

## In Search of a Liberal Sociology

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In recent years there has been a dramatic increase in fruitful interdisciplinary "trespassing" between economics and sociology. In spite of this, however, many contemporary classical liberal economists still assume that the mainstream of sociology is more or less Marxist in orientation, and that there is little to be gained from a specifically sociological approach to the study of modern capitalist society. Fortunately these assumptions are not accurate, as Robert Holton and Bryan Turner's recent book *Max Weber on Economy and Society* (New York: Routledge, 1989) illustrates. Holton and Turner attempt to outline an approach to social analysis that is both interdisciplinary and non-Marxist. They explicitly argue that their "interests have emerged both from our sense of the exhaustion and collapse of the intellectual and moral credentials of Marxism and state socialism, and from the interesting revival of liberalism and libertarianism" (11-12). It is their recognition of the relevance of liberal approaches to social analysis and their willingness to take seriously the work of some of liberalism's most serious thinkers that make this book an excellent contribution to social theory and a challenging critical read for those sympathetic to classical liberalism.

The heart of their contribution is their insistence that social analysis has to start with the recognition that modern societies are not the holistic, collectivistic *Gemeinschaft* conception of society envisioned by Marxism. Rather, modern society is more like the network of abstract relationships described by the *Gesellschaft* conception of society. This difference is a crucial one. A *Gemeinschaft* view of society sees the links between individuals as concrete, directive and specific. Members of such societies can comprehend the entire social structure and are assumed to be aware of how their actions must be consciously integrated into the collective aims and goals of the social group. A *Gesellschaft* conception of society is, by contrast, one where individuals are seen as acting in self-motivated ways and are related to other individuals through rules, signals, and institutions that are general and abstract. On this conception, society cannot be described in holistic terms, nor can the actions of individuals be understood as motivated by a comprehensive understanding of the effects of those actions on specific others. Holton and Turner argue that this distinction parallels Weber's concepts of "communal" and "associational" societies (74).<sup>1</sup>

With this distinction in mind, they set out to explore a number of important issues in social theory. The first chapter attempts to locate their project within the history of sociological thought. Much of this chapter is a fruitful review of the conflicts between Marxian and liberal analyses of social orders. Of particular interest here is the authors' attempt to draw on the liberal sociological tradition of Weber, Georg Simmel and Talcott Parsons. Holton and Turner argue that any modern understanding of society has to take seriously the importance of markets and their ability to coordinate human behavior:

we do see [the market] possessing an evolutionary advantage in terms of the capacity to co-ordinate individual wants with resources in a non-ascriptive,

relatively non-coercive manner . . . it is arguable that many alleged market failures have more to do with monopoly or political constraints on individual autonomy than with the market principle as such. (24-25)

Though they are careful to say that they see limits to this argument, they generally believe that Weber's sociology is consistent with a respect for market processes and an individualist conception of social order.

The second chapter picks up on these themes and explicitly links them to modern defenses of classical liberalism, specifically those of the Austrian school of economics. Holton and Turner argue that Weber's work has been influential in the development of modern Austrian economics and vice versa. They note that both share a form of methodological individualism, arguing that "the origins and persistence of . . . undesigned institutions cannot, however, be rendered intelligible without some reference to the activities of individuals" (41). As a result, both Weber and the Austrians would exclude social theories that see individuals as mere vehicles for acting out forces beyond their control. This, presumably, is crucial to the liberal response to Marxism.

Holton and Turner also understand the epistemological basis of the Austrian critique of social and economic planning. They rightly point out that the Austrian appreciation of uncertainty and real, historical time precludes any *ex ante* knowledge of social outcomes, thus also precluding successful social planning. Rather the *Gesellschaft* conception of society relies on rules and institutions to coordinate human behavior *ex post*. The authors note similar positions taken by Weber and his explicit approval of the original anti-planning argument of Ludwig von Mises. The second chapter also includes a wide-ranging discussion of social scientific methodology, with a particularly good section defending a sophisticated version of methodological individualism.

The third chapter covers some issues in modernism and world religions. This chapter seems to digress from the themes of the other chapters, although it does contain some interesting observations on Weber's work on religion and its link to modern conceptions (and criticisms) of rationality.

Chapter four picks the main theme back up by linking the earlier chapters to a discussion of the law and its role as a coordinator of the abstract social relations in a *Gesellschaft* conception of society. Holton and Turner argue that Weber's sociology of law is an extension of Georg Simmel's sociology of money, in that both law and money provide a "shell of calculated stability of economic processes" (111). Law and money provide the frame in which the mural of economic activity unfolds through time. Legal and monetary institutions *limit* economic activity by bounding the possible courses it can take and simultaneously *facilitate* such activity by serving as universal and abstract reference points through which economic actors can attempt to achieve their various ends.

Where Holton and Turner's discussion could be helped here is by more explicitly incorporating an account of how legal and monetary institutions perform these coordinative functions and in what kind of political-economic environment they are more likely to do this well. Specifically, Holton and Turner might reconsider their earlier dismissal of Hayek's theory of spontaneous order. Though cognizant of the value of Hayek's work,

in several places they are quick to paint his ideas as "mythical unreconstructed liberalism" (19), or as a "transcendental liberal Utopia" (26), or "nostalgia for a seventeenth-century world of sovereign producers" (53). In most of these instances, not much of an argument is presented, rather it is asserted and assumed that Hayekian liberalism and spontaneous order explanations are simply out-of-date with the realities of the Twentieth century. The problem for Holton and Turner, however, is how to explain how money and law perform their coordinative functions without recourse to spontaneous order explanations.

