, while abolishing private property of the means of production (Polanyi 1944/2001: 242). Fascism, however, as a non-socialist response to the failure of the market society resembles an interventionist reform of the market economy on the condition of eliminating democratic institutions in economy and polity (Polanyi 1944/2001: 245). Polanyi's own normative position highlights the socialist option, yet amended in terms of safeguarding "freedom in a complex society" that would restore the "habitation" of society through a democratically regulated industrial system (Polanyi 1944/2001: 257). Moral freedom and independence of mind would represent values of the market economy and its system of private enterprise that should be preserved, set in a different context that fosters the common good while confronting bureaucratisation (Polanyi 1944/2001: 263-264). Indeed, markets for goods and services would persist as allocative mechanisms for signalling consumer's choices, while remaining framed by the regulations of non-market institutions (Polanyi 1944/2001: 260).

This reference to a mixed economy with democratic planning in a setting of industrial associations has been prevalent with Polanyi's thought ever since his first major publication addressed the socialist accounting debate in the theoretical discourse of the Austrian School, fuelled by Mises and his companions in response to the socialist advance after World War I (Mendell 1989: 577-578). While acknowledging the infeasibility of accounting in a socialist command economy, Polanyi proposes a decentralised model of guild socialism that should combine elements of market supply and demand with socio-political regulations, thus satisfying the diverse needs of society as articulated by industrial associations and consumers. According to Polanyi, the differentiation between capitalism and socialism should not be reduced to the



dichotomy between market and plan, for it is rather to be associated with aspects of social productivity and the societal character of production and distribution at large, meant to benefit the common good (Polanyi 1922: 378-379). Polanyi's advocated type of guild socialism thus resembles a corporatist system of industrial democracy with communal property of the means of production that is governed by industrial associations and consumer organisations. Wages and prices are regulated in terms of social values, subject to bargaining arrangements among the involved associations (Polanyi 1922: 403-405). In accordance with these political leanings, also Polanyi's early German comments on Roosevelt's New Deal highlight the indispensability of participative and transparent democratic procedures (Polanyi 1935: 763-765). Indeed, Polanyi is persistently sensitive to the danger of an insulation of the state from society that would parallel the separation of market system and political sphere, resembling the evolution of a "self-regulating state" that combines the political power of a welfare bureaucracy with extended social control and undemocratic authoritarianism (Godbout 1991: 128-129).

The formation of the welfare state is thus a decisive component in Polanyi's approach to comparative economic systems, as it directly affects the status of labour – the crucial characteristic for specifying the rationale of an economic system. The political tendency of a restoration of the primacy of society over the economic system then implies the abolition of the commodity fiction of labour, land and money. The actual modes of ending the self-regulating market system may vary over time, involving both authoritarianism and democracy, yet in any case, the status of labour as a fictitious commodity is abolished with far-reaching consequences for society at large: "To take labor out of the market means a transformation as radical as was the establishment of a competitive labor market. The wage contract ceases to be a private contract except on subordinate and accessory points. Not only conditions in the factory, hours of work, and modalities of contract, but the basic wage itself, are determined outside the market" (Polanyi 1944/2001: 259). The social counter-movement that accompanied the evolution of the market economy since the mid-19th century thus advanced a self-protection of society that promoted welfare states combined with the struggle for a democratisation of industry. Indeed, as Polanyi suggests, the formation of the welfare state represents a protective venture that would offer workers "the mixed motives of status, security of income, teamwork, and a creative role in industry" (Polanyi 1977: 1). Historically, these endeavours are most positively associated with the experience of "Red Vienna", that is the socialist municipality of Vienna after World War I with its extended welfare programmes. As a major cultural achievement it differed from the reactionary Speenhamland system due to the efforts of the Viennese socialists in transcending capitalism while retaining the positive effects of the industrial system of labour and technology (Polanyi 1944/2001: 298-299). Thus, in the Polanyian perspective, the distributive function of the welfare state is not to be separated from its impact on the democratisation of the labour process with all of its various political implications.

Yet Polanyi's policy proposals reach well beyond the domain of the welfare state. Indeed, accounting for his theoretical positions on the primacy of technological requirements in the institutional evolution of the market system implies also that reform attempts reach beyond the institutional grounds of capitalism with its primacy of material gain and rather challenge the set up of modern industrial civilisation at large, that is, the Machine Age in Polanyian terms: "The search for industrial democracy is not merely the search for a solution to the problems of capitalism, as most people imagine.

It is a search for an answer to industry itself. Here lies the concrete problem of our civilization” (Polanyi 1947/1968: 59-60). Crucially, it is this problem of the technological civilisation that is ignored by liberals like Hayek in their defence of the market system, whereas democratic interventions of producers and consumers hold the key to freedom in a complex society (Polanyi 1947/1968: 75-77). Again, this line of reasoning points at the persistent relevance of Polanyi’s normative concerns regarding a re-integration of economic and political spheres in the setting of a democratic type of public policy.

In summary, the Polanyian line of reasoning on the institutional foundations of public policy is well reflected by invoking a scheme of co-evolving states and markets. Both domains rest on historically variable patterns of social integration, that is, reciprocity, redistribution and exchange. Decisively, the state is not only active in the embedding social regulation of established market processes but already in the formation of markets, containing disembedding procedures that promote the institutional and social conditions of market exchange. The underlying historical perspective on the evolution of welfare states is in line with those types of reasoning that account for the correspondence of state building and market formation from an institutionalist point of view. Such a type of reasoning associates the prehistory of the welfare state with poor law legislation in mercantilism and its early state building efforts that were extended in absolutism and thus prepared the establishment of more comprehensive welfare programmes that set in with the advent of mass democracy, which articulated increasing socio-economic demands for equality and security – as related with the industrial dynamism of capitalist development since the 19th century (Flora and Heidenheimer 1982: 22-23). Despite an inherent functionalism that goes together with the perspective of modernisation, still the acknowledgement of persistent social conflict rings a Polanyian tone. This applies also to Stein Rokkan’s theory of political evolution. Here, state formation is historically based on the formation of organisations for resource mobilisation in fiscal and military terms. This stage is followed by nation-building, involving standardisation in education, law, religion and language. As mass democracies promote growing political participation, the redistribution efforts of welfare states meet demands for the equalisation of economic and social conditions (Flora and Alber 1981: 45).

Adding the persistence of societal conflicts in the continuum of disembedding commodification and embedding de-commodification allows for an evolutionary conceptualisation of the Polanyian account of economic development. This involves an acknowledgement of simultaneity in the move of market liberalisation and the counter-move of social protection. Both sides of the Polanyian double movement proceed as a couple, although they are subject to a sequencing of hegemonic constellations in policy terms. Again, it is this parallel processing of market expansion and social regulation that drives the co-evolution of states and markets in terms of a persistent institutional transformation. This implies an inherently contested character of embeddedness and commodification. While a sustainable market society requires the partial embeddedness of economic and social affairs in non-market relations, involving the persistence of non-commodity domains in the wider sphere of commodity production, still the relationship between the diverse modes of social integration remains subject to conflict and change. It is this contested interdependence between exchange, reciprocity and redistribution that endows the co-evolution of states and markets with transformative qualities in the evolution of the capitalist market system.

Historical evidence speaks for that interpretation of the Polanyian scheme of the double movement, particularly with regard to the basic continuity in the formation of welfare states. Already during late mercantilism specified welfare provisions were at hand, as illustrated by the formation of welfare systems in England, France and Prussia during the 18th century. This was accompanied by attempts at deregulation and liberalisation that were implemented by absolutist governments to promote their domestic tax base, by doing so propelling the persistence of feudal forms in economic organisation (Halperin 2004: 277-279). Building on these institutional foundations, then, a social protectionist counter-move could be observed already during the liberal epoch of disembedding commodification in England during the 1830s. Thus, the commodification of labour was accompanied by re-embedding social regulations already at the developmental peak of liberal hegemony (Block 2003: 289). Moreover, European states remained interventionist in most areas of the economic system also during the second half of the 19th century. Free trade as a key component of the liberal project was basically restricted to the brief period between 1860 and 1875, paralleled by massive social conflicts on a domestic scale (Halperin 2004: 271-272). The underlying relationship between the commodification of labour and its social regulation was of course country-specific, depending on the actual constellations of socio-economic forces and their political articulation. Indeed, late nation-building in Continental Europe allowed for a stronger standing and interest representation of organised labour and its drive for social regulation as compared with the pioneering case of England (Burawoy 2003: 237-238). This historical specificity of the Polanyian double movement points once again at the role of the welfare state as a framing condition of market expansion, which is not to be separated from parallel efforts in disembedding procedures (Rieger and Leibfried 2003: 61-62). It may be added, therefore, that the ensuing types of welfare states promoted the partial embeddedness of markets as a temporarily stable solution to the problem of reconciling industrial development and social cohesion.

**Table 2: The Historical Evolution of the Double Movement**

	<i>Commodification: Market Liberal Move</i>	<i>De-Commodification: Social Protectionist Counter-Move</i>
<i>Pre-Industrial Capitalism: Mercantilism</i>	Commercial formation of national markets	Social regulation and traditional standards
<i>Industrial Capitalism: Machine Age</i>	New poor law and expansion of labour markets	Welfare services and assistance programmes
<i>Post-Industrial Capitalism: Globalisation</i>	Deregulation of national welfare regimes	Entrenched welfare state and global standards

In line with these historical considerations, the evolution of the double movement in Polanyian terms is sketched in table 2. Pre-industrial capitalism in its mercantilist shape is marked by a market liberal move for commodification that involves the commercial formation of national markets, subject to state interventions in the socio-economic domain. De-commodification tendencies of the social protectionist counter-move provide a wide range of social regulations that are in line with traditional standards of a pre-capitalist type of moral economy. The machine age of industrial capitalism witnesses the peak influence of liberal ideas and practices which are nonetheless met by counter-tendencies from early on. The market liberal move that is associated with the introduction of a new poor law and the expansion of labour markets is thus confronted with the social protectionist counter-move of an evolving welfare state with social assistance programmes. This leads to the current phase of post-industrial capitalism and its predominant pattern of economic globalisation. While the market liberal move towards a deregulation of welfare states under the leitmotif of competitiveness has been shaping policy agendas since the late 1980s, still a parallel counter-move of de-commodification and social protectionism remains decisive. The political-economic entrenchment of the welfare state that is accompanied by transnational efforts in regulation, as exemplified by the matter of global social standards. Accordingly, the Polanyian approach has the capacity for providing further insights to the institutional transformation of the welfare state. Again, the evolutionary logic of disembedding commodification and embedding de-commodification applies.

## 6. The Institutional Transformation of the Welfare State: Polanyian Insights

Recent assessments of Polanyi's theory of comparative economic systems have repeatedly underlined its analytical value for explorations of the institutional transformation of the welfare state, hinting at the matter of national varieties of capitalist market economies and the impact of globalisation on these (Randles 2001: 15-16). Basically, the welfare state stands for the social protectionist and redistributive move in Polanyi's terms, involving the social right of a minimum level of income and the corresponding allocation of benefits and payments according to non-market criteria (Dalton 1968: xxvi). Yet Polanyi does not provide a simple market failure argument. Rather, he stresses that markets should be fenced off from certain societal domains – and indeed this logic applies primarily to the formation of the welfare state, which promotes a decoupling of the access to basic goods and services from the market process (Nelson 2005: 19). The double character of the state then contains the facilitating of market exchange through adequate rules and enforcement procedures as well as the mitigating of the most disruptive consequences of markets by promoting welfare supports. It is the latter aspect which has been eroding in recent years all over the Western world (Ibata-Arens, Dierkes and Zorn 2006: 3). This recent transformation of welfare regimes in the direction of an extension of market principles and related material incentives is well described in the Polanyian terms of a re-commodification of labour.

Yet this consideration should not be perceived as an unconditional appraisal of the welfare state and its social protectionist measures that have become prominent in various types of welfare regimes. First of all, from a Polanyian viewpoint, social disruptions caused by the commodification of labour exhibit a cultural dimension of degradation, divisiveness, and potential loss of self-respect (Dalton 1968: xx-xxi). In this regard, Polanyi's notion of the double movement resembles Marxian concerns with the dialectics of labour in commodity production, in particular regarding the aspect of alienation and reification. Certain types of social protectionism have the potential to even aggravate these cultural disturbances. Indeed, Polanyi's fierce critique of the pre-industrial Speenhamland system of social benefits refers to its paternalism and the ensuing spread of passivity and immobility among the beneficiaries that would come to decompose collective action for social reform (Burawoy 2003: 218-219). Polanyi's concept of the double movement thus allows for highlighting the cultural dimension of socio-economic change by pinpointing the variability of social needs and their articulation (Mayhew 1989: 560-561). Accordingly, the double movement may be viewed as a conflict between the market system and the welfare state in terms of a clash of specific cultural systems, involving ideological and motivational patterns that strive for institutional hegemony. However, much more than the liberal move for the market system, the counter-move of the welfare state always struggled with problems of legitimacy (McClintock and Stanfield 1991: 58-59). These arguments underline the appropriateness of the suggestion that a Polanyian perspective on comparative institutional analysis needs to address the aspects of power and politics in historically specific cultural settings (Harriss 2003: 347-348).

In this context, it is noteworthy that even the notion of the welfare state itself entails a mixed history in different countries. Rather pejoratively used in Germany, where the concept of the *Sozialstaat* has been more prominent due to its allegedly less interventionist connotations, it was in Great Britain, where the notion of the welfare state was mobilised against the fascist warfare states of the axis powers during World

War II (Flora and Heidenheimer 1981: 19-20). Quite in line with the underlying nexus between political democracy and social protection, then, a most prominent definition of the welfare state is associated with Thomas H. Marshall's notion of social citizenship, which involves social rights that need to exhibit the same status as property rights in that they should be legally inviolable and enforceable. Marshall's notion of social citizenship refers to a set of equal rights and duties in an established community. It expands individual freedom and political participation, related to civil and political citizenship, by introducing a social right to a minimum level of welfare and security (Marshall 1965: 84).

These considerations have stimulated Gøsta Esping-Andersen's seminal work on the institutional varieties of welfare capitalism, which draws decisively on Polanyi's concept of commodification. Esping-Andersen's central claim is that the unalienable social rights described by T.H. Marshall, which are derived from citizenship not performance, contribute to a process in which individuals as carriers of marketable labour are potentially de-commodified, that is, their material reproduction may not be contingent upon the sale of their labour power anymore (Esping-Andersen 1990: 21). Polanyi's notion of commodification thus informs the basic logic of social policy and welfare state formation. This quality of de-commodification rests upon the combination of social welfare assistance with an emancipation of individuals from market dependence: "De-commodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without resilience on the market" (Esping-Andersen 1990: 21-22). However, this definition also acknowledges that de-commodification resembles an institutional tendency regarding the strength, scope and quality of social rights, which outlines the actual degrees to which various actors can uphold a socially acceptable living standard independently of their participation in the labour market. Thus, the marketability of labour becomes less pressing in competitive terms. In the last instance, then, complete de-commodification would amount to de-proletarianisation, as the choice to work replaces work compulsion both in a material and ideal sense (Esping-Andersen 1990: 37).

Thus, welfare states may differ regarding their de-commodifying quality. Components such as needs-tests in the Anglo-Saxon countries, the reconsideration of work performance and professional status in the traditional German system or a general level of assistance below market wages which has been characteristic for the Beveridge-type of welfare system do influence a basic aspect of de-commodification, namely the possibility of temporarily opting out of work without loss of job or income (Esping-Andersen 1990: 22-23). Esping-Andersen therefore constructs three types of welfare regimes that follow a continuum of de-commodification effects: namely the liberal, corporatist-statist and social democratic variants. Liberal regimes such as the US-American system contain means-tested assistance with a modest level of transfers, framed by a work ethic that promotes the primacy of market-generated incomes over any kind of de-commodification. Corporatist regimes such as the traditional German welfare state combine the granting of de-commodifying social rights with a professional status orientation and a major role for family relations in terms of social subsidiarity. Social democratic regimes such as the traditional Swedish welfare state stand out in extending the de-commodifying impact of social rights also to the middle class, in consequence making it a society-wide option that integrates voluminous welfare transfers with a policy commitment to full-employment (Esping-Andersen 1990: 26-28).

Critical responses to Esping-Andersen's concept of de-commodification as a mechanism that allows recipients to maintain living standards despite an interruption of market earnings tend to invoke the underlying problem of an exclusive focus on the consumptive dimension that neglects aspects of self-creation and self-development (Room 2000: 333-334). Indeed, more recently, Esping-Andersen has somewhat altered the analytical specification and policy relevance of his concept of de-commodification. Activation in terms of the availability of resources and the motivation to work becomes decisive as a rationale of welfare policies. In this sense, productive activation resembles individual empowerment to participate in the workforce. The Scandinavian approach of social-democratic activation policies is said to combine individual employability with structural policies for full employment. It differs thus from liberal variants such as the US-American system, which stresses the conditionality of welfare transfers on the acceptance of job offers in a setting of workfare mechanisms (Esping-Andersen 1999: 80-81). Generally, increasing employment rates are viewed as a solution to the fiscal crisis of the welfare state with its rising costs of service provision and decreasing tax revenues. In consequence, high employability becomes a third goal of social policy next to low inequality and high living standards under conditions of demographic change and economic globalisation (Kenworthy 2004: 3-4). The underlying integration of employment policy and social policy has been already indicated by the support of employability for the female workforce in earlier programmes of activation that have made the welfare state a major factor in the clearing of the labour market (Esping-Andersen 1990: 148-149). As de-commodification by welfare services is said to be most relevant for a core segment of a prime age male workforce, the employment perspectives of single mothers become even more relevant (Esping-Andersen 2000: 355-356).

Yet apart from this gender aspect, the ubiquitous rhetoric of the reform of welfare regimes addresses comprehensive societal changes that are most intensely debated under the heading of the knowledge-based economy (Esping-Andersen 2002: 1-3). In this discourse, learning capabilities become a key component of welfare regimes that are subject to demographic changes and competitive pressures in globalisation, as Esping-Andersen claims programmatically: "Our human capital constitutes the single most important resource that we must mobilise in order to ensure a dynamic and competitive knowledge economy" (Esping-Andersen 2002: 3). At first sight, de-commodification and the related regulation of competitive pressures may become a strategic instrument in the socio-economic drive for maintaining international competitiveness. However, together with Esping-Andersen's reconsideration of employability as a key feature of an integrated policy approach to welfare services, this emphasis on education and training instead points to a policy shift towards the re-commodification of labour.

Corresponding efforts in the restructuring of welfare regimes reflect a transformation of Western welfare states that is endemic at least since the 1990s. It is based on a move away from an entitlement-oriented approach to social welfare towards a work-based support system that focuses on conditional assistance, which aims at the employability of welfare recipients. In the United States, the Personal Responsibility and Work Opportunity Reconciliation Act that was introduced by the Clinton administration replaced needs-based assistance with a temporary assistance scheme that was coupled with work requirements. Paralleling these efforts, the Blair government in Great Britain implemented its New Deal programme of welfare reform, which also moved away from the idea of social citizenship by substituting it with an approach that would highlight

employability as a condition for reintegration into the labour market (Beem and Mead 2005: 1-2). It is this matter of employability combined with workfare mechanism of self-entrepreneurship in competitive labour markets that constitute the commodification aspect of welfare reform. Not surprisingly, when viewed in a historical context, similar ideological mechanisms are at work in all liberal moves against welfare provision. This is well exemplified by discourses on the breeding of irresponsibly antisocial behaviour through welfare transfers in England during the 1830s as compared with US-American debates on behavioural impact of welfare benefits in the 1990s (Somers and Block 2005: 260-261). In reflecting the hegemonic character of these ideas that go together with the liberal move for disembedding commodification, also the European Union proceeds with an activation paradigm in its integrated employment and social policies. In this setting, the governance mechanism of the open method of coordination should serve a decentralised adaptation of welfare regimes (Van Berkel and Roche 2002: 202-203). Also in this case, activating social policies that involve a reduction in welfare benefits or a strengthening of their conditionality contribute to a re-commodification of labour (Van Berkel and Møller 2002: 52).

All of this may be related to a liberal, or for that matter neoliberal ideology, defined as follows: “Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (Harvey 2005: 2). Applied to the reform of welfare regimes, it underscores the values of flexibility, individualisation, and individual responsibility for material well-being in the setting of competitive market processes. The underlying retreat of the state from welfare provisions is paralleled by an extension of cooperative interaction between public and private sector in a new mode of political-economic governance (Harvey 2005: 75-77). According to the Polanyian account of Bob Jessop, then, all of these commodification tendencies of recent liberalisation and deregulation efforts in the OECD countries exhibit a specific dynamism: First, an extension of the commodity logic of self-valuation to labour, land and money, in particular highlighting the role of employability in the form of wage labour. Second, a commercial reframing of non-commercial operations in terms of a provision of public goods according to the cost-benefit calculations that are usually associated with private sector business. Third, a strengthening of the institutional asymmetry of the market system, which favours the capacity of mobile capital over immobile factors labour and land. Fourth, a hegemonic position of political-economic projects that address competitiveness as a societal imperative (Jessop 2001: 219-220).

Reform measures in the ongoing liberal transformation of the welfare state thus promote the disembedding commodification of an institutional setting that had originally emerged from the counter-move against the market system. Indeed, the current transformation of the welfare state involves an institutional adaptation to the requirements of the market process. Welfare services come to safeguard the commodity character of labour on an individual level of competitive marketisation. The activating policies of the transformed welfare state become a factor in the reconstitution of labour markets at large. In other words, the transformed welfare state supplies the institutional means for providing commodified inputs to the labour market. Any counter-move against these tendencies needs to cope with the hegemonic rationale of competitiveness as the primary concern of policy interventions. In conclusion, public policy becomes an integral factor in the reproduction of the market system. Perceiving these tendencies in



the context of an evolving knowledge-based economy, as proposed among others by Esping-Andersen, then points to the role of knowledge as a factor that is set to augment labour and thus may turn from a fictitious into a real commodity, becoming subject to property rights and commercial reproduction criteria (Jessop 2007: 15). The double movement in the knowledge economy then involves a liberal move for the commodification of knowledge which is met by a social protectionist counter-move that accounts for non-market dimensions of knowledge with its formal and implicit facets (Ó Riain 2006: 523-524).

In consequence, the double movement is to be understood as a clash of social principles resulting from the contradiction between the market system and the persistence of modes of social integration beyond market exchange and commodification. A frictionless harmonisation of market system and policy interventions thus remains out of sight (Polanyi Levitt 2006: 162-163). Indeed, the notion of the double movement rather resembles a perception of the economy as a loosely coupled system, in which no pre-stabilising forces exist, although buffer components and backup mechanisms may provide temporary coherence in the face of developmental uncertainty (Block 2007: 7). Depending on the actual historical context, market expansion may be followed by reaction or withdrawal, that is, by a great transformation or a great involution of society (Burawoy 2003: 243). What enters as a key component in these undetermined evolutionary processes is the impact of discourses on the social construction of market liberal moves and social protectionist counter-moves (Munck 2004: 253-254). Regarding the political economy of welfare reform these discourses may shape the dynamism of path dependence in the co-evolution of states and markets. For instance, the political character of welfare state formation arguably differs from the politics of retrenchment, as the complexity of interest groups and their particular stakes has been increasing enormously over time, thus leading to institutional resilience in the roll-back of welfare programmes (Pierson 1996: 143-144). Moreover, welfare retrenchment is characterised by corridor effects in the convergence of fiscal patterns and governance modes that coincide with the transformation of the nation-state in globalisation (Rothgang, Obinger and Leibfried 2006: 261-262). All of this adds to the complexity of the Polanyian double movement in its current phase of political-economic articulation.

## **7. Conclusion**

The preceding reconstruction of the Polanyian approach to public policy has taken its point of departure in the argument that the co-evolution of states and markets highlights historical variations of embedding and disembedding factors in the contested commodification of labour as the decisive feature of the market system. The corresponding institutional tension in the setting of public policy is said to reflect a double movement of market liberalism and social protectionism, which is reflected in regulative patterns and policy strategies. It involves an elementary role of the state in market creation through the imposition of commercial rules and norms as well as in social regulation through the maintenance of non-market means of allocation and distribution. While a sustainable market society requires the partial embeddedness of economic and social affairs in non-market relations, still the actual relationship between exchange, reciprocity and redistribution as fundamental modes of social integration remains subject to conflict and change. It is this contested interdependence between the diverse modes of social integration that endows the co-evolution of states and markets with its specific transformative qualities that characterise the development process of capitalist market economies.

Even more essentially, in its normative concerns, Polanyi's approach addresses the fundamental question how to organise the societal provision with material means of life in a sustained manner that allows for both social and ecological concerns (Latham 1997: 58). In current discussions on the future perspectives of national welfare regimes, therefore, a specific "Polanyi problem" has been singled out, asking how the globalisation of the market system as a disembedding process is to be reconciled with re-embedding moves aiming at social security and cohesion (Munck 2004: 251-252). This problem corresponds with Polanyi's fear of a degeneration of the liberal project into political authoritarianism on a national scale, framed by economic pressures emanating from international rivalry (Harvey 2005: 70). As such a perception of the demise of liberal capitalism belongs to the set of ideas that are shared by both Karl Polanyi and Max Weber, it also highlights tendencies of a widespread underestimation of the reproductive capacity of the market system (Roth 2003: 276-277). In this manner, globalisation represents a specific institutional constellation in the historically rooted co-evolution of states and markets.

Supposedly, a Polanyian diagnosis of globalisation would denounce global finance for undermining the coherence of national economies while spreading Polanyi's false utopia of self-regulating markets (Polanyi Levitt 2006: 152-153). Such a Polanyian view might consider financial deregulation as an economic trend that is cultivated by state action, meeting the counter-movement of efforts that aim at bringing global finance under social control, particularly in a transnational setting of rules and regulations (Helleiner 2000: 12-13). Indeed, a major difference between the liberal international economic order of the 19th century and the recent drive for globalisation is associated with the steering capacity of the nation-state. In the former case, nation-building was accompanied by the evolution of welfare states, whereas in the latter constellation the national regulatory framework for social protection is weakened by globalisation (Helleiner 2000: 25-27). Similar problems apply to liberal reforms in developing countries, where a roll-back of the state undermines those institutional vehicles for social protection that are essential in sustaining capitalist development (Putzel 2002: 1-2). Such a reform orientation thus contradicts the developmental logic of commodification with its massive expansion of government regulations and administrative operations. Instead, the case of East Asian development illustrates the transformative role of the state in governing socio-economic change through a wide array of institutional means that include the shielding of domestic markets from exogenous shocks (Stiglitz 2001: xiv-xv).

At this point, re-embedding efforts through state intervention provide the major terrain for future conflicts in the double movement. These efforts may be accompanied by the internationalisation of political initiatives for the de-commodification of labour (Munck 2002: 18). Polanyi's notion of the double movement then qualifies as a device for assessing the organised criticism of globalisation as a counter-move against the formation of a globalised commodity fiction (Birchfield 2005: 581-582). As the state provides a decisive terrain for these conflicts, the double movement is reflected within the state apparatus itself, shaping the overall profile of public policy. Policy implications that may be distilled from Polanyian considerations then highlight a reflexive, dialogical mode of governance as the solution to a sustained co-existence between market economy and the wider social and ecological system (Jessop 2001: 228-229). Such a reflexive mode of governance may also allow for retaining basic characteristics of welfare regimes that are currently contested by transformative pressures. Indeed, both embeddedness and commodification remain undetermined in

their context-specific institutional dynamism that informs the analytical orientation of Polanyi's theory of public policy – thus adding to its enduring relevance.

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## 03

Normative Grundlagen der Sozialpolitik:  
Solidarismus, Historische Schule und die politische Ökonomie  
des Wohlfahrtsstaats

In gekürzten Fassungen publiziert als “Normative Grundlagen der Sozialpolitik: Solidarismus, Historische Schule und die politische Ökonomie des Wohlfahrtsstaats“, *Zeitschrift für Wirtschafts- und Unternehmensethik*, Bd.7, Nr.2, 2006, S. 240-262; sowie als “Interkonnessionelle Ursprünge der Sozialstaatsdiskussion: Heinrich Pesch SJ und die Historische Schule der Nationalökonomie“, in H-J. Große-Kracht, T. Karcher and C. Spieß (Hg.), *Das System des Solidarismus: Zur Auseinandersetzung mit dem Werk von Heinrich Pesch SJ*, Münster: Lit, 2006, S.91-114.

## 1. Einleitung

Diskussionen zu den normativen Grundlagen der Sozialpolitik stilisieren die politische Ökonomie des Wohlfahrtsstaats seit dem ausgehenden 19. Jahrhundert als historische Suche nach einem „Dritten Weg“ zwischen Liberalismus und Kommunismus. So erscheint der Wohlfahrtsstaat in Westeuropa in seinen länderspezifischen Ausprägungen als institutioneller Ausdruck konfliktreicher Entwicklungsprozesse, deren konkreter Verlauf jeweils aus den sozialpolitischen Gestaltungsoptionen einer sozialen Einbettung ökonomischer Marktdynamik resultiert – vor allem im Hinblick auf die Beschränkung der Warenförmigkeit des Faktors Arbeit. Esping-Andersens einflussreicher Terminologie folgend tritt dabei neben liberale marktorientierten Ansätze und sozialdemokratische universalistische Modelle der Wohlfahrtsstaatlichkeit auch eine konservative Variante, die mit ihrem korporatistischen Organisationsverständnis sozialer Sicherung auf die Bereitstellung status- und einkommensorientierter Leistungen abzielt (Esping-Andersen 1990: 26-28). Fragt man allerdings nach den intellektuellen Wurzeln und diskursiven Artikulationsformen dieser Entwicklungsprozesse, so wird vor allem mit Bezug zum konservativen Modell der Wohlfahrtsstaatlichkeit auf das sozialreformerische Milieu des Historischen Schule verwiesen, das insbesondere die institutionelle Evolution des deutschen Wohlfahrtsstaats in Abgrenzung zu den marktliberalen und sozialdemokratischen Alternativen nachhaltig geprägt hat (Esping-Andersen 1990: 10-1).

Vor dem Hintergrund historisch bedeutsamer konfessioneller Konflikte und interkonfessioneller Kompromisse in der Entwicklung des deutschen Wohlfahrtsstaats ist allerdings danach zu fragen, inwiefern neben der Historischen Schule als primärem Artikulationsforum preußisch-protestantischer Diskurse auch andere konfessionell verankerte Argumentationslinien zu berücksichtigen sind – zum einen als Ausgangspunkt einer Rekonstruktion theoretisch fundierter sozialpolitischer Dialoge, zum anderen im Hinblick auf die spätere bundesdeutsche Formierung der sozialen Marktwirtschaft als Typus eines integrativen wohlfahrtsstaatlichen Arrangements. Von besonderer Bedeutung sind hierbei die im Kontext der katholischen Soziallehre angesiedelten Beiträge des Solidarismus, deren Gehalte im zeitgenössischen Kontext des sozialpolitischen Diskurses der Historischen Schule auszuwerten sind. Auf diese Weise sollen maßgebliche intellektuelle Positionen der katholischen Soziallehre als eigenständige Beiträge zur Formierung des deutschen Wohlfahrtsstaats verfügbar gemacht werden. Leitmotiv dieser Rekonstruktion ist das Verhältnis von Politik und Ökonomie im Hinblick auf eine sozialpolitische Steuerbarkeit ökonomischer und gesellschaftlicher Entwicklungen, die zugleich eine adäquate ethische Fundierung zulässt.

Das im Folgenden diskutierte solidaristische Konzept der katholischen Soziallehre repräsentiert eine eigenständige Position sozialökonomischer Theoriebildung, die zunächst im deutschsprachigen Kontext der Historischen Schule und ihres sozialpolitischen Diskurses nachzuvollziehen ist. Dabei ist der Begriff des Solidarismus ursprünglich der Durkheim-Schule der französischen Soziologie zuzuordnen, die einen eigenen „Dritten Weg“ zwischen Liberalismus und Kommunismus zur Lösung der sozialen Frage formulierte. Insbesondere im Werk Célestin Bouglés wird dieser Ansatz seit dem Ende des 19. Jahrhunderts dahingehend weiterentwickelt, dass eine Überwindung marktbasierter Konkurrenz und sozial fragmentierender Arbeitsteilung zugunsten eines industriegesellschaftlichen Systems solidarischer Beziehungen angestrebt wird, in dem die Berufsgruppen eine organisatorisch herausragend Rolle spielen sollen, um weitgehende Autonomie der Produzenten gegenüber staatlichem

Interventionismus zu ermöglichen ohne dabei in eine anarchische Form der Warenproduktion zurückzufallen (Gülich 1989: 220-1).

Mit dieser Positionierung jenseits von Marktliberalismus und Staatsdirigismus beansprucht die solidaristische Perspektive ein Terrain, das im sozialökonomischen Diskussionszusammenhang des deutschsprachigen Raums im ausgehenden 19. Jahrhundert von den Positionen der Historischen Schule bestimmt wird. Aus diesem Diskussionszusammenhang mit seinem ethisch fundierten sozialpolitischen Gestaltungsanspruch hervortretend, dabei jedoch im Unterschied zur protestantischen Orientierung der Historischen Schule auf eine katholische Wertehaltung in scholastischer Tradition setzend, wird der Solidarismus als eigenständige Position innerhalb der jesuitischen Strömung der katholischen Soziallehre eingeführt. Während die erste Sozialzyklika „Rerum Novarum“ im Jahre 1891 noch als allgemein gehaltener Ausgangspunkt entsprechender sozialökonomischer und –politischer Argumente diente, war die 1931 nachfolgende Enzyklika „Quadragesimo Anno“ dezidiert von solidaristischen Argumenten getragen. In deren Zentrum stehen Konzepte wie Solidarität, Subsidiarität und die Konzeption einer berufsständischen Organisation des Wirtschaftslebens – ausnahmslos ethischen Überlegenheit gegenüber marktliberalen und staatsdirigistischen Arrangements beanspruchend (Harris 1946: 38-9).

Als maßgeblicher Theoretiker dieser Linie des Solidarismus gilt Heinrich Pesch (1854-1926), der als sozialpolitisch engagierter Jesuit bei Schmoller und Wagner in Berlin studierte, um zwischen den 1890er und 1920er Jahren seine ökonomischen Grundlagenwerke zu veröffentlichen, in der fünfbändigen Ausgabe seines „Lehrbuch der Nationalökonomie“ kulminierend, die dem Solidarismus innerhalb der katholischen Soziallehre eine umfassende theoretische Fundierung verliehen hat. Die bereits werkbiographisch begründete Nähe zur Historischen Schule wird noch durch das gemeinsame Anliegen einer kombinierten wirtschaftsethischen und wirtschaftstheoretischen Fundierung normativ gefasster sozialpolitischer Reformen unterstrichen – es verweist zugleich auf die Zugehörigkeit von Solidarismus und Historischer Schule zu den weiter gefassten Diskursen des Institutionalismus. Nicht zuletzt dieser theoretischen und politischen Anschlussfähigkeit dürfte es zu verdanken sein, dass die Ausläufer dieser Ansätze auch für gegenwärtige sozialpolitische Debatten zur politischen Ökonomie des Wohlfahrtsstaats relevant geblieben sind.

Die nachstehende ideengeschichtliche Darstellung des Verhältnisses von Solidarismus und Historischer Schule ist folgendermaßen gegliedert. Zunächst wird Heinrich Peschs Forschungsprogramm des Solidarismus vorgestellt, mit einem Schwerpunkt auf dessen methodologischen und institutionentheoretischen Grundlagen. Es folgt eine Gegenüberstellung mit dem Forschungsprogramm der Historischen Schule, wie es von Gustav Schmoller und Adolph Wagner aus deren jeweils spezifischer methodologischer Perspektive heraus vertreten wird. Diese Darstellung mündet in eine Diskussion der nachfolgenden Generation der Historischen Schule, deren Position maßgeblich von Werner Sombarts kapitalismustheoretischen Beiträgen als Integration theoretischer und historischer Anliegen verkörpert wird. Auf dieser komparativen Exposition der Kerngehalte von Solidarismus und Historischer Schule aufbauend werden in den folgenden Abschnitten themenspezifische Gemeinsamkeiten und Differenzen analysiert. Neben den programmatisch angelegten Methodenkontroversen werden auch konkrete theoretische Einschätzungen zur institutionellen Dynamik der wirtschaftlichen Entwicklung des modernen Kapitalismus herangezogen. Die abschließende Erläuterung sozialpolitischer Implikationen verweist auf die anhaltende Relevanz solidaristischer Argumentationslinien für die Theorie des Wohlfahrtsstaats und deren normative

Grundlagen – interpretiert als Komponenten eines weiter gefassten institutionalistischen Diskurses.

## 2. Peschs Forschungsprogramm des Solidarismus

Peschs Forschungsprogramm, wie es bereits ab 1902 in Einzelbeiträgen zur jesuitischen Textsammlung „Stimmen aus Maria Laach“ umrissen und dann in der Erstauflage des einleitenden Bandes zum „Lehrbuch der Nationalökonomie“ im Jahre 1904 ausformuliert wird, zielt auf die Abfassung eines einheitlichen Prinzipien- und Lehrsystems der Volkswirtschaftslehre. Maßgeblich ist der Versuch, einen umfassenden, normativ ausgerichteten Ansatz zur Wirtschaftstheorie vorzustellen – wobei aus der normativen Fundierung ein sozialpolitischer Gestaltungsanspruch folgt. Elemente des Forschungsprogramms sind im Einzelnen: der anthropozentrische und organische Ansatz zum Verständnis des nationalen Wirtschaftslebens, die kombinierte kausale und teleologische Sichtweise auf ökonomische Phänomene, die analytische Verbindung von induktiver und deduktiver Methode sowie von analytischer und synthetischer Methode, die Betonung der Rolle des Staates für die Volkswirtschaft, und der praktische Charakter der Volkswirtschaftslehre mit konkreten empirischen Anwendungsbezügen (Pesch 1914: vii). Wirtschaftsethischer Ausgangspunkt dieses Forschungsprogramms ist die Peschs Gesamtwerk durchziehende Bezugnahme auf das Naturrecht. Gemeint ist damit weder der rationalistische Absolutismus einer naturgesetzlichen Rechtsauffassung, noch der historistische Relativismus mit seiner Ablehnung des Naturrechts. Vielmehr soll in Peschs vermittelnder Auffassung des Naturrechts als Voraussetzung wirtschaftsethischer und -theoretischer Untersuchungen neben spekulativer Forschung auch eine historische Perspektive auf die Wandlungen und Variationen des Rechtsbewusstseins in seiner kulturellen und geschichtlichen Bedingtheit zum Ausdruck kommen (Pesch 1914: 127).

Der anthropozentrische Anspruch Peschs manifestiert sich im erkenntnisleitenden Bezug zum „Mensch als Herr der Welt durch die Arbeit inmitten der Gesellschaft“; dabei dient Arbeit als Mittel der Naturbeherrschung, was wiederum den Menschen selbst als Subjekt und Ziel allen Wirtschaftens einschließt (Pesch 1914: 28-30). Daraus folgt, dass auch wirtschaftliche Ordnungsfragen vom Mensch her zu denken sind – mit seiner personalen Gebundenheit und solidarischen Ergänzungsbedürftigkeit in institutionellen Zusammenhängen wie Familie, Berufsstand, Staat sowie Gattung. Diese Perspektive markiert den maßgeblichen Unterschied von Peschs Position zu liberalem Individualismus und sozialistischem Kollektivismus. Aus der Annahme, dass der Mensch als soziales Gattungswesen auf individueller Ebene ergänzungsbedürftig und ergänzungsfähig sei, resultiert wiederum die Begründung der Entwicklungstendenz hin zu gesellschaftlicher Arbeitsteilung und organisationaler Arbeitsvereinigung. Die Artikulation von Gerechtigkeit, Gegenseitigkeit und Interessengemeinschaft führt in diesem Zusammenhang zur Solidarität als Ausdruck vernunftgemäßer Vergemeinschaftung (Pesch 1914: 29-37). Unter Geltung von vier spezifischen Ebenen der Solidarität – Gattung, Familie, Staat, Berufsstand – konzentriert sich der von Pesch formulierte Ansatz des Solidarismus auf staatsbürgerliche und berufsständische Solidarität mit ihren jeweiligen Ausprägungen moralisch-organischer Prinzipien der Vergemeinschaftung (Pesch 1914: 414-5).

Peschs Definition des Solidarismus kombiniert diese Argumentationslinie zur solidarischen Vergemeinschaftung mit einem historisierenden Beharren auf deren Zeitgebundenheit: „Der Solidarismus ist jenes soziale System, welches, ausgehend von

der moralisch-organischen Auffassung des Gesellschaftslebens, eine dem Solidaritätsprinzip entsprechende Organisation der Volkswirtschaft fordert, somit eine Organisation, welche der staatsbürgerlichen Gemeinschaft und deren Gemeinschaftszweck, nach den Anforderungen der sozialen Gerechtigkeit, genügt, dem vollen organischen, den Zeitbedürfnissen und Zeitverhältnissen entsprechenden Ausbau der Gesellschaft in engeren Vereinigungen der Berufsgenossen Raum gewährt, alles dies unter Wahrung der naturrechtlich begründeten Selbstzwecklichkeit, Selbständigkeit und Selbstverantwortlichkeit der Individuen, Einzelwirtschaften und Verbände“ (Pesch 1914: 415). Eine Volkswirtschaft als moralisches Ganzes impliziert dann eine Einheit der Ordnung, die wiederum als Einheit der sozialrechtlichen Harmonie und Solidarität zwischen den Einzelwirtschaften aufzufassen ist (Pesch 1914: 268). So setzt sich der Solidarismus bei Pesch vom individualistischen Freiheitsprinzip sowie vom sozialistischen Vergesellschaftungsprinzip des Kollektivismus dadurch ab, dass das Prinzip der Solidarität einer moralisch-organischen Ordnung der Einzelwirtschaften zugrunde liegen soll, so dass diese Einzelwirtschaften in ihrer sozialen Gebundenheit weiter selbständig wirken können (Pesch 1914: 272). Diese Verbindung einzelwirtschaftlicher Selbständigkeit und organischer Vergesellschaftung durch das Wirken solidarischer Prinzipien hatte Pesch bereits 1902 in einem programmatischen Beitrag zum Solidarismus vorgetragen, in welchem dieser zwischen den Extremen der absoluten Zentralisation im Kollektivismus und der absoluten Dezentralisation im Individualismus angesiedelt wird (Pesch 1902: 38).

Teleologischer Kern des Solidarismus ist für Pesch der Begriff der materiellen Wohlfahrt, also „jener dauernde Zustand menschlichen Wohlseins oder irdischer Vollkommenheit, in welchem dem Menschen zur Befriedigung seiner wirklichen, vernunftgemäßen, durch Natur und Kultur, Stand und Lebenshaltung (allgemeine Lebensgewohnheiten des Standes) bestimmten Bedürfnisse ausreichende materielle Mittel zur Verfügung stehen“ (Pesch 1920: 287). Wohlfahrt kann sich dabei sowohl auf die Gesamtheit der Gesellschaft beziehen, als öffentliche Wohlfahrt, als auch auf das Eigenwohl der selbsttätigen Einzelwirtschaften, als allgemeine Wohlfahrt, zusammengefasst im Oberbegriff des Volkswohlstandes (Pesch 1920: 298-9). Der Staat fungiert dementsprechend als Wahrer der öffentlichen Wohlfahrt, während die allgemeine Wohlfahrt von den selbstverantwortlichen gesellschaftlichen Kräften unter staatlicher Flankierung und Ergänzung zu realisieren ist. Dieser Staatszweck der materiellen Wohlfahrtssicherung als Grundlage der moralischen Einheit der Volkswirtschaft ist allen Partikularzwecken übergeordnet, die jedoch als organische Elemente das institutionelle Gepräge der Volkswirtschaft ausfüllen, wobei ihr Wohlfahrtsniveau im historisch-kulturellen Kontext variiert (Pesch 1914: 266-7). Letztes Ziel der Volkswirtschaft ist die materielle Bedarfsversorgung der Bevölkerung im Einklang mit fundamentalen Kulturwerten, das heißt, als Bedarfsdeckung, welche der historisch und kulturell spezifizierten Bedarfsversorgung im Hinblick auf materielle Volkswohlfahrt entspricht. Hierbei ist die Bedarfsversorgung als Zweck volkswirtschaftlicher Prozesse im Sinne der Befriedigung eines standesgemäßen Bedarfs anzusehen (Pesch 1922: 30-2).

Aus dieser Argumentation folgt die Ablehnung einer unmittelbar auf der Wettbewerbs- und Gewinnmaximierungsdynamik von Marktprozessen beruhenden Preisbildung – nicht nur im Hinblick auf Güterpreise und Geldzins, sondern auch bezüglich der Lohnbildung. Zentral ist hierbei der normative Aspekt, wonach Arbeit als Produktionsfaktor in ethischer Hinsicht keine unmittelbare Warenform annehmen sollte (Pesch 1923: 562-3). In dieser Forderung nach einer institutionellen Einhegung von

Marktprozessen ist bereits Peschs weiterführendes methodologisches Postulat angedeutet, demzufolge die Nationalökonomie als praktische Staatswissenschaft immer auch auf die wirtschaftspolitische Anwendung ausgelegt sei, im Sinne der bewussten Gestaltung der real existierenden Wirtschafts- und Gesellschaftsordnung. Diese Gestaltungsoption ist so wahrzunehmen, dass der Volkswohlstand als maßgeblicher Zweck des Wirtschaftens berücksichtigt wird. Auch zur weitergehenden Begründung wirtschafts- und sozialpolitischer Strategien folgt so die Ablehnung eines werturteilsfreien Positivismus (Pesch 1914: 468-9).

Mit diesem praktischen Gestaltungsanspruch knüpft Pesch an jene Diskurse der deutschsprachigen Nationalökonomie an, die zwischen dem letzten Drittel des 19. Jahrhunderts bis in die 20er Jahre des 20. Jahrhunderts hinein von den Positionen der Historischen Schule geprägt waren. Tatsächlich betont Pesch in der autobiographischen Skizze seiner „Selbstdarstellung“, dass sein Wunsch nach einem Studium der Nationalökonomie primär der praktischen Beschäftigung mit der „sozialen Frage“ und dem entsprechenden theoretischen Interesse an der mit der Historischen Schule assoziierten ethischen Richtung der Nationalökonomie geschuldet gewesen sei (Pesch 1924: 196-7). In Peschs opus magnum, seinem „Lehrbuch der Nationalökonomie“, wird der Bezug zur Historischen Schule daher bereits in der den ersten Band einleitenden Danksagung hergestellt. Neben dem Rechtsphilosophen Theodor Meyer und dem historisch orientierten Nationalökonom Erwin Nasse werden die exponierten staatswissenschaftliche Professoren der Berliner Universität angesprochen, nämlich Gustav von Schmoller, Max Sering und Adolph Wagner – wobei Pesch auch aus persönlichen Gründen vor allem Letzteren würdigt (Pesch 1914: vii). Damit ist der engere nationalökonomische Kontext von Peschs Theoriebildung abgesteckt: mit Schmoller und Wagner als maßgeblichen Vertretern der Historischen Schule. Für die Rolle der zeitgenössischen Diskussion in Peschs Werk ist jedoch neben Schmollers und Wagners Arbeiten auch die aufkommende Generation des Historismus nach Schmoller zu berücksichtigen. Insbesondere Sombarts Ausarbeitungen zur Theorie des modernen Kapitalismus sind dabei bedeutsam. In diesem Sinne ist eine Rekonstruktion des Forschungsprogramms der Historischen Schule für ein adäquates Verständnis von Peschs Solidarismus unverzichtbar.

### **3. Bezüge zur Historischen Schule: Schmoller und Wagner**

Ausgangspunkt der Historischen Schule der Nationalökonomie ist die Frage nach den institutionellen und strukturellen Spezifika wirtschaftlicher Entwicklungsmuster von ökonomischen Formationen im historischen Vergleich – auch im Hinblick auf die politische Gestaltung von Entwicklungsprozessen (Betz 1988: 412-3). Allerdings erwächst aus dieser Grundorientierung eine Vielfalt an methodologischen Diskussionszusammenhängen, theoretischen Bezügen, und politischen Argumenten, so dass bereits die Frage gestellt worden ist, inwiefern jenseits dogmenhistorischer Rekonstruktionen überhaupt von einer Historischen Schule als Ausdruck eines geschlossenen Forschungsansatzes gesprochen werden kann (Pearson 1999: 25-6). Tatsächlich ist es für eine entsprechende Einschätzung wichtig, spezifische analytische Schwerpunkte innerhalb der aufeinanderfolgenden Generationen der Historischen Schule zu berücksichtigen.

Für die Ältere Historische Schule um Roscher und Knies steht die historische Methode als polyhistorischer Vergleich der wirtschaftlichen und sozialkulturellen Entwicklung von Nationen und Zivilisationen im Mittelpunkt – mit einem Fokus auf

entwicklungsgeschichtlichen Stufentheorien. Die Jüngere Historische Schule um Schmoller und Wagner orientiert sich hingegen stärker an historisch vergleichenden Studien zur Spezifität wirtschaftlichen Entwicklung, die von einer normativ-praktischen Orientierung an sozialreformerischen Staats- und Bildungsidealen getragen sind. Insbesondere die Schmollersche Perspektive, wie sie grundsätzlich auch von Lujo Brentano als Mitbegründer des „Vereins für Socialpolitik“ vertreten wurde, fördert den Gebrauch quantitativer Methoden zur anwendungsorientierten Einordnung statistischen Materials (Takebayashi 2003: 40-1). Mit der von Schumpeter so bezeichneten „Jüngsten“ Historischen Schule um Sombart und Max Weber kommen schließlich neben der Frage der Werturteilsfreiheit auch die Grundprobleme einer historischen Theorie des modernen Kapitalismus zum Tragen, begleitet vom Anspruch des Verstehens historischer Eigenarten von Wirtschaftsformationen. Zu den Ausläufern dieser Diskussion lässt sich auch Schumpeters methodenpluralistische Konzeption seiner Theorie der wirtschaftlichen Entwicklung zählen (Ebner 2000: 360-1). Für eine kontextbezogene Rekonstruktion der Entwicklung von Peschs solidaristischem Ansatz sind demnach vor allem die von Schmoller, Wagner und Sombart vorgelegten Arbeiten heranzuziehen.

Gustav Schmoller wird in der Regel als schulbildende Leitfigur der Historischen Schule betrachtet. Schumpeters Zusammenfassung des „Schmollerprogramms“ der Historischen Schule betont die folgenden Elemente: erstens, die historische Relativität theoretischer Einsichten, zweitens, Einheit und der Gestaltcharakter gesellschaftlicher Zusammenhänge, in denen die konstitutiven Elemente interdependent sind und nicht isoliert betrachtet werden, drittens, die Vielfalt ökonomischer Motive im Hinblick auf rationale wie auch nicht-rationale Aspekte, viertens, die evolutorische Entwicklungsperspektive, fünftens, das Interesse an Detailuntersuchungen zu einzelnen Forschungsobjekten, sechstens, die anti-mechanistische, organische Perspektive (Schumpeter 1914: 110n). In diesem Sinne ist Schmollers Forschungsprogramm bestrebt, eine Integration theoretischer und historischer Perspektiven in einem umfassenden interdisziplinären Ansatz sozialökonomischer Prägung vorzubereiten (Shionoya 1997, p. 201-2). Methodologisch richtet sich Schmoller hierbei gegen die angemäßen Abstraktionen der Naturrechtstradition zugunsten einer kulturorientierten pragmatischen Perspektive sittlicher Vervollkommnung auf der Grundlage gegebener Verhältnisse – insbesondere im Hinblick auf sozialpolitische Folgerungen (Priddat 1995: 155-6).

Entscheidend für Schmollers Kritik des Naturrechts ist das Beharren auf der Erkenntnis der historischen Entwicklung institutioneller Muster gegenüber naturrechtlichen Idealisierungen und Abstraktionen mit unhistorischem und rationalistischem Charakter (Schmoller 1923a: 83-4). Daraus folgt die Relativität des Sittlichen als etwas Werdendes, Evolvierendes, in seiner Bedeutung vom konkreten historischen Kontext Abhängiges, das jedoch im historischen Ablauf bei zunehmender Welterkenntnis auf konvergierende Grundmuster hinausläuft (Schmoller 1923a: 43-5). Entsprechend soll die mit Rekurs auf Roscher einzusetzende historische Methode vergleichende Untersuchungen zur allgemeinen Kulturentwicklung von Völkern und Nationen und damit letztlich der Menschheit insgesamt anleiten (Schmoller 1893: 261). Das zu diesem Zweck als analytische Grundeinheit eingeführte Konzept der „Volkswirtschaft“ bezeichnet eine spezifische Stufe im ökonomischen und sozialkulturellen Entwicklungsprozess, die als Ganzheit aufzufassen ist, begründet in historisch dimensionierten institutionellen und strukturellen Mustern. Dies impliziert, dass wirtschaftliche Phänomene als integrale Bestandteile des sozialen

Gesamtzusammenhangs einer sich entwickelnden Gesellschaft zu analysieren sind (Schmoller 1893: 220-1).

Die damit korrespondierende Vision des Entwicklungsprozesses bezieht sich auf eine scheinbar naturwüchsige Dynamik sozialer und ökonomischer Evolution, basierend auf Marktwettbewerb und Erwerbsinstinkten, welche jedoch durch diverse kulturelle Entwicklungen reguliert, gebändigt und gesteuert wird, wobei intellektuelle Einsichten für reine Instinkte substituiert werden (Ebner 2002: 359). Sittlich-rechtlicher Fortschritt besteht demnach primär darin, und ist darin auch tatsächlich historisch nachvollziehbar, dass sich im Hinblick auf die Realisierung des Gemeinwohls bestimmte Rechtsgrundsätze durchsetzen und so den vorherrschenden Gruppen- und Klassenegoismus bändigen (Schmoller 1923b: 635). Schmollers Lösung der industriegesellschaftlichen „sozialen Frage“ soll daher ebenfalls über sittliche Vorkehrungen erfolgen, mit Schwerpunkten in den Bereichen der moralischen Erziehung und der Vermögensbildung (Schmoller 1918: 333-4). So gehen normative Standpunkte zur sozialpolitischen Reformprogrammatik und die forschungspraktische Berücksichtigung historisch bedingter kultureller Aspekte bei der Analyse ökonomischer Phänomene in Schmollers Ansatz eine enge Verbindung ein (Nau 2000: 508-9).

An diese Positionen anknüpfend will Adolph Wagner mit seiner sozialrechtlichen Theorielinie jenseits der sozialreformerischen Bildungsideale des „Kathedersozialismus“ sein eigenes Konzept des Staatssozialismus als Ausdruck eines systematischen Lehrgebäudes verstanden wissen. Es wird als stringente theoretische Variante der historischen und sozialökonomischen Richtung der deutschen Nationalökonomie präsentiert. Auf der Grundlage dieses Anspruchs kritisiert Wagner dann sogar Schmollers Positionen unter Verweis auf Carl Mengers deduktive Argumente im Methodenstreit mit Schmoller. Entsprechende Vorwürfe umfassen eine Vernachlässigung der Theoriebildung, Mängel in der Differenzierung von Wirtschaftstheorie und Geschichte, Überbetonung der Zurückweisung deduktiver Methoden zugunsten empirischer Induktion, Übertreibung der historischen und räumlichen Differenzierung von Handlungsmotiven und –formen sowie Mängel in der analytischen Spezifizierung ökonomischer Gegebenheiten gegenüber dem gesellschaftlichen Kontext (Wagner 1907: 15). Allerdings liegt der Schwerpunkt von Wagners Wirken unabhängig von diesen methodologischen Positionen auf seinem politischen Programm des Staatssozialismus, das zur Umsetzung sozialreformerischer Ziele auf Verstaatlichungen, Marktregulierungen und eine fiskalisch-redistributive Sozialpolitik setzt – und sich in der Betonung von sozialpolitischen Werturteilen mit Schmoller einig weiß (Wagner 1907: 16-7).

Wagner erwartet in sozialpolitischer Hinsicht, dass der Staat über soziale, wirtschaftliche und finanzielle Reformen eine reformerische Umgestaltung von Wirtschaft und Gesellschaft im staatssozialistischen Sinne erreicht – wobei dem nachhegelianischen Verständnis des Preußentums entsprechend die preußische Hohenzollernmonarchie als Träger der gesellschaftlichen Reformen dienen soll. Der Staat erhält die Aufgabe, neben den Handlungsmotiven von Privatinteresse und Gemeinwohl auch gesellschaftliche Pflichten durchzusetzen (Wagner 1893: 859). Dieser Gedanke einer Verbindung von „starkem Staat“ und sozialpolitischer Versöhnung gesellschaftlicher Konflikte wird auch von Schmoller und anderen Vertretern der Historischen Schule geteilt – er ist nicht zuletzt im Kontext der frühen wilhelminischen Bemühungen um ein „soziales Königtum“ zu verstehen, auch wenn bei Wagner eine weitergehende nationalchauvinistische Positionierung zu vermerken ist – zeitweise



gepaart mit antisemitischen Begründungszusammenhängen in der Kritik des kapitalistischen „Mammonismus“ (Schefold 2004: 434-6).

Für Wagners theoretisches Wirken ausschlaggebend bleibt jedoch die Überzeugung der historischen Gesetzmäßigkeit einer im sozialkulturellen Entwicklungsprozess expandierenden Staatstätigkeit. Tatsächlich bestehen die unmittelbaren Ziele des Wagnerschen Staatssozialismus zunächst in der Etablierung staatlicher Sozialsysteme als Ergänzung individueller und genossenschaftlicher Vorsorge, sowie in der Verstaatlichung von Großunternehmen in den Bereichen Infrastruktur und Finanzwesen, begleitet von einer fiskalischen Reorientierung hin zu einem auf meritorische Güter Bezug nehmenden Politikmodell. Diese auf sozialkulturellen Fortschritt abzielenden Politikforderungen sieht Wagner zugleich als Gegenstand statistisch nachweisbarer Entwicklungstendenzen moderner arbeitsteiliger Volkswirtschaften, aus denen er sein „Gesetz der wachsenden Ausdehnung der öffentlichen und speziell der Staatstätigkeit“ herleitet (Wagner 1893: 895-6). Grundsätzlich antizipiert diese Position zur sozialpolitischen Gestaltung eines zunehmend komplexen gesellschaftlichen Wandels spätere Begründungszusammenhänge wohlfahrtsstaatlicher Diskussionen (Musgrave 1995: 12-3). Allerdings bleibt auch an diesem Punkt eine rigorose Differenzierung von sozialpolitischem Postulat und empirischer Beobachtung kaum zu leisten – was auf die grundlegende Problematik normativer Ansätze mit empirischem Geltungsanspruch verweist (Andel 1992: 186-7).

Angesichts der herausragenden Rolle des Problems sozialer Gerechtigkeit in Wagners Ansatz werden Beiträge der katholischen Soziallehre, wie jene Peschs, als Ausdruck einer nationalökonomischen Strömung mit dezidiert religiösem Fundament in der Betonung ethischer Komponenten volkswirtschaftlicher Prozesse eingeschätzt, deren Argumentation auf mittelalterlichen Lehren zum gerechten Preis im Gefolge Thomas von Aquins fußt (Wagner 1907: 17). Tatsächlich hält Wagner diese Theorietradition, wie sie sich bei Pesch entfaltet, im Hinblick auf historische sowie staatssozialistische Positionen für überaus bedeutend: „In der Frage nach dem „iustum pretium“ liegt ein Hauptteil des ganzen heutigen sozial-ökonomischen Problems enthalten“ (Wagner 1907: 17). So überrascht es nicht, dass in der Begründung des Solidarismus bei Pesch die Bezüge zur Historischen Schule primär auf Wagner zielen, dessen Argumente im Hinblick auf ein sozialrechtliches Postulat der Sicherung des allgemeinen Volkswohls interpretiert werden (Pesch 1914: 401-2). Dies mag auch damit erklärt werden, dass Wagners Staatssozialismus mit seiner normativen Werthaltung zugleich konzeptionellen Raum für berufsständische Organisationsformen lässt (Prisching 1997: 180-1). Diese spielen in der Folge im Rahmen des Subsidiaritätsprinzips der katholischen Soziallehre eine herausragende Rolle. Offen bleibt jedoch die weitergehende Frage, ob und inwiefern die institutionelle Entwicklungsdynamik des modernen Kapitalismus einer zielgerichteten sozialpolitischen Regulierung entgegensteht. Die im Anschluss an Schmoller und Wagner auftretende Generation der „jüngsten“ Historischen Schule um Sombart und Weber nimmt sich dieser Themen mit einem eigenständigen Theorieanspruch an – und prägt damit ebenfalls den solidaristischen Diskurs um die normativen Grundlagen der Sozialpolitik.

