

# **ECONOMIA CIVILE**

Edited by

***Pier Luigi Porta***

A debate on L. Bruni and S. Zamagni  
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## INTRODUCTION

The present booklet puts together a few short contributions on the recent work by Stefano Zamagni and Luigino Bruni on the notion of civil economy. Among recent works by historians (perhaps the best known is Robert Putnam's work on the Italian civic tradition), economists and social scientists, the book here discussed deserves a special place for delving into the history of economic thought as a method of finding new ways and establishing new paradigms in economic theorizing.

After an introductory *exposé* by the editor, the booklet hosts a comment by Gloria Vivenza (University of Verona) which traces some the Classical roots of the notion of civil economy. Thomas Hobbes notoriously changed the phrase *homo homini deus*, which is sometimes quoted from Caecilius Statius, into *homo homini lupus*. The latter also, indeed, comes from Roman playwrights and is commonly attributed to Plautus. Today we have to go back to Statius's sentence if we aim at an understanding of *reciprocity*, which is the core concept of this book. Gloria Vivenza, as a scholar on the Greek and Roman background of Political Economy, is an excellent guide in the field. The subsequent comment by Roberto Scazzieri (University of Bologna, now visiting at the University of Cambridge) puts the notion of civil economy in context with some of main strands of economic thought in the 18<sup>th</sup> century. In particular Scazzieri's contribution highlights similarities and differences between the Italian civic tradition and the Scottish paradigm. Finally a young scholar from the Bocconi University, Francesco Boldizzoni, adds his remarks on the formative stages of the civic humanist paradigm in Italy and on the proliferation of the paradigm in Europe and, more particularly, in Britain.

This booklet is closed by 'conclusions' by the authors of the book.

The comments given here were first presented at the 8<sup>th</sup> annual Conference of ESHET, the European Society of the History of Economic Thought, held in Treviso 27-29 February 2004. A special session of the Treviso Conference was organized by the editor the present booklet on the concept of *Economia civile*. Thanks are due to the authors of the various comments for readily making their texts available for reproduction in this booklet. An obligation must be recorded also to dr. Elisa Portale, who has been helpful in the editing of this booklet.

***ECONOMIA CIVILE***  
**AN INTRODUCTION TO BRUNI AND ZAMAGNI'S BOOK**

*Pier Luigi Porta*

*Premiss.*

This volume is an ambitious assessment and an analysis of the implications of the line of research on the civic economy, which the authors have been pursuing for a long time.

This is a book that is now just about to appear on the Italian market while an English translation will ensue in the course of the year. The subtitle of the book – efficiency, equity, public happiness – tells about the ambitions of the project, which in fact is a contribution in social philosophy. The work attempts to put forward a comprehensive justification of the notion of civic economy as an approach to economic analysis; at the same time it provides a presentation of the main results to a more general public. Although some may perhaps find this odd or even impossible, I take in full the responsibility of prophesising that in both respects the volume promises to be an outstanding success. The closely-knit prose tells a fascinating story. It is not an easy book: at the same time it is immensely attractive and the reader feels that one cannot leave it aside too lightly. It is not a book in the history of economic thought, as the authors are themselves quick to point out (p. 9); but it deserves a place of honour in a history of thought conference because of the use it makes of the history of thought. It provides a case where the phrase *political economy*, so much used and abused especially today, takes its proper place; and in setting things right the history of thought is an essential resource and it provides key components of the main argument.

*Civic humanism flourishes. Reciprocity.*

It is in this sense significant that the book – after a brief overview explaining the principle of reciprocity, the true *Prinzip Hoffnung*, as it were, put forward in this essay – opens with a chapter on “The roots of the civic economy” which is a contribution to economic history and to the history of economic thought at the same time. The authors provide a new reading on *civic humanism*. The special character of civic humanism as a typical product of the Italian context, through the Middle Ages and more particularly from the 11<sup>th</sup> century, is “the profound unity between *charitas* and the economy, between gift and contract in those experiences near the rise of markets” (p. 32).<sup>1</sup>

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<sup>1</sup> English translations of the text are mine throughout this Comment.

Among the relevant examples, the *montes pietatis* (the name is still in use today in Italy, *monti di pietà*) appear to embody the relevant symbiotic relation of solidarity and market with a principle of subsidiarity (of horizontal subsidiarity, as we would say today) going with it. The authors argue that the experience of civic humanism leaves a more profound trace in the Italian tradition where, for example, the phrase ‘civil economy’<sup>2</sup> becomes the hallmark of Antonio Genovesi’s system; a phrase that can certainly be read as the forerunner of the English term of ‘political economy’ only with important qualifications.

### *The ‘freeze’ of the flourishing.*

In the sketchy reconstruction offered by the book – especially from latter half of the 15<sup>th</sup> century – after the flourishing of the civic culture, there is a sort of *freeze*. “The Platonic spirit – individualistic, contemplative, solitary and exoteric – holds sway and closes *de facto* the season of the early humanism, social and Aristotelic”, the authors argue (50-51). Moreover, the spirit of the civil economy had entailed directly and produced an important breakthrough on *happiness*, conceived – following Aristotle – “as the fruit of civic virtues and therefore an immediately social fact” (54). And it is in that context – its should be noted – that ingenuity and industry had made their appearance (p. 55; and cp. also 86, 87). But, as just noted, what the freeze did imply was to put a severe limit to the strength and power of the flourishing, if not bringing it altogether to a halt. It is here that the way of conceiving civil society, that would later become dominant, takes shape through the work of Machiavelli, Hobbes and Mandeville. Civil society here coincides with the State and the dichotomy of public vs. private becomes established. But, of course, the Carsic River is still there and reveals itself through the importance assigned to *public happiness*, again in the Italian tradition of Muratori, Verri, Genovesi and others. The science of ‘bene vivere sociale’, of social good life, is the label which aptly describes political economy in Italy especially through the latter half of the 18<sup>th</sup> century.

