

ETHNIC, RELIGIOUS OR/AND CULTURAL PLURALITY AND ECONOMIC INSTITUTION BUILDING

Pre-Conference of Section Session 22, XIVth World Congress in Economic History in Helsinki 2006

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Location: Kloster Haydau, In der Haydau, D-34326 Morschen, Germany; www.kloster-haydau.de, www.morschen.de;

Conference Hotel: Poststation Zum Alten Forstamt, Nürnberger Landstrasse 13, D-34326 Morschen; www.poststation-raabe.de

Deadline for paper proposals:

October 15, 2004.

Deadline for paper submission:

May 1, 2005.

Please submit your proposals to Jürgen Nautz: Juergen.nautz@univie.ac.at

Jürgen Nautz (Univ. of Kassel, Univ. of Vienna) and Maria Eugénia Mata (Univ. Nova de Lisboa) are organizing a session on the subject of *Ethnic, Religious, or Cultural Plurality and Economic Institution Building* for the 14th World Congress of the International Economic History Association to be held in Helsinki in Summer 2006. There will be a pre-conference in preparation for this panel. For this pre-conference we are calling for papers.

- There are no geographical or temporal restrictions (although preference is given to 19th and 20th century topics) for papers.
- Theoretical and empirical papers are welcome.
- Applicants should focus on economic history.
- Participants should be willing to publish their paper in our anthology.

Participants are responsible for their own traveling expenses, the costs for attending the conference will be about 450 Euro, including 3 nights in the hotel (single room) and all meals as well as conference service, 500 Euro for 4 nights. Last time we were able to cover most of the traveling costs for our participants. We will do our best to reimburse the participants of the pre-conference. However, we cannot guarantee reimbursement at this time, but will be able to inform you at the latest half a year before the pre-conference.

Your application should contain

- (1) an abstract of no more than 1,500 words,
- (2) a short CV of no more than 300 words,
- (3) affiliation and address.

Theoretical Framework of the Project

Economic and social sets of human rights (such as political and civil rights) have been primarily defined as individual rights. John Rawls for instance deals with the problem »how a society should determine what constitutes a basic set of rights and thus constitutes justice: each of us should go behind a metaphorical veil of ignorance where we determine what we think outrights should be with no knowledge of what our actual economic standing, educational level, gender, or ethnic origin would be.« (Nikolas K. Gvosdev). Individual and methodological individualism are basic assumptions of Western economic theory (Neoclassical economic theory or New Institutional Economics).

History and also the experience of our days provide a number of examples that the individual does not ignore its group relationship. This applies to family relationships as for religious, cultural or ethnic senses of belonging. Perhaps one can also talk about a split between individuals with strong group identity and monadic individuals with no ties to others: If we accept that individual people are defined by their group membership, which thus differentiates them from others in society, we must pay attention to the effects of this identity to the functioning and the structure of economic institutions and organizations as well as to institutional change. In their analysis of the limits of institutional competition within the development of the *European Economic and Monetary Union*, Daniel Kiwit and Stefan Voigt have reached the conclusion that external institutions that discriminate are frequently supported by a society's internal institutions. External institutions such as an economic order are supported by the population when their substance is in harmony with the society's internal institutions. Only then is their legitimacy and survival guaranteed.

History provides a wealth of illustrations for this theory. For instance, if this claim is applied to the ethnic interests within the Habsburg empire, evidence can be found to support such a position. This applies both for the successful Czech efforts to develop their own banking system and industrial structure as well as for Hungarian industrialization policies.

Economic and monetary policy and their results affect different social segments and groups of economic subjects differently and have distributional and social policy consequences. Thus, interest groups try to influence the shape of the economic and monetary order as

