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Article

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economic sociology_the european electronic newsletter

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Suggested Citation: Baecker, Dirk (2007) : A note on Max Weber's unfinished theory of economy and society, economic sociology_the european electronic newsletter, ISSN 1871-3351, Max Planck Institute for the Study of Societies (MPIfG), Cologne, Vol. 8, Iss. 2, pp. 27-30

This Version is available at:

<http://hdl.handle.net/10419/155886>

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A Note on Max Weber's Unfinished Theory of Economy and Society

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I.

Max Weber's two most important contributions to economic sociology appeared only posthumously. Both contributions, the *Fundamental Concepts of Economic Action*, which appeared in *Economy and Society* (Weber 1990), and his *General Economic History* (Weber 1991), featured a definition of *Wirtschaften*, of economic action, which went almost unnoticed, even though Weber had given it a good deal of attention in his comments in *Economy and Society*. He had also started to rewrite his *Herrschaftssoziologie*, his political sociology, due to certain consequences stemming from that definition. As far as I can see only Talcott Parsons discussed this definition of *Wirtschaften* in his book on *The Structure of Social Action*, noting that Weber made it difficult for others to see its scope by taking it up in separate chapters on the economic and the political sociology (Parsons 1968: 654-656). Wolfgang Schluchter reexamines carefully the problematic division of *Economy and Society* into two parts, a newer one (1918), as the first part, and an older one (1914), as the second part, which is the way the book was divided by Marianne Weber after the death of her husband Max (Schluchter 1989; cf. Mommsen 2005). Schluchter notes that it is the *Wirtschaftssoziologie* (economic sociology) which motivates a new *Herrschaftssoziologie* (sociology of domination), which has to be formulated before any *Rechtssoziologie* (sociology of law) and *Staatssoziologie* (sociology of the state) make sense. Indeed, for Weber, no economic sociology should ignore the way any economic calculus is dependent on the rules securing that present sacrifices are not only being taken but are also rewarded by the keeping of promises made to justify the sacrifice. That means that a whole edifice of a present calculus of future rewards embedded within systems and institutions attempting to guarantee both the present calculus and the future cashing-in emerges, which may be called the "soci-

ety" which is mentioned twice in the title of Max Weber's book: in the society being called as such explicitly, and in the innocuous word "and" separating and linking that society from, and with, the economy.

Max Weber dealt with problems of economic sociology in almost all of his work. One of its most important parts, which is today rendered as sociology of religion, was originally conceived of as studies into *Wirtschaftsethik*, economic ethics (Weber 1988a). Yet, it was only when Weber gave his understanding of the economy – with regard to both its general history and its fundamental concepts – its final shape that he came up with a definition of economic action, which certainly must have struck him when he looked at it and began to deal with its consequences. *Wirtschaften*, or economic action, as Weber conceived, is to be defined as the "*friedliche Ausübung von Verfügungsgewalt*" (literally "peaceful exercise of the right of disposal", but note the use of the term *Gewalt*, violence, in the German wording of the concept) in the context of precautions, or provisions, towards the future satisfaction of future needs (*Fürsorge für einen Begehr nach Nutzleistungen*) (Weber 1990: 31; Weber 1991: 1).

To do justice to the English audience we must add that due to the very translation of the definition in all editions of the book, they stood almost no chance of hitting upon the problem Weber had discovered when he gave his understanding of economic action its final twist by condensing it into his definition. Frank H. Knight skipped the *Begriffliche Vorbemerkung* (Conceptual Exposition) in his 1927 translation of the *General Economic History* and thereby left out Weber's definition of economic action as well (Weber 1981). And Guenther Roth's and Claus Wittich's 1968 and 1978 edition of *Economy and Society* translated Weber's definition of economic action as "any peaceful exercise of an actor's control over resources which is in its main impulse oriented towards economic ends" (Weber 1968: 63). This translation makes it impossible to see Weber's problem. There is no talk of any force being exerted, let alone of any violence. The notes as well are translated in a way that makes it impossible to see that

it could be interesting to take a closer look at that "exercise of an actor's control." And the temporal aspect of the definition which is of utmost importance is completely left out, because Roth and Wittich did not even try to translate the idea of *Fürsorge*, that is of a precaution being taken or of provisions being made.