### *The case of the Smithian paradigm.*

The relevance and the paradigmatic character of the Italian tradition is beyond dispute. On the other hand, even if it is clear that in a necessarily sketchy reconstruction like this one we cannot find a treatment for all the major schools, the reader may still wonder what kind of place is reserved for the British tradition and its influence on modern economics. The *case of Smith* is treated in some detail in this book. The authors – evidently encouraged by the flood of revisionist

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<sup>2</sup> I translate *civile* by ‘civic’, which seems to me better to reflect the English usage, except for the phrases ‘civil economy’, ‘civil society’, where in fact ‘civil’ sounds more appropriate.

literature through the recent past – are willing to sympathize with him. For Smith – the authors argue – “the market is ‘civil society’” (p. 91). Smith is emphatically *not* a follower of Mandevillian cynicism. His *Theory of Moral Sentiments* and the *Wealth of Nations* must be examined together and compared with each other. What emerges from the exercise is that similarities of the two works are the rule, to which of course there are exceptions. Whenever the *Wealth of Nations* appears so keen to emphasize self-interest and the like, this is because Smith wants to convey the idea that the “existence of the market creates in any case the conditions for obtaining a certain degree of reciprocal assistance *even if* love is absent (though not thanks to the absence of love). It enables us peacefully to obtain from others whatever is necessary to us, even if not everyone around us is a friend of ours” (93). The nature of the human person is *relational* and here sympathy is interpreted as a piece of anthropology; on p. 95 the book in fact deals with “un’antropologia ‘simpatica’”.

However, alas!, “of reciprocity, a central category of [Smith’s] moral theory, few traces survive in his economics”; at least not enough to prevent subsequent political economy from taking its peculiar twist and following the liberal capitalist perspective with which Smith would long be associated. Hegel, Bentham, Wicksteed are here the chosen heroes illustrating these unfortunate developments. Again, at the same time, the Carsic River flows and that is signalled by Edgeworth and the Cambridge school; by the latter phrase the thread is meant linking Malthus, through Marshall, down to J.M. Keynes. As Bertrand Russell wrote in introducing his own *History of Western Philosophy*, of course any sketch of this kind offers ample scope for criticism especially on individuals or specific points. What matters here, in my view, is that Bruni and Zamagni are rich of powerful and unconventional insights in flying, very rapidly indeed, over so much ground.

#### *The renaissance of the civil economy.*

From the above general setting the authors come to deal with the *renaissance of the idea and design of a civil economy*. That kind of renaissance is mainly the result of unresolved problems gradually *developing from within* the individualistic structure of economic theory, such as it happened to develop historically. The increasingly pervasive influence of Bentham’s philosophy on one side (117) together with the conceptual and practical separation (122) of production and consumption on the other are the external forces driving to losing sight of the market in the civil perspective described above under civic humanism. In this sense, the alienation on the workplace and the obsession with opulent consumption at home are the demons driving our contemporary

dehumanised human person to complete madness.<sup>3</sup> The loss of all sense of community – meaning by that the whole domain of the institutions in-between market and state making the civil society – leads to our present predicament and false dilemmas. The very description of civil society, so common today, in ‘in-between’ terms is radically insufficient and misleading. However, to set things right it is absolutely necessary, according to the teaching of this book, to put the notion of *reciprocity* at the centre of the stage. In Bruni and Zamagni’s view this kind of ‘radicalism’ is a very rare commodity today; and, in particular, their criticism is directed to the current views on the so-called ‘third sector’ or ‘nonprofit economy’. The brief overview presented here (132 ff.) shows that these views are certainly not devoid of stimulating insights; at the same time they are weak precisely in that they accept a critically the ‘marginalization’ of the idea of reciprocity; and that is in fact precisely the perverse result of a whole course in intellectual history described in the book.

#### *Relational goods and reciprocity.*

It is here that the concept of reciprocity and the notion of *relational goods*<sup>4</sup> becomes essential. The notion of reciprocity (otherwise also indicated also as a gift principle) should not be seen as superseding the exchange of equivalents or the principles of equity or social justice through redistribution: reciprocity should go along with the two other principles. The authors make it clear that ‘relational goods’ – the hallmark of Martha Nussbaum’s neo-Aristotelian social philosophy – are such that it is the interpersonal relation itself (271) that constitutes the commodity in question. Therefore they are the result of a search for overcoming individualism and promote socialization and their quantity depends on the exercise of reciprocity. Reciprocity is the key to the full-realization of the human person; it is akin to gift and to the ideal of fraternity. Civil economy then is a system which accommodates the three principles, in particular including reciprocity, which had been obscured by the advent of individualism and the quest for possession. In an intriguing passage, which seems somewhat at odds with the idea of the distinction of the three principles, the authors suggest the view that gift and contract (27) are not opposite; they both result from a more foundational principle which is the principle of reciprocity. Bruni and Zamagni have given contributions, along with other authors, to develop the idea of reciprocity;<sup>5</sup> what reciprocity implies is (166) “a series of bi-directional transactions, which are at the same time independent and connected among them” besides possessing the character of transitivity and thus normally implying a triadic scheme (ego-tu-alter). This view certainly attributes a strategic

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<sup>3</sup> See, for example, Z. Bauman 2001.

<sup>4</sup> On relational goods, see M.C. Nussbaum 2001.

<sup>5</sup> In particular S. Kolm 1994, Sacco, P.L. and Zamagni S. 1997; Bruni, L. and Sugden, R. 2000.

flavour to the whole idea, which would thus seem to imply a return to the game-theoretical setting. The difference, however, though subtle, is extremely important. For game theoretical reasoning is entirely confined to instrumental rationality and motivations are themselves mere instruments in the strategy of the game; but reciprocity is not the result of instrumental rationality: it reflects a search for efficacy (rather than efficiency) and a natural taste and disposition for human flourishing. Society survives and improves if, and only if, the instinct of reciprocity, which is buried in the heart of every human being, is unearthed and made to work. Irrational ignorance and fear can prevent that from happening: here, however, rationality does not mean instrumental rationality, but the recognition of the real nature of the human being. The ultimate aim of humans is the search for liberty. Fear and lack of self-confidence can freeze the process of search and induce to retrench ambitions and lower them from the search of liberty to the fostering of mere self-interested efficiency.