#### **4. Sombarts kapitalismustheoretische Herausforderung**

Der Schmollers und Wagners Ansichten zur graduellen gesellschaftlichen Selbstoptimierung durch institutionellen Wandel zugrunde liegende Entwicklungsoptimismus wird von der Schmoller nachfolgenden Generation der

Historische Schule um Werner Sombart und Max Weber durch einen an Kulturpessimismus grenzenden politisch-analytischen Realismus ersetzt, der sich auf den modernen Kapitalismus als historisches Individuum bezieht. Sombarts Ansatz einer Integration von Theorie und Geschichte, dezidiert in Abgrenzung zu Schmollers methodologischem Plädoyer für das Primat der Induktion formuliert, bezieht sich in erster Linie auf die Frage nach der historischen Besonderheit des modernen Kapitalismus, das heißt, nach seinen spezifische Ausgangsbedingungen, Entwicklungsformen und -perspektiven. Bereits die Erstauflage von Sombarts Hauptwerk „Der Moderne Kapitalismus“ aus dem Jahre 1902 deutet einen analytischen Fokus an, der sich auf die handlungsleitende Motivation der Akteure richtet, repräsentiert durch das Konzept des „kapitalistischen Geistes“ als Ausdruck sittlich unbeschränkten Erwerbstrebens. Dieses „Geist“ wird aus vielfältigen religiösen Einflüssen abgeleitet, wobei Sombart vor allem dem Judentum als weltanschaulichem Lehrgebäude eine bedeutsame Rolle in der Genese des Kapitalismus zuschreibt. Hieran knüpft Max Webers Protestantismusthese an, die religiöse Impulse allerdings nicht in Sombarts Sinne als Antrieb zur schrankenlosen Akkumulation interpretiert, was händlerisches Abenteuerertums einschließen würde, sondern sich vielmehr auf die im Protestantismus angelegte Systematisierung der Lebensführung konzentriert – und damit weitere Kontroversen um die Rolle religiöser Werthaltungen für die institutionelle Dynamik wirtschaftlicher Entwicklung stimuliert hat (Ebner 2002: 8-9).

Stimmen Sombart und Weber darin überein, dass der moderne Kapitalismus eine spezifische Ethik des Wirtschaftens reflektiert, so betont Sombart in erster Linie die Abgrenzung des kapitalistischen Wirtschaftssystems von anderen historischen Formationen auf der Grundlage einer aristotelischen Differenzierung von Erwerb und Bedarfsdeckung. Sombart behauptet, dass ökonomische Prozesse in vorkapitalistischen Systemen auf eigenwirtschaftlichen Bedarfsdeckungsprinzipien beruhten, eingebettet in sittliche Institutionen. Der Kapitalismus basiert hingegen auf der Logik des Erwerbsprinzips, wobei die monetäre Akkumulation als selbständiger Zweck erachtet wird, dem mit rationaler Kalkulation gedient wird (Sombart 1902: 378-9). Sombarts entsprechendes Konzept des Wirtschaftsgeistes dient schließlich auch als grundlegende Komponente im weiterführenden Konzept des Wirtschaftssystems, das in der Zweitaufgabe des „Modernen Kapitalismus“ eingeführt wird (Sombart 1916). Dieses Konzept zielt auf die Erfassung jener Konstellationen aus handlungsleitender Motivation, institutioneller Ordnung und technologischer Dynamik – Sombarts konzeptioneller Trias aus Geist, Ordnung, Technik – die als kohärente Konfigurationen das Charakteristikum einer historischen Wirtschaftsformation darstellen und sich im Kapitalismus entsprechend substantiell von vorkapitalistischen Systemen unterscheiden (Sombart 1927: 14-16).

In diesem Kontext der stilbildenden Konfiguration von Geist, Ordnung und Technik eines Wirtschaftssystems repräsentiert der kapitalistische Unternehmer als maßgeblicher Impulsgeber endogenen Wandels eine Synthese aus innovativen Impulsen und bürgerlichen Tugenden. Er ist der historische Pionier des kapitalistischen Geistes, und er betreibt dessen systemimmanente Verallgemeinerung. Getrieben von diesem Geist schrankenloser Akkumulation, strebt der korrespondierende Mechanismus kapitalistischer Technologie im Rahmen der institutionellen Ordnung des Kapitalismus nach Produktivitätszuwächsen durch permanente Innovationen (Sombart 1913/1988: 60-1). Die mit dieser Einschätzung einhergehende Betonung der evolutorischen Durchsetzung des kapitalistischen Wirtschaftssystems prägt zugleich Sombarts Abwendung von der sozialpolitisch durchdrungenen „ethischen Nationalökonomie“ des

Schmollerschen Typs. Deren Mängel an konzeptioneller Stringenz gelte es durch eine wertfrei gestaltete, theoretisch informierte Sozialpolitik zu überwinden, die sich als produktivitätsorientierte Strukturpolitik primär mit volkswirtschaftlicher Modernisierung zu beschäftigen habe. Zentral ist hierbei die Bewahrung, Förderung oder Unterdrückung der strukturellen Komponenten und sozialen Träger jener Wirtschaftssysteme, die im Systemwettbewerb endogene Entwicklungsvorteile aufweisen würden (Sombart 1897: 8-9).

Nicht zuletzt aufgrund der exponierten Rolle ideeller Faktoren in seiner analytischen Perspektive bleiben Sombarts gesellschaftspolitische Vorstellungen jedoch in der Folge dem Ideal einer Vergemeinschaftung durch kulturelle Wert- und Glaubensvorstellungen verpflichtet. Wiederholte Bezüge zur Religion als Grundlage einer Überwindung sozialer Konflikte, wie auch seine positive Rezeption der päpstlichen Sozialzyklika „Quadragesimo Anno“ mit ihren im Solidarismus verwurzelten korporatistischen Vorstellungen illustrieren dies – und deuten eine Rückbesinnung auf harmonistische Ideale des Historismus an, die schließlich auch in Sombarts ständisch-autoritäres Modell eines „Deutschen Sozialismus“ mit kombinierten modernistischen und sozialromantischen Elementen einfließen (Ebner 2002: 14-17). Die diesen Vorlagen zugrundeliegende Perspektive einer auf systemimmanente Sinnzusammenhänge zielenden verstehenden Nationalökonomie prägt auch Sombarts Einschätzung der erkenntnisleitenden Sichtweise des Solidarismus. So gilt ihm Pesch als originärer Ausläufer der scholastischen Perspektive auf eine normativ-richtende Strömung in der Nationalökonomie, die sich durch feste Bezüge auf ein kanonisch festgelegtes Naturrecht auszeichnet, das in seiner dogmatischen Position der evangelisch fundierten Nationalökonomie fehlt (Sombart 1930: 36). Allerdings gelingt es dieser „richtenden“ Perspektive nicht, zu einem substantiellen Verständnis der zu untersuchenden Sinnzusammenhänge zu gelangen, so dass sie hinter das von Sombart favorisierte Projekt der verstehenden Nationalökonomie zurückfällt.

Zu dieser problematischen Linie der „richtenden Nationalökonomie“ wird im Übrigen auch Othmar Spann ganzheitlicher Universalismus mit seinem Bemühen um die Fundierung einer Theorie gerechter Preise im Rahmen einer Ganzheitslehre zur ständisch gebundenen Wirtschaft gezählt (Sombart 1930: 36-7). Dagegen kritisiert Spann selbst den Solidarismus als inkonsequent: Pesch wird bei Spann als folgsamer Schüler Wagners denunziert, dessen Versuch einer Begründung des Solidarismus als Überwindung von Individualismus und Staatssozialismus in den maßgeblichen Begriffen auf individualistischer Grundlage verbleibt und daher als Ausdruck eines „schwächlichen Eklektizismus“ zu werten ist (Spann 1949: 216). Peschs Anthropozentrismus wird demnach als Variante eines methodologischen Individualismus gewertet, was zwar berechtigterweise dessen Differenzen zu den ständestaatlichen Ansichten Spanns unterstreicht, aber in methodologischer Hinsicht kaum nachvollziehbar ist. In diesem Sinne bietet es sich an, weitergehende Methodenfragen im Verhältnis Peschs zur Historischen Schule zu thematisieren.

## **5. Methodenfragen und Methodenstreit**

In Peschs „Nationalökonomie“ nimmt die Methodendiskussion ihren Ausgangspunkt im beschreibenden und historisch-analytischen Verfahren der Induktion, interpretiert als Ausdruck der historischen Methode, die mit deduktiven Ansätzen der sogenannten philosophischen Methode zu kombinieren sei, so dass sie in eine teleologische Perspektive einmündet, die dazu geeignet ist, volkswirtschaftliche Zweckgebilde

normativ zu thematisieren (Pesch 1914: 548-50). Die methodologisch bedeutsame Rolle der weltanschaulichen Anbindung des Solidarismus ist bei Pesch mit dem Argument verbunden, dass jede wirtschaftswissenschaftliche Traditionslinie mit einer bestimmten weltanschaulichen Grundlage verbunden sei, die ihrem analytischen Gehalt vorausgesetzt ist (Lechtape 1931: 134). Für die Frage der Verbindlichkeit ökonomischer Analysen gilt zudem: es gibt keine ökonomischen Gesetze im Sinne von Naturgesetzen, sondern nur regelhafte Aussagen, wie das volkswirtschaftliche Gesetz der Zielsetzung des materiellen Volkswohls sowie Tendenzen, deren Fortwirken von moralisch bestimmtem Handeln abhängt (Pesch 1914: 517-9). So ist Peschs teleologischer Ansatz in der Begründung von Zwecken und Mitteln als Gegenstand normativer Wirtschaftstheorie diametral dem von Lionel Robbins postulierten Konzept ökonomischer Theoriebildung als einer von Zwecken abstrahierenden positiven Allokationstheorie entgegengesetzt (Mulcahy 1949: 345-8). Bezogen auf wohlfahrtsökonomische Diskurse heißt das, dass Peschs Solidarismus den utilitaristischen Gehalt neoklassischer Argumente verwirft, um sie mit einem normativ fundierten sozio-ökonomischen Programm zu ersetzen, das auf die institutionelle und sozialpolitische Sicherung gesellschaftlicher Wohlfahrtsziele abstellt (Mueller 1977: 293-4).

An diesem Punkt besteht eine explizite Nähe zum analytischen Anspruch der Historischen Schule Schmollerscher Prägung und ihren Ausläufern, deren historiographischer Ansatz zur Analyse wirtschaftlicher Entwicklungsprozesse jedoch von Pesch grundsätzlich problematisiert wird (Pesch 1914: 474-5). Maßgeblich für Peschs entsprechende Kritik der Historischen Schule ist das Problem des Positivismus und Evolutionismus, aus dessen Persistenz er folgert, dass es der von Schmoller verfochtenen historischen Detailforschung an theoretisch-konzeptioneller Kohärenz und Verallgemeinerungsfähigkeit mangelt (Pesch 1914: 538-9). Dagegen wird die Österreichische Schule für die psychologische Verengung und institutionelle Sterilität ihres Akteursverständnisses kritisiert, was mit inhärentem Szientismus sowie mit der Methode des isolierenden Deduktionismus in Zusammenhang gebracht wird; eine Kritiklinie, die implizit ganz im Einklang mit Positionen der Historischen Schule steht (Pesch 1914: 543-4).

Peschs weiterführende Kritik am angeblichen Werterelativismus der Historischen Schule bezieht sich wiederum primär auf Schmoller. Diesen trifft der Vorwurf einer „unklaren, schwankenden, relativistischen und evolutionistischen Auffassung von Sitte und Recht“ – wobei Moral als umfassendes Werte- und Lehrsystem einer Gesellschaft ebenfalls entwicklungsgeschichtlich und kulturell relativiert wird (Pesch 1914: 503-5). Tatsächlich lässt sich bei Schmoller eine Tendenz zur Verabsolutierung des Geschichtlichen rekonstruieren, die gepaart mit einem nachhegelianischen Fortschrittsglauben an ein geschichtlich werdendes Absolutes jede Form der Kultur als Werdendes, als zu erlebende Offenbarung des Geistes im geschichtlichen Werden auffasst. Damit wird eine wirtschaftsethisch wünschenswerte Differenzierung zwischen logisch überzeitlich Gültigem und dessen historischer Vermittlung systematisch ausgeblendet (Koslowski 1991: 86-8). Ein auch von Pesch aufgegriffener konkreter Kritikpunkt wäre dann etwa der konzeptionelle Mangel in der Differenzierung von Sitte und Moral – als Unterscheidung historisierbarer und universeller Werte (Koslowski 1991: 91-3).

Allerdings werden von Pesch auch Gemeinsamkeiten mit Schmollerschen Positionen herausgearbeitet: „Wenn Schmoller das ethische Moment innerhalb der Volkswirtschaftslehre so stark betont, so will er heute in ähnlicher Weise, wie wir dies

getan, nur die Bedeutung der sittlichen Ordnung in seinem Sinne auch für das wirtschaftliche Leben in der nationalökonomischen Wissenschaft selbst zur Geltung bringen, will dartun, daß die wirtschaftliche Betätigung der Menschen dieser Ordnung untersteht, und daß der Nationalökonom von diesem Verhältnis zwischen Wirtschaft und Sitte nicht beliebig abstrahieren könne“ (Pesch 1914: 551-2, Hervorh. i.O.). So erscheint die Betonung der ethischen Gebundenheit ökonomischer Phänomene im geschichtlichen Kontext als maßgebliches Verdienst des historisch-ethischen Ansatzes bei Schmoller – der jedoch Pesch zufolge unbedingt um eine philosophisch-historische Perspektive zu erweitern ist, im Sinne der analytischen Einbeziehung von Ordnungsnormen zur sozialen Zweckbindung volkswirtschaftlicher Prozesse (Pesch 1914: 552).

Peschs Einschätzung Wagners nimmt auf dessen methodologische Differenzen mit Schmoller Bezug, die zugleich auch die Vielfalt analytischer Positionen innerhalb der Perspektive des „Kathedersozialismus“ betonen sollen. So akzentuiert Pesch den Umstand, dass Wagner vor allem die methodologischen Unterschiede zu Schmollers so aufgefasstem Relativismus betont, der durch ein stringentes System staatssozialistischer Prinzipien zu ersetzen sei (Pesch 1920: 202-3). Wagners zentraler Einfluss auf Pesch besteht daher primär in der Forderung nach einem neuen volkswirtschaftlichen Lehr- und Prinzipiensystem, das zwischen Individualismus und Sozialismus vermittelt (Pesch 1920: 212). In diesem Sinne interpretiert Pesch Wagners staatssozialistisches Streben nach einer partiellen Ersetzung des Privateigentums an Kapital und Boden durch öffentliches Eigentum in staatlicher, kommunaler, das heißt, grundsätzlich gemeinwirtschaftlicher Form als angemessene Forderung nach einer Stärkung des Gemeinwohlinteresesses gegenüber privaten Gewinninteressen (Pesch 1920: 206). Pesch unterscheidet sich allerdings an diesem Punkt insbesondere dadurch von Wagners staatszentrierter Sicht, dass er – wie in der katholischen Sozialethik verbreitet – Verstaatlichungen als sozialpolitisches Gestaltungsinstrument kritisiert. Als methodologisch problematisch erweist sich entsprechend Wagners Auffassung von einem „Gesetz der Ausdehnung öffentlicher bzw. der Staatstätigkeit“, das Pesch zufolge adäquat nur als empirischer Ausdruck von Gestaltungstendenzen aufzufassen wäre (Pesch 1920: 211).

Die Problematik des Werturteilsstreits bestimmt schließlich Peschs Auseinandersetzung mit der Schmoller und Wagner nachfolgenden „jüngsten“ Historischen Schule – anknüpfend an Phillipovichs Vortrag zum Volkswohlstand als Ausgangspunkt theoretischer Analyse auf der Tagung des Vereins für Socialpolitik im Jahre 1909. Pesch sieht hier affirmative Bezüge zu seinem eigenen normativen Ansatz, während er dagegen Webers Position der Werturteilsfreiheit als unrealistisch und steril ablehnt (Pesch 1924: 203-4). Tatsächlich sieht sich Pesch in dieser Kontroverse tendenziell an der Seite Schmollers – und Wagners – gegenüber den auf nicht-normative Analysen zielenden methodologischen Postulaten der nach-Schmollerschen Generation. Allerdings gestaltet sich Peschs intellektuelles Verhältnis zu Weber ohnehin als äußerst problematisch, wie die implizit auf Weber zielende Andeutungen in Peschs „Selbstdarstellung“ andeuten: die dort formulierte Ablehnung einer auf Nietzsche aufbauenden theoretischen Begriffsbildung ohne ethisch-normative Bindung kann als scharfer Seitenhieb gegen Webers Positionen gedeutet werden (Pesch 1924: 206-7).

Zumindest ambivalent ist dagegen die methodologische Beurteilung Sombarts. Auf der einen Seite wird Sombarts Ablehnung normativer Positionen kritisiert, wie sie insbesondere in seinem frühen entwicklungsoptimistischen Konzept einer systembezogenen Sozialpolitik mit entsprechend relativierten sittlichen

Wertvorstellungen zutage tritt (Pesch 1914: 502). Auf der anderen Seite wird seine Berücksichtigung der sozialen Einbettung einer Wirtschaftsordnung positiv vermerkt, was anhand der auch von Weber thematisierten Analysen zum „Geist des Kapitalismus“ als Wahrnehmung ethischer Faktoren im gesellschaftlichen Zusammenhang ausgeführt wird (Pesch 1914: 552). Damit wird deutlich, dass Peschs Vorstellungen zur ethisch-normativen Fundierung ökonomischer Analysen in hohem Maße von zeitgenössischen Kontroversen um eine stringente Theorie der kapitalistischer Wirtschaftsentwicklung geprägt sind.

## **6. Wirtschaftliche Entwicklung und moderner Kapitalismus**

Fundament der solidaristischen Theorie wirtschaftlicher Entwicklung ist Peschs These von der Teleologie der Menschheitsgeschichte: Fortschritt in der Weltbeherrschung manifestiert sich in der Entfaltung geistiger und moralischer Kräfte im Entwicklungsprozess (Pesch 1914: 130-1). Dabei gilt der Fortschritt von Kultur und Zivilisation als gottgewolltes Gut, das heißt, als historische Entfaltung menschlicher Gottähnlichkeit (Pesch 1920: 638-9). Bereits an diesem Punkt wird deutlich, dass Pesch hierbei Schmollers Entwicklungsoptimismus weit näher steht, als den tendenziell kulturpessimistischen Positionen Webers und Sombarts. Dies heißt allerdings nicht, dass die entwicklungsbezogene Problematik der Stufentheorien der Historischen Schule unberücksichtigt bliebe. So betont Pesch die Eigenarten und Eigendynamiken von Wirtschaftsepochen, die den kontinuierlichen Verlauf wirtschaftlicher Entwicklung prägen (Pesch 1914: 245-6). Volkswirtschaftliche Interdependenzen hat es ihm zufolge bereits vor der Herausbildung nationaler Territorialstaaten als Grundlage moderner Volkswirtschaften gegeben, so dass eine Stufenfolge von der nationalen Volkswirtschaft zur Weltwirtschaft, wie sie etwa bei Schmoller angedeutet wird, historisch-empirisch verfehlt ist (Pesch 1914: 255-6).

Der Begriff der Volkswirtschaft wird in diesem Zusammenhang sozialrechtlich gefasst. Dies bedeutet, dass es trotz der Internationalisierung der Wirtschaftsbeziehungen nicht zu einer der Entwicklungsstufe der Volkswirtschaft historisch nachgelagerten Weltwirtschaft kommen wird – denn in konzeptioneller Hinsicht ist die Weltwirtschaft als Verkehrsbegriff nur Mittel zur Steigerung der nationalen Volkswohlfahrt, sie kann aber selbst nicht zu einem eigenständigen sozialrechtlichen Gefüge evolvieren, weil die Einbettung der weltwirtschaftlichen Interaktionen in ein gemeinsames soziales Ganzes mit staatlichem Fundament fehlt (Pesch 1914: 258-9; 269-70). Solidarität äußert sich demnach primär als organische Verbindung innerhalb arbeitsteiliger Volkswirtschaften, wie Pesch bereits in seinen frühen Aufsätzen behauptet. Je stärker mit fortschreitender Arbeitsteilung und sich ausdehnendem Warenverkehr die entsprechenden Interdependenzen zunehmen, desto größer wird die Bedeutung der Solidarität als gesellschaftliche und politische Norm (Pesch 1902: 309).

Stehen bei dieser Debatte um Entwicklungsstufen also institutionelle Kategorien im Vordergrund, verengt Peschs Kapitalismusbegriff den Blickwinkel zunächst auf technische Merkmale. Kapitalismus wird in einer dezidiert technischen Definition über den zunehmenden Gebrauch produzierter Produktionsmittel im Sinne produktiven Kapitals abgegrenzt, analog zu Roschers historischer Konzeption von Wirtschaftsperioden (Pesch 1922: 561-2). Die institutionelle Perspektive kommt dann in Form einer Kritik geldwirtschaftlicher Akkumulationsmotive zum Tragen. Das „Wesen“ des Kapitalismus als Ausdruck bestimmter Prinzipien und Formen des produktiven Erwerbs resultiert aus seiner Bestimmung als „Missbildung

privatwirtschaftlich organisierter Volkswirtschaft“, basierend auf der materialistischen Überspannung unbeschränkten individuellen Erwerbsstrebens in Kombination mit „mammonistischer Wirtschaftsgesinnung“. Als Triebkraft selbstregulierter Volkswirtschaften überwindet diese historisch die Beschränkungen durch kanonisches Zinsverbot und Zunftwesen, um der Freiheit isoliert nach Erwerb strebender Individuen und Wirtschaftseinheiten jenseits einer sozialen Einbettung zum Durchbruch zu verhelfen (Pesch 1922: 584-5). Dabei rekonstruiert Pesch ausführliche Bezüge zu Sombarts ursprünglichen Ausführungen hinsichtlich der Rolle des Judentums als weltanschaulich-kultureller Grundlage für das Aufkommen kapitalistischer Erwerbsprinzipien, Unternehmertypen, Verwertungs- und Organisationsformen (Pesch 1922: 562-580). Daneben wird auch die konkrete Rolle des Finanzkapitals bei der Steuerung der materiellen Produktion diskutiert – wobei neben Sombarts Kapitalismustheorie nun auch Hilferdings marxistische Argumentationslinie angeführt wird (Pesch 1922: 584).

Allerdings folgt Pesch keinesfalls der von Sombart vorgelegten Charakterisierung des innovativen, routinebrechenden Unternehmertums, das in ähnlicher Form auch in Schumpeters Entwicklungstheorie thematisiert wird. Unternehmertum gilt ihm vielmehr in Einklang mit klassischen Argumenten, die sich ähnlich auch bei Schmoller finden, als Ausdruck des persönlichen Elements in der Volkswirtschaft, dessen passive Funktion des Risikotragens in einer Unternehmung mit einer aktiven Funktion der Organisation und Leitung einhergeht (Pesch 1926: 89-90). Mit dieser Betonung der Routine-Aktivitäten innerhalb der Unternehmerfunktion unterscheidet sich Pesch zudem fundamental von Positionen der Österreichischen Schule, aber auch von Frank Knights einflussreicher Sicht des Unternehmertums, basierend auf seiner Theorie radikaler Unsicherheit (Harris 1946: 50). Allerdings betont Pesch zugleich auch die Vielfältigkeit von Unternehmersmotiven, wobei das von Sombart und Weber vertretene Konzept des kapitalistischen Geistes dafür kritisiert wird, dass es den Erwerbstrieb als überhistorische Grundkonstante des Wirtschaftens unterschätzt (Pesch 1926: 93-4). Dem entspricht die These vom Fortwirken der institutionellen Rolle unternehmerischer Persönlichkeiten auch angesichts der fortschreitenden Organisierung und Bürokratisierung des Wirtschaftslebens (Pesch 1922: 556).

Die politisch-normativen Schlussfolgerungen aus dieser kapitalismustheoretischen Sichtweise verweisen auf Möglichkeiten der reformorientierten Bändigung des modernen Kapitalismus im solidaristischen Ordnungsrahmen eines gemischtwirtschaftlichen Systems. So können kapitalistische Produktionsformen und Unternehmungen als sozial gebundene Elemente im Kontext einer entsprechend umgeformten Wirtschaftsgesinnung und Wirtschaftsverfassung weiter produktiv wirken, obgleich der Kapitalismus als Ausdruck ungebundener Erwerbsinteressen grundsätzlich zu überwinden ist (Pesch 1922: 587). Die teleologischen Eigenschaften des Wirtschaftslebens implizieren ein normatives Primat des Bedarfsdeckungsprinzips über das Erwerbsprinzip des Kapitalismus, entsprechend des teleologischen Vorrangs der gesellschaftlichen Wohlfahrt in einem auf Tausch- und Verteilungsgerechtigkeit setzenden Ordnungsrahmen vor dem ausschließlichen Zweck der von monetären Interessen geleiteten privaten Kapitalakkumulation im unregulierten Kapitalismus (Pesch 1924: 204-5). Peschs Kritik des Kapitalismus problematisiert also die Frage schrankenlosen Erwerbsstrebens zugunsten der Ausrichtung individueller Aktivität nach den transzendenten Zwecken gesellschaftlicher Bewertung und Normierung. Damit forciert Peschs Kapitalismuskritik eine von materialistischen wie auch von

historistischen Erwägungen bei Marx und Sombart unabhängige moralische Argumentation (Harris 1946: 53-5).

Die solidaristische Theoriebildung hat sich auf dieser Grundlage als einflussreiche Strömung innerhalb der katholische Soziallehre und ihrer spezifischen Kapitalismuskritik weiterentwickelt. Entsprechende Variationen finden sich in der Folge vor allem bei Nell-Breuning. Ihm zufolge ist der modernen Kapitalismus durch die Trennung von Kapital und Arbeit und deren Überbrückung durch Lohnarbeit charakterisiert, wobei die Verfügung über das Kapital als Produktionsmittel bei einer gesellschaftlichen Minderheit angesiedelt ist, während die Mehrheit nur ihre Arbeitskraft in den Produktionsprozess einbringt. Aus dieser im Vergleich zu Pesch noch weitaus deutlicher sozialrechtlich und institutionalistisch geprägten Position folgt, dass neben der Variante des privatkapitalistischen Systems der Marktwirtschaften auch der real existierende Sozialismus als kapitalistisch im Sinne eines bürokratischen Staatskapitalismus zu charakterisieren wäre (Nell-Breuning 1960a: 31-3). Auch die unbeschränkte Erwerbsneigung des „Mammonismus“ ist keinesfalls dem Kapitalismus als Spezifikum eigen; vielmehr stellt er eine überhistorische Grundkonstante menschlichen Zusammenlebens dar, deren Artikulation vom gegebenen institutionellen Rahmen abhängt (Nell-Breuning 1960a: 97-8). Der Bezugnahme auf institutionelle Regime zur Steuerbarkeit von Reformprozessen entspricht die These von der beschäftigungs- und konjunkturpolitischen Stabilisierbarkeit kapitalistischer Marktwirtschaften, begleitet von institutionellen Mechanismen zur Vermögensbildung sowie zur Gestaltung von Arbeitsbeziehungen jenseits der reinen Warenförmigkeit (Nell-Breuning 1960a: 71-2; 81-2). In diesem Sinne setzt die Pesch nachfolgende Soziallehre dessen programmatischen Ansatz in ein umfassendes Projekt wirtschafts- und sozialpolitischer Gestaltungsoptionen um, dessen Gehalte ebenfalls im Kontext jener „Socialpolitik“ nachzuvollziehen sind, welche dem facettenreichen Diskurs der Historischen Schule entstammt.

## **7. Sozialpolitische Implikationen und politische Ökonomie des Wohlfahrtsstaats**

Peschs Grundposition zur ethischen Fundierung ökonomischer Prozesse, lässt sich insbesondere im Hinblick auf Allokations- und Verteilungsfragen folgendermaßen zusammenfassen: kapitalistische Formen des Wirtschaftens sind legitim und produktiv, solange sie in ein sozial verbindendes Kalkül aus gerechter Leistungskompensation, Äquivalenz der Leistungen und solidarischer Bedürfnisbefriedigung eingebettet sind (Pesch 1918: 52). Die mit der Frage der Leistungsgerechtigkeit implizit angesprochenen Aspekte der allokativen Reziprozität und statusbezogenen Redistribution verweisen wiederum auf die Rolle der Bedarfsdeckung als Zweck volkswirtschaftlicher Prozesse, im Sinne einer historisch und kulturell spezifizierten Bedarfsversorgung. Im Unterschied zu Sombarts einflussreicher Typenbildung von Erwerbs- und Bedarfsprinzip kann Pesch zufolge die Bedarfsdeckung auch Gewinnstreben einschließen, solange dieses durch einen konkreten Bedarf beschränkt wird (Pesch 1922: 34).

Als volkswirtschaftliche Organisationen der Bedarfsdeckung dienen etwa Kartelle und Genossenschaften. Diese sollen durch eine Harmonisierung von Angebot und Nachfrage zur Milderung existenzbedrohender Konkurrenz beitragen, sind jedoch im Hinblick auf Monopolstellungen und entsprechende Mängel der Kartellüberwachung auch als problematisch einzustufen (Pesch 1922: 259-60). Mit dieser Deutung von Kartellen als potentiell wohlfahrtssteigernden Institutionen nähert sich Pesch der



einschlägigen wettbewerbspolitischen Position Schmollers an. Auch seine Diskussion konjunkturpolitischer Probleme nimmt Bezug auf Schmollers Diktum von der Planlosigkeit der wirtschaftlichen Produktion durch spekulativ-privatwirtschaftliche Einheiten als der substantiellen Ursache von Wirtschaftskrisen, die durch eine Änderung psychologischer und sittlicher Ursachen sowie durch weitreichende institutionelle Vorkehrungen zu bändigen sei. Das heißt, konjunkturelle Schwankungen sind der mangelhaften Regulierung volkswirtschaftlicher Prozesse geschuldet, wobei neben subjektiven Einflüssen auch Staat und Berufsverbände zu berücksichtigen sind (Pesch 1923: 786-7).

Schließlich dient die Sozialpolitik ebenfalls als Beitrag zu ökonomischer und gesellschaftlicher Stabilisierung – wobei sich die Sicherstellung einer standesgemäßen Versorgung der Bürger an der Sicherung von Einkommensbezügen und Vermögensbildung orientiert (Pesch 1924: 204). So werden als entscheidende Problemfelder künftiger Wirtschafts- und Sozialpolitik die „sozialen Frage“ sowie die zunehmende weltwirtschaftliche Rivalität identifiziert (Pesch 1926: 788-9). Beide Aspekte verweisen auf den Zusammenhang von sozialer Kohäsion, sozialpolitischer Regulierung auf der Ebene des Nationalstaats – sowie auf die politische Ökonomie wohlfahrtstaatlicher Einrichtungen im Hinblick auf internationalen Wettbewerb und die politisch-ökonomischen Determinanten internationaler Wettbewerbsfähigkeit. Auch an diesem Punkt steht Peschs Einschätzung in der „Nationalökonomie“ im Einklang mit Schmollers Gegenwartsdiagnosen: tatsächlich schließt Schmollers „Grundriß“ ebenfalls mit einem Ausblick auf das Verhältnis von nationalstaatlicher Sozialpolitik und den internationalen Wirtschaftsbeziehungen.

Trotz dieser Übereinstimmung in Fragen angewandter Wirtschafts- und Sozialpolitik sind sich nachfolgende Interpreten Peschs weitgehend darin einig, dass die ethischen Komponenten des Solidarismus maßgeblich zu dessen anhaltender Differenzierung von der Historischen Schule beigetragen haben. So definiert Gustav Gundlach, der als maßgeblicher Vertreter der katholischen Soziallehre in der Pesch nachfolgenden Generation noch 1927 bei Sombart in Berlin promovierte, den Solidarismus wie folgt: „Solidarismus ist das Gesellschaftssystem, das die solidarische Verbundenheit jeder Gemeinschaft mit ihren Gliedern u. der Glieder mit ihrer Gemeinschaft zum beherrschenden Prinzip menschlichen Zusammenlebens macht“ (Gundlach 1931: 1612). Dabei liegt dem Solidarismus als ontologisches und ethisches Gesellschafts-, Organisations- und Rechtsprinzip die Position von der sozialen Natur des Menschen zugrunde. Dem entspricht der Bezug zur Aufarbeitung institutioneller und struktureller Vielfalt konkreter Lebensbedingungen im historischen Kontext (Gundlach 1931: 1614). Differenzen zur Historischen Schule resultieren dann aus deren Empirismus und wertebezogenem Relativismus, während der Solidarismus die historisch-spezifische Formenvielfalt in der Dynamik wirtschaftlicher Entwicklung und des ihr zugrundeliegenden Handelns als Manifestation objektiver Kulturwerte begreift (Gundlach 1931: 1618).

Auch aktuelle Bewertungen des Solidarismus unterstreichen diese Frage objektiver Zwecksetzung im Hinblick auf sozialpolitische Gestaltungsoptionen. Koslowski zufolge versteht der Solidarismus bei Pesch die Ökonomie quasi als Subsystem im kulturellen Gesamtzusammenhang einer Gesellschaft, deren wohlfahrtsorientierter Entwicklungszweck von moralisch-organischen Erwägungen geprägt ist, die zur Harmonisierung von ökonomischen und kulturellen Sinnzusammenhängen führen (Koslowski 2000: 374-5). Die entsprechende Differenzierung von Solidarismus und Historismus folgt aus Peschs Kritik an Schmoller mit ihrem Fokus auf der

problematischen historisch-kulturellen Relativität seines Begriffs von Sittlichkeit und Ethik. Da Peschs Naturrechtsorientierung dem Historismus methodologisch advers gegenübersteht, kann er laut Koslowski dezidiert nicht zur Historischen Schule gezählt werden. Dies gilt trotz der Anerkennung diverser Gemeinsamkeiten, wie der Betonung ethischer Sinnzusammenhänge in der Ökonomie, die für das Verstehen ökonomischer Prozesse sowie für die Analyse der nationalen Spezifität des Wirtschaftslebens und seiner sozialrechtlich verankerten institutionellen Ordnungsformen maßgeblich sind (Koslowski 2000: 389).

Im Vergleich mit der modernen liberalen Ordnungstheorie bleibt an diesem Punkt zu bemerken, dass Pesch eine Wirtschaftsordnung als Ausdruck zielgerichteter gesellschaftlicher Konstruktionsbemühungen auffasst und nicht als Ergebnis einer ergebnisoffenen, spontanen Regelevolution im Sinne einer nomokratischen Katallaxie (Koslowski 2000: 376). Das heißt, dass sich Peschs Solidarismus nicht nur in Widerspruch zum Evolutionismus der Historischen Schule begibt, sondern auch zum evolutorischen Ordnungsansatz der liberalen Theoriebildung Hayekscher Prägung. Aus deren Perspektive lässt sich Wirtschaftsethik als Ordnungsethik in arbeitsteiligen Marktwirtschaften interpretieren, deren regelbasierter Tauschmechanismus adäquate Formen der Solidarität in Marktprozessen verwirklicht (Homann and Blome-Drees 1992: 48-9).

Eine scharfe liberale Kritik des Solidarismus ist bereits bei Ludwig von Mises ausformuliert worden. Er interpretiert den Solidarismus als „pseudo-sozialistisches“ System einer ethisch verbrämten autoritären Bevormundung der Inhaber von Privateigentum – was letztlich zur Abschaffung des Privateigentums im impliziten Geiste des Sozialismus führen müsse, wenn auch auf anderer Argumentationsgrundlage (Mises 1981: 234-6). Entsprechend vermerkt die weiterführende liberale Kritik solidaristischer Wirtschafts- und Gesellschaftspolitik, dass korporatistische Organe der Wettbewerbsregulierung wie Kartelle und berufsständische Organisationen im Kontext der sozialen Zweckbindung des Wirtschaftens mittelfristig einer autoritären Kontrolle unterworfen seien, was mit liberaler Demokratie unvereinbar wäre und zu einer Monopolisierung sowie Vermachtung gesellschaftlicher Auseinandersetzungen führen müsse, welche dann letztlich in den Faschismus münden könnte (Harris 1946: 56-9). Auch mit Bezug auf die päpstliche Kritik am faschistischen Korporatismus folgt: “The road, then, from voluntary syndicalism to the corporative order is the road to fascism” (Harris 1946: 59). Dies lässt sich auch als Paraphrase von Hayeks Kritik an den mutmaßlich sozialistischen Bestrebungen der Historischen Schule deuten, wie sie in der „Road to Serfdom“ formuliert worden sind – in diesem Fall mit Sombart als Zielscheibe der Kritik (Hayek 1944: 52). Auch wenn diese Polemiken kaum dazu geeignet sind, den Gehalt des von Pesch vertretenen Solidarismus zu treffen, so ist diese Kritik doch auch im zeitgenössischen Kontext einer Diskussion zum „Dritten Weg“ jenseits von Kapitalismus und Kommunismus zu verstehen. Tatsächlich ist der Begriff des Solidarismus auch von Vertretern nationalistisch-völkischer Positionen beansprucht worden, wie etwa vom NS-Renegaten Otto Strasser und seinen Gesinnungsgenossen (Mueller 1946/2005: 350).

Im Gegensatz zu Hayek nimmt Schumpeter als ebenfalls dem Milieu der Österreichischen Schule entstammender, politisch jedoch als katholisch-konservativ einzuordnender Wirtschaftstheoretiker gegenüber Peschs Solidarismus eine vermittelnde Position ein. In der “History of Economic Analysis” wird Pesch zwar ebenso wie die Vertreter der Historischen Schule als Theoretiker negiert, aber genau wie bei Letzteren wird zugleich seine politisch-institutionelle Relevanz anerkannt: “The

programme of a „corporative” state based on groupwise co-operation by means of self-governing vocational associations within a distinct ethical framework, as outlined programmatically in the 1931 encyclica *Quadragesimo Anno*, is to be attributed most decisively to the works of Heinrich Pesch, set in the context of Catholic social thought and debates on Christian socialism. As a normative perspective it is said to add little to the domain of economic analysis, although its applied orientation may be misrepresented by an all too strong emphasis in interpreting it exclusively in terms of scholastic thought” (Schumpeter 1954: 765).

Die Bedeutung dieser Einschätzung lässt sich nur dann angemessen nachvollziehen, wenn Schumpeters affirmative Position zu korporatistischen Variationen der katholischen Soziallehre berücksichtigt wird. Insbesondere angesichts der von ihm im Anschluss an den Zweiten Weltkrieg identifizierten Tendenzen zur sozialistischen Transformation erscheint der solidaristische Gehalt der Enzyklika „*Quadragesimo Anno*“ mit seiner Orientierung an einer korporatistischen Einbettung unternehmerischer Privatinitiative bei Zurückweisung staatlichen Interventionismus als adäquates Programm. Es überrascht nicht, dass Schumpeter dies am deutlichsten in seinem programmatischen Beitrag „*The Future of Private Enterprise in the Face of Modern Socialist Tendencies*” ausspricht – präsentiert Ende 1945 auf einer Tagung zur Zukunft des privaten Unternehmertums (Schumpeter 1946/1991: 400-5). Zudem lassen sich in Schumpeters einschlägigen Stellungnahmen ebenfalls Bezüge zur Notwendigkeit einer religiös-kulturellen Bindung solcher Arrangements nachvollziehen – insbesondere anhand der Frage einer den korporatistischen Interaktionsformen vorausgesetzten institutionellen Wertevermittlung (Waters 1994: 260-1).

Die Vermittlungsposition Schumpeters verweist auf das kritische Potential der an Peschs Solidarismus orientierten Strömungen der katholischen Soziallehre gegenüber den wirtschafts- und sozialpolitischen Standpunkten des Ordoliberalismus – angeführt von Oswald von Nell-Breuning, der mit seinen Vorarbeiten für die Sozialenzyklika „*Quadragesimo Anno*“ den programmatischen Einfluss des Solidarismus von den 1930er Jahren bis in die 1960er Jahre hinein vorübergehend verfestigen konnte. Nell-Breuning illustriert die Differenz zwischen der Freiburger Schule des Ordoliberalismus und der katholischen Soziallehre mit ihren solidaristischen Grundlagen anhand der Frage des Wettbewerbsverständnisses. Er postuliert die Anerkennung des Wettbewerbsgedankens bei gleichzeitiger Berücksichtigung der institutionellen Einbettung des Wettbewerbs in einen erweiterten gesellschaftlichen Interaktionszusammenhang, so dass für die katholische Soziallehre in der Formulierung Nell-Breunings tatsächlich gelten soll: „Wirtschaft ist für sie nicht ein Geschehen zwischen unverbundenen, nur den gleichen formalen ‚Spielregeln‘ unterworfenen Individuen, sondern ein Sozialprozeß, d.h. ein Geschehen im gesellschaftlichen Raum, das ohne die gesellschaftlichen Institutionen weder denk- noch sachmöglich ist und das von eben diesen Institutionen sein Gepräge erhält“ (Nell-Breuning 1960b: 373). Wirtschaft als Handlungszusammenhang mit dem Ziel der Unterhaltsfürsorge ist also als gesellschaftlicher Prozess zu begreifen, der von diversen individuellen und kollektiven Wirtschaftsakteuren getragen wird und dessen Zielsetzung sich – wie Nell-Breuning mit Bezug auf Sombart postuliert – als spezifische Kulturfunktion auffassen lässt (Nell-Breuning 1963/1992: 32-3).

Die zur Etablierung einer Wirtschaftsordnung notwendige ordnungspolitische Entscheidung, die tatsächlich eine Schlüsselrolle im Dezisionismus der Euckenschen Ordnungstheorie spielt, ist demnach normenbasiert zu treffen, das heißt, sie bedarf einer Norm zur Gestaltung des Verhältnisses von Individuum und Gemeinschaft, deren

ethischer Gehalt sowohl spezifische Ergebnisse des Wirtschaftens, als auch institutionelle Umsetzungsformen beinhaltet (Nell-Breuning 1963/1992: 37-8). Eine entscheidende Rolle spielt dabei der Begriff der sozialen Gerechtigkeit, der in normativer Hinsicht als Ausdruck einer umfassenden Gemeinwohlorientierung gedeutet wird (Nell-Breuning 1980: 340-2). Das Prinzip der Solidarität fungiert als "Grundgesetz der gegenseitigen Verantwortung", das heißt, als grundlegendes gesellschaftliches Strukturprinzip (Nell-Breuning 1990: 10-1). Das den Aspekt der Solidarität im Denken Nell-Breunings flankierende Subsidiaritätsprinzip lässt sich schließlich in Abgrenzung zu etatistischen Ansätzen der Sozialpolitik als Ausdruck einer Logik der gestuften Selbstvorsorge interpretieren (Lachmann 1989: 295-6). Allerdings ist hinsichtlich solcher Interpretationen anzumerken, dass Nell-Breuning neben der Ablehnung eines etatistischen Interventionismus zugleich auch ein sozialpolitisches Unterstützungsgebot berücksichtigt. An diesem Punkt kommen weiterführende Kontroversen um Gundlachs originäres Konzept der Subsidiarität zum Tragen, welches die sozialpolitische Diskussion in der Enzyklika „Quadragesima Anno“ anhaltend geprägt hat. Dabei wird eine subsidiär gestaltete berufsständischen Ordnung als Gegenmittel zu sozialen Polarisierungstendenzen bei der Verfügung über ökonomische Ressourcen anvisiert – was eine Vermittlung zwischen Individuum und Staat einschließt, die auch im Rahmen der bundesdeutschen Nachkriegsdebatte zur sozialen Marktwirtschaft zum Tragen kommen sollte (Rauscher 2000: 410-1).

Tatsächlich lässt sich das von Alfred Müller-Armack formulierte Konzept der sozialen Marktwirtschaft als Synthese aus Ordoliberalismus, Solidarismus und den institutionalistischen Ansätzen der Historischen Schule auffassen (Ebner 2006). Dabei ist die kritische Distanz zwischen den Positionen marktskeptischer Vertreter der katholischen Sozialethik wie Nell-Breuning und der ordnungspolitischen Perspektive Müller-Armacks nicht zu leugnen. So soll Müller-Armacks „irenische“ Formel der sozialen Marktwirtschaft primär weltanschauliche Gegensätze versöhnen: katholische Prinzipien des sozialen Ausgleichs und der Subsidiarität, protestantische Vorstellungen zu privatem Unternehmertum und gemeinschaftlicher Kooperation, sozialistische Positionen zur sozialen Sicherung sowie liberale Forderungen nach einer freiheitlichen Wirtschafts- und Gesellschaftsordnung. In diesem Sinne beschreibt Müller-Armacks soziale Marktwirtschaft einen spezifischen „Wirtschaftsstil“, der die institutionelle Einbettung ökonomischer Innovationsdynamik zugunsten sozialer Kohäsion gewährleisten soll (Müller-Armack, 1950/1981: 563-5). Dass dabei religiöse Wertvorstellungen eine herausragende Rolle einnehmen, erklärt die Anschlussfähigkeit an den „Freiburger Imperativ“ des Ordoliberalismus um Walter Eucken und Franz Böhm, der intensiven Marktwettbewerb und staatliche Handlungskapazität mit religiöser Gemeinwohlorientierung koppeln will (Rieter und Schmolz 1993: 104-7).

Aus historischer Perspektive ist die konkrete Ausformung des deutschen Wohlfahrtsstaats tatsächlich als umkämpfter interkonfessioneller Kompromiss aus protestantischem Wirtschaftsliberalismus und katholischem Wohlfahrtsinterventionismus zu interpretieren (Manow 2000: 3). Somit gehört es zur politischen Ökonomie des deutschen Wohlfahrtsstaats, dass seine normativen Grundlagen in einem vielschichtigen wirtschaftsethischen Kontext zu verorten sind, zu dem neben dem preußisch-protestantisch geprägten Diskurs der Historischen Schule auch der Solidarismus innerhalb der katholischen Soziallehre gehört. Dass konzeptionelle Komponenten dieser Diskussionen zwischen Historischer Schule und Solidarismus wie etwa die Problematik des sozialpolitischen Etatismus auch in

gegenwärtigen Debatten um die Reform des Wohlfahrtsstaats aufgenommen werden, unterstreicht nur noch deren anhaltende Aktualität.

## 8. Fazit

Das fundamentale Interesse an der Formulierung eines „Dritten Weges“ zwischen Liberalismus und Kommunismus, der wirtschaftliche Entwicklung und soziale Kohäsion im Hinblick auf sozialpolitische Gestaltungsoptionen verbinden soll, gehört zu den maßgeblichen Gemeinsamkeiten von Peschs Solidarismus und den Traditionen der Historischen Schule. Auch die für Pesch in programmatischer Hinsicht zentrale Theorie sozialer Werte steht grundsätzlich im Einklang mit den Vorstellungen der Historischen Schule – und ist dazu geeignet, methodologische Differenzen bei der Beurteilung normativer Gesichtspunkte zu überdecken. In Verbindung mit der Frage sozialpolitischer Folgerungen dürften die Unterschiede im Verständnis der institutionellen Dynamik kapitalistischer Marktwirtschaften jedoch schwerer wiegen. Dies gilt primär im Hinblick auf Fragen der unternehmerischen Innovationstätigkeit und der monetären Dimension wirtschaftlicher Entwicklung. Hier fällt Peschs Ansatz mit seiner Verdünnung des Unternehmerkonzepts zu Managementroutinen und seiner Verengung des Kapitalismusbegriffs auf geldwirtschaftliche Motive zum Teil weit hinter die Positionen der Historischen Schule zurück – insbesondere hinter die institutionalistisch angelegte Kapitalismustheorie der Schmöller nachfolgenden Generation. Dennoch sind die Positionen von Solidarismus und Historischer Schule als Ausprägungen einer umfassenden institutionalistischen Argumentationslinie zu verstehen, deren aktuelle Relevanz nicht zuletzt aus der vergleichenden Analyse sozialpolitischer Arrangements herrührt.

Tatsächlich betonen aktuelle Forschungsperspektiven einer Sozialökonomik in solidaristischer Tradition die Notwendigkeit eines integrierten kulturellen, politischen und ethischen Ansatzes zur Analyse ökonomischer Prozesse, orientiert an konkreten sozialpolitischen Anwendungen (Waters 1988: 113). In diesem Sinne lassen sich Solidarismus und Historische Schule in den erweiterten sozialökonomischen Zusammenhang des modernen Institutionalismus mit seiner kooperativ ausgelegten wirtschaftsethischen Fundierung einführen. Dessen sozialpolitische Formierung beruft sich programmatisch auf die Anerkennung gesellschaftlicher Interessenkonflikte und asymmetrischer Machtverhältnisse, deren dialogische Regulierung über eine staatliche Gestaltung institutioneller Zusammenhänge erfolgen soll (Katterle 1990: 125-6). Auch ein kritisches Verständnis des Solidarismus als eine an gesellschaftlichen Werthaltungen ausgerichtete neo-scholastische Wirtschaftstheorie unterstreicht diese Anschlussfähigkeit an institutionalistische Positionen (Harris 1946: 43-4).

Solch eine institutionalistische Positionierung des Solidarismus wird zudem von Spannungen in der päpstlichen Interpretation der katholischen Soziallehre als reiner Theologie gegenüber Peschs sozialpolitischem Gestaltungsanspruch getragen (Ederer 1991: 609-10). Jenseits dieser Interpretationen gewinnt der Solidarismus Peschs seine anhaltende Bedeutung jedoch auch aus entsprechenden Vorgaben in den jüngsten Sozialzyklen (Ederer 1991: 596-7). Vor allem die Debatte zur internationalen Agenda der katholischen Soziallehre unterstreicht diese Sichtweise, etwa durch die Forderung nach dem institutionellen Wandel wettbewerblicher Interaktionsformen hin zur anhaltenden Kooperation als Beitrag zu gesellschaftlicher Vertrauensbildung – mit exemplarischen Anwendungen im Bereich lokaler Interaktion zwischen Staat und Privatsektor bei der Formulierung aktiver Strukturpolitik (Wilber 1991: 576).

Diese Perspektive erlaubt wiederum das Anknüpfen an jene sozialpolitisch orientierten Diskurse, die eine Überwindung der Dichotomie von Staat und Markt bei der Politikgestaltung einfordern, und dabei die auf Vertrauen und Reziprozität basierende Leistungsfähigkeit von institutionellen Netzwerken und zivilgesellschaftlichen Verbänden betonen (Ebner 2004: 371-2). So ist festzuhalten, dass gesellschaftliche Solidarität bei Pesch als Rechtsprinzip gilt, das individuelle Mitverantwortung bei der Erstellung von Kollektivgütern sowie resultierende Teilhaberechte umfasst – und somit auch in sozialpolitischer Hinsicht auf Rechte und Pflichten Bezug nimmt (Mueller 1946/2005: 351-2). Der Solidarismus erscheint dann als Artikulation einer spezifischen Vergesellschaftungsform, die Solidarität als normatives Prinzip gesellschaftlicher Kohäsion auffasst, das einen entscheidenden Beitrag zur Herstellung einer moralischen Bindung erlaubt (Mueller 1977: 296). Insbesondere die Aspekte der personellen Interdependenz und Reziprozität konstituieren den Kern dieses bei Pesch programmatisch angelegten Solidaritätsprinzips (Ederer 1991: 598).

Vor diesem Hintergrund lassen sich diskursive Verbindungen des Solidarismus mit dem politischen Projekt des Kommunitarismus nachvollziehen, insbesondere mit dessen Politikforderung nach einem Wandel von Präferenzen im Sinne einer moralischen Reorientierung gesellschaftlicher Akteure jenseits utilitaristischer Kosten-Nutzen-Kalküle (Etzioni 1988: 240-2). Der beanspruchte Einstellungswechsel zielt auf ein gemeinschaftliches Ensemble von Rechten und Pflichten, das auf der institutionellen Ebene insbesondere von der Familie als moralischer Basis der Gesellschaft, aber auch von der Wissens- und Wertevermittlung des Bildungswesens, von sozialen Netzwerken im Kontext von Wohnort, Arbeitsplatz und Verbandswesen sowie vom staatsbürgerlichen Grundkonsens gefördert wird (Etzioni 1995: 277-9). Entsprechend wird behauptet, dass sich die Ansätze eines demokratischen Kommunitarismus, der auf freie Assoziationsfähigkeit als gesellschaftliches Ordnungsprinzip abstellt, nicht nur auf Durkheims libertären Solidarismus zurückführen lassen, sondern auch auf die solidaristischen Varianten der Christdemokratie – und dabei insbesondere auf Peschs Solidarismus (Boswell 1990: 22-4). Der normative Gehalt des so verorteten Kommunitarismus fußt auf der Einbindung in Gemeinschaftswerte, wobei die Funktion sozialer Sicherungssysteme als institutionelle Unterstützung persönlicher Vervollkommnung interpretiert wird (Boswell 1990: 33). Eine theoretische Einschätzung des Wohlfahrtsstaats, die primär auf Prinzipien sozialer Anerkennung und Wertschätzung rekurriert, hat diese Problembereiche von Gemeinschaftlichkeit zu berücksichtigen – gerade angesichts der real existierenden Vielfalt ethisch integrierter Gemeinschaften (Nullmeier 2000: 414-5). Den Wohlfahrtsstaat auf diese Weise zu thematisieren impliziert wiederum ein Anknüpfen an jene Positionen, die den institutionalistischen Konsens zwischen Solidarismus und Historischer Schule ausmachen.

Weiterführende Implikationen für die Debatte um Reformen des Wohlfahrtsstaats lassen sich aus der Frage des Warencharakters der Arbeitskraft und ihrer sozialpolitischen Einhegung ableiten. Peschs Solidarismus zufolge bedürfen kapitalistische Formen des Wirtschaftens einer sozial ausgewogenen Leistungskompensation, die mit einer Loslösung der Arbeitskraft vom unmittelbaren Marktprozess einhergehen soll – was wiederum den Grundpositionen zur Sozialpolitik bei Schmoller und Wagner entspricht. Der Bezug auf die soziale Kompensation der Arbeitskraft verweist auf institutionalistische Diskussionen zur Theorie des Wohlfahrtsstaats, wie sie in Karl Polanyis einflussreichen Thesen zur sozialpolitischen Einbettung und Dekommodifizierung des Faktors Arbeit vorgetragen worden sind (Polanyi 1944/2001).

Esping-Andersens entsprechendes Konzept einer wohlfahrtsstaatlichen Dekommodifizierung der Arbeit als Aufhebung des unmittelbaren Erwerbszwangs hat Polanyis Vorgaben aufgenommen und weiterverfolgt. Die Einführung sozialer Rechte im Sinne eines Rechtsanspruchs auf Sozialleistungen und die damit einhergehende temporäre Möglichkeit markt-unabhängiger materieller Reproduktion gilt als Kern dieser Dekommodifizierung der Arbeit (Esping-Andersen 1990: 21-23).

Nun besteht die maßgebliche Herausforderung für diese sozialpolitischen Vorstellungen derzeit darin, dass der Trend politischer Reformen des Wohlfahrtsstaates mit seinen Komponenten einer aktivierenden Arbeitsmarkt- und Sozialpolitik tatsächlich in die Richtung einer „Rekommodifizierung“ der Arbeitskraft verweist – was mit der Deregulierung von Arbeitsmärkten einhergeht (Dingeldey 2005: 273-4). Zusätzlich zu diesem politisch-institutionellen Trend stellt sich für eine solidaristisch inspirierte Wirtschafts- und Sozialpolitik derzeit die Frage nach der institutionellen Umsetzbarkeit ihrer Kernforderungen. So kollidiert etwa die Vorstellung berufsständischer Gliederungen mit der zunehmenden sozio-ökonomischen Flexibilisierung und Fragmentierung post-industrieller Gesellschaften, deren politische Apparate mit einer Transformation nationalstaatlicher Steuerungskapazität umgehen müssen. Die politische Ökonomie des Wohlfahrtsstaats ist nicht von der Dynamik ökonomischer Globalisierung zu trennen, was auch auf sozialpolitischem Gebiet supranationale Regulierungen erforderlich macht. So repräsentiert auch die konfliktreiche Formierung des europäischen Sozialmodells – im Sinne einer sozialen Marktwirtschaft für die Europäische Union – eine aktuelle Ausprägung jener sozialpolitischen Problemlagen, die bereits für den Solidarismus und die Historische Schule bestimmend waren und nun in eine ethisch, institutionell und strukturell adäquate Form zu überführen sind.

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04

The Intellectual Foundations of the Social Market Economy:  
Theory, Policy, and Implications for European Integration

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## 1. Introduction

Recent debates on a Constitution for the European Union have confronted the matter of the economic and social order that may arise from the process of European integration. In particular, the question has been posed, whether the concept of the social market economy, as presented in the draft version of the European Constitution, is actually fit to serve as a model for dealing with economic and social concerns in the integration process. An underlying concern aims at reconciling the economic dynamism of European integration with adequate means for promoting social cohesion. However, these debates on the role of the social market economy as a model for the economic and social order of the European Union tend to misrepresent the intellectual foundations of the concept of the social market economy. This holds especially with regard to its roots in the German discourse on social reform that had been promoted by historicist contributions since the 19th century. Indeed, socio-cultural development and its policy implications constituted a major concern of the German Historical School, in particular promoted by Gustav von Schmoller's contributions, highlighting the project of *Socialpolitik* as a means for reconciling competitive market forces and social cohesion. Accounting for these arguments, this paper suggests that the notion of the social market economy, as put forward by Alfred Müller-Armack in agreement with basic propositions of ordoliberalism during Post-War disputes on economic policy in Western Germany, needs to be assessed in the context of that historicist tradition in German economic and social thought. This position is underlined by Müller-Armack's original emphasis on the cultural and religious embeddedness of the economic sphere, actually put forward both with regard to the concept of the social market economy and the historical dimension of European economic development, thus pointing at topics of utmost relevance for current debates.

In outlining a rational reconstruction of the line of reasoning that ranges from the historicist project of *Socialpolitik* to the notion of the social market economy and its ordoliberal context, the presentation proceeds as follows. First, the problem of social cohesion in Gustav von Schmoller's theory of economic development is addressed, thus delineating a conceptual field of argumentation that constitutes the essence of the German Historical School. Second, the political project of *Socialpolitik* is taken to the fore, reconstructing Schmoller's arguments on the need for social reform that have inspired post-Schmollerian variations on that policy theme, as put forward most prominently by Max Weber. Third, the argumentation of the ordoliberal critics of the historicist project of *Socialpolitik* is explored. Paralleling ordoliberal elaborations on the orientation of social policy in a competitive market order, Müller-Armack's concept of the social market economy is introduced as an expression of a persistent concern with an integrative approach to economic dynamism and social cohesion. This is augmented by an exploration of that concept of the social market economy in Müller-Armack's theorising on the cultural embeddedness of economic activity, as expressed in the elaboration on a historically rooted European economic style. Fourth, implications of that reconstruction of the intellectual heritage of historicism for an application of the social market economy to European integration are examined, highlighting the conclusion that the Historical School implicitly provided major impulses for theorising on an economic and social order of the European Union.

