"And God Laughed...": Indeterminacy, Self-Reference, and Paradox in Law

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The Talmud tells us how once during a heated halachic discussion, when no agreement could be reached, Rabbi Eliezer, whose detailed, elegantly justified legal opinion was not shared by the majority, said that if he were right, a carob tree outside would move to prove it. When it did move, the other rabbis remained unimpressed. Eliezer claimed that if he were right, a nearby stream would flow backward—and it did; he claimed that the schoolhouse walls would bend—and they did. But the rabbits were not impressed by these wonders either. Finally, he said heaven itself would prove him right. Thereupon a Heavensly Voice confirmed Eliezer’s position. Yet the rabbis disagreed even with this voice, saying: “We pay no attention to a Heavenly Voice, because Thou hast long since written in the Torah at Mount Sinai, after the majority must one incline.” And God laughed, saying “My was have defeated Me, My sons have defeated Me” (after the Babylonian Talmud, Baba Mezia 59b).

An old story is perhaps the best way of getting across the atmosphere of a new theory—autopoiesis in law. “And God Laughed” is the name of this story, which Joseph Weiler told me when we discussed whether the concepts of self-reference and autopoiesis could be made fruitful for a new understanding of law.

This story reveals indeterminacy in its relation to self-reference and paradox in law. As with all good stories, several interpretations are

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possible. Stating with somewhat superficial interpretations, indeter-
mínancy manifests itself as nonrespec tability to outside control. This
lack of an Archimedean point from which to consider law precludes
the possibilities of external influence or prediction. The law—as Rashi
Eliezer had painfully to find out—is determined not by external
authorities, nor by the authority of texts, not worldly power, not the
law of nature, nor divine revelation; law determines itself self-
referentially, relying on the contingency of its own position.

Law owes its validity to this very self-reference: the application of
legal operations to the results of legal operations. Thus, validity of
law cannot be imparted from without but only produced from within
the law. Along with Lubrano, we may say (1988b: 20:7) "There is
no law outside the law, and therefore, in relation to the system's so-
cial environment, neither input nor output of law." The rabbinic
discourse decides about everything, even about the "fait" of the legisla-
tive— or divine—will. Their legal discussion decides ultimately
what is acceptable in legal practice. The first interpretation, then,
'self-valid law' is indeterminate because it is self-produced law—not
only in the sense of law made by human hands, but in the sense of
law made by law.

A second interpretation would stress the connection between
the law's self-reference and its lack of predictability, another indication
of the lack of external control. The ideal of certainty, and hence predict-
ability, in law, comes to grief upon the law's self-reference, regard-
less of whether predictability was to be achieved via brand-based
sociological research or narrower inquiries in the spirit of Legal Real-
ism. Neither an accumulation of transcendental data nor the judge's
breakfast can serve as determinants of legal development. For Elie-
zer, the ability to foresee the responses of the natural and the divine
worlds failed to make the legal world predictable: the rabbis' debate
took its own course.

In this connection, von Foerster would perhaps interpret Eliezer's
legal dispute in the following way (cf. von Foerster 1964: 82.; 1985:
428): God laughed because the rabbis had anticipated the power-
lessness of the Laplacian world spirit. For that spirit had power only
over what von Foerster calls "trivial" machines, the operations of which
link particular inputs with particular outputs in a fixed, regular way.
"Trivial" machines are synthetically determined, analytically deter-
nizable, independent of the past, and predictable. Law, by contrast,
if it is indeed the autonomous law of the rabbis, would have to be
understood as a self-reproducing system which, since the operations
of law are dependent on its internal states, would have to be defined as a "nontrivial" machine. Law is certainly synthetically determined, but not analytically determinable; it is dependent on the past, but not predictable. The indeterminacy of law would then be directly connected with its autonomy. In fact, Hegel (1984: 64) finds the decisive characteristic of a system's autonomy in its indeterminacy, when he defines autonomy as input-independence of living systems, i.e., as indeterminacy of their operations in relation to an input that is identical for the observer.

As was said, these would be two rather elementary interpretations of the law's self-reference. For they say something about the law's nondeterminability from outside, about its inescutability. A third interpretation reveals a deeperlying problem of law. It traces a circular structure in the story. Rabbi Eliezer successfully mobilizes the whole of a hierarchy of norms; he successively ascends the stages of known debate, the Talmudic text, Rabbinical law, worldly power, natural law and divine revelation, and when he gets to the top he plummets right back down again to where he started, with his colleagues' debate, completing a "strange loop." "Tangled hierarchies" is the term used by Hoexter (1979: 66ff.) for the phenomenon where the highest level of a hierarchy "loops into" the lowest one: what ultimately decides the validity of divine law is the triviality of procedural norms ("after the majority must one incline").

Hoexter himself (1979: 69ff.; 1985: 70ff.) makes it clear that even the hierarchy of legal sources is not spared from the circular "looping together" of hierarchies: "The irony is that once you hit your head against the ceiling like this where you are prevented from jumping out of the system to a yet higher authority, the only recourse is to forces which seem less well defined by rules, but which are the only source of higher-level rules anyway: the lower-level rules..." (1979: 69ff.).

The story of the dissenting Rabbi Eliezer therefore links to the inductible self-reference of law. This appears to us as the story in an already highly elaborated form: as a clearly elaborated hierarchy of the legal sources. There is only one small flaw: the highest source is fed from the lowest one (Eisner 1961). This small flaw "makes any legal system which ranks its rules hierarchically into a completely reflexive hierarchy" (Sacker 1950: 21-30). Though, by setting the highest
source of law high enough, the legal world can live very well with
this circularity, even if God does laugh a little.

Things become really serious, though, if we—on a fourth
interpretation—come up against the original self-reference which un-
derlies the "tangled hierarchy" of the Talmudic law. In an elemen-
tary form, and one that is threatening to law, immediate self-reference
appears when law assumes real world situations, using the simple dis-
rinction between right and wrong. When this distinction is applied
not only at hoc, but with universal claims to the whole world, then
at some time or another the right/wrong distinction falls into
temptation—in fact, its very universality daim places it under a com-
putation—to apply itself to itself. And "the paradoxes of self-
reference" (Baetsen 1955: 1972; Worrall 1988; Quine 1973; von Yeoc-
emerge. The hierarchy of legal sources is, as the dissenting Rabbi
Eizeiser’s desperate attempts show, only an inadequate attempt to avoid
this originally given self-reference by piling up ever new metalevels;
but the gap level always collapses into identity with the lowest one.

Many, like Spencer-Brown (1972: 135), wish to ban such "self-
indication" since its appearance seems to eliminate the original dis-
rinction; others, like Francesco Varela (1975: 5) see "self-indication"
as the big opportunity for a new logical calculus. But these are al-
ready evaluations of an operation that is potentially always avail-
able: application of a distinction to itself. This is threatening because
such self-application eventually blocks decision. Statements that are
false if true and true if false are the result of some—not all—self-
applications of distinctions. If the positive value of a distinction is ap-
piled to itself, the result is a (harmless) tautology: "It is right to apply
the distinction between right and wrong." Things get tough, how-
ever, with the negative value. "It is wrong to apply the distinction be-
tween right and wrong" lands us in a more resolvable paradox:
right-wrong-right-wrong...

