Are All Goods Good? The profit motive – human experience trade-off in Smith, Marx and Whitehead

Cristina Neesham

Department of Management, Monash University, Melbourne, Australia

Cristina.Neesham@buseco.monash.edu.au

Mark Dibben

Department of Management, Monash University, Melbourne, Australia

Mark.Dibben@buseco.monash.edu.au
Are All Goods Good? The profit motive – human experience trade-off in Smith, Marx and Whitehead

ABSTRACT
In this paper we consider the role of business management in delivering good in society, from the perspective of the philosophical work of Adam Smith, Karl Marx and Alfred North Whitehead. We find that Whitehead’s process explanations of the nature of experience and consciousness articulate meaningfully with Smith idea of 'self-love' and Marx's conceptualisation of 'rich-experience'. As a result, we argue that business practice must re-connect with society in a more appropriate understanding of a good as something beyond a mere economic entity. Using principles of process thought, we make recommendations as to how this might be achieved in daily management practice.

Keywords: Philosophical and Theological Understandings of Management in Society and Economy; metaphysics and the managerial experience; ethics, values and management futures; managing for the common good.

INTRODUCTION
There is growing recognition, among scholars and practitioners alike, that economic and profit-oriented managerialist models and theories have been directly involved in the recent credit crisis. At best, it was a severe cyclical downturn, at worst a more fundamental indication of a failure to understand the purpose of economics in the development of human progress.

In one of his Harvard lectures delivered in the late 1920s, Alfred North Whitehead states that for business people the ‘motive for amassing the fortune should be in order to use it for a socially constructive end... It is time to teach business its sociological function; for if America is to be civilised it must be done by the business class, who are in possession of the power and the economic processes… Universities…[should] be taking business in hand and teaching it ethics and professional standards’ (Whitehead (1926) in Johnson (1959: 62-3)). His concern for the lack of professional standards and ethics in business seems as well founded today as it was prior to the Great Depression of 1929.

More recently, the economic theorist Brian Loasby raises the following question: ‘Just precisely what are the properties about an economic good that make it a good?’ (1988), and answers that it is not
simply about ‘some properties which make it capable of contributing, directly or indirectly, to meeting some human need but also knowledge of this capability’ (1988; 2007b). The collapse of the world economy in 2008-2009 adds weight to his answer. The people running the world economy have somehow forgotten the meaning of real human needs and the role of economic activity in meeting these needs. As Cobb Jr (2007) notes, ‘economic theory is based on a model of what human beings are understood to be — at least in their economic activity. This is called Homo economicus. Homo economicus is deeply shaped by substance thinking. An individual human being, typically conceived as male and understood in this way, relates to others only through contracts, which have no effect on what he is in himself. The task of the economy is to satisfy his desires, but these are understood only in terms of possession and consumption of goods and the accumulation of wealth. His desires for good relations with other people play no role. He tries to get as much as he can for as little as he can. This is his rationality. There is no place for questions of fairness or honesty or responsibility. Only external relations are considered’ (2007:574).

The purpose of this paper consists in the attempt to answer the following question: based on the recognition that there is a substantive difference between ‘economic’ good and ‘human’ good in society, how should management and business practice change to reflect a harmonisation between the two types of good, to replace the anti-humanist trade-off circumstances produced by the hegemony of the profit motive?

To achieve this, we propose a re-examination of the writings of three philosophical thinkers whose work is not usually considered in unison, Adam Smith, Karl Marx and Alfred North Whitehead. The writings of the first are commonly taken to be those of a market-oriented Economist, even though he was Professor of Philosophy at Glasgow, primarily concerned with understanding the nature of human action, and the relation of that action to human experience. The writings of the second are commonly understood to be political treatises that formed a basis for Communist thought, as opposed to arguments concerning ethics and economy. And the writings of the third are understood to be an
almost incomprehensible metaphysics focusing on invisible processes, in which the past only exists in
the present and the future doesn’t exist at all. Yet, we hope to show that all three, writing long before
the 2008-2009 financial crisis, share a fundamental unease with the nature and role of business in not
just economy but society as well. Indeed, they each variously suggest that core societal drivers of
what is good will most likely be lost to the greed of the profit motive, at the expense of human
experience. We conclude by rethinking management practice from the perspective of the
metaphysician, and suggest that a sustainable solution to the economic crisis may be found not in re-
setting the existing management imperatives through simple bank bail-outs, but rather in refocusing
the attention of business and society on the achievement of a sustainable common good (Daly & Cobb