## 2. Social Cohesion in Schmoller's Theory of Economic Development

The comprehensiveness of the Schmollerian research agenda has been paralleled by its major impact on efforts in research and teaching on political economy in the German-speaking areas at least in the last quarter of the nineteenth century. Contributing to the formation of *Socialpolitik* as a concern with the integration and cohesion of the socio-economic sphere that has persisted ever since, it informed the social reforms of the Bismarck era, while conceptually preparing the grounds for Germany's post-war discussions on the notion of a Social Market Economy. Regarding an interpretation of the essence of Schmoller's underlying research program, various historical, empirical, ethical, and policy-oriented segments have been distinguished (Backhaus, 1993/1994, pp.10-11). This has been accompanied by the recognition of historical, evolutionary, cultural and etatist modes of analytical orientation (Prisching, 1993/1994, pp.118-9). Schumpeter, in an authoritative early survey of economic thought, summarised his assessment of the Schmollerian perspective in the German Historical School by a total of six points: first, the historical relativity of theoretical insights; second, the unity and 'Gestalt' character of social life, where all constitutive elements are interdependent and not to be isolated; third, the variety of economic motives encompassing rational as well as non-rational aspects; fourth, the evolutionary and developmental perspective; fifth, the interest in a detailed analysis of individual research objects; sixth, the anti-mechanistic, organicist point of view (Schumpeter, 1914, pp.110-1).

Methodologically, in agreement with the concept of a historical method in economic analysis, Schmoller suggested an analytical procedure that would encompass empirical observations, the formulation of definitions and classifications, and finally the reconstruction of patterns as well as the elaboration of causal explanations (Schmoller, 1901, p.100). Hence, Schmoller actually followed the idea that detailed and comparative research strategies might uncover a sufficient amount of empirical regularities and thus lead to the formulation of the historical laws of socio-economic development (Dopfer, 1988, pp.556-7). Accordingly it has been suggested that it is not a lack of theoretical orientation which characterises the Schmollerian agenda, but rather the rejection of empirically unfounded abstract theory in favour of an agenda of comprehensive empirical research which should inform an applied type of theorising (Scheffold, 1989, pp.78-9). Indeed, accounting for the interdependence of historical, institutional and social dimensions, Schmoller proposed an outline of a historically oriented theory of economic development that should synthesise the already available analytical efforts of the Historical School.

According to Schmoller, any economic process is based on two fundamental factors, curiously resembling the Marxian approach to the dialectics of productive forces and productive relations. Indeed, Schmoller suggested that the basis of economic processes were constituted by "natural-technological" factors upon which a layer of "psychological-moral" factors would unfold (Schmoller, 1874-75/1898, p.57). This scheme also constitutes the analytical core of Schmoller's notion of political economy which should integrate institutional and technological aspects, affecting both the domains of the natural and the cultural (Schmoller, 1893/1898, p.223). Accordingly, in Schmoller's scheme of development stages, the criteria of classifying an individual stage correspond to the degree of economic interdependence among the economic parties involved, as indicated by the degree of the division of labour and its technological as well as infrastructural foundations which define the range of the relevant economic unit. Economic development then involves a sequence of increasing complexity, resembling the Spencerian scheme of evolution. This notion of increasing

complexity is set in relation to the factor of economic interdependence. Specific stages of economic development correspond with the evolutionary pattern of a growing organism, reflecting the increasing range of interdependent relationships, including the particular stages of the village, town, regional-territorial, and national economy (Schmoller, 1904, p.764).

A decisive analytical unit of Schmoller's approach is thus constituted by the notion of *Volkswirtschaft*, that is, the national economy which has evolved as a specific developmental stage of economic and socio-cultural evolution. In accordance with Schmoller's twin concept of material and non-material factors, it represents a particular type of economic formation, a specific whole, which is grounded on certain psychological, that is, intellectual and instinctive motive patterns, as well as on a material structure which consists of a particular system of institutions and organisations, including the modern state, further socio-economic structures, and natural as well as technological specificity. Economic phenomena then represent integral parts of the general pattern an economy, and they should be analysed as such, for an isolating type of analysis would miss their essential functions (Schmoller, 1893/1898, pp.220-1). This focus on institutional aspects of economic behaviour also led to a persisting scepticism regarding the materialist implications of the concept of capitalism as it had been used before by Marx and Sombart (Schmoller, 1903, p.144). Instead, Schmoller favoured the notion of the "machine age" as an appropriate label for the economic process under the conditions of industrial production as the dominant mode of production. The specific technological features of that industrial "machine age", based on the introduction of machines in the production process, fuel an ongoing institutional and structural differentiation (Schmoller, 1901, pp.218-9).

Schmoller's concept of the evolutionary process takes a non-mechanistic position, for the seemingly natural process of socio-economic evolution is said to be regulated by the impact of cultural development, substituting intellectual insights for pure instincts. The core of Schmoller's approach is thus subdivided into an ethical and an evolutionary segment, both pointing at specific sources of change. The ethical aspect denotes a historical orientation regarding institutional change and the idea of ethical progress in history. Concerning normative policy implications, Schmoller then emphasised the feasibility of reconciling market dynamics and social justice, as reflected by Schmoller's position on the embeddedness of profit motives in ethical spheres of moral fairness. Even the most primitive modes of market exchange would be based on a sentiment of closeness, that is, on mutual trust (Schmoller, 1901, pp.37-8). The interplay of natural instinct and cultural intellect allows for labelling the Schmollerian ideas, which he himself tended to present as ethical-historical also as genuinely ethical-evolutionary (Ebner, 2000, pp.356-7). These evolutionary and ethical dimensions of economic and socio-cultural progress, based on the motives of instinct and custom, are transmitted by the mediating mechanisms of competition and co-operation. Schmoller perceived market competition as a kind of natural selection which results in the survival of the fittest, a process to be contrasted with a conscious regulation of economic life that should be based on the progress of intellectual insights. The scheme of economic progress still does not allow for historical determinism, and it is also opposed to the idea of a final stage of history in terms of a Hegelian "end of history," although Schmoller's attitude towards the Prussian monarchy as a historically most advanced carrier of social reforms seemed to resemble Hegelian ideas. Yet Schmoller insisted on the unpredictability of socio-cultural development as an undetermined evolutionary process (Schmoller, 1874-75/1898, p.118).



However, Schmoller's ethical-evolutionary perspective on economic development accounted most decisively for the role of institutions, primarily understood as customary habits, moral powers as well as legal foundations of the prevailing economic order. Moreover, the economic sphere of production, distribution and exchange would also exert an influence on the institutional framework. The cultural development of societies then would follow a cyclical pattern, driven by the institutional mechanism of increasing complexity and the underlying structural tension between evolutionary aspects of competition and ethical aspects of cooperation. This type of argument manifests itself in the exploration of the economic development of national economies. In the final chapter of Schmoller's "*Grundriß*", the cyclical character of the development process was presented as a result arising from the emergence of modern societies, portrayed as increasingly complex and therefore potentially unstable entities. The national economy then would become subject to internal social conflicts and class struggles as well as to external policy conflicts in the spheres of international trade and competition on international markets (Schmoller, 1904, pp.465-6). The cyclical rise and decline of nations and civilisations crystallises as the common pattern of economic development, essentially caused by the actual condition of the moral powers of a particular society (Schmoller, 1904, pp.673-4). At this point, the project of *Socialpolitik* proves its analytical relevance, reflecting a concern with policies for social reform that emerged as a constitutive programmatic component of all strands of historicist and institutionalist thought (Ebner, 2001a, pp.725-7).

### 3. Historism Embattled: The Project of *Socialpolitik* and Its Critics

In accordance with the distinction between an evolutionary-natural and an ethical-cultural domain of economic and socio-cultural evolution, the programme of *Socialpolitik* was presented as a product of the latter. Schmoller suggested that the division of labour would be subject to a seemingly natural evolutionary logic of increasing complexity and differentiation, thus fuelling a differentiation of incomes that would even result in the elimination of social strata as a most immoral aspect of that natural process. The cultural process promoted by *Socialpolitik*, however, would promote the division of labour as a means for increasing productivity while simultaneously acknowledging the need for upholding humane cultural and social conditions, as reflected by distributive justice and social coherence (Schmoller, 1874-75/1898, pp.126-7). Indeed, Schmoller's proposals for a solution to the social question, pointing to the socially disastrous consequences of industrialisation and urbanisation as facets of an all-encompassing process of rationalising modernisation, then would focus on efforts in general education and ethical orientation as a means for the alleviation of poverty and the social balancing of income distribution. These efforts point to corporatist ensembles that transcend the confines of state intervention and community-based self-organisation, for instance by strengthening the role of para-fiscal arrangements, which promote the organisation of comprehensive social insurance schemes and funds, to be interpreted as a decisive contribution to the civilising formation of a well-educated and trained working class that would accompany the socially stabilising role of the *Mittelstand* as a most crucial component of Schmollerian *Socialpolitik* (Priddat, 1995, pp.31-2). Coping with unjust economic patterns concerning the distribution of income and property should allow for countering revolutionary tendencies in a polarised and conflict-ridden class society (Schmoller, 1874-75/1898, p.111). Accordingly, it has been underlined that Schmoller advocated performance-based wage structures in accordance with the Aristotelian principle of distributive

justice that accounts both for market-based exchange value and the productive efficiency of performance (Priddat, 1995, pp.189-90).

All of this constitutes the “ethical solution” to the problems of the social question and social reform, providing an adequate framework for education as a means for improving standards of living both in moral and monetary terms (Schmoller, 1918, pp.333-4). The specific reform strategy factors of upgrading the particular levels of education, income and property for the working class, together with the continued social impact of the *Mittelstand*, were already outlined in the programmatic contribution to the controversy with Treitschke, who denounced Schmollerian *Socialpolitik* and related efforts of the so-called “socialists of the chair” as a sinister contribution to socialist radicalism (Schmoller, 1874-75/1898, pp.5-6). In this context, social reform was meant as a means of social pacification, based on the social, economic and even political integration of the working class and related organisations in the institutional frameworks of the existing state, thus contributing to an abolishment of the motive of socio-political revolution in the organised labour movement (Schmoller, 1918, pp.642-3). Indeed, even during the political catastrophes of World War I Schmoller expected that the Wilhelminian system, as a socially enlightened system of rule, would persist through working class support against efforts of both socialist radicalism and democratic liberal republicanism aiming at the abolition of monarchy (Schmoller, 1918, p.647). It is fair to state, however, that the Schmollerian policy agenda succeeded at least with regard to the introduction of social insurance schemes as well as regarding educational matters. Indeed, concerning the introduction of compulsory schemes for social insurance funds, it was of course the Schmollerian orientation that informed Bismarck’s strategy of social reform during the 1880s in Imperial Germany, thus preparing the ground for consecutive efforts in establishing a modern *Sozialstaat* as a component of Germany’s social market economy in the post-war era. Generally, the motives of integration and cohesion, both with respect to the social and economic domains, signify the crucial arguments for that reform policy orientation. The corresponding efforts concerning a balanced reconciliation of economic concerns in terms of competitive market forces and social concerns in terms of the cohesive reproduction of an integrated social whole represent decisive aspects of *Socialpolitik* as an inspiration for subsequent concerns with reforming the economic and social order.

Corresponding modifications of the Schmoller program were most prominently pursued by Max Weber, Sombart and Spiethoff, labelled the “Youngest Historical School” by Schumpeter (Schumpeter, 1954, p.815). Regarding methodological concerns, a first point of attention was provided by the Weber-Sombart axis against value judgements during the *Werturteilsstreit* in the *Verein für Socialpolitik*, founded by Schmoller as an organisation of reform-minded political economists, which had soon emerged as a major academic platform. Moreover, while Schmoller had been aiming at the formulation of universally valid theoretical laws by the means of detailed historical and empirical studies, the post-Schmollerian strategy claimed the necessity of an integration of theory and history by stressing the historical specificity of economic theories (Betz, 1988, p.414). In this context, Max Weber’s works on the genesis and evolution of modern capitalism have paved the way for further analyses of the relationship between institutional and structural features of capitalist evolution (Ebner, 2001b, pp.1752-3). Regarding the matter of the social question and the postulates of *Socialpolitik*, Weber argued in his Freiburg Inaugural Lecture of 1895 that social policy needs to be understood primarily as a contribution to “the social unification of the nation”, countering pressures for fragmentation and conflict that arise from the economic sphere

(Weber, 1895/1988, p.23). This prevalent motive of integration and cohesion allows for a recollection of Schmoller's positions. Weber, however, rejected any etatist leaning that could be associated with Schmoller's ethically grounded *Socialpolitik*, advocating instead an efficiency-oriented approach to modern administration and business enterprise as a means of countering the ongoing process of bureaucratisation (Weber, 1909/1924, pp.415-6). In terms of the political perspective of Germany, Weber even promoted the idea of political leadership exercised by a well-educated labour aristocracy; a perspective that could be realised only in the distant future (Weber, 1895/1988, pp.23-4).

Werner Sombart, as a like-minded representative of post-Schmollerian thought, then argued that modern capitalism would contribute to a gradual corrosion of the embeddedness of economic life in customary social relations. The epoch of full capitalism, lasting from the 18th century to the outbreak of World War I, should represent the ideal typical scheme of the capitalist economic system in its purest form, as it put the principles of profit and rationalism in control of economic relationships. In particular since the end of the 19th century, economic life became uniform, mechanised, and rationalised (Sombart, 1927/1987, pp.884-5). Late capitalism, rising during World War I, should at last mark the emergence of a dominant phase of "bureaucratised capitalism" (Sombart, 1927/1987, p.806). Based on these considerations, Sombart's position on *Socialpolitik* and social reform were closely related to the analysis of the developmental dynamism of modern capitalism. From early on, Sombart suggested a characteristic definition of the latter in terms of economic policy measures that would be meant to conserve, promote or suppress particular economic systems or some of their components that could be found in the domains of economic spirit, organisation and technology. This orientation should be distinguished from *Personalpolitik* aiming at the well-being of specific persons or social groups (Sombart, 1897, p.8). Hence, *Socialpolitik* was meant to be a system-based policy in the sense of dealing with the institutional and structural features of capitalism and its historical alternatives. The tendency of economic systems replacing each other during a competitive struggle then would counter policy-related attempts at harmonising the development process by integrating various elements of diverse economic systems in an organic whole (Sombart, 1897, pp.40-1).

Furthermore, the recognition of the persistence of diverse forms of economic institutions and structures resembled the perspective on economic styles, which had emerged from earlier discussions within the German Historical School, reflecting a metaphorical orientation towards the cultural sciences (Schefold, 1994, pp.221-2). Sombart's notion of economic systems had been increasingly focussing on the matter of economic spirit as the decisive institutional component that would accompany the aspects of organisation and technology, while the related notion of economic styles underlined both the institutional and structural specificity of economic formations. These latter positions have been quite prominent with Alfred Müller-Armack's particular notion of economic styles, to be perceived as an approach that focuses on the matter of integration and cohesion of an economic formation. Actually, Müller-Armack developed his notion of economic style with regard to the economic and socio-cultural evolution of modern Europe, still pointing to ideas on the cohesion of economic systems that would become crucial features of his subsequent elaboration on the concept of the social market economy. Indeed, when presenting the intellectual sources of the latter, he was paying reference to the post-Schmollerian research efforts on capitalist evolution put forward by Max Weber and Sombart, among others (Müller-Armack, 1973/1974,

pp.246-7). Therefore, Müller-Armack's concept of the social market economy may be assessed as an extension of earlier concerns with *Socialpolitik* as a means for balancing economic dynamism and social cohesion.

#### 4. Ordoliberalism and the Social Market Economy as an Economic Style

An assessment of Müller-Armack's contributions to the concept of the social market economy needs to account for the shift that occurred in the domain of German political economy during the 1930s and 1940s from historicist positions towards ordoliberal thought with theoretical inclinations towards the Austrian School. Schemes of plan-market dichotomies would come to dominate comparative economics; a terrain prepared by Mises's elaboration on Austrian price theory, meant as a contribution to the socialist calculation debate. The ordoliberal approach then provided a lasting cornerstone for subsequent analyses of economic policy and economic systems, taking its point of departure in the dichotomy of theory and history and thus confronting the same array of problems the Historical Schools had struggled with. Pioneering contributions of the ordoliberal theorists of the Freiburg School, focussing on the relationship between economic, legal and social issues, were decisively shaped by Walter Eucken und Franz Böhm since the 1930s. Eucken's approach to ordoliberalism, in particular, did not subscribe to an almost stateless economy, as traditional liberalism would have it, but rather to a strong state that should hold responsibility for establishing the rules which constitute the market process, thus pinpointing the institutional arrangement of economic order as decisive object of analysis and policy orientation (Watrin, 1979, pp.412-3). The corresponding ordoliberal credo, denoted as the "Freiburg Imperative", then related the competitive order of market processes, primarily based on a market price system, well-established property rights and competition-promoting policies, with institutional pillars such as religion-based community orientation, confronting the disruptive effects of socio-cultural rationalisation, and a strong state with a high level of policy competence that is fit to reject the demands of special interest groups (Rieter and Schmolz, 1993, pp.104-7).

In terms of the underlying theory of economic order, Eucken suggested a scheme of ideal types of economic systems that should be applicable to all economic epochs in history, that is, basically centralised-administrative versus decentralised market-based modes of planning and allocating (Eucken, 1940/1944, pp.95-6). These economic systems should inherently allow for high degrees of political construction, as the deliberate choice on the distribution of property rights and the system of political decision-making would contribute to the institutional establishment of a specific order (Schefold, 1995, pp.226-7). In a similar fashion, then, Eucken approached the matter of *Socialpolitik* by redefining the underlying concerns as compared with earlier historicist arguments for social reform. Actually, a novel type of social question was taken to the fore, namely the subordination of workers and other employees to a bureaucratic-administrative system of regulation, allocation, and distribution of resources and incomes by the state, involving labour contracts, labour allocation and social insurance as an expression of a gradual socialisation of life (Eucken, 1952, pp.186-7). As social policy should account for these problems, it is to be designed as *Wirtschaftsordnungspolitik*, that is, policy for maintaining a competition-oriented economic order, aiming at the preservation of the market process as the decisive precondition for the productive solution of all actually existing social problems (Eucken, 1952, pp.312-3).

However, even from the theoretical position of ordoliberal theory, Weberian and Sombartian motives continuously provided arguments for augmenting the reductionist tendencies prevalent in Eucken's contributions that would reduce the historical matter of economic systems to the setting of institutional mechanisms for the allocative coordination of individual economic plans. In particular, Müller-Armack's notion of the social market economy should contribute to the formulation of such an ordoliberal variation, highlighting a culturally sensitive understanding of the role of religion and related world-views in economic life that resounded historicist ideas (Koslowski, 1998, pp.74-5). More specifically, Müller-Armack attempted to provide concepts for a historical and evolutionary view on comparative economic development which should allow for highlighting its cultural foundations. It has been claimed that the whole context of post-Schmollerian discussions mattered for that perspective, quite in accordance with Müller-Armack's interest in economic development and business cycles (Scheffold, 1999, pp.16-7). In particular, religious world views were used as a criterion for the historical-geographical identification of economic styles, as they would shape economic, political and technological as well as scientific attitudes, pointing primarily to Max Weber's works on the sociology of religion as a stimulating influence (Müller-Armack, 1940/1981, pp.48-9).

Economic styles were defined as a representation of the "unity of expression and attitude" of a certain people or nation in a particular historical period, that is as the unity of the cultural expressions of economic and socio-cultural life and its underlying world-views, whereas economic systems should denote the actual mixture of style elements within a country or region, as economic styles tend to become subject to fragmentation and recombination (Müller-Armack, 1940/1981, pp.57-8). This conceptual orientation was meant to contribute to an analysis of the emergence of economic styles by means of the historical process itself, that is, by means of an evolutionary process that drives historical change (Müller-Armack, 1940/1981, pp.58-9). Müller-Armack actually argued that the common features of European economies were historically rooted in a European economic style of the Middle Ages, based on a common Christian value system, which was fragmented into particular national styles and regional "style zones" due to the impact of Reformation and the decline of Catholic hegemony in Europe since the 16th century (Müller-Armack, 1940/1981, pp.96-7). Subsequently, Müller-Armack's policy conclusions concerning European integration in the Post-War era postulated that an appreciation of that historical European style would be an indispensable condition for safeguarding the constellation of an "irenical unity" which is known in the philosophy of religion as the mutual understanding of diverse religious confessions, which implies proceeding with European integration on the basis of an ethical-cultural consensus that allows for reconciling opposites without ignoring historically rooted specificity (Müller-Armack, 1951/1988, p.590).

Paralleling the application of his style approach to European topics, Müller-Armack formulated the concept of the social market economy as a value-based order of social reconciliation, that is, as an application of the irenical approach to the socio-economic problems of Post-War Germany with its diverse political and ideological factions. Indeed, facing the Cold War constellations of system conflict, both the social market economy and European integration were perceived as outstanding integrative ideas (Müller-Armack, 1962/1966, p.295). The irenical approach proposed by Müller-Armack should originally recognise the diversity of positions as a condition for reconciliation and at last unification (Müller-Armack, 1950/1981, p.563). Hence, an "enlightened" Catholic social philosophy with its principles of social balance and subsidiarity was to

be combined with the Protestant ethos of communal cooperation, socialist concerns for the social question, as well as with liberal principles of progress in liberty (Müller-Armack, 1950/1981, pp.564-5). Indeed, the social market economy according to Müller-Armack should facilitate the correspondence of economy and society on the grounds of a new economic style that could proceed beyond liberal capitalism and state socialism in terms of a third way position that provides a synthesis of market and plan. In contrast to types of guided market economies, the social market economy should become a socially managed market economy which is oriented towards the unparalleled dominance of the market mechanism with its flexible price system beyond any planning illusion (Müller-Armack, 1946/1966, pp.109-10). Therefore, planning mechanisms were rejected, for the objective of social cohesion and balance was to be achieved under the primacy of market-related instruments. Instead, differences to the liberal model should focus on the acknowledgement of market failure, the possible incongruence of market process and social justice, and the necessity of embedding the competitive order in an institutional framework that provides most promisingly for integrative as well as reconciliatory moments and establishes common norms and values (Müller-Armack, 1952/1966, pp.234-5). These motives of religious-cultural embeddedness remained crucial in the conceptualisation of the social market economy, although subsequent presentations tended to follow a seemingly more secular mode of argumentation (Erhard and Müller-Armack, 1972, pp.25-9).

The underlying project of balancing the efficiency of market competition and the moral values of social equilibration informed also the rationale of social policy in Müller-Armack's terms, for it was said to provide an integration formula that could overcome the antithesis of free enterprise and social progress (Müller-Armack, 1965/1998, pp.263-4). Social policy in the framework of the social market economy should thus allow for both economic dynamism and social pacification in a harmonious setting of an embedding institutional order (Koslowski, 1998, pp.81-2). At this point, Schmoller's implicit influence on the concept of the social market economy is most obvious, highlighting a predominant focus on the matter of institutional provisions for socio-economic integration and cohesion. Viewed from the comparative perspective of the history of economic thought, then, the combination of social and ethical-cultural concerns ranges indeed from discussions within the Historical School to the positions of ordoliberalism, which shaped the programmatic accounts of post-war German economic and social policies. Accordingly, Müller-Armack's concept of the social market economy completed those concerns for socio-economic integration and cohesion that had become prominent with the project of *Socialpolitik*, as promoted by the German Historical School with Schmoller as a decisive contributor in conceptual terms and with Max Weber and Sombart as major successors in related analytical efforts. Actually, this viewpoint leads to another policy-related implication, namely the matter of institutional constructivism. Indeed, a purposeful design of a social market economy as a cultural, social and economic whole in Müller-Armack's sense is unachievable, whereas Eucken's idea of economic order implied that such an order needs to be established through deliberate constitutional choice, which enforces adequate policy approaches (Riese, 1972). Further insights on the relevance of the notion of the social market economy are to be gained from the application of Müller-Armack's persistent concern for social integration as a culturally embedded process to European economic development from a historical perspective. This allows for outlining parallels between the institutional dimension of the social market economy and corresponding problems in the process of European integration. Regarding the current debates on institutional

reform, these aspects may underline the prospects as well as the limits of related policy efforts.

### **5. Beyond *Socialpolitik*: Implications for European Integration**

Müller-Armack's approach to the process of European integration reconsidered a European economic style that would allow for an irenic constellation of integrated world-views. Proceeding with European integration thus required an ethical-cultural consensus that would reconcile conflicting positions without ignoring historically rooted specificity. The concept of the social market economy then formulated an application of that ever-present theme of combining economic dynamism and social coherence in application to the situation of economic restructuring in the Post-War context of Western Germany, relating the matter of social balance and subsidiarity with entrepreneurship and market competition. The historicist project of *Socialpolitik* was therefore executed in the modified shape of the ordoliberal project of the social market economy. Indeed, quite in agreement with a historicist sensitivity for the institutional context of economic processes, Müller-Armack viewed the European dimension of the social market economy in terms of the convergence of national models of economic policy and the underlying structural variables. Thus, the irenic formula of the social market economy applied to European integration should allow for balancing the dialectical relationship between free initiative of market operations and the legitimate objectives of social security. Beyond the framework of rules and regulations that had been established in the Treaty of Rome, then, further policy areas administered by the European Commission such as regional policy were assessed as subject to adequate coordination efforts, promoting an integration of the governance modes that characterise the diverse European economic systems. This integrative strategy should be based on an irenic "third way" type of order, set apart from the laissez-faire procedures of market liberalism as well as from the indicative planning efforts of market socialism (Müller-Armack, 1965/1998, pp.272-3).

All of this is even more relevant to the actual praxis of European integration when one reconsiders the fact that Müller-Armack served as chief organiser of the strategically important planning section in Ludwig Erhard's Ministry of Economic Affairs, thus contributing to German policy positions that were part of the consultations for preparing the Treaty of Rome, which established the European Economic Community. It is fair to suggest that most of these positions remained influential well until the ratification of the Maastricht Treaty. So, one may ask for the actual impact of the idea of the Social Market Economy on the corresponding policy dimension of European integration. With regard to that question, a specific understanding of competition and market order could be taken to the fore, as expressed by Article 86 of the EC Treaty, accompanied by a role of competition policy which tends to conflict with interventionist approaches to industrial and technology policies (Watrín, 1998, p.24). Adding the assessment that the focus on establishing an institutional order for maintaining market competition was accompanied by an orientation towards a subsidiarity principle in social policies that would strengthen policy competence on the national and regional levels, then allows for a rather affirmative review of the Treaty of Rome from an ordoliberal perspective (Streit, 1997, pp.14-5). However, following that line of reasoning, also policy-related deviations from the standards that had been established in the original concept of the social market economy are to be addressed.

The need for such an exploration of the actual policy-related relevance of the concept of the social market economy applies especially with regard to the case of socio-economic integration. Indeed, apart from European integration, the notion of the social market economy as a means for integrating diverse institutional patterns into a common order was already used in the Treaty of the Unification of Germany in 1990, providing the legal foundations for the economic union between the market system of the Federal Republic of Germany and the plan economy of the German Democratic Republic. Article 1, Section 3 of this treaty points to the need for adopting the social market economy of the Federal Republic also in the post-socialist GDR. In this case, the treaty characterises the social market economy as the indispensable condition for promoting a pattern of economic and social development that allows for social balance and social security, augmented by ecological concerns (Bundesministerium der Justiz, 1990, p.1). In this case, it is not necessarily the original concept that is at stake, but the actually existing economic system of the Federal Republic that is said to combine principles of the market order with patterns of a welfare state, which are to be adopted as such by the GDR. However, this orientation applies without accounting for the actual variety and complexity of institutional forms that has contributed to the development trajectory of Western Germany. In particular, the focus of perception is on the economic order of the market process, yet abstracting from the more comprehensive matter of the cultural embeddedness of economic activity.

A similar reduction of the concept of the social market economy to a functional combination of the institutional order of the market process and redistributive components of the welfare state seems to have motivated the introduction of the social market economy as an integration objective in the draft version of the European Constitution. The Treaty establishing a Constitution for Europe was adopted by the Heads of State and Government in Brussels on 17 and 18 June 2004, based on an initial draft that had been prepared by the European Convention and presented to the European Council on 20 June 2003. In Article 1-3 of the draft version for the European Constitution, the economic objectives of the European Union are summarised as follows “The Union shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance” (Conference of the Representatives of the Governments of the Member States, 2004, p.10). Again, the institutional dimension of the original concept of the social market economy is almost completely reduced to the matter of the market order, whereas social attributes are primarily interpreted in terms of contributions to social welfare and security.

Highlighting these problematic representations leads to controversial statements on the relationship between the concept of the social market economy and the actual process of European integration. Thus, in the policy-related discourse, a critical argumentation from an ordoliberal perspective pinpoints the erosion of the style of the social market economy, biased towards the inclusion of redistributive elements of a welfare state that is fuelled by rent-seeking efforts of special interest groups, to be witnessed both in the historical development trajectory of the Federal Republic as well as in the process of European integration (Streit, 1997, pp.6-9). Both the Single European Act and the Treaty of Maastricht are thus viewed as symbolical milestones in the expansion of interventionist competences in economic and social affairs on the level of the Community organs, as exemplified by the legal formalisation of industrial policy in the



Maastricht Treaty. Although the original concept of the social market economy left a well-defined institutional space for these kinds of policies under the undisputed primacy of the market process, it is nonetheless the actual tendency of the weakening of competitive market forces to the favour of politically motivated and executed interventions, which is in conflict with the notion of the social market economy (Streit, 1997, pp.17-20).

From an institutionalist perspective, however, it is pointed out that it would be misleading to apply the notion of the social market economy to actually existing policy problems of European integration, for this would ignore the mismatch between an ideal typical concept and the complex historical-empirical context to which it may apply, for instance involving the corporatist structures that were influential in promoting German Post-War development while being at odds with the programme of ordoliberalism. Consequently, the programmatic content of the social market economy is said to fail in grasping the variety of policy mechanisms that shape market regulation. Thus it is unfit to serve as a framework for achieving well-defined social objectives, especially as the instruments that seem to be in line with Müller-Armack's original proposals, namely taxation and income transfers related to social policy, still remain basically in the competence of the nation-states (Joerges and Rödl, 2004, pp.18-9). This may be associated with the impression that debates on the European Constitution reflect the difficulties of governing those institutional and structural varieties which result from national specificities. In spite of internationalisation tendencies that drive pressures either for a harmonisation or deregulation of regulatory frameworks, persisting national patterns of economic activity point at the relevance of national institutions and production systems (Zysman, 1994). Moreover, even a cross-country convergence of economic performance indicators would not imply a similar convergence of institutional forms, especially due to institutional inertia in industrial relations (Boyer, 1993). By relating these considerations with Müller-Armack's approach to economic styles it may be concluded that the restructuring of national institutions towards a European order implies a confrontation of national economic styles (Bilger, 1996, pp.175-6). Indeed, the historically rooted trajectories of economic development, which evolve as manifestations of particular economic styles, are not subject to political design, as they reflect institutional search and discovery processes (Ebner, 1999, pp.152-3). This is in agreement with an interpretation of the social market economy as "permanent search" for combining economic efficiency, individual freedom and social balance (Watrin, 1979, p.419). Thus, it is not end-state ideal, which is taken to the fore, but rather a procedural model in terms of a specific institutional mode of governing the complexity and dynamism of socio-economic change.

Due to the persistent national differences in institutional settings and socio-economic structures, debates on the dynamism of European integration have been characterised by concepts such as multi-speed integration, paralleled by practices like the Open Method of Coordination in the governance of social policies. In particular, the controversies surrounding elaborations on a European Social Charter have reflected the difficulties of establishing standards in policy areas which belong to the core competence of nation-states. Therefore, it has been suggested that the formation of a European social order will result from a mixture of predominantly national style elements, representing embattled compromises (Schmitter, 1997). Thus, the realisation of a European model of the social market economy would have to derive its coherence not from a homogenous stock of inherited cultural values, but rather from the construction of an institutional framework which enhances rule-based cooperation on competitive grounds, including

an evolving diversity of cultural patterns that would be subject to self-transformation. These considerations are also relevant for an enlargement of the European Union, especially with regard to the underlying integration strategies (Jovanovic, 1997, pp.22-3). Accordingly, the matter of a common identity within the European Union has been approached in terms of an “imagined community”, featuring cultural components of compatibility, responsiveness and predictability (Lippert and Wessels, 1993, pp.454-5). A related model of a European social market economy would allow for outlining integration and enlargement strategies for the European Union beyond geo-political arguments, highlighting instead an institutional balancing of economic dynamism and social cohesion within a pluralist setting. Reconsidering the inherent limitations in implementing the model of a social market economy by means of constructivist policies, however, appropriately emphasises its intellectual underpinnings in the thought of historical institutionalism.

## 6. Conclusion

The combination of social and ethical concerns in the discourse of German political economy can be traced from the project of *Socialpolitik* that emerged from within the policy-related debates of the Historical School to the concept of the social market economy that represented ordoliberal efforts in shaping the institutional orientation of Western Germany’s economic and social policy. Indeed, quite in agreement with historicist positions, the social market economy approach has been formulated in terms of a specific economic style, that is, a coherently structured whole of economic, social and cultural dimensions that is fit to integrate the contradictory effects of market competition and social cohesion. Therefore, despite fundamental methodological, theoretical and policy-related differences between historicism and ordoliberalism, the notion of the social market economy gives evidence for the actual roots of crucial strands of ordoliberal thought in historicist ideas. This applies especially with regard to the lasting concern with the motive of an institutional reconciliation of competitive market process and social cohesion, yet it is also relevant for the policy-related perception of the cultural embeddedness of economic activity and its social consequences. In this context, Müller-Armack’s concept of the social market economy may be assessed as an inherent representation of the post-Schmollerian discourse, thus adapting diverse elements of historicist thought to an ordoliberal framework of institutional analysis.

This assessment is most relevant with regard to the fact that Müller-Armack developed his notion of economic style in the context of a historical analysis of the economic and socio-cultural evolution of modern Europe, by doing so pointing to ideas on the institutional cohesion of economic systems that would become crucial features of his subsequent elaboration on the concept of the social market economy. The formula of an irenic unity as the defining characteristic of the concept of the social market economy reflects the need for integrating a setting of cultural and religious pluralism into a well-adapted constitutional framework that promotes the cohesion of its diverse components. Therefore, the social market economy defines not a well-established end-state ideal, which is to be taken to the fore in terms of political constructivism, but rather a procedural model in terms of a specific institutional mode of governing the complexity and dynamism of socio-economic change in a pluralist setting. In summarising the question of the intellectual foundations of the social market economy, then, it may be argued that the German Historical School provided decisive impulses for the discourse on the institutional orientation of economic policy in the Post-War developmental

model of the German economy, implicitly also informing the dispute on the constitutional status of the concept of the social market economy in the European Union. A reconsideration of these intellectual traditions may underline the prospects as well as the limits of related policy efforts.

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## Evolving Markets, Evolving States: Political Entrepreneurship in Hayek's Theory of Cultural Evolution

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## 1. Introduction

Friedrich August von Hayek's theory of cultural evolution is usually regarded as a crucial contribution to an analysis of the institutional dynamism of market economies. It highlights the impact of rules and conventions in maintaining the extended order of the modern civilisation. The role of entrepreneurship in that line of reasoning, however, seems to have been largely neglected. Indeed, it is a well established position in discussions on the theoretical foundations of modern Austrian economics, that entrepreneurship has been most promisingly discussed in Ludwig von Mises' theory of human action, whereas Hayek is said to have focussed more intensely on the evolutionary mechanism of the competitive coordination of dispersed knowledge. Indeed, it is usually argued that Hayek dismissed the matter of entrepreneurship, for he neglected theorising on individual behaviour in favour of the analysis of rules and institutions.

Quite in contrast to that view, the present essay argues that Hayek's theory of cultural evolution is based on a conceptualisation of entrepreneurial activities which is decisive for the related concept of institutional change. The evolutionary role of entrepreneurship in the market process pinpoints the matter of search, experimentation and discovery. Despite its rather implicit character in Hayek's theorising, entrepreneurship then provides Hayek's theory of cultural evolution with constitutive arguments on the interplay of individuals, groups and institutions in the evolutionary process of economic development. The underlying line of reasoning ranges from entrepreneurial behaviour in competition to knowledge dispersion in the market process, informing the theory of cultural evolution as a comprehensive approach to institutional change in economic development.

In dealing with that subject, the essay proceeds as follows. First, the Austrian framework of theorising on entrepreneurship is taken to the fore, exploring the diverse conceptual strands of economic analysis that have shaped the Austrian perspective. In particular, the contributions of Menger, Wieser and Mises are taken to the fore. Second, Hayek's theory of the market process is examined with regard to the role of entrepreneurship in the experimentation and discovery procedures of knowledge coordination in market competition. It is pointed out that entrepreneurship promotes gradual evolutionary change within the economic system. Third, the related aspects of entrepreneurship are traced in Hayek's theory of cultural evolution, highlighting the matter of rules, traditions and knowledge. Indeed, in Hayekian terms, it is the developmental impact of pioneering entrepreneurs that facilitates those institutional and structural changes which characterise the growth of modern civilisation. In conclusion, Hayek's approach to entrepreneurship is assessed as an indispensable contribution to modern Austrian positions in economic analysis.

## 2. Austrian Themes in the Theory of Entrepreneurship

Traditional contributions to neoclassical marginalism denote an analytical framework, in which scarce resources are allocated to meet given ends. Neglecting the role of entrepreneurship, equilibration is assumed to result from a seemingly automatic adjustment mechanism (Hébert and Link 1982: 52n). In particular, the essentials of the "marginalist revolution" of neoclassical economics have been summarised by the concept of opportunity costs, rational behaviour and individual choice, as well as by problems of information procession that lead to the question of the stability of equilibrium (Spengler 1973: 211n). Walrasian theory represents the most abstract

variant in that theoretical endeavour. In its static exchange model, the entrepreneur comes into play as a buyer of services which are used as inputs in production, operating with fixed technical coefficients (Jaffé 1967: 6n). Due to the zero-profit situation in equilibrium, the opportunity for entrepreneurial profit arises basically from arbitrage between competitive market prices and average costs. Thus, Walrasian entrepreneurship is essentially an equilibrating force (Walker 1986: 396n).

The Austrian School in the Mengerian tradition represents a variation of marginalism that promotes the case for entrepreneurship most explicitly in the context of uncertainty, knowledge and time (Martin 1979: 272n).<sup>9</sup> Menger's approach to entrepreneurship is part of his theory of production, in which the intertemporal coordination of the factors of production is of paramount analytical importance, with the entrepreneurial position depending on the knowledge-based direction of resources on markets and in the production process (Hébert and Link 1982: 59n). Menger's argumentation rests on a typology of goods that reflects the time structure of production and its rationale, namely the satisfaction of consumptive needs. It indicates that production is time-consuming, as its outcome remains uncertain (Menger 1871/1923: 27n).

These arguments shape the Mengerian concept of entrepreneurial activities as follows:

“The process of transforming higher order goods to lower order goods, respectively first order goods, if it is still an economic one, furthermore demands under all circumstances that it is arranged and led in an economic sense by an economising subject, that is, it proceeds with economic calculations, referred to above, and supplies or lets supply the higher order goods, including technological performances, to the process for real” (Menger 1871/1923: 153, translation by author).

The latter would include information on the economic situation, calculation required for arranging production; an act of will by which higher order goods are supplied to production, as well as supervision of actual production, but definitely not risk-taking. Entrepreneurial activities could be exercised by an individual in small enterprises, while they are often split among employees in large enterprises (Menger 1871/1923: 154). Hence, Menger sampled entrepreneurship and production in a common framework, stressing the satisfaction of established consumptive needs as a rationale of entrepreneurship.

In the succeeding generation of Austrian economists, Böhm-Bawerk's theory of production added nothing specific to that scheme of entrepreneurship, supposedly due to his analytical focus on time preference in the intertemporal coordination of production. Instead, it was Friedrich von Wieser, who excelled in the Austrian School with his theses on entrepreneurial leadership that should especially influence Schumpeter's theorising, well in addition to the price theory of imputation (Streissler 1981: 66n).<sup>10</sup> According to Wieser, the impulse for development corresponds with the impact of novelty and leadership. While the leadership function proves to be the decisive aspect of entrepreneurship, it is accompanied by the role of the entrepreneur as a risk-taker. Both leadership capabilities and property of capital are addressed as indispensable conditions for achieving an entrepreneurial position (Wieser 1914: 353n). Consequently, Wieser maintains that the historical emergence of capitalist enterprise is

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<sup>9</sup> Compared with the related theories of Walras and Jevons, it has been proposed that the Mengerian position resembled a kind of institutional economics (Jaffé 1976: 520).

<sup>10</sup> Lasting Wieserian contributions to economic theory include the concept of optimal resource allocation according to marginal productivity of the factors of production and the role of prices as carriers of information (Streissler 1986: 85).

related with “pioneers” who “open up new ways” by making use of technological knowledge and organisational leadership, characterised by the “courage of the innovator” (Wieser 1914: 375n). Large enterprises evolve as a result of entrepreneurial leadership, quite in analogy with the formation of dynastic empires (Wieser 1914: 406n).

Wieser even maintains that the emergence of large bureaucratic enterprises stimulates an institutional transformation of entrepreneurship, for personal talent is replaced by the disposal of capital, while technological problems and their solutions could be treated as data, to be solved by professional engineers and managers (Wieser 1892: 110). Wieser thus announces a transformation towards a bureaucratic-administrative type of governance, in which economic leadership and enterprise are detached. The emerging mass character of economic life is illustrated by invoking the image of anonymous shareholders and employees in corporate business organisations (Wieser 1914: 354n). Yet Wieser points out that entrepreneurial leadership retains its function of establishing organisational guidance also in a socialist society (Wieser 1892: 122). This developmental vision underlines major concerns that are shared by Schumpeter’s theory of economic development.

Schumpeter deals with innovation as the internal force of discontinuous evolutionary change, carried out by the means of entrepreneurial leadership. Indeed, Schumpeterian entrepreneurship should reflect the impact of leadership, based on the interplay of imagination and creation, identified as a most relevant endogenous source of socio-cultural change in general, and of economic development in particular (Schumpeter 1912: 124n). The role of entrepreneurial leadership is derived from the innovative disruption of the routines of the circular flow, as novelty is forced upon the majority of economic agents (Schumpeter 1912: 185n). The clustering of innovations is derived from these effects of entrepreneurial leadership, for pioneering innovations enlarge opportunities for further ventures (Schumpeter 1939: 100n). With ongoing processes of bureaucratisation and rationalisation, however, the obsolescence of personal entrepreneurship heralds socialist transformation, accompanied by government interventions and the establishment of innovation as an organisational routine (Schumpeter 1942: 131n).

This perspective on the dynamism of capitalism reflects a discourse on the advent of socialism and its Marxist prophets that had been prevalent in Austrian marginalism, as exemplified by Böhm-Bawerk’s criticism of the labour theory of value. Wieser also confronts Marxian ideas, especially regarding the theoretical aspects of economic organisation in a collectivist setting (Streissler 1986: 100). Indeed, Austrian contributions to the socialist calculation debate, as introduced by Mises, were directed at the same set of problems, namely a critique of socialist organisation. Yet in contrast to subsequent Schumpeter’s argumentation, which was influenced by Walrasian theory, Mises always kept the Austrian position of an unfeasibility of socialism. Hayek then emerged as an eminent representative of that Austrian criticism of policy interventionism and the ideal of central planning.

Indeed, with a focus on these aspects, the modern Austrian perspective in economic theory was established by Mises and Hayek following major efforts in monetary business cycle theory and capital theory since the late 1930s (Kirzner 1999: 19n). The commonly shared theoretical position of modern Austrian economics highlights key categories of time and ignorance, pointing to novelty and uncertainty in the irreversible historical flow of events as well as to the subjective character of knowledge. Austrian economics then deals with an unforeseeable process of coordination and discovery,

shaped by institutional rules, while unintended consequences of individual action are perceived as constitutive factors of the economic process in terms of a spontaneous order (O'Driscoll and Rizzo 1985: 5n).

Mises' approach of "praxeology" pinpoints a theory of human action that formulates universally valid principles underlying human behaviour which are needed as a priori devices for categorising and explaining the objects of inquiry (Mises 1949: 32). Lionel Robbins' landmark definition characterises economics as a science that studies human behaviour as a relationship between a given hierarchy of ends and scarce means which have alternative uses. For Mises, however, a theory of choices regarding the allocation of scarce resources according to alternative ends-means frameworks should constitute the analytical focus. His aprioristic approach is concerned with the logic of choice and action (Koslowski 1990: 6). Hence Mises suggests on the subject matter of economics: "The sole task of economics is the analysis of the actions of men, is the analysis of processes" (Mises 1949: 354).

The notion of entrepreneurship represents a major concern in that theoretical scheme. A point of departure is provided by the notion of the evenly rotating economy, in which no specific functions for entrepreneurs are exercised, while economic agents behave like mechanical devices, with no choices to make and no purpose to proceed with (Mises 1949: 249). Economic change sets in as soon as choices need to be made. According to Mises, entrepreneurship belongs to the core features of economic processes which are time-consuming and uncertain. Mises then presents a concept of entrepreneurship that is attributable to all economic agents who participate in the equilibration of market constellations (Mises 1949: 253n). In particular, entrepreneurship should imply activity in the face of uncertainty: "Entrepreneur means acting man in regard to the changes occurring in the data of the market" (Mises 1949: 255). Indeed, Misesian entrepreneurship needs to be assessed in the framework of this concept of the "*homo agens*" that senses rational behaviour as a universally valid pattern, based on a methodology of apriorism.

While the latter position has become subject to considerable controversy in modern Austrian economics, still its major proponents tend to underline their intellectual indebtedness to Mises' theorising. Further explorations into the Austrian approach to entrepreneurship follow that line of reasoning, well represented by Kirzner's market process theory with its concept of entrepreneurial alertness that underlines an understanding of human action as active and creative (Kirzner 1973: 35). Kirznerian entrepreneurship deals with gradual patterns of economic change by the means of individual alertness in the discovery procedures of the market process. Yet these aspects are also part of Hayek's research agenda, which goes beyond Mises' efforts in accounting for the evolutionary qualities of knowledge and institutions. Still, in the discussion on the intellectual orientation of modern Austrian economics it is usually argued that Hayek has neglected the theoretical complexity of entrepreneurship, whereas Mises has underestimated the theoretical impact of knowledge coordination (Kirzner 1999: 22n). This is in agreement with the proposition that Hayek's methodological individualism differs both from neoclassical standard theory and Mises' apriorism in denying the "given" status of individual rationality as a basis of human

action, while focussing on supra-individual patterns on the level of markets and institutions (Caldwell 2001: 550n).<sup>11</sup>

However, the following section proceeds with the argument that the notion of entrepreneurship is not only constitutive for the Hayekian approach to the competitive dynamism of the market process, but also for the related theory of cultural evolution. The Hayekian entrepreneur resembles an agent of change, whose activities are relevant both in the market process and in the even more encompassing cultural sphere of rules and traditions that reflects the increasing complexity of the extended order of modern society. With regard to the matter of individual behaviour and institutional change as an area of theoretical clarification in the Hayekian framework, it is argued that the reconsideration of the notion of entrepreneurship contributes to an adequate understanding of the relationship between individuals and institutions in Hayekian thought. The following section thus explores the role of entrepreneurship in Hayek's theory of the market process.

### **3. Hayek on the Role of Entrepreneurship in the Market Process**

The distinction between made order and spontaneous order outlines the conceptual foundations of Hayek's theory of the market process. The made order represents an artificial construction that needs to be understood as a deliberately designed type of order in terms of an organisation, while the spontaneous order is perceived as a self-generating and self-organising type of grown order – a product of human action but not of human design (Hayek 1973: 37). In this framework, the market process is characterised as an economic manifestation of the general principles of the spontaneous order. In particular, Hayek's theory of the market process takes its analytical point of departure in explorations on the decentralised coordination of individual economic plans by proceeding with research in business cycle analysis. These initial efforts in business cycle theory highlight exogenously generated disturbances of the economic process, as banks would erroneously reduce monetary rates of interest below the corresponding natural rates, fuelling investment decisions which are not in accordance with prevailing time preferences, and thus contribute to disequilibrium. Subjective knowledge and market coordination then constitute basic analytical challenges. In particular, Hayek argues that the division of knowledge, fashioned in analogy with the division of labour, brings about the problem of coordinating fragmented knowledge no central authority can possess on its own (Hayek 1937: 49).

While emphasising the subjective character of knowledge in economic coordination, Hayek's use of the category of knowledge should involve both scientific knowledge as a universal type and the subjective knowledge of particular circumstances, conditioned by time and space, which is not to be quantified and measured statistically. The subjective acquisition of knowledge in learning processes then shifts established traditions and routines; an argument that underlines once more the subjective sources of institutional change in the Hayekian scheme of analysis (Garrouste 1994: 279). Accordingly, the matter of coordination transcends the static limitations of Lionel Robbins' famous formulation on allocation as the constitutive economic problem: "The economic problem of society (...) is a problem of the utilization of knowledge not given to anyone in its totality" (Hayek 1945: 519n).

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<sup>11</sup> It even has been proposed that Hayek's emphasis on the role of subjective knowledge in the market coordination of individual plans is at odds with Mises' emphasis on economic calculation through market prices as a means of purposeful economic behaviour (Salerno 1993: 130).

Hayek characterises the price system of the market order as the most efficient mechanism for the decentralised communication of information in complex economic systems, characterised by a dispersion of subjective knowledge among the economic agents. The subjectivist underpinnings of that position also inform the Hayekian critique of Walrasian equilibrium theory with its characterisation of market prices as carriers of objective knowledge. Related attempts at modelling a socialist system of administrative planning by using Walrasian arguments are thus dismissed. This is quite in agreement with the Austrian concept of the entrepreneur as a figure that performs equilibrating feedback functions which are similar to the Walrasian auctioneer, although the former dispenses from the centralist coordination structure of the Walrasian approach by contributing to the decentral coordination of the plans of economic agents in the market process (Schmidtchen 1990: 141). Affirming the evolutionary character of market processes, Hayek points to the persistence of change as a crucial feature of market economies:

“(E)conomic problems arise always and only in consequence of change. So long as things continue as before, or at least as they were expected to, there arise no new problems requiring a decision, no need to form a new plan. The belief that changes, or at least day-to-day adjustments, have become less important in modern times implies the contention that economic problems also have become less important“ (Hayek 1945: 523).

Entrepreneurship demotes the search, discovery and adjustment procedures of economic agents who are active in promoting those changes which characterise the market process. In particular, entrepreneurship in Hayekian terms mirrors the relationship between competition and knowledge, rooted in the condition that every economic agent commands a specific advantage in his subjective knowledge. This is exemplified by the entrepreneurial figure of an arbitrageur who gains from local price differentials (Hayek 1945: 521n). The orientation of entrepreneurship is shaped by the signalling function of relative prices: “Price relations alone tell the entrepreneur where return sufficiently exceeds costs to make it profitable to devote limited capital to a particular undertaking. Such signs direct him to an invisible goal, the satisfaction of the distant unknown consumer of the final product” (Hayek 1988: 100). While following these price signals in the market process, entrepreneurs are guided by the profit motive as a general type of motivation that abstracts from personal specificity in proceeding with economic interactions, thus allowing for discovery and innovation as developmental functions: “The entrepreneur *must* in his activities probe beyond known uses and ends if he is to provide means for producing yet other means which in turn serve still others, and so on – that is, if he is to serve a *multiplicity* of ultimate ends” (Hayek 1988: 104, emphasis in original).

The ethos of that kind of rule-based open society with its extended division of labour and system of market exchange highlights the virtues of entrepreneurial activity with reference to the values of Calvinism, among others: “In its purest form this ethos regards it as the prime duty to pursue a self-chosen end as effectively as possible without paying attention to the role it plays in the complex network of human activities” (Hayek 1976: 145). This ethic does not necessarily include an egoist striving for material gain, as outlined by Adam Smith, for the decisive point is the satisfaction of anonymous needs in the context of the market process, allowing for complex economic activities beyond the confines of separate groups, while the earned entrepreneurial profits may be used for non-economic ends which may reflect community-based ideals (Hayek 1976: 145). However, this relativity of motives coincides with the appreciation

of the economic self-interest of economic agents: “Competition as a discovery procedure must rely on the self-interest of the producers, that is it must allow them to use their knowledge for their purposes, because nobody else possesses the information on which they must base their decision” (Hayek 1979: 70).

Apart from motivational aspects, the specific gain from entrepreneurial activities in the market process is legitimised through the indispensable developmental impact of competitive discovery:

“Yet there can be no doubt that the discovery of a better use of things or of one’s own capacities is one of the greatest contributions that an individual can make in our society to the welfare of his fellows and that it is by providing the maximum opportunity for this that a free society can become so much prosperous than others. The successful use of this entrepreneurial capacity (and, in discovering the best use of our abilities, we are all entrepreneurs) is the most highly rewarded activity in a free society, while whoever leaves to others the task of finding some useful means of employing his capacities must be content with a smaller reward“ (Hayek 1960: 81).

This type of entrepreneurship is presented as an institutional characteristic of market systems, involving “creative powers of a free civilization” that parallel “spontaneous forces of growth” in terms of the decentral coordination of economic activities (Hayek 1960: 38). However, the decisive role of entrepreneurship in the market process remains usually unnoticed in terms of increasing productivity and rising standards of living; a situation that fuels atavistic judgements on the unjust character of entrepreneurial activities and related earnings (Hayek 1988: 92n).

At this point, Hayek is quite in agreement with Mises in pointing to egalitarian demands for social justice as well as to the related idea of socialism as an outcome of group-oriented atavism and its collective instincts, which need to be overcome by the individualism of the market order, whereas Wieser and Schumpeter as Austrian counterparts actually view entrepreneurship as driven by motives of atavism, relating it with socio-economic functions of leadership (Ebner 2003: 117n). Still, some common ground with the latter is provided by Hayek’s suggestion that economic change reflects the innovation efforts of a pioneering minority of producers and consumers, who shape the pattern of diffusion and learning: “All new tastes and desires are necessarily at first tastes and desires of a few, and if their satisfaction were dependent on approval by a majority, much of what the majority might learn to like after they have been exposed to it might never become available” (Hayek 1979: 49).

However, due to the character of subjective knowledge, involving non-codified tacit knowledge as well as local knowledge that reflects the impact of particular settings and circumstances, entrepreneurial activities prove to be unpredictable:

“Much of the knowledge of the individuals which can be so useful in bringing about particular adaptations is not ready knowledge which they could possibly list and file in advance for the use of a central planning authority when the occasion arose; (...) what they possess is a capacity of finding out what is required by a given situation, often in acquaintance with particular circumstances which beforehand they have no idea might become useful” (Hayek 1976: 187).

Accordingly, the Hayekian notion of knowledge-based entrepreneurial discovery underlines the substantial uncertainty of economic development, paralleling the progress of knowledge in science, with all of its systematic as well as spontaneous characteristics:

“(M)ost scientists realize that we cannot plan the advance of knowledge, that in the voyage into the unknown – which is what research is – we are in great measure dependent on the vagaries of individual genius and of circumstance, and that scientific advance, like a new idea that will spring up in a single mind, will be the result of a combination of conceptions, habits, and circumstances brought to one person by society, the result as much of lucky accidents as of systematic efforts” (Hayek 1960: 33).

Indeed, the matter of determinism in economic processes fuels Hayek’s criticism of arguments on the developmental inevitability of industrial concentration, as promoted among others by Schumpeter, interpreting the emergence of large enterprises as carriers of large-scale technologies in terms of an organisational shift towards central coordination. At this point, Hayek claims that decentral adjustment would remain crucial in economic change, not at all losing in importance due to an increase of technological knowledge and a related extension of time intervals in investment decisions (Hayek 1945: 523).

In accordance with that position, the persistence of the competitive patterns of the market process implies that continuous learning is necessary for all economic agents, while competition drives the diffusion of rationality all over the economic system: “And it is therefore in general not rationality which is required to make competition work, but competition, or traditions which allow competition, which will produce rational behaviour” (Hayek 1979: 76). In Hayekian thought, competition, entrepreneurship and innovation go hand in hand, based on the rationalising impact of pioneers on established patterns of economic behaviour and organisation. Indeed, economic competition and institutional change tend to run parallel, as long as the general rules that constitute market competition prevent the majority of economic agents from obstructing the introduction of innovations by the use of force and coercion against the pioneering minority, which is itself held to stick to the rules of competition:

“Competition is, after all, always a process in which a small number makes it necessary for larger numbers to do what they do not like, be it to work harder, to change habits, or to devote a degree of attention, continuous application, or regularity to their work which without competition would not be needed” (Hayek 1979: 77).

However, complementing entrepreneurial discovery and innovation as driving forces of the market process, related procedures of imitation are identified as crucial economic activities that stabilise and maintain the order of the market: “It was the thousands of individuals who practised the new routine more than the occasional successful innovators whom they would imitate that maintained the market order” (Hayek 1979: 165). This is in agreement with Hayek’s emphasis on the gradual character of technological and institutional change, highlighting the embeddedness of innovation and imitation in established rules and traditions, as “all progress must be based on tradition” (Hayek 1979: 167). At this point it may be argued that Hayek seemingly neglects the matter of novelty in economic change and related evolutionary processes, upholding a focus on gradual variations within an established setting. Therefore, Hayek’s concern with innovation as an entrepreneurial outcome has been largely underrated in corresponding assessments of his theory of the market process. Moreover, even the more encompassing theory of cultural evolution, which applies the notion of spontaneous order to the evolution of rules and institutions in the historical development of civilisations, has been primarily perceived in terms of Hayekian ideas on imitation and adaptation. Confronting that position, the following section presents an account of



the role of entrepreneurship as the driving force of institutional change in Hayek's theory of cultural evolution.

#### **4. Entrepreneurship in the Hayekian Theory of Cultural Evolution**

The notion of market competition as a discovery procedure points to the theory of cultural evolution which is also concerned with the matter of knowledge and learning, that is, the process of competitive selection among rules and other institutions that define frameworks for social interaction. According to Hayek, the trial and error procedures of the market process, that are also dealing with rules as problem-solving devices, are to be viewed as an element of the innovation and selection of rules and institutions in cultural evolution, shaping the market order and allowing for the combination of individual liberty and societal complexity in the progress of civilisation (Vanberg 1994: 100n). Crucially, Hayek thus suggests that the rules and institutions of society are shaped by customs and habits, which are not the result from efforts in purposeful design.

These rules that constitute the character of the market order by governing individual behaviour are either almost invariant genetically-inherited rules or historically variable learned, culturally-transmitted rules which are subject to institutional competition in cultural evolution (Vanberg 1994: 78n). Accordingly, rules which guide human behaviour in terms of underlying traditions result from an evolutionary selection procedure that contradicts the constructivist position on cultural evolution as driven by human reason: "Man is as much a rule-following animal as a purpose-seeking one" (Hayek 1973: 11). In that context, Hayek underlines that competition constitutes the basic feature of both biological and cultural evolution; highlighting competition as the decisive evolutionary force (Hayek 1988: 26).

Even in his earliest elaborations on that subject, Hayek applies his arguments to a historical process like industrialisation, which is attributed to market competition as a discovery procedure regarding material and human resources. This role of competition also seems to be most important in cases of underdevelopment, for the particular discovery procedures in developing economies are settled in an early stage, leaving habitually-oriented economic agents without experience from past competition as a device for future decisions (Hayek 1978b: 188). Already in the "Road to Serfdom", Hayek analyses the institutional dynamism of economic development in terms of the spontaneous order:

"During the whole of this modern period of European history the general direction of social development was one of freeing the individual from the ties which had bound him to the customary or prescribed ways in the pursuit of his ordinary activities. The conscious realization that the spontaneous and uncontrollable efforts of individuals were capable of producing a complex order of economic activities could come only after this development had made some progress" (Hayek 1944: 18n).