#### *Applications.*

From the above ideas Bruni and Zamagni develop the argument in several, theoretical and applied directions. We have already mentioned the implications for the ‘third sector’ and for the idea and economic justification of voluntary actions. Other major applications concern the welfare society in its contradictions leading to the present crisis, the labour market, the relation of production to consumption in modern societies, and so on and so forth. What seems especially important in the present context is the general critique developed in this book and the substantial demise of the (traditionally, instead, pervasive) influence of monetary incentives in economic life. This has significant implications, which affect, for example, the idea of happiness and the current paradoxes of happiness and the search for quality in working activities. The market for CEOs is given as an example, indeed, not so much of the lack of influence of monetary incentives; the idea is, rather, that monetary incentives can certainly have, to say the least, perverse effects. It is evident, in the authors’ view, that wherever our present society appears to thrive and carry fertile fruits this is so, not so much due to the possessive drift spurred by liberal-capitalist motivations; that happens, to the contrary, *in spite of* those treacherous motivations. For some reason it appears that, unnoticed and surreptitious, by some mysterious mechanism the positive and creative motivations to reciprocity are unleashed and work out their fine effects, which are then wrongly attributed to the invisible hand of the impersonal market. Whenever a motivational crisis occurs, it turns out to be easier to discover the trick. It seems that we are fortunate enough nowadays to be witnessing a process of this kind and thus made able to discover a much richer concept of the market as civil society.

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## ***ECONOMIA CIVILE AND THE CLASSICAL CULTURE*** **A COMMENT TO BRUNI AND ZAMAGNI**

*Gloria Vivenza*

It is not of my competence to speak of the general thesis of this interesting book. As a historian, I may supplement some of its arguments; in the past, I had the opportunity of analysing topics like the relationship between justice and beneficence (or charity), the difference between gift-exchange and commodity-exchange, and even the concept of reciprocity, although in passing and only referred to ancient economy. In what follows, I only give some scattered remarks, organized around three main themes. There is no systematic discussion of the whole book, which is very stimulating and would deserve a more careful analysis.

As I am interested in very remote times and doctrines I still perceive a sharp alternative between exchange on a contractual basis on the one hand, and a bilateral relation on the other which also involves an exchange, but different in character. My question could be: how can we move from private beneficence and/or state assistance to participation? The project illustrated in the book of a society where mercantile exchange (efficiency), redistribution (equity), and reciprocity (trust and liberty, pp.21-2) can coexist is a very good one and I hope it may be realized.

My first problem is that the authors' use of terms like "reciprocity" and "redistribution" is not exactly coincident with the concepts I know, being familiar as I am with ancient (economic) history. The anthropological theories of Karl Polanyi did oppose the two principles of reciprocity and redistribution to market exchange, so that I cannot avoid recalling them in this context, also because Polanyi aroused a certain interest on Aristotle as an "economist". I am persuaded that he has a little forced the argument because he connected Aristotle's reciprocity (=proportionate requital) to a concept of redistribution that the Greek philosopher could not have in his mind<sup>6</sup>.

Polanyian categories of reciprocity and redistribution have been applied to ancient economies, but they proved adequate only for preclassical palace economies, where they could be connected with institutional models of symmetrical or centralized relationships<sup>7</sup>. Collective organizations distributed economic activities and then "redistributed" the products (it was a state redistribution). Classical (Greek and Roman) civilizations are difficult to analyse with this model because they

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<sup>6</sup> K.Polanyi 1965, p.93. Cf G.Vivenza 1999, p.148.

<sup>7</sup> L.Valensi 1974, 29:6, p. 1312-13. Cf also Finley's observations about his own *World of Odysseus* in M.I.Finley 1975, p.116.

were too developed, really, although they knew many transactions which were neither contractual nor beneficial/charitable.

These anthropological studies have been connected with the preceding studies on “gift”, which starting from Marcel Mauss’ famous essay examined another kind of non-mercantile exchange. According to the explanation given by a classicist, the lack of an exact equivalence in this kind of exchange could even be an advantage: “An important aspect of reciprocal giving is the strengthening of relationships which are to be continued in future. It is therefore beneficial for both parties if an exact balance cannot be struck: a guarantee that the association will continue”<sup>8</sup>.

But there is a kind of gift which cannot be reciprocated, that of the rich to the poor, or any kind of help which cannot be returned with a real equivalent. In this case, the weaker party must accept a subordinate position, in one way or another.

Now, reading at p.27 of Bruni-Zamagni’s book that the principle of reciprocity is at the basis of both gift and contract, I feel that perhaps the concept is not exactly the same. That both gift and contract concern human relationships, I cannot but agree; but I still see them as irreducible, if not alternative – I agree that in a society they must coexist and have both their place, but I think it is not so easy to shift the boundaries between them. (This shifting of the boundaries is a fashionable exercise, there is a book with this title; but my analytical head is not too happy with an operation which, however, I must acknowledge has provided in all times much reasoning and interesting results).

The contract, besides being an exchange of equivalents, has other interesting characters: it implies that parties are on equal footing, and it is, so to speak, liberating, as Seneca had already understood: *si reddidi, solutus sum ac liber*: when I have paid, I am free (*de benef.* II, 18, 5): the relation is interrupted, broken off. He gives a negative sense to this, and the authors of the book would perhaps agree with him.

But I would like to emphasize another side of the question. The non-contractual relationship gives rise to an exchange of non-equivalent things, or at least things which have no commensurability each in terms of the other. Genovesi’s distinction between *mutuum* and loan (p.42) which purports that interest cannot be exacted from a poor because this would transform humanity into a commodity presupposes the existence of the poor and cannot do without them. The authors of the book solve the problem by implying, if I have rightly understood, that the two parties are complementary although unequal; but it is necessary for one of them to be willing (or obliged) to recognize itself as needy. At p.231 the weaker party is defined as a “bearer of need” (*portatore di bisogni*) and described as interacting with social and civil entrepreneurs; but it seems to me that the

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<sup>8</sup> P.Millett 1990, p. 184. Cf Bruni-Zamagni’s book, at pp. 176-7.

main thing he has to offer is his own lower station. I quote again my beloved classics, Cicero saying that goodness and benevolence are the virtues of the *praestans* (in higher status, *de nat deor.* I,121); Seneca saying *qui dat beneficia, deos imitatur* (*de benef.* III, 15,4). There is a superiority in the person who can help, and a corresponding inferiority in the helped party – I could also quote nice examples of people who did not like to stay there. This happens precisely in the personal relationship; and I think this is the reason why the help of the state is preferred.