Once one has become sensitized, one discovers self-reference, para-
doxes, and antinomies in the law on all sides (Fletcher 1985: 126ff.; Stuber 1996). As Hofstadter (1985: 71) says: "In fact, reflex-
vity dilemmas... coexist with astonishing regularity in the down-
to-earth discipline of law." Familiar points are the major paradoxes
of the law’s being put out of force by the right of resistance and by
action diction (Luhmann 1984c: 36); the paradoxical creation of law by
the violence of revolution (Benjamin 1977: 179ff.). "In ogni violenza
vi è un carattere di creazione giuridica" (Resta 1984: 10; 1985: 598ff.).
the already mentioned paradox of the tangled hierarchy of norms; the
Münchhausen-trilemma of rule-justification; infinite regress, circularity, or arbitrary cessation (Albert 1985).

These are known fundamental paradoxes in law. However, one may question their practical consequences. Do they hold existential force (Solum 1987: 479)? Do they hold "errors in our daily lives" (Kripke 1982: 87)? In fact, more concrete phenomena of legal self-reference leading to paradox can be found: "Who watches the watchmen" as a problem of constitutional law (Carpenelli 1983: 550), the change of constitutional norms via constitutional norms and the paradox of self-amendment (Ross 1969: 1; Suber 1999); "to quoque" or "equity must come with clean hands" (see Teubner 1975); "coup de main in conflict of laws (Keget 1987: 240ff.); "ignorance is no excuse"; the prohibition on hagany; alterations of legal rulings that have future effects; "prospective overruling" (Fletcher 1983: 1268ff.); or the fiction theory of the legal person, according to which the State as legal person has like Münchhausen to pull itself out of the swamp by its own top-knot by fictionally fabricating itself (Wolff 1933: 63ff.; Frame 1983: 13; Teubner 1988a: 417ff.; 1988b: 43). These are some paradoxical legal phenomena that trouble not only legal theorists but practical lawyers as well.

Self-reference—paradox—indeterminacy everywhere! The real point, however, arises after this realization, at the next stage, when one asks, how is one to handle the paradox induced by self-reference? If ost is not, like Laiderssen (1986: 343) to make things easy for oneself by dismissing "fiddling with self-referentiality, which is after all unvarnished claiming to be circularity" as "an intellectual recreation to do with paradoxes," "that intellectual history has conclusively had to deal with, and rightly rejected as fruitless" (149), then there remain three intensively discussed possibilities of dealing with the "paradoxes of self-reference" (Wormell 1958; Quine 1976) that arise in law.

are reduced to absurdity by pointing out contradictions, antinomies, and paradoxes within the dogma's own reasoning (for a concise overview, see Gordon 1984, 101ff.). This method commenced by discovering, in the doctrine of contract law, contradictions between formality and materiality, and between individualism and altruism (Duncan Kennedy 1976); with pointing out the disinterring effects and inherent instabilities of "policy-oriented" law as the welfare state (unger 1976; 1981); with deriving the paradox that, for every rule one can find a counter-rule (Duncan Kennedy 1976) and for every pronouncement of legal dogma, with the assistance of that doctrine the exact contrary could also be deduced (unger 1983). Trubek (1986-68) condensed the critique of law underlying these moves to the formula "indeterminacy, antiformality, contradiction and marginality."

The method quickly spawned adherents (e.g., singer 1984: 1; boyle 1985: 658; peller 1985: 1151). By now there is scarcely a field of law that has not been reconstructed by the professorial critical cadre (for private law, see Feinman 1984: 678; Salton 1985: 997; for public law, see Kair 1982a: 440; tushnet 1983: 781; frug 1984: 1276).

The critics vary in their analysis of legal indeterminacy. They ascribe indeterminacy of law to quite different complexer of causes: individual case decisions, legal institutions, the logic of legal argumentation, legal doctrine, social interests, or policies (for a critical view of this, see david Kennedy 1985: 141ff.). However, the critics themselves assume stances of latent determinacy, depending upon the complex to which they ascribe the larger phenomenon of indeterminacy, e.g., context, institutional setting, political ideologies, "social hegemony" (see Duncan Kennedy 1982: 496; singer 1984: 20ff.).

Given these "secret" points of determinacy, it must be asked, how radical is this critique of law actually? this is precisely the opposite of the usual objection against critical legal studies which assert that the indeterminacy thesis is an exaggeration of the underdeterminate character of law (e.g., soluth 1987, 494). indeed, critical legal studies is not radical enough. it seems to me that the rediscovery of indeterminacy, the demystification of legal dogma through ideological criticism, all of the "debunking," "trashing," and "demystifying," reach only supersubjective phenomena of legal self-description (doctrine), but fail to push through to the basis of the fundamental paradox of law. is not Sophocles criticism of law much more radical when he has antigone express her opposition to Creon's law prohibiting her from burying her brother?
Antigon. And yet you dared to overstep these laws?

Antigone. Yes,... for not Zeus it was who uttered them. Nor yet did She who dwells with gods beneath,

Justice, ordain such rows as these for men.

Nor did I count your olice strong enough

For you to override, and you a mortal,

Unwritten law, unshakeable, of Heaven.

For not today, nor yesterday, but all time

Does that live, and none knows from when it came.

(translated from the Greek by Iain Fraser)

We should not downplay Antigone’s protest as recognition of a conflict between human and divine law. Rather, she asserts an insolvable paradox, familiar to us from the earlier discussion of the self-application of the legal distinction. Antigone applies the legal code to the legal code itself by claiming that Kreon’s laying down of right and wrong is as such wrong. This claim supercedes that of the contemporary radical critique of law, which locates modern law’s paradoxical indeterminacy in politically manipulatable legal doctrine and externalizes the paradox to “secret” points of indeterminacy. For Antigone, paradox inheres in the phenomenon of law itself; it is not merely a symptom of a particular historical configuration of dogma. The radicality of the Antigonean critique of law reaches a deeper level. It is not individual legal norms, principles, or doctrines that lead to antinomies and paradoxes; the law itself is based on a fundamental paradox, which even alternative visions of a “communal law” (Unger 1983) cannot escape.

Thus, the disclosure of contradictions and paradoxes cannot, contrary to all the hopes of the Enlightenment, lead to a “reconstruction” of law, but at most to a “reconstruction” of its foundations that remain latent. This achieves not the elimination of contradiction and paradox but instead a “reconstruction” of the connection among self-reference, paradox, indeterminacy, and evolution of the law. It does not suffice for the critics to argue that the revelation of contradictions and paradoxes to jurists irreversibly destroys the latent paradox, thus achieving deconstruction by enlightenment. This argument underestimates the difference between the reflective awareness of jurists as individuals and that of the law as a social process. The enlightenment approach here negates the operative closure of legal-practical discourse to the achievements of theoretical—even legal-theoretical—
discourse. Wiethöfer (1986b, 53) regards it as "the dominating phenomenon of the last 15 to 15 years that the work of lawyers as settled practice has remained almost untouched by all the more fundamental challenges facing our legal system, jurisprudence and legal doctrine..." and Hillel (1985: 185) supplies the post-universalist explanation: "Law is essentially a cognitive and professional, rather than a normative, discipline, referring to theories only in the final cases where the content of the settled practice comes into crisis." This makes him rightly sceptical as to the illuminating effects of a legal critical "determinalist analysis."