In particular, Hayek proposes that the evolution of knowledge since the Renaissance contributed decisively to that development process, based on individual economic initiative, which led to the establishment of modern capitalism, defined as "a competitive system based on free disposal over private property" (Hayek 1944: 77). Individualism reinforced the progress of scientific knowledge in the discovery procedure of market competition, thus contributing to the comparative success of capitalist economies:

“Perhaps the greatest result of the unchaining of individual energies was the marvellous growth of science which followed the march of individual liberty from Italy to England and beyond. (...) Only since industrial freedom opened the path to the free use of knowledge, only since everything could be tried – if somebody could be found to back it at his own risk – and, it should be added, as often as not from outside the authorities officially intrusted with the cultivation of learning, has science made the great strides which in the last hundred and fifty years have changed the face of the world” (Hayek 1944: 19).

Cultural evolution is thus linked to the growth and diversification of knowledge; a topic that is explored furthermore in the “Constitution of Liberty”. There, Hayek argues that the growth of knowledge implies a decrease of individual shares in the total complex of the division of knowledge, thus contributing to a relative deepening of subjective ignorance, while advancing the requirement for a coordination of decentralised knowledge. These coordination efforts should involve specific institutional forms of knowledge, like habits, rules and even technological aspects; all of them subject to an inherent variety of forms that shapes individual behaviour:

“The growth of knowledge and the growth of civilization are the same only if we interpret knowledge to include all the human adaptations to environment in which past experience has been incorporated. (...) Our habits and skills, our emotional attitudes, our tools, and our institutions – all are in this sense adaptations to past experience which have grown up by selective elimination of less suitable conduct. They are as much an indispensable foundation of successful action as is our conscious knowledge. Not all these non-rational factors underlying our action are always conducive to success. Some may be retained long after they have outlived their usefulness and even when they have become more an obstacle than a help. Nevertheless, we could not do without them: even the successful employment of our intellect rests on their constant use” (Hayek 1960: 26).

Innovations in institutional and technological terms should be perceived as adaptations to changing data:

“The undesigned novelties that constantly emerge in the process of adaptation will consist, first, of new arrangements or patterns in which the efforts of different individuals are coordinated and of new constellations in the use of resources, which will be in their nature as temporary as the particular conditions that have evoked them. There will be, second, modifications of tools and institutions adapted to the new circumstances (Hayek 1960: 32n).

Hence, cultural evolution according to Hayek is based on a trial-and-error process which combines intentional and unintentional experiments in proceeding with institutional and technological innovations as an adaptation to changing socio-economic conditions (Vanberg 1992: 109).

Hayek’s evolutionary theory of institutional change then follows a scheme of variety, transmission and selection. Underlining the aspect of efficacy in cultural evolution, Hayek suggests: “It is in the pursuit of man’s aims of the moment that all the devices of civilization have to prove themselves; the ineffective will be discarded and the effective retained” (Hayek 1960: 36). The introduction and dissemination of novelty is promoted by an institutional framework which allows for variety in the competitive discovery procedures that drive economic development (Hayek 1960: 37). The institutional structuration of particular groups serves as the basis of knowledge transmission, while

selection also intervenes on the group level, in accordance with capabilities for learning and innovation (Hayek 1960: 36).

This hint at the group level of evolutionary selection is explored in more detail in the volumes on “Law, Legislation and Liberty”. Hayek suggests that the evolution of rules coincides with the cultural evolution of groups, societies and whole civilisations, as groups that adopt those rules within their particular order which are most conducive to growth and development in a certain setting tend to be more successful in terms of material reproduction. Decisive is not only the coherent order that is achieved within the networks of personal relationships inside the particular groups, but also the opportunities that are offered for outward oriented contacts which contain impersonal relationships (Hayek 1973: 99). Indeed, the market system in the extended order of the Hayekian “Great Society” presupposes institutional conditions for complex exchange relations among anonymous participants in the division of labour. Therefore, entrepreneurship in cultural evolution denotes a behavioural pattern of extending the domain of individual interaction and exchange driven by “rule-breakers” who would become “path-breakers”: “Most of these steps in the evolution of culture were made possible by some individuals breaking some traditional rules and practising new forms of conduct – not because they understood them to be better, but because the groups which acted on them prospered more than others and grew” (Hayek 1979: 161).

This line of reasoning is also addressed in Hayek’s “Fatal Conceit”, suggesting that entrepreneurship is an indispensable factor in the evolution of the extended order of the market, based on the division of labour and far-reaching exchange relations beyond the confines of established communities:

“In any case, some individuals did tear away, or were released, from the hold and obligations of the small community, and began not only to settle to other communities, but also to lay the foundations for a network of connections with members of still other communities – a network that ultimately, in countless relays and ramifications, has covered the whole earth. Such individuals were enabled to contribute their shares, albeit unknowingly and unintentionally, towards the building of a more complex and extensive order – an order far beyond their own or their contemporaries’ purview” (Hayek 1988: 42).

In discussing this process, Hayek focuses on the correspondence between the transfer of goods and the transfer of knowledge, with trade based on the distinctive individual knowledge of the competing trading agents, then continuously promoting initiatives in discovering new opportunities. Innovations would turn to customs in the context of institutional conditions and distinct advantages that allow for an expansion of the innovative groups (Hayek 1988: 43).

These arguments also inform Hayek’s policy conclusions concerning the rejection of development planning and extensive public regulation, because modes of technological advance and the emergence of related social structures are not to be foreseen and controlled (Hayek 1978b: 188). Hayek claims that development planning would imply attempts to regulate and shape economic processes in a scientifically founded manner, related with a predictive anticipation of future developments that was typical for constructivism, denoting a belief in the design and engineering of the institutional and social order of a society at large (Hayek 1978a: 3n). In contrast to these types of development planning schemes, the relationship between competition and entrepreneurship should be held responsible for the dynamism of economic

development, based on the institutional order of a particular economy under consideration.

Also in the context of that discussion of development policy, the perception of a pioneering minority that confronts a traditional majority resembles the Wieser-Schumpeter line of reasoning on the leadership qualities of pioneering individuals:

“This is that required changes in habits and customs will be brought about only if the few willing and able to experiment with new methods can make it necessary for the many to follow them, and at the same time to show them the way. The required discovery process will be impeded or prevented, if the many are able to keep the few to the traditional ways” (Hayek 1978b: 189).

Therefore, the implementation of an institutional order that is conducive to entrepreneurship, based on private property, would provide the most promising device for the formulation of development policies:

“The much lamented absence of a spirit of enterprise in many of the new countries is not an unalterable characteristic of the individual inhabitants, but the consequence of restraints which existing customs and institutions place upon them. This is why it would be fatal in such societies for the collective will to be allowed to direct the efforts of individuals, instead of governmental power being confined to protecting individuals against the pressures of society” (Hayek 1978b: 189n).

Again, it is evident that a reconsideration of the notion of entrepreneurship is of major importance for understanding the dynamism of economic development and the underlying processes of cultural evolution. Still, it remains noteworthy that Hayek pinpoints the role of institutions in articulating the entrepreneurial potential of the market process, whereas the behavioural dimension of entrepreneurship is not addressed as a decisive topic to be explored.

In assessing Hayek’s theory of cultural evolution, then, it has been pointed out that it comprises really of two sub-processes, namely the process of variation that generates novel variants of behaviour that are to be transmitted, and the process of selection which results in the selective establishment of specific regularities out of the pool of available variants of behaviour. Individualist arguments in Hayek’s theorising then point to the role of specific individuals, who act as innovators, for they deviate from established traditions by experimenting with new practices that may turn into regularities during competitive selection as they are adopted within groups and then spread all over the socio-economic system. However, as argued by Vanberg, this perspective lacks from well-defined individualist arguments, for it remains unclear whether it is behaviour advantageous to individuals or groups which prevails in the competitive process of cultural evolution (Vanberg 1994: 82n).

Moreover, apart from these aspects, it has been criticised that Hayek’s approach lacks from an adequate elaboration of evolutionary theory. In particular, Hodgson has proposed that Hayek fails to specify the process that leads to the adoption and routine operation of advantageous rules within a group; a lack of analytical rigour which is especially relevant with regard to the matter of organisations (Hodgson 1993: 171n). Accordingly, it seems that Hayek underestimates the extent to which evolutionary processes tend to require an institutional variety that allows for a plurality of market structures and other institutional forms of socio-economic interaction (Hodgson 1993: 176n). These considerations also resound in North’s recent critique at Hayek’s theory of cultural evolution. North actually claims that Hayek would emphasise the role of

spontaneous order in a manner that neglects human intentionality and the deliberate structuration of human interaction in path dependent development processes (North 2005: 51-52).

In conclusion, these critical assessments are fit to highlight the specific role of the notion of entrepreneurship in Hayek's theorising. After all, Hayek does not present a distinct theory of entrepreneurship with an elaborate apparatus of behavioural arguments. Instead, both his theory of the market process and the theory of cultural evolution focus on the coordinative impact of rules, which derive their functional importance from the subjectivity of knowledge as well as from the related complexity of evolving socio-economic systems. All of this is outlined in a mode of reasoning that approaches entrepreneurship in terms of a potential which does not require further analytical efforts. Indeed, the theoretical problems of Hayek's theory of cultural evolution, as outlined above, may be related with that lack of analytical rigour in sorting out the behavioural foundations of entrepreneurship.

Still, entrepreneurship plays a major role in Hayek's approach, highlighting search, experimentation and discovery as crucial factors in the stimulation of economic change – which is identified as the constitutive problem of economic theory. Accordingly, entrepreneurship is viewed as the decisive force in the growth of civilisation, interpreted as a historical process that coincides with cultural evolution. In terms of the evolution of polities, indeed, Hayek subscribes to a conceptualisation of human agency that is well described by the notion of political entrepreneurship in the discovery of institutional innovations. The “rule-breaking” and “path-breaking” qualities of Hayekian entrepreneurship then combine segments of theorising that resemble Mises' theory of human action as well as Wieser's and Schumpeter's approaches to entrepreneurial leadership, although Hayek abstracts from an exploration of behavioural aspects in the carrying out of the entrepreneurial function. In this context, it is also noteworthy that Hayek, rather than discussing the introduction of novelty, emphasises the matter of imitation and dissemination, with entrepreneurship perceived as pioneering initiative in a comprehensive evolutionary process of gradual change. Based on these considerations, Hayek's theorising may serve as a point of departure for further research on the role of entrepreneurship in economic change, providing further insights for an analysis of the institutional foundations of cultural evolution.

## **5. Conclusion**

The present essay has argued that Hayek's theory of cultural evolution is based on a conceptualisation of entrepreneurial activities which is constitutive for the underlying concept of institutional change, reflecting a specific constellation of search, discovery and innovation. All of these particular activities resemble the entrepreneurial function in the competitive procedures of the market process. Therefore it has been suggested that the matter of entrepreneurship provides Hayek's theory of cultural evolution with constitutive arguments on the interplay of individuals, groups and institutions in the evolutionary process of economic development. These aspects have been examined by taking the point of departure in the Austrian framework of theorising on entrepreneurship. Especially the contributions of Wieser and Mises proved to be influential with regard to Hayek's account of the entrepreneurial function in cultural evolution, pointing to the pioneering positions and knowledge qualities of entrepreneurship. In Hayek's theory of the market process, these arguments shape the characterisation of entrepreneurship in the search and discovery procedures that drive

competition. Dealing with related aspects of entrepreneurship in the promotion of evolutionary change, Hayek's theory of cultural evolution then highlights rules, traditions and knowledge as parameters of entrepreneurial activities, for entrepreneurs are said to facilitate those institutional and structural changes which characterise the growth of modern civilisation. After all, it is this emphasis on the interaction of long-run rules and individual initiative in the context of a gradually extending order that characterises Hayek's approach to entrepreneurship as an unjustly neglected major contribution to modern Austrian theory. In this sense, despite analytical limitations regarding a stringent elaboration on behavioural aspects, Hayek's approach to entrepreneurship provides indispensable arguments for theorising on the market process and cultural evolution. Thus it represents a major effort in exploring the entrepreneurial dynamism of economic development.

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06

Governance und kollektives Handeln:  
Institutionelle Aspekte einer evolutorischen Theorie der  
Wirtschaftspolitik

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## 1. Einleitung

Die traditionelle Erfassung des Verhältnisses von Staat und Markt in der Theorie der Wirtschaftspolitik basiert auf deren analytischer Trennung als Gegenstandsbereiche mit eigenständiger Funktionslogik. Auch in der Euckenschen Ordnungstheorie stehen sich Unternehmen und Haushalte als Marktakteure gegenüber, während der Staat die Wettbewerbsordnung durchsetzen soll. Aktuelle Debatten zur Theorie der Wirtschaftspolitik problematisieren dieses Schema. So wird in Arbeiten der Neuen Institutionenökonomik behauptet, dass das für die Neoklassik konstitutive Wahlhandlungskalkül neben dem wirtschaftlichen Marktgeschehen auch auf andere gesellschaftliche Bereiche, insbesondere auf das Verhalten von Politikern und Interessengruppen anzuwenden sei. Dem Konzept des Marktversagens läßt sich analog ein Staats- und Politikversagen gegenüberstellen. Die in der Marktprozess Theorie verwurzelte Richtung einer evolutorischen Theorie der Wirtschaftspolitik bezieht sich dagegen auf Hayeks These von der Koordinierung subjektiven Wissens als fundamentalem ökonomischem Problem. Dem Staat wird zentrales Steuerungswissen abgesprochen. Auch eine bewusste politische Gestaltung von Ordnungsformen, wie sie noch in der Euckenschen Ordnungstheorie vorgesehen war, wird hierbei als konstruktivistisch kritisiert. Die institutionalistisch ausgerichtete Variante der evolutorischen Theorie der Wirtschaftspolitik konzentriert sich schließlich auf die institutionelle Vielfalt von Steuerungsmechanismen und Koordinationsweisen, die jenseits der konzeptionellen Dichotomie von Märkten und Hierarchien auch die Potentiale institutioneller Netzwerke umfasst. In diesem Zusammenhang wird die anhaltende Transformation staatlicher Kompetenzen betont, die sich vor dem Hintergrund einer institutionellen Enthierarchisierung von Politik und Ökonomie vollzieht.

Entsprechend wird im folgenden Text argumentiert, dass eine evolutorische Analyse wirtschaftspolitischer Gestaltungsformen die Rolle institutioneller Netzwerke als zentralem Aspekt zu berücksichtigen hat. Im Mittelpunkt steht hierbei das Konzept der Governance, das in der vorliegenden Arbeit für eine evolutorische Theorie der Wirtschaftspolitik verfügbar gemacht werden soll. Die Darstellung dieser Thematik befasst sich zunächst mit einer konzeptionellen Herleitung des Verhältnisses von Staat, Markt und institutionellen Vermittlungsformen. Dabei werden die ordnungstheoretischen Positionen Euckens und Hayeks mit aktuellen Kontroversen zwischen Vertretern der Neuen Institutionenökonomik und deren institutionalistischen und evolutorischen Kritikern konfrontiert. Olsons Ansatz zur Analyse der wirtschaftspolitischen Rolle von Interessgruppen steht hierbei im Mittelpunkt. Anschließend wird das Konzept einer wirtschaftspolitischen Form von Governance vorgestellt, das die institutionellen Grundlagen der Wirtschaftspolitik vor dem Hintergrund des Wandels staatlicher Steuerungskapazitäten thematisiert. Netzwerke werden als konzeptioneller Kern eines Verständnisses von Wirtschaftspolitik vorgestellt, das die Vielfalt institutioneller Formen in komplexen Marktwirtschaften beachtet. In diesem Zusammenhang wird dann die These vertreten, dass die Analyse institutioneller Netzwerke für die evolutorische Theorie der Wirtschaftspolitik von zentraler Bedeutung sein sollte.

## 2. Grundzüge des ordnungstheoretischen Staatsverständnisses

Die im Rahmen der neoklassischen Theoriebildung formulierte Auffassung von der Ökonomie als einer Wissenschaft der individuellen Wahlhandlungen unter

Knappheitsbedingungen hat als hegemoniale Position alle weiteren Diskussionen zur Theorie der Wirtschaftspolitik geprägt.<sup>12</sup> Die sozialwissenschaftliche Arbeitsteilung ist dabei zunächst der Vorgabe gefolgt, dass sich die Wirtschaftswissenschaften mit dem Marktverhalten rationaler Akteure befassen sollten, während die Soziologie für nicht-rationale Verhaltensformen, sowie für die Analyse von Institutionen, Gesellschaftsstrukturen und Herrschaftsformen zuständig sei (Ingham 1996: 243ff). In der neoklassischen Wirtschaftstheorie stehen sich demnach Unternehmen und Haushalte als Marktakteure gegenüber, während der Staat als exogene Größe das Marktgeschehen ordnet, möglicherweise auch punktuell interveniert, oder gar selbst als Anbieter auftritt, um Fälle des Marktversagens zu beheben, die sich als Resultat externer Effekte oder der Problematik öffentlicher Güter entwickelt haben. Weitergehende Fragen der angewandten Wirtschaftspolitik werden neoklassischen Marktmodellen mit ihren spezifischen Optimierungsvorstellungen zugeführt. Ansonsten ist der Staat als Residuum neoklassischer Markttheorie eine nicht weiter zu hinterfragende „black box“ geblieben (Dixit 1996: 8f).

Diese Einschätzung gilt auch für die wohlfahrtsökonomischen Analysen von Allokationseffizienz und deren wirtschaftspolitische Implikationen, die sich konsequent um Erweiterungen neoklassischer Tauschmodelle bemühen. Die traditionelle wohlfahrtstheoretische Begründung der Wirtschaftspolitik orientiert sich an der Analyse von Allokationsstörungen, wobei das Konzept des Marktversagens vor dem Hintergrund der Forderung nach einer Pareto-optimalen Allokation als Maßstab zur Begründung wirtschaftspolitischer Korrekturmaßnahmen dient. Das resultierende Spannungsverhältnis von Allokationseffizienz und Verteilungsgerechtigkeit wird allerdings von der Forderung nach institutioneller Neutralität der Analyse begleitet (Sohmen 1976: 439f).<sup>13</sup> Der Keynesianismus hat auf der Grundlage seines Glaubens an die Durchführbarkeit einer Nachfragesteuerung von Marktprozessen dieses institutionelle Defizit bei der Analyse der Staatstätigkeit fortgeführt. Dabei propagiert Keynes das Leitbild eines gemeinwohlorientierten Staatsapparates, der wirtschaftspolitische Lenkungsansprüche im instrumentellen Sinne neutral umsetzen kann, unterstützt durch korporatistische Politikarrangements.<sup>14</sup> Dem lässt sich Schumpeters Einsicht in das Eigeninteresse der Akteure in Verwaltungsbürokratie und Politik entgegenstellen; eine Position, die sich auf Max Webers Theorie rationaler Herrschaft berufen kann (Starbatty 1985: 73ff). Sie deutet eine Nähe zu ordnungstheoretischen Positionen an, die in der Folge von Walter Eucken und Friedrich Hayek ausgearbeitet wurden.

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<sup>12</sup> In dogmenhistorischer Hinsicht mag hier die aristotelische Hauswirtschaftslehre als Ausgangspunkt dienen. Erst mit der frühneuzeitlichen Differenzierung des Privaten und des Öffentlichen wird eine Trennung wirtschaftlicher und politischer Belange bedeutsam. Dabei betonen alle Schattierungen des Merkantilismus noch staatswirtschaftliche Funktionen, während sich die klassische politische Ökonomie deutlicher auf die Funktionsweise von Märkten konzentriert. Dies impliziert eine analytische Trennung von Staat und Wirtschaft (Bauer und Matis 1988: 189ff).

<sup>13</sup> So ist es auch nicht verwunderlich, dass sich frühe Beiträge zur wohlfahrtsökonomischen Diskussion um produktive Effizienz und distributive Gerechtigkeit, wie etwa Kaldors einflussreicher Beitrag zum Kompensationsprinzip, zwar mit Fragen der staatlichen Einflussnahme auf den Wirtschaftsprozess befassen, dabei aber keine konkrete Aussage zum institutionellen Charakter der Wirtschaftspolitik machen (Kaldor 1939: 549ff).

<sup>14</sup> Ähnliche Vorstellungen zur institutionellen Neutralität staatlicher Apparate finden sich auch in marxistischen Entwürfen. Jenseits der Vorstellungen einer sozialistisch verfaßten Marktwirtschaft hat der orthodoxe Marxismus allerdings behauptet, dass die Aufhebung materieller Knappheit im Kommunismus zum Absterben des Staates führen werde (Kornai 1992: 18f).

In Euckens Ordnungstheorie stehen sich Unternehmen und Haushalte als Marktakteure gegenüber, während der Staat, aufgefaßt als rechtsstaatlich „ordnende Potenz“, die Wettbewerbsordnung verbindlich durchsetzen soll. Die normativen Gehalte dieser Argumentation werden von Eucken mit der historisch-empirischen Tendenz einer Verminderung staatlicher Ordnungskapazität bei gleichzeitig expandierender Staatstätigkeit konfrontiert, welche sich angeblich aus der Verflechtung staatlicher Apparate mit diversen Interessengruppen ergibt. Somit wird die Ordnung des Staates als gleichartiges Problemfeld neben der Wirtschaftsordnung positioniert (Eucken 1952: 325ff). Eucken zufolge ist es unzulässig, den modernen Staat mit seinem Charakter als Kollektivorgan so zu porträtieren, dass er als institutioneller Repräsentant eines den privaten Konkurrenzmechanismen übergeordneten sittlichen Ideals erscheint, wie in der Hegelschen Sozialtheorie ausgeführt und von der Historischen Schule weiter behauptet wurde.

Die Kritik des idealistischen Staatsverständnisses beinhaltet auch eine Zurückweisung von Versuchen, gesellschaftliche Interessengruppen in die Wahrnehmung staatlicher Funktionen einzubinden. Insbesondere die wirtschaftspolitische Integration korporatistischer Einflüsse in der Form von Selbstverwaltungskörperschaften wird von Eucken mit dem Hinweis auf deren potentiell monopolistisches Eigeninteresse strikt abgelehnt (Eucken 1952: 145). Um der Gefahr einer „neufeudalen Autoritätsminderung des Staates“ durch die Lenkungsansprüche dieser Machtgruppen begegnen zu können, werden korporatistische Arrangements insbesondere auf sektoraler Ebene zurückgewiesen.<sup>15</sup> Entsprechend ist Euckens erster staatspolitischer Grundsatz der Wirtschaftspolitik, mit seiner Forderung nach der Zurückdrängung des wirtschaftspolitischen Einflusses von Interessengruppen, dem zweiten Grundsatz vorgelagert, der ein Primat der wirtschaftspolitischen Ordnungsgestaltung gegenüber der unmittelbaren Lenkung des Wirtschaftsprozesses fordert (Eucken 1952: 334f).<sup>16</sup> Dabei wird angenommen, dass eine strikte institutionelle Trennung von staatlicher Ordnungsfunktion und den Machtkämpfen der Interessengruppen umsetzbar ist. Der damit zusammenhängende Konstruktivismus in Euckens theoretischem Ordnungsverständnis wird erst mit Hayeks evolutorischer Konzeption der Wirtschaftspolitik überwunden.

In Hayeks Ansatz entsprechen wirtschaftspolitische Maßnahmen, wie auch die allgemeinen Formen der Staatstätigkeit, einem evolutorischen Experimentier- und Lernprozess, der mit einer graduellen Anpassung institutioneller Vorkehrungen an immer neue ökonomische und gesellschaftliche Bedingungen einher geht (Hayek 1971: 296f).<sup>17</sup> Die Besonderheit der Wirtschaftspolitik im Rechtsstaat wird über die Herrschaft des Gesetzes als Kriterium der Vereinbarkeit wirtschaftspolitischer Maßnahmen mit der freiheitlichen Ordnung vermittelt. Trotz der Problematisierung des Begriffs sozialer

<sup>15</sup> Mit dieser Position setzt sich Eucken von den verwandten Positionen Müller-Armacks ab, dessen Konzept der sozialen Marktwirtschaft für eine wirtschaftspolitische Einbindung solcher Arrangements tendenziell offener ist (Ebner 2003).

<sup>16</sup> Im Einzelnen lauten Euckens staatspolitische Grundsätze der Wirtschaftspolitik wie folgt: „Erster Grundsatz: Die Politik des Staates sollte darauf gerichtet sein, wirtschaftliche Machtgruppen aufzulösen oder ihre Funktion zu begrenzen“ (Eucken 1952: 334). „Zweiter Grundsatz: Die wirtschaftspolitische Tätigkeit des Staates sollte auf die Gestaltung der Ordnungsformen der Wirtschaft gerichtet sein, nicht auf die Lenkung des Wirtschaftsprozesses“ (Eucken 1952: 336).

<sup>17</sup> Hierbei betont Hayek das Element der Unsicherheit in einem ergebnisoffenen Prozess, womit er sich deutlich von den mechanistischen Vorstellungen der keynesianisch orientierten Theorie der Wirtschaftspolitik unterscheidet, wie sie insbesondere von Tinbergen vertreten worden ist. Tinbergen betont etwa die Möglichkeit einer schematischen Aufteilung von Politikzielen und Politikinstrumenten in eine umfassende Matrix wirtschaftspolitischer Interdependenzen (Tinbergen 1967: 216f).

Wohlfahrt wird die Legitimität staatlicher Leistungen im Kontext öffentlicher Güter und externer Effekte nicht grundsätzlich bestritten. Preis- und Mengenkontrollen werden dagegen als interventionistische Allokationsverzerrungen des Marktprozesses aufgefaßt (Hayek 1971: 288f). Im Hinblick auf die institutionellen Träger der Wirtschaftspolitik greift Hayek jedoch über den Rahmen staatlicher Aktivitäten hinaus, indem er auf den Einfluss zivilgesellschaftlicher Akteure verweist. Neben dem Staat können sich auch zivilgesellschaftliche Einrichtungen, wie Stiftungen und andere private Wohlfahrtsorganisationen, an der Bereitstellung kollektiver Güter beteiligen, insbesondere wenn sie die Bedürfnisse einer spezifischen Gruppe decken. Dies entspricht den Aktivitäten eines „unabhängigen Sektors“, der sich in einen Dienstleistungswettbewerb mit den öffentlichen Gebietskörperschaften begibt, und damit die potentielle Ineffizienz staatlicher Monopole abfängt (Hayek 1981: 76f). Hier unterstreicht Hayek also zunächst den positiven Effekt einer Auflösung von wirtschaftspolitisch relevanten Teilbereichen staatlicher Aufgaben in zivilgesellschaftliche Zusammenhänge.

Tatsächlich gilt der Staat als unverzichtbar in der Entwicklung fortgeschrittener Gesellschaften, aufgefasst als Bestandteil einer komplexen, selbst erzeugenden institutionellen Ordnungsstruktur. Moderne Gesellschaften setzen sich demnach zusammen aus einem „spontan gewachsenen Netz von Beziehungen zwischen den Individuen und den verschiedenen Organisationen, die sie bilden.“ Dabei gilt: „Gesellschaften bilden sich, aber Staaten werden gemacht“ – wobei aus Hayeks Sicht die evolutorische Komponente gesellschaftlicher Ordnungen mit ihren abstrakten Regeln dem hoheitlichen Konstruktivismus der Staatsgewalt vorzuziehen ist (Hayek 1981: 191). Aus dieser Argumentation folgt, dass jedes Individuum als Mitglied diverser zivilgesellschaftlicher Organisationen quasi in mehrere überlappende Gesellschaften eingebunden ist, die zusammen ein komplexes Muster spontaner Ordnungskräfte bilden, das jenseits der primitiven Vorstellung eines einheitlichen sozialen Gestaltungswillens seine Wirkung entfaltet. Entsprechend thematisiert Hayek die institutionelle Vielfalt komplexer Gesellschaften: „Gesellschaft ist ein Netz von freiwilligen Beziehungen zwischen Individuen und organisierten Gruppen, und genau genommen gibt es kaum jemals nur eine einzige Gesellschaft, der eine Person ausschließlich angehört“ (Hayek 1981: 191).

Dieses pluralistische Gesellschaftsverständnis wird allerdings mit einem Staats- und Politikverständnis kombiniert, dass die Vorteile von allgemein verbindlichen, abstrakten Regelwerken gegenüber willkürlichen Interventionen der Staatsgewalt zugunsten einflußreicher Interessengruppen unterstreicht.<sup>18</sup> An diesem Punkt treten die positiven Aspekte selbstorganisierter gesellschaftlicher Gruppierungen hinter Probleme des wirtschaftspolitischen Einflusses von Interessengruppen zurück. Hayek behauptet, dass die Organisierung von speziellen Gruppeninteressen zur strukturellen Stagnation einer Volkswirtschaft führen kann; eine Situation, die letztlich nur durch eine diktatorische Staatsmacht aufzubrechen wäre. Dabei wird mit Verweis auf Olsons Theorie zur Logik kollektiven Handelns behauptet, dass in erster Linie die Interessen kleiner Sonderinteressengruppen organisierbar sind, was eine Ausbeutung der

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<sup>18</sup> So heißt es bei Hayek: „Die Regierung ist heute natürlich kein menschliches Wesen, dem man vertrauen kann, wie es das ererbte Ideal des guten Herrschers immer noch dem naiven Gemüt suggeriert und auch nicht das Resultat der vereinten Weisheit von vertrauenswürdigen Repräsentanten, deren Mehrheit sich über das einigen kann, was das Beste ist. Sie ist eine Maschinerie, die von ‘politischen Notwendigkeiten’ gelenkt wird, die nur entfernt von den Meinungen der Mehrheit beeinflusst werden“ (Hayek 1981: 202).

Bevölkerungsmehrheit ermöglicht (Hayek 1981: 133f).<sup>19</sup> Zusammen mit der tendenziellen Ausdehnung bürokratischer Staatstätigkeit folgt daraus die paradoxe Situation, dass die Demokratie zugleich mit ihrer scheinbar allumfassenden Expansion auf der Leitungsebene die Regierungsfähigkeit einbüßt. Eine Lösung dieser Problematik könnte dann in der Stärkung regionaler und lokaler Regierungsebenen bestehen, wobei diese als „quasi-kommerzielle Unternehmen“ mit ihren spezifischen Dienstleistungen und Steuersätzen um die Akzeptanz mobiler Bürger zu konkurrieren hätten, was aufgrund der dann notwendigen Bürgernähe im Verwaltungsmanagement letztlich auch einer Stärkung kommunaler Verbundenheit entgegen käme (Hayek 1981: 198f). Interjurisdiktioneller Wettbewerb erscheint demnach als probates Gegenmittel zur institutionellen Sklerose moderner Industriegesellschaften.

Trotz dieser substantiellen Einsichten zum evolutorischen Charakter der Wirtschaftspolitik verstellt Hayeks subjektivistischer Kontraktualismus mit seinem Fokus auf freiwilligen Marktbeziehungen den Blick auf eine adäquate Analyse der für komplexe Marktwirtschaften konstitutiven institutionellen Vielfalt (Hodgson 1993: 185f). Dieser Kritikpunkt betrifft insbesondere die Charakterisierung des „unabhängigen Sektors“ aus zivilgesellschaftlichen Netzwerken. So vernachlässigt Hayek vor allem das Zusammenspiel intendierter und nicht-intendierter Aspekte gesellschaftlicher Vernetzungsmuster. Eine angemessene Berücksichtigung institutioneller Netzwerke bei der Einschätzung wirtschaftspolitischer Steuerungsoptionen bleibt aus dieser Position heraus unmöglich. In diesem Sinne abstrahieren Eucken und Hayek von bedeutenden institutionellen Aspekten der Wirtschaftspolitik. Erst die diversen Ansätze der Neuen Institutionenökonomik haben diese Aspekte in angemessener Form aufgegriffen und weiter verarbeitet.

### 3. Staatstheoretische Variationen der Institutionenökonomik

Als maßgebliches Charakteristikum der dominierenden Strömungen innerhalb der Neuen Institutionenökonomik kann die Argumentation des neoklassischen Universalismus gelten, wie er sich in den Arbeiten der Neuen Politischen Ökonomie spiegelt. Diese Position behauptet, dass das für den methodologischen Individualismus der Neoklassik konstitutive Wahlhandlungskalkül einer Nutzenmaximierung unter Nebenbedingungen – abgebildet in der Figur des „homo oeconomicus“ – neben dem wirtschaftlichen Marktgeschehen auch auf andere gesellschaftliche Bereiche, insbesondere auf das Verhalten politischer Akteure anzuwenden sei.<sup>20</sup> Individuelle Rationalität wird dabei von einigen Varianten der Institutionenökonomik im Sinne beschränkter Rationalität behandelt, was auf die Problematik von Wissen und Information auf unvollständigen Märkten mit hohen Transaktionskosten verweist

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<sup>19</sup> Olsons Kritik pluralistischer Theorien konzentriert sich auf deren Überschätzung des Potentials zur spontanen Selbstorganisation von Interessengruppen, das fälschlich mit dem Zwangscharakter staatlicher Maßnahmen kontrastiert wird. Dagegen identifiziert Olson die Gruppengröße als maßgebliche Determinante bei der Versorgung mit öffentlichen Gütern, dem anreizbezogenen Charakter von kollektivem Handeln entsprechend, welcher aus der rationalen Verfolgung von Eigeninteressen resultiert (Olson 1965: 128f).

<sup>20</sup> Auch der Marxismus hat den Staat als institutionellen Ausdruck gesellschaftlicher Interessen aufgefasst. Insofern variiert die Neue Politische Ökonomie mit ihrer Auflösung des Staates in gesellschaftliche Interessen ein marxistisches Thema, jedoch modifiziert im Sinne des methodologischen Individualismus (Frey und Meissner 1974). Olsons Theorie des kollektiven Handelns kritisiert die marxistische Staatstheorie tatsächlich in erster Linie für Mängel an theoretischer Kohärenz bei der Modellierung individueller Rationalität (Olson 1965: 102f).

(Richter und Furubotn 1996: 2f). In Verbindung mit spezifischen Verhaltensannahmen wie individuellem Opportunismus lassen sich dann diverse Steuerungsmuster der Anbahnung, Durchführung und Kontrolle von Tauschbeziehungen stilisieren, die als institutionelle Governance-Strukturen aufzufassen sind. Diese Perspektive ist in Williamsons Transaktionskostentheorie der Unternehmung verwurzelt, deren Selbstverständnis auf eine mikroperspektivische Analyse von Vertrags- und Organisationsformen abzielt (Williamson 1996: 322f). Eine dezidiert historisch ausgerichtete, stärker makroperspektivisch orientierte Sicht auf institutionellen Wandel im Kontext formeller und informeller Handlungsrestriktionen ist in Norths Transaktionskostentheorie wirtschaftlicher Entwicklung ausgearbeitet worden. Staatstätigkeit wird aus komparativen institutionellen Vorteilen bei der Etablierung und Durchsetzung von Eigentums- und Verfügungsrechten hergeleitet, deren Notwendigkeit sich aus der Komplexität arbeitsteiliger Marktwirtschaften ergibt (North 1994: 366f).<sup>21</sup> Allerdings wird die Staatstätigkeit durch eine Gegenüberstellung von produktiven und räuberischen Effekten durchaus ambivalent gesehen, denn staatliche Aktivitäten tragen nicht nur zur Etablierung dynamischer Marktbeziehungen bei, vielmehr können sie diese im Rahmen spezifischer Politikformen auch unterbinden.<sup>22</sup>

Dabei werden Staat und Markt als interdependente Domänen aufgefasst, deren Zusammenwirken sich in die Segmente des gesellschaftlichen Grundkonsenses zur institutionellen Ordnung sowie des laufenden politisch-ökonomischen Prozesses innerhalb dieses Ordnungsrahmens einteilen lässt. Der Staat wird in diesem Zusammenhang als institutionelles Terrain eines politischen Marktprozesses begriffen, in dem die Akteure als Teilnehmer am politisch-ökonomischen Wettbewerb um knappe Ressourcen konkurrieren. Dabei kann es sich um Politiker handeln, die ihre Wählerstimmen maximieren, oder aber um Verwaltungsakteure, die an einer Maximierung ihres Budgets interessiert sind (Frey 1982: 10f). Entscheidend ist das Argument, dass nicht das Streben nach dem Gemeinwohl die Akteure in Regierung und Verwaltung motiviert, sondern vielmehr eine von Eigennutz geprägte, interessengeleitete Orientierung den politischen Prozess dominiert. In Hayekscher Manier wird das Idealbild eines allwissenden und allmächtigen Staates zurückgewiesen. Dem wohlfahrtsökonomischen Konzept des Marktversagens lässt sich dann ein entsprechendes institutionenökonomisches Konzept des Staats- und Politikversagens gegenüberstellen.<sup>23</sup>

Vor diesem Hintergrund ökonomisch endogenisierter Entscheidungs- und Handlungsmuster der politischen Akteure spielt die institutionelle Struktur von Anreiz- und Sanktionsmechanismen eine bedeutende Rolle. Insbesondere die Frage unvollständiger Informiertheit verweist auf die Koordinationsleistung institutioneller Mechanismen in politisch-ökonomischen Verhandlungssystemen (Eggertsson 1997: 65f). Die Wahrnehmung politischer Staatsaufgaben lässt sich dann als spezifisches Muster relationaler Verträge zwischen souveränem Volk und gewählten Volksvertretern

<sup>21</sup> Norths Definition des Staates betont die Rolle von Eigentumsrechten, indem sie ihn als Organisation mit komparativen Vorteilen bei der Gewaltanwendung bezeichnet, dessen territoriale Begrenzung über die Besteuerungsfähigkeit gesetzt ist (North 1981: 21).

<sup>22</sup> North formuliert dies wie folgt: „The existence of a state is essential for economic growth; the state, however, is the source of man-made decline“ (North 1981: 20).

<sup>23</sup> Umfangreiche Probleme von Marktinterventionen lassen sich aus dieser Argumentation ableiten. Aus ordnungstheoretischer Sicht ergeben sich solche Probleme zunächst aus der wohlfahrtsmindernden Fehlallokation, die das wissenschaftende Element des Marktprozesses behindert. Die Berücksichtigung potentiellen Staatsversagens unterstreicht ebenfalls die Forderung nach einer auf allgemeinen Ordnungsregeln basierenden Marktconformität wirtschaftspolitischer Steuerung (Streit 1991: 265ff).

im Sinne einer Prinzipal-Agenten-Beziehung nachvollziehen, in der die mit dem Transfer politischer Eigentums- und Verfügungsrechte einhergehenden Kontroll- und Aufsichtsprobleme durch verfassungsspezifische Anreize und Sanktionsmechanismen zu lösen sind (Richter und Furubotn 1996: 453ff). Aufgrund der immanenten Schwäche politischer Eigentums- und Verfügungsrechte in demokratischen Systemen gilt jedoch eine institutionelle Absicherung über Selbstverpflichtungen als entscheidend für die Effizienz solcher politischen Governance-Mechanismen (Williamson 1996: 336f). In diesem Sinne unterstreicht die verbreitete Charakterisierung wirtschaftspolitischer Prozesse als Ausdruck von Prinzipal-Agenten-Beziehungen die Notwendigkeit einer adäquaten Strukturierung institutioneller Regelwerke.<sup>24</sup>

Insbesondere der wirtschaftspolitische Einfluss von Interessengruppen wird in diesem Zusammenhang thematisiert. Vielfältige Versuche, die wirtschaftspolitische Angebotsseite im Sinne eines Rent-seeking zu beeinflussen, also eine kontinuierliche Abschöpfung von politisch regulierten Marktrenten zu gewährleisten, dominieren dieses Verständnis wirtschaftspolitischer Abläufe (Frey 1982: 180ff). Solche manipulativen Sonderregelungen haben wichtige Implikationen für die theoretische Ableitung der Staatstätigkeit, denn sie verweisen auf die Frage, inwiefern Wirtschaftspolitik als das Ergebnis rationaler Entwürfe jenseits der Konkurrenz von Interessengruppen aufgefasst werden kann. Die Unabhängigkeit des Staates von Partikularinteressen erscheint dann als unabdingbare Voraussetzung für die Aufrechterhaltung staatlicher Koordinationsfunktionen, auch im Hinblick auf die fiskalische Gestaltung der öffentlichen Haushalte.<sup>25</sup> Tatsächlich wird die Einflussnahme der Interessengruppen von Verbänden und anderen zivilgesellschaftlichen Organisationen getragen, die den politischen Raum zwischen souveräner Wählerschaft und deren gewählten Repräsentanten ausfüllen (Richter und Furubotn 1996: 460ff). Dies bedeutet auch, dass eine strategische Kohärenz wirtschaftspolitischer Maßnahmen mit der partikularistischen Logik der Interessengruppen konfrontiert wird. Olsons Argumente zur wirtschaftspolitischen Einflussnahme durch Sonderinteressengruppen haben hier ein weitläufiges Anwendungsgebiet gefunden, wobei die daraus gewonnenen Aussagen mit ordnungstheoretischen Überlegungen harmonisieren.

Olsons Kernthese verweist auf das entwicklungs- und wachstumshemmendem Potential von kleinen Sonderinteressengruppen, die im Vergleich zu größeren, umfassenderen Gruppen kostengünstiger zu organisieren sind, und dabei aufgrund ihrer enger gefassten Partikularinteressen besonders nachdrücklich gesellschaftlich ineffiziente Politiken mittels gesamtwirtschaftlicher Kostenüberwälzung durchsetzen. Demnach versucht Olson, das Problem der abnehmenden Steuerungskapazität staatlicher Apparate mit dem ausgreifenden Einfluss von Sonderinteressengruppen in Beziehung zu setzen. Die strukturelle Rigidität maßgeblicher Faktor- und Gütermärkte, aufgefasst als Ursache von Stagflationsphänomenen in den westlichen Industrieländern, wird dann aus einer

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<sup>24</sup> Diese Position wird in Buchanans Verfassungsökonomik vertieft. Er differenziert eine auf abstrakten Regeln basierende moralische Ordnung, in der es keine Gruppenloyalität jenseits der allgemeinen gesellschaftlichen Anerkennung aller Individuen gibt, und eine moralischen Gemeinschaft, in der eine Vielzahl von gruppenbezogenen Loyalitäten eingebunden sind, wobei in erster Linie Nation, Region, Klasse, Ethnie oder Familie als Orientierung dienen. Das Gemeinschaftsprinzip macht die abstrakte Koordination durch staatliche Instanzen notwendig, während das Ordnungsprinzip eine spontane Kohäsion ohne zentrale Steuerungsinstantz ermöglicht (Buchanan 1986: 108ff).

<sup>25</sup> Beispielsweise wird von Buchanan neben einer produktiven Staatsfunktion bei der Bereitstellung öffentlicher Güter auch eine schützende Funktion stilisiert, in welcher der Staat eine externe, neutrale Schiedsgerichtsbarkeit über vertragliche Konflikte von Individuen und Gruppen übernimmt (Buchanan 1975: 95ff).



institutionellen Erstarrung hergeleitet. Wirtschaftspolitische Steuerungsfähigkeit geht aufgrund der zunehmenden Diversität organisierter Sonderinteressen verloren, die im Rahmen von Verteilungskoalitionen um die Umverteilung des Sozialprodukts konkurrieren. Dies führt zusammen mit der Expansion wirtschaftspolitischer Interventionen und Sonderregelungen zu einer komplexitätsbedingten Erhöhung volkswirtschaftlicher Transaktionskosten (Olson 1982: 74f).<sup>26</sup> Wichtige Bedingung für die Herausbildung eines entsprechend verdichteten Netzwerks von Verteilungskoalitionen innerhalb des politisch-ökonomischen Systems ist allerdings die historische Konstellation anhaltender politischer Stabilität im Anschluss an radikale politisch-institutionelle Umbrüche (Olson 1982: 165f).

Die Kritik an Olsons Argumentation zu den institutionellen Bestimmungsgründen einer wirtschaftspolitisch vermittelten Stagnation ökonomischer Entwicklungsprozesse gründet sich neben dem Aspekt einer mangelhaften empirischen Fundierung auf dem pluralismustheoretisch gefassten Argument, dass der zunehmende Organisationsgrad von Interessengruppen nicht automatisch zu einer Verschärfung von klientelistischen Verteilungskonflikten im Rahmen korporatistischer Arrangements führen muss. Vielmehr besteht die Möglichkeit, dass der Widerstreit zum Interessenausgleich im Rahmen einer balancierten Politikagenda führt (Unger und van Waarden 1997: 439f). Zudem wird argumentiert, dass Verbände und andere Organisationsformen von Interessengruppen den Fluss von Informationen zwischen ökonomischen Akteuren befördern, und damit zur institutionellen Verdichtung von Sozialkapital und Vertrauen beitragen, was wiederum eine Minderung von Transaktionskosten im Rahmen einer Selbstregulierung und kooperativen Konfliktlösung impliziert (Unger und van Waarden 1997: 445f). In diesem Sinne ignoriert Olsons Theorie das institutionelle Transformationspotential staatlicher Steuerungskapazität, das mit der Durchsetzung eines auf Kooperation, Koordinierung und Moderation beruhenden Steuerungsmodus einher geht (Waschkuhn 1992: 40f). Dies mag damit zusammenhängen, dass Olson weiterhin an die Möglichkeit einer staatlichen Steuerungskapazität glaubt, die unabhängig von gesellschaftlichen Interessengruppen agiert (Messner 1997: 90f). Somit gilt auch an diesem Punkt der Einwand, dass die konzeptionellen Vereinfachungen in Olsons Ansatz einer Erfassung der institutionellen Formenvielfalt ausdifferenzierter Marktwirtschaften mit ihren verzweigten ökonomischen Rückkoppelungen entgegenstehen. Dies bezieht sich vor allem auf die Mikrofundierung von Olsons Theorie des kollektiven Handelns, die einer Berücksichtigung der für ausdifferenzierte Marktwirtschaften konstitutiven institutionellen Vielfalt entgegensteht.<sup>27</sup> Diese institutionelle Vielfalt bezeichnet jene Eigenschaften komplexer ökonomischer Prozesse, die wirtschaftliches Wachstum und evolutorischen Wandel in modernen

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<sup>26</sup> Trotz Olsons Kritik an der Pluralismustheorie, die sich auf deren Defizit bei der Berücksichtigung der asymmetrischen Organisationsfähigkeit von Interessengruppen konzentriert, ist diese Position als normative Bestätigung eines demokratischen Pluralismus gewertet worden, in dem die Koordinierung kollektiven Handelns mit einer marktorientierten Wirtschaftspolitik einhergeht (Reisman 1990: 223f). Allerdings ergibt sich Olson zufolge die Möglichkeit, daß große Interessengruppen, wie Unternehmerverbände und Gewerkschaften, deren Sonderinteressen in geringerem Maße von gesellschaftlichen Gesamtinteressen abweichen, im Rahmen korporatistischer oder autoritärer Regime mit langfristiger Orientierung wachstumsfördernd agieren können. Als Beispiel dient etwa die Wirtschaftsentwicklung der ostasiatischen Schwellenländer (Olson 2000: 100).

<sup>27</sup> Allerdings ist auch aus ordnungstheoretischer Sicht wiederholt darauf hingewiesen worden, dass Erklärungsmotive für das Bestehen großer Verbände nicht in der von Olson betonten anreizbezogenen Sanktionierung des Trittbrettfahrer-Verhaltens zu suchen sind, das aus dem Kollektivgutcharakter der Verbandsaktivität entspringt. Auch das Vorhandensein von Wertrationalität und Traditionalität als Formen nicht-zweckrationalen Handelns im Weberschen Sinne ist zu berücksichtigen (Streit 1991: 293f).

Marktwirtschaften antreiben. Tatsächlich gehören evolutorische Themen zum Kern der Olsonschen Perspektive, jedoch ohne eine angemessene analytische Behandlung zu erfahren.

Hier liegt dann auch der kritische Anknüpfungspunkt einer explizit institutionalistisch und evolutorisch orientierten Analyse des Verhältnisses von Staat und Wirtschaft, derzufolge jenseits von individuellen Optimierungskalkülen und wettbewerblicher Koordinierung durch Marktpreise weitere Verhaltensformen und Steuerungsmechanismen existieren, welche es für die Theorie der Wirtschaftspolitik zu thematisieren gilt (Chang 2002: 539ff).<sup>28</sup> Staatliche Apparate werden aus dieser Perspektive als Bestandteil einer institutionellen Vielfalt aufgefaßt, deren wirtschaftspolitische Vermittlungsfunktionen eine Abgrenzung von Staat und Markt diffus werden lässt. Neben den strukturellen und institutionellen Aspekten der Globalisierung und Regionalisierung ökonomischer Interaktionszusammenhänge als Impulsen für die Transformation staatlicher Steuerungskapazität treten entsprechende Fragen einer Auflösung staatlicher Kompetenzen in den institutionellen Kontext einer ausdifferenzierten Zivilgesellschaft.<sup>29</sup> Die institutionenökonomisch verankerte Thematisierung der Governance wirtschaftspolitischer Prozesse greift diese Problemstellung auf, indem das Olsonsche Thema institutionell bedingter Unregierbarkeit in die Frage übersetzt wird, inwiefern spezifische institutionelle Konstellationen eine Form demokratischer Regierungs- und Steuerungsfähigkeit möglich machen, die sich auch auf die wirtschaftspolitische Ebene positiv auswirkt. Dabei werden in erster Linie die institutionellen Probleme der Netzwerksteuerung thematisiert.

#### **4. Governance und Netzwerksteuerung in der evolutorischen Wirtschaftspolitik**

Jenseits der in Williamsons Transaktionskostentheorie betonten Differenzierung von Markt und Hierarchie folgt aus der Berücksichtigung institutioneller Vielfalt als Charakteristikum komplexer marktwirtschaftlicher Systeme, dass die Potentiale von Netzwerken zu thematisieren sind. Tatsächlich wird behauptet, dass ausdifferenzierte Volkswirtschaften als Mischformen aus Märkten, Hierarchien und Netzwerken aufzufassen sind. Netzwerke repräsentieren einen horizontal angelegten Koordinationsmodus, der die Interdependenz zwischen den betroffenen Akteuren abbildet, indem die Tauschorientierung von Märkten mit der Kooperationshaltung von Organisationen verbunden wird. Ihre langfristige Orientierung basiert auf Attributen wie Reziprozität und Vertrauen, strukturiert durch spezifische Macht- und Wettbewerbsmuster (Powell 1990: 295ff). Die flexible Form der Einbeziehung individueller Akteure entspricht dann der adaptiven spezifischen Flexibilität von Netzwerkbeziehungen, die sich vor allem angesichts eines rapiden Wandels ökonomischer und gesellschaftlicher Bedingungen als vorteilhaft erweist (Messner 1997: 186ff). Grundsätzlich erlaubt diese eigenständige Organisationslogik von Netzwerken die institutionelle Einbettung individueller Handlungskalküle und Routinen

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<sup>28</sup> Zu den Vorläufern dieser Perspektive gehört die Tradition einer historisch orientierten Nationalökonomie, deren entwicklungsbezogene Fragestellung mit ihrem positiven Verständnis wirtschaftspolitischer Staatstätigkeit auch für aktuelle Diskussionen relevant geblieben ist (Ebner 2000a: 355ff; 2002a: 7ff).

<sup>29</sup> Die Debatte um konkrete Formen und Gehalte wirtschaftspolitischer Gestaltung im Kontext institutioneller Enthierarchisierung, wie sie in der evolutorischen Theorie der Wirtschaftspolitik betrieben wird, bezieht sich auf die umfassende politikwissenschaftliche Diskussion um staatliche Steuerungs- und Lenkungs Kompetenzen (Wegner 1996: 31f).

zugunsten der Etablierung kooperativer Beziehungen. In ökonomischer Hinsicht bezieht sich dies etwa auf die Kooperationsbeziehungen zwischen Unternehmen, während Politiknetzwerke einen Beitrag zur Koordinierung politischer Prozesse leisten.<sup>30</sup> Somit lässt sich das Netzwerkkonzept auch gegen eine theoretische Auflösung des Staates in der institutionellen Logik eines universellen Marktes oder einer umfassenden Organisationshierarchie wenden.

An diesem Punkt greift eine Anwendung des Netzwerkkonzepts auf die Perspektive wirtschaftspolitischer Governance. Diese Perspektive ist von der in Williamsons Transaktionskostentheorie vorherrschenden Diskussion der „Corporate Governance“ zu unterscheiden, insbesondere was quantitative Fragen der institutionellen Anreize sowie der ihnen zugrunde liegenden Zielsetzungen und Eigentumsrechte im öffentlichen Sektor angeht (Dethier 1999: 7f). Governance bezeichnet im weitesten Sinne die Gesamtheit institutioneller Arrangements zur Koordinierung und Regulierung der Aktivitäten und Interaktionen unterschiedlicher Akteure. Das enger gefasste Konzept einer wirtschaftspolitischen Governance bezieht sich dann auf institutionelle Strukturen und Prozesse, die zur Formulierung und Implementierung von Politikzielen und Politikinstrumenten beitragen. Die zu koordinierenden Träger der wirtschaftspolitischen Maßnahmen umfassen Akteure aus den öffentlichen und privaten Sektoren, so dass nicht nur institutionelle Aspekte wie Anreizstrukturen und Sanktionsmechanismen innerhalb der staatlichen Apparate angesprochen sind, sondern auch deren Anbindung an den erweiterten Kontext im öffentlichen und privaten Sektor mit seinen vielfältigen Interaktionsformen. So wird Governance als institutioneller Gehalt eines kooperativen und moderierenden Steuerungsansatzes begriffen.<sup>31</sup> Hierbei wird eine institutionelle Architektur betrachtet, die im Sinne eines polyzentristisch strukturierten Systems funktioniert, wobei die Wirkungsbereiche öffentlicher Güter und externer Effekte kaum noch einem nationalstaatlich verfassten Terrain zuzuordnen sind (Cerny 2000: 21ff). Institutionelle Mehrebenensystemen weisen den Nationalstaaten zwar weiterhin eine wichtige Steuerungsrolle zu, sie müssen jedoch Kompetenzen auf inter- und supranationale Ebenen, wie auch auf lokale und regionalen Politikebenen abgeben, woraus sich ein institutioneller Wettbewerb ergeben kann, der ein hohes Dynamisierungspotential in sich trägt. Governance gilt daher auch als Ausdruck der zunehmenden Komplexität wirtschaftspolitischer Problemlagen, die sich als Folge der Globalisierung ergeben haben.

Diese Fragen staatlicher Steuerungskapazität im Rahmen der institutionellen Anpassung an veränderte politisch-ökonomische Bedingungen rezipierend, ist der Ansatz wirtschaftspolitischer Governance dazu geeignet, die im Konzept der Netzwerke angelegte Enthierarchisierung von Staat, Gesellschaft und Marktprozessen zu thematisieren. Netzwerkmuster in der Strukturierung wirtschaftspolitischer Governance

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<sup>30</sup> Unternehmensnetzwerke im Sinne von Williamsons Transaktionskostentheorie decken also einen Teilbereich des weiter gefassten Netzwerkbegriffs ab, der langfristig angelegte Akteursbeziehungen mit einem hohen Grad an institutionell vermittelter Kooperationsfähigkeit jenseits der Koordinationsformen von Markt und Hierarchie anspricht. Unternehmensnetzwerke lassen sich entsprechend durch die Aspekte der Redundanz, Langfristigkeit und Kooperation charakterisieren (Fritsch 1992: 90f).

<sup>31</sup> Ausgangspunkt der damit verbundenen Diskussion um die institutionellen Grundlagen tragfähigen Regierungshandelns ist das Konzept der „Good Governance“, das von konkreten Erfahrungen mit institutionellem Wandel in den Entwicklungs- und Transformationsländern geprägt worden ist (König 2002: 9ff). Hierbei wird auf den Einfluss von Regeln, Normen und Konventionen verwiesen, deren Zusammenspiel öffentliche und private Akteure in einen zivilgesellschaftlichen Zusammenhang einbindet. Effektivität, Transparenz, Verantwortlichkeit und Kooperation dienen als normative Parameter dieser Orientierung (Grindle 1997: 3ff).

als institutionellem Prozess umfassen demnach unterschiedliche Akteure des öffentlichen und privaten Sektors (Messner 1997: 42f).<sup>32</sup> Öffentliche Güter als Gegenstand der Wirtschaftspolitik lassen sich dann als Produkte der Interaktion diverser Akteure auffassen, deren kollektives Handeln eine Koordinierung der Erstellung öffentlicher Güter ermöglicht (Kaul 2001: 255n). Es ist ohnehin davon auszugehen, dass die Dichotomie aus privaten, marktvermittelten und öffentlichen, staatlich vermittelten Gütern empirisch wenig überzeugt, da in der Regel Mischformen aus diesen reinen Typen vorliegen, mit jeweils interdependenten privaten und öffentlichen Dimensionen (Ostrom 1990: 14f). Hier kommt wiederum der Aspekt des Einflusses von Interessengruppen zum Tragen. So wird ein spezifischer Sektor aus zivilgesellschaftlichen Zusammenhängen vorgestellt, der neben Interessengruppen und anderen Nicht-Regierungsorganisationen auch lokale Netzwerkumstände einschließt. Dieser mit einem hohen Selbstorganisationspotential ausgestattete Sektor wird als Partner eines kooperativen Staates stilisiert, der auch mit den Marktakteuren interagiert. Im Unterschied zum korporatistischen Steuerungsansatz sollen sich die entsprechenden Netzwerke durch ein geringeres Maß an Selektivität und Formalisierung, sowie durch eine problemspezifische, flexible Orientierung auszeichnen. Die Informationsflüsse versetzen beteiligte Akteure in die Lage, kontextspezifisch zu kommunizieren und Lernprozesse zu bewältigen, was als Voraussetzung moderierender Wirtschaftspolitik gilt. In diesem Governance-Modus der Netzwerksteuerung kommen dem Staat als Steuerungsinstanz die Funktionen institutioneller Koordinierung, strategischer Orientierung und Konfliktmoderation zu (Messner 1997: 133ff). Allerdings ist auch hierbei keine Gemeinwohlorientierung anzunehmen, vielmehr ist die anreizorientierte Regelbindung staatlicher Akteure unerlässlich.