Lack of time prevented me from finding out a quotation which I remember: both parties, the needy and the helper prefer in modern society that the contribution passes through a neutral, impersonal institution (the state). It is somehow funny that the character of impersonality belongs to the market and to the state also; and that it is considered sometimes beneficial, sometimes not. Today, it seems that the principle is criticized on both sides: the market promotes the law of the strongest, the state wastes resources without reaching the goal.

But I still feel that a certain degree of neutrality or impersonality is not so bad. Adam Smith wrote beautiful pages<sup>9</sup> on the fact that economic progress reduced human dependence (therefore enhanced human dignity). Today we are no longer in a logic of benefit/charity on the one hand, and gratitude/service on the other, but the needy person (the “portatore di bisogni”) has a sort of dependence – though it is excessive to represent him, as I did, in the light of the “somebody must do it”, or of being there to give others the satisfaction of helping him.

But is it possible today to go back to the personal relation? This is the challenge of the book. I have really enjoyed the section on gift and reciprocity in the Middle Ages; and the phrase at p. 46 that prayers cannot be bought is beautiful and moving; but Todeschini quoted below says that the non-commensurability of the goods helped to work out the distinction between gift and bargain - which is not eliminable, I think. There is a moment where the complex relations typical of the community (exchanges in the context of friendship, solidarity, etc.) begin to be perceived as ill defined.

My second point is about a certain ambiguity between reciprocity and sociability, from a historical point of view. I mean that the actual difference between the two concepts is explained at p. 81 (although it may be discussed whether social instinct comes first, or vice-versa); at p. 59, however, there is a historical reconstruction which has puzzled me a little.

The authors describe the individualistic turn of modern political thought, best identified with Hobbes’ *homo homini lupus*, which was contrary to theories (*homo homini deus*) emphasizing social instinct, as far as I know; but at p.59 these concepts are defined first “socialità”, then

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<sup>9</sup> I only refer to the most famous passage on the loss of power by the feudal lord in WN III.iv.12.

“reciprocità”. Historically, however, it was the *amor societatis*, not reciprocity, which was opposed to Hobbes’ idea of a savage attitude in men.

I am perplexed by the assertion that Aristotle would have guessed (or realized) the so-called “fragility”<sup>10</sup> of social life (or life in common). Certainly Aristotle says that there is no good life out of the *polis*, and that to be happy we need the others’ presence, but it does not follow that he sees a “fragility” in this. It is true that he says that man cannot usually suffice to himself, but he does not exclude the possibility, although in a paradoxical form: “the man who can stay alone is a beast, or a god” (*Pol.* 1253 a 29). Certainly this is the exception which confirms the rule, a rule further emphasized by the well known statement that the happy man should be self-sufficient, but this proves to be untrue because a lonely life is not good (*E.N.* 1169 b 3-11 and 17-19). Aristotle considers this human instinct to be so basic and strong that I am inclined to think that it is a strength, if anything. A problem of “fragility” may be recognized in the fact that man would find it difficult to survive if left alone<sup>11</sup>, rather than in the uncertainty of the other’s response to our need of partnership (p.59).

So, the argument that modernity, by accepting Hobbes’ theory (which however was opposed, I recall, with great resolution especially by the natural law thinkers) renounced the supposed fragility of life in common in favour of unrestrained individualism leaves me in doubt. I do not know whether sociability, or even reciprocity, is really more fragile than the *homo homini lupus* attitude. It could be maintained that the latter is more fragile because desperate measures<sup>12</sup> must be taken to find a remedy for it, while sociability is so strong that nobody even thought of opposing it: it would have been like opposing raining or sun.

I must say, however, that I am not sure of having grasped the authors’ opinion as expressed at pp. 59-60. The argument seems organized in terms if individualism (from Plato to Hobbes) opposed to sociability (from Aristotle to civic humanism). This opposition was widely debated and there is no need to dwell on it. But I am in doubt whether the authors meant to oppose reciprocity, instead of sociability, to Hobbes’ individualism. If this is the case, it is better to leave out Aristotle, because he is the acknowledged father of sociability, not of reciprocity. It is true that he also speaks briefly of the latter, but his theory of human aggregation, so to speak, is based on general social instinct. Aristotle’s reciprocity means proportionate requital and is firmly connected with the concept of justice in exchange, namely the *antipeponthòs*. It is obviously debated how to set it among the various kinds of symmetrical/asymmetrical exchanges and relationships, or the different types of

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<sup>10</sup> Certainly from M.Nussbaum’s well known book.

<sup>11</sup> “...for if each individual when separate is not self-sufficient, he must be related to the whole state as other parts to their whole”, *Pol.* 1253 a 26-7 –by the way, this is the reason why Aristotle maintains that the state is prior by nature to the individual.

<sup>12</sup> Those described by Hobbes himself.

justice, but it is usually connected with this kind of problems<sup>13</sup>, rather than with relationships of *philia*, friendship<sup>14</sup> - although nobody can deny that friendship involves reciprocity, also in Aristotle's description. But in the literature the term has somewhat "specialized" itself, so that it is impossible to mention Aristotle and reciprocity without connecting the concept with justice rather than friendship.

The third point is about the conception of happiness, in its relationship with the Greek (Aristotelian) *eudaimonia*. In the book I find identification, perhaps a little hasty, of *eudaimonia* with flourishing (p.171), and again with reciprocity, because it is taken for granted that to flourish I need reciprocity. I'm afraid Aristotle did not say this: it is true that he maintained that man is not apt to stay alone; but his *eudaimonia* is not simply reducible to human relational nature. I cannot summarize this concept in a few words, but *eudaimonia* is activity (*energeia*) directed towards virtue and provided adequately with external goods. There is a bit of luck in it (*eu-daimon*), but the man must be able to exercise his faculties in conformity with virtue in every circumstance of life (*E.N.* 1100 b 18-22).