Parsons' translation of Weber's definition as "peaceful exercise of power" (Parsons 1968: 654) is a better one. Weber indeed is dealing with questions of power, but not only of political power, as Parsons assumed, but more fundamentally with questions of the exercise of violence giving rise to the necessity of a certain political order. Weber indeed is looking at a paradox, namely at the paradox of peaceful violence. Note, however, that Parsons avoids the possible trap of rendering "Verfügungsgewalt" lexically correct with "right of disposal," which would reduce it to an exercise of legal rights, considered as an exogenous factor.

Weber seems to have known what he was looking at, even if, given his rather objectivistic and positivistic understanding of social sciences, he did not have the means to take it seriously as a paradox. That he knew what he was looking at is demonstrated by the italics he used for the word *friedliche* (peaceful) and by the extensive discussion not of power but literally of violence in the notes he added to the definition. He took care to include the exercise of violence among the means of an action that is economically oriented, on the one hand, and to distinguish the "pragma" (a kind of instruction to useful action) of violence from the "spirit" of the economy, on the other hand (Weber 1990: 32). He adds that even when rights of disposal are to be protected politically by the threat of the exercise of violence that does not turn the economy itself into some kind of violence (*ibid.*). And yet, he insists on the possibility to use the means of violence when pursuing economic ends (Weber 1990: 31-32). In the next, the fourth note, one might even see the great care Weber takes to distinguish his definition between a technical and a social understanding of the economy as another hint to pursue further the question of how that paradox of a peaceful violence is socially possible and fruitful (Weber: 32-33). The all important question of economic action, or so Weber eventually settles to say, is to secure *Verfügungsgewalt*, rights of disposal, over all kinds of economic means, including ones own labour, which is if we consider slavery not at all self-evident (Weber 1990: 34).

Almost nobody seems to have taken notice of the inherent paradox of the definition and of the possible consequences it has for Weber's economic and general sociology. Herbert Marcuse criticizes that Weber conceals the power aspects of the economy in his definition of it as a kind of rational action (Marcuse 1965). Friedrich H. Tenbruck is too fascinated by Weber giving an account of the dissolution of the idea of God the creator to ask which role first this idea and then its dissolution might play in the social establishment of economic action (Tenbruck 1975). Randall Collins admires Weber's *General Economic History* for its "institutional" explanation of the economy in terms of entrepreneurial organization of capital, rational technology, free labour, unconstrained markets, a helpful bureaucratic state, and the legal framing of bourgeois activity (all these terms allegedly being directed against their Marxist interpretation) and does not note how Weber takes care to again and again explain the ends and the means of economic action as the result from, and prerequisite for, the fight of man against man on the market (Collins 1980). Richard Swedberg proposes to go deeper into the notion of "interest" to explore how Weber related economic action and social structure, but even he, apart from rightfully drawing our attention to the distributive outcomes of "capitalism", does not explain the quality of this relation between the economic and the social (Swedberg 1998; cf. Swedberg 2005; Nee/Swedberg 2005).

II.

Even if Weber lacked the means to deal with a paradox in a sound theoretical way, given that these means are only nowadays developed due to an extensive research into the possible self-reference of social phenomena (Luhmann 1990, 1999), he certainly was on the right track when he asked for empirically forceful distinctions to unfold the paradox inherent in the idea of a peaceful violence. Given that social action in general is dependent on the possibility to give meaning to a certain behaviour, linking that behaviour to a possible interpretation and thereby to another individual's action (Weber 1990: 1), what is needed to turn the violence into something peaceful is the interpretation that violence could not only be endured or accepted but also welcomed as economically meaningful. But the question arises, as to what is economically meaningful? Weber's answer to this question, in accordance with both economics and sociology (Menger 1968; Keynes 1973; Luhmann 1970), is that the meaning of economic action consists in its ability to make provisions with respect to an