GOOD SOCIETY AND GOOD IN SOCIETY

The idea of ‘the good society’ has a long-standing philosophical tradition, almost paralleling the
notion of ‘the good life’ but visibly exceeding the prominence of the latter in modern times. In
planning and recommending social action for progress towards desirable goals, working from an ideal
of society has emerged as a methodological requirement for (almost) any normative social theory.
Nowhere in the Western philosophical landscape is this trend more obvious than in the modernist
paradigms represented by the French and Scottish Enlightenment of the late 18th Century and by Karl
Marx’s earlier works (such as The Economic and Philosophic Manuscripts of 1844). After two
centuries of ideological triumph and experimental disillusionment, the foundations laid by these
theories continue to inform post-modernist social and political philosophy.¹

¹ Some of the most recent writings on the subject include: Ranieri, J. J. (1995) Eric Voegelin and the Good
the Good Society, Houndmills, Basingstoke, Hampshire: Macmillan Press; Berliner, J. S. (1999) The Economics of the
Constitutes a Good Society?, Basingstoke: Macmillan; Etzioni, A. (2001) Next: The Road to the Good Society, New York:
Basic Books. Walter Lippmann’s 1937 classic, Inquiries into the Principles of the Good Society has recently been re-edited
Traditional renderings of economic action from an ontology of being, such as those developed by Adam Smith and Karl Marx consider good not only in relation to satisfaction of an individual’s needs but as bound up in an understanding of the impact of action on others (Neesham 2008).

Adam Smith (1759/1976a, 1776/1976b, 1776/1976c) asserts that a system of natural liberty is most successful not only in assisting individuals in realising their own needs but also in producing public goods. Let us consider for a moment Smith’s view of the manner in which each individual’s pursuit of self-interest, compounded, will result in public benefit, according to his well-known principle of the ‘invisible hand’. According to this principle, in (and only in) conditions of natural liberty, a natural law somehow obscured from human understanding ensures that private vices, such as greed and selfishness, are transformed to produce public goods, that is goods benefitting the whole community, beyond what was originally intended (1976b: 477-478). It is in these terms that Smith discusses private prodigality and frugality, and their differently ‘moralised’ impact on a nation’s economy (ibid.: 360). Interestingly, a more evocative explanation of the importance of the invisible hand for the distribution of goods within a community, according to the later labelled ‘trickle-down effect’, is to be found not in The Wealth of Nations but in The Theory of Moral Sentiments.

Described in these terms, Smith’s system of natural liberty appears convincing – but there is a catch. Such liberty, as facilitated by the well-established institutions of society, is to occur if and only if certain qualities displayed by these institutions articulate harmoniously with certain qualities to be exercised by individuals as economic agents. Accordingly, if society should not interfere with the individuals’ opportunities to express, pursue and obtain the objects of their interest, the individuals themselves are expected to be able to convert their self-love into proper care for the furthering of their own condition. This proper care is somehow measured objectively, outside individual preferences. It refers not only to the basic skills involved in looking after oneself but also to being courageous (1976c: 296), well-informed (1976c: 282), well-educated (1976c: 305), and enterprising (1976b: 301).
For example, when demonstrating that free competition establishes the prices of necessaries more accurately than any regulation (1976b: 159), Smith regards this accuracy as fair opportunity for any economic agent to command and obtain goods valued according to their genuine importance for the agent’s needs, without the interference of any distorting factors. But for the natural system of liberty to work, the agents themselves have to be able to convert such fair opportunity into those improvements of their own condition recommended by the proper pursuit of their interests. In sum, for any individual and/or community to reap the benefits of natural liberty, Smith suggests two conditions must obtain simultaneously: (1) the social system must properly channel any private excesses of passion towards the public benefit; while (2) individuals must properly exercise their self-love (1976a). Yet in regards to the social responsibilities of individuals, it is important to note that Smith does not found his ideal of society on the assumption and/or requirement that individuals should be fully developed morally, or capable of exercising all the complexities of justice and benevolence in an enlightened manner. On the contrary, he suggests that the safest social arrangement would be one which assumes that self-love should be sufficient. Moreover, acting beyond self-love and, at the same time, at the expense of it creates problems for the social interpretation of what individual needs are to be satisfied.