In diesem Zusammenhang kann das Hayeksche Problem der Wissensdiffusion als Ausgangspunkt einer weitergehenden konzeptionellen Einordnung von Netzwerken in der Theorie der Wirtschaftspolitik dienen. Zunächst gilt, dass den wirtschaftspolitischen Entscheidungsträgern notwendiges Steuerungswissen fehlt, so dass eine institutionelle Sicherung von Wissenstransfers effizienzsteigernd wirken kann. Netzwerke tragen somit zur Koordinierung von Akteuren bei der Vorbereitung und Umsetzung wirtschaftspolitischer Maßnahmen bei. Aus der Perspektive des akteurszentrierten Institutionalismus wird etwa behauptet, dass jenseits von Marktkoordinierung oder staatlicher Zuweisung ein Aushandlungsverfahren auszumachen ist, in dem richtungweisende Normen ökonomischer Aktivität etabliert werden. Die Komplexität der Koordinierung unterschiedlicher Zielvorstellungen wird von einer entsprechenden Diversität wirtschaftspolitischer Handlungsträger begleitet. Eine Verdichtung institutioneller Kooperation ermöglicht schließlich, dass Regeln, Normen und Routinen sich zu einem einbettenden Rahmen für die Koordinierung diverser Akteursstrategien entwickeln. Tatsächlich können sich entsprechend ausgestaltete Policy-Netzwerke durch eine stabilisierte Regelbindung der Akteure zu komplexen Verhandlungssystemen entwickeln (Mayntz 1993: 39ff). Auch aus systemtheoretischer Sicht wird behauptet, dass die institutionelle Komplexität der Wirtschaftspolitik in ausdifferenzierten Systemen mit einem erhöhten Konfliktpotential einhergeht, das einen integrativen Steuerungsansatz erfordert. Netzwerke sollen dann einer Einbettung von Wissensgenerierung und Wissensdiffusion im Sinne einer Früherkennung von Problemen und der Bündelung von Problemlösungskompetenz dienen. Schließlich

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<sup>32</sup> Dies impliziert einen umfassenden Wandel der Akteursbeziehungen in einem Umfeld aus verdichteten, sich rapide wandelnden Mustern reziproker Interdependenz, kombiniert mit Interaktionsformen jenseits organisationaler, sektoraler und nationaler Eingrenzungen (Scharpf 1991: 277ff).

schaffen sie nicht nur Vertrauen unter den Beteiligten als Basis effektiver Kooperation, sondern sie übernehmen auch weitreichende Legitimationsfunktionen im Rahmen eines dezentralen, kooperativ angelegten Modus der Kontextsteuerung politisch-ökonomischer Prozesse. Allerdings können Netzwerke degenerieren, wenn die Herausbildung von Entscheidungsstrukturen nicht mehr hinreichend transparent und offen ist, so dass konkrete Verantwortlichkeiten institutionell verschleiert werden (Willke 1995: 110f). Aufgrund einer Standardisierung und Homogenisierung von Einschätzungen und Erwartungshaltungen kann es zu kognitiven Blockaden kommen, die das Innovationsverhalten und die entsprechende Anpassungsfähigkeit der Netzwerkakteure beeinträchtigen (Messner 1997: 198f). Zudem können sich Koordinationsprobleme im Spannungsfeld von Wettbewerb und Kooperation innerhalb und zwischen Netzwerken ergeben, so dass Vertrauen und Reziprozität als funktionale Bedingungen der Netzwerkbeziehungen gestört werden, was wiederum auf das problematische Verhältnis von Effizienz und Legitimation verweist (Messner 1997: 218ff.).

Neben Markt- und Staatsversagen, können also auch Netzwerke als Koordinationsformen versagen, so dass ein unqualifizierter Lenkungsoptimismus unangebracht bleibt. Für das Problemfeld wirtschaftspolitischer Governance folgt dann ebenfalls die Möglichkeit eines Koordinationsversagens, das sich aus dessen widersprüchlichen Komponenten ergibt. Hierzu gehören primär die Widersprüche von Wettbewerb und Kooperation zwischen den Akteuren, Offenheit und Geschlossenheit der Governance-Mechanismen, Regierbarkeit und Flexibilität der Steuerungsformen, sowie Verantwortlichkeit und Effizienz in der Kooperation von Akteuren aus den privaten und öffentlichen Sektoren (Jessop 1999: 13f). Transaktionskosten und die Perspektive einer institutionellen Sklerose bleiben demnach auch für den Zusammenhang von Netzwerksteuerung und wirtschaftspolitischer Governance relevant. Für die Problematik eines auf Netzwerkbeziehungen gegründeten Governance-Modus folgt daraus, dass Ordnungsfragen aus dessen Bewertung nicht ausgeschlossen werden dürfen. Ohne eine institutionelle Einbettung in einen die Effizienz der Marktprozesse sichernden Ordnungsrahmen wird ein auf der Verdichtung von Netzwerkbeziehungen basierender Governance-Modus im evolutorischen Prozess institutionellen Wandels nicht aufrechtzuerhalten sein. Dies impliziert, dass Governance selbst als anhaltender evolutorischer Prozess aufgefasst wird, in dem Institutionen mit ökonomischen, technologischen, gesellschaftlichen und politischen Strukturen koevolvieren, so dass es zu institutionellen Neuerungen kommt, die zur Vielfalt institutioneller Formen beitragen. Reflexivität und Lerneffekte stehen dabei im Vordergrund, basierend auf kommunikativer Interaktion und kognitiver Konvergenz von Akteursstrategien (Jessop 1999: 9f).

Ökonomische Evolution ist in diesem Zusammenhang als intern generierte Selbsttransformation eines Wirtschaftssystems aufzufassen, basierend auf der kreativen Einführung von Neuerungen und den damit einhergehenden neuen Handlungschancen (Witt 1992: 2). Charakteristikum eines evolutorischen Ansatzes in der Theorie der Wirtschaftspolitik ist die Betonung von selektiver Kognition, Lernprozessen und der Bildung sowie Dissemination von Wissen in ökonomischen und politischen Zusammenhängen. Dies impliziert, dass die Auswahl von Zielen und Mitteln der Wirtschaftspolitik in Abhängigkeit von den Kommunikationsprozessen in diversen Netzwerken pfadabhängig verläuft (Witt 2001: 4f). Aus evolutorischer Sicht ist Wirtschaftspolitik also als kommunikativer Prozess zu verstehen, in dem sich die Handlungsgrundlagen von Entscheidungsträgern und Betroffenen wechselseitig

beeinflussen, so dass das Entscheidungsfeld selbst diffus bleibt. Wirtschaftspolitische Steuerung gilt dann über die Aufhebung der konzeptionellen Trennung von externer und interner Einflussnahme als endogener Bestandteil des politisch-ökonomischen Systems (Koch 1996: 119f). Mit dieser Perspektive sind ordnungstheoretische Positionen zur wirtschaftspolitischen Rolle von Interessengruppen in Einklang zu bringen. So ist betont worden, dass die wirtschaftspolitischen Aktivitäten von Verbänden dann unproblematisch sind, wenn sie konsultativ Informationstransparenz und Wissensniveaus im politischen Prozess erhöhen, begleitet von einer institutionell abgesicherten Konsensbildung (Tuchtfeldt 1987: 140f). Organisierte Interessenvertretung durch Verbände ist demnach in der Funktion der Wissensvermittlung ordnungspolitisch legitim. Ein entsprechender pluralistischer Interessenwettbewerb kann im Sinne von Hayeks Theorie des Marktprozesses als evolutorisches Entdeckungsverfahren beschrieben werden. Dieser Wettbewerb findet entsprechende Grenzen an den Problemen der Informations- und Machtkontrolle, die mit dem für viele Interessengruppen charakteristischen wirtschaftspolitischen Begehren nach Privilegien jenseits der allgemeinen Ordnungsregeln verbunden sind (Streit 1991: 294f).

Aus den evolutorischen Argumenten zum institutionellen Wandel folgt auch, dass ein Design von Governance-Mechanismen nicht möglich ist, so dass Veränderungen der institutionellen Matrix aus relationalen Verträgen, die als Substanz eines Governance-Modus aufgefasst werden können wiederum als Ausdruck kontinuierlicher Experimentier- und Anpassungsprozesse zu verstehen sind (Ahrens 2002: 14f). Zu berücksichtigen ist auch hierbei, dass Wirtschaftspolitik in komplexen, offenen Marktsystemen weniger mit der Auswahl von statischen Allokationszielen befasst sein kann, sondern primär die Regeln für ökonomische Interaktionen setzt. In diesem Sinne erfüllt Wirtschaftspolitik als Ordnungspolitik eine Verfassungsfunktion (Wagner 2002: 105f). Die zugrunde liegende Verfassungsordnung definiert dann eine paradigmatische Orientierung in der Evolution wirtschaftspolitischer Governance-Modi, deren konkreter Neuerungsgehalt vom jeweiligen ökonomischen und politisch-gesellschaftlichen Kontext geprägt ist. Hierbei sind auch die Regeln des interjurisdiktionellen Wettbewerbs zu berücksichtigen.<sup>33</sup> Dies bedeutet schließlich, dass immer wieder neue Politikinstrumente verfügbar gemacht werden müssen, die den Wandel der Informations- und Wissensniveaus wirtschaftspolitischer Akteure begleiten und deren anhaltende Lernprozesse im Einklang mit den Politikzielen unterstützen (Eggertsson 1997: 74f).

Die Rolle von Netzwerken in den einzelnen Phasen wirtschaftspolitischer Aktivität lässt sich zunächst mit deren Beiträgen zur Identifizierung und Lösung wirtschaftspolitischer Problemlagen erfassen, ergänzt von Beiträgen zur Formulierung, Implementierung und Evaluation bestimmter Politiken (Messner 1997: 298ff). Diese Form wirtschaftspolitischer Interaktion prägt insbesondere Diskussionen um den Einfluss von Interessengruppen auf dynamische Politikfelder wie die Industrie- und Technologiepolitik. So wird die Rolle industrieller Beiräte für die Formulierung und Implementierung strategischer Industriepolitik mit ihrem hohen Gehalt an Informationsflüssen zwischen Interessengruppen und staatlichen Akteuren hervorgehoben (Gerybadze 1992: 170f). Solche Politiken erweisen sich auch im Hinblick auf industrie- und technologiepolitische Governance-Mechanismen in

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<sup>33</sup> Der Wettbewerb zwischen Gebietskörperschaften kann zu institutionellen Innovationen mit unterschiedlichen Neuerungsgraden führen, die im Hayekschen Sinne als Ergebnis eines dezentralen Entdeckungsverfahrens bewertet werden können (Kerber 2003: 50f).

Mehrebenen-Systemen als bedeutsam, da im Rahmen des weltwirtschaftlichen Strukturwandels die regionale und lokale Komponente weiter an Bedeutung gewinnt (Ebner 2002b: S. 57ff). Entsprechend wird behauptet, dass sich die Relevanz des Governance-Modus einer Netzwerksteuerung primär auf die Felder der Struktur-, Regional- und Technologiepolitiken bezieht (Messner 1997: 360ff.) Diesem Politikverständnis entspricht die analytische Fokussierung auf industrielle Netzwerke, innovative Milieus und strukturelle Cluster als Ausdruckformen einer institutionell eingebetteten Neuerungsdynamik, im weitesten Sinne zusammenzufassen unter dem Begriff der Innovationssysteme (Ebner 2000b: 84f).<sup>34</sup> Gerade anhand dieses Politikfeldes zeigt sich, dass die Koevolution von Institutionen und Technologie in komplexen, ausdifferenzierten marktwirtschaftlichen Systemen nur über eine Wirtschaftspolitik zu gestalten ist, die als evolutorischer Prozess reflexiven Lernens immer auch institutionelle Innovationen zulässt. In diesem Sinne ist Wirtschaftspolitik als ungewisses Spiel zu betrachten, dessen Regeln von den Spielern während des Spiels mitbestimmt und verändert werden (Dixit 1996: 30f). Demnach ist die Theorie der Wirtschaftspolitik als konzeptioneller Rahmen für eine Analyse der vielfältigen Formen institutionell vermittelter, neuerungsgetriebener Entwicklungsprozesse zu rekonstruieren.

## 5. Zusammenfassung

Ausgangspunkt des vorliegenden Textes ist die These, dass wirtschaftspolitische Steuerung in ausdifferenzierten Marktwirtschaften einem institutionellen Formwandel unterliegt, der von der Theorie der Wirtschaftspolitik zu thematisieren ist. Während die Neue Politische Ökonomie die staatliche Sphäre in der neoklassischen Marktlogik auflöst, verweist insbesondere die evolutorisch geprägte Strömung der Institutionenökonomik auf eine real existierende Vielfalt ökonomischer Verhaltens- und Organisationsformen. Dabei werden institutionelle Netzwerke mit Verweis auf eine Enthierarchisierung wirtschaftspolitischer Koordinationsebenen als kooperative Ergänzung von Hierarchie und Markt vorgestellt. Netzwerke tragen zur Koordinierung relevanter Akteure aus dem öffentlichen und privaten Sektor bei der Vorbereitung und Umsetzung wirtschaftspolitischer Maßnahmen bei. Dem entspricht die Konzeption der wirtschaftspolitischen Governance, die auf eine Verdichtung institutioneller Kooperation abzielt, deren Regeln, Normen und Routinen sich zu einem einbettenden Rahmen für die Koordinierung diverser Akteursstrategien entwickeln. Im engeren Sinne bezieht sich wirtschaftspolitische Governance auf institutionelle Strukturen und Prozesse, die zur Formulierung und Implementierung von Politikzielen und Politikinstrumenten beitragen.

So ist diese Konzeption der Governance dazu geeignet, die schon im Begriff der Netzwerke angelegte Aufhebung der Trennung von hierarchisch aufgefaßter Staatstätigkeit und horizontal angelegtem Marktprozess zu berücksichtigen, wobei zivilgesellschaftliche Institutionen als Vermittlungsinstanzen vorgestellt werden. Ohne

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<sup>34</sup> Innovationssysteme werden als Netzwerk von Institutionen und Organisationen im privaten und öffentlichen Sektor aufgefasst, die zur Generierung, Modifizierung und Diffusion neuer Technologien beitragen. Für das Verständnis nationaler und regionaler Innovationssysteme wird geltend gemacht, dass die beteiligten Akteure in einen spezifischen institutionellen Rahmen eingefasst sind, der langfristiges Kooperationsverhalten ermöglicht (Ebner 2001: 634ff). Tatsächlich ist das Leistungsprofil von Innovationssystemen in historisch kontingenten Konfigurationen verwurzelt, deren institutionelle und technologische Komponenten das Verhalten der wirtschaftspolitischen Akteure maßgeblich prägen (Ebner 1999: 158ff).

institutionelle Einbettung in einen die Effizienz der Marktprozesse sichernden Ordnungsrahmen wird jedoch ein auf der Verdichtung von Netzwerkbeziehungen basierender Governance-Modus im evolutorischen Prozess institutionellen Wandels nicht aufrechtzuerhalten sein. Tatsächlich ist Governance selbst als anhaltender evolutorischer Prozess aufzufassen, in dem Institutionen und technologische, soziale sowie politische Konstellationen koevolvieren. Dadurch kommt es zu institutionellen Innovationen, die wiederum zur Vielfalt institutioneller Formen beitragen. Ein Design von Governance-Mechanismen ist aufgrund dieser evolutorischen Charakteristika nicht möglich, so dass Veränderungen eines wirtschaftspolitischen Governance-Modus als Resultat eines langfristig angelegten institutionellen Experimentier- und Anpassungsprozesses zu verstehen sind. In diesem Sinne erweist sich die Aufarbeitung der Governance-Thematik als unverzichtbarer Bestandteil einer evolutorischen Theorie der Wirtschaftspolitik.



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07

## Theorising Governance: Collective Action, Transaction Costs and the Problem of Credible Commitment

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## 1. Introduction

The concept of governance has become a major analytical device in the theory of public policy. Informed by the new institutionalism in economics and political sciences, it denotes the complex process of coordinating a variety of actors from the private and public sector in achieving collective action. Discussions on governance usually distinguish two viewpoints on that subject. On the one hand, a state-centred view highlights specific procedures of policy-making and regulation, by doing so addressing the institutional transformation of the state from attempts of centralist steering towards less-hierarchical modes of regulation. On the other hand, a broader institution-oriented view pinpoints complex patterns of private-public interactions in the coordination of social systems (Pierre 2000, p.3-4). For the purpose of the present paper, both views are approached as complements. This allows for perceiving governance as an array of institutional rules and norms that is meant to facilitate collective action in a complex political-economic system, involving the constitutive role of the state as well as public-private interactions in the formation of public policy. Theorising governance then implies a reconsideration of the coordination modes of social order. A basic conceptual stimulus of these efforts may be traced in the transaction cost approach of the new institutional economics (Mayntz 1998, p.7-8). Indeed, the transaction cost approach contributes decisively to the conceptualisation of governance, as it addresses institutional hindrances in the formation of collective action as a fundamental component in the rationale of governance. In this context, the matter of credible commitment becomes crucial for understanding the structuration of governance modes. It highlights both self-enforcing contracts as well as constellations of third-party enforcement that include the state. Accordingly, in the following reconsideration of the notion of governance in terms of collective action, transaction costs and credible commitment, the institutional substance of governance is primarily associated with the strategic interplay between public and private sector, involving government and interest groups.

The paper proceeds as follows. The first section outlines problems of collective action that are related with the evolution of governance structures. In utilising a game theoretic perspective, the emphasis of exposition is on Robert Axelrod's seminal discussion of the Prisoner's Dilemma, which allows for differentiating governance modes in the formation of collective action according to distinct mechanisms of rule enforcement. The second section discusses corresponding approaches to governance that have become prominent with the advent of the new institutional economics. Oliver E. Williamson's transaction cost approach to economic organisation serves as a point of departure, emphasising the incentive-based features of governance beyond constitutional rules. This is followed by an exposition of Douglass North's transaction cost theory of institutional change, which has recently come to embrace an evolutionary perspective on governance structures. While Williamson's emphasis is on private ordering set apart from a state-centred view, North decidedly elaborates on a theory of the state, which emphasises exchange relations between rulers and constituents. The third section addresses the institutional substance of governance, as outlined in Mancur Olson's theory of collective action. Its analytical range allows for coping with the relationship between the state and interest groups in promoting governability. In an important turn of argumentation, Olson differentiates his positions from the transaction cost perspective by underlining the involuntary and coercive aspects of state-building as a process that reflects the logic of collective action. Following a critical assessment of these theoretical viewpoints, which outline the terrain for current discourses on

governance from the perspective of the new institutional economics, then, further problems in theorising governance are addressed. It is argued that theoretical advances will require intensified transdisciplinary efforts in coping with the actually existing variety of governance modes that shape the institutional dynamism of public policy.

## **2. Prisoner's Dilemma, Collective Action and Credible Commitment**

Neoclassical welfare economics derives the rationale of public policy from market failure in the promotion of Pareto efficient allocation. Usually, this market failure is derived from the impact of externalities, natural monopoly, and public goods. In this perspective, public policy is dealt with as a residual category of the market process, while the state remains merely an analytical datum that is set as an exogenous factor in achieving general equilibrium (Dixit 1996, p.8-9). Thus, despite the policy-related concerns of welfare economics, its argumentation lacks from institutional specificity. Game theory substitutes notions of strategic interaction for the static considerations of the utility-based concepts of welfare economics, at this point following the concerns of welfare economics while modifying its theoretical arsenal. The underlying perspective approaches games as collective decisions with two or more actors who decide an outcome while being framed by a certain institutional arrangement (Schelling 1984, p.236). Accordingly, by elaborating on the institutional determinants of cooperation, game theory seems to be fit to approach the matter of governance in adequate terms. This impression still holds despite recent concerns on the abstractions of game theory that may tend to counter the need for a more detailed and less simplified account of political-economic processes (Munck 2001, p.193-194). Indeed, one of the most relevant debates in game theory, namely Robert Axelrod's approach to a cooperative solution of the Prisoner's Dilemma, has emerged from discussions on conflict and cooperation in international politics. These were pioneered by Thomas Schelling's work on credibly binding commitments, highlighting the institutional conditions for cooperation among rival nation-states. This debate has actually shaped subsequent concerns with global governance. Suitably, therefore, Axelrod's approach to the evolution of cooperation highlights the question how cooperation can emerge among egoists without central authority, that is, without a Hobbesian steering agency that could solve cooperation failure in a lawless state of nature (Axelrod 1984, p.3-4).

The coordination problem of collective action is well represented by the Prisoner's Dilemma game with individual incentives for defection from cooperative interaction, which result in Pareto-inferior levels of collective welfare. It belongs to a class of games that perceive collective action problems as constellations in which rational actors in a non-cooperative setting generate a collective outcome that is Pareto inferior to the status quo ante (Taylor 1987, p.19). A related formal definition of the Prisoner's Dilemma has been provided by Andrew Schotter: "Prisoner's Dilemma games are games in which for any non-cooperative equilibrium, there exists at least one payoff vector associated with some non-equilibrium pure strategy  $n$ -tuple that is Pareto-superior to it" (Schotter 1981, p.24). The one-shot Prisoner's Dilemma involves two players whose choices of cooperation and defection do not involve communication or knowledge about the other player's actions. From the outset, there are no binding agreements or credible commitments, which could turn the non-cooperative setting into a cooperative one (Sened 1995, p.41-42). In this dilemma constellation, higher payoffs would result from defection rather than from cooperation, as illustrated in Figure 1. Pay-offs include T as temptation to defect when the other player cooperates, R as reward for mutual cooperation, P as punishment for mutual defection, and S as sucker's pay-off for

cooperation when the other player defects. This yields the following preference ranking:  $T > R > P > S$ . Additionally, it may be required that  $R > (T + S)/2$ . In the constellation of a one-shot game, defection always pays off for the individual player, regardless of the actions of the other player. This results in an equilibrium of defection on both sides and thus in a collectively inferior result than potentially provided by mutual cooperation. Defection thus provides a Nash equilibrium, denoting a vector of strategies that satisfies the property according to which no player can achieve higher utility by unilaterally altering his or her own strategic choice, given the strategies chosen by the other players. The actual dilemma arises, because individual rationality leads to inferior collective results, framed by institutional conditions that lack from enforceable threats and credible commitments while uncertainty about the player's future moves prevails (Axelrod 1984, p.7-11). The fundamental problems of the Prisoner's Dilemma in its one-shot version therefore exclude possibilities of self-enforcement or third-party enforcement as well as reputation building.

**Figure 1: Axelrod's Illustration of the Prisoner's Dilemma**

		Agent A	
		Cooperation	Defection
Agent B	Cooperation	$R=3, R=3$	$S=0, T=5$
	Defection	$T=5, S=0$	$P=1, P=1$

Source: Axelrod (1984, p.8, Figure 1).

In the case discussed by Axelrod and pictured in Figure 2, the strategic manipulation of the pay-offs may be illustrated by the imposition of a compliance tax  $C$  that subtracts three units from any defection pay-off and thus allows for mutual cooperation as equilibrium solution. Accordingly, viewed in terms of a constitutional process that precedes actual governance procedures, it may be useful to institutionalise incentives against defection already on the level of constitutional rules. Yet it needs to be taken into account that this formation of cooperative patterns is enabled by an external enforcer, namely the state, in a specific one shot constellation that may be typical for anonymous transactions on spot markets but could be inadequate beyond that constellation. Moreover, the manipulation of pay-off structures breeds another collective action problem: each player would like to avoid the penalty as soon as it applies to himself while evading the costs of imposition in general. This assessment hints once again at the role of transaction costs for promoting and maintaining collective action (Sandler 1992, p.46-48).

In particular, the strategic outlook of the one shot Prisoner's Dilemma does not apply in an iterated setting with repeated interactions facing an unknown time horizon, which



implies individual uncertainty about the frequency of future interactions. These aspects involve a reconsideration of the individual discount parameter on future pay-offs, which must be high enough to make the calculation of future interactions relevant for present choices. Here, the supremacy of a Tit for Tat strategy in an iterated Prisoner's Dilemma game seems to be at hand. This would imply that cooperation in the first move and a subsequent mimicking of the other player's moves in such a manner that cooperation meets cooperation and defection is punished by defection (Axelrod 1984, p.12-13). In applying these insights to the matter of institutional evolution, Axelrod argues that the evolution of cooperation without the interventions of a central authority requires a sufficiently large chance of future interactions informing the calculation of future pay-offs. A necessary condition is the existence of small groups comprising of individuals that face a similar institutional environment. They exercise collective action based on norms of reciprocity and thus lay the foundations for collectively stable cooperation in an extended setting of exchange (Axelrod 1984, p.20-21). There is no need for assuming a pre-existing omnipotent central authority, as repeated interactions fuel the spontaneous evolution of cooperative relationships without government enforcement.

Yet Axelrod also claims that the capacity for cooperation may be subject to policy-related support measures, which either affect the intertemporal discount parameter through enhancing the durability or frequency of interactions or alter the pay-off structure as exemplified by the governmental imposition of laws and regulations against defection, accompanied by efforts in shifting the cultural predisposition of individual behaviour towards altruism, reciprocity and the recognition of cooperation (Axelrod 1984, p.125-126). The institutional conditions for cooperation in repeated interaction then require a distinct social structure containing aspects such as the social label and reputation of the involved players as well as regulative flexibility of government in safeguarding compliance, framed by the territoriality of political-economic interactions (Axelrod 1984, p.145-146). This reference to the social structure of cooperation points to the  $n$ -person Prisoner's Dilemma as an analytical extension of collective action problems in the provision of collective goods, to be interpreted as a constellation of  $n$ -person free-rider problems (Axelrod 1984, p.216). Especially in this setting, it is the inherent tension between individual interest and collective purpose that makes a stable pattern of collective action difficult to achieve (Sandler 1992, p.1). A corresponding problem is posed by the coordination of knowledge about the behaviour of actors in an extended type of societal interactions that is set apart from the community-based aspects of reputation and norms, which may provide solutions to  $n$ -person Prisoner's Dilemma games (Schofield 1985, p.12-13).

**Figure 2: Punishment in Axelrod's Illustration of the Prisoner's Dilemma**

		Agent A	
		Cooperation	Defection
Agent B	Cooperation	$R=3, R=3$	$S=0, (T-C)=2$
	Defection	$(T-C)=2, S=0$	$(P-C)=-2, (P-C)=-2$

The extension of the Prisoner's Dilemma setting indicates further analytical problems. Decisively, the representation of power as a political-economic reality is in need of being cleared up. In a first approximation, power relations among players may be reflected in asymmetric pay-off structures that are typical for the structuration of political conflicts (Axelrod and Keohane 1985, p.231). Moreover, power asymmetries in political-economic systems may be perceived in terms of multi-level games, which affect each other with mutually contingent outcomes (Axelrod and Keohane 1985, p.239). Additionally, Axelrod highlights politically crucial aspects like ideology and leadership as analytical problems that point to the necessity of combining behavioural dimensions with the impact of societal power relations (Axelrod 1984, p.190). From these considerations follows a need for an institutional specification of the Prisoner's Dilemma. For instance, in the domain of political theory, the interactions between incentives and institutions underline the requirement of a bottom-up approach to strategy that should be complemented by a top-down approach to institutional regimes (Axelrod and Keohane 1985, p.252). At this point, Kenneth Binmore's critical assessment of Axelrod's reasoning is relevant in claiming that the Prisoner's Dilemma may be not be a paradox at all, given the fact that the institutional structure of the game provides incentives that are simply inimical to cooperation (Binmore 1994, p. 103). Furthermore, following Binmore, it is not necessarily Axelrod's Tit for Tat strategy that qualifies as a superior solution in the indefinitely repeated Prisoner's Dilemma, for it represents only a variant of cooperation in the provision of public goods that is based on the common knowledge and understanding of the players, that is their culture, which shapes their coordination on certain equilibria (Binmore 1994: 140-142). In this context, following Aoki's approach to the evolution of rules and norms, institutions may be viewed as equilibria in games, resembling self-sustaining systems of shared beliefs about a salient way a particular game is played and thus highlighting the endogenous character of institutions as objectified social constructions (Aoki 2001, p.10-12).

Indeed, the actual variety of complex mechanisms for supporting costly cooperation beyond the confines of primitive in-group behaviour includes an array of institutional forms such as central authority, kinship, markets, principal-agent relationships, reciprocity, decentralised enforcement through social norms, groups selection, docility as well as reputation (Hammond and Axelrod 2006, p.932). These mechanisms may obstruct each other, as argued for instance in the case of competitive markets with their

qualities of impersonality and ephemerality that have the potential to discourage cooperative mechanisms for collective action such as reputation in communities (Bowles 1998, p.93-94). Moreover, external regulations through a central authority may also decompose mechanisms of decentralised enforcement, for instance by crowding out intrinsic motivation for cooperation (Frey 1994, p.335-336). Modern societies that are characterised by an extended division of labour and complex exchange relations thus maintain diverse and potentially incoherent institutional modes of coordination for promoting collective action, which outline the domain of governance. As outlined in Thomas Schelling's work on commitments as frameworks for cooperation, then, governance mechanisms institutionalise those promises and threats as means for communicating commitments, which are decisive in the formation of collective action (Schelling 2006, p.1-2). The strategic rationality of irrevocable commitments rests on the circumstance that actors in bargaining processes may voluntarily and irreversibly sacrifice certain choices and opportunities, for their power to constrain another actor may depend on the possibility of binding themselves. An *ex ante* specification of institutional regulations against defection from contractual obligations may serve as a substitute for trust, promoting cooperative strength through credible self-restraint (Schelling 1960, p.22-25).

The trade-off between credible commitment and discretion emerges as the substantial problem of governance in an intertemporal setting of planning and implementation. Following Kenneth Shepsle's line of reasoning, two types of credible commitment may be distinguished. Motivational credible commitments are incentive-compatible and self-enforcing as they obstruct a divergence of *ex ante* and *ex post* incentives. They keep the committed actors within the range of the original commitment, quite in line with contemporaneous preferences. Imperative credible commitments, however, coerce the actor to honor the commitment irrespective of contemporaneous preferences (Shepsle 1991, p.247). Formally, this may be described by a commitment over time horizon  $[0, T]$ , as an actor in  $t = 0$  commits to the following action plan:

$$X_T = (x_1, x_2, \dots, x_t, \dots, x_T).$$

The actor's commitment involves the performance of action  $x_t$  at time  $t = 1, 2, \dots, T$ . Motivational credible commitment implies the anticipation at  $t = 0$  that the actor will wish to perform  $x_t$  at time  $t$ , while coercion to do so involves exogenous enforcement or other means that impede discrete action (Shepsle 1991, p.247). In game theoretic terms, motivational credible commitment may be subgame perfect when choices in each period do not deviate from the overall strategy over the whole plan horizon of  $X_T$  (Shepsle 1991, p.258). Decisive problems arise when a trade-off between commitment and discretion exists, as reflected in the legal provisions of real-world constitutions that account for uncertainty. In this common case, an actor who is not motivationally credible has the discretionary authority to optimise at each period  $t$  for the rest of the time horizon and thus cannot be coerced in an imperative sense. This means that the actor may deviate at any time  $t$  from performing  $x_t$  and choose instead another action that is in accordance with his or her contemporaneous preferences. This discretionary power of period-to-period maximisation may be inconsistent with an optimal plan over time, leading to suboptimal social results. Again, this constellation points to the most basic problems of collective action, as illustrated by the one-shot Prisoner's Dilemma game (Shepsle 1991, p.247-249).

A pioneering macroeconomic application of policy consistency as a representation of the broader domain of credible commitment was originally introduced by Kydland and Prescott, who argued that rule-based policies were to be preferred over discretionary

actions in dynamic economic systems that would involve rational expectations on the economic impact of policy changes (Kydland and Prescott 1977, p. 473-474). In a similar manner, also highlighting the credibility of monetary and fiscal policies, Persson and Tabellini subsequently outlined the impact of mechanism design on the trade-off between commitment and discretion, which is informed by the fundamental problem of maintaining credibility during policy implementation. This line of reasoning points to the influence of both political and economic constraints on actors in principal-agent relationships that characterise the complexity of policy-making (Persson and Tabellini 1990, pp.2-6). In terms of policy considerations, therefore, the notion of credible commitment has remained closely associated with the monetarist policy approach, which is particularly relevant in pinpointing the operations of independent central banks, as it favours the predictability of rule-based policy efforts for price stability over discretionary short-term activities in fiscal policy (Hoskins 2001, p.260-261).

However, apart from these specific considerations that have basically emerged from the criticism of Keynesian policy principles, there is a much broader domain of institutional applications for the commitment problem to be taken into account, again hinting at the conditions of collective action. In a more comprehensive sense, the comparative assessment of states and markets needs to be addressed beyond the specific question of policy consistency. Indeed, although a variety of solutions to the collective action problem of the Prisoner's Dilemma is possible, the case of government credibility poses particularly specialised problems in terms of transaction costs and time horizons. These require a further reconsideration of institutional mechanisms that obstruct renegeing (Shepsle 1991, p.253-254). Indeed, this may point to a type of commitment that exhibits *ex ante* transparency and *ex post* irreversibility while reflecting opportunity costs that arise from the underlying loss of flexibility in an uncertain environment (Dixit 1996, p.62-63). It is this conditional impact of transaction costs and credible commitment on collective action that characterises the contributions of Oliver E. Williamson and Douglass North to the conceptualisation of governance in the new institutional economics, as discussed in the following section.

### **3. Transaction Costs and the Institutions of Governance**

The research agenda of the new institutional economics addresses individual decision-making in economic and political systems, involving firms and households as well as government and administration. Patterns of monitoring and enforcing exchange relations are perceived as governance structures that confront the problem of economising on transaction costs (Furubotn and Richter 1997, pp.2-3). A common motive is provided by the coordination problem of credibly committing involved actors to comply with rules and obligations. The public choice approach as a programmatic variant of the new institutional economics thus stands out in approaching the state as a terrain for self-interested actors. They compete for scarce resources as vote-maximising politicians in government or as budget-maximising bureaucrats in public administration while facing rent-seeking efforts of interest groups. This position is set apart from considerations of a neutral and incorruptible state without self-interest in allocation, as implied both in the traditional Pigouvian framework of welfare economics and its Coasean counter-position that had actually contributed to the initiation of the new institutional economics (Buchanan 1984, p.168-169). In that line of reasoning, democratic government resembles a set of relational contracts between a sovereign population and its elected representatives, modelled as a principal-agent-relation in public affairs. Problems of monitoring and enforcement that arise from the transfer of

political property rights are to be solved through constitutional incentives and monitoring devices, again involving far-reaching institutional solutions to the problem of credible commitment (Furubotn and Richter 1997, p.420-422).

It is noteworthy that credible commitment problems differ from principal-agent problems in that the former addresses the potentially deviating principal's self-interest as the problem that needs to be resolved in a manner that makes the agent unresponsive to these interests, whereas the latter addresses ways of inducing self-interested and thus potentially deviating agents to act in the principal's specific interests (Miller 2005, p.217-218). Commitment problems involve self-enforcement, which requires self-organised enforcement schemes among the contracting parties, as well as third-party enforcement, which requires the institutionalised self-restraint of a potentially omnipotent enforcement authority like the state. The first variant is prominent with Oliver E. Williamson's transaction cost approach to economic organisation. It provides comparative analyses of markets and hierarchies as governance modes in economising on contractual transaction costs in a given institutional setting. The second aspect is related with Douglass North's transaction cost approach to institutional change. It highlights governance structures as determinants of economic performance. Both views complement each other as distinct perspectives on institutional solutions to coordination problems.

Williamson distinguishes four levels of theorising in differentiating the explanative range of institutional analysis. The first level denotes the matter of social embeddedness, that is, informal institutions like social norms and belief-systems, which result from long-run evolutionary processes. The formal institutional environment on the second level is subject to restructuring in a much shorter time span. It addresses formal rules of the game such as property rights shaped by government, bureaucracy and judiciary. Governance on the third level addresses the actual play of the game within established rules. This perspective highlights contractual arrangements that are designed to align governance structures with corresponding transactions. The fourth level deals with continuous change in the agency domain of choices on resource allocation, even pointing to a fifth level of cognitive mechanisms in the evolution of the mind (Williamson 2000a, p. 596-600). In this scheme, the institutional environment and the institutions of governance, denoted as rules of the game and its actual play on the second and third levels of analysis, are of utmost interest for theorising on governance from a transaction cost perspective (Williamson 1998, p.75-76). Williamson's approach is most useful for the exploration of governance processes within established rules and norms, while the evolutionary change of these rules and norms is subject to North's theoretical framework. Furthermore, Williamson distinguishes choice-theoretical and contract-theoretical positions in modern economics, delegating the traditional neoclassical theory of resource allocation to the former and therefore integrating his own transaction cost perspective into the latter. There it shall deal with private ordering and its implications for ex post governance, representing a theoretical complement to the perspective of constitutional political economy and its concern with public ordering (Williamson 2003, p.9-10).

Accordingly, Williamson's transaction cost theory of economic organisation approaches the matter of governance in terms of a microeconomic perspective on hierarchical and market modes of contractual interaction as variable arrangements in a given institutional environment. Essentially, ex ante incentive structures in contractual design are said to promote cooperation in a much more effective manner than assumed by common perceptions of the Prisoner's Dilemma, which claim that established payoff structures

need to be altered either through exogenous changes in rules and norms or through endogenous adaptation by repeated interactions (Williamson 1985, p. 204-205). Yet Williamson also addresses behavioural attributes like bounded rationality and opportunism in stylising transacting individuals who need to cope with an uncertain and complex environment (Williamson 1975, p.252-253). Adding the characteristics of asset specificity and frequency to the transactional dimension of uncertainty then allows for analysing the organisational implications of special purpose investment in an intertemporal context (Williamson 1985, p.54-55). Ex ante transaction costs may result from the drafting and negotiating of contractual agreements, whereas ex post transaction costs contain the costs of setting up and running of those governance structures that are primarily assigned with monitoring functions and dispute settlement, influenced by social norms and uncertainty (Williamson 1985, p.387-388). The resulting diversity of governance modes is meant to accomplish order through a mitigation of hazards in an institutional setting characterised by potential conflict among self-interested actors, who need to commit themselves to cooperative obligations in the face of ubiquitous opportunism. This constellation is supposed to be highly relevant in relationships that include durable, specialised investment. Credible commitment then provides a decisive institutional condition for establishing effective modes of governance (Williamson 1996, p. 322-328).

Consequently, Williamson addresses the matter of governance primarily in terms of private ordering, that is, as a means for safeguarding contract execution when the alternative mechanisms of planning, promise, and competition fail due to bounded rationality, opportunism and asset specificity (Williamson 1985, p.30-32). These propositions transcend common assumptions in the discourse of law and economics, which claim that legal systems exhibit an inherent capacity to enforce promises in a knowledgeable and almost frictionless as well as costless way. Thus, governance structures are defined as “organisational frameworks within which the integrity of a contractual relation is decided” (Williamson 1985, p.41). What is at stake in these considerations is the constitutive role of the self-enforcing features of contracts as a complement to court ordering or other forms of third-party enforcement (Williamson 1985, p.298-299). This emphasis on the possibility of establishing bilateral mechanisms for credible commitment contradicts more pessimistic interpretations of the behavioural assumption of opportunism, which are denounced as Hobbesian simplifications (Williamson 1996, p.56). Decisively, credible commitment may promote those means for an exchange of information that substitute for long-standing relationships of trust and reciprocity (Williamson 1996, p.245). With these functions present, the impact of credible commitment may be set in relation with the rationale of organisational networks as non-hierarchical contractual relations in which reputation effects are articulated exceptionally accurate. This is exemplified by ethnic communities and their comparative institutional advantage in realising inter-firm reputation effects (Williamson 1996, p.115-116).

These arguments on incentives for cooperation allow for applying the matter of credible commitment not only to private sector governance, but also to wider problems of economic development and related reform initiatives in the public sector (Williamson 1998, p. 77). With regard to these topics, Williamson underlines the intermediate strategic function of governance that is settled between the layer of individuals and their behavioural attributes on the one hand and the layer of the institutional environment with its shift parameters on the other hand (Williamson 1996, p.326-327). The judiciary has a decisive role to play in shaping the efficacy of governance in a developmental

setting, for especially middle-range transactions such as long-term contracting require both private ordering supports and external enforcement through a sovereign authority. This holds also for the problem of investment hazards: specialised, durable investment will be higher in countries with credible investment regimes, involving government, administration and the judiciary (Williamson 1996, p.330-332). Yet credible commitment with its self-restraining mechanisms may fail in the political domain due to the particular interests of political actors, whose stake in power reasoning does not necessarily coincide with concerns for long-run efficiency. Thus, the communication of credible commitment through adequate institutional mechanisms in the polity remains decisive (Williamson 1996, p.335-336). However, especially in the setting of less-developed countries, any push for institutional reform needs to account for the societal embeddedness and related informal cultural dimensions of political-economic governance structures (Williamson 2000b, p.117-118).

This extended orientation of Williamson's research perspective resembles Ronald Coase's preceding efforts in policy analysis that belong to the constitutive components of the new institutional economics, recognising that diverse governance structures carry distinct costs (Samuels and Medema 1998, p.161-162). Acknowledging positive transaction costs then implies that political power and institutional structures become critical for economic performance (Eggertsson 1990, p.248). However, it is exactly the latter aspect which has informed a repeated questioning of the actual substance of Williamson's contributions to the comparative analysis of governance structures. While critical assessments welcome the capacity of the transaction cost approach in analysing the rationale of established institutional structures, they still pinpoint its limitations in explaining the origin of institutions (Langlois 1986, p.21). In particular, Williamson had originally attacked the state-centred views of legal centralism and thus proposed private ordering in contracting and exchange as an analytical focus, yet by doing so allegedly overshadowed the relevance of the state in the evolution of institutions (Hodgson 1988: 154-155). Yet a contractual system without legal interventions, as proposed in Williamson's concept of private ordering, bears substantial costs in the face of uncertainty regarding unforeseeable events and the advancement of new knowledge. Moreover, asymmetrical power relations need to be taken into account. Thus, the state as an enforcement organ becomes decisive for the evolution of market exchange both in terms of its formation and subsequent regulation (Hodgson 2003, p.378-380). Accounting for the institutional complementarity between states, firms and markets, as derived from their variable functions in organising production, then actually requires their analysis as co-evolving components of a historical process (Ankarloo and Palermo 2004, p.422-423). Williamson's inherent bias on private ordering would therefore provide only limited insights for a transaction cost approach to governance. At this point, the need for introducing the state to the transaction cost approach becomes most obvious.

The latter consideration hints at key concerns of Douglass North's transaction cost theory of institutional change, derived from a research program that perceives transaction costs as costs arising from the division of labour with its specialisation effects in economic development, as such shaping the institutional structures of political-economic systems (North 1981, p.ix). North suggests that transaction costs are derived from the costliness of information in exchange. They contain measuring costs regarding the attributes of exchange objects and enforcement costs regarding the protection of property rights and the policing of agreements (North 1990a, p.27-28). Institutions resemble humanly devised constraints that denote the "rules of the game in

a society” in coping with economic as well as political exchange (North 1990a, p.3). Taking the game theoretical discussion of collective action as a point of reference, North acknowledges that chances for establishing a pattern of social cooperation which could overcome the failure of collective action would depend on the repetition of the game, the number of involved players as well as the quality of information on their behaviour. Yet these community-oriented aspects contrast with the dominance of gains from trade realised through impersonal exchange on real-world markets, thus posing an empirical paradox concerning cooperation as a source of economic development (North 1990a, p.12-13). In addressing this paradox, however, game theory needs to be augmented by a reconsideration of the actual options that are available for realising collective action (North 1993, p.11-13).

As the case for self-enforcement rests on shaky empirical foundations, it is the mechanism of third-party enforcement that represents the common case in a setting of impersonal exchange (North 1990a, p.56-57). This does not point exclusively at the state as an enforcer of contracts. Instead, in a setting of local agglomerations of trade activity, private systems of rule enforcement have actually offered a historical alternative. However, with the expansion of trade volumes, the advantages of rule enforcement through the state became dominant due to the reduction of transaction costs associated with this hierarchical mode of policing exchange (Milgrom, North and Weingast 1990, p.20-21). The associated capacity for low-cost transacting involves not only institutions that provide information on defection and its policing, but also communication mechanisms as well as selective incentives against individual free-riding. All of this promotes the kind of collective action that is required for providing the public good of punishment. At this point, the state commands a comparative advantage, for its economic rationale is derived from exercising economies of scale in running a territorial system of law, justice and defence that supports the enforcement of property rights. Still, the coincidence of efficient property rights that suffice both the rent maximisation of the ruler and the growth dynamism of the whole economy resembles a decisive problem in the development process (North 1981, p.24-25). This is even more obvious when the differentiation of the polity in terms of power asymmetry is taken into account. In outlining these aspects, North’s theory of the state models a ruler who acts like a discriminating monopolist by realising economies of scale in the provision of government services to the constituents, in particular supplying protection and justice as means for curbing disorder and thus contributing to an economy-wide reduction of transaction costs. Different bargains between constituent groups and the ruler will reflect specific opportunity costs which inform their bargaining power and thus their relative gains on the basis of a growth of total revenue (North 1990a, p.48-49).

From these asymmetric relationships follows a central dilemma of political economy, namely the need for controlling the coercive power of the state for social ends. Above all, the appropriation of private wealth is critically dependent on the role of the constitution as a restriction on the confiscation opportunities of a sovereign that commands the legitimate monopoly of the use of violence. In agreement with North’s positions, then, the rationale of the political institutions of a society may be associated the creation of a governance structure that limits the opportunism of the involved actors. Again, this relates especially to the self-restraint of the state (Weingast 1993, p.287-288). Consequently, Williamson’s notion of credible commitment as a contractual means for countering ex post opportunism through incentives and related governance structures may be adequately applied to the political-economic enforcement dilemma



(North and Weingast 1989, p.805-806). In this context, both governments and societal actors are taken to the fore as interacting parties. Historically, the ruler's credible commitment to withhold from confiscating private wealth has been exemplified by the role of merchant guilds as countervailing powers in facilitating the expansion of long-distance trade (Greif, Milgrom and Weingast 1994, p.747-748). Yet in the more abstract terms offered by transaction cost theory, there is also the option of introducing a collective choice mechanism as means for choosing, binding and monitoring a third party enforcer who is specialised in the use of violence for the protection of property rights. Thus, following this variant of the transaction cost approach put forward by Yoram Barzel, collective choice procedures of societal groups would necessarily precede the formation of the state (Barzel 2002, p.2-4).

In reflecting these considerations, North's transaction cost theory of politics is meant to augment the rational choice theory of politics by introducing transaction costs as sources of the imperfection of political markets. They reflect the costliness of information, the impact of subjective models for explaining the environment and an imperfect enforcement of agreements in the face of prohibitive costs of self-enforcement (North 1990b, p.355). Credible commitments in political exchange thus resemble institutionalised *ex ante* agreements about cooperation, involving both formal and informal mechanisms of political-economic organisation (North 1990a, p.50). Yet most components of the resulting governance structures are predominantly shaped by informal constraints such as codes of conduct and norms of behaviour that are historically rooted in cultural sets of knowledge and values (North 1990a, p.36). All of this adds to the argument that the adaptively efficient institutional matrix of an economy is a decisive factor in economic development. Such an institutional matrix of governance structures involves formal rules and informal constraints, reflecting local experiences and knowledge as well as the superior bargaining power of certain social groups. Thus, it constitutes the political-economic framework that shapes organisational efforts in production, learning and innovation (North 1990a, p.136-137).

Accordingly, any push for institutional reform needs to support the formation of such a flexible institutional matrix that promotes adaptive efficiency in institutional change, combining a stable polity with complementary legal rules and social norms (North 1995, p.25-26). This is most evident in the domain of development policy, which has recently included aspects of institutional reform for state formation. Yet, as path dependence in institutional change also characterises the evolution of polities, the options of institutional design are limited due to the required correspondence of formal and informal institutions (North 1994, p.390). Specifically in the setting of less-developed countries these problems are aggravated by the ambiguity of legal doctrine, which raises measurement costs. This is accompanied by the behavioural ambiguity of the involved agents, including the absence of indispensable informal constraints like self-enforcing standards of honesty and integrity in the judiciary (North 1990a, p.59-60). These aspects underline the policy relevance of the causal sequence of cultural evolution that ranges from local experiences and the formation of associated beliefs via the gradual emergence of informal and formal institutions to the establishment of organisations pursuing specific policies (North 2005, p.155). Accordingly, no institutional reform will succeed that neglects the path dependence of cultural evolution.

The latter argumentation indicates once more crucial shifts in the analytical emphasis of North's position, highlighting a withdrawal from concepts of efficiency in institutional change, which had been prevalent in combination with the role of relative prices as the decisive source of institutional change in his early works. In the original framework of

North's self-labelled neoclassical theory of the state, the latter is introduced as an exogenous factor that stands above society, acting as an independent enforcer of property rights with almost Hobbesian credentials (Hodgson 1988, p.154). This mode of reasoning resembles a functionalist position that explains the existence of the state in terms of alleged functions it performs (Fine 2003, p.557). However, North's more recent efforts underline aspects of institutional path-dependence and subjective cognition, which allow for a more comprehensive and differentiated line of reasoning beyond functionalist preconceptions (Vandenberg 2002, p.230-231). In this manner, North's analytical framework reaches across both theoretical and disciplinary boundaries, as it addresses diverse institutional aspects such as historical specificity, power, ideology and learning (Groenewegen, Karstholt and Nagelkerke 1995, p.473).

Nonetheless, North's insistence on methodological individualism, which has been turning towards questions of subjective cognition in sorting out the evolution of ideologies, persistently contrasts with theoretical insights on the social construction of world-views (Fine 2003, p.565-566). The latter viewpoint refers to the role of power asymmetries and distributional effects in institutional evolution. In an extension of Northian motives, institutions may be perceived as representations of the efforts of some actors to constrain the actions of other actors with whom they interact. In this view, as promoted by Jack Knight, institutions are by-products of conflicts over distributional gains, thus contradicting claims over institutional efficiency in terms of Pareto optimality (Knight 1992, p.19). Institutions as socially constructed constraints fulfil this distributional role through the provision of information and sanctions in the formation of social expectations (Knight 1992, p.48-49). Corresponding bargaining games are altered by the introduction of the state as an enforcement organ with particular interests in safeguarding its own material basis, as powerful actors may influence the state apparatus by providing adequate resources (Knight 1992, p.190-192). Implications of these considerations for the notion of governance pinpoint the institutional substance of these bargaining procedures in the political-economic system. This applies especially to the matter of incentive structures and the allocation of property rights in a setting of multiple actors from the public and private sector (Dethier 1999, p. 7-8). Grasping that perspective, a suitable definition of governance that addresses the diversity of involved actors is outlined as follows: "Governance is the capacity of a country's institutional matrix (in which individual actors, firms, social groups, civic organization and policy makers interact with each other) to implement and enforce public policies and to improve private-sector coordination" (Ahrens 2002, p. 128n). Beyond mere representations of the institutions of policy-making, therefore, further reconsiderations of the microfoundations of governance tend to highlight the aspect of governability as a variant of institutional failure in achieving collective action. In this context, Mancur Olson's approach to the policy-relevance of collective action delivers crucial arguments for combining problems of governance and governability in a setting of extended interest group activities.

#### **4. Governability, Interest Groups and Institutional Change**

In dealing with the matter of governance and governability from the perspective of the new institutional economics, the notion of government failure rejects assumptions of an omniscient and benevolent state and thus complements the concept of market failure that is most prominent with traditional arguments of welfare economics. Apart from institutional malfunctions within the administrative apparatus that are usually related with the competition of self-interested policy actors, government failure is also said to

result from persistent interest groups activity. Related efforts in rent seeking promote policy measures for special interest groups that serve the particular benefit of their members while imposing external costs on the majority of the population. The ensuing problems of governability become endemic, as even the expansions of public budgets may indicate persistent interest group activity. Extended bargaining procedures in the political-economic system then determine the actual provision of collective goods (Frey 1983, p.121-122). This constellation informs the call for an extended autonomy of the state from particular interest groups as a requirement for strengthening its steering capacity. Following this line of reasoning, public choice theorists who have taken interest group activity as a point of departure for their concern with rule-based policy-making stand out in proposing that the solution of collective action problems is facilitated by commitments to constitutional rules, which are operational in constraining government (Vanberg 2006, p.29). These concerns resound Hayekian positions on the liberal containment of government through decentralised and rule-based policies, based on a constitutional “dethronement of politics” (Hayek 1979, p.149-151). In this manner, the governance-related logic of collective action and credible commitment also applies to interest group activities.

In his eminent contributions to the public choice framework, James Buchanan has proposed a solution to the Prisoner’s Dilemma that invokes a two-person setting with a stable cooperative equilibrium in the core of the game. The involved players may anticipate that defection leads to a worsening of their positions in comparison with a scenario in which they continuously comply with the already agreed on rights. Yet this stability is endangered by an extension of the number of players and does therefore not hold in a  $n$ -person Prisoners Dilemma (Buchanan 1975, p.27-28). As moral codes of interaction do not hold anymore in such an extended setting, the problem of enforcement as well as the ensuing problem of binding the enforcer become ever more pressing. In this contractarian version of the issue of credible commitment the state enters as a law-enforcing referee. This function is differentiated by Buchanan in terms of a “protective state” emanating from agreements in the constitutional state of the social contract, for the state enforces agreed-on rights and contracts. Yet this function does not necessarily involve democratic participation of the constituents, and is therefore not vulnerable to interest group interventions. This is contrasted with the post-constitutional setting of the “productive state”, which provides public goods in agreement with procedures of collective choice that are subject to persistent bargaining efforts among self-interested parties (Buchanan 1975, p.66-69). However, it needs to be taken into account that Buchanan’s efforts in merging contractarian political economy and liberal political philosophy, as represented by John Rawls theory of justice, critically depend on stylised agreements concerning principles of justice that hold even prior to constitutional choice (Buchanan 1987, p.249). It is precisely this assumption of pre-existing agreement, which allows for Buchanan’s cooperative solution in the Pareto-superior core of interactions. However, as it still rests on foresight in a two-person setting and needs to be augmented by the reconsideration of an enforcement agency as soon as an extended set of players is involved, this solution still faces the irreducible problem of a pre-existing enforcement mechanism (Sened 1995, p.51-52). Accordingly, the distinction between constitutional and post-constitutional dimensions of collective action becomes problematic in itself.

At this point, the process of policy-making comes into play as a governance domain of its own, transcending the strict distinction between a constitutional and policy stage of governance procedures. Following Avinash Dixit, the distinction between policy rules

and acts is blurred in a setting of political transaction costs and uncertainty, based on contractual agreements that govern the exchange of policies and political support. Constitutions then resemble incomplete contracts that leave room for interpretation and discrete adaptation in policy-making as a dynamic game with endogenous rules that reflect diverse commitments (Dixit 1996, p.30-32). Governance structures made of political institutions therefore shape the dynamism of institutional change in the polity, as they reflect diverse agency relationships, involving government, administration, political parties, and citizens (Dixit 1996, p.51-52). It follows that the behaviour of involved actors needs to be treated as an endogenous variable in the institutional framework of the political-economic system. This aspect underlines once more the crucial role of incentives in related coordination processes (Eggertsson 1997, p.1190-1191). In Kenneth Shepsle's line of reasoning, this viewpoint implies that a specific governance capacity is always derived from established sets of credible commitment. Governance then denotes the capacity to commit to specific policies by constitutional rules and institutional procedures that increase the transaction costs for renegeing. Such a constellation of credible public policy, however, may be at odds not only with institutional flexibility but also with the democratic representation of shifting majorities (Shepsle 1991, p.256-257). Due to that recognition of the conflict-ridden character of political-economic processes, the matter of governability as a variant of institutional failure in achieving collective action may be taken to the fore. In this context, the analysis of governance and collective action is closely related with theories of interest group activity that address once more the constitutive problems of the Prisoner's Dilemma.

In his game theoretic discussion of the social structures of cooperation, Axelrod describes the  $n$ -person Prisoner's Dilemma as a manifestation of collective action problems in the provision of collective goods, as analysed in Mancur Olson's theory of collective action with regard to free-rider problems in a  $n$ -person setting (Axelrod 1984, p.216). The failure of collective action is even aggravated in the  $n$ -person Prisoner's Dilemma with an increasing  $n$ , for dissembling remains a dominant strategy. This is quite in agreement with Olson's propositions on comparative institutional advantages in interest group formation (Sandler 1992, p.22-23). The underlying problem of free-riding, as sketched by Elinor Ostrom, may be formulated in terms of a linear public good game involving a "zero contribution thesis" regarding collective failure based on individual rationality (Ostrom 2000, p.139). In this case, utility is a linear function of individual earnings. It is composed by  $E$  denoting the individual endowment of assets,  $x_i$  denoting the part of this endowment contributed to provide the public good,  $A$  denoting the allocation scheme for distributing the shares of the collective benefit to individual players, and  $P$  denoting the production function of the public good:

$$U_i = U_i [(E - x_i) + A \cdot P (\sum x_i)].$$

The rationale of collective failure then results from a constellation which amounts to a setting of  $A = 1/N$  and  $0 < 1/N < P < 1$ . This implies that contributing to the collective good will be individually suboptimal for a self-interested actor as long as  $P < 1$ .

Indeed, as outlined in this formal representation, Olson's theory of collective action has provided most influential stimuli for current theorising on governance. Olson actually criticised an undifferentiated application of the Prisoner's Dilemma framework to collective action problems by arguing that it would unrealistically abstract from communication and third-party enforcement as decisive real-world components in the provision of public goods. A qualification is thus at hand: small groups accounting for communication and enforcement may not fall victim to the Prisoner's Dilemma,

whereas collective failure in large groups primarily results from free-riding and a lack of selective incentives (Olson 2000, p.75-76; 87-88). Analysing the conditions for overcoming collective failure then requires an analytical reach beyond the image of voluntary exchange in order to allow for an understanding of the role of power and coercion (Olson 2000: 2-3). In particular, the notion of the social contract as a voluntary agreement implies an image of spontaneous organisational capacity in collective action, which is sharply contradicted by Olson's theory of collective action (Olson 2000: 70-71).

In line with these considerations, Olson's approach to the matter of governability highlights a developmental predisposition for the loss of steering capacity in the domain of economic policy due to the impact of asymmetric interest group organisation. According to Olson, the logic of collective action does not follow the pluralist pattern of a symmetrical and spontaneous self-organisation of interest groups. Instead, group size represents a determining factor in the provision of collective goods. Either small numbers of participants or coercion and selective incentives are required to derive organised collective action from the rational pursuit of individual interest. This leads to a persistent organisational dominance of particular interests over the presumed general interests of society (Olson 1965, p.2-3). In this framework, next to labour unions and industrial cartels also the state is viewed as an organisation for collective action. It is expected to further common interests, although it requires coercive means like taxation to promote its cause of providing collective goods (Olson 1965, p.13-15). Thus, Olson's logic of collective action entails a distinct theory of governance.

Applying this approach the comparative economic performance of nations, Olson addresses social unrest and political conflicts as manifestations of a crisis of governability and political control in advanced economies, accompanying economic stagnation, inflation and unemployment (Olson 1982, p.8). Again, in exploring the causes of that kind of ungovernability, the impact of small interest groups is addressed as the decisive source of economy-wide inefficiencies that become prevalent in politically stable societies. Stability implies the persistence of institutional conditions that allow for the accumulation of organisational capacities in collective action and thus tends to be favourable for the organisation of particular interests (Olson 1982, p.40-41). The potential for collective action thus also implies a potential for socio-economic inefficiency, as rent-seeking interest groups strive for a redistribution. By doing so, they appropriate redistributive gains while imposing on the whole of society those social costs that result from a less efficient allocation. The dominance of redistributive activities over growth-oriented efforts fuels the decline in the steering capacity of the state, as the coherence of policy design and implementation is decomposed through an increasing divisiveness in political life (Olson 1982, p.43-47). As distributional coalitions among interest groups increase the complexity of regulation they provoke a further expansion of government interventions in the economy. Extended redistribution activities that are therefore combined with a crisis of political-economic governability based on institutional sclerosis (Olson 1982, p. 48-49).

However, Olson's claim that welfare losses from rent seeking rise with the organisational degree of special interests does not deny that those types of interest group organisations, which encompass a substantial fraction of the population or its resources may even promote economic growth as they could find such an orientation to be in their own interest. Encompassing industry unions thus may be more sensitive to promoting economic growth than more narrow craft unions (Olson 1982, p.48-49). This very same logic of collective action also informs Olson's interest-group theory of the state. An

institutional order that provides secure property rights may evolve by voluntary agreement in small groups. Yet due to the collective action problem in the supply of public goods, large groups beyond the size of tribes require the intervention of a particular agent. Put simply, this may be a violent entrepreneur in command of the greatest capacity in the use of force. This entrepreneur may develop a comprehensive interest in the promotion of such an institutional order, as determined by the optimal tax rate, and thus may come to enforce its formation. At this point, Olson criticizes the Northian transaction cost theory of the state, which allegedly overemphasises the voluntary character of state formation by means of contractual arrangements (Olson 1993, p.568-569). Again, the idea of the social contract as a voluntary agreement in exiting from anarchy resembles accounts of spontaneous organisational capacity in collective action, which is contradicted by Olson's approach to collective failure (Olson 2000, p.70-71). Instead, according to Olson, the formation of the state is rooted in the self-interest of those actors with the greatest capacity for exercising violence (Olson 2000, p.11). However, paralleling North's transaction cost theory of the state, also in Olson's approach to collective action the logic of state formation follows an exchange rationale that involves the interplay of rulers and constituents. The decisive difference between both perspectives rests in North's emphasis on the voluntary character of the exchange relationships, which is at last rooted in the emphasis on transactions as basic units of analysis. In contrast to that, Olson's position underscores the matter of public good provision through collective action and the role of a coercive potential therein.