uncertain future. As is rarely taken seriously enough in economic sociology or economics, the factor of time enters the very definition of economic action right from the beginning. There is no talking about economic action satisfying the needs of some individuals or some group, but always about it making provisions towards the possibility to satisfy, first, the needs of an uncertain future, and, second, those needs in an uncertain future. Economic action in the sense Weber conceives of it with his definition of *Wirtschaften* consists of both having a problem, thus entering into some state of worry, and envisioning a possible solution to it, thus believing some kinds of promises given by someone or something.

In brief, then, for Weber economic action deals with worries and promises with respect to the satisfaction of needs in an uncertain future. I think that Weber, when providing his definition of economic action, must have realized that his whole work relates to ways to unfold and use exactly that kind of distinction between the future and the present, between worry and promise, and between action today and satisfaction tomorrow. What he is calling the *Entzauberung* (disenchantment) and "rationalization" of the world, and what he is deploring, like Goethe did before him (Binswanger 1985), as the loss of the beauty, the evidence, and the enjoyment of it, consists of an ever more systematic (and possibly bureaucratic) unfolding of man's means to worry himself and to promise himself remedy.

That is why the most important contribution of Weber to economic sociology might indeed be his research into the different *Wirtschaftsethiken* of the religions of the world (Weber 1988a). What he is interested in, among other things, are the "premiums" called upon by these religions to enforce sacrifice, to endure hardship, and to promise reward, considered as frames to enter into business, to capitalize on its outcome, and to legitimate its possible profits. The Protestant idea of a profession verging on a calling, the Confucian idea of proper behaviour under all circumstances, the Hindu idea of an educated humbleness even in cases of worldly success, the Buddhist idea of composure towards both profits and loss, and the Islamic idea of a belligerent honour dealing with a possible collateral economic profit, are all configurations of these premiums with respect to both sacrifices to accept and rewards to expect. Yet, these religions are also ethics in that they help to shape the civilizing, or taming, of orgiastic passion into temperate emotion, supported in that respect by arts and sciences embedded within the social structure of cities, which force people for the first time in human history to

live with each other without personally knowing each other and thus to change values without any possible solution of conflict among one another for problems seeking their mutual understanding (Weber 1991: 270-289; cf. 1990: 727-814, 1958, 1988b).

Weber started to look at his political sociology anew and afresh when he developed his definition of economic action, yet he did not have the time to finish his whole sociology with respect to the light now being shed over a whole range of social phenomena demanding their reinterpretation and institutional explanation with regard to their contribution to the unfolding of the paradox of peaceful violence. As it is, Weber ends his sociology on almost the same note as did Xenophon in his Socratic Discourse on *The Oeconomicus* almost two and a half millennia before, speaking, as it were, of the "mysteries of moderation" (*sophrosyne*) to be mastered by a diligent housewife if she were ever to rule the house in the way she is taught to do by her husband. To do a good kind of household management depends on the art of "ruling over willing subjects", an art given only to those "who have been genuinely initiated into the mysteries of moderation", all others having to resort to "tyrannical rule over unwilling subjects" instead (Xenophon, XXI, 12).

Sociology is interested in these mysteries of moderation. Max Weber's work may count among the first to tackle the mystery by the means of spelling out a paradox and searching, even if lacking the appropriate methodology, for the appropriate distinctions to unfold it. His most important contribution may even reside within the mysterious word "and" which he inserted, or did his widow insert, between the two terms: the economy and the society. The relation between the economy and the society revealed and at the same time concealed by that very "and" is the action of a society both enabling a violence to be exercised and a peacefulness to be implemented to moderate that violence. Without the society intervening, that kind of economy – envisioning an uncertain future and making provisions with respect to it – would socially, evolutionarily, and materially not be possible.

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