For Marx, by contrast, irrespective of the type of society they are in, human beings must produce, in order to create their physical means of subsistence (1976: 31). In this context, society is the indispensable medium in which individuals organise, primarily, their material life (1975: 298). This organisation relies on certain categories of human being which, although profoundly different from one type of society to another, are nevertheless constant: labour (as productive activity), and property. In other words, human being (as a process or activity, as a verb in the gerund) is expressed socially as doing and having (1975: 275-279).
Marx’s later developed theory of dialectical and historical materialism can help us now elaborate on the ‘seed’ he planted in the earlier works and did not return to develop. I hereby propose the following interpretation. The constants of human being as doing and having have evolved, socially, through various modes of production in human history (from ancient to modern structures) towards an increasingly polarised and universalised separation between those who do (the property-less/property-free workers) and those who have (the work-less/work-free owners) (1975: 271). When treated as the central value of the social order, property imposes its rules on labour in a way that results in exploitation as appropriation by one class (the exploiter) of the values created by the other (the exploited). The synthesis that humankind is waiting for is a social order in which this phenomenon ceases to occur. This requires social relations to develop in conditions of production that necessarily cannot give rise to the sort of appropriation described above. In the earlier Marx we find the suggestion that the solution may lie in conceiving human being as a harmonious, inter-supportive articulation between doing and having as inseparable aspects of humanness (1975: 283-284; 1998: 103-105). Accordingly, a good society should promote human value (as opposed to economic value) based on a conception of the human being as both a ‘doer’ and a ‘haver’.

This balance between the two aspects of human being is gradually lost in Marx’s later works, as Capital inaugurates the trend of emphasising doing over having. The mature Marx appears to develop a conception of human nature in which not only property but the act of having itself is demoted as external to human fulfilment (1939: 170). It is on the grounds of this later conception that Marx postulates the abolition of all private property and all the political measures recommended by this goal. One cannot help observing, however, that this constitutes a significant departure from young Marx’s idea of rich experiencing described as appropriation of the world through the senses, an act of inseparable creation (production) and ownership (1975: 301-302).

Having said this, Marx’s critique of the existing laws and institutions as unduly emphasising human beings as property owners rather than producers is constant throughout his work, and remains valid.
Marx is right to observe that a good society should recognise human beings as socially relevant through the labour they produce rather than through the property they own. But a contrast can be made between, on the one hand, labour and property (forms of ownership) as human values and, on the other hand, commodified labour and private property (or capital) as externalised (‘de-humanised’) values.

As a human being, Marx suggests, the owner of capital is also enslaved to the reductionist imperatives of private property, although not to the same extent as the worker. While the capitalist may enjoy the time and opportunity to separate his (or her) life as human beings from their role in the economic system, the worker cannot do that because his (or her) time is consumed by his (or her) productive role. But in both cases, the unifying assumption is that the capitalist economic system fails to treat members of both classes as complex human beings. In front of capitalist or bourgeois law, the capitalist is not socially valued in relation to personal qualities of skills but strictly as property owner (1975: 247).

Perhaps the most eloquent description of the dehumanising effects of historical social orders upon all their classes, including the ruling class, is provided by Marx in The German Ideology (1976: 432):

...Society has hitherto always developed within the framework of a contradiction – in antiquity the contradiction between free men and slaves, in the Middle Ages that between nobility and serfs, in modern times that between the bourgeoisie and the proletariat. This explains, on the one hand, the abnormal, “inhuman” way in which the oppressed class satisfies its needs, and, on the other hand, the narrow limits within which intercourse and with it the whole ruling class, develops. Hence this restricted character of development consists not only in the exclusion of one class from development, but also in the narrow-mindedness of the excluding class, and the “inhuman” is to be found also within the ruling class.
In this context, how can economic and social progress be aligned with human progress? Or, in other words, how can the good society (regarded as a facilitator of human fulfilment) occur? As it stands, the actual goal of capitalist political economy is to increase the sum total of annual savings. This goal, Marx shows, is not necessarily related to human fulfilment; if anything, it tends to go against it (1975: 284). Hence, the aim of production (as material wealth increase) should be, instead, to maintain as many workers as possible and to create for them, through increasingly available leisure time, as many opportunities as possible for ‘self-creation’ (1998: 65-69).