Jurists more arithmetically minded than the critical legal scholars practice a more circumscribed way of dealing with the self-referential nature of law (e.g., Hart 1966; Oomkens 1965; Ross 1969; Fischler 1982). These jurists define the problem of the law's self-reference as a problem of "paradoxes in legal thought" (Fischler 1985: 126ff.). This definitional restriction of the problem allows them to regard the connection between self-reference and paradox as a "fallacy" (1265) of thought, thus, they can now set about restoring the consistency of legal reasoning with elan, invention, and mental gymnastics. The entire exercise reduces to a problem of sufficiently refined mental techniques, which, with improvement will be an effect effectively to remove paradoxes..." the primary techniques for resolving them is to elaborate "distinctive" (1275). This technique finally refers to the famous theory; by types, but there are other "solvents" that effectively avoid the paradoxes of self-reference in law (see Hart 1964; Ross 1969: for a critical discussion, see Saber 1990). In the face of unresolvable paradoxes and antinomies, one can at least preserve one's attitude: "...it poses a challenge to legal theory that we cannot ignore. If we are committed to the consistency of our legal principles, we shall someday have to devise a consistent or a theory that will resolve this antinomy." (1284).

Let us pay tribute to optimism, and respect "consistency as an overriding legal value." (1285)? But who is to protect the legal mental gymnastics from being caught up, while leaping from level to metalevel and metametalevel in some "tangled hierarchy," or from landing, following some bold mental leap out of the system, back where they were again, in some sort of "strange loop"? Perhaps Fischler makes it too easy for himself, despite all his mental gymnastic effort because he takes paradoxes only as intellectual errors.

At any rate, the discerning Rabbi Eliezer in our story cannot be helped by a new distinction, to escape an alleged falsity in his think-
ing about law. For his penalty for losing the legal argument was exile—a fate more real than an error in thought. His problem was not merely paradoxes in legal thought, but paradoxes in law itself. The frightening experience is that the reality of law itself, and not, say, merely thinking about law, is paradoxically constituted. Eliezer was forced to recognize the Antigonean claim. And precisely this recognition leads to the third way of dealing with the legal paradox induced by self-reference: rather than isolate the paradox in thought about law, shift it into the social reality of law. This breaks a taboo in law: the taboo on circularity. Legal dogma, legal theory, and legal sociology are agreed on placing circularity under the ban of logical inadmissibility. Circular arguments are banned in all three disciplines, as petitio principii. This taboo also characterizes the efforts of our legal mental gymnasts, whose acrobatics are premised upon the ban on circularity. The critical demystifiers, as well, silently accept the taboo of circularity, and their critique of indeterminacy would fade away into vacuity if the ban were raised.

Autopoiesis theory takes the Antigonean paradox as its starting point, but it does not violate the taboo only to declare circular conclusions logically unobjectionable. Then the outcome would in fact be empty tautologies or impenetrable blocks on thought. Instead, the theory dodges the taboo by declaring circularity to be a problem of legal practice, rather than a problem of legal thought: the social reality of law consists in a number of circular relationships. The components of the legal system—actions, norms, processes, identity, legal reality—are cyclically linked with each other in multifarious ways (Teubner 1988b). Self-reference, paradox, and indeterminacy are real problems of social systems, not errors in the mental reconstruction of this social reality.

This new way of handling self-reference is more than ambitious. It claims to treat circularity, hitherto regarded in principle as a prohibited mode of thought, as a fertile and historically valuable model of social reality, and on this basis to revolutionize not only legal theory but thought about society (Luhmann 1983: 1984b: 1985a: 1986a). As Zolo (1990: 4) has shown, the basis here is a generalization of the following "circular" phenomena:

1. linguistic self-reference of cognitive processes (W. V. O. Quine, O. Neurath),
2. theories of order through fluctuation and dissipative structures in the physics of irreversible processes (I. Prigogine),
3. logical circularity in mathematical axiomatized structures (K. Gödel), and more generally, paradoxes and contradictions in recurrence and in logical and linguistic self-inclusion (B. Russell, K. Grelling, A. Tarski),

4. reflexivity of the mechanisms of homeostatic or self-catalyzing self-regulation in molecular biology or neurophysiology (L. von Bertalanffy, M. Eigen, H. von Foerster),

5. recursive phenomena (feedback, re-entry) in cybernetics and the cybernetics of cybernetics (second-order cybernetics) (W. Ashby, H. von Foerster),

6. processes of spontaneous morphogenesis and the self-organization of social groups (F. A. von Hayek),

7. the traditional concept of mental awareness in man and in the anthropoid apes (cf. Maturana, G. Pas, N. Luhmann).

This way of handling self-reference derives its dynamics and potential fruitfulness from a jump to a bold epistemological position: "that reality has a circular structure, independently of its cognition" (Luhman 1984b, 616; 1986c).

IV

This insistence on "real paradoxes," to coin an expression loosely based on Karl Marx's real contradictions, fertilizes theories of self-reference and autopoiesis, making them rich in prospects. For the research strategy to be successful空白 the map of social phenomena by identifying circular relationships in law and society and tracing their internal dynamics and external interactions. Of course, there are already efforts in this direction. The most advanced remains legal hermeneutics, which studies the perplexities of the hermeneutic circle in "preliminary concepts and choice of methods" (Koye 1970). In legal theory, it was Hart (1965) and Ross (1969) who analyzed self-referential norm structures. Legal methodology and argumentation theory, by contrast, say little about the circular structure in the relationship between legal norm and purpose in ideological interpretation (e.g., Alexy 1978: 299ff.). Argued legal sociology has so far permitted itself the luxury of circularity only in simple feedback relationships between law and society (e.g., Weiss 1971; Eckhoff 1978: 41ff.).

For an autopoietic view, these phenomena appear only in a few special cases in the generally circular reality of law. For the legal system, like other autopoietic systems, is seen as nothing other than an "endless dance of internal correlations in a closed network of inter-
acting elements whose structure is continually modulated by numerous interwoven domains and meta-domains of structural coupling..." (Maturana 1982: 28).

This, then, would be the last interpretation of the story "And God laughed...": the reality of law itself is circularly structured. Not only is the rabbis' reasoning about law self-referentially constituted: so is their very subject matter. The most important consequence of this shift from thought to practice is that one no longer need falter at the hurdle of paradox induced by self-reference. After all, the rabbis do continually produce law, despite any paradoxes. They follow the second alternative in Krippendorff's (1984: 51f.) account of a paradoxical situation:

Unless one is able to escape a paradoxical situation which is what Whitehead and Russell achieved with the theory of logical types, paradoxes paralyze an observer and may lead either to a collapse of the construction of his or her world, or to a growth in complexity in his or her representation of this world. It is the latter case which could be characterized as morphogenesis.