The term "flourishing" was first used in John Cooper's book (*Reason and human good in Aristotle*, 1975), because he was not satisfied with the usual translation with "happiness"; I do not dare to say what of the two is better in a language which is not mine<sup>15</sup>. But also Cooper's interpretation of Aristotle is debatable, although I can understand that it may have an attraction on modern scholars who are more familiar with Rawl's *Theory of justice* than with classical philosophy (Cooper admitted that his interpretation of Aristotle's theory of human good was influenced by Rawls' theory of good – p.97 n.6).

So, I conclude with a short hint at material goods, and economic (acquisitive) activity. Aristotle would have agreed with Amartya Sen (p.252) that wealth has an instrumental value, being not an end in itself; but I think he would not have accepted the idea that we must strive to get it. His reasoning begins when the problems of material life have already been solved, or at least he considers, and analyses, a man free from this worry - the exception being his model of exchange in *N.E.* and some "economic" suggestions in the *Politics*. But generally speaking, he says that men began to philosophize when they had provided to material needs (*Met.* 982 b 19-24); the *eudaimon*

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<sup>13</sup> For the sake of brevity I quote only K. Marc-Wogau 1967; T. Scaltsas 1995; L. Judson 1997; but the list ought to be much longer.

<sup>14</sup> One exception is D. Konstans 1998.

<sup>15</sup> I only quote Rackham's observation *ad E.N.* 1095 a 20: "This translation (*sc.* happiness) of *eudaimonia* can hardly be avoided, but it would perhaps be more accurately rendered by "Wellbeing" or "Prosperity"; and it will be found that the writer does not interpret it as a state of feeling but as a kind of activity". Cf also the observations in Terence Irwin's edition of *N.E.* (1985, Glossary, pp.407-8, *s.v.* happiness, *eudaimonia*).

man must be (already) furnished with external goods, because “it is impossible to play a noble part without the necessary equipment” (*E.N.* 1099 a 32-33)<sup>16</sup>.

I understand that this may sound very strange, because Aristotle knew that wealth must have been obtained before being there; and he also knew that if one does not care for it, he will never become rich. But this was not a subject on which he wanted to dwell, if not in relation with political or ethical issues: and this he did, by admitting that wealth is necessary to well being and self-sufficiency (which means liberty). But, as there must be a limit in all things (a limit which means perfection, by the way), the pursuit must be moderate and neither men nor cities must strive to have more than what is enough for them.

The idea of running after wealth, even instrumental wealth, was not for Aristotle. It means a desire for wealth and a want to have more, therefore a lack or at least a shortage of it. If you lack something, you are not perfect.

I know that all this has nothing to do with Bruni-Zamagni’s book. It is an effort to bring Aristotle nearer to his own thought, and his own time, too (I am an historian, after all). We are so obsessed today with an all-pervading economic perspective that it is not easy for us to understand a time when other things were considered worthy of that noble human activity of thought and knowledge. But it is not a fault of us, we cannot disregard the experience of so many centuries, which have witnessed all kind of vicissitudes that Aristotle could never have imagined – and also our idea of man has changed very much.

And I still side with Quentin Skinner’s well-known assertion, that we cannot attribute to an author a knowledge which was not available to him.

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<sup>16</sup> Civic humanism made the most of this, cf recently G.Griffiths 2003, pp.356-7.

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# THE ECONOMICS OF CIVIL SOCIETY: INTELLECTUAL ROOTS AND WAYS AHEAD

*Roberto Scazzieri*

## *1. Introductory remarks*

Civil society is a relatively modern concept, which some authors date back to Leonardo Bruni's translation of Aristotle's *Politics*<sup>17</sup>. Already in the second half of the 16<sup>th</sup> century, the Flemish scholar Justus Lipsius gave a definition of life in a civil society that most economists would nowadays accept: 'Vitam Civilem definio, quam in hominum societate mixti degimus, *ad mutua commoda sive usum*' (my emphasis). (See also Ornaghi, 1984, p. 71.) In Lipsius' definition, the political element of Aristotle's conception recedes into the background, and civil society appears as a social arrangement in which exchange and division of labour introduce a basically horizontal (and open) network of economic interdependencies. As a result of a subtle intellectual twist, a Latin expression (subsequently translated into many modern European languages) was made to signify something quite different from the original Aristotelian source. A political concept, originally associated with notions of kinship and community, was translated into a *non-political* conception of sociability, which could encompass polity and government, but could by no means be reduced to them. The consideration of horizontal (that is, non-hierarchical) economic relationships is central to the intellectual twist described above. For it is through the *objective interdependencies* of economic life that hierarchy and command recede to the background, and sociability comes to be founded on a basis radically different from kinship and community. The 'politeness' of commercial society gradually emerges as a powerful intellectual paradigm, in which economic relationships of exchange and division of labour are located at the foundation of human sociability. In particular, exchange and division of labour are considered to be characteristic expressions of the human attitude to interact by means of *reason and speech* (see also Scazzieri, 1999; Porta and Scazzieri, 2001, Rothschild, 2001).

My aim in this comment is to highlight, albeit very briefly, some features of the above intellectual shift, which we may describe as a shift from *civil life* to *civil society*. This will suggest a review of

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<sup>17</sup> I am grateful to Gloria Vivenza for calling my attention to Bruni's translation as '*societas civilis*' of Aristotle's '*koinonia politikè*', which entailed a more direct reference to community and polity (see also Brazzini, 1988, pp. 130-1).

the intellectual influences behind that shift. It will also suggest possible ways ahead for the economic theory of civil society.

## 2. *Intellectual roots*

Civil society is closely associated with economic co-ordination not so much because of its connection with commercial society *per se* as for the central role of reason and speech in economic interactions. Writers such as Montesquieu, Ferguson, Smith and Verri explicitly considered this feature of civil society. We could argue that the point of view of these writers is rooted in the belief that an important anthropological discovery had been made. This was the idea that human rationality is essentially interactive, and that rational conclusions can be reached through a sophisticated interplay of reasoning *and* communication.