SELF AND SOCIETY IN PROCESS THOUGHT: A METAPHYSICAL RENDERING OF SMITH'S SELF-LOVE

Perhaps surprisingly, Whitehead’s metaphysics, too, is concerned with self-creation, in which freedom, choice, self and other are central themes. This is because, as Griffin (1998) has demonstrated to great effect, process metaphysics, and particularly the Whiteheadian variant, is an extended solution to the mind-body problem; just as Smith was concerned with human consciousness (Loasby 2007a and 2007b), so too is Whitehead. Connecting mind with nature, thought with experience and experience more properly to consciousness necessarily involves study of choice, betterment and thereby goodness in a societal context. This may be explained as follows.

Largely reiterating the explications of process by Cobb and Griffin (1976: 13-29), Griffin (1976/1991: 117-162), Cobb (2009) ; Hartshorne (1983a, 1983b, 1984) and Whitehead (1933/1961, 1938/1968), we address the misconception of Cartesian mind-body dualism that continues to handicap social science’s physics envy. This is manifest in the commonly held belief that to experience something one must be conscious of it. The opposite is the case, to be conscious of something one must first have experienced it; ‘consciousness presupposes experience, and not experience consciousness’ (Whitehead 1929/1978: 83). This is because process thought holds to the principle that ultimately reality consists of a transition from one event, an ‘actual occasion’ to another, and these momentary events of transition perish immediately upon coming into being. These events have a unity of their
own, encapsulated in the process of their own momentary becoming. From the external, temporal point of view both types of process, transition and experiential unity, happen all at once but process thought suggests they are not to be understood as things that endure through a tiny bit of time unchanged, but as taking that bit of time to become.

This principle of ‘concrescence’ at once provides the contrast to ‘weak’ views of process (i.e. ‘change’) that are happy to maintain things are, then they change, then they are stable again as something else. Process thought argues in contrast that individual occasions are dynamic acts of experience. This means that what we ordinarily call ‘individuals’, the sorts of things that endure through time are better understood to be serially ordered societies of occasions of experience. In this way process thought does not suggest that everything is in process. Rather, it suggests that to be ‘actual’ is to be a process; anything which is not in process is an abstraction from process, not an actuality. This abstraction—for our immediate purposes an abstraction we make in our attempt to navigate the world we inhabit—is an abstraction to stable forms that we make so frequently we assume them to be real; things are isolated from each other, separated from time and not related to other ‘things’ in space.

Our belief that this double abstraction is real, causes us to mis-place the locus of stability over time in reality (the fallacy of misplaced concreteness) and causes us to locate things in a simplistic manner, as isolated and distinct units having no relation to other things (the fallacy of simple location). For example, the desk upon which this chapter is being written appears to us as a distinct thing in the room, unconnected to anything else going on in the room and unchanging. In fact it is in and of itself a serially ordered society of individual occasions of experience, internally related to its own experience of the past and externally related to those aspects of the objective past it subjectively experiences in its momentary becoming. Otherwise, simply, it could neither be what it is in the present moment nor, amongst other things, could it ever wear out.
What is the nature of such ‘experience’, and how do we make the abstraction? The experience each occasion enjoys is that of subjective immediacy in its concrescence (its coming into being). Once its process of concrescence is completed, is in the past, that unit of process then becomes an object for new process subsequent to it to take into account as part of their enjoyment of an inner reality in and for itself. By enjoyment in this sense, we mean that every process has an intrinsic value inherent in its actualisation, its capacity to be part of a wider community that informs the concrescence of future occasions. Experience is the ‘self-enjoyment of being one among many, and of being one arising out of the composition of many’ (Whitehead 1929/1978: 220). In this sense, enjoyment is not necessarily anything conscious or anything intrinsically and exclusively the preserve of higher grade animal bodies. For Whiteheadian process thought, an experience of subjective unity is an occasion’s subjective enjoyment of its very existence, in that ‘the experience enjoyed by an actual entity [is] what the actual entity is, for itself’ (Whitehead 1929/1978: 81); what Smith might describe as ‘self-love’, is an inherent good.