Now, one can analyze how the morphogenesis of law copes with the block produced by paradoxes and, despite extreme fluctuations, achieves stability. The practice of law transforms indeterminacy into relative determinacy. Autopoiesis theory offers an analysis of the practical solutions to the indeterminacy problem via the conjunction of the following elements: self-reference—paradox—indeterminacy—stability through "eigenvalues". By applying its distinction between legally right and wrong, the legal system finds itself upon a self-referential circle. This leads inevitably to the situation of autopoiesis and paradox and, therefore, into a fundamental indeterminacy of law. One need not, however, stop at this indeterminacy, nor yet flinch from it. For practical solutions to the indeterminacy problem induced by paradox do exist. The attitude of the rabbis in the synagogue toward the paradox of self-reference seems to be: "If it hurts or is unfair, eliminate it or prevent its application through adjudicatory devices; otherwise smile at the sweating logicians" (Sebest 1990: 21:10).

But what is the principle that justifies this attitude? The key lies in the "de-paradoxization of paradoxes," in the "creative use of paradoxes, in the transformation of infinite into finite information loads, in the translation of indeterminate complexity into determinate complexity" (Luhmann 1987: 320).
One may, with von Foerster (1981: 174; 1985: 36), embark on a *suite en avant* and rely on self-reference itself to lead ultimately to stable solutions, by the emergence, from the continual recursive application of an operation, of "eigenvalues," stable in themselves. A classical example of an eigenvalue from autoepic is: "This sentence has 17 letters." The number thirty-one is an eigenvalue of this sentence. More generally, from continual recursive "computation of computation," a system learns those modes of operation that are valid in its coping with an environment which is inaccessible to the system. Or one may, like Boaventura de Sousa Santos (1987: 281), inspired by poems who "overcome the anxiety of influence by misreading (or distorting) poetic reality," interpret law as a continual "misreading of reality." Alternatively, one may, with Luhmann (1984a; 1986b: 10ff.), beat about the bush, seeking social solutions to self-reference by concealing paradox, belittling it, reinterpreting it as mere contradiction and by other historically identifiable techniques of "de-paradoxxification." The construction of the legal system on the basis of the legal code (right/wrong), which minimizes the paradox of self-reference into a (ambivalent) contradiction and, at the same time, keeps it latent, would then be a major cultural achievement.

So far, our considerations indicate a need for a new direction in the critique of law. Traditionally, the critique of law implies a challenge to the status quo—a challenge fulfilled by the unmasking of paradoxes and contradictions. If it is true, however, that the whole legal system is built up upon a fundamental paradox, then it is not worthwhile to attempt critiquing an apparent legal order by discovering ever new paradoxes and contradictions. A more fundamental question intrudes: given the basis of an indeterminacy-producing paradox, how is legal order possible at all? Since indeterminacy of law is the ordinary rule, determinacy, order, and system are the exceptions that require explanation.

However, rather than merely critique the critique of law for failing to do justice to the fundamentality or pervasiveness of indeterminacy, I would prefer to continue the critique of indeterminacy but to carry it further. It is important to see that there are classes of legal indeterminacy that do not come simply from the fundamental legal paradox or the mere difference between structure and event. These exist in every kind of law. The contemporary critique of law rightly
react to a new and disturbing quality of indeterminacy in law, manifested today by the emergence of such phenomena as the balance of interests, the increased use of general clauses, the spread of sociological jurisprudence and legal economics (see Maas 1986: 27ff.; Jörges 1987a; Teubner 1987a: 15ff.).

In Germany one immediately thinks of such classics as Franz Neumann (1937) and Max Weber (1921) or, for the narrower area of private law, Justus Wilhelm Hiedemann (1933) and Franz Wieacker (1956). As is well known, Franz Neumann (1967, 47ff.) made the development of capitalism into monopoly capitalism responsible for this new indeterminacy. Capitalism no longer demands a calculable formal legal order, requiring instead highly indeterminate discretionary government interventions which are now functionally sufficient to underpin the self-created order of the economy. Max Weber (1978, 82ff.) pointed out economic and social interests that favored penetration of the formal rationality of law by utilitarian, ethical, and political elements, sabotaging the law's determinacy and calculability. Such legal scholars as Hiedemann (1933) were alarmed at the "escape into general clauses": were they not "softening of the lines of law"? Wieacker's attempn finally (1956) to clarify the indeterminacy of general clauses in theoretical terms by recourse to the tradition of judge-made law has not so much solved the problem of the new indeterminacy as merely shifted it on to a different level.

Today a variety of theorists have emerged from the backward- looking view that perceives a "logic of decay" in the uprise of the new indeterminacy. Rather, they interpret the disquieting new indeterminacy of law as an index of a possible new rationality. I shall mention only Wiechhorst's new proceduralization of law (1982a, 1982b, 1985, 1986a, 1986b), Ladeur's concept of an "ecological law" (1982, 1984a, 1984b, 1986, 1988), and Boumastra de Sousa Santos's new "legal pluralism" (1977).

Laduré has brought these developments to a common denomina- tor. 'The transformation of the "society of individuals" into a "society of organizations" brings about the replacement of universalist law by a "strategic law." To understand the latter, the thought patterns of "order from fluctuation" and "dispositive structures" (Prigogine 1978) appear to be appropriate. I prefer different emphases, interpreting the dominant emergence of formal organization as a partial aspect of a more general phenomenon, that of the closure of social spheres—among them formal organizations—into self-referentially operating
autoepic systems. This yields a new kind of conflict situation: an irresolvable conflict between information and interference, that is, between the system's own constructions of their environmental systems and the operative reality of those environmental systems, which they can really experience but not reproduce within their own operations. The result of this conflict is either disintegration of the system's specific construction of the environment, or else its high situational indeterminacy.

I cannot here reconstruct the whole theory of autoepic systems, but merely endeavor to make its relevance for legal indeterminacy plausible. In this context, it is a problem of second-order autoepic systems (Jessop 1980). The new indeterminacy arises only when, on the basis of general social communication, certain communicative spheres become independent as first-order autoepic systems (formal organizations, politics, law, economy, education, etc.). In the course of social evolution, some communicative spheres self-referentially constitute their own components—elements, structures, processes, relations with their environment—that differ from those of general social communication. When these components, in turn, become linked hypercyclically, so that elements produce structures and vice versa, the process reaches a relative endpoint (Teubner 1988b, taking up from Eigen and Schuster 1979). The effect of this hypercyclic closure is great efficacy of the systems in dealing with their environments. They have no direct communicative contact with their social environments, but construct environments of their own, using their own operations. This results in radical openness to the environment, based on radical operative closure. The consequence is increased possibilities of action; but also increased demands in respect to precision, formalization, internal consistency of decision making, and determinacy of operations.