This discovery is central to the anthropology of the Scottish Enlightenment. It is associated with multiple intellectual strands, which are briefly described below:

- (i) The Aristotelian analysis of rationality in terms of prudent judgement under conditions of uncertain knowledge, combined with the Aristotelian view of sociability within ‘natural’ associations (including the *polis*).
- (ii) The Stoic and Christian tradition of cosmopolitanism and universal proximity. (A tradition clearly expressed in Cicero’s *De Officiis*).
- (iii) The Medieval tradition of legal hermeneutics, with its emphasis upon the possibility of identifying ‘natural’ legal principles, and thus of extending the domain of law to previously uncharted territories (formation of the *lex mercatoria*, or ‘law merchant’, independently of sovereign authority).
- (iv) The Humanistic view of active life (active procurement of riches) as a civic duty within the republican city-state. (This view is clearly expressed in some Florentine writers of the early Renaissance, such as Leonardo Bruni and Matteo Palmieri, but also features prominently in later Dutch writers, such as Jan de Witte, the Great Pensionary of the Republic of Holland,).
- (v) The Platonic (and Neo-Platonic) tradition of the ‘light of nature’ within the human mind (Culverwell), and its developments in the theories of the moral sense (Shaftesbury, Butler, Hutcheson,) and of the impartial spectator (Smith).

The above account is short and possibly not comprehensive. However, its principal aim is to show that the conception of civil society in its classical form (which we may associate with

Smith) is a complex blend of multiple influences. The final product is multi-faceted and, to a certain extent, open-ended. This open-endedness could be seen as a great strength of that concept, as it suggests possible extensions into uncharted economic, social and geographical territories.

### 3. *From civil society to civil economy: a suggested interpretation*

The recent contribution by Luigino Bruni and Stefano Zamagni is an important attempt to shift the intellectual horizon of economic theory away from the canonical model of self-interested rationality and competitive resource allocation. Their work is also characterised by close attention to intellectual sources in economic, moral and political philosophy. The connection between the Aristotelian theory of sociability and the Humanist tradition of active civic life is at the root of their conception of a civil economy. This approach is bound to emphasize certain features of civil society, while other features are not in the foreground. For example, Bruni and Zamagni (as argued above) examine in detail the Aristotelian tradition and the specific form that this tradition takes in late medieval and early Renaissance Italy (civic humanism and ‘vita civile’). The reason for this emphasis is that it is from this source that the concept of ‘civil economy’ takes its distinctive feature as a set of economic institutions (and organisations) associated with civic duties and the restrained practice of self-interest.

However, it is precisely the above historical connection (with early Renaissance Italy, and perhaps also with late Renaissance Netherlands) that makes the paradigm of a civil economy close to *but not identical with* the Scottish paradigm of a commercial *and* civilised society. As a matter of fact, the Humanist paradigm of a civil economy shares features of Smith’s (or Ferguson’s) commercial society, but also includes features of the classical city-state (such as the role of kinship and social closure). The proximity of the Humanist republican model with these features of the classical conception of sociability makes it difficult to use the pure model of a civil economy in the interpretation of economic interdependencies when the latter are introduced among ‘distant’ communities. The analysis of such interdependencies would almost certainly require a *cosmopolitan* model of the civil economy. We may conjecture that such a model would bring together elements of the humanist (Aristotelian) conception with other strands of the civil society tradition.

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## CIVIL ECONOMY BETWEEN PAST AND FUTURE: A COMMENT TO BRUNI AND ZAMAGNI

*Francesco Boldizzoni*

My first encounter with civil economy occurred while I was studying the foundations of monetary equilibrium in the thought of Bernardo Davanzati, the 16<sup>th</sup> century author of the *Discourse upon coins* (Boldizzoni 2003). He perceived the equilibrium not indeed as the resultant of several strenghts, but as a condition of natural harmony which is established when the quantities of economic system are uniformly distributed, like a fluid, all over the civil body of republic. I easily identified his sources: from a formal (model-building) point of view, he had been inspired by medicine (Vesalius and the Paduan heritage); whereas at the level of contents he took his peculiar conception of human society (the *umano consorzio*) from the Latin classics, especially from Cicero:

*Est igitur [...] res publica res populi, populus autem non omnis hominum coetus quoquo modo congregatus, sed coetus multitudinis iuris consensu et utilitatis communione sociatus.*<sup>18</sup>

My surprise grew when I realized the Italian Renaissance paradigm to be imported to England in the next century: Hobbes and W. Petty appropriated the juxtaposition between civil and natural body and the theory on the function of money as a measure of the flow of the goods and services produced by the economy during a given time period. Also Quesnay's, Cantillon's and the physiocrats' view of production as a circular process, was directly or indirectly influenced by Davanzati's thought.

The Classical School appears to us so far from this model not only because of the description of social and market interactions based upon the Newtonian mechanics, but because of its descent from what Bruni and Zamagni call the "*notte del civile*" as well.

But did the 17<sup>th</sup> century really mean an eclipse for the civil thought? Not entirely. This certainly happened in Northern Europe, where at the time of the Glorious Revolution the Reformation had already moulded the individualistic society with its originary mythology of the *bellum omnium contra omnes*, on the contrary the Mediterranean world stayed relatively immune to the process. Here the doctrines of Second Scholasticism (perhaps the best outcome of the Spanish Domination in

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<sup>18</sup> *De republica*, I, 25.

Italy) show clear signs of the transition towards a Civil Enlightenment. Such a missing ring in the historical reconstruction of our intellectual past still needs to be inquired into.

An anonymous Milanese writer of the late 17<sup>th</sup> century defined trust (*fides*) as the glue that holds the market together; moreover it addressed the “immutable reason of people” (Boldizzoni 2004, Appendix II). There is no trade-off between rationality and virtue: this is the independent answer that the catholic world gave to the problem of efficiency.

Consequently we understand why in the 18<sup>th</sup> century Italy the topic of happiness re-emerged so mightily. By then this context too appears to be dominated by the Newtonian analytic paradigm. Nevertheless, an almost identical use of social mathematics hides two antithetical conceptions of the world.