**PROCESS AND SOCIETY: PROCESS IMPLICATIONS FOR MANAGEMENT IN THE ‘GOOD SOCIETY’ OF THE ORGANISATION**

The foregoing rendering of a process philosophical understanding of experience and consciousness allows the derivation of six core principles of process thinking (D’Arcy & Dibben 2005): (1) The integration of moral, aesthetic, and religious intuitions with the most general doctrines of the sciences into a self-consistent worldview is one of the central tasks of philosophy; (2) Hard-core common sense notions are the ultimate test of the adequacy of a philosophical position; (3) Perception in non-sensationist, and accordingly sensory perception is a secondary mode of perception, derivative from a more fundamental, non-sensoryprehension; (4) Thought, cognition and consciousness are high abstractions from basic experience. They are symbolic references of the presentationally immediate, which itself is a novel derivative of causal efficacy; (5) All true individuals, as distinct from aggregational societies, have at least some iota of experience and spontaneity (self-determination – panexperientialism with organizational duality); (6) All actual entities have internal as well as external
relations; it is not what we experience that counts, it is what we make of our experience; and (7) All enduring individuals are serially ordered societies of momentary occasions of experience.

It is this sort of panexperientialist understanding of a processual reality that distinguishes process thought from the Cartesain dualism of being ontologies that many sociologists, notably Schutz (1967), rely upon in their rendering of society. This is because they naturally focus on those aspects of reality that are presentationally immediate to us. One solution to the problem is to suggest that society, as commonly understood, is better thought of in terms of the repetition, routine and custom that lie ‘below the level of the conscious human’ (Halewood and Michael, 2008; also Halewood, 2009 and Carolan, 2009). From this perspective, a process sociology reframes the discussion and debate in sociology over the ‘end of the social’ through an understanding that sociality is included in all existence. A Whiteheadian sociology breaks down established dualisms between, for example, public and private, nature and culture, agency and structure, by allowing an understanding that the creation, maintenance and reproduction of the social environment in which we find ourselves and of which we are a part is continually created and recreated through our ongoing experience of mutual relations (Halewood 2009).

From these principles, process-thinking provides at least three insights for ethical behaviour in business (D’Arcy & Dibben 2005). First, all actual occasions (and all human beings) emerge out of particular contexts; understanding and appreciating this principle makes decisions regarding employees, their performance and their development much richer than they would otherwise be. The bases for such decisions will likely be much more educated and broader, if based upon this process-principle, than they would otherwise be. Second, each actual occasion (and each human being) is a value in and for itself. In the context of employee-relations, this principle means that, even though businesses may see employees as some means-to-an-end, i.e., that employees contribute something toward certain goals of the business, the life of an employee is also an end-in itself, a value in itself. A keen awareness of this process-principle causes a manager, when considering the people she is
responsible for, to think far beyond the simplistic pragmatic contributive role which an employee may provide to the business. Maintaining awareness of this process-principle provides the manager with a much larger perspective regarding the employee and his/her value than would otherwise be the case. Third, all actual occasions (and all human beings) are free and open-ended in their process of becoming. While each employee emerges out of a specific context which may set-the-stage-for or establish some of the parameters for behaviour, each employee incorporates some elements which are free, free to change, free to introduce novelty, free to transcend past behavior patterns. Free to choose one’s good in the light of our good and the good.

CONCLUSION

This paper has sought to explore the question of the good society in the context of contemporary business. We have shown how both Adam Smith and Karl Marx, most notably in their early writings, expressed considerable concerns regarding the implications of business practice for human civilisation. We have also shown how, despite very different ontological premises, these concerns are discernable in the metaphysics of Whitehead.

In this context, the choice of the individual manager in the individual organisation must be to reconnect with the feelings of those she is responsible for, and with the feelings of society in general, rather than remain irrevocably wedded to the profiteering demands and peer pressures of the stock market. We suggest that until this happens, and in spite of Smith’s and Marx’s remarkable early efforts to connect human experience with economics, not all goods can yet be describable as good.
REFERENCES