well as of economic, monetary and fiscal policy. In the Habsburg Monarchy this expressed itself in the competition between the political representatives of the various nationalities for mobile resources. To the extent that they possessed their own external institutions (laws, state ordinances etc.), as was the case for the Germans and Hungarians, they also made use of them. Competition using external institutions was a characteristic but not the only feature of the rivalry between the Austrian and Hungarian lands. A second component, the only one available to the national minorities in the two halves of the empire, was competition using internal institutions (social mores, morality, language etc.). This was done by criticizing real or imagined political, social and economic discrimination as well as emphasizing values such as national self-determination, protection of ethnic, cultural or linguistic identity and cohesion, etc. The ethnically oriented organizations pinned their hopes in a new definition of the citizen that no longer emphasized the position of the individual as a citizen, but his or her role as a member of an ethnic group. In the Roman Empire, Jews possessed the status of a *religio licita*, and as such enjoyed specific rights as Jews, like the right not to work on the Sabbath. Such rights were not granted to an individual Jew but to the Jewish collective. This distinguished them for example of the Celts. The millet system of the Ottoman Empire – as a further example – defined each group in the state via their religious community with the consequence that inhabitants of the same town or village had different rights and duties, dependent on their faith. Further examples of a tense relationship between group interests and central economic institutions are found also in other societies. It is therefore meaningful and productive to deal with the problem of »ethnic, religious or/and cultural plurality and economic institution building«.

This project does not intend to be a discourse about the well-known question of associations, such as cartels, labor unions or the like. There should rather be an examination of the interaction between central economic institutions and the social plurality or fragmentation according to the definition of Arend Lijphardt. When a society is deeply divided among different ethnic groups, democratic politics that emphasize individual rights and liberties may be in contradiction to ethnic collective demands. Thus, scholars like Lijphardt claim that it is not democracy but the »type« of democratic institutions that matters in conflict management in ethnically or religiously plural societies. These scholars consider political institutions a means to ameliorating violence in ethnically plural nations. Therefore, according to them, a democratic political system may be problematic unless proper political institutions are established for the accommodation of ethnic differences. They suggest consensus and the decentralized (federal) type of democratic institutions as more feasible alternatives for these societies than majoritarian and centralized (unitary) democratic institutions. Democratic politics can be considered as a competition for the representation of various interests in politics, meaning rule by the »people«. However, in multi-ethnic nations there might be a gap between the interests that are represented in the state and the demands that are raised by the »people«, since society is divided into different linguistic, cultural, or religious sects. When a society is sharply divided along such lines, the legitimacy of democracy may be questioned from each group's own perspective according to whether their interests and preferences are reflected in public policy. For some groups, democratic governments may not have any legitimacy unless they have representation and influence over policies. As important constituents of modern politics, ethnic groups may aim at the promotion of their cultural, socioeconomic and political goals. Although most democratic states recognize individual rights equally for each citizen regardless of his or her ethnic, cultural or religious background, this does not seem to hamper the development of certain collective demands such as quotas for ethnic representation in the political system or local political autonomy. In some cases, ethnic groups mobilize against the state through separatist movements claiming their own nation. Accordingly, democracy may not always ameliorate political violence in ethnically plural societies. Ethnic cleavages are said to lay the ground for conflicting issues in politics. For example, the case of the French in Canada or the Basques in Spain are two ethnic nationalities, – one relatively poor (Quebec) and the other wealthy (Basque) –, who seek ultimate formal collective recognition asserts that ethnically plural Western democracies face difficulties in accommodating multinationalism within a single state. The German-speaking people of the Italian Tyrol were not content with the dominant political rule.

The institutional perspective asserts that the function of democracy may become problematic in multi-ethnic societies if institutional arrangements are made without taking ethnic divisions into consideration. Arend Lijphardt coined the term »consociationalism« to describe the sharing of power between segments of society joined together by a common citizenship but divided by ethnicity, language, religion or other factors. Some rights are given, therefore,

to communities rather than to individuals, resulting in over- or under-representation for individuals from some areas of society. (One long-standing example is the creation of the United States Senate. Each state gets two senators: geographic equality. Alaska, with 400,000 inhabitants, has two senators, while California, with a population of thirty million, also has two senators. Alaskans are over-represented in the Senate by a factor of approximately 100 compared to Californians. This inequality exists even though in the United States the principle of one person, one vote is upheld.) A number of countries are openly and deliberately governed by the principles of ›consociationalism«. These include Belgium, South Africa, Zimbabwe, India, the Netherlands, Austria, Switzerland, Cyprus, etc.

In this project we want to discuss two fundamental questions for every economic cooperation (which are regularly discussed under the premise of cooperation between sovereign states): Are the advantages of the cooperation in sum great enough to compensate for the possible disadvantages? Is the incentive to observe the agreements for everyone involved great enough to ensure the cohesion of the cooperation?