In recent years, a number of classical liberal scholars have pressed the case that both money and law are spontaneous orders and that political interference in their natural evolutionary processes undermines their ability to contribute to economic and social order.<sup>2</sup> The rationale for these arguments is that spontaneous evolutionary processes are better able to incorporate and disseminate knowledge (particularly tacit knowledge) to social actors than are politicized attempts at design. Despite Holton and Turner's general sympathy toward liberal ideas, this is one area where some additional work on the evolution and operation of these social institutions would have been helpful.

The fifth chapter covers what Holton and Turner refer to as "status politics." They argue that the politics of contemporary democracies can be called "administratively determined status-bloc politics" (148). The process they describe is one where particular interest groups attempt to persuade actors in the political process to grant them certain outcome-oriented benefits by virtue of some claim of "disprivilege [or] prejudice" (147). These groups are status blocs. Holton and Turner make two important and convincing arguments about this process. First, the result of this political competition is immense fiscal pressure on democratic governments:

The very success of democracy produces clientelism which requires greater bureaucratic regulation and state intervention, bringing about further social control within the political sphere and also a greater tax burden on the economy (155).

Similar arguments have been raised by modern classical liberal economists, particularly those of the Public Choice school.<sup>3</sup> They have argued that the explosion of the federal budget deficit can be traced to politicians providing government benefits for organized special interest groups in exchange for votes. Although they are coming from a sociological perspective, Holton and Turner are on the same track.

A second important observation is their explanation of the cause of status-bloc politics. Holton and Turner point to the shift in liberalism's conception of equality (from equality of opportunity to equality of outcomes) as generating status blocs and their demands on the political process (147). Once the political process begins to do more than ensure equality of opportunity and attempts to legislate outcomes, various organized groups will try to claim their piece of the pie by presenting themselves as victims of some sort of inequality. Both the fiscal and social morass of contemporary democracies can be fruitfully understood as results of this philosophical shift. Holton and Turner nicely capture this process, though they present no clear way out of this dilemma. This is

particularly problematic because they argue for a non-minimal role for the state and must explain how *their* state would avoid this trap.

Holton and Turner conclude with some powerful criticisms of class analysis. Of particular interest here is the challenge they throw down to their fellow sociologists:

Sociology has always contained traditions hostile towards individualism and market exchange and which advanced disbelief that the impersonal character of such relations could be consistent with community and social order . . . Impersonality and atomization are, however, enabling features of the marketplace, insofar as they permit the liberation of individuals from oppressive community sanctions and the limits of access to resources set by face-to-face contacts. (192-93)

The first part of this challenge is arguably the crucial issue for social theory. Are the abstract relationships of liberalism enough to cultivate social order and can genuine social interdependencies arise as the *unintended* consequences of largely self-interested behavior? To this I would add the comparative question of whether any achievable non-liberal social system is capable of equalling liberalism on these grounds. While idealized social systems might do better (a Marxian utopia, for example), they may not be humanly achievable. Given the limits of human capacities, liberalism is perhaps the best we can do, and that's not bad.

Holton and Turner's book is a challenge both for non-liberal sociologists and classical liberal social theorists. For sociologists, the book's defense of a broad liberalism should force them to grapple with a reasonably sophisticated understanding of the market and the social benefits it can provide. For classical liberals, the book validates a number of their insights from a non-economic perspective, but also forces them to consider more deeply many of their fundamental notions about liberalism in general, and capitalism in particular. Despite the need for some more thorough examination of some liberal arguments, and the propensity to dismiss classical liberalism as "nostalgic," Holton and Turner have produced an excellent book addressing the fundamental questions of social theory from a perspective quite sympathetic to modern classical liberalism.

## Notes

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1. Similar distinctions are made by Hayek in *Law, Legislation, and Liberty*, 3 vols. (Chicago: University of Chicago Press, 1973, 1977, 1979), where he writes of "face-to-face" societies and "the Great Society" and Don Lavoie in *National Economic Planning: What is Left?* (Cambridge, Mass.: Balinger Publishing, 1985), where he discusses "Tradition" and "Market" as alternative coordinating processes for societies of different degrees of complexity, size and homogeneity.

2. On money see George Selgin, *The Theory of Free Banking* (Totowa, New Jersey: Rowman and Littlefield, 1988) and Steven Horwitz, *Monetary Evolution, Free Banking, and Economic Order* (Boulder: Westview, 1992). On law see Bruce Benson, *The Enterprise of Law* (San Francisco: Pacific Research Institute for Public Policy, 1990). Benson's work owes much to the earlier work of Lon Fuller, especially *The Morality of Law* (New Haven: Yale University Press, 1969).

3. Interested readers should see the work of James Buchanan and Gordon Tullock, especially *The Calculus of Consent* (Ann Arbor: University of Michigan Press, 1962).