*Quel che la gravità è nella fisica, è il desiderio di guadagnare o sia di viver felice nell'uomo: e ciò posto tutte le leggi fisiche de' corpi si possono perfettamente da chi sa meditarlo nel morale di nostra vita verificare* (Galiani 1803 [1751], p. 91).

Thus wrote Galiani, Smith's great forerunner.

*La fede è ne' corpi civili quel che è nei corpi naturali la forza di coesione [...]; la reciproca amicizia degli uomini sia nel corpo politico, quel che è ne' corpi naturali la scambievole attrazione de' corpicelli componenti* (Genovesi 1803 [1767], pp. 70; 86).

Thus wrote Genovesi, the last of the ancients. He derided Mandeville, accusing him of being a naive social scientist: “who confuses happiness with the pursuit of self interest – he went on – is just fool and ignorant of the human things” (*ibid.*, p. 89).

Otherwise from Democritus' atoms, men appear to be conditioned by the background in a continuous give and take relationship inducing them, often unconsciously, to subordinate their choices to other people's preferences. In many circumstances of life they act irrationally, in order both to cognitive limits, and to their obedience to the social norms that – above the subsistence level – have priority over any material expectation.

The approach of civil economy has the merit to point out how happiness rather than utility deserves being the focus of an economic discourse which claims to be scientific, because happiness is the main determinant of human motivation. Such a general framework could explain both extreme behavioural typologies (the maximizing-hedonist's one as the benefactor's one), but relegating them to particular cases.

Davanzati first considered income as a mere *pre-requisite* for self-realization; he turned his attention to the needs:

All Men labour to become happy, and they think to find this Happiness in the Satisfaction of all their Wants and Desires [...]: all Men then do passionately covet all the Gold, to buy all things for the Satisfaction of all their Wants and Desires, and so to become happy.<sup>19</sup>

And observing how cupidity is at “the root of all evils”<sup>20</sup> in the economy, he gives us to understand that the *eudaimonia* resides in the temperance, in Aristotle’s *medium*.

Is it really possible rethinking economics as “a study of mankind in the ordinary business of life [...] closely connected with the attainment and with the use of the material requisites of well being”? (Marshall 1948 [1920], p. 1). Bruni and Zamagni remove the problem of value neutrality at once, by the statement that science can be conceived as social engagement. Nevertheless, I deem it possible to build a *positive* theory of civil economy too. Some of its assumptions seem to be first of all empirical truths: one could agree with them apart from his own ideological creed. Nowadays, however, the axioms included in the toolbox of mainstream economics are anything but neutral.

Having made these preliminary statements, necessary, I believe, to conceptualise my point of view, I shall ask the authors of this book a question: have the external and internal reasons that once led to the achievement and consolidation of the neoclassical paradigm vanished? In other terms: after being awoken from its deep sleep, is 21<sup>st</sup> century civil economy now damned to heterodoxy?

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<sup>19</sup> Davanzati 1804 [1588], p. 32 (translation by John Toland).

<sup>20</sup> *Ibid.*, p. 39.

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## CONCLUDING REMARKS

*Luigino Bruni and Stefano Zamagni*

What the Civil Economy actually is?

Perhaps at the conclusion of this rich forum dedicated to a book entitled “civil economy” few remarks about the key word of our research project can be worthwhile.

There are at least three different, although complementary and deeply related, meanings of the expression Civil Economy, an expression pretty new in present-day theoretical debate in economics.

1. The first meaning that comes immediately to mind is a new and different historical reconstruction of the origins of modern economic tradition. In fact, if the history reconstructed in the book is plausible – and the various contributions of this forum seem to suggest it is – then the traditional way of telling the birth and the cultural origins of the modern economy and of economics have to be changed. To be sure, we have dealt almost exclusively with “economics”, but we consider important and absolutely central to our discourse some incursions into the “economy” dimension, such as our considerations on *monachesimo*, *Montes pietatis*, or civic humanism, interpretations inspired by outstanding historians such as Garin, Baron, Pocok and Skinner. As it is well known, the mainstream way of interpreting the modern economic tradition is built upon a substitution process: the *principle of the exchange of equivalents* (or instrumental market mechanisms) takes the place previously occupied by the *principle of reciprocity*, which was the basic pillar of the pre-modern social order. As a result, the anonymous and impersonal market “society” replaced the person-centered pre-modern “community”. Although this historical portrait embodies many real and unequivocal historical facts, in our book we claim that the process has been more complex and partially different. In a nutshell, we have offered some insights by showing that modern political economy, both in Scotland, and Naples and Milan, was essentially an offspring of the tradition of Civic Humanism of the *Quattrocento*, and therefore of the Greek and Christian humanism from which the humanists were influenced. As a consequence, Smith, the philosopher of moral sentiments, or Genovesi, the first

academic to hold a chair in economics (1753), are not the “last of the pre-modern” thinkers (as normally depicted), but representatives of an old tradition, that continued after them within modernity. It follows that our book is, in a sense, also a “map” of an underground river (*fiume carsico*).

2. A second meaning of the expression “Civil Economy” emphasises the adjective “civil”. Civil comes from the Latin *civitas*, that is the translation of the Greek *polis*. The concept of civiness or civil (civic) virtues is in fact another key category of the book. More precisely, civil virtues are, since Aristotle (at least in Western culture), the preconditions for happiness. In this perspective there is no true happiness outside the *polis*: happiness is by its nature civil; happiness cannot be but “public happiness”, *pubblica felicità*. In the central part of the book we endeavour to show why, from Bentham onwards, the classic concept of happiness as “eudaimonia” has been *reduced* to utility. This reductionistic move is, according to our reading, the most serious impoverishment of contemporary economics. In fact, to define economics as the “science of utility” has deprived economists of the categories of thought for properly tackling social interactions, relationality, reciprocity, phenomena that cannot be ignored even by mainstream economic analysis. Our happiness is constitutionally a “relational” entity, being so deeply connected to that of the others, as the Japanese poet Kenji Miyazawa (1896-1933) used to say: “happiness in the true sense is impossible for the individual to attain unless he seeks the happiness of the others”. Also in Western tradition happiness has been conceived as a matter of relationships between people, depending on “relational goods”, goods made also of relations. Utility, instead, is the property of the “relation between a man and a thing”, as Pareto used to say. The perspective of civil economy is very much interested in underlining the “paradoxes of happiness in economics”, because it re-directs the attention of economic discourse to a sort of “transformation problem” that has always been disregarded so far: whether and how commodities get transformed into personal well-being. As we document in the book, such an issue has always been extremely important in the tradition of civil economy.