In particular, Olson's concept of state formation invokes the transformation of a "roving bandit" stealing the productive output of a local population to an autocratic "stationary bandit", who monopolises theft through taxation. By doing so, the stationary bandit furthers long-run schemes of exchange that involve productive incentives for the local population through the provision of public goods that contribute to a productive order (Olson 1993, p.567-568). Stationary bandits who become autocrats thus adjust the tax rate as a "revenue-maximising rate of tax theft", so that the potential gains from the total amount of taxation on an enlarged output will equal potential losses from a smaller share of taxation in output (Olson 2000, p.8). Moreover, the encompassing interest of the autocrat is influenced by his discount rate that reflects the time horizon of his rule, involving the incentive to confiscate those portions of private wealth whose total value exceeds the potential tax yield. Nonetheless, when accounting for an indefinitely long planning horizon, commitment in safeguarding property rights yields a maximum income for the autocrat. Although these commitments can never be completely credible in a more realistic setting of uncertainty and limited planning horizons, still institutional aspects like dynastic succession may contribute to credibility-building in autocracies (Olson 1993, p.571-572).

Although democracies face structurally similar problems, the general pattern of letting redistribution stop as soon as national income falls by the reciprocal of that share of the national income which the ruling interests receive applies differently. Indeed, as majority groups in democracies combine their role of political rulers with the role of market agents, they receive not only a tax income but additionally also a market income. This constellation makes their stakes in the productivity of society even more comprehensive than those of the autocrats. It follows that democratic governments will redistribute less than autocratic ones, for the larger the shares in national income received by a group the smaller the social losses from redistribution into its domain. As groups representing large shares of income earning capacity redistribute less to themselves and provide more public goods, the institutional advantage of encompassing

interest groups as compared with small interest groups becomes obvious (Olson 1993, p.570-571). Consequently, a superencompassing majority interest even implies that there is no redistribution at all, while public goods are supplied in a manner that reflects adequately the interests of the minority too (McGuire and Olson 1996, p.92). From these considerations follows the feasibility of a credibly committed government in stable democracies, supported by an independent judiciary that guarantees individual rights. This becomes relevant both in the enforcement of property rights as a major condition of economic development as well as in the enforcement of political rights under the rule of law, allowing for long-term commitments in contracting beyond the question of the ruler's succession (Olson 1993, p.572).

The regime transition from autocracy to democracy then entails the problem of credible commitment in collective action. It is associated with an evolving power balance among competing interest groups that results in the establishment of legislative organs as an institutional insurance against the usurpation of power by a singular group (Olson 1993, p.573-574). Accordingly, the realisation of gains from trade in multiparty and multiperiod arrangements requires an institutional environment that allows for the third-party enforcement of property rights. This perspective also informs Olson's perception of the relationship between governance and economic growth (Olson 2000, p.185-186). Therefore, differences in the institutional setting as well as in the distributive orientation of economic policies are identified as the major incentive-related source of diverging national development trajectories (Olson 1996, p.22-23). An example are the East Asian newly industrialising economies whose governance structures allegedly contained "hard states" that would not adapt their development strategies to the rent-seeking demands of organised interest groups (Olson 2000, p.100).

However, Olson's claims have met fierce criticism, usually pointing to the problem of policy-oriented generalisations from a narrow theoretical and empirical basis. Elinor Ostrom, for instance, maintains that both laboratory experiments and field studies have revealed Olson's underestimation of the actual potential for collective action as mirrored by persistent patterns of a norm-based propensity to cooperate (Ostrom 2000, p.154). Beyond the dichotomy of external enforcement by the state and private enforcement, group members may bind themselves to cooperative commitment in coping with commons dilemmas (Ostrom 1990, p.14-15). In particular, this holds for common-pool resources in self-governing arrangements with small stable groups subject to institutional conditions like clearly defined boundaries, congruence between rules and conditions as well as efficient mechanisms for monitoring and conflict resolution that involve norms of reciprocity and trust (Ostrom 1990, p.89-90; 211). Property rights regimes are thus highly complex in diverse dimensions and cannot be disaggregated simply into private, government and common property. They constitute bundles of rights on diverse levels of activity (Ostrom 2003, p.252). Accordingly, there is no clear-cut differentiation of private, market-based and public, state-based resources. Instead, a mixture of these pure types of goods represents the usual case in the complex setting of modern economies. Both formal collective choice arenas such as legislatures and informal collective choice arenas such as private interest associations need to be taken into account when exploring the institutional terrain of governance (Ostrom 1990, pp. 53-4).

This argumentation mirrors positions of a broader strand of institutionalist reasoning that pinpoints a lacking consideration of the actual variety of institutional forms in the coordination of political-economic processes as a widespread deficit in the new institutional economics (Chang 2002, p.553-554). An associated criticism of Olson's

approach addresses the historical and empirical relevance of interest group activities in the supply of collective goods that are driven by relational factors like reciprocity and trust (Unger and van Waarden 1997, p.439-446). It is noteworthy, however, that the capacity for an associative self-regulation of interest groups is even extended when these groups operate in the “shadow of the state”, facing incentives for cooperation that provide legal orientations and are strictly enforced by government (Scharpf 1997, p.202). This perspective on institutional variety and the complexity of governance leads to an assessment of governance as a collective good in its own right that is provided by a variety of formal and informal institutional carriers, involving the state as a multifaceted organisation (McGinnis 1999, p.64-65). Public goods then resemble socially constructed multi-actor products, as various actors apart from the state are involved in coordinating their provision, in particular coming from the private sector and civil society (Kaul 2001, p.259-260).

The comparative advantages of these diverse governance structures may be assessed once more with the context of Prisoner’s dilemma situations. Market competition is set to obstruct certain inefficient types of cooperation such as industrial collusion, whereas the state may promote associative cooperation through impeding defection despite its severe knowledge constraints (Bowles 2004, p.486-488). Both arenas of governance serve complementary functions. They are paralleled by network modes of community governance that facilitate a non-hierarchical solution to free-rider problems in small groups, which are nonetheless potentially subject to collective failure due to in-group insulation and lack of innovative diversity (Bowles 2004, p.490-492). This assessment goes well together with Masahiko Aoki’s claim – implicitly resounding established Durkheimian insights from economic sociology – that even in advanced market economies, property rights and contracts are not exclusively enforced by systems of legal rules, but also by informal mechanisms in private and public sector constellations that contribute to the complexity and diversity of actually existing institutional arrangements. These involve complementary relations between certain sets of governance mechanisms, whose simultaneous operation reinforces their effectiveness (Aoki 2001, p.85-88).

From these considerations follows that the institutional design of such a complex system of governance mechanisms in public policy remains out of reach. Policy search resembles an experimental process based on the coordination of local knowledge that takes place in institutional multi-level systems (Ostrom 1999, p.519-521). Thus, adequate governance structures need to provide institutional devices that promote changes in the information environment of political-economic actors and thus support learning processes (Eggertsson 1997, pp.1197-8). In policy-making, these conditions may facilitate Pareto improvements by promoting credible commitments based on informational transparency as crucial requirements for sustained bargaining processes (Stiglitz 1998, p.3-4). These effects of knowledge and learning would accordingly shape the range of governance capacity as a reflection of institutionalised capabilities for coordinating the aggregation of diverging interests in the promotion of policies that are credibly committed to the public interest (Frischtak 1994, p. vii.). Changes in a governance structure, which may be perceived as an institutional matrix of relational contracts, would therefore come to resemble decentralised discovery procedures in the political-economic system (Ahrens 2002, p. 14-15). A related understanding of states as stable equilibria of a political-economic exchange game then implies that the rule of law in democratic states is not simply a precondition of competitive markets but rather co-evolves with their institutional formation, based on multiple feedback mechanisms



(Aoki 2001, p.158). Actually, this perspective may be associated with Schumpeterian insights on the co-evolution of states and markets that belong to the constitutive positions of an institutionalist approach to governance and public policy (Ebner 2006, p.512-513). Consequently, the evolutionary logic of institutional innovation remains decisive for understanding the dynamism of governance structures.

## 5. Conclusion

The notion of governance has emerged as a prominent concept in the analytical tool-box of the new institutionalism in economics and political science. As such, it addresses the actually existing variety of institutional forms in the coordination of political-economic interactions beyond the dichotomy of states and markets. Perceiving governance as an array of institutional rules and norms that is meant to facilitate collective action then allows for addressing private-public interactions in the formation of public policy. Thus, the notion of governance combines scepticism regarding the steering capacity of the state with sensitivity for the pitfalls of interest group activity. Corresponding policy orientations that are especially relevant for institutional reform, which is on the current agenda of public policy in developed and developing countries alike, point in particular to the outstanding role of partnerships between government and the private sector (Stiglitz 2003, p.3-4). In this regard, the self-binding of the state stands out as the decisive institutional problem of public policy. Yet available sets of institutional solutions reach well beyond credible commitment by constitutional restraints. Indeed, the self-binding of rulers is only one among various available options. Historically, this is well exemplified by the developmental experience of the East Asian countries with their relation-based approach to effective commitment in the governance of development (Bardhan 2005, p.29-30). In this case, the embeddedness of the political-economic system in historically specific frameworks of norms and conventions substantiates the feasibility of a relational pattern of interactions between government and private sector. Moreover, current patterns of change in political-economic systems indicate an institutional transformation of the state at large, involving the dissemination of less hierarchical and more deliberative governance modes. This tendency is well represented by the institutional evolution of the European Union towards a complex multi-level structure of governance mechanisms on different territorial levels (Kohler-Koch and Rittberger 2006, p.33-34). All of these diverse theoretical and empirical aspects point to the necessity of elaborating on an adequate conceptualisation of the notion of governance from an institutionalist perspective.

In exploring these concerns, this paper has discussed the theoretical substance of the notion of governance in the analytical framework of the new institutional economics, specifically highlighting the contributions of Oliver E. Williamson, Douglass C. North and Mancur Olson. Taking constellations of collective failure in the Prisoner's Dilemma model and the diverse modes of their solution as a point of departure, it has argued that the institutional conditions of collective action inform the rationale of governance. The matter of credible commitment then becomes crucial for understanding the structuration of governance modes, in particular for constellations of third-party enforcement that involve the state. Both in the contributions of Williamson and North, the concept of transaction costs derives its analytical relevance from the perception of transactions in exchange as a crucial feature of interactions in the political-economic system. This standpoint may be constructive for understanding the basic logic governance structures. Still, despite Williamson's emphasis on private ordering in economic organisation and North's complementary focus on the role of third-party enforcement in economic

development, both approaches meet analogous difficulties in addressing hybrid forms of governance, potentially involving aspects such as network patterns in industrial organisation regarding the former and relational state-society synergies regarding the latter. Olson's collective good approach to governance faces similar problems, most prominently regarding the relational underpinnings of collective action and interest group activity. Yet it differs markedly from assumptions on the voluntary character of exchange relationships that are prevalent in transaction cost theory. Indeed, Olson's accentuation of power and coercion in the evolution of governance structures belongs to its most relevant analytical advantages. However, as far as problems of state-building and governance reform are concerned, North still provides exceedingly promising perspectives by introducing the aspects of ideology and knowledge into the transaction cost theory of the state. Applying these components in a manner that addresses governance in the context of modern industrial society with its distinct political-economic features will pose yet another outstanding theoretical challenge.

In conclusion, these assessments point to the need for an intensification of transdisciplinary efforts in governance research, quite in line with the methodological pluralism that informs the new institutionalism in the social sciences. Commitment problems, to begin with, resemble an issue that reaches across economics and political sciences, for they address the paradox of a constellation in which the persistent pursuit of self-interest on markets requires the constitutional constraining of self-interest in the political system (Miller 1997, p.1198). This example illustrates the transdisciplinary status of governance as a major concern of institutional economics, comparative political economy and economic sociology alike, with particularly relevant applications to interrelated economic and political affairs (van Kersbergen and van Waarden 2004, p.146-147). After all, these arguments resound Douglass North's programmatic statement according to which the interlinked character of polity and economy makes a discipline of political economy an indispensable analytical requirement (North 1990a: 112). In this manner, Dixit actually refers to quite traditional transdisciplinary efforts when he demands a new "Einheit der Staatswissenschaften" comprising of economics, political science, sociology and the law as "sciences of the state" (Dixit 1996, p.156). As these disciplines reach across the social sciences, they may indeed provide adequate results for further theorising on governance, also due to their inherent concern with a wide range of public policy applications (Backhaus 2005: 11-12). In this regard, theorising governance implies not only further conceptual specifications but also a methodological reorientation that is fit to meet the complexity of the research object under consideration.

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08

Ideology, Cognition and Culture in Douglass North's  
Theory of the State: A Reappraisal

## 1. Introduction

Douglass North has decisively contributed to the intellectual formation of the new institutional economics. Emanating from a property rights framework, his transaction cost theory of institutional change with its comparative institutional analyses of historical development patterns has marked the research agenda of modern institutionalism in a sustained manner. An outstanding contribution in that regard is the transaction cost approach to the theory of the state. It models the formation of statehood as an exchange process involving a ruler who uses a comparative advantage in the use of violence to enforce property rights while receiving tax revenue from constituents in the setting of a developing market system with its extended division of labour. Yet the underlying static perception of political-economic systems has soon given way to a more dynamic institutional perspective, which points to the role of ideology as a development factor in explaining the persistence of institutional inefficiency and widespread developmental stagnation. Following this research venture, North has been quite willing to open his transaction cost approach for behavioural and evolutionary concepts that contribute to its further specification. In particular, references to the cognitive dimension of economic performance have been gaining in prominence, thus shedding light on the cultural determinants of individual and collective behaviour in coping with the challenges of development and change.

Indeed, in his most recent work “Understanding the Process of Economic Change” published in 2005, North completes the cognitive turn in his theorising by making cognition and its socio-cultural impact the key arguments in his analysis of economic development. Point of departure in this effort, which takes issue with Hayek’s concept of cultural evolution, is the emphasis on human intentionality and the deliberate structuration of human interaction, subject to the historical forces of path dependence. The non-ergodic character of novelty-driven change then implies that institutional diversity is indispensable for coping with innovation and uncertainty in terms of adaptively efficient responses to changes in socio-economic data. The state plays a decisive role in enforcing the basic rules that contribute to the reproduction of evolutionary diversity. However, even in this regard, ideology becomes decisive. It is derived from experiences and learning efforts that proceed in the framework of shared mental models. Yet this characterisation of ideology tends to marginalise aspects of power asymmetries and social conflicts that had been prevalent in the allegedly static model of the state in earlier contributions. This implies a turn from a consideration of ideology in terms of social construction, involving the state as a major actor, towards a line of reasoning that reduces ideology to a problem of subjective cognition in collective learning. Thus, despite North’s critical demarcation, his research perspective seems to point in a decidedly Hayekian direction. In consequence, the question arises, in how far North’s cognitive turn has led to an abandoning of promising analytical content that could be indispensable for theorising on the evolution of states and markets from an institutionalist perspective.

The paper proceeds in four sections. First, North’s original advances in elaborating on a transaction cost theory of the state are taken to the fore, accompanied by related efforts in introducing ideology as a factor for explaining the persistence of inefficient institutions. This argumentation points to the impact of social power in the design and enforcement of property rights, as outlined in North’s “Structure and Change in Economic History”, published in 1981. Second, the cognitive turn in North’s theorising is discussed with regard to the introduction of behavioural and evolutionary concepts in North’s analytical framework. This is most evident with regard to the conceptualisation

of institutional change as a path dependent historical process, which has become prominent with North's "Institutions, Institutional Change, and Economic Performance" of 1990. Third, the completion of this cognitive turn in institutional analysis points to his most recent contribution "Understanding the Process of Economic Change", made available in 2005. The section highlights North's attempts at providing a consistent account of the cognitive foundations of cultural evolution and its impact on the evolution of the state. Fourth, a critical assessment of North's theorising in the context of its cognitive turn leads to a proposal for a Post-Northian approach to the theory of the state. It addresses the need for regaining analytical content related to the social construction of institutions and ideologies, which is particularly relevant for understanding the evolution of states and markets in the setting of an industrialised market system. Finally, the conclusion pinpoints the relevance of Northian positions in the domain of development policies, and here in particular in the discussion on governance. It underlines once more the limits of institutional design as a development strategy, which is bound to fail due to the impact of cultural scaffolds that need to be reckoned with.

## **2. Property Rights and Ideology in North's Transaction Cost Theory of the State**

A basic concern with the problem of institutional efficiency in economic development has persistently belonged to the key motivations of Douglass North's theory of the state. This is already prevalent in North's early contributions to a historical perspective on the property rights approach, in which efficient institutions are singled out as a decisive factor in the formation of an economic organisation that is conducive to economic development, involving well established property rights that bring the private rate of return close to the social rate of return. Absent these property rights, defined as inviolable and enforced as such by the state, private investment will stagnate in the face of endemic developmental uncertainty (North and Thomas 1973: 1-3). Accordingly, North's subsequent attempts at elaborating a self-labelled neoclassical theory of the state were meant to accompany the much more encompassing project of a transaction cost theory of economic development. However, the emphasis on efficiency in the design and implementation of property rights was soon giving way to a more differentiated viewpoint that would account for the historical findings of institutional inefficiency as the most common case, making economic development a contested process and underlining the paradoxical role of the state in that process. North addresses his concerns with an adequate conceptualisation of structure and agency in the delineation of this developmental paradox of the state, namely its double character as a supportive as well as obstructive force in the process of economic growth and development (North 1981: 20).

This paradoxical perspective on the stylisation of the economic rationale of the state is in line with North's outline of the common characteristics of economic and political organisations in general. They are instrumental in maximising the wealth of their principals by exploiting gains from trade based on specialisation in certain activities. Components of these political-economic settings, which follow their own particular logic of principal-agent relationships, are distinct sets of rules and regulations that serve as constraints on individual behaviour and as such define the terms of exchange between the involved actors, as exemplified by constitutional frameworks and legal codes. These rules and regulations are accompanied by related sets of compliance procedures as well as by sets of moral values. Functioning as behavioural norms, they reduce enforcement costs and support rule compliance. Indeed, already at this point, the

matter of ideology comes into play as a possible restraint from options of individual maximisation. Ideology thus belongs to the key features of political and economic organisations like the modern state, for it has the potential to exercise an instrumental role in the reduction of transaction costs (North 1981: 18-19).

However, this inherently efficiency-enhancing role of ideology and of other aspects of the broad array of institutional constellations in modern societies, such as property rights and constitutional arrangements, represents only a developmental possibility which is regularly contradicted by empirically most relevant inefficiencies. Decisively, an acknowledgement of the impact of powerful societal actors, who devise institutional framework in their narrow self-interest, tends to obstruct such a functionalist perception of institutions. Indeed, North defines them as follows: "Institutions are a set of rules, compliance procedures, and moral and ethical behavioral norms designed to constrain the behaviour of individuals in the interest of maximizing the wealth or utility of principals" (North 1981: 201-202). Due to that impact of power and self-interest, property rights do not necessarily represent least-cost solutions to the organisation of exchange that are to be enforced by a neutral state and its likewise neutral rulers. Instead, they are subject to the conflict-ridden relationship between the particular desires of the rulers to further their wealth-maximising ventures and the responding efforts regarding a reduction of transaction costs that are promoted by the parties to exchange (North 1981: 17-18). In this context, transaction costs are defined as the type of costs arising from industrial specialisation and an extended division of labour in economic development, underlying the institutional structures of political-economic systems (North 1981: ix). The reduction of transaction costs thus becomes a decisive motive in the shaping of institutional mechanisms promoting economic development, as they refer to the transfer of property rights, involving the measurability and enforceability of these rights from which costs of defining and policing exclusivity as well as of contract negotiation and enforcement arise. At this point, the state enters the picture as an agency that may reduce transaction costs through the provision of a system of law and enforcement with an extended public good character (North 1981: 36-37). In other words, North derives the rationale of the state from its institutional functions in the evolution of the market system.

This is well reflected in North's self-labelled neoclassical model of the state. He models the state as an entity governed by a wealth- or utility-maximising ruler, who engages in exchange relations with his constituents. As the state is an organisation specialised in protection and justice, the rulers trade these services for revenue. Indeed, in terms of a historical scheme, the feudal state had come into existence as a mode for financing the rising costs of warfare through the granting and enforcing of property rights in exchange for revenue. Yet in devising property rights for each particular group of society, the ruler acts as a discriminating monopolist in accordance with the objective of maximising state revenue (North 1981: 23-24). The structures of property rights as well as their social distribution thus reflect a complex pattern of power asymmetries in polity and society, which tends to be reinforced by these property rights themselves through their impact on economic activity and the appropriation of returns. In addressing this problem, it becomes necessary to transcend a self-proclaimed deficit of North's first version of a transaction cost theory of the state, namely its focus on single ruler, which neglects the governance mechanisms of a pluralist state in its modern shape, including its distinct means of representation and conflict resolution (North 1981: 68). Accordingly, the differentiation of the polity also reflects the impact of political and economic power in the allocation of property rights.

This contested character of the state is actually inscribed in the services it supplies. These involve those institutional means in terms of public goods and services that delineate the rules of competition and cooperation, which define a property rights structure in accordance with the maximisation of the rents appropriated by the ruler or the groups he is acting for, while at the same time reducing transaction costs as a contribution to output maximisation and thus also to the increase of the tax revenues of the state. The economic rationale of the state is accordingly related to its capacity for exercising economies of scale in running the system of law, justice and defence. Still, the coincidence of efficient property rights that suffice both the rent maximisation of the ruler and the growth dynamism of the whole economy remains a rare occasion in history (North 1981: 24-25). Following that argumentation, the structure of property rights devised by the state reflects measurement costs of the corresponding economic activities, perceived as a component of the rent extraction efforts of the state. Standardisation thus becomes crucial for reducing transaction costs and maximising the ruler's rents (North 1981: 26). However, the specification of property rights as well as the provision of public goods and the associated tax burden are at the same time determined by the bargaining power of the diverse social groups, which reflects their particular opportunity costs. In terms of Hirschman's stylised options of exit and voice, this implies that the competitive constraint on the monopoly power of the ruler allows for constituents either to defect to a competing external ruler or to support a promising internal opponent, while the ruler may gain or keep constituents in accordance with the supply function of protection and the marginal benefits associated with additional constituents (North 1981: 27). Yet further complications arise in the delegation of power from the ruler to a group of administrative agents that are concerned with the enforcement of property rights, for the conduct of the latter needs to be aligned with the ruler's interests through adequate incentives. Such a delegation of power implies a reduction of the ruler's monopoly rents. It also affects the size of the political-economic system by influencing the equalisation of the marginal costs of protection and the incremental tax revenue (North 1981: 25).

These specific constraints on the ruler may advance the widespread inefficiency of property rights. The competitive constraint on the ruler points to the need for gaining and maintaining the support of powerful constituents by promoting a particularly favourable set of property rights that may contradict overall economic efficiency considerations. Moreover, a related transaction cost constraint highlights the ruler's immediate interest in keeping his tax revenues on a comparatively higher level by promoting a set of property rights that reduces the transaction costs of rent extraction, for instance through granting monopoly privileges (North 1981: 28). According to North's transaction cost approach, therefore, rulers first of all devise property rights in accordance with their interest and that of the dominant social groups, and only afterwards they devise forms of economic organisation, involving market mechanisms, that minimise transaction costs within the established constraints of the property rights structure (North 1981: 106). In other words, property rights structures are derived from the political articulation of social power, which then shape the historically variable delineation between states and markets. Still, in this account, the primacy of economic functions and here in particular of functions related to market transactions, persists.

Evidently, as North derives the functions of the state from the logic of market exchange, he continuously abstracts from the matter of productive organisation, factor markets, industrial relations, and related aspects in the evolution of capitalist market economies. Yet in North's transaction cost perspective, this situation would not amount to an

analytical deficit, as industrial production and its institutional underpinnings simply represent a further variant of exchange relations. Consequently, North outlines a research agenda in the theory of institutions that highlights not only institutional incentives as codified through property rights, but also the state as enforcer of these rights, and ideology as a reflection of the differing perceptions of reality underlying the distinct courses of economic and political action (North 1981: 7-8). The latter aspect stands out in explaining those phenomena of collective action that contradict the notion of free riding, as put forward most prominently in Mancur Olson's theory of collective action. What needs to be addressed, therefore, are observable patterns of societal stability, which involve altruism as well as rule-following and related behavioural aspects that are informed by legitimacy considerations beyond rational self-interest (North 1981: 10-12).

The matter of ideology marks the differentiation of North's position from rather static property rights approaches with their affinity to the neoclassical paradigm in economic theory. Indeed, North argues that neoclassical theory as theory of rational choice may be applied to non-market decision making only within limitations regarding its behavioural assumptions, which become particularly relevant as soon as the impact of ideological factors is taken to the fore (North 1981: 21). For that reason, according to North, the inclusion of ideology as a component of behavioural constraints marks major differences to Oliver E. Williamson's transaction cost theory of industrial organisation and its emphasis on behavioural opportunism as well as to the calculus of individual rationality in Gordon Tullock's public choice approach to rent seeking (North 1981: 203). Yet first and foremost, this line of criticism addresses Olson's theory of collective action, which claims that stable societies are characterised by an abandoning of ideological conflict and thus come to plainly misrepresent ideological considerations (North 1981: 57-58). The Olsonian free rider paradox does not hold, so it seems, for individual utility functions are more complex than usually modelled. In particular this applies to restrained behaviour beyond free riding and other forms of opportunism, which is subject to moral values and ethical codes acquired through socialisation in families as well as in educational and religious institutions that make an economic system viable (North 1981: 46-47). Consequently, an adequately structured theory of ideology framed by sociology of knowledge would have to contribute to an understanding of societal solutions of the free rider paradox and by doing so explain the rationale of social investment in legitimacy (North 1981: 47). Indeed, according to North, such a theory of ideology poses a crucial challenge for further advances in transaction cost analysis (North 1981: 55).

How is ideology defined in North's pioneering approaches to the topic? Actually, North refers to Herbert Simon's behavioural conceptualisation, which defines ideology as an outflow of subjective perceptions in terms of models and theories that are meant to explain reality, also involving organised ideologies as integrated explanations of past and present (Simon 1986: S209-S210). North translates this scheme into the idiom of the transaction cost approach when he goes on to classify ideology as a construction of reality that economises on information costs while involving judgements about fairness and justice, especially in exchange relationships. Thus, ideology is the source of moral and ethical norms of behaviour that constitute a subset of the institutional framework of a political-economic system (North 1981: 204-205). By countering measurement costs associated with the constraining of individual maximisation, then, ideology is crucial in upholding the viability of economic organisations. Its institutional maintenance thus entails a specific "investment in legitimacy" that parallels measurement and

enforcement costs (North 1981: 44). As the decisive function of ideologies is the overcoming the free rider problem through mobilising individuals and groups for collective action, which may involve both safeguarding and changing the existing order, this aspect of the legitimacy of an established order is closely related to the costs of the maintenance of that order. This implies that a premium, which would be necessary for inducing free riding behaviour, would actually increase with the perceived legitimacy of the existing set of institutions (North 1981: 53-54).

In consequence, North suggests the following causal chain: the greater the specialization and division of labour in a society, the greater the measurement costs associated with transactions and also the greater the cost of devising adequate ideological patterns in terms of moral and ethical codes (North 1981: 56). As a major historical case, therefore, the Industrial Revolution was prompted by an increase in market size and degrees of specialisation in the division of labour that led to an increase in transaction costs. In particular, the increase of specialisation implied further increases in the costs of measurement and enforcement, framed by a lengthening of production and distribution processes that would involve the spread of new organisational forms such as the modern corporation. Moreover, adding to these transaction cost considerations, the intensification of ideological diversity through social fragmentation would extend the institutional potential for political instability (North 1981: 66-67). Ideologically reinforced values of hard work, honesty, integrity and reliability thus appear as indispensable functional components in the evolution of market economies, as they lower the cost of transacting and make possible complex exchange. A major developmental difficulty thus arises in the breakdown of the institutional structures that promote these sets of traditional values. Again, this is well illustrated by the Industrial Revolution. Industrialisation on the one hand broke down traditional bonds and loyalties and their ideological underpinnings, thus potentially increasing the measurement cost of constraining behaviour that would make the factory system non-viable. Yet on the other hand, these costs were reduced by disciplinary measures and investments in the legitimacy of industry, in particular by means of diffusing the Protestant ethic of economic life and related bourgeois values (North 1981: 169-170). Adding to these considerations from a transaction cost perspective, one may also include national ideology as a means of reducing measurement costs and transaction costs by strengthening cooperative values in an institutional context, in which industrialisation and nation-building actually coincide. Indeed, in this line of reasoning, it seems that the social and political construction of consensus ideologies is a major aspect of economic development.

However, discretion in the construction of integrative ideologies that promote political-economic stabilisation by legitimising established structures of property rights is subject to major constraints. The costs of maintaining an ideological consensus are directly related with the stability of relative prices and inversely related with the costs of information. Thus, a change in relative prices may stimulate distributional conflicts leading to a reassessment of an established economic order. The ensuing diffusion of ideological innovations introduced by ideological entrepreneurs then fuels a disintegration of the existing consensus while potentially preparing the establishment of a new one (North 1981: 64-65). Indeed, North treats the dynamism of changing ideologies in terms of Thomas Kuhn's theory of the evolution of scientific knowledge, which argues that science proceeds with a pattern of paradigm changes, implying an overthrow of interpretative routines for the identification and solution of problems, that result from the persistence of anomalies and the related discursive construction of a

paradigmatic crisis. Accordingly, ideology resembles an economising institutional device that provides rationalising world-views for the simplification of decision-making, involving moral and ethical judgements about ideas of justice and appropriateness that contain a legitimisation of the established structure of property rights. As such, it is subject to changes in the composition of its underlying ideational set-up, which account for anomalies that may lead to a revolutionising of whole ideologies in the same manner as outlined in the Kuhnian theory of scientific knowledge (North 1981: 49).

As a major limit to discretion in upholding or overthrowing ideological paradigms, then, the individual and collective experiences of the involved actors become crucial. Intellectual entrepreneurs, who are identified as driving forces of ideological innovations, actually offer types of world-views that account for these differing experiences, which are based on the actually existing diversity of geographical location and positions in the division of labour with all of its socio-economic effects – even involving the formation of a Marxist type of “class consciousness” (North 1981: 51). Still, the process of ideological change is inherently a politically contested one: consensus ideologies rooted in similar experiences serve as substitutes for formal rules as compliance procedures, while the evolution of divergent ideologies as expressions of differentiated experiences may stimulate a ruler’s investments in strengthening the legitimacy of established institutions in order to reduce compliance costs during a crisis of ideological consensus (North 1981: 205). In consequence, the persistence of inefficient institutional arrangements, which is actually most relevant regarding inefficient political structures in a context of non-market decision-making, is causally associated with the impact of ideology as a manifestation of the diverse perceptions and explanations of reality exhibited by individuals, groups, and classes (North 1981: 6-7). Again, in North’s transaction cost approach to the state, the evolution of ideologies is subject to the discrete interventions of political entrepreneurs, and in this manner ideologies tend to be socially constructed. Nonetheless, there is also a more gradual pattern in the evolution of ideologies to be taken into account, which relates ideological differences with a historically rooted anthropological diversity of experiences of social groups in certain geographical locations in coping with their environment. These context-specific historical experiences then lead to the evolution of different languages, religions, customs, and traditions (North 1981: 209). It is this indicated shift from the social construction of ideologies as a means for economising on transaction costs to a perception of ideologies as an immediate representation of individual and collective experiences in a specific socio-ecological environment, which has prepared the ground for a cognitive turn in North’s theory of the state. Decisively, the subjective dimension of cognition, knowledge and learning comes into play, altering North’s transaction cost framework with major implications for the concept of ideology and the theory of the state it is part of.

### **3. North’s Cognitive Turn: Mental Models, Knowledge, and Culture**

The cognitive turn in North’s theory of institutional change, involving the theory of the state, is associated with a modification of his transaction cost theoretical framework that had been formulated most consistently in his volume “Structure and Change in Economic History” from 1981. This modification of North’s positions towards an evolutionary and behavioural approach to the institutional analysis of economic development entails three major facets: first, a reconsideration of the evolutionary character of economic development in terms of the irreversibility and indeterminate



quality of historical time; second, an acknowledgement of the subjectivity of perceptions and belief-systems as fundamental aspects of institutional change; third, an appreciation of the impact of environmental experiences for cultural conditioning and local learning on an individual and collective level (North 1994a: 381). Accordingly, North extends the explanative range of his theory of institutions, which takes established associations with the theory of transaction costs as a basic position that is to be combined with theories of human behaviour (North 1990a: 27). All of this should allow for the formulation of a comprehensive attempt at providing behavioural microfoundations for the transaction cost perspective on economic development.

These modifications, which may be summarised under the moniker of a cognitive turn, are actually outlined with reference to Yoram Barzel's property rights approach to the theory of the state, which claims that both efficient property rights and the rule of law evolve over historical periods of stability, which allow for establishing the ruler's reputation as a credibly committed player (North 1994a: 381-382). North's evolutionary critique of Barzel's model addresses its lack of historical specificity regarding the institutional diversity of polities and their distinct development paths, excluding all those prominent cases where a rule of law did not evolve from a stabilised political setting. In particular, North highlights Barzel's neglect of the subjective perceptions of the involved actors. Thus, the matter of ideology, knowledge and learning is at stake. It involves differing historical experiences derived from sociocultural environments as well as from related process of local learning that shape the formation of subjective mental models and thus also the specific ideologies which inform individual and collective choices (North 1994a: 382-383). North's cognitive turn thus contains a shift in emphasis from institutional structures involving property rights regimes and ideological frameworks towards an emphasis on subjective cognition in the interpretation of environmental data, involving ideologies as cognitive filters and communication devices.

This cognitive turn goes together with an emphasis on the institutional integration of the economic and political field in the wider domain of society, perceived as a comprehensive system of exchange. This is mirrored in a definition of institutions put forward with reference to game theory: "Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence, they structure incentives in human exchange, whether political, social, or economic" (North 1990a: 3). Combining this emphasis on exchange, which resembles the basic concerns of the transaction cost approach, with a reconsideration of its knowledge dimension then leads to a redefinition of transaction costs as a reflection of the costliness of information in exchange. Accordingly, transaction costs are said to consist of measuring costs regarding the attributes of the exchange object as well as of enforcement costs regarding the protection of property rights and the policing of agreements. Together with transformation costs regarding the physical attributes of a good, these transaction costs that arise from the definition, protection and enforcement of the property rights to that good sum up to its total costs of production that are associated with its resource inputs (North 1990a: 27-28). In developmental terms, the institutional reduction of measuring and enforcement costs as key components of transaction costs remains crucial for furthering economic growth and development in a socio-economic setting that becomes increasingly complex.

Due to the underlying cognitive turn in North's general analytical outlook, then, the aspect of informal constraints in the institutional set-up of a political-economic system becomes decisive. Indeed, informal constraints such as codes of conduct, norms of

behaviour and conventions that are rooted in cultural components of historically transmitted knowledge and values are said to define most part of governance structures in an economy (North 1990a: 36). Culture, knowledge and learning are further key components in that evolutionary and behavioural orientation. According to North, culture is an ensemble of socially transmitted knowledge and values that constitutes a framework for encoding and interpreting information and thus shaping the formation of knowledge and corresponding processes of learning (North 1990a: 37). In its historical substance, culture represents the intergenerational transfer of norms, values, and ideas, which reflect local experiences and learning efforts of past generations. This transmission of knowledge is embodied in an artifactual structure that may be viewed as a reflection of collective learning in terms of the Hayekian notion of cultural evolution, containing formal rules and, even more importantly, informal constraints as carriers of that artifactual structure of cultural values, due to their inertia playing a decisive role in the evolution of polities (North 1994a: 384). Accordingly, the theory of the state becomes a part of an all-encompassing theory of cultural evolution as a general framework for the conceptualisation of institutional change from an evolutionary perspective. .

This perspective is also relevant for a further differentiation of ideologies and institutions, which prepares the ground for extending the concept of ideology by introducing the matter of subjective cognition. Ideologies, based on subjective aspects of cognition, interpretation, and communication, are said to represent the shared mental models of individuals as internal representations of individual cognitive systems that are meant to interpret the environment and to provide normative content regarding its structuration by the means of institutional constraints. Thus, mental models are representations for the interpretation of the environment that are an internal component of the mind, whereas institutions are to be understood as mechanisms for ordering the environment that are external to the mind. As they are based on intersubjectively shared mental models that promote communication and collective learning, then, both ideologies and institutions may be viewed as classes of shared mental models (Denzau and North 1994: 4). The subjectivity of these mental models is derived from the subjective character of the underlying experiences, reflecting the specific impact of a local physical and socio-cultural linguistic environment. Their possible convergence is facilitated by intersubjective communication among individuals with a similar cultural background, paralleled by intergenerational transfers of unifying perceptions. This allows for the establishment of shared mental models through a process of cultural learning that provides belief structures like religions and myths, which remain an essential component of modern societies (Denzau and North 1994: 14-15). Communication promotes the sharing of mental models, by doing so contributing to the co-evolution of ideologies and institutions as a crucial factor in the coordination of trade and production. The corresponding set of collectively shared values and norms constitutes a substantial condition for the sustained functioning of the market process in economic development, as it promotes ethical codes of morality and thus reduces transaction costs (Denzau and North 1994: 20).

In line with these considerations, and following the underlying cognitive turn, the role of mental models and their ideological representations is extended and specified in North's revised model of state, as put forward in the seminal volume "Institutions, Institutional Change and Economic Performance" from 1990. First of all, it aims at overcoming the simplifications of the preceding transaction cost perspective on the state by highlighting the institutional and political differentiation of the polity. The simplified

setting of a ruler, who acts as a discriminating monopolist in the provision of government services to the constituents, supplying protection and justice as means for curbing disorder and thus contributing to the reduction of transaction costs, therefore needs to be augmented by aspects of administration and representation (North 1990a: 48-49). Indeed, the power of the state as a third-party enforcer of contractual exchange that may use its specialisation in the use of violence also for the confiscation of private wealth informs the central dilemma of political economy, namely organising as well as controlling the coercive power of the state. As this dilemma holds in particular regarding the appropriation of private wealth, its solution is critically dependent on rules that restrict the ruler without obstructing him in exercising his transaction costs reducing function. Indeed, as outlined with reference to Oliver E. Williamson's notion of credible commitment as a contractual means for countering ex post opportunism through adequate governance structures, the choice of constitutional institutions that match this enforcement dilemma becomes crucial (North and Weingast 1989: 805-806).

Adding democratic political institutions to the formation of a hierarchy of administrative agents, then, the introduction of a representative body for the constituents allows for extended bargaining procedures, as the ruler may extract more revenue in exchange for the provision of services to specific constituent groups. In modern constellations of representative democracy, these bargaining processes in the exchange of revenue for services become ever more complicated due to the increasing variety of interest groups (North 1990a: 49-50). Indeed, in historical terms, the feudal state that had come into existence as a mode for financing the rising costs of warfare through the granting and enforcing of property rights in exchange for revenue becomes subject to constitutional foundations, which involve the parliamentary representation of constituents (North 2005: 131-132). This institutional transformation of state-society relations marks a decisive point in Western European development: Following the evolution of voluntary organisations that would promote extended exchange by enforcing mercantile law, the state's potential for arbitrary behaviour was shackled by credible commitment over property rights, paralleled by the formation of mental models that would become conducive to market exchange (North 1993: 19-21). In this line of reasoning, the evolution of the state remains causally interconnected with the evolution of markets, market organisations, and the diverse institutional underpinnings of production. In other words: states and markets co-evolve, serving as an interrelated terrain in the variation, transmission and selection of institutional forms. Thus, following North, the evolution of the modern state with its differentiated polity is derived from the creation of capital markets and large firm organisations that are said to require a coercive political order, for complex and impersonal forms of exchange are based on property rights that require enforcement mechanisms beyond personal ties and voluntaristic constraints. A specialised transaction sector becomes crucial for coping with trade, finance, insurance and related services that promote the coordination of economic activity (North 1990a: 120-121).

The role of ideology in the evolution of the state towards ever more complex forms of governance is paramount, again highlighting the aspect of inefficiency in institutional change. In political markets that result from democratisation, for instance, ideologies play upon the normative preferences of constituents and thus promote the rallying in support of common causes. Yet the underlying ideological stereotypes are usually not in accordance with the interests of these constituents (North 1990b: 363). The judiciary represents another institutional terrain of the modern state in which the impact of ideologies is crucial. North argues that lifetime tenure at the United States Supreme

Court would allow Judges to express their convictions independently from interest group interventions and thus promote legal action according to their subjective constructions of the issues under consideration, based on the established set of constitutional rules. Changes in these subjective constructions would lead to changes in Court rulings, as they imply a reinterpretation of these constitutional rules (North 1990a: 44). Again, at this point, the cognitive turn in North's reasoning comes to the fore with its emphasis on the subjective foundations of beliefs, motivations and choices. Yet at the same time, the problem of power asymmetries and interest group interventions in the evolution of shared mental models and political ideologies comes up. Thus, in North's mentioned case of the ideological independence of Judges at the Supreme Court of the United States, the difficulty arises that the ideological change of subjective constructions can not be taken for granted as being independent from interest groups. Instead, these groups may take part in conflicts over hegemonic values in a specific public atmosphere. In this sense, one may argue that personal convictions are political constructions with a high degree of collective impact. Moreover, in terms of the political process, it may be taken into account that these Judges are nominated by the Presidency, hence, they are not at all ideologically independent but are part of a wider social system of convictions. In summary, therefore, the tensions between individual and supra-individual levels of analysis persist also after North's cognitive turn towards an evolutionary and behavioural perspective.

In an attempt of combining the aspect of institutional efficiency with the matter of evolutionary change as an undetermined and uncertain process, North introduces the notion of adaptive efficiency, which describes the impact of rules that shape the evolution of an economy as well as the willingness of society to acquire knowledge and to promote innovation, based on persistent efforts in trials and experiments that resemble a Hayekian process of cultural evolution (North 1990a: 80-81). Adaptive efficiency thus implies that institutions change in a manner that adapts efficiently to changing socio-economic data. Yet such a process of change, which involves most prominently the domain of government and administration, is not subject to outright design. Resounding Hayekian ideas, North maintains that it is rather the outcome of basic rules that allow for decentral experimentation and the discovery of novel institutional constellations in coping with data changes. Such changes are predominantly related with changes in relative prices, for instance in terms of changes in the technological setting of an economy. Mostly, these changes will be caused endogenously as an outcome of the maximisation efforts of political and economic entrepreneurs, whose distinct patterns of knowledge and skills acquisition alter perceived costs and benefits and thus induce new bargaining constellations. Yet again, following North's emphasis on the cognitive dimension of economic action, also the role of ideology needs to be taken into account. As a source of changes in preferences, which parallel the role of changes in relative prices, it plays a major role for procedures of institutional adaptation. Moreover, also changes in relative prices may be influenced by hegemonic ideas, leading to institutional changes in accordance with ideological underpinnings that further technological change (North 1990a: 84-85). In addition to these considerations, the chain of causation may run in the reverse direction too. Subjective perceptions are not only culturally derived but also subject to modifications through experiences which are filtered by culturally determined mental constructs. Therefore, changes in relative prices may also drive changes in ideologies, depending on the prevalent costs of information (North 1990a: 138).

The institutional change of formal and informal constraints, however, proceeds in a differentiated manner, which is related to the concept of path dependence. Informal constraints are subject to a cultural transmission of acquired characteristics whose persistence makes their change slower than changes in formal rules and regulations (North 1990a: 87). As the cultural processing of knowledge and information shapes incremental institutional change, it also promotes the path dependence of institutional evolution, potentially leading to conflicts between incrementally changing cultural norms and rapidly changing formal rules (North 1990a: 44-45). This pattern of path dependence applies also to changes in mental models. While still following the Kuhnian approach to paradigm change in the evolution of scientific knowledge, North actually offers a specification with regard to the distinction between gradual and punctuated change. Normal ideology may gradually change due to a shift of underlying meanings, while the actual replacement of ideologies involves punctuated rapid change, promoted by ideological entrepreneurs who further their particular goals (Denzau and North 1994: 25-26). This dynamism of shared mental models and the corresponding ideologies shapes the institutional framework of an economy that contains decisive incentives on which economic performance is grounded. Learning efforts create ideological path dependencies that lead to related path dependencies in institutional change – thus allowing for the persistence of suboptimal institutions and a lack of adaptive efficiency, which may obstruct economic development (Denzau and North 1994: 27).

Increasing returns and transaction costs will together produce a pattern of fragmentary information feedback, which implies that the subjective models of actors modified by prevalent ideology shape the development path of economies and societies. Thus, stagnation may prevail, while historically derived perceptions continuously shape decision-making (North 1990a: 95-96). Ideology thus underpins the subjective moment of bounded rationality. It follows that an established development path is going to be reinforced by network externalities, the learning process of organizations, and the historically derived subjective modelling of the issues at hand (North 1990a: 99). Long-run economic change then resembles a cumulative consequence of short-run decisions by political and economic entrepreneurs, reflecting subjective perceptions shaped by ideologies and beliefs and thus based on incomplete information (North 1990a: 103-104). As the underlying institutional matrix of interdependent rules and informal constraints evolves in an irreversible manner, then, its path dependence implies that historical events and their institutional absorption matter for understanding economic performance (North 1990a: 100). The complexity of that process is further intensified by polity-economy relationships and their inherent variety of bargaining constellations, which are framed by cultural inheritance. Once more, quite evidently, North's macro-view on ideologies as power-related means for the reduction of transaction costs that had been prevalent in "Structure and Change" from 1981 is emphatically replaced by a focus on subjective choice and learning in a behavioural micro-view of socio-economic evolution.

All of this leads to a reconstruction of the historical profile of long-run political-economic development, as viewed from North's evolutionary and behavioural perspective. In this line of reasoning, tribes evolve in different physical environments, developing informal constraints based on distinct languages and mental models which past experiences while providing cultural continuity. Specialisation in the division of labour leads to the establishment of increasingly complex institutions to capture the potential gains from trade involving anonymous exchange. This would fuel the emergence of particular polities and economies beyond tribal structures, as the diversity

of experience and learning contributes to the differentiation of societies with different degrees of success in coping with the fundamental economic problem of scarcity. Crucially, the polity needs to provide means for credible commitment to long-term contracting as an indispensable condition for sustained cooperation. Yet the capacity for creating the necessary institutions is rooted in the historically rooted artifactual structure of society with its historically rooted ideologies, which allows only on very rare historical occasions for the establishment and maintenance of institutions that support impersonal exchange (North 1994a: 385-386). In other words, the evolution of the market system becomes a historical chance discovery in a setting of experiences and ideologies that are not to be altered in a voluntary manner. Yet in this context, the question arises in how far North's argumentation proceeds with a quasi-cultural determinism regarding economic development. It is this question, which has informed the completion of the cognitive turn in his most recent work.

#### **4. Beyond the Cognitive Turn: The Concept of Cultural Scaffolds**

North's most recent – and possibly final grand work “Understanding the Process of Economic Change” from 2005 is meant to revise a long-standing blind spot of earlier studies, namely the deliberate character of societal change. In this manner, North completes his cognitive turn towards an evolutionary and behavioural approach in the institutional analysis of economic development. The theory of the state, perceived as a subset of these theoretical efforts, keeps its central position in that regard. North actually takes a point of departure in arguing that the Darwinian theory of evolution needs to be complemented by a renewed emphasis on human intentionality, highlighting individual and collective choices that are shaped by the perceptions of the actors regarding the consequences of their actions, as outlined in their cultural beliefs. In line with these considerations, the transaction cost perspective now includes the problem of knowledge coordination as a key feature, for the sources of transaction costs in an economy involve not only measuring the valuable dimensions of goods and services, protection of property rights, and enforcement of agreements, but also the integration of dispersed knowledge (North 2005: 158). Yet despite the Hayekian flavour of North's cognitive turn, he points to major deficits in Hayek's theory of cultural evolution. Primarily, Hayek is said to emphasise the role of spontaneous order in a way that neglects human intentionality and the deliberate structuration of human interaction, which is subject to the historical forces of path dependence (North 2005: 51-52). Moreover, Hayek's emphasis on the price system as a coordinating device of complex economic systems overlooks the non-ergodic character of evolutionary change, involving novelty, externalities, and imperfect information. At least the Hayekian notion of persistent variety as a condition of institutional competition in decentralised trial-and-error experiments gets it right (North 2005: 163).

In this context, the crucial controversy to be examined is concerned with the kind of institutional scaffolding that is partly based on genetic endowments which coin the instinctive cooperation within small groups, while it also involves the cultural evolution of institutions favouring larger group cooperation. The actual mix between genetic architecture and cultural heritage is thus in the centre of analysis (North 2005: viii-ix). It is related to the changing character of uncertainty in the evolution of human civilisation, namely from a type of uncertainty caused by the natural environment to a type of uncertainty caused by intentional human action, which alters both the human and the natural environment by affecting demography, knowledge, and institutions as factors of economic development (North 2005: 43-44). This variable mix of genetic and cultural

components informs the diversity of development patterns as it determines the mode in which the human mind acts on and reacts to the transition of belief systems from one dealing with the physical environment to one dealing with the human environment (North 2005: 45). In line with the cognitive turn in his approach, North locates the chosen path of development in the relationship between human mind and cultural beliefs. Yet by doing so, he seemingly promotes a brand of methodological individualism that ignores almost completely the impact of social aggregates, such as groups and classes in collective action as well as the social structures they constitute in promoting the particular interests and power positions.

This assessment is corroborated furthermore by North's implicitly subjectivist claim that understanding the process of economic change requires understanding beliefs on the level of individuals as well as shared beliefs that form belief systems, for the social world would be a mere construction of the human mind. In this manner, the way individual consciousness interacts with the diverse experiences that produce diverse cultural patterns needs to be addressed in analysing the origins of belief systems that provide a favourable milieu for the creation of productive political and economic institutions (North 2005: 83-84). A crucial factor in the difficulties of achieving the institutional means for promoting economic development is to be derived from the non-ergodic character of economic and social processes, that is, their continuous change through the introduction of novelty, which disrupts established structures. From this non-ergodic character of change follows that non-rational beliefs tend to belong to the key elements in coping with novelty and the uncertainty it causes, for the rational core of historical experiences may be inapplicable in disruptive constellations caused by novelty. The imperfect perception of environmental conditions that accompanies these non-rational beliefs then leads to the historical persistence of inefficient institutions as a major developmental hindrance (North 2005: 21-22).

As the process of economic development is based on specific patterns of individual and collective learning, highlighting a diversity of local experiences that is filtered through specific belief systems, it becomes obvious that developmental efforts benefit from those belief systems, which promote a favourable artifactual structure embracing novelty and change. Institutional diversity then becomes a key component of adaptive efficiency from an evolutionary viewpoint (North 2005: 70). A major obstacle in the formation of market institutions is the aspect that the corresponding institutional conditions for impersonal exchange may contradict genetic dispositions that have evolved in a hunter-gather environment. It follows that adequate institutional frameworks are needed for coping with possible tensions between mind and environment in facilitating the establishment and maintenance of market exchange – also of political democracy as a complementary system (North 2005: 71-72). Given this emphasis on the mind and its construction of social reality then, the aspect of social interest groups and struggles for political-economic dominance only receives a treatment in passing, actually in relation with the role of institutions in the reduction of uncertainty through behavioural predictability. Indeed, at this point, North points out that the formation of institutions may also increase uncertainty for certain groups despite the positive net effects on predictability. The prime example is the historical impact of the development of property rights, which is said to have increased uncertainty at least for all those who followed traditional modes of a collective use of resources. Thus, as institutions also reflect the particular interests of social actors and groups, their impact on beliefs remains context-specific (North 2005: 14-15).

A further difficulty in coping with the role of ideology and beliefs in economic development is posed by the trade-off between conformity and diversity, that is, the degree of variety which still allows for developmental coherence. The state and its system of education plays a major role in that regard. Common institutional structures, including educational institutions promote shared beliefs and perceptions. The resulting common cultural values reduce divergent mental models and thus allow for an intergenerational transfer of unifying perception by cultural means (North 2005: 27). Ideological conformity – in particular promoted through religious beliefs – then represents a major force in reducing the costs of maintaining order, that is, the transaction costs of running the political-economic system. However, it also adds to the social costs of preventing institutional change by punishing dissenters and deviants. North actually refers to Hayek as he suggests that conformity may be very costly in a non-ergodic setting of novelty and uncertainty, for it would contradict the need for innovativeness in institutional adaptation to data changes (North 2005: 42). For North follows: “Over time, the richer the cultural context in terms of providing multiple experimentation and creative competition, the more likely the successful survival of the society” (North 2005: 36). Historically, this evolutionary thesis is illustrated with references to the political and religious diversity that supported the historically unique pattern of economic growth in Western Europe during the early modern age (North 2005: 42-43).

Yet the developmental relationship between religious beliefs and economic growth is actually more complex than that. North is particularly critical of the Weberian perspective on the economic impact of religious beliefs, for it would lack a convincing reconstruction of the causality running from religious beliefs to the formation of specific institutions that support economic growth. Rather, according to North, the analytical emphasis should be on learning processes that shape the evolution of those beliefs, which filter information and knowledge (North 2005: 135-137). In the historical case of European development, then, the foundation of beliefs was Latin Christendom in the Middle Ages, evolving differently due to diverse local experiences, and thus allowing for the formation of institutions that would promote the division of labour and market exchange based on the recognition of individual rights. North makes the case for the Netherlands and England, where experiences fostered the evolution of belief structure in directions that led to modern perceptions of freedom, quite in contrast to the Spanish case (North 2005: 145). However, an interpretation of these considerations poses the problem whether this historical evolution of rules and beliefs primarily reflected local experiences and learning procedures – or whether there were also political struggles among social forces and interest groups to be taken into account more explicitly. Again, the difference in emphasis between North’s earlier considerations on the social construction of property rights and his latest proposals on the subjective construction of belief systems is evident. These pitfalls of North’s subjectivism become even more problematic when the level of collective values is left in favour of reconsideration of the individual beliefs of the great men in history. Indeed, North implicitly claims a primacy of subjective beliefs in the evolution of economies and politics, as exemplified by the case of Soviet failures in coping with the developmental challenges of adaptive efficiency. Here, North seriously suggests that the historical sequence of events in Soviet Russia during the 1920s reflected the evolving views of Bolshevik leaders like Lenin, Trotsky, and Stalin (North 2005: 147). Yet again no mention made of social conflicts in this catastrophic decade with its political struggles and the diverse social forces involved in these – both domestically and internationally.



Analytically, therefore, this way of reducing the dynamism of institutional transformations to the variable beliefs of individual actors leaves a lot to be desired.

**Table 1: North's Concept of Cultural Scaffolds**

<i>Elements of Cultural Scaffolds</i>	
<i>Physical Capital</i>	<i>Human Capital</i>
<p>Material Artefacts:</p> <ul style="list-style-type: none"> <li>• Tools</li> <li>• Techniques</li> <li>• Instruments</li> </ul>	<p>Knowledge:</p> <ul style="list-style-type: none"> <li>• Beliefs</li> <li>• Institutions: <ul style="list-style-type: none"> <li>- Political Structure</li> <li>- Property Rights</li> <li>- Social Structure</li> </ul> </li> </ul>

(Source: see North 2005: 48-49).

However, in summarising the completed views of the cognitive turn in institutional analysis, North proposes that the cultural context which determines the orientation of belief systems may be denoted as a cultural scaffold in shaping human interaction. As depicted in table 1, this scaffold contains both physical and human capital, that is, material artefacts that are primarily meant to control the environment as well as the stock of knowledge embodied in beliefs and their reflection in institutions. Belief systems function as cognitive filters that shape the internal representation of economic and social conditions, while institutions are structures that are imposed on these conditions, thus representing an external manifestation of the internal representation – highlighting the beliefs of those actors who hold positions that allow for a deliberate formation of institutions. In particular, institutions contain the political structure framing political choices, the property rights structure defining formal economic incentives, and the social structure with its norms and conventions that outline informal economic incentives. (North 2005: 48-50). Thus, again, the aspect of social power becomes a feature of the beliefs of powerful actors in the polity, once more reflecting North's shift of emphasis towards subjectivist foundations in the explanation of the dynamism of political-economic systems. All of this leads to the formulation of a causal sequence of cultural evolution, pointed out in graph 1 below (North 2005: 155).

**Graph 1: The Northian Sequence of Cultural Evolution**



(Source: North 2005: 155).

The sequence itself seems to follow a linear process, although much speaks for an interpretation in terms of a process of cumulative causation that would involve feedback mechanisms between the involved components. Decisively, then, a question arises that seems to transcend North's current framework: in how far will policies and outcomes feed back on beliefs – and what would this mechanism imply for a reconsideration of the social construction of beliefs and institutions.

According to North, however, the role of the state remains decisive in that process of cultural evolution, for polities define and enforce economic institutions, in particular the structure of property rights, and thus shape economic performance. Therefore, with respect to policy applications of these ideas, the heart of development policy must be the building of polities that will create and enforce efficient property rights (North 1995: 25). Then again, regarding these policy conclusions, North also distinguishes between replicable and non-replicable institutions. Replicable institutions are associated with policy-related means for the reduction of transaction costs that provide distinct incentive structures for productivity-improvement, involving uniform systems of weights and measures, technologies for measuring and specifying property rights, judicial system for reducing costs of contract enforcement, as well as institutions for the integration of dispersed knowledge (North 2005: 159). Generally required is the formation of a complex structure of institutions and symbolic storage systems that have the capacity to integrate the dispersed knowledge of modern complex systems while reducing transaction costs (North 2005: 73). Accordingly, the historical developmental success of the Western countries is said to be rooted in their diverse local experiences in different physical and social settings, allowing for varying degrees of institutional flexibility in the formation of beliefs that could cope with the uncertainty of an ever more complex human environment with its ongoing expansion of formal rules and corresponding enforcement mechanisms (North 2005: 100-101).

Yet due to the inertia of informal constraints, a simple policy transfer of formal institutions from industrialised economies to developing countries is insufficient for providing an adequate developmental setting (North 1994b: 366-367). The underlying limits of institutional design are primarily associated with the impact of cultural heritages. First, established institutions may resist change as they may be interwoven with hegemonic beliefs or with the interests of powerful actors. Second, institutional change may be confronted with the interdependence of diverse sets of institutions. Third, informal institutions are not subject to deliberate short-run change while enforcement characteristics are to be controlled only imperfectly (North 2005: 156-157). In consequence the evolution of an ideal political model remains subject to undetermined changes. It would contain an institutional matrix that produces sets of organisations and rights, which promote exchange relationships on economic and political markets based on credible commitments of the state regarding the application of rules and their enforcement, all of this framed by sets of norms and coercion mechanisms that encourage an adequate degree of conformity (North 2005: 157-158). However, despite North's sensitivity regarding the policy limitations of his approach, it remains evident that further efforts are required to reconcile the basic elements of his cognitive turn with earlier positions on the social construction of institutions and ideologies. This becomes even more pressing, when it is taken into account that North's approach to the theory of the state takes the setting of market exchange and here in particular the aspect of property rights as its point of departure without a further specification of the institutional aspects related to modern industrial economies with

elements like industrialisation, wage labour and industrial relations. Making sense of North's perspective therefore demands the preparation of a Post-Northian approach that would be able to address these issues while retaining the evolutionary modification of the transaction cost framework.