For example, the economy constructs society for itself via the language of prices; it does not treat law as binding instructions for conduct, but includes it in its calculations as a cost factor (amount and likelihood of sanctions). Politics constructs its "public" for itself via the language of power; law constructs its "legal reality" via the distinction between right and wrong.

separated fashion, as it were side-by-side in space, but interact in at least two possible points of friction: communications appear simultaneously in several autopoietic circuits, and people act in various system contexts. A third, and still not very clear, area of interference—the "overlap" between functional subsystems and society—may provisionally be termed structure or system interference. The consequence of such interferences is that outside descriptions of the surrounding systems conflict with their real operations. Let it be clear that this does not mean the "academic" conflict of different internal and external descriptions (e.g., the question of whether the law's image of the economy corresponds with the economy's image of itself), but the harder conflict between the way the environment is constituted within the system (the law's picture of the economy) and the operations that actually take place in the surrounding systems which are, in turn, autopoietically closed (actual economic processes).

Because of its own operative closure, the real operations of the other, surrounding systems are not accessible to any system. It produces (not receives) only information about the surrounding world that is internal to the systems and controlled by its own code and its own programs. As the same time, however, via interference phenomena, the system is exposed to the operations of surrounding systems also functioning according to their own codes, which then become clearly perceptible as interference, disturbance, noise. And no "order from noise" makes sense here. For, since the order can always only be the system's own order, the system continually reacts in the same way, merely increasing the interference and noise, ultimately leading to mutual amplification of the troubles.

The system has one possibility of avoiding a positive feedback catastrophe. It may endeavor to vary its own observations, say, by incorporating the environment system's description of itself into its own description of it. But this leads in principle only to a new and equally serious problem. Incorporation of an external code into the system's own operations, if consistently carried out, means disintegration. It signals the end of its operations based on its specific code (cf. Trubner 1987a, 199f). Therefore, only one unsatisfactory compromise escape remains: leave its code untouched but adapt its program to the other's self-descriptions, as long as they are compatible with the code. This presupposes a clear separation between code and program (see Luhmann 1990). The cost of this solution is that the program becomes extremely indeterminate. It must, on the one hand, adapt to the real
requirements of the social environment, and, on the other, remain composable with the system's code. All that remains is a situational adjustment without possibilities of universalization.

Applying this to law, one very quickly comes up against the economic and political instrumentalization of modern legal formality which is the underlying source of the new indeterminacy of law. On the side of the law, there is Max Weber. In contemporary terms, modern legal formality is an expression of the hypercyclical self-referentiality of law. It is distinguished not only by self-constitutive legal acts as elements "secondary norms" as structures, reflexively normed legal procedures, and an internally constructed "legal reality," but by the cyclical linkage of these components through reciprocal production of elements, structures, identity, and processes. Consequently, heightened claims press on the internal consistency of decision-making, on dogmatic treatment, on legal determinacy, on certainty of decision, etc. This pressure produces the motivation for a critique of legal indeterminacy in the first place.

On the side of the law's environment, we meet with a systematically generalized Franz Neumann: the reality constructions of formal law, produced in closed, self-referential fashion, enter into conflict with the actual operations of their surrounding systems. The developments in the economic system (from early capitalism to monopoly capitalism) addressed by Neumann would then be an illustrative sub-phenomenon of the environmental changes that induce uncertainty.

The escape lies in the law's adoption of political and economic self-descriptions, in increased incorporation of political expediency and economic utility into legal calculation. If this is really taken seriously—if the right/wrong code is in fact replaced by political expediency or economic utility—it entails "cadi justice." Legal conflicts are decided in a fashion arbitrary from the legal system's viewpoint, in accordance with criteria external to the system. "Efficient breach of contract" (Posner 1977, ch. 2; Harris and Voliatowski 1986, 114f.) or the criterion of "optimal regulation" developed by Easterbrook and Fischel (1982, 1177) exemplify how the legal code can be directly replaced by another code, as does the direct application of policy arguments to individual cases.

Usually, however, legal practice chooses a different technique for handling interference. The legal code remains intact; only the program changes so as to adapt as far as possible to the self-description of the surrounding systems. Policy issues and considerations of consequences are not, therefore, reflected at the level of the individual
case by having the validity of the final decision depend on the unfolding consequences of the success of the policy (cf. Luhmann 1988b, 25). Instead, a separation of levels occurs, as with rule utilitarianism/act utilitarianism. The program is partly determined by general considerations of consequences, policy viewpoints, and efficiency criteria; but it is then subjected to the legal code, treated as valid law, and conveyed into a decision according to right or wrong. The result of this precarious compromise is a dramatic rise in the indeterminacy of law. But law must pay the price of indeterminacy to achieve any success whatsoever in handling interferences among autonomous social spheres.

Thus, the citar of social responsiveness demands a painful sacrifice from formal law: withdrawal of the claim to internal consistency. The new responsive law works out legal categories in confrontation with various social subspaces. By their very nature, these categories cannot make claims to universal legal consistency. Even within the legal system, the process of internal differentiation of law parallels that of functional differentiation of society. Long ago, law surpassed the traditional major subdivision into public law, private law, and criminal law. Contemporary "private law" embodies a multiplicity of special private laws, long without conceptual, doctrinal consistency (see Jorga 1981: 72ff.; 1983: 75ff.; 1987a: 166ff.; 1987b: 195ff.). The background of social differentiation makes the recurring calls for reintegration appear hopelessly out of step with reality (e.g., Woff 1982: 1ff.). Contemporary judicial and legislative practice reorganizes law, from a dogmatically controlled legal unis toward a multiplicity of functional legal territories.

\[V\]

Does this not rather recall Pasteur’s complaint: “A funny justice that ends at a river! Truth on this side of the Pyrenees, error on that!” (1699, 248). Could not a similar complaint be made today concerning the arbitrary lines drawn between areas of law, except that it would not be rivets and mountains but symbolic media, codes, and programs that would mark the boundaries? In fact, not only is the problem similar, historical experience of handling such problems may also be made use of in our approach. There is a long history of the law’s experience with system conflicts of a specific type, with conflicts between different national legal systems on a territorial basis, for which a highly developed doctrine for conflicts of law has been formulated (see Kegel
1987: 98ff.). Is it possible to learn from that history how to transfer experience with conflict between territorial subsystems to conflicts between functional subsystems? Does it make sense to develop principles and norms of an "intersystemic law," a law of conflict between different discourses in society?

Indeed, the growth of worldwide fields of interaction in science, technology, the economy, public communication, and travel tends to weaken the significance of territorial frontiers and increase that of frontiers between such functional spheres. Should the law then not shift its focus to other conflict zones: more intersystemic rather than international law of conflict? From the ipostructural viewpoint it is entirely plausible to speak of a dominance shift in conflict from that between territorial, political, and national units to that between functional subsystems of world society (Luhmann 1975b: 51; 1982: 131; Willke 1983: 49ff.).

Similar observations stem from Boaventura de Sousa Santos (1987: 259ff.), who sees in "interlegality" a dominant feature of an emerging "post-modern law".

Legal pluralism is the key-concept in a post-modern view of law. Not the legal pluralism of traditional legal anthropology, in which the different legal orders are conceived as separate entities existing in the same political space, but rather the conception of different legal spaces superposed, interpreted and mixed in our minds as much as in our actions, in occasion of qualitative leaps or sweeping rises in our life-trajectories as well as in the dull routine of everyday life. We live in a time of porous legality and legal plurality of multiple networks of legal orders having us to constant transitions and trespassings. Our legal life is constituted by an interaction of different legal orders, that is by interlegality. Interlegality is the phenomenological counterpart of legal pluralism and that is why it is the second key concept of a post-modern conceptions of law. Interlegality is a highly dynamic process because the different legal spaces are non-synchronous and that result in uneven and unstable mixing of legal codes.