As we show in the book, the notion of homo oeconomicus has to do with the idea of desert, i.e. with the idea of a human being in its insurmountable solitude. Homo oeconomicus is an autistic being. Agents cross one another in the market place to sign up contracts and to do business, but they never really meet in order to recognize one another. Solitude is a state of separation not only from the other, but also from the self. Thus, it should come to no

surprise to discover that, as long as we remain within the realm of traditional economics, it is practically impossible to talk about happiness in a proper and meaningful way.

3. A third meaning of Civil Economy is related to the current debate on the growing importance in our societies of the so-called third or nonprofit sector. Perhaps, it can be claimed that the most important ambition of the book is to offer a general theoretical framework for properly understanding what is going on today in this alive and stimulating area of research. To interpret social or nonprofit economy as civil economy cannot be considered just a question of wording: it is, instead, a question of giving cultural and theoretical dignity to a phenomenon that is growing of importance. For two reasons. First, contemporary economic theory considers these forms of economic activity as something marginal, esoteric or even bizarre. They are considered as an “exception” to the general rule of the economic activity, the for-profit sector. We consider this way of distinguishing economic activity based on the profit motive (for-profit/non-profit) as misleading, since economic agency, goods and firms are much more complex human and social matters as usually depicted. Second, the nonprofit sector itself tends to conceive its own activity as “social”, and as such different from the “usual” economy based on the principles of self-interest and profit maximisation. Such a dualistic or Manichean stance is no less misleading. It is hard to die, being deep-rooted in particular in the European social economy tradition. To look at the economic activity from the civil economy perspective bring us to a different conclusion: the physiology, the normal functioning, the *vocation* of the market is to represent a moment of civil life. Of course, economy can become, and historically has often become, an “uncivil” activity, but this is the pathology, mainly due to the fact that market, for various and very well known reasons, at a certain point in time started to sever itself from the civic humanistic principles. In a sense, the main ambition of the book is to reverse the relation between the “rule” and the “exception”.
4. The reductionist route taken by economics, from the second half of the 19<sup>o</sup> century onwards has ended up by disarming critical thinking, with the results we have outlined in the book. For this the profession must accept its own responsibilities. For too long, generations of pupils have been led to believe that scientific rigor postulated an ascetic stance; that in order to be scientific, research had to free itself from any reference to values. We have now the result: ontological individualism - that is itself, a value judgment, and a very strong one,

indeed - has acquired the status of a "natural" assumption, that as such does not require any justification. It sets itself up as a benchmark that every other hypothesis on human nature "has to" measure itself against. Indeed, only individualism is granted the privilege of naturalness in traditional economics.

We don't think we can continue along this path for long. A choice has to be made: either we remain anchored to *non-tuism* and are prepared to pay the price of not being able to offer an answer to the naive, but fundamentally true, observation of Saint-Exupère: "Men... buy things all ready made at the shops. But there is no shop anywhere where one can buy friendship; and so men have no friends anymore" (*Little Prince*). Or we accept to give up *non-tuism* and then we might be able to articulate all the consequences of the (unnoticed) intuition of Gossen when he wrote: "most pleasures become actual pleasures only if other persons, too, participate in the enjoyment".

Abell has written: "The theory of rational action is the *necessary* point of departure with which to compare other kinds of theory" (1992, p.186). Statements of this kind are far from being neutral and innocent, as one might be led to believe. The fact is that precisely through this kind of statement, uncritically repeated an infinite number of times, the theory of rational choice has ended up by acquiring an actual "paradigmatic privilege": every other explanation of the agents' behavior has to "reckon" with that point of departure. Thus, for example, while one is forced to *explain why* someone makes a gift, non-tuistic behavior is considered completely natural, not needing any explanation. Why should one feel exempted from providing valid reasons for not donating, whereas the opposite is not the case?

Needless to say, any attempt to restore within economic discourse the civil perspective is sure to be well received, at least not opposed, by the profession, provided one can prove that such retrieval, while taking place in full compliance with the canons of scientific practice, will be of help in correcting some aporias and filling gaps in the discipline. In other words, one needs to be able to prove that the introduction of civil economy categories into the developing process of economic thinking can widen, not restrict, the cognitive range of economic science, thus enabling it to firm up its grip on reality. Our point is that the most significant contribution that such an attempt can nowadays offer for a reconceptualization of economic discourse lies in its capability to answer the following question: is it possible to humanize the market, that is, is it possible to figure out a model of market capable of tentatively including *all* human beings and of estimating *all of* the human person in his/her multifaceted dimensions? It seems to us that the central problem in the current transition towards a post-Fordist society is to understand how to fare so that individuals may be at

liberty to decide the procedures for the supply of the goods they demand. What is at stake here is not so much freedom to decide the overall *composition* of goods to be produced (more of private *versus* more of public goods; more merit *versus* more relational goods), but freedom to decide *how* that composition should be achieved. This is why one cannot advocate the efficiency principle in order to decide *what* and *how* to produce. Undiscriminating admirers of the market as a social institution seem to overlook the fact that it is the very hegemonic expansion of those relations that we call private economy, that will slowly but inexorably destroy the whole system of social norms and conventions which constitute a civil economy, thereby paving the way for the success of new forms of statism. Today it is urgent to admit that the hypertrophic growth of both State and private market is a major explanation of the many problems that embarrass our societies. Such being the situation, the solution cannot be found in the radicalisation of the public economy *versus* private economy alternative, or neo-statism *versus* neo-liberalism, but in a healthy flourishing of those forms of organization that shape a modern civil economy.

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