### **5. Making Sense of North: A Modest Proposal for a Post-Northian Approach**

The major approaches to institutional analysis in the new institutional economics tend to complement each other regarding the actual levels of analysis they are proceeding with. Oliver E. Williamson distinguishes four interrelated levels of analysis in dealing with the historical range and inherent dynamism of institutional change. The first level denotes the matter of social embeddedness, that is, informal institutions such as beliefs, which are the result of an evolutionary process with spontaneous features that stretches over several centuries. The formal institutional environment on the second level is subject to comprehensive restructuring in a much shorter time span, usually within the confines of a century. It addresses formal rules of the game, as conceptualised by North, such as property rights frameworks that are shaped by polity, bureaucracy and judiciary. Governance on the third level then addresses the actual play of the game, to remain true to North's metaphors, highlighting the role of contractual arrangements that are designed to align governance structures with the corresponding transactions.

Institutional change on that level may be subject to a time horizon of several years. The fourth level deals with continuous change in the agency-oriented domain of resource allocation whereas a fifth level of individual mechanisms addresses the evolutionary formation of the mind (Williamson 2000: 596-600). With respect to that scheme, it may be argued that North's cognitive turn contains an analytical shift in emphasis from the social construction of ideologies as a means for economising on transaction costs to a perception of ideologies as an immediate representation of individual and collective experiences in a specific socio-ecological environment. Instead of institutional structures involving property rights regimes and ideological frameworks it is the matter of subjective cognition in the interpretation of environmental data, involving ideologies as cognitive filters and communication devices, which is taken to the fore. This shift resembles a spread of analytical interests from the first and second levels of institutional analysis in Williamson's scheme towards a constellation, in which these aspects of informal and formal institutions are augmented by a concern with the formation of the human mind in the fifth level of analysis. In this sense, North is looking for cognitive microfoundations of his theoretical project on institutional change, which reinforce the persistent concern with the cultural determinants of economic development.

In terms of the intellectual foundations of this analytical venture, recent assessments of North's contributions have repeatedly addressed its compatibility with the preceding efforts of historical and evolutionary institutionalism. Right from the outset, North's more recent research on the economic impact of ideology and culture resembles earlier institutionalist and historicist work, as promoted in particular by the German Historical School (Richter 1996: 579-580). Indeed, cultural topics represent a key concern of traditional institutional economics that tended to view the economy as a component of an encompassing cultural system of society (Dugger 1990: 427). In so far, North seems to revive traditional institutionalist topics – although with a more Hayekian approach in mind. Nonetheless, with the concept of path dependence in the background of his efforts, North at least deviates from neoclassical optimisation schemes and thus opens the debate once more for evolutionary thinking (Dugger 1995: 456-457). In particular, North's attempts of integrating the concept of ideology into the transaction cost

approach allows for a reconsideration of traditional institutionalist topics such as the cultural determinants of economic change – despite the qualification that his persistent sticking to the model of self-interested maximisation under conditions of bounded rationality hinders further theoretical moves into the evolutionary domain (Rutherford 1995: 446-447). In this, North's reasoning is actually in line with a research trend in modern institutional economics that highlights the importance of differing cultural belief-systems for the evolution of distinct modes of social organisation. For instance, in Avner Greif's differentiation of individualist and collectivist societies, it is the belief-system of these societies that determines their developmental capacity in the setting of an extended market system (Greif 1994: 915-916). Yet in its most dynamic components, North seems to get ever closer to evolutionary reasoning. North's theory of paradigmatic changes in ideologies is thus singled out as a major achievement in evolutionary theorising for its combination of gradualism and punctuation (Fiori 2002: 1035-1036). Again, this confirms an underlying tendency of a convergence of Northian ideas with traditional institutionalist thought of the Veblenian brand, involving evolutionary reasoning on the endogenous character of institutional change in a complex socio-cultural environment (Hodgson 1998: 185).

More critical voices, however, tend to address rather specific topics in North's theorising. Here, the theory of the state plays a crucial role. At this point, a reminder of the discursive terrain of the new institutional economics may prove to be useful. In the formation of the transaction cost paradigm, Williamson's theory of economic organisation attacks the state-centred views of legal centralism and proposes instead private ordering in contracting and exchange as an analytical focus. Yet by doing so, it overshadows the relevance of the state almost completely (Hodgson 1988: 154-155). This is the point of entry for North's concern with the paradoxical role of the state in economic development. Yet this point of entry has already invited critical responses. It has been argued that North's reasoning derives the state in a functionalist fashion from requirements of a third-party enforcement of property rights, thus abstracting from its more complex and perhaps contradictory substance. This goes well together with a line of criticism that addresses the lack of specifying the plurality of conflicting interest groups within the state apparatus itself, in particular regarding the role of administration and its relationship with competing interest groups. Ideology would have to exercise a major impact in that regard, yet in North's theory of the state it is not adequately dealt with (Fine and Milonakis 2003: 557). In other words, despite the various extensions of North's theory of the state, involving a democratic polity and political markets, it seems that the state remains an exogenous factor in economic development and socio-cultural change.

These difficulties with North's theory of the state are also reflected by critical reactions to the problem of individualist reductionism in Northian reasoning. Indeed, it has been argued that a major problem of North's cognitive turn is related to the analytical status of methodological individualism, that is, the problem of outlining an individualistic conception of cognition and culture that may be contrasted with more holistic concepts of their social construction – although North's appreciation of inter-subjective communication through shared mental models may also allow for the latter (Dequech 2002: 569-570). Nonetheless, it is decisive that the cognitive turn in North's theorising implies an interpretation of ideology as a means for the subjective deciphering of environmental data, set in a particular socio-cultural context (Vandenberg 2002: 224). These individualist foundations of North's positions signify a continuous element in his thinking. Taking the individual as a point of departure then implies a neglect of the

aspects of social context and historical specificity, all of which should actually belong to the key features of a historical and evolutionary perspective (Zouboulakis 2005: 140-141). Essentially, in all of North's contributions, ideology serves foremostly as a residual factor that covers the cases which are not to be explained by resorting to individual rationality. It also informs the overcoming of Olsonian free rider problems in collective action. Yet in this context, it is not entirely clear, in how far ideology belongs to the structural features of society and in how far it is subject to human agency. As it is situated between social construction and subjective cognition, it is definitely part of a social process, which requires further specification. In consequence, North's emphasis on the subjective sources of ideology stands in the way of addressing the social determinants of ideology in terms of a Mertonian assessment that would account for its contested qualities as a social construction (Fine and Milonakis 2003: 560-562).

All of these difficulties in approaching the socially constructed and politically contested character of institutions have coined contemporary efforts in the new institutional economics, which were meant to parallel North's research agenda. A prime example of these efforts is Margaret Levi's predatory theory of rule with its claim that a decisive desideratum of state theory rests with an analytical foundation of macro-historical concerns with social power and conflict, as addressed by Marxists, in the micro-perspective of the new institutional economics that would involve a transaction costs framework with rational and self-interested actors (Levi 1981: 437-438). Levi's approach to predatory rule thus models rulers as individuals or collectives that behave in a predatory manner as they design and implement property rights in a manner that maximises their own wealth and power. These rulers are primarily constrained by subjects whose bargaining power is exceptionally high, as they may hold strategic resources or are shielded by constitutional arrangements (Levi 1981: 438-440). The ensuing constellation of dependency and enforcement reflects institutional aspects such as, first, the distribution of military, political and economic resources, second, the constitutional arrangement of the polity, third, the ruler's capacity in measuring the value of production and exchange transactions, and fourth, the ruler's monitoring capacity regarding compliance (Levi 1981: 447). Ideology enters the picture in combination with the matter of monitoring capacity. As a mode of norm internationalisation that resembles the self-supervision of political-economic actors, then, ideology may reduce free riding, shirking and other facets of behavioural opportunism (Levi 1981: 457). While these considerations remain quite close to North's related positions, Levi still attempts to transcend the limitations of his – and her own – framework by suggesting that a more dynamic type of reasoning needs to involve the evolution of productive systems, distribution patterns, constitutional arrangements and institutional systems of enforcement and monitoring, accompanied by a more intense exploration of the role of ideology (Levi 1981: 465).

Implicitly, these concerns have been taken on in Knight's theory of institutional change with its emphasis on power asymmetries and distributional effects. Knight views institutions as the result of the power-related bargaining efforts of some actors to constrain the actions of others with whom they interact. This implies that institutions become a by-product of conflicts over distributional gains (Knight 1992: 19). Beliefs and expectations then lead to distinct sets of ideologies and institutions, for these provide the knowledge about behavioural regularities that bind together the members of a community (Knight 1992: 81-82). This social construction and contested character of ideologies in the evolution of states and markets is also addressed by Sened's "neo-liberal" theory of the state. He denies the conceptual need for relying on consensual

social contracts at the outset of the evolution of the market system. Instead, he argues that the social contract is in continuous flow due to the interventions of powerful interest groups and political entrepreneurs, which fuel bargaining over political power. As a reflection of ideological considerations, then, the structure of the social contract only comes to reflect the impact of “deep preferences” concerning the societal organisation of law and order (Sened 1997: 182-183).

Another variant of this kind of reasoning on the social construction of institutions in states and markets is provided by the application of Olson’s theory of collective action to the problems of state-building. Olson proposes that the point of departure for a theory of the state should not be the ideal case of voluntary exchange in a Coasean bargaining framework with voluntary transactions that are limited by the prevalent level of transaction costs. Rather, state theory should be about political power and the use of force in the formation of modern states (Olson 2000: 2-3). In this line of reasoning, the idea of the social contract as a voluntary agreement that allows for exiting from anarchy resembles an account of spontaneous organisational capacity in collective action, which is theoretically as well as empirically contradicted by Olson’s approach to collective failure (Olson 2000: 70-71). Accordingly, the predatory logic of state formation based upon the installation of a ruler who provides security in exchange for revenue, remains at odds with harmonistic impressions regarding the logic of political rule in modern states. However, despite its alleged political-economic realism, it has been argued that Olson’s approach suffers from an apparent neglect of ideological factors in its theoretical framework, especially regarding the matter of politics and political mobilisation (Green and Shapiro 1994: 79-80). Thus, Olson neglects what may be a primary factor in the formation and maintenance of the modern state and its efforts in nation-building, namely the role of collective identity in the mobilisation for collective action (Udehn 1996: 277). In this manner, ideology may be interpreted as a motivational constellation, which transcends limitations of self-interest by furthering a non-profit pursuit of non-rival goals and therefore contributes decisively to the reduction of transaction costs in economic organisation (Jones 2004: 463). Consequently, ideology may serve as an institutional fix in safeguarding the cohesion of a complex society subject to the division of labour.

Following this kind of argumentation, and by doing so providing first hints at a possible integration of Northian and Olsonian ideas, then, Barzel’s most recent attempt in elaborating on a property rights approach to the theory of the state revives an analytical point of departure originally shared by North’s transaction cost theory of the state. The relationship between states, markets and ideologies is pointed out in a straightforward manner regarding the maintenance of market process. Appeals to certain ideological values, for instance in terms of business morals and business ethics, may reduce transaction costs and by doing so further a growth-enhancing extension of the division of labour. In this case of an appeal to ideological principles, it is not necessarily the state with its comparative advantage in the use of violence that acts as major third-party enforcer but it may be other organisations like religious ones that play this part in executing contract enforcement (Barzel 2002: 56-58). In this setting, ideology may be created and enhanced through the efforts of the involved parties. This holds in particular for the evolution of long-term relations in exchange, which may be hampered through the immediate use of violence by the state as a third-party enforcer. Here, a common ideological bond may be more efficient in terms of enforcement activities and the related reduction of transaction costs (Barzel 2002: 68).

It follows that ideologies may be perceived as social constructions, which have the potential to fulfil a set of monitoring and enforcement functions usually associated with the state and its legitimate monopoly in the use of violence. Circumventing these measures of last resort puts the internalisation of market-friendly norms and conventions to the fore, potentially enforced by religious organisations and other civil society organs. Implicitly, in this manner, the concerns of the new institutional economics converge with a discussion of state power, market evolution and societal ideology that is quite common in the disciplines of political sociology and political science (Giddens 1987: 8-9, Poggi 1990: 16-18, Mann 1993: 59-60). This discussion already outlines the basic points that may be addressed by the building blocks of a Post-Northian approach to the theory of the state. Such a recovery of the social contents and developmental functions of the matter of ideology may address the problem of the Prisoner's Dilemma as a primary point of reference for further arguments. Here, Axelrod's claim is relevant that the capacity for societal cooperation may be subject to policy-related support measures, involving efforts in shifting the cultural predisposition of individual behaviour towards a reciprocal recognition of cooperation (Axelrod 1984: 125-126). Additionally, politically crucial aspects like ideology and leadership would come to point at the necessity of combining behavioural dimensions with the impact of societal power relations (Axelrod 1984: 190). The social construction of ideology thus appears as an institutional means for furthering cooperative behaviour in a contested terrain of conflicting interests.

Similar claims have been outlined in Williamson's transaction cost theory of economic organisation, as addressed by the notion of the fundamental transformation that is said to tackle contractual interdependencies based on a bilateral supply of specialised investments. Such a constellation entails communication economies, which promote a specialised code of communication that may lead to sustained cooperation (Williamson 1985, p.61-2). Drawing on these concerns, Kreps argues that coping with contingencies within a hierarchical mode of governance invokes aspects of reputation in a setting of unobservable behaviour, contributing to the formation of a distinct corporate culture. The basic function of such a culture is the communication of consistent action principles that promote the identity of an organisation (Kreps 1990: 125-127). In this regard, corporate culture seems to represent a subset of a broader conception of ideology as a social coordination device. Again, an economy-wide perspective would have to account for the matter of power asymmetries and distributional effects in institutional evolution, for ideologies emerge as a reflection of social conflicts, thus contributing to a stabilisation of beliefs and expectations that is in accordance with the self-interest of the most powerful actors while binding together the members of a community (Knight 1992: 81-82). Yet complementing these aspects of institutions and ideology, the Olsonian position remains basically valid with its claim that political power and the state's legitimate monopoly in the use of violence belong to the basic rationale of government – also in the context of modern industrial societies (Olson 2000: 2-3).

Accounting for the interplay of ideology and transaction costs in the evolution of states and markets, then, the institutional constellations of industrial production need to be taken seriously. Basically, the matter of production plays a marginal role in North's theorising. In a narrow sense, with regard to North's scheme of economic costs, it is settled beyond the conceptual confines of the transaction cost approach, for it belongs to the conceptual domain of transformation costs as a feature of total production costs. Moreover, from this perspective, the production process itself is viewed as a contractual governance structure that leaves no distinct conceptual space for power asymmetries

and social conflict. Thus, for a Post-Northian approach to the evolution of states and markets arises the need to introduce these issues as crucial topics in their own right. Indeed, while North derives most of his original transaction cost reasoning from the exchange sphere of markets, most relevant factors of social fragmentation and political ungovernability are rather rooted in the organisation of production with its features of industrial relations that contain wage labour in firm hierarchies. This is partly acknowledged by North himself when he points out that the Industrial Revolution involved an increase of specialisation in the division of labour that led to further increases in transaction costs, which were additionally framed by more complex production and distribution processes over space and time, involving the spread of new organisational forms such as the modern corporation as well as the intensification of social fragmentation that would fuel ideological divisiveness and political instability (North 1981: 66-67).

Historically, the ensuing decomposition of traditional community values tended to increase measurement costs in a manner that endangered the viability of factory system. However, it was actually met by cost-reducing disciplinary measures. These were accompanied by ideological investments in the legitimacy of industry, in particular by means of diffusing religious ideas such as the Protestant work ethic, that could be conducive to the market system (North 1981: 169-170). The related ideology of the nation as a “community of fate” of course belongs to the same class of ideological patterns that should promote a consensus atmosphere of rule compliance in a setting of rapid institutional change. Yet the creation of an extended market system with modern industry furthermore drives the expansion of a coercive political order with enforcement mechanisms beyond personal ties and voluntaristic constraints. The increasing complexity of the role of government in enforcing an ever extending range of rights is associated with the differentiation of industry. Indeed, modern production requires not only major efforts in the design and enforcement of property rights, but also concerning a more comprehensive set of rights related to education and infrastructures as well as to intellectual property and other institutional aspects of an extended market economy (Sened 1997: 179).

The latter point hints again at the role of knowledge and learning that informs North’s cognitive turn in institutional analysis. From a position that accounts primarily for the social construction and contested qualities of institutions and ideologies, then, the matter of cognition may be applied to the formation of institutional standards and hegemonic beliefs, which may contribute to cognitive coherence. They are paralleled by national ideologies that foster social pacification; an aspect which is crucial given the socio-economic disruptions stimulated by industrial innovation. In promoting economic development, these standards and beliefs may allow for a historically variable degree of institutional diversity while strengthening compliance through norm internalisation, which is also based on cognitive processes. Still, in advancing a Post-Northian perspective, the matter of ideology needs to be reconfigured at the level of social organisation and governance beyond the confines of cognitive subjectivism. In more formal terms, ideology may be approached as a particular type of knowledge, that is, as a public good supplied by a particular sector involving the polity, the systems of law and education as well as the media. This ideology-producing sector contributes to an economy-wide reduction of transaction costs by providing hegemonic schemes for the interpretation of socio-cultural data, thus promoting cognitive coherence and rule compliance. In this way, in an attempt to sustain interactions in an evolving market system under conditions of uncertainty, the social construction of ideology is subject to



the influence of powerful actors and interest groups. In this fashion, then, when viewed from a Post-Northian position, the politically contested character of ideology as a social construction may be combined with an evolutionary mechanism of local experience and learning. At last, this would allow for outlining the political economy of the underlying process of economic development.

## 5. Conclusion

In conclusion, the question may arise in how far North's concern with the conceptualisation of ideology, cognition and culture in the theory of the state addresses issues that are relevant for current development policies. Indeed, at this point, it needs to be underlined that North's elaborations on the relationship between states and markets as the fundamental dilemma of economic development have always implied major considerations with respect to development policy. These considerations apply most promisingly to the policy domain of state building and state reform, as exemplified by the World Bank debate on governance. It is this debate, persistently stimulated by North's ideas and concepts, which addresses the interplay of legal rules, social norms and culture in the process of economic development, by doing so exploring the prospects and limits of institutional design and policy interventions. The notion of governance has become prominent exactly due to its conceptual openness for an understanding of political authority and steering capacity apart from the formal institutions that are usually associated with the state. Indeed, governance also addresses informal institutions like beliefs and social norms that remain indispensable for any political-economic system (Hyden 1992: 6-7). A suitable definition of governance in a Northian spirit thus addresses the capacity of actors in a country's institutional matrix to implement and enforce public policies and to improve private-sector coordination (Ahrens 2002: 128-129). Regarding this conceptualisation, one may add that ideology would come to represent a structuration principle in the set-up of such an institutional matrix.

This position also shapes the domain of policy strategies promoted by the World Bank and other international organisations that constitute the institutional framework for development assistance and cooperation on a global scale. In related policy terms, then, governance is perceived as a cooperative steering approach that should allow for participation, transparency, efficiency and responsibility (Grindle 1997: 3-4). More specifically, the programmatic notion of "good governance" has become an integral component of the World Bank's strategic orientation. It concerns the efficient management of a country's public resources, addressing basic rules and regulations that shape the relationship between state, market and civil society (World Bank 2000). This orientation is related with the experiences of structural adjustment programs in the 1980s, which had been pursued in terms of privatisation and deregulation. Their negative results soon led to a reconsideration of the relationship between states and markets. In particular, the impact of the institutional order on the economic performance of a country has informed a concern with institutional deficits in a country's governance capacity as a decisive developmental hindrance. In agreement with that assessment, the World Bank suggests comprehensive governance reforms in all branches of government and administration (World Bank 1992). However, all of these measures are framed by the persistent need for a reform of the institutional underpinnings of the political-economic system. Derived from these concerns with policy reform, the World Bank's definition of governance highlights the manner in which power is exercised in the

management of a country's economic and social resources for development (World Bank 1994: XIV).

Yet also a more comprehensive concern with the institutional embeddedness of governance processes in the relationship between the state and civil society has been applied to the policy domain by international development organisations. The United Nations Development Program UNDP, in particular, makes use of such an encompassing approach to governance that meets the Northian concepts of formal and informal constraints most promisingly (UNDP 1997: 9). The UNDP views governance as the exercise of political, economic and administrative authority in the management of national affairs, addressing the institutional mechanisms, procedures, and relationships that are involved in the articulation of individual and collective interests. Distinct types of governance are taken to the fore that correspond with specific sectors of public policy, including economic governance, political governance, administrative governance, and systemic governance. The latter aspect pinpoints the cultural dimension of societal interdependencies between states and markets – and is thus closest to North's concern with the cultural determinants of economic development. However, also in this case, the tension between cognitive subjectivism and social construction as analytical devices remains. Thus, at least, North's cognitive turn in the theory of the state has hinted at a set of unresolved questions, whose exploration may yield decisive insights for further theorising on the evolution of states and markets.

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09

**European Governance Revisited:  
Perspectives of Institutional Reform**

## 1. Introduction

Following the failure of the referenda in France and the Netherlands that should promote the ratification of the European Constitution, the current crisis of the integration project is most visible regarding ongoing conflicts on the fiscal structure of the Community budget both on the income and expenditure sides. Highlighting these aspects, the problem of financing activities in education and innovation as required by the Lisbon process is contrasted with persistent income transfers to the agrarian sector. Thus, in accounting for the dimensions of democratic participation, fiscal structures and state capacity at the same time, the matter of governance and institutional reform remains of utmost importance for the future perspective of European integration. Indeed, it is safe to argue that problems of political leadership in the European Union will remain high on the policy agenda, as indicated by the British Prime Minister's speech to the European Parliament on 23 June 2005, for he pointed to the need for combined institutional and fiscal reform in implementing the Lisbon strategy on the competitiveness of the European economy (Blair 2005).

This conflict-ridden situation, however, indicates once more the need for critically examining a decisive reform proposal of the European Commission that was issued well before the final draft of the Constitution had been taken to the fore: the White Paper on European Governance, published in 2001, which discusses major aspects of institutional reform in an Enlarged European Union (Commission 2001). It is settled in the rather provisional procedures of the Post-Nice setting, while awaiting a constitutional consensus on the institutional foundations of European integration. Therefore, it had been discussed primarily as a statement of the Commission from the perspective of preparing the process of constitutional design. However, it is currently more adequate to account much more specifically for the actual strategic content of the White Paper. In particular, the orientation towards the notion of governance as a key concept in the Commission's proposals provides for the persistent analytical relevance of the White Paper after the failure of the ratification of the European constitution. Indeed, it refers to the continuous search for an adequate institutional matrix in support of both legitimacy and efficiency.

Understanding the conceptual implications of the notion of governance requires some elaboration. As a point of departure, public goods may be approached as multi-actor products, for various actors apart from the state are involved in coordinating their provision, in particular coming from the private business sector and civil society (Kaul 2001: 255-6). In contrast to the notion of government with its hierarchical connotations, governance addresses reflexive self-organisation and rule-based, decentral steering capacities in the policy domain. In terms of its concern with both administrative efficiency and democratic legitimacy, governance is perceived as a cooperative steering approach that should allow for participation, transparency, efficiency and responsibility, quite in accordance with rule-guided procedures that have become prominent in discussions on the reform of government and administration under the moniker of "good governance" (Grindle 1997). Thus, the notion of governance addresses the organisational conditions for reforming procedures of policy-making in government and administration on the basis of democratic principles, yet it is also concerned with the inclusion of civil society and private sector in the formulation and implementation of public policy (Kjaer 2004: 3-6).

Based on these considerations, the following sections proceed with a reconstruction of the major lines of reasoning in the Commission's White Paper on European Governance, pointing to the implications of the notion of governance as a device for

institutional reform. The presentation is arranged as follows. The first section deals with Commission's diagnosis of the state of European governance in the situation of the Post-Nice process of integration, addressing the prospects for institutional change and policy reform based on the principles of good governance. The second section explores the Commission's more detailed proposals for change, in particular coping with the matter of democratic participation and the inclusion of the issue-specific networks of civil society. The third section summarises related arguments on the future course of European governance, highlighting the propositions for reorienting both policies and institutions. Finally, the fourth section seeks to evaluate the White Paper's statements in the context of related efforts in theorising on European governance, in conclusion emphasising the persistent relevance of that topic beyond the failures in ratifying the European constitution.

## **2. European Governance as a Strategic Perspective on Institutional Reform**

The White Paper on "European Governance", published on 25 July 2001, is presented in four chapters dealing with the reasons for a reform of the system of governance in the European Union, the principles of good governance, and distinct proposals for change that address the policy-related matter of involvement, regulation and delivery as well as the role of global governance as arguments for refocusing policies and institutions in a comprehensive reform process (Commission 2001: 2). In this context, the Commission addresses the notion of governance in agreement with established interpretations from the discourse on reform strategies in government and administration, applied to the matter of European integration: "'Governance' means rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence" (Commission 2001: 8).

These principles of good governance represent the conceptual core of the Commission's reform proposals and the underlying strategic outlook on the role of the state in the process of European integration. This exposed status of the notion of good governance is also prevalent in the presentation of the key concerns of the White Paper that are presented in its Executive Summary. Right from the outset, the White Paper argues that the complexity of policy formulation and implementation in the European Union is not adequately met by the established institutional set of governance structures and processes, thus contributing to a deepening crisis of legitimacy in its citizenry. The corresponding strategic outlook is characterised as follows: "Many people are losing confidence in a poorly understood and complex system to deliver the policies that they want. The Union is often seen as remote and at the same time too intrusive. (...) The White Paper proposes opening up the policy-making process to get more people and organisations involved in shaping and delivering EU policy. It promotes greater openness, accountability and responsibility for all those involved" (Commission 2001: 3).

By explicitly addressing a comprehensive array of institutions – involving central government, regions, cities, and civil society – the White Paper underlines an argumentation that perceives governance in a multi-actor and multi-level policy context. With regard to the resulting proposals for change, then, this orientation towards an institutional setting of multi-level governance that should contain a wider sphere of interactions with civil society is accompanied by an emphasis on the need for both legislative and non-legislative instruments. This perspective on governance as an



institutional process is presented in terms of a renewal of the Community method of policy-making, which implies a flexibilisation of the separation of legislative and executive powers between Commission, Council and Parliament: “The Union must renew the Community method by following a less top-down approach and complementing its policy tools more effectively with non-legislative instruments” (Commission 2001: 4).

Accordingly, the flexible correspondence of governance profiles with the institutional mechanisms of deliberative democracy is taken to the fore. In particular, this aspect of public discourse and civil society involvement in the actual terrain of policy-making is reflected by the measures that are specified in the proposals for change. They involve measures of e-Governance provided by the Commission, accompanied by measures that should support interactions with regional and local governments as well as with organisations of civil society. Recommended means are multi-level dialogues among regional, national and Community levels in the policy process, local flexibility in implementing Community legislation, and the standardisation of more transparent consultation procedures, to be accompanied by improvements in the preparation of policy results through diverse policy tools, simplified legal rules, more transparent external advice, and improved mechanisms for enforcement and regulation (Commission 2001: 4-5).

Moreover, well in addition to the matter of governance in terms of an institutional reform of policy processes, the White Paper refers to the matter of global governance in combination with the notion of good governance, interpreting both as concepts for a more effective international dialogue with governmental and non-governmental actors: “The Union should seek to apply the principles of good governance to its global responsibilities. It should aim to boost the effectiveness and enforcement powers of international institutions” (Commission 2001: 5). This strategic orientation towards the international position of the EU is paralleled by a concern with refocused institutions in the division of responsibilities between Commission, Council and Parliament that should allow for increased policy coherence in accordance with established long-term objectives (Commission 2001: 6).

The latter aspect points to the projected renewal of the Community method as a key concern of the reform of the European system of governance, highlighting a separation of powers in which the European Commission makes specific legislative and policy proposals in its function as guardian of the Treaties, who represents the Community in international negotiations; whereas, fundamental legislative and budgetary acts are adopted by the Council of Ministers as representative of the Member States and the European Parliament as representative of the citizens. While the execution of policy is entrusted to the Commission and national authorities, the European Court of Justice enforces the rule of law (Commission 2001: 8).

This leads to the question of the Commission’s perception of governance as a conceptual framework that should inform the reform of the institutional architecture of the European Union. According to the White Paper, the five principles of openness, participation, accountability, effectiveness and coherence are singled out as factors that underpin good governance and the changes proposed for the institutional reform of policy-making in the European Union, promoting democracy and the rule of law in the Union’s setting of multi-level governance. Openness points to the matter of transparency in the formulation and communication of the various policies, paralleled by need for comprehensive participation in an inclusive mode of policy-making. Accountability then shapes the roles of EU institutions as well as national and regional

governments and other participating actors in the legislative and executive processes, thus contributing both to the effectiveness of policies and the coherence of these policies and corresponding action in the complex setting of a European Union its enlargement (Commission 2001: 10).

Moreover, these principles of good governance are said to reinforce decisive policy-related principles that result from the interpretation of the Treaties, namely proportionality and subsidiarity. They highlight the choice concerning the level at which policy action is actually to be taken as well as the selection of adequate instruments. In conclusion, due to the increasing complexity of the Union's policy agenda regarding both internal and external affairs, the corresponding mode of governance is need of a systematic adaptation towards more flexibility in practice: "This means that the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels" (Commission 2001: 11). With these concerns for civil society participation, then, the White Paper spells out a quite comprehensive set of specific proposals for change that need to be translated into detailed reform measures, subject to further scrutiny regarding their actual design and implementation in the policy process of institutional reform.

### **3. Towards a Refocused Mode of Governance in the European Union**

As put forward in the Commission's White Paper, the proposals for change regarding the reform of the institutional foundations of policy-making address four distinct points: first, the problems of participation and transparency as key concerns of the governance approach; second, the policy-related aspects of regulation and delivery that pinpoint the public good quality of policy-making; third, the external dimension of the reform process with regard to the matter of global governance; fourth, the strategic orientation of policy-reform and institutional change for the institutional matrix underlying European governance. Thus, even with regard to the discursive structuration of these proposals, the substantial comprehensiveness of the notion of governance, as taken to the fore by the Commission, becomes obvious. It ranges from democratic participation and deliberation over administrative efficiency to global governance. However, while that lack of conceptual specificity may reflect the multi-faceted character of the subject under consideration, it may also promote the realisation of contradictory interpretations.

Regarding the first aspect of an improved involvement of various actors in the process of policy-making, the argumentation of the White Paper takes its point of departure in references to the indispensable role of public debate, involving access to information as a requirement for the participation in communication among actors in the general public. At this point, the Commission is primarily viewed as a provider of knowledge and moderator of knowledge networks, based on information technology in terms of e-Governance (Commission 2001: 11-2). Moreover, reflecting the knowledge-related complexity of multi-level governance, the local and regional level of democratic participation and government activity should be strengthened, paralleling national involvement under conditions of increased flexibility and coherence. This should involve an institutionalised dialogue with European and national associations of regional and local governments, including the Committee of the Regions, as well as by the experimental launching of target-based contracts in the implementation of EU policies (Commission 2001: 12-4).

In addition to that, the Commission emphasises the outstanding role of civil society in voicing citizen preferences by promoting structured feedback channels and in delivering collective goods that contribute to meeting these preferences. In this line of reasoning, then, the domain of civil society should include trade unions and employer organisations, from a neo-corporatist perspective actually denoted as social partners, who can reach binding agreements that may be turned into Community law, following the consultation mechanism of the EU platform of social dialogue. Moreover, nongovernmental organisations, professional associations, charities, grass-roots organisations, local and municipal organisations, yet also churches and religious communities are mentioned as constitutive components of civil society (Commission 2001: 14-5).

The advocacy of an inclusion of the organisations of civil society in the communication and deliberation networks of European policy making is combined with a hint at the procedural responsibilities that coincide with participatory rights. In particular, the aspects of accountability and openness are mentioned with regard to the possibility of governance failure due to the sclerosis of exclusive networks. As in the case of participatory strategies, technological means of e-Governance are outlined as levers of institutional change, in this case through supplying databases that should assist in the reorientation of the internal structures of civil society organisations towards the principles of good governance (Commission 2001: 14-5). Moreover, the Economic and Social Committee is singled out as an institutional actor that should facilitate corresponding patterns of responsibility – while it is implicitly portrayed as an arena for producer-related interest groups. Indeed, the order of listing the various participants of that Committee speaks for itself, as the White Paper enumerates: “representatives of producers, farmers, carriers, workers, dealers, craftsmen, professional occupations, consumers and the general interest” (Commission 2001: 15). Evidently, the potential tension between the interests of both the latter groups and all of the former is not considered to be relevant for further scrutiny.

In agreement with these considerations, the Commission takes up the matter of consultation as a feature of policy deliberation. Beyond the confines of democratic dialogue with civil society organisations, the use of expert knowledge is taken to the fore as a major issue, which is also of concern for the European Parliament and its committees. At this point, the institutional advantage of a “reinforced culture of consultation and dialogue” is highlighted (Commission 2001: 16). Yet the lack of transparency and openness that is potentially related with these network-based modes of European policy making is said to require counter-measures like public reviews of consultative procedures, accompanied by a code of conduct with minimum consultation standards that could even prepare the ground for partnership agreements between the Commission and civil society organisations, combining reform efforts in external and internal governance dimensions (Commission of the European Communities 2001: 16-7). All of this points to the impact of issue-related networks in the domain of European policy making, which need to become more accessible for the general public (Commission 2001: 18).

The second line of reasoning that is associated with the White Paper’s proposals for change highlights the need for improving the implementation of policies, that is, the corresponding modes of regulation and their actual delivery. The underlying argument suggests that EU policies and legislation are getting increasingly complex, thus slowing down the legislative process. Accordingly, policy execution by the Commission needs more attention, reflecting an appreciation of expert advice in informing these policies.

Thus, a more efficient mode of policy-related regulation is envisaged, combining effective decision-making with differentiated policy instruments. These need to account for aspects like the relationship between formal rules and non-binding policy tools such as recommendations, guidelines, and self-regulation. Additionally, flexible instruments like framework directives are appreciated together with the primacy of primary legislative instruments that are concerned with basic rules, which should leave their detailed actualisation to the executive. This approach is also prevalent with regard to the notion of co-regulation as a means for combining legislative and regulatory action with actions commonly taken by concerned actors in line with their expertise, thus allegedly promoting rule compliance (Commission 2001: 19-21).

At this point, the Commission discusses the “Open Method of Co-ordination”, which has evolved as a flexible approach to sector-specific EU policy-making among various Member States, primarily in the areas of employment creation and social policy. It denotes a mode of co-operation through the monitored exchange of best practice in the context of common targets and guidelines. As the institutional character of the “open method” with its state-centred practices ranges well beyond the executive competence of the Commission, it is treated with critical distance, for it is said to potentially upset “the institutional balance” of European governance as defined in the Treaties – with the Commission as the decisive organ of centralised coordination and policy stimulation. Indeed, hinting at the established separation of powers as denoted by the “Community Method”, it is argued that the “Open Method” should not be used when legislative action under the procedures of the Community method is possible (Commission 2001: 22-3).

However, this argumentation points to an exposed role for the Commission in reforming both the formulation and implementation of legal rules that is said to be indispensable due to the increasing institutional complexity following European enlargement. Indeed, the proposed reorientation of legislation by Council and Parliament towards basic issues should go hand in hand with simplified legal rules, involving the more extensive use of differentiated policy tools like framework directives and co-regulatory mechanisms. This should allow for an improved application of these rules by the regulatory agencies of the EU, promoting their capabilities in drawing on sector-specific knowledge. Moreover, as the application of European Union rules on the national level remains in the domain of the nation-states themselves, strengthening their administrative capacity in terms of good governance strategies is viewed as decisive in proceeding with the rule of law. In this setting, monitoring the application of Community law should remain a task for the Commission, underlining its role as a guardian of the Treaties with supranational competences (Commission 2001: 23-5).

#### **4. Reform Proposals and the Community Method of Governance**

Proceeding with its reform proposals, the Commission explicitly addresses the matter of global governance, claiming that domestic reform will enhance international change and thus support the role of the EU as an actor with global reach (Commission 2001: 26-7). As the reform proposals are directed towards a sustainable division of competences among the various organs and actors of EU multi-level governance, however, the White Paper goes on with discussing the need for refocused policies and institutions. Actually it is argued that refocusing policies would allow for identify more clearly the long term objectives of the EU: “These may, with the overall objective of sustainable development, include improving human capital, knowledge and skills; strengthening

both social cohesion and competitiveness; meeting the environmental challenge; supporting territorial diversity; and contributing to regional peace and stability” (Commission 2001: 28).

In meeting these long term objectives, the Commission views itself as the decisive organ for initiating policy-related activities and steering the long-term agenda of European integration. Accordingly, the need for refocusing policies should promote the use of a revitalised Community method as an institutional framework that resembles a seemingly traditional yet controversial separation of powers between Commission, Council and Parliament: “Everyone should concentrate on their core tasks: the Commission initiates and executes policy; the Council and the European Parliament decide on legislation and budgets – whenever possible in Council using qualified majority voting, the European Council exerts political guidance and the European Parliament controls the execution of the budget and of the Union's policies” (Commission 2001: 29).

In particular, the Commission provides an assessment of its own function in the mechanism of European governance that underlines “Treaty tasks of policy initiation; execution; guardian of the Treaty; and international representation of the Community” (Commission 2001: 29). The Council of Ministers is criticised for a lack of capacity in political leadership needed for arbitrating between sector-specific interests, allegedly facing the situation that the Union has moved from a “diplomatic process” of partly formal and partly informal bargaining procedures to a “democratic process” of rule-based, transparent negotiations among legitimised policy actors. The European Parliament and the parliaments of the Member States are then singled out for stimulating public debates on the course of European integration; a function that should accompany efforts in monitoring the execution of EU policies and the implementation of the budget. In doing so, policy-oriented control measures based on political objectives were to replace procedures of detailed accounting that would lack strategic considerations (Commission 2001: 29-30). This should lead to a situation where simplified legislation could outline the basic terrain for the Commission’s executive role, to be monitored by Council and Parliament. Thus, legislative practices should assist in restructuring the complex set of regulatory and management committees under the leadership of the Commission (Commission 2001: 31).

Following these considerations, the White Paper finally outlines the course of European integration as an institutional process that is based on well established principles of good governance, namely openness, participation, accountability, effectiveness and coherence, which are said to promote the related principles of proportionality and subsidiarity, prominent within the conceptual framework of the Treaties (Commission 2001: 32). Moreover, the principles of good governance are also interpreted as key concepts for promoting a political vision of multi-level governance in the European Union with the Commission as decisive organ for monitoring, guidance and political leadership.

This orientation is also emphasised by the summarising enumeration of strategic thrusts that are said to promote the reform of policy making and policy implementation in the European Union. Generally, the proposals in the White Paper are said to contribute to the restructuring of the European Union’s relationship with civil society, involving a code of conduct for consultation that addresses the matter of responsibility and accountability and by doing so enhances a public dialogue, which contributes to the openness of civil society organisations. A related topic is the potential for making use of the dispersed skills, capabilities and knowledge segments of regional and local actors.

The proposals for reforming the mechanisms of European governance are thus to be interpreted as means for mobilising and using local knowledge for the purpose of the Community at large. In this line of reasoning, the European Union's multi-disciplinary system for communicating expert advice is to be made more transparent by opening it up to extended public debates (Commission 2001: 33).

Further topics in the governance agenda of the Commission are outlined by emphasising the need for establishing a more flexible mode of promoting EU policies, combining formal legislation with non-legislative and self-regulatory mechanisms. EU regulatory agencies should support these efforts by elaborating on sector-specific governance. Generally, a refocusing of the institutions of the European Union is taken to the fore. Yet these reform proposals are not necessarily linked with the requirement of Treaty changes, for the Commission underlines the need for political leadership within the established framework: "Carrying these actions forward does not necessarily require new Treaties. It is first and foremost a question of political will" (Commission 2001: 33).

Also the implementation of the reform proposals should primarily yield a refocusing of the decisive institutions in the scheme of European governance, namely Commission, Council, and Parliament. The proposals are meant to strengthen the leadership role of the Commission by allowing for a more targeted use of the right of initiative, as the mechanisms of consultation and involvement should support knowledge flows from other political institutions and civil society organisations. With EU legislation focussed on basic rules and regulations, Council and Parliament should be enabled to concentrate on long-run issues of political content in their legislative activities, while detailed operations are left to the executive, that is, the Commission. Therefore, the White Paper promotes strengthening the executive position of the Commission in a refocused separation of powers between the organs and actors of European governance (Commission 2001: 33-4).

In addition to the matter of competences among the organs of the European Union, the reconsideration of the mechanisms of multi-level governance in the process of European integration is said to require the effective involvement of national and regional organs and actors in the EU policy process, involving the formulation and implementation of adequate rules. At this point, the White Paper points to the need for intensified dialogue, institutional decentralisation as well as sustained co-operation between the involved administrations. Yet there is a second effect mentioned, which is oriented towards approaching national and regional governance organs as communicative transmission belts of the Commission, as they are designated for informing the relevant national and regional public about EU policies (Commission 2001: 34). Implicitly, therefore, the Commission assesses its own function as a nodal centre of communication networks with a European reach.

This self-assessment, as well as the underlying strategic orientation, are in line with the emphasis on a renewal of the Community method in the face of international governance challenges. Again, the Community method as a scheme for the separation of powers that is said to follow from the practice which has been established with the political formation of the Union, informed by the Treaty principles of subsidiarity and proportionality, is defined as follows: "This means ensuring that the Commission proposes and executes policy; the Council and the European Parliament take decisions; and national and regional actors are involved in the EU policy process" (Commission 2001: 34). While the Commission argues in favour of the co-decision procedure that allows for taking joint decisions by Council and European Parliament, the Commission

alone is to assume responsibility for executive action. Yet this scheme includes also an allocation of competences to the Union and the Member States, approached in terms of a vision of the future of “a Union based on multi-level governance in which each actor contributes in line with his or her capabilities or knowledge to the success of the overall exercise”, involving rules for sharing competences on different levels of the governance system (Commission 2001: 34-5).

The actual implementation perspective of these proposals was directed towards the Laeken Council, which was followed by a process of constitutional design in the European Convention that should provide the conceptual horizon for institutional reform. According to the Commission, several of the topics regarding institutional reform, as addressed in the White Paper, have been taken up in the draft constitutional treaty. This involves the general reference to a renewed Community method, yet also the emphasis on the principles of good governance in Article I-50 (Commission 2004: 12-13). Indeed, the Commission’s assessment of the Constitution speaks for itself: “The conclusion can therefore be drawn that the Constitution has incorporated the debate on the reform on European governance at the level of primary Union law” (Commission 2004: 14).

The current state of the constitutional project, however, provides decisive arguments for re-assessing the debate on the White Paper in terms of its strategic relevance – in particular with regard to the aspects of democratic participation and legitimacy, which have been identified as major problems in the failed ratification of the Constitution. Indeed, already the introductory remarks of the White Paper – pinpointing the fact that the Union is often seen as too remote and as too intrusive at the same time (Commission 2001: 3) – remain most significant for current attempts of realigning strategies for institutional reform with the preferences of the citizenry.

## **5. Debating the White Paper: Democracy, Legitimacy and Multi-Level Governance**

Summarising the main points of the White Paper hints at the primary concern with institutional reform in the multi-level system of European governance by promoting principles like openness, accountability and responsibility. Regarding the aspects of participation, consultation and dialogue, the involvement of national, regional and local levels of policy-making is addressed, accompanied by a concern with the involvement of the organisations of civil society. In promoting flexible policy tools, paralleling a formalised role of expert advice, the corresponding policy framework should be made compatible with the principles of good governance. Yet underlying these concerns is also the search for a well defined separation of powers, as the Commission emphasises its executive role.

This line of reasoning has been upheld quite rigorously in the Commission’s subsequent interpretations of the White Paper: “The basic message was a simple one and is as topical now as it was then: we need to *govern ourselves better, together* – European institutions and Member States. We can do this *without changing the Treaty*, without necessarily waiting for the successful outcome of a new intergovernmental conference (Commission 2002c: 1, emphasis in original). Indeed, it is claimed that the Community method produces universal rules in support of legal certainty. The Commission then concludes on the dynamism of institutional reform in the setting of European governance: “Changing what is amenable to change, without necessarily awaiting a reform of the Treaties; and in doing so, safeguarding the conditions for legal certainty; clarifying ways in which the Treaties can be deepened, and thus facilitating reform of

the Treaties: this is the basic element which has emerged from the concept of European governance” (Commission 2002c: 5).

Again, in the view of the failed ratification process of the European Constitution, this emphasis on the possibility of institutional reform within the established set of Treaties is a decisive point in the Commission’s position, as promoted by the White Paper. While Commission, Council and Parliament should improve their interactions in the established framework of the separation of powers, the most significant implications of the governance approach are said to address the European Convention and its preparations for laying the groundwork of a European Constitution, perceived in terms of a “quiet revolution” (Commission 2002c: 5-6). However, since the project of the European Constitution has run into major difficulties while the separation of powers remains subject to controversies, currently mirrored by conflicts on budget affairs, the long-run view on the EU policy agenda is shaped by the need for coping with the status of participatory democracy in European governance.

This aspect hints first of all at the multi-level character of European governance, which has consistently shaped the Commission’s further reflections on that topic: “European governance is about the principles and tools for decision-making within the context of the multiple layers of players and decision-makers in Europe — from the European Community, through the Member States, to regional and local authorities and private parties. The coexistence and intertwining of several governance levels clearly constitute unprecedented challenges” (Commission 2003: 31). According to the Commission’s viewpoint, thus, the matter of governance is primarily a matter of the exercise of power, as governance comprises of “any rules, processes and practices that affect the quality of how powers are exercised” (Commission 2004: 3).

Moreover, the matter of participation implies a reconsideration of interactions with the organisations of European civil society: “Interaction between the European Institutions and society takes various forms: – primarily through the European Parliament as the elected representative of the citizens of Europe; – through the institutionalised advisory bodies of the EU (Economic and Social Committee and the Committee of the Regions), based on their role according to the Treaties; – and through less formalised direct contacts with interested parties” (Commission 2002a: 1). According to related statements by the Commission, this perception of civil society addresses a variety of interested parties involved in the management of socio-economic affairs even beyond the “third sector” of civic activities: “So ‘civil society organisations’ are the principal structures of society outside of government and public administration, including economic operators not generally considered to be ‘third sector’ or NGOs” (Commission of the European Communities 2002a: 6).

Yet apart from civil society involvement as a requirement of deliberative democratic legitimacy, the underlying concern with steering and regulation addresses the functional coordination of knowledge. Indeed, the inclusive participation of civil society actors in the procedures of European governance should promote knowledge flows to the benefit of the steering efforts of the EU executive, that is, the Commission. Similarly, as outlined in the White Paper, expert advice is addressed as means for mobilising specific knowledge segments in the wider context of policy making: “Expertise forms an integral part of a dynamic knowledge-based society. Specialist know-how and skills help create new opportunities that can boost competitiveness and enhance our quality of life (Commission 2002b: 1). Related problems of decision-making under uncertainty, also owing to technological complexity, require the accountability, plurality and integrity of expert advice, as echoed by reforms concerning the system of scientific



committees in the areas of food safety and consumer protection (Commission 2002b: 3-4).

What are the common concerns in these arguments on European governance – as promoted by the Commission’s White Paper and the elaborations it has stimulated subsequently? So far, academic discourse has been mostly critical of the White Paper, still acknowledging its stimulating role for subsequent developments in the discourse on institutional reform. The neo-institutional approach, in particular, which analyses the dynamism of both the processes of policy making and changes in their institutional conditions, has been most relevant for discussions of European governance (Kohler-Koch 2003: 10-11). Indeed, it has been claimed that debates on European democracy and the Constitutional foundations of European governance have commonly emphasised good governance in terms of efficient performance, stressing the aspect of “output legitimacy”, whereas more recent arguments have put an emphasis on democratic participation in terms of “input legitimacy” (Kohler-Koch 2004: 4). This distinction refers to a notion of output legitimacy as efficient political-administrative problem-solving in terms of “government for the people”; whereas input legitimacy denotes a political responsiveness to citizen’s preferences in terms of “government by the people” (Scharpf 2003: 2-3).

Thus, critical reconsiderations of the White Paper highlight its specific way of dealing with problems of input and output legitimacy, perceived in terms of the participatory accessibility of the process of policy making and the efficiency of its outcomes in a multi-level setting (Cygan 2002: 231). Basically, then, it has been suggested that the decisive problem of European governance is an implicit elitism combined with lacking democratic legitimacy, in particular regarding the self-stylised leadership role of the Commission. Instead, the need for more inclusive and participatory governance modes, as discussed in terms of the need for substituting output legitimacy by input legitimacy, requires a rule-based framework of democratic criteria (Kohler-Koch 2001: 5-8). Accordingly, the Commission’s strategic neglect of an inclusive participation of democratic citizenship and organised civil society, favouring in its place a consultative feedback mechanism, is harshly criticised: “Participatory democracy is a bottom up process of raising voice rather than a top down one of granting consultation rights. This concept is clearly input-oriented and rests on a shared understanding that democracy is a social endeavour based on communication and social transaction” (Kohler-Koch 2004: 9).

Even more than that, the Commission’s proposals have been denounced as a centralist and even authoritarian attempt of “the creation of a benevolent dictatorship” (Scharpf 2001: 7). However, this may suffice as a pointed characterisation of a conceptual trend in the White Paper’s treatment of governance approaches, characterised by an implicit bias towards uniformity across the EU and accompanied by efforts in centralising competences for policy making with the Commission, as reflected by its promotion of the Community method (Scott and Trubek 2002: 15-6). However, in more cautious and defensive terms, it has been also claimed that the White Paper represents the Commission’s efforts in countering the spread of cooperative ventures of Council and Parliament that would circumvent the Commission’s authority through strengthening informal contacts in the framework of co-decision procedures (Héritier 2001: 1-2). This interpretation assesses the White Paper as an attempt of regaining an irreversibly decreasing role as centralist steering authority.

This argumentation points towards the political economy of European governance with its distinct pattern of conflict and cooperation among political organs and interest

groups. Indeed, the governance approach to European integration needs to account for the fundamental role of power relations and dependency aspects in policy making and the exercise of political rule (Jachtenfuchs 2001: 258). Accordingly, Schmitter's definition of governance deals with aspects of credible commitment in political bargaining processes: "Governance is a method/mechanism for dealing with a broad range of problems/conflicts in which actors regularly arrive at mutually satisfactory and binding decisions by negotiating and deliberating with each other and co-operating in the implementation of these decisions" (Schmitter 2001: 4). The institutional domain of governance then includes innovative practices, based on repeated procedures of deliberative interaction involving the evolution of trust and mutual accommodation between organisations. Governance is thus more likely to contribute to the solution of legitimacy problems in European policy making than conventional practices of hierarchical government (Schmitter 2001: 4-5).

The corresponding tendency of implementing new modes of governance in the European Union is well reflected by a perception of the Open Method of Coordination as a means for promoting "democratic experimentalism", that is, a mode of decentralised decision making based on networks that are oriented towards establishing common standards through deliberative processes (Eberlein and Kerwer 2004: 133-4). Apart from the multi-level interactions between the designated legitimate actors of the process of policy making, however, such a perspective involves the communicative inclusion of a variety of organisation representing the diverse interests within an evolving civil society. For instance, in more concrete terms, the case has been made for restructuring the European Economic and Social Council. As it represents functional interests with an emphasis on neo-corporatist arrangements on the national level of interest aggregation, it is said to lack from a pluralist representation of the more diverse interest groups in European civil society (Kohler-Koch 2004: 15). In summary, thus, it is primarily the reference to multi-level governance in the Commission's White Paper that remains of utmost importance for addressing European governance in its Post-Constitutional phase. Yet this perspective needs to be combined with an exploration of the institutional transformation of the nation-state and the related evolution of the actually existing European varieties of capitalism in order to produce a viable analytical framework for further reconsideration.

## **6. Conclusion**

The persistent relevance of the Commission's White Paper on European Governance may be derived from the attempt of combining a problematical modification of the division of competences between the Community organs with actually pressing problems regarding the combination of administrative efficiency and democratic legitimacy in a setting of multi-level governance. Adding to that dimension of institutional complexity, the process of economic globalisation exerts adaptive pressures on national and regional governance modes. An influential diagnosis of the situation of the European political economy thus draws on fundamental asymmetry and legitimacy problems that result from an institutional competitive pressure for deregulation on the national level, which contrast with the need for supranational modes of correcting market failure. Indeed, in this line of reasoning, the national varieties of capitalist market economies will prevail, while European policy making needs to remain consensual; whereas, attempts of establishing centralist modes of regulation on a European level, involving aspects like majority rule accompanied by the Community method, are viewed as a recipe for disaster (Scharpf 2001: 4-5).

In proceeding with the matter of institutional variety, the perspective of differentiated integration is put forward, owing to the need for coping with both input- and output legitimacy in the European Union, placed in a setting of indispensable supra-national solutions that can deal with the regulation and correction of cross-border externalities, among others (Scharpf 2003: 17-8). The persistence of the institutional arrangements for economic coordination and power distribution that characterise the varieties of capitalist market economies still underlines the pointlessness in endorsing institutional convergence (Boyer 2005: 23-5). Europe is not to be envisioned as a hierarchical and unitary entity, endowed with institutional competences for wide ranging political steering as implicitly suggested by the White Paper. Rather, a viable political project of European integration needs to account for the persistence of the nation-state and thus for the requirement of establishing an inclusive mode of Europeanising identities that could be promoted by an array of transnational intermediary organisations (Kohler-Koch 2001: 13-4).

In conclusion, then, a model of transnational pluralism in the European Union would imply a type of disjointed pluralism and competitive federalism with differentiated regional, national and supra-national levels of interaction that cover diverse actors and interests (Streeck and Schmitter 1992: 227). Yet European governance becomes ever more complex due to the ongoing process of globalisation, as the nation-state is transformed into a complex structure of associations that confronts its capacity for economic regulation. The corresponding institutional architecture functions as a polycentric system that coincides with a drive for shared sovereignty in cooperation and integration (Cerny 2000). However, in such a setting, the question of the democratic legitimacy of political rule prevails – and it is particularly pressing with regard to the options for the institutional reform of governance structures in the European Union (Kohler-Koch and Rittberger 2006: 41-2). At this point, at last, reconsidering the perspective of global governance, as presented in the White Paper, may contribute to a more substantial understanding of the institutional processes underlying the future course of European governance – thus also addressing the project of European integration in general.

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## 10

Die Europäische Beschäftigungsstrategie in der  
Reform des Wohlfahrtsstaats: Aktive Arbeitsmarktpolitik,  
aktivierende Sozialpolitik und das Leitbild der  
Wettbewerbsfähigkeit

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## 1. Einleitung

Die Reform wohlfahrtsstaatlicher Arrangements prägt derzeit die aktuellen politisch-ökonomischen Kontroversen um Fragen der Handlungskapazität von Nationalstaaten angesichts der Herausforderungen globalen Strukturwandels. In diesem spezifischen Diskussionszusammenhang wird die Krise der europäischen Wohlfahrtsregime mit der kombinierten Problematik von strukturell bedingter Arbeitslosigkeit und der finanziellen Überforderung etablierter Sozialsysteme in Beziehung gesetzt. Tatsächlich bezieht sich der damit einhergehende Wandel politischer Steuerungsformen in erster Linie auf Veränderungen im Selbstverständnis der Arbeitsmarkt- und Sozialpolitik, die sich in einem diskursiven Wechsel wirtschafts- und sozialpolitischer Leitbilder manifestieren. Konkreter Gehalt dieses laufenden Paradigmenwechsels ist das Konzept der Wettbewerbsfähigkeit, das mit seiner marktbasieren Angebotsorientierung keynesianische Ansätze des Nachfragemanagements weitgehend abgelöst hat. Die paradigmatische Leitbildfunktion der Wettbewerbsfähigkeit zielt zum einen auf die Sicherung der internationalen Wettbewerbsfähigkeit von Unternehmen, dabei den Aspekt des Standortwettbewerbs einschließend. Zugleich wird die individuelle Wettbewerbsfähigkeit von Arbeitskräften am Arbeitsmarkt thematisiert, was eine Privatisierung von Beschäftigungsproblemen impliziert. Dieser Trend zur quasi-unternehmerischen Individualisierung affiziert auch andere Bereiche der Sozialpolitik wie etwa die aktuellen Reformen der Renten- und Krankenversicherungssysteme.

Zum Verständnis der programmatischen Gehalte dieser aktuellen wohlfahrtsstaatlichen Reformprojekte ist es lohnend, die diskursive Substanz des Leitbilds der Wettbewerbsfähigkeit nachzuzeichnen. So wird im Folgenden die These vertreten, dass die Rolle der Europäischen Union für diese Reformprojekte nicht nur im Hinblick auf eine potentielle Übertragung arbeitsmarkt- und sozialpolitischer Kompetenzen auf die supranationale Gemeinschaftsebene zu berücksichtigen ist – begleitet von dezentralen Lernprozessen wie sie mittels der „offenen Methode der Koordinierung“ praktiziert werden sollen. Darüber hinaus dient die seit Ende der 90er Jahre vertretene europäische Beschäftigungsstrategie als Klammer differenzierter nationaler Diskurse zur Reform des Wohlfahrtsstaates. Die Verknüpfung von aktiver Arbeitsmarktpolitik, aktivierender Sozialpolitik und der Etablierung des Leitbilds der Wettbewerbsfähigkeit ist also von einem hegemonialen europäischen Diskurszusammenhang geprägt, der die institutionelle Absicherung der Wirtschafts- und Währungsunion im Binnenraum bei gleichzeitiger Unterstützung und Sicherung außenwirtschaftlicher Wettbewerbsfähigkeit zum Gegenstand hat.

Die folgende Darstellung ist in drei Abschnitte eingeteilt. Im ersten Abschnitt werden Variationen der Sozialpolitik in der Reform des Wohlfahrtsstaates diskutiert. Mit Bezug auf Esping-Andersens Typenbildung wohlfahrtsstaatlicher Regime werden die institutionellen Aspekte einer Dekommodifizierung der Arbeitskraft als Gegenstandsbereiche europäischer Wohlfahrtsstaaten thematisiert. Im zweiten Abschnitt wird das Leitbild der Wettbewerbsfähigkeit als Ausdruck eines sozialpolitischen Paradigmenwechsels vorgestellt. Die Darstellung konzentriert sich auf das Schema der wettbewerblichen Aktivierung, das eine am Ziel der Beschäftigungsfähigkeit orientierte Arbeitsmarkt- und Sozialpolitik informiert. Im dritten Abschnitt wird der Gehalt der europäischen Beschäftigungsstrategie dargelegt, die seit Ende der 90er Jahre die arbeitsmarkt- und sozialpolitische Programmatik der Europäischen Union prägt und dabei als diskursive Klammer von Reformbestrebungen dient, die im Rahmen der „offenen Methode der Koordinierung“ vermittelt werden. Das

Fazit verweist auf die weitergehenden Perspektiven dieser Bestrebungen im Projekt der europäischen Integration.

## **2. Variationen der Sozialpolitik in der Reform des Wohlfahrtsstaats**

Die traditionelle Logik der Sozialpolitik in ihrer für die westeuropäischen Staaten typischen institutionellen Form basiert mit historischen Variationen auf dem Anliegen der gesellschaftlichen Kohäsion in einem sozio-ökonomischen Kontext marktgetriebenen Strukturwandels. Tatsächlich ist die Sozialpolitik grundlegender Bestandteil der politischen Erwidern auf die „soziale Frage“ des 19. Jahrhunderts, die sich aus dem Problem der gesellschaftlichen Integration einer neu formierten industriellen Arbeiterschaft im Kontext der sozioökonomischen Verwerfungen der Industrialisierung ableiten lässt. Dass es hierbei zu landesspezifischen Ausprägungen gekommen ist, zeigt sich schon anhand der Differenzierung der Begriffe Wohlfahrtsstaat und Sozialstaat – auch wenn sie in der aktuellen Diskussion zunehmend synonym verwendet werden (Ritter 1989: 9-10).