And, in Germany, a number of interdisciplinary oriented sensitive observers of recent developments in legal doctrine—such as E. Rainer (1971), Kübler (1975), Wiedelhütte (1977), Waltz (1980), Joerges (1981), Laclede (1984)—have begun to formulate a new law of conflict, which should be generalized for further development.

First reference must be made to Wiedelhütte (1982a, 1982b, 1983, 1984a, 1984b) His concept of proceduralization evidences a kinship
with the development of "collision rules," and so Wiehölters (1985, 247) "support goes to... an understanding of proceduralization as a justificatory problem of 'rational' practical actions under 'system' conditions (i.e., justification of collision rules in the exercise of judgmental competences)." To work out the more recent problem situation, he adduces the conceptual machinery of classical conflict of laws:

In the fundamental legal principle of proportionality I have sought to define the most influential machinery of transformation for the osmotic, translation, for covariance of law and society, as the supreme and most general productive principle of an admittedly silent, and absolutely unavoidable—justification of collision rules for the decision of conflicting rights, interests and needs. Legal relationships are in fact (in Germany since the days of Savigny) neither pure objects of evaluations nor pure evaluations of objects, but have always been premeditated general decisions on the assignments of facts to a particular law by way of connection, the qualification of legal answers to social questions.

But one thing remains remarkably vague: which units clash? Looking for an answer in Wiegandts' texts (especially Wiegandt 1985, 1986a, 1986b), it remains unclear if they were conflicts of political interests, ideological camps, sociological models, general legal principles, legal subsystems, program structures, social subsystems, subratonalities, or political strategies. Even from the viewpoint of autoepistasis, the question of identifying the relevant units that collide is not an easy one. As an attempt, I would propose the following distinction: 1) conflicts between autoepisetic social systems; 2) conflicts between the quasi laws of semiautonomous social fields; 3) conflicts between fields within the law.

1) Law of conflicts must address clashes between different autoepisetic social systems, be they functional subsystems (politics, economy, family, religion, science, culture), formal organizations or specialized interactions. Here the first major problem is whether a translation of the conflict into the legal code is desirable at all. Because of the well-known trend toward increasing legal cognition of social claims, we uncritically fail to ask this question. But the most recent experience with the phenomenon of "juridification" ought to have sensitized us to whether such conflict norms ought not to be developed (Voigt 1980, 1984, 1986; Kuhler 1984; Kettler 1987; Teubner 1987b). Nonet and Selznick, for instance, propose a legal evaluation of civil disobedience based not upon formal legal criteria, but upon a "political paradigm."
Such a framework would treat instances of civil disobedience as objects of political negotiation (Nonet and Selznick 1978, 22), "Forgiveness for rule breaking is readily negotiated in the interest of reconstructing a framework within which cooperation can go forward." Simons and Zerbe (1975, 54) and Habermas (1985, 272f) similarly stress law's paradoxical capacity to preserve a nonlegalistic resolution of particular conflicts in family and school contexts.

The open question is, when the rationalities of social spheres clash, can law develop conflict norms which, through juridification, in fact work against juridification? Can law abdicate to the conflict-solving possibilities of other social contexts? Can it develop legally codified rules about the application or nonapplication of its own code (Luhmann 1990)?

The second major problem is whether law can content itself with "formal" rules referring disputes to the rationality of one or another of the conflicting spheres, or whether it must, because of the "trans-systemic" nature of the conflicts, develop "substantive rules" of its own. This is a choice well known to the law of conflicts. Ladeau's ideas seem to point more in the first direction, when he says:

The strategic acting of the legal system remains bound to the horizon of the production of action autonomy in other systems, but instead of orienting itself on the equilibrium-parameter of behavior-regulation, the law centers itself on the possibility of the (re-)equilibrating and compatibilizing of values and action-perspectives for complex action-networks. (Ladeau 1986, 270)

My ideas on the function of general clauses ("good faith" or "public policy" clauses) pursue the second direction. From the very process of reconciling different system rationalities substantive norms emerge in the legal process (Teubner 1980: 44; 84ff., see below, sec. vi). Finally, there is negotiation among autonomous social fields. This suggestion bears a strong resemblance to international agreements for solving norm conflicts. In both cases, conflicts of expectations are resolved through negotiation rather than a referral to either side or a substantive legal assertion. The oft quoted "proportionality" negotiating systems are no doubt at the moment the most spectacular case of how inter-system conflicts can be dealt with by recourse to ad hoc specialized formal organizations, with no recourse to legal rules (Streeck and Schmitter 1985: 21; Traxler and Vobohra 1987). Yet this technique does not truly "bypass law" (Rudge 1980), instead co-
existing alongside it. Law comes in with a "secondary wave of juridification" of the self-regulatory processes themselves; law focuses on procedural and organizational premises, rather than on the achievement of specific results (Simons 1987: 146f.). Solutions like this meet policy needs by gearing law toward procedure and organization so as to adapt self-regularization to systems' own learning capacity.

2) The conflict between State law and the quasi-law of various social fields, or among the latter, is a second problem area for a new law of conflict. Moebe (1973: "semi-autonomous social fields"), Meekin and Kornhauser (1979: "bargaining in the shadow of the law"), Galanter (1981: "Justice in many rooms"), Cotterell (1983: "judicial pluralism"), Fitzpatrick (1984: "law and societies"), and Griffiths (1986: "legal pluralism") have investigated the modern phenomena of an "indigenous law," indicating lines of conflict. In contrast to the intersystem conflicts mentioned under 1), in which functional subsystems with differing codes, programs, and rationalities collide, here conflicts within the law itself arise—though admittedly a law understood in "pluralist" terms. Conflict resolution in economic enterprises, associations, cultural organizations, or even interorganizational relationships have a genuine legal character if conflicts are defined as conflicts of expectations and decided via the singing out of binding expectations. To that extent, the State has no monopoly on legal order.

Societies contain a multitude of partially self-regulating spheres or sectors, organized along spatial, transactional or ethnic-familial lines ranging from primary groups in which relations are direct, immediate and diffuse settings (e.g., business networks) or in which relations are indirect, mediated and specialized. (Galanter 1981: 163f.)

When mediating between these sectors, courts must control standardized terms of trade, articles of association, and corporate bylaws. Early formal judicial techniques looked to them not to discern "meeting of the minds," but instead they attempted to develop conditions necessary to manifest "subjective." Later, as courts recognized the asymmetric nature of these agreements, judicial techniques took a substantial turn, considering and changing the terms of standardized agreements. The question is what the criteria are to be. Can the idea of an intersectoral law of conflict offer something here which can give formulas of "appropriateness," "fairness," etc., some signposts that go beyond situational considerations or equity?
The answer lies in a reformulation of the "balancing of interests." This peculiar judicial technique can be detached from reference to individual or collective actors and cast in terms of a conflict between communicative networks. Usually, interest jurisprudence finds reflected in legislation a balance between individuals and groups, and, using this as a guide, does justice by reconstructing this balance on a case by case basis. Converting balancing of interests in terms of individuals and groups to network thinking would mean that courts engaged in controlling general terms of trade or corporate bylaws would have to pick out and balance specific regularities, functional requirements, and guiding principles of the conflicting social fields involved.

These are the lines along which, I feel, Joerges's analyses are aimed; they have to do with the legal control of private systems of order (general terms of trade, long-term contracts). Joerges suggests a conflict law viewpoint which can be understood in terms of balancing competition policies and consumer protection policies (Joerges 1981, 1985, 1987a, 1987b). I would raise a number of reservations as regards Joerges's governmental policy orientation. Does judicial control over private orders have to do only with political goal conflicts? Is this not rather the secondary conflict by comparison with the basic conflict between the functional regularities of the market, economic organization, and the demands of private life? But these are mere quibbles.

The decisive thing is to detach the balancing of interests from the superficial plausibility of individual and group interests and bring it into the context of conflicts between social discourses.

This kind of discourse-oriented viewpoint ought also to prevail when it comes to, not a posteriori content control, but legal control over the constitutional conditions of quasi-legal suborders. Quite irrespective of whether it has to do with interest representation within safety standards committees, codes of conduct adopted by associations for advertising, competition rules pursuant to the antitrust law or disciplinary procedures in firms and associations, judicial control ought to be exercised so as to ensure that interests outside the system are taken into account by internal procedures and organization.

3) Finally, a functional law of conflict ought to deal with systemic conflicts internal to law. As previously explained, fragmentation of law is nothing but the legal transcription of functional differentiation of society. Both legislatures and courts seek reactively and ad hoc to arrive at a precarious compromise between functional requirements.
of social subsystems, political control objectives, and requirements interest to the legal system. This results in very separate legal fields, administered by specialized legal experts who identify with the corresponding social spheres at least as strongly as with the law itself. Conceptual and normative conflicts between such legal fields are unavoidable and are very much of the order of the day. Considerable legitimation problems ensue. Although the discrepancy between the meanings of contract in civil law and in antitrust law can be tolerated by relevant experts, in other cases even experts cannot justify the contradictory logics of different legal fields. The non-delectability of bribes is a case in point. Despite such anomalies, the demands for a renunciation of the "unity of the legal system" (Wolf 1982) have only a rhetorical character. Crux made only tentatively on suitable occasions.

A more serious strategy is the opposing one, which enhances specialization by insisting on the purity of particularized principles in a given legal field. Thus, antitrust lawyers excusing general clauses in antitrust law refuse to take account of legal principles recognized in other areas of law. Such legal isolationism fails to prevent inter-system clashes. Instead, the bundling of these is left to happenstance: individual cases address contradictions as they crop up, with no meaningful footing in a doctrine of conflicts.

A principle that is realist and at the same time normatively definable would seem by contrast to be "relative autonomy of legal fields." Although Wan developed this principle based on the example of conflicts between private law and tax law, it can be generalized explicitly borrowing from thought patterns of the law of conflicts, Waltz recognizes a high degree of autonomy of specialized legal fields, recognizing it only in cases where problems of "public and private" arise. Each legal field will develop its doctrinal structure according to the demands of the social segment involved, but in cases where problems of "public and private" arise, it must respect fundamental principles and polices of the other legal fields, incorporating them as self-restrictions in its own doctrine. This seems to be the only realistic way of reformulating the old idea of the unity of the legal order. In a legal system characterized by a high degree of internal differentiation, integration of the law cannot be achieved via values or via concepts. Rather, integration results from making compatible the autonomy of legal fields: the mutual recognition of each field's basic principles suffers the further development of principles, yielding an overall "loosely coupling."
A functional law of conflicts thus requires internal mechanisms for solving disputes between social subsystems, between the quadrants of semiautonomous social entities, and between fields within the law. A prominent example of such a mechanism are the general clauses in contract law ("good faith," "public policy"). The high degree of indeterminacy of these clauses suits them for dealing with conflicts between autonomous social spheres, although this was not their original purpose. Indeed, the very indeterminacy of general clauses, and the accompanying room for judicial interpretation, has earned such clauses a reputation as a prime example of the "materialization of private law" (Max Weber 1978, 82ff.; Assmann et al. 1980). Josef Eiser (1956, 356) has described this shift in their function as "judicial interventionism run riot," in the process of which "obscurance of statute and contract" are replaced by "regulatory, controlling and ultimately patronizing judicial power."

In one sense, this criticism is too narrow, for it assumes only judicial state interventionism upon contractual arrangements. This usually restricts the role of general clauses in conflicts among social discourses. From the viewpoint of an interdiscursive law of conflict, general clauses filter not only state interventionism affecting the contract, but also influence from all other social discourses. The roving materialization represents an attempt to use legal means to achieve coordination-troublestops in highly differentiated societies—between the contradictory social demands now placed on the contract. In this sense, materialization means making the dependence of contractual expectations on multivariable nonconsensual normative structures including governmental interventions, visible, and coordinating these within the contract.

To understand this view of materialization requires a reformulation of the contractual relationship as an autopoietic system in a world of autopoietic systems (see Degguti 1987a, 1987b). Such an understanding replaces traditional contract theory's simple consensus notion of a "meeting of the minds" with the more modern concept of the contract as a multifaceted social relationship. Classical concepts of the system as a whole consisting of elements and relations have laid the groundwork for this reformulation. These concepts include: defining the contract as an "institution" elucidates the connection between legal norms and social structures (L. Ratzel 1963: 147), conceptualizing the contract as an "organism" (Siber 1931: 1) provides a mode
of a living whole whose parts collaborate cohesively; regarding the contract as "structure and process" picks up on two central system aspects (Lareau 1987: 25 V); finally, viewing the contract as a "worked out plan" stresses its purposive organization (E. Schmidt 1984: 81).

Theories of "relational contract" have developed a similar view (Macneil 1980; Köggen 1981; Schmid 1983: 109ff.; Gaufirth 1986; Joerges 1987b: 211ff.). In contrast to the simple model of contractual consensus, "relational contract" focuses on "interaction and cooperation among the participants, on resulting values and needs, on contract as process, on the marginality of formal contract law in relation to the actual behavior, on the ambivalence of "juridification" of contract vis-à-vis numerous state interventions" (Joerges 1987b: 211ff.). Köggen (1981, 12, 128) describes "relational thinking in contract law as "distancing from the dogma of the final quasi-codificationary validity of contractual consensus." It means a "microscopical" analysis of expectations and perceptions of reciprocity of the parties and a macroscopical analysis of changes in the general expectations in the modern social state.

Such ideas, which evoke "the flexibility peculiar to the contract in dealing with social reality" (Germüther 1983, 53), have been developed further into a concept of contract as a social system open to the environment. Thus, a contract not only redounds the consensus of the parties—it has its own particular functional problems to solve in responding to outside influences while maintaining its boundaries (cf. Parsons and Smelser 1956 109ff., 143ff.). The contract is then defined as a complex of actions, whose internal ordering depends not only on consensus, but simultaneously on requirements of very diverse social sub spheres (cf. Teubner 1980: 45ff.). This simultaneous dependency prefigures the conflict issue, whereby the contract is faced with contradictory structural requirements.