Die Logik der institutionellen Entwicklung wohlfahrtsstaatlicher Arrangements stellt sich T. H. Marshall folgend so dar, dass die Teilhabe an sozialen Sicherungssystemen in den staatspolitischen Bürgerstatus integriert wird und so zunehmend eine eigenständige rechtliche Anspruchsform repräsentiert. Die resultierende Ausprägung der Bürgerschaft im Wohlfahrtskapitalismus der europäischen Rechtsstaaten basiert entsprechend auf der Wahrnehmung bürgerlicher Freiheitsrechte, inklusive wirtschaftlicher Teilhaberechte bezüglich des Marktprozesses, politischer Rechte bezüglich demokratischer Mitbestimmung und sozialer Rechte im Hinblick auf die Einrichtungen des Wohlfahrtsstaates. Letztere umfassen das Recht auf ein Mindestmaß an wirtschaftlicher Wohlfahrt und Sicherheit, was in Einhegung des Marktprozesses durch die Durchsetzung sozialer Anspruchsrechte realisiert werden soll (Marshall 1992: 82). Sozialpolitik zielt dann darauf ab, den Marktprozess so zu korrigieren, dass gesellschaftliche Zielsetzungen umgesetzt werden können, die als reine Marktergebnisse unerreichbar wären.

Neben den Aspekt der Einkommensverteilung tritt hierbei die Frage nach der Warenförmigkeit der Arbeitskraft und ihrer sozialpolitischen Einhegung – wobei nicht die Egalität von Verteilungsergebnissen im Vordergrund steht, sondern die Sicherung gesellschaftlicher Kohäsion durch die materielle Einbindung gesellschaftlicher Schichten je nach funktionalen Anspruchsniveaus. Ebenso wie die Herausbildung der Lohnarbeit als dominanter Erwerbsform mit ihren umfassenden sozialstrukturellen Implikationen die Geschichte der Industrialisierung prägt, konstituiert die materielle Kondition – und Konditionierung – der industriellen Arbeitskräfte die ursprüngliche strategische Substanz wohlfahrtsstaatlicher Arrangements in Westeuropa. Diese Sichtweise lässt sich mit Karl Polanyis Argumentation zur Notwendigkeit der sozialen Einbettung von Marktprozessen begründen, die sich auf den spezifischen Charakter der Arbeitskraft als „Quasi-Ware“ bezieht, deren Reproduktion nicht von Marktverhältnissen abhängig gemacht werden kann, ohne zu gesellschaftlichen Verwerfungen zu führen (Polanyi 1944).

Das Postulat nach der Einhegung und Bändigung materieller Lebensrisiken im Kontext der Unsicherheiten des Marktwettbewerbs artikuliert sich in der tendenziellen Aufhebung der Warenform des Faktors Arbeit – oder, in Esping-Andersens Terminologie, in ihrer „Dekommodifizierung“ als Aufhebung des unmittelbaren Erwerbszwangs vor dem Hintergrund einer Angleichung materieller Lebens- und



Einkommensverhältnisse. Die Einführung sozialer Rechte im Sinne eines Rechtsanspruchs auf Sozialleistungen und die damit einhergehende Möglichkeit zumindest temporärer markt-unabhängiger materieller Reproduktion gilt als Ausgangspunkt dieses Prozesses der Dekommodifizierung der Arbeitskraft (Esping-Andersen 1990: 21-23). Für dessen langfristige soziale Konsequenzen gilt : „When work approaches free choice rather than necessity, de-commodification may amount to de-proletarianization“ (Esping-Andersen 1990: 37). Somit kommt wohlfahrtsstaatlicher Sozialpolitik auch eine maßgebliche Funktion in der Gestaltung von Vergesellschaftungsmustern zu.

An diesem Punkt greift eine Interpretation sozialpolitischer Programme, die auf die versicherungsbasierte Bewältigung von lebensweltlichen Risiken im Kontext eines marktwirtschaftlichen Verwertungszusammenhangs abzielt. Eine Alimentierung des temporären Ausscheidens aus dem Marktprozess lässt sich entsprechend als kollektiver Beitrag zur individuellen Risikoabsicherung angesichts der ergebnisoffenen Unsicherheit von Marktprozessen nachvollziehen, dessen implizite Umverteilungsdynamik insbesondere durch Transferleistungen sichergestellt wird. Zentrale Komponenten solcher Maßnahmen sind jene Leistungsprofile, die nicht nur eine materielle Absicherung gegenüber individuellen Risiken wie Krankheit und Invalidität garantieren, sondern auch unmittelbar im Falle der Arbeitslosigkeit als dem entscheidenden marktbasierendem Einkommens- und Statusrisiko wirksam werden (Sinn 1995). Neben der Risikoabsicherung über Verteilungsmaßnahmen ist die sozialpolitische Funktion des Bildungs- und Ausbildungssystems als Komponente wohlfahrtsstaatlicher Leistungen zu berücksichtigen. Ein weiteres Tätigkeitsfeld klassischer Sozialpolitik besteht darin, den Arbeitsprozess und die Arbeitsbeziehungen in politisch-institutionelle Formen von Teilhabe und Sozialausgleich einzubetten. Diese Regulierung der Produktionssphäre basiert darauf, dass individuelle Schutzrechte – etwa im Hinblick auf den Arbeitsschutz – sowie kollektive Vertretungsrechte – etwa für Tarifverhandlungen – in der Form allgemeiner Regelungen etabliert werden (Ritter 1989: 16).

Zusammenfassend kann man die wohlfahrtsstaatlichen Modelle in Westeuropa als Ausdruck einer tendenziell kompensatorischen und sozialintegrativen Sozialpolitik charakterisieren, die nach länderspezifischen Ausprägungsformen differenzierbar ist. Somit verweist das Gebiet der Sozialpolitik über die thematischen Beschränkungen einzelner Politikfelder hinaus auf die Interdependenz staatlicher Gestaltungskapazität und gesellschaftlicher Konfliktlinien. Aus der Berücksichtigung unterschiedlicher nationaler Traditionen, politischer Kräfteverhältnisse und ökonomischer Entwicklungspfade lassen sich dann entsprechende Variationen der Sozialpolitik als Kern spezifischer Typen von Wohlfahrtsstaatlichkeit abbilden. Als besonders einflussreich hat sich hierbei Gøsta Esping-Andersens dreifache Typenbildung sozialdemokratischer, konservativ-korporatistischer und liberaler Wohlfahrtsstaaten erweisen, deren institutioneller Gehalt sich im Modus der Dekommodifizierung der Arbeitskraft spiegelt. Das sozialdemokratische Modell der Wohlfahrtsstaatlichkeit in Skandinavien basiert auf einem schichten- und klassenübergreifenden, universalistischen Versorgungsmodell bei Forcierung aktiver Arbeitsmarktpolitik zur Stützung des gesamtwirtschaftlichen Beschäftigungsgrades – wobei der Zusammenhang von Wohlfahrtsstaatlichkeit und Vollbeschäftigung betont wird. Das konservativ-korporatistische Modell im kontinentalen Westeuropa ist dagegen auf die Bereitstellung status- und einkommensorientierter Leistungskataloge spezialisiert. Den geringsten Grad der Dekommodifizierung erreicht der Typus des liberalen

Wohlfahrtsstaats, der in den anglophonen Ländern dominiert und seine steuerfinanzierten Transferleistungen nach individueller Bedürftigkeit ausrichtet (Esping-Andersen 1990: 26-28). Entsprechend gehört die Annahme einer grundlegenden Marktgängigkeit der verfügbaren Arbeitskräften zum Kern des liberalen Ansatzes der Sozialpolitik, welcher der Logik marktwirtschaftlichen Warentauschs zuzuordnen ist (Esping-Andersen 1990: 42-43).

An diesem Punkt deutet sich bereits der Rückbezug der Beschäftigungsproblematik auf den Faktor der individuellen Beschäftigungskapazität an, der sich angesichts der aktuellen Bestrebungen zur Reform des Wohlfahrtsstaats unter dem Leitbild der Wettbewerbsfähigkeit als Ausdruck einer liberalen sozialpolitischen Perspektive im Sinne Esping-Andersens nachzeichnen lässt. Besonders wichtig ist in diesem Zusammenhang, dass die institutionellen Bereiche des Wohlfahrtsstaats und des Arbeitsmarkts zunehmend ihre politisch definierten Trennungslinien verwischen. Ursprünglich war es der übergreifende Zweck des Wohlfahrtsstaats gewesen, über spezifische sozialpolitische Programme die Erwerbsunfähigen materiell zu unterstützen. Dagegen hat sich seit den 90er Jahren in den entwickelten wohlfahrtskapitalistischen Volkswirtschaften Westeuropas und Nordamerikas ein synthetisierender Trend erkennen lassen, der zur Vermischung beider Sphären beiträgt. Diese neue Synthese von Sozialpolitik und Arbeitsmarktpolitik zeichnet sich durch ein bestimmtes Muster institutioneller Anreize aus. So wird durch integrierte sozial- und arbeitsmarktpolitische Maßnahmen zum einen ein Ausscheiden aus dem Arbeitsmarkt gefördert, etwa durch Frühpensionierungen, während auf der anderen Seite der Zugang zum Arbeitsmarkt erleichtert werden soll, wobei dieser Trend einer Arbeitsaufnahme durch Sozialleistungen zunächst bei Strategien zur Frauenbeschäftigung im Rahmen aktiver Arbeitsmarktpolitik angesetzt hat, begleitet von Programmen zur Förderung öffentlicher Beschäftigung (Esping-Andersen 1990: 148-149).

Für Esping-Andersen folgt aus dieser umfassenden Rolle des Wohlfahrtsstaates für die Beschäftigungsdynamik entwickelter Marktwirtschaften, dass sich eine klare Trennung der Gegenstandsbereiche sozial- und arbeitsmarktpolitischer Belange nicht mehr aufrechterhalten lässt: „To an extent, the welfare state has become a major agent of labor-market clearing“ (Esping-Andersen 1990: 149). Diese Interdependenz von Sozialpolitik und Beschäftigungspolitik bei der Räumung des Arbeitsmarktes bezieht sich zunächst noch auf Aspekte einer aktiven Gestaltung von Arbeitsmarktsegmenten im Sinne einer Regulierung des Marktzutritts und Marktaustritts – wobei bereits im Rahmen der aktiven Arbeitsmarktpolitik mit ihrem weiterbildungsbezogenen Ansatz das sozialpolitische Muster der Dekommodifizierung der Arbeitskraft durch eine Rekommodifizierung der gesellschaftlichen Position von Arbeits- und Erwerbslosen ergänzt wird.

Hinzu tritt in aktuellen Projekten zum Umbau des Wohlfahrtsstaats die paradigmatische Leitbildfunktion des Begriffs der Wettbewerbsfähigkeit, die sich zum einen auf die Herstellung institutioneller Konstellationen zur Sicherung der internationalen Wettbewerbsfähigkeit von Unternehmen und Industrien bezieht, den Aspekt des Standortwettbewerbs einschließend, zum anderen aber auch die individuelle Wettbewerbsfähigkeit von Arbeitskräften am Arbeitsmarkt als Voraussetzung internationaler industrieller Wettbewerbsfähigkeit begreift. In diesem Sinne gehen Arbeitsmarkt- und Sozialpolitik eine strategische Symbiose ein, die sich an einer institutionellen Anpassung des immobilen lokalen Faktors Arbeit an die Bedürfnisse des international mobilen Faktors Kapital orientiert (van Kersbergen 2000: 27-29). Dieses Paradigma der Wettbewerbsfähigkeit als maßgeblicher strategischer Zielgröße einer neu

kombinierten Wirtschafts- und Sozialpolitik prägt ebenfalls den Wandel politischer Steuerungsformen hin zur vertieften Kooperation zwischen öffentlichen und privaten Akteuren. Governance, Globalisierung und der Umbau des Staates gehen also miteinander einher (Esser 1999: 137-8).

Die mit einem solchen sozialpolitischen Paradigmenwechsel einhergehenden Formen institutionellen Wandels erfordern in analytischer Hinsicht zunächst ein weiter gefasstes Verständnis qualitativer Analysen von Sozialpolitik und Wohlfahrtsstaat (Dingeldey 2005: 298). Spezifischen Politikdiskursen spielen hierbei im Sinne der Konstruktion und Vermittlung politisch wirksamer Bedeutungen eine zentrale Rolle, da sie im Rahmen spezifischer Äußerungsformen und -inhalte ein gesellschaftliches Handlungsfeld markieren. Das heißt, dass sozialpolitische Diskurse als Form politischer Kommunikation einen normativen Gehalt artikulieren, der dazu angetan ist, unpopuläre Politikmaßnahmen zu rechtfertigen – insbesondere im Hinblick auf die Reformen wohlfahrtsstaatlicher Regime (Schmidt 2000: 230-231). Im Umbau des Wohlfahrtsstaates ergibt sich so ein gleichgerichteter Wandel politischer Diskurse und institutioneller Steuerungsmodi, der sich als simultane Transformation jener sozialpolitischen Zielsetzungen und Instrumenten darstellen lässt, welche am Leitbild internationaler Wettbewerbsfähigkeit orientiert sind. Auch hierbei sind die nationalen Spezifika sozialpolitischer Diskurse zu berücksichtigen, die in ihrem argumentativen Gehalt die jeweiligen Modelle von Wohlfahrtsstaatlichkeit reflektieren (Schmidt 2000: 234-5). Die damit verbundenen „politics of social policy retrenchment“ gehen demnach keinesfalls mit radikalen Politikwechseln einher, sondern spiegeln den historischen Gehalt nationaler Politiktraditionen, die das Terrain der Reformprozesse markieren (Pierson 1996: 143-145).

Jenseits dieser nationalen Spezifika bleiben im Umbau wohlfahrtsstaatlicher Arrangements weiterführende Gemeinsamkeiten bestehen, die sich vor allem auf den legitimatorischen Aspekt der Herstellung internationaler Wettbewerbsfähigkeit als Manifestation eines globalisierungsbedingten Aussendrucks beziehen, der von internen Problemen wie demographischem Strukturwandel begleitet wird, und dabei sozialpolitische Anpassungsmaßnahmen als interne Voraussetzung internationaler Wettbewerbsfähigkeit instrumentalisiert. Dem entspricht der diagnostizierte Übergang von wohlfahrtsstaatlichen Variationen der Dekommodifizierung der Arbeitskraft hin zur Reorientierung sozialpolitischer Programme auf eine Programmatik marktbasierter Verwertbarkeit. Insbesondere die europäische Beschäftigungspolitik des Luxemburg-Prozesses und die mit ihr seit Ende der 90er Jahre verbundene aktivierende Sozialpolitik kann als Ausdruck einer solchen Umorientierung aufgefasst werden, die angesichts der Dominanz angebotsorientierter Politikkonzepte auf der europäischen Gestaltungsebene eine institutionelle „Re-Kommodifizierung“ der Arbeitskraft thematisieren (Aust 2000: 24-25).

Kontext dieses beschäftigungs- und sozialpolitischen Aktivierungsansatzes ist die Debatte um die Krise der europäischen Wohlfahrtsstaaten als Ausdruck des Scheiterns keynesianischer Nachfragerregulierung angesichts der techno-ökonomischen Umbrüche im Bereich fordistischer Massenproduktion. Das Aufkommen eines aus dieser Situation resultierenden postfordistischen Entwicklungsmodells mit seinen Tendenzen der Flexibilisierung und Marktorientierung impliziert zugleich die Frage nach den Perspektiven gesellschaftlicher Modernisierung im Hinblick auf die Problematik der Verteilungsgerechtigkeit (van Berkel und Roche 2002: 205). Damit lässt sich die anhaltende Unterbeschäftigungsproblematik zusammen mit der kombinierten Fiskal- und Legitimationskrise des Wohlfahrtsstaates als konzentrierter Ausdruck politisch-

ökonomischer Krisentendenz werten, deren Fortgang die interessengeleitete Umsetzung eines spezifischen wirtschafts- und sozialpolitischer Paradigmas unterstützt, das auf dem Leitbild der Wettbewerbsfähigkeit gegründet ist.

### **3. Sozialpolitische Paradigmenwechsel und das Leitbild der Wettbewerbsfähigkeit**

Der für die aktuellen sozialpolitischen Diskurse prägende wohlfahrtsstaatliche Paradigmenwechsel lässt sich durch eine Tendenz zur Privatisierung individueller Lebensrisiken charakterisieren. Hierbei kommt es zu einer Konvergenz arbeitsmarkt- und sozialpolitischer Strategien, die sich im Konzept der „aktivierenden Sozialpolitik“ manifestieren, das individuelle Beschäftigungsbereitschaft und -fähigkeit in den Mittelpunkt der Durchsetzung wettbewerblicher Motive stellt – getragen von entsprechenden Programmvorgaben der Europäischen Union. Zugleich impliziert der wohlfahrtsstaatliche Paradigmenwechsel einen simultanen Wandel in der theoretischen Fundierung von Staatsaufgaben und politischer Steuerung, wie er in der Governance-Diskussion um die Effizienzsteigerung in Politik und Verwaltung als Ausdruck einer institutionellen Transformation der Staatlichkeit vorgetragen wird (Dingeldey 2005: 281-283).

In diesem Kontext setzen ordnungspolitische Diskussionen regelmäßig auf eine Dichotomie von Staat und Markt – was integrative Perspektiven vernachlässigt, die auf grundlegende Interdependenzen zwischen öffentlichem und privatem Sektor abstellen müssten (Ebner 2004: 371-372). So wird die für Aktivierungsansätze typische Individualisierung und Differenzierung von Sozialleistungen regelmäßig von einer Dezentralisierung des Leistungsmanagements auf regionaler und lokaler Ebene getragen, die unter Bezug auf politikfeldübergreifende Netzwerke aus Trägern der Beschäftigungs- und Sozialpolitik erfolgt, welche auch privatsektorale und zivilgesellschaftliche Akteure einschließen können (van Berkel und Møller 2002: 64-64).

Im Einklang mit solchen integrativ ausgerichteten Ansätzen kooperativer Governance-Strukturen gilt das sozialpolitische Konzept des „aktivierenden Staates“ als hybrider Ausweg aus der ordnungspolitischen Dichotomie. Die Differenzierung staatlicher Gewährleistungsverantwortung bei der Erstellung öffentlicher Güter gegenüber einer Finanzierungs- und Vollzugsverantwortung, die auch an Private delegiert werden kann, verweist auf eine derartige Hybridisierung politischer Steuerung. Dabei wäre eine weiter gefasste staatliche Verantwortungsdimension im Sinne politischer Führungsverantwortung durch die Aspekte politikfeldbezogener Orientierung, Organisation und Vermittlung auszudrücken (Lamping und Schridde 2005: 50-53). Das Konzept des „aktivierenden Staates“ gilt zugleich als Modell eines pragmatisch verfassten demokratischer Experimentalismus, das im Hinblick auf staatliche Handlungskapazitäten ein Experimentieren mit Ideen und Ressourcen als Grundlage reflexiver Selbstregulierungsfähigkeit zulässt und dabei ergebnisoffene Konfliktlinien gesellschaftlicher Auseinandersetzungen integriert (Lamping und Schridde 2005: 40-41).

An diesem Punkt ergeben sich weiterführende Bezüge zum Konzept der sozialen Marktwirtschaft als gesellschaftlichem Koordinationsmodus. Tatsächlich gilt die institutionelle Einbettung des Marktwettbewerbs in ein Ordnungsgefüge aus historisch-kulturell eingefassten Regeln und Normen als maßgebliche Forderung des ordoliberalen Konzepts der sozialen Marktwirtschaft, das nicht nur die bundesdeutsche Diskussion nachhaltig geprägt hat, sondern jüngst auch in der europäischen Verfassungsdiskussion

extensiv rezipiert worden ist. Für das wohlfahrtsstaatliche Selbstverständnis des Ordoliberalismus gilt, dass eine institutionelle Einbettung des Marktwettbewerbs keinesfalls dessen funktionale Beschränkung implizieren soll. Im Gegenteil: angesichts politisch-ökonomischer Vermachtungstendenzen ist gerade die Sicherstellung einer wettbewerbsorientierten Marktdynamik auf geeignete sozialpolitische Maßnahmen angewiesen (Ebner 2006).

Ähnliche Positionen sind in der britischen Debatte zum „Dritten Weg“ artikuliert worden, die von Anthony Giddens' Thesen zum Projekt von „New Labour“ ausgehend auch die Formierung einer sozialdemokratischen „Neuen Mitte“ in Deutschland beeinflusst haben – wie auch den von nationalen Einflüssen gespeisten sozialpolitischen Diskurs auf europäischer Gemeinschaftsebene. Die dabei angesprochene sozialpolitische Kombination von „Fördern und Fordern“ als Ausdruck von sozialen Rechten und Pflichten auf individueller Ebene entsprechen einem Perspektivwechsel von der Nachfragesteuerung zum Angebotsmanagement mit Betonung individueller Eigenverantwortung (Dingeldey 2005: 283-285). Soziale Sicherung ist daher nicht mehr direkte Aufgabe des Staates, der nun selbst als ein „enabler“ verstanden wird und gewährleisten soll, dass die Staatsbürger die selbstbestimmte Möglichkeit haben, ihre Bedürfnisse über die Teilhabe am Marktprozess zu befriedigen (Gilbert und Gilbert 1989).

Hierin besteht die entscheidende Differenz zum herkömmlichen Wohlfahrtsparadigma einer passiven Sozialpolitik mit einkommensbezogene Schutz- und Kompensationsfunktionen, die über Transferleistungen bestritten werden. Aktive Sozialpolitik setzt dagegen auf Aktivierung im Sinne anhaltender Partizipation und Inklusion, wobei die Teilhabe am Marktprozess als Voraussetzung selbständigen Einkommenserwerbs und damit emanzipierter Lebensführung überhaupt gilt (van Berkel und Møller 2002: 49). Sozialpolitische Zielvariable ist letztlich diese Befähigung zur eigenverantwortlichen Marktteilhabe: aus den Marshallschen „Sozialbürgern“ des keynesianischen Wohlfahrtsstaates werden nun in Wettbewerbsprozessen vergesellschaftete „Marktbürger“.

Grundlegend für diesen Paradigmenwechsel ist der Wandel von Begrifflichkeiten individueller Freiheit und gesellschaftlicher Teilhabe. Die für die klassische Sozialpolitik gängige Orientierung an einer Dekommodifizierung der Arbeitskraft als Freiheit von einem systembedingten Verwertungszwang der Arbeitskraft als marktgängiger Ware, gekoppelt mit einem outputorientierten Umverteilungsziel im Bereich der Einkommen, wandelt sich zu einem Freiheitsbegriff als Befähigung zur Teilhabe am Marktprozess. Dies impliziert die Koppelung des Ziels der inputorientierten Chancengleichheit beim Zugang zu den Märkten mit einer gleichzeitigen Entstandardisierung entsprechend begründeter Sozialleistungen (Dingeldey 2005: 294).

Im Anlehnung an Vorstellungen des Liberalismus wird also die Unabhängigkeit von staatlicher Alimentierung als Ausdruck individueller Freiheit verstanden – und nicht mehr die Unabhängigkeit von den Unwägbarkeiten der Konjunkturschwankungen und Strukturbrüche des Arbeitsmarkts. Entsprechend werden soziale Rechte als Teilhaberechte bezüglich des Marktwettbewerbs interpretiert, denen kein automatischer Leistungsanspruch eigen ist. So erfordert der „aktivierende Sozialstaat“ neben der Förderung der Beschäftigungsfähigkeit auch eine unmittelbare Verschärfung des Arbeitszwangs als Voraussetzung für eine Re-Kommodifizierung der Arbeitskraft – insbesondere im Hinblick auf die von Erwerbslosigkeit und Langzeitarbeitslosigkeit geprägten Sozialmilieus.

Das hierbei als Vorbild dienende US-amerikanische System einer Grundsicherung auf Gegenleistung ist im Rahmen einer „Welfare-to-Work“-Strategie darauf ausgerichtet, aus passiven Hilfeempfängern aktive Beschäftigungssuchende und schließlich flexible Beschäftigte machen, wobei dem Primat der Beschäftigung tendenziell einschränkende Faktoren wie individuelle Qualifizierungsniveaus nachgeordnet sind. Das Primat des Marktes steht demnach über etwaigen Statusaspekten. Die resultierende Linie des „Förderns und Forderns“ koppelt schließlich den Bezug von Transferleistungen als Ausdruck spezifischer Rechte mit einem Bündel von Pflichten seitens der Empfänger. Diese Kombination aus Förder- und Sanktionsanreizen soll einer anhaltenden Eingliederung in den Arbeitsmarkt dienen (Grover und Stewart 1999). Arbeitsmarkt- und Sozialpolitik konvergieren zu integrierten Politikfeldern im Umbau des Wohlfahrtsstaates.

So wird das noch in den 90er Jahren aus keynesianischer Sicht formulierte Kalkül der „aktiven Arbeitsmarktpolitik“, das eine strukturelle gefasste Beschäftigungsproblematik durch Investitionsprogramme im Bereich der Aus- und Weiterbildung lösen will, von der angebotsseitigen Konzeption einer „aktivierenden Arbeitsmarkt- und Sozialpolitik“ ersetzt, deren handlungstheoretisch fassbare Implikationen auf individuelle Anreize zur Arbeitsaufnahme rekurren. Aus einem Mangel an „Können“ in einem strukturell verworfenen Arbeitsmarkt, der von aktiver Arbeitsmarktpolitik zu beheben wäre, wird dann ein persönlicher Mangel an „Wollen“: Arbeitslosigkeit und Arbeitsverweigerung entsprechen sich in letzter Instanz. Daher wird die individuelle Beschäftigungsfähigkeit zur maßgeblichen Variable in der Zielfunktion aktivierender Strategien (Koch, Stephan und Walwei 2005: 5ff).

Diese Form der Beschäftigungsfähigkeit bezieht sich entsprechend nicht mehr auf allgemeine Arbeitsfähigkeit im Rahmen von Normalarbeitsverhältnissen, sondern auf individualisierte Beschäftigungskonstellationen, deren Ausprägungen von den individuellen Qualitäten der Arbeitskraft selbst abhängen und über Lernen und Kompetenzbildung entsprechend manipulierbar sind. Von der systemischen Sicht auf Arbeitsmärkte und ihre institutionellen sowie strukturellen Defizite verschiebt sich so die Perspektive hin zur individuellen Eigenverantwortlichkeit und Risikoübernahme – und damit zur individuellen Verantwortung für Erwerbs- oder Arbeitslosigkeit aus mangelnder Beschäftigungsfähigkeit im Sinne der Wettbewerbsfähigkeit am Arbeitsmarkt (Garsten und Jacobsson 2003: 1-2). Dass sich aus der Integration von Arbeitsmarkt- und Sozialpolitik auch eine tendenzielle Zusammenlegung entsprechender Transferleistungen ergibt, entspricht dieser Logik einer Rückführung in den Marktwettbewerb. Damit erweist sich das arbeitsmarkt- und sozialpolitische Aktivierungsziel der individuellen Beschäftigungsfähigkeit als Ausdruck einer weiter gefassten Wettbewerbsfähigkeit bei der Verwertung individuellen Humankapitals – basierend auf unternehmerischer Selbstverwertung in flexiblen Beschäftigungsverhältnissen.

Da nun nicht mehr die Strukturen der Arbeitsmärkte, sondern vielmehr die Individuen selbst das primäre Ziel wohlfahrtsstaatlicher Interventionen sind, hat die Förderung individueller Beschäftigungsfähigkeit vor allem einen präventiven Charakter, was wiederum die Installierung umfassender Steuerungsmechanismen für Maßnahmen zur Akkumulation von Humankapital und ihrer institutionellen Kontextbedingungen impliziert (Dingeldey 2005: 295-297). In dieser Umorientierung gewinnen Netzwerke als hybride Organisationen aus privaten und öffentlichen Akteuren weiter an Bedeutung. Die flankierende staatliche Gewährleistungsfunktion geht dann mit einem Effizienzanspruch einher, der sich an Aspekten wie internationalem „Benchmarking“

und einem entsprechenden institutionellen Druck zu Reflexivität und Lernfähigkeit festmachen lässt (Dingeldey 2005: 285-287). Zudem gilt für die einzelbetriebliche Arbeitsorganisation, dass aus der Flexibilisierung von Arbeitsverhältnissen eine „Kultur der Wettbewerbsfähigkeit“ resultiert, die sich als individuelle Anpassungsfähigkeit an die Bedürfnisse arbeitsnachfragender Unternehmen artikuliert – was zudem die beschäftigten Arbeitskräfte einer Unternehmung als Partner in der Risikoübernahme für den Geschäftserfolg erscheinen lässt, so dass die Wettbewerbsfähigkeit der Unternehmen zur Zielgröße industrieller Beziehungen wird (Garsten und Jacobsson 2003: 5-6).

Diese grundlegenden institutionellen und strukturellen Komponenten des anhaltenden Paradigmenwechsels sind aus der Perspektive einer institutionalistischen politischen Ökonomie als Übergang von einem „Keynesian Welfare National State“ zu einem „Schumpeterian Competition State“ beschrieben worden, also als Transformation national verfasster keynesianischer Wohlfahrtsstaaten zu einem auf aktivierender Beschäftigungs- und Sozialpolitik basierendem Modell schumpeterianischer, innovationsbasierter Wettbewerbsorientierung. Maßgebliche Komponenten dieser Transformation sind die Priorisierung internationaler Wettbewerbsfähigkeit gegenüber anderen wirtschafts- und sozialpolitischen Zielsetzungen, die marktorientierte Neuordnung wohlfahrtsstaatlicher Leistungen sowie der Formen- und Funktionswandel staatlicher Gestaltungsspielräume zugunsten ausdifferenzierter Mehrebenen-Systemen von Governance (Jessop 2002: 58-61; 95-97). Der Wandel politischer Diskurse zum Primat der Wettbewerbsfähigkeit verleiht diesen Transformationsprozessen eine gesellschaftliche Bedeutung, die sich in den Codes der Flexibilität, des Unternehmertums und des Lernens in einer globalisierten wissensbasierten Gesellschaft ausdrückt (Jessop 2002: 132-133).

Bei der anstehenden Unterordnung der Sozialpolitik unter die Logik der angebotsorientierten Wirtschaftspolitik im Weltmarkt- und Standortwettbewerb bestehen jedoch Variationen, die sich anhand von Esping-Andersens Typenbildung von Wohlfahrtsstaaten entwickeln lassen. Bei den Aktivierungsansätzen in liberalen Wohlfahrtsregimen stehen die Lohnflexibilisierung sowie die Privatisierung sozialer Sicherungssysteme im Vordergrund. In konservativ-korporatistischen Wohlfahrtsregimen zeichnet sich eine Relativierung der sozialpartnerschaftlichen Regulierung von Lohnbildung und sozialer Sicherung ab, während sozialdemokratische Regime die Tendenzen der Flexibilisierung und Privatisierung mit Investitionen in strukturell angelegte Arbeitsmarktprogramme koppeln (Jessop 2002: 154-156). Eine weitergehende Differenzierung der institutionellen Grundlagen des Paradigmas der Aktivierung lässt sich Esping-Andersen folgend etwa über die Stilisierung eines sozialdemokratischen „Produktivismus“ der skandinavischen Wohlfahrtsstaaten nachvollziehen – der sich auf die Vermittlung von Kompetenzen zur Arbeitsaufnahme bezieht und damit an Konzepte einer aktiven Arbeitsmarktpolitik anknüpft (Esping-Andersen 1999: 80).

Allerdings stellt sich angesichts der für die europäischen Wohlfahrtsstaaten relevanten Prozesse der europäischen Integration zugleich die Frage nach der institutionellen Persistenz und politischen Handlungsautonomie nationalstaatlicher Wohlfahrtsregime – sowie nach der Rolle internationaler Diskurse für wohlfahrtsstaatliche Reformen als Komponente nationaler Souveränität. So verweist das umkämpfte Terrain der europäischen Sozialpolitik ebenfalls auf die internationale Komponente des arbeitsmarkt- und sozialpolitischen Paradigmenwandels – der sich ja auch aus Diskursen zur internationalen Wettbewerbsfähigkeit von Volkswirtschaften und

regionalen Wirtschaftsblöcken speist. Auch für den internationalen Diskurszusammenhang in anderen organisationellen Kontexten ist die Betonung individueller Eigenverantwortung im Hinblick auf eine Anpassung an variable Marktbedingungen gegenüber dem Umverteilungsziel traditioneller wohlfahrtsstaatlicher Ansätze maßgeblich – und markiert damit den anhaltenden Paradigmenwechsel (Jacobsson 2003).

Tatsächlich werden die Aktivierungspolitik sowie das Ziel der Beschäftigungsfähigkeit seit den 90er Jahren auf internationaler Ebene vor allem von den Organen der OECD propagiert – hier primär im Einklang mit einem avisierten Übergang moderner marktwirtschaftlicher Industriegesellschaften in die globalisierungs- und technologiebedingte Formation einer wissensbasierten, lernenden Gesellschaft, die sich auf verallgemeinerter Innovationstätigkeit gründet. Im Unterschied zu diesen eher visionären entwicklungsbezogenen Vorstellungen der OECD bezieht sich der Diskurs im Rahmen der Europäischen Union deutlicher auf Aspekte staatliche Gestaltung und Optionen korporatistischer Sozialpartnerschaft in der Umsetzung der neuen paradigmatischen Politikmodelle (Ostheim und Zohlhöfer 2005: 385-386). Im folgenden Abschnitt wird nun argumentiert, dass die Europäische Union damit eine diskursive Funktion im Umbau der europäischen Wohlfahrtsstaaten erfüllt, wobei neben legitimatorischen Aspekten auch eine koordinierende Vermittlung zwischen den diversen nationalstaatlich verfassten Politik- und Entwicklungsmodellen erfolgt.

#### **4. Europäische Beschäftigungsstrategie und Perspektiven der Sozialpolitik**

Kern des integrierten wirtschafts- und sozialpolitischen Leitbilds der Wettbewerbsfähigkeit ist die Forderung nach der institutionellen und strukturellen Anpassung an die Flexibilitätsbedingungen des Marktprozesses. Gemeint ist damit die individuelle Wettbewerbsfähigkeit der Arbeitskräfte am flexibilisierten Arbeitsmarkt, die zugleich als Voraussetzung für die Herstellung der Wettbewerbsfähigkeit von Unternehmen, Industrien sowie ganzen Volkswirtschaften gilt. Im Rahmen der gängigen Marktmodelle neoklassischer Provenienz bezieht sich diese Sichtweise also primär auf die Anpassung des Produktionsfaktors Arbeit an die marktrelevanten Charakteristika des Faktors Kapital, wobei neben der Flexibilität in der Lohnbildung auch Aspekte der räumlichen Mobilität sowie Strategien der Humankapitalakkumulation angesprochen sind. Eine am Ziel der Wettbewerbsfähigkeit orientierte Arbeitsmarkt- und Sozialpolitik hat sich dann beschäftigungsstrategisch um die Positionierung der Arbeitskräfte zu bemühen, insbesondere darum, dass Sozialleistungsempfänger in Gestalt anpassungsflexibler Arbeitskräfte in den produktiven Marktprozess zurückgeführt werden.

Für den konkreten Fall des Paradigmenwechsels in der Ausrichtung der europäischen Wohlfahrtsstaaten ist diese Perspektive allerdings in zweifacher Hinsicht zu differenzieren. Erstens, wird Wettbewerbsfähigkeit als Resultat der Anpassungsflexibilität des Produktionsfaktors Arbeit bei der Vollendung des Gemeinsamen Marktes der Gemeinschaft aufgefasst, so dass aktivierende Wohlfahrtsstaatsmodelle auf eine Unterstützung der marktorientierten Integrationsbemühungen hinauslaufen. Zweitens, Wettbewerbsfähigkeit bezieht sich auf die internationale Wettbewerbsfähigkeit der aus dem Gemeinsamen Markt heraus operierenden europäischen Unternehmen und Industrien – so dass die Anpassungsflexibilität des Produktionsfaktors Arbeit als Bedingung einer erfolgreichen



Positionierung der Europäischen Union am Weltmarkt gilt. In diesen Zusammenhang gehört auch der Aspekt des globalen Standortwettbewerbs.

Somit gilt, dass sich die traditionelle Sozialpolitik europäischer Wohlfahrtsstaaten als „Politik gegen den Markt“ darstellen ließe, also als tendenziell protektionistisches Unterfangen, das auf einen partiellen Ausschluss aus dem Weltmarktgefüge abzielt (Rieger und Leibfried 2003: 72). Dagegen repräsentiert der neue Typus der am Leitbild der Wettbewerbsfähigkeit orientierten Sozialpolitik eine „Politik für den Markt“, wobei politische Elemente des „market-making“ zur Vollendung des Gemeinsamen Marktes im Vordergrund stehen, begleitet von der Positionierung der Europäischen Union im evolvierenden Weltmarktgefüge (Leibfried und Pierson 1998: 89). Ökonomischer Wettbewerb und institutionelle Flexibilisierung als politische Zielgrößen entfalten demnach im Hinblick auf den Gemeinsamen Markt eine kombinierte Binnen- und Außenwirkung.

Diese Perspektiven konstituieren den Kern der von der Europäischen Union seit Mitte der 90er Jahre verfolgten Beschäftigungsstrategie, die mit ihrem Fokus auf aktivierender Sozialpolitik als Komponente einer angebotsseitigen Beschäftigungspolitik als diskursive Klammer in der Reform der europäischen Wohlfahrtsstaaten dient. So ist die europäische Beschäftigungsstrategie als Teil der in der Lissabon-Strategie formulierten Zielsetzung internationaler Wettbewerbsfähigkeit in die Wirtschaftspolitischen Richtlinien der EU eingebettet – und dabei eng mit dem sozialpolitisch positionierten Aktivierungsansatz verbunden. Zugleich dient diese Beschäftigungsstrategie als Impulsgeber für die „offene Methode der Koordinierung“ als spezifischem Governance-Modus zur Koordinierung nationaler Beschäftigungspolitiken, der mit seinen dezentralen Politikexperimenten und einer institutionalisierten Diffusion von Lerneffekten und Politikinnovationen inzwischen zum Modell politischer Steuerung im Mehrebenen-System der Europäischen Union avanciert ist (de la Porte und Pochet 2004: 73-75).

Das grundlegende Spannungsverhältnis zwischen einem supranationalen europäischen Strategierahmen und dem Interesse der Nationalstaaten an der Fortsetzung ihrer auf eigenständigen arbeitsmarkt- und sozialpolitischen Ansätzen basierenden wohlfahrtsstaatlichen Souveränität setzt sich allerdings auch in diesem neuen Kontext weiter fort. Weitere Hindernisse für eine gemeinsame Politik sind dabei die wirtschaftliche, soziale und kulturelle Heterogenität der Nationalstaaten, die beschränkten Ressourcenverfügung und Kompetenzzuteilung der EU-Institutionen sowie die Schwäche von politisch-ökonomischen Akteuren, welche die Expansion einer europäischen Sozialpolitik vorantreiben könnten (Pierson 1998). An diesem Punkt erweist sich der beschäftigungsstrategische Diskurs mit seinen sozialpolitischen Komponenten als unverzichtbare Klammer zur koordinierten Neuausrichtung des europäischen Integrationsprojekts.

Noch in den Schlussfolgerungen des Europäischen Rates in Essen im Jahre 1994 wird eine spezifische Beschäftigungsstrategie formuliert, deren Orientierung an den Vorgaben der Delors-Kommission offensichtlich ist. Einleitend wird die Rolle von Wettbewerbsfähigkeit und Beschäftigungsdynamik mit Fragen politisch-administrativer Governance verknüpft – was implizit auf den strukturellen Zusammenhang von beschäftigungspolitischer Strategie und institutionellem Wandel verweist: „Die Anstrengungen zur Verbesserung der Wettbewerbsfähigkeit und der Beschäftigungslage sowie zur Verringerung öffentlicher Defizite und zur effizienteren Gestaltung des öffentlichen Sektors müssen entschlossen fortgesetzt werden“ (Europäischer Rat 1994: 1).

Die „Verbesserung der Beschäftigungslage“ wird anschließend zum Hauptziel der europäischen Wirtschaftspolitik deklariert, wobei fünf herausragende Bereiche identifiziert werden. Erstens, die Verbesserung von Beschäftigungschancen durch die Förderung von Investitionen in die Berufsbildung, motiviert vom Leitbild lebenslangen Lernens im Kontext technologischen Wandels. Zweitens, die Koppelung von Wirtschaftswachstum und Beschäftigung durch die Flexibilisierung von Arbeitsorganisation und Lohnbildung sowie durch die Stärkung regionaler und lokaler Beschäftigungsinitiativen. Drittens, eine in Absprache mit den Tarifparteien umzusetzende Senkung der Lohnnebenkosten. Viertens, die Stärkung der Wirksamkeit der Arbeitsmarktpolitik durch eine aktive arbeitsmarktpolitische Motivierung individueller Arbeitsbereitschaft, wobei individuelle Anreize zur Bemühung um Beschäftigung am Arbeitsmarkt zu erhalten sind. Fünftens, die Verstärkung von beschäftigungspolitischen Maßnahmen zugunsten besonders problematischer Gruppen, insbesondere Jugendliche, Frauen, ältere Arbeitnehmer und Langzeitarbeitslose. Im Hinblick auf die Etablierung eines beschäftigungspolitischen Governance-Mechanismus sollen diese Empfehlungen des Europäischen Rates von den Mitgliedstaaten in der Form von Mehrjahresprogrammen umgesetzt werden, wobei die Kommission mit einer entsprechenden Überwachungs- und Berichtsfunktion ausgestattet wird (Europäischer Rat 1994: 2-4).

Der sich in der Folge abzeichnende Zusammenhang von europäischer Beschäftigungspolitik, Sozialpolitik und dem Leitbild der Wettbewerbsfähigkeit bezieht sich allerdings weniger auf die Investitions- und Regulierungsprojekte der Delors-Kommission. Vielmehr entwickelt sich ein von angebotsorientierten Diskursen getragenes flexibles Programmpaket, das auf dezentrale Lerneffekte in der politischen Steuerung und Koordinierung setzt (Roberts und Springer 2001: 43-44). Dabei ist das sozialpolitische Feld traditionell der nationalstaatlichen Kompetenz zugeordnet. Noch in den Römischen Verträge fand es kaum Beachtung, so dass es erst im Jahre 1986 über die Einheitliche Europäische Akte dahingehend erweiterte wurde, dass der Rat auf arbeitsorganisatorischen Gebieten mit qualifizierter Mehrheit Richtlinien erlassen konnte. Den Durchbruch zu einer spezifischen europäischen Sozialpolitik bringt dann 1997 der Vertrag vom Amsterdam, der einen Katalog sozialer Rechte in das Gemeinschaftsrecht aufnimmt, wobei der Rat in Zusammenarbeit mit dem Europäischen Parlament zur Unterstützung der Mitgliedstaaten in den Bereichen Arbeitsschutz, Arbeitsorganisation, berufliche Eingliederung von am Arbeitsmarkt ausgegrenzten Personen sowie genderspezifische Chancengleichheit am Arbeitsmarkt aktiv werden kann (Kodré und Leibfried 1999). Anhand dieser Handlungsfelder ist bereits die beschäftigungsstrategische Ausrichtung der gemeinschaftlichen Sozialpolitik identifizierbar.

Im Einklang mit dieser Kodifizierung der Sozialpolitik wird die europäische Beschäftigungspolitik im Beschäftigungskapitel des konsolidierten EG-Vertrags von Amsterdam formalisiert. Damit konstituiert sie ein neues Politikfeld der Europäischen Union, das auf differenzierte strategische Prozess zur Koordinierung der nationalen Politiken Bezug nimmt. In diesem Vertrag von Amsterdam wird die Grundorientierung der europäischen Beschäftigungspolitik wie folgt ausgeführt (Europäische Union 1997). Artikel 125 des Beschäftigungskapitels fordert die für Mitgliedstaaten und Gemeinschaft bindende „Entwicklung einer koordinierten Beschäftigungsstrategie“, die auf eine „Förderung der Qualifizierung, Ausbildung und Anpassungsfähigkeit der Arbeitnehmer“ abzielen soll, begleitet von der „Fähigkeit der Arbeitsmärkte“, auf die „Erfordernisse des wirtschaftlichen Wandels zu reagieren (Art. 125 EGV). Dass die

Mitgliedstaaten beschäftigungspolitisch im Einklang mit den in Artikel 99 des Vertrags verabschiedeten „Grundzügen der Wirtschaftspolitik“ der Mitgliedstaaten und der Gemeinschaft agieren sollen, wie in Artikel 126 formuliert, unterstreicht die Rolle der Beschäftigungspolitik und den engen Bezug zur Frage der Reform europäischer Governance-Mechanismen. Diese Problematik verweist wiederum auf die beschäftigungspolitische Relevanz der „offenen Methode der Koordinierung“ in der Interaktion von Mitgliedsstaaten und Gemeinschaft.

So soll auf der Grundlage eines gemeinsamen Jahresberichts des Rates und der Kommission so verfahren werden, dass der Europäische Rat jährlich die Beschäftigungslage in der Gemeinschaft prüft und entsprechende Schlussfolgerungen annimmt, die dann vom Rat auf Vorschlag der Kommission und nach Anhörung des Europäischen Parlaments, des Wirtschafts- und Sozialausschusses, des Ausschusses der Regionen und des Beschäftigungsausschusses jährlich mit qualifizierter Mehrheit in der Form von Leitlinien fixiert werden, welche grundsätzlich auch die Beschäftigungspolitik der Mitgliedstaaten zu berücksichtigen haben. Anschließend übermitteln die Mitgliedstaaten dem Rat und der Kommission jährlich einen Bericht zur Orientierung und Umsetzung ihrer beschäftigungspolitischen Maßnahmen. Anhand dieser Berichte und nach Stellungnahme des Beschäftigungsausschusses prüft der Rat die Durchführung dieser Beschäftigungspolitiken vor dem Hintergrund der vorausgegangenen Leitlinien. Hierbei kann der Rat auf Empfehlung der Kommission mit qualifizierter Mehrheit Empfehlungen an die Mitgliedstaaten richten. Abschließend erstellen Rat und Kommission einen beschäftigungspolitischen Jahresbericht für den Europäischen Rat (Art. 128 EGV).

Während diese konsultative, auf Informationsaustausch und Lerneffekte setzende Vorgehensweise mit ihren Fokus auf dem Gemeinsamen Beschäftigungsbericht des Rates und der Kommission sowie auf dem rückkoppelnden Bericht der Mitgliedstaaten – auch als „Nationaler Aktionsplan“ bezeichnet - nachdrücklich auf die Problematik institutioneller Koordinierung verweist, werden in der Folge weitere Verfahrensregeln dieses Koordinierungsmodus formuliert – womit auf weiterführende Optionen zur Überwachung beschäftigungspolitischer Verfahren verwiesen wird, die bereits im Hinblick auf die Koordinierung nationaler Wirtschaftspolitiken im Maastrichter Vertrag angesprochen worden sind. So kann der Rat in Absprache mit Kommission, Parlament und zuständigen Ausschüssen spezifische Anreizmaßnahmen zur Förderung der Zusammenarbeit zwischen den Mitgliedstaaten und zur Unterstützung ihrer beschäftigungspolitischen Maßnahmen beschließen. Dabei geht es primär um Initiativen, die jenseits einer Rechts- und Verwaltungsharmonisierung darauf abzielen, „den Austausch von Informationen und bewährten Verfahren zu entwickeln, vergleichende Analysen und Gutachten bereitzustellen sowie innovative Ansätze zu fördern und Erfahrungen zu bewerten, und zwar insbesondere durch den Rückgriff auf Pilotvorhaben“ (Art. 129 EGV).

Diese für die „offene Methode der Koordinierung“ charakteristische Kombination aus Koordinierungsmechanismen und Anreizschemen im Beschäftigungstitel des Amsterdamer Vertrags hat der Europäische Rat von Luxemburg im November 1997 im Hinblick auf den Zusammenhang von beschäftigungspolitischen Leitlinien, Aktionsplänen und Beschäftigungsberichten präzisiert – als prozedurale Substanz des „Luxemburg-Prozesses“ der europäischen Beschäftigungspolitik mit seiner Fokussierung auf dezentralen Lerneffekten (Ostheim und Zohlhöfer 2005: 377-378). Der Begriff der „offenen Koordinierung“ impliziert das Setzen gemeinsamer Zielvorgaben bei variablen Modi der Zielerreichung seitens der Mitgliedstaaten. So

wird in diesem Verfahren einer „weichen Politikkoordinierung“ die Heterogenität nationaler Politikmodelle, die sich insbesondere aus wohlfahrtsstaatlichen Traditionen ergibt, als Ausgangspunkt eines auf institutionelle Vergleiche und kontinuierliches Lernen setzenden Koordinierungspotentials wahrgenommen – analog zu den Erfahrungen bei der Umsetzung der Währungsunion (Hodson und Maher 2001: 735-736).

In diesem Sinne erweist sich die Parallelität von ökonomischen, marktbildenden und sozialpolitischen, marktkorrigierenden Aspekten des Integrationsprozesses vor dem Hintergrund der Vielfalt wohlfahrtsstaatlicher Modelle als prägendes Charakteristikum der Entwicklung eines gemeinsamen europäischen Sozialmodells (Scharpf 2002: 649-650). Eine solche Berücksichtigung institutioneller Komplementaritäten bezieht sich etwa auf Interdependenzen zwischen arbeitsorganisatorischen Regulierungsmustern und wohlfahrtsstaatlichen Einrichtungen, die für liberale Typen von Marktwirtschaften anders ausfallen, als für koordinierte Typen (Hall und Soskice 2001: 50-51). Aus Sicht einer sozialpolitischen Harmonisierung ist die „offene Methode der Koordinierung“ allerdings zugleich dafür zu kritisieren, dass sie zur politischen Akzeptanz der Rekommodifizierung der Arbeitskraft im Einklang mit dem Projekt des Gemeinsamen Marktes und seiner Flexibilisierungserfordernisse führt, statt eine marktkorrigierende Logik sozialpolitischer Regulierung zu forcieren, die dann entsprechend auf nationale Modelle des Wohlfahrtsstaates Rücksicht zu nehmen hätte (Scharpf 2002: 658, 662-663). Der in der „offenen Methode der Koordinierung“ angelegte Mechanismus eines institutionelle Wettbewerbs lässt sich demnach bereits als Ausdruck des politischen Leitbilds der Wettbewerbsfähigkeit interpretieren – mit weitreichenden Implikationen für das integrationsbedingte Spannungsverhältnis zwischen nationalen Variationen des Wohlfahrtsstaats.

So hat der Kölner Ratgipfel 1999 einen weiterführenden „Europäischen Beschäftigungspakt“ beschlossen, der makroökonomische Politiken sowie Wirtschafts- und Strukturreformen in ein Gesamtkonzept einfügen soll, das mit einer integrierten arbeitsmarkt-, sozial- und bildungspolitischen Perspektive das Potential der europäischen Beschäftigungspolitik bündelt (Ostheim und Zohlnhöfer 2005: 373-374). Insbesondere die Weiterentwicklung der Koordinierung der nationalen Beschäftigungspolitiken zur Effizienz der Arbeitsmärkte im Rahmen des „Luxemburg-Prozesses“ ist hierbei angesprochen, wie auch die im „Cardiff-Prozess“ thematisierten Strukturreformen der Güter-, Dienstleistungs- und Kapitalmärkte zur Weiterentwicklung des Gemeinsamen Marktes, sowie der im „Köln-Prozess“ anvisierte makroökonomische Dialog zwischen Rat, Kommission, Europäischer Zentralbank und Sozialpartnern, flankiert von den europäischen Sozial-, Struktur- und Regionalfonds (Schäfer 2002: 23-24).

Mit der aus dem Lissabonner Ratgipfel 2000 hervorgehenden „Lissabon-Strategie“ wird die „offene Methode der Koordinierung“ explizit als institutionelles Gerüst des Beschäftigungspaktes kodifiziert. Der paradigmatische Zusammenhang mit dem Leitbild der Wettbewerbsfähigkeit ist bereits aus dem Thema dieses Sondergipfels ersichtlich: „Beschäftigung, Wirtschaftsreformen und sozialer Zusammenhalt – Für ein Europa der Innovation und des Wissens“. Tatsächlich unter diesem Motto die strategische Zielsetzung formuliert, die Europäische Union innerhalb von zehn Jahren zum wettbewerbsfähigsten Wirtschaftsraum der Welt zu machen. Kern dieser „Lissabon-Strategie“ ist die institutionelle Vorbereitung des Übergangs zu einer „wissensbasierten Wirtschaft“, begleitet von Reformen zur Sicherung von Wettbewerbsfähigkeit und Innovationsdynamik sowie von Investitionen in

Humankapital und soziale Kohäsion. Die Formulierung zu realisierender Entwicklungskennziffern soll es ermöglichen, die konkreten Ergebnisse jedes Mitgliedstaates an denen der anderen Mitgliedstaaten gemessen, was Anreize um internationalen Wettbewerb setzen soll. Die „offene Methode der Koordinierung“ hat sich damit von der Beschäftigungsproblematik ausgehend auch im Geltungsbereich anderer Politikfelder im europäischen Mehrebenensystem durchgesetzt (Europäischer Rat 2000).

Im Einklang mit dem Leitbild der Wettbewerbsfähigkeit und seinen Implikationen für eine aktivierende Beschäftigungsstrategie stehen schließlich auch die von der Union jährlich formulierten beschäftigungspolitische Leitlinien, die von den Mitgliedstaaten in ihren Aktionsplänen zu berücksichtigen sind. Diese Leitlinien beziehen sich primär auf eine Verbesserung der Beschäftigungsfähigkeit zur Erhöhung der nationalen Beschäftigungsquoten. Dieses allgemeine Ziel wird von Bemühungen um eine Entwicklung des „Unternehmergeistes“ flankiert, auch im Hinblick auf die regional- und strukturpolitische Bedeutung von Unternehmensgründungen. Hinzu kommt die Förderung der Anpassungsfähigkeit von Unternehmen und Arbeitskräften, insbesondere im Sinne lohnpolitischer Flexibilisierung, begleitet von Maßnahmen zum beschäftigungspolitischen Gender-Mainstreaming. Über internationales „Benchmarking“ und die Kommunikation von „Best-Practice-Ansätzen“ sollen schließlich im Sinne der „offenen Methode der Koordinierung“ weiterführende politische Optimierungsprozesse eingeleitet werden (Ostheim und Zohlhöfer 2005: 379-384).

An diesem Punkt konkretisiert sich die Einschätzung der europäischen Beschäftigungspolitik als Ausdruck eines diskursorientierten Regulierungsmechanismus im europäischen Governance-System. Über eigene Schemen des Sprachgebrauchs und der Wissensdiffusion als Komponenten einer diskursiven Konstruktion gesellschaftlicher Bedeutungsmuster strukturiert sie den politisch-ökonomischen Handlungsraum. Zentrale Bestandteile dieser Konstruktion, Vermittlung und Durchsetzung von Bedeutungen sind dabei spezifische Diskursbegriffe, eine gemeinsame Indikatoren- und Wissensbasis sowie nachvollziehbare Vergleichs- und Kontrollprozesse, wie etwa das über quantitative Indikatoren definierte beschäftigungsstrategische „Benchmarking“ (Jacobsson 2004: 355-357). Das heißt, dass die „offene Methode der Koordinierung“ als institutionelles Gerüst bei der diskursiven Umsetzung des arbeitsmarkt- und sozialpolitischen Leitbildes der Wettbewerbsfähigkeit dient, indem sie auf Gemeinschaftsebene die Aushandlung und Vermittlung von Bedeutungszusammenhängen organisiert. Zugleich ist sie zusammen mit dem Gesamtkonzept der europäischen Beschäftigungsstrategie selbst eine Komponente dieses auf Wettbewerb, Innovation, Flexibilität und Unternehmertum setzenden Leitbildwandels.

## 5. Fazit

Schlussfolgernd ließe sich nun fragen, inwiefern der beschäftigungsstrategische Paradigmenwechsel auf der Ebene der Europäischen Union mit seinen integrierten arbeitsmarkt- und sozialpolitischen Implikationen eine Entsprechung im Rahmen der deutschen Reformkonstellationen findet. Tatsächlich ist das Scheitern des korporatistischen „Bündnisses für Arbeit, Ausbildung und Wettbewerbsfähigkeit“ als erstem beschäftigungspolitischen Großprojekt der Regierung Schröder nach 1998 nicht nur darauf zurückzuführen, dass die Bundesregierung gegenüber Vetospielern im

politischen System keine glaubhafte Selbstverpflichtung zur Umsetzung der Vereinbarungen formulieren konnte. vielmehr fungierten auch inkonsistente Politikkonzepte als Grundlage dieses „Bündnisses für Arbeit“. Aus dessen Scheitern folgte die Einberufung der „Hartz-Kommission“ mit ihren gleichnamigen Reformpaketen im Bereich der Verwaltung und Leistungsorientierung in den sozialen Sicherungssystemen. Ein typisches Programmelement wie das Konzept der „Ich AG“ setzt Leistungsanreize beim Übergang von der Arbeitslosigkeit zur unternehmerischen Selbständigkeit. Den Abschluss findet dieses aktivierende Reformpaket mit der „Agenda 2010“, welche die Arbeitslosenhilfe perspektivisch in die Sozialhilfe eingliedert – und damit auf weitergehende Reformen des bundesdeutschen Governance-Systems verweist, die sich etwa in der Föderalismusfrage andeuten (Czada 2005: 138-140).

So folgen sowohl sozialpolitische Reformen wie auch Arbeitsmarktreformen in Deutschland der strategischen Logik eines Aktivierungsansatzes, der die gängigen Maßnahmenkataloge des „Förderns und Forderns“ repräsentiert (Koch, Stephan und Walwei 2005: 1ff). Dennoch wäre der Einfluss der EU-Leitlinien des „Luxemburg-Prozesses“ auf die konkreten Gehalte der deutschen Reformprogrammatik eher als Katalysatorfunktion zu interpretieren, im Sinne der Vorgabe einer diskursiv wirksamen reformpolitischen Orientierung (Ostheim und Zohlnhöfer 2005: 398). Insbesondere die „offene Methode der Koordinierung“ ist in diesem Kontext dazu geeignet, problematischen Themengebieten eine supranationale Legitimation bei der Durchsetzung von Reformen zu verleihen (Schäfer 2002: 29-31). Dass es in diesem Zusammenhang weiterhin zu politisch-ökonomischen Konflikten kommen wird, ergibt sich bereits aus dem Charakter der Sozialpolitik als Kerngebiet moderner Staatlichkeit, das für den Fortgang der europäischen Integration prägend ist (Pierson und Leibfried 1998: 13-14).

Der konflikthafte Charakter von Reformprozessen zum Umbau des Wohlfahrtsstaats gründet sich dabei auf die Durchsetzung einer marktorientierten Ausrichtung politischer Arrangements am Leitbild der Wettbewerbsfähigkeit. Gemeint ist damit zum einen die Herstellung institutioneller Konstellationen zur Sicherung der internationalen Wettbewerbsfähigkeit von Unternehmen und Industrien, den Aspekt des Standortwettbewerbs einschließend, zum anderen aber auch – quasi als Mikrofundierung – die individuelle Wettbewerbsfähigkeit von Erwerbstätigen, die sich am Arbeitsmarkt als Beschäftigungsfähigkeit artikuliert und dabei auf ein humankapitalbasiertes Unternehmertum abstellt. So beinhalten entsprechende Diskurse die Konstruktion eines wettbewerbsbedingten Anpassungsdrucks, der die Notwendigkeit wohlfahrtsstaatlicher Reformmaßnahmen mit ihren arbeitsmarkt- und sozialpolitischen Aktivierungsstrategien als interne Voraussetzung internationaler Wettbewerbsfähigkeit vermittelt und damit entscheidend zur Rekommodifizierung der Arbeitskraft beiträgt.

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