Contract as a social system appears recently in the works of J. Schmitt (1985: 184ff.). Schmitt rightly rejects a person-oriented concept in which the parties appear as elements. Instead, "elements of the system are no longer (empirical) people or role segments from the set of roles of empirical people, but social interactions, i.e.: rationally ordered complexes of action." This move highlights the environment of the contract: politics, the economy, the law, in relation to which the contract develops its structures. This model, however, still remains entirely within the theory of open systems (similar to the "contingency theory of organization" [Lawrence and Lorsch 1967, 1969]). Contractual structures emerge in dependency on the system's environment.
In moving beyond open systems theory, an autopoietic reformula-
tion would modify this model in a constructivist direction, building in additional levels of observation (von Foerster 1981). On this view, the contract is, in one sense, a self-reproductive interaction system that defines its own environment and interacts with it accordingly (i.e., the environment is communicatively constructed among the contract-
ual parties). And, in another sense, the contract is an "object of ob-
servation" for the law, part of its self-defined environment (i.e., the focus of certain legal communications). Mutual interference between the contract and the law of contract generates the dynamics of the contractual relationship: it is defined exclusively neither by the terms of the consensus itself nor the dictates of the law—nor any other sub-
system for which the contract is object.

The "noncontractual elements of contract" (Durkheim 1933) are then nothing but the contractual reconstruction of demands of divers social spheres on the specific contract. These demands surface on three levels, corresponding to different levels of system formation: (1) at the "interaction level," the contract reconstrues the expectations of the contractual partners, constituting their personal relationship; (2) at the "institutional level," the contract has to deal with the demands of market and organization, surpassing the expectations of the indi-
vidual parties to the agreement; (3) at the "societal level," the con-
tract has to cope with the requirements of the large functional subsystems such as "politics," "economy," and "law." These levels do not interrelate hierarchically, in principle they are distinguishable
modes of system formation, yet they have the "contract" in common because it interweaves with each (on the three levels of system for-
mation, cf. Luhmann 1975a: 98f.).

Returning to our original quest for an internal mechanism for resolv-
ing intersystemic disputes, the general clause can now be understood as a collision rule for intersystemic conflicts. It provides room for dis-
pute resolution within each level, and, in recognizing the existence of the different levels, allows for their legal synchronization.

The current debate over "materialized" general clauses converges on exactly this process: the "compatibilization" of contradictory so-
cial requirements on the specific contractual relationship. In this sense one may speak of a "socialization" of contract via general clauses, of an eruption of "social chaos" (Struck 1982, 259) into contract law.
The present task of general clauses consists in recasting the random nature of this socialization, transforming its ad-hoc-character into a more systematic taking into account of social requirements.
In more detail:

(1) Interaction level. Legal sociology indicates that informal norms arise in a dyadic contractual relationship which compete with formalized contractual expectations. Mutual coordination of conduct and its stabilization across time entrench informal norms in the dyadic contractual relationship. These informal norms influence the parties' conduct no less strongly than the formalized declarations of the agreement (on this, see Max Weber 1978: 754ff.; Geiger 1964: 46ff.; Koenig 1981: 157ff.; Luhmann 1983b: 25f.). Clashes at the interaction level result from distortions of these norms, when the parties' informal norms collide with contractual expectations. Via the general clause, judges can recognize those conflicts that arise from the personal interaction of the contracting parties and develop legal solutions. The norms generated by the personal interaction itself induce the indeterminacy of the general clause, which, in turn, validates this solution as legal.

(2) Institution level. Beyond personal expectations, a set of structural requirements on the contract emerge due to its involvement in broader institutional contexts, like market and organization. Contract law must acknowledge this contextualization of the contract, too. Thus, the general clause assumes the task of coordinating the "external relationships" of the contract, ensuring that contractual obligations suit institutional structures. For reduction of indeterminacy, the judiciary relies on standards and understandings derived from institutional context: legally sanctioning social standards; authorizing norms apt for roles as determined by institutional context; redefining roles in response to the interests of the institution.

(3) Social level. In a differentiated society, the contract is intertwined in a multiplicity of social discourses (i.e., "politics," "economy," "family," "culture," "religion"). With this arrangement comes potential for conflict between the contract and other social discourses. As differentiation increases, the autonomy of the social discourses increases, but so does their interdependence: the separate regularities of the social discourses become stronger, so do the friction, contradictions, and conflicts among them. Contracts serve to stabilize this interdependence—acting, as it were, as islands of stability in a sea of turbulence. They can do this, however, only with the aid of mediatory devices. General clauses take over this role.
The mediatory role of general clauses in contract law enables us to perceive ways of coping with legal indeterminacy under modern conditions. Unlike in our original rabbis' hierarchically ordered society, here indeterminacy cannot be put off by the extreme elevation of the highest layer of authority—because functional differentiation of society means lateral interdependence, not hierarchical order. To deal with the new nonhierarchical indeterminacy, the law must use tools like the general clause to diagnose and address failures of diverse social discourses. Is it sufficient for the law to refer to the social discourse's own rationality or does a failure of such rationality (market-failures, organization-failures, regulation-failures, etc.) necessitate a compensatory legal formulation in order to take demands of their environment into account? Such a legal program, which attempts to mediate between diverse spheres of social life, constitutes a challenge of the first order to the reflective capacity of legal doctrine. Is legal doctrine in a position to combine consistency requirements of the legal discourse with the demands of other social spheres?

This formulation takes off from Luhmann's reformulation of the concept of justice (1973), relating justice to the "two-fold contingency of social requirements, upon legal stabilization of conduct of life on the one hand, and level of requirement within the legal system on the other" (Luhmann 1974: 49). The open question, however, is whether law, as Luhmann clearly supposes, can take account of "social requirements" only in an ad hoc way, from case to case, evolving blindly from one political scandal that sparks off legislation to another. Or is the legal discourse capable of methodologically developing legal criteria for the requirements of the self-reproductive discourses that surround it? With an affirmative answer to the question, justice—a contemporary version of iustitia mediatrix (Placitissimus 1192)—would no longer mediate "vertically" between the positive and divine law of hierarchically structured societies. Instead, in response to functional differentiation, it would "horizontally" balance the consistency requirements of positivised law and the demands of a multiplicity of autochthonously closed social spheres.

Yet both types of mediation, be they "vertical" or "horizontal," only reduce the impact of the original paradox of law, keeping it latent and ultimately failing to attain the proclaimed achievement of paradoxo-differentiation. Rabbi Eliezer's hierarchy of legal sources, topped
be the ontic oughtness of natural or divine law had symbolized the
damn nature of that paradox. And its modern equivalents, functional differen-
tiation of social systems, likewise serves as a repressing mechanism
making invisible the fundamental paradox. As with any repression
mechanism, the repressed paradox of law continually returns by a
back door: “And God laughed...” (see 158).

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