

Dignity and work: global market and self-sustenance

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Abstract: It is argued here that market fundamentalistic theories ignore the issue of human agency in work, and the different types of work, because – focussing on the market mechanism, supply, demand, and price – they have lost track of that which economic activities (work) are intended for, namely self-sustenance. They have also minimised human agency in the economic theory, and therefore the understanding of being-human is lost from both economic theory and practice. Thus they cannot explicate the role of work for the individual and the community – namely care for self and others – the significance quality work as part of human dignity is forgotten. I am arguing for a restoring of meaningful self-sustenance as the norm for work, and the recognition of the dignifying role of such self-sustenance – both for the community and the individual.

Keywords: Human dignity, global market, capitalism, labour, competitiveness, society, morality, human agency and self-sustenance

Disciplines: Philosophy, economics, ethics.

1. Springtime for the ‘market’-idea¹

The different areas of the economic sciences (with the possible exception of development economics) tend to identify ‘economic life’ (praxis) with ‘the market’. (In fact, since Adam Smith ‘market behaviour’ has become a metaphor for all human interaction, and therefore an assumed basis for human society.) The expansion of the ‘free market’ over the globe tends to confirm this direction in theorizing as ‘universally’, ‘empirically’ true. *The globalization of the unfettered market, however,*

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is itself a universalizing of a set of values. These include:

- ◆ non-intervention in the market,
- ◆ the 'law' of supply and demand as the primary economic law,
 - efficiency as satisfaction of 'unlimited' needs,
 - commercial advertising as rightfully imposing itself,
 - rewriting wants as needs, the urban lifestyle as the primary way of life,
 - work and skill as a purely marketable commodity,
 - money-making as efficiency, and
 - leisure/entertainment/enjoyment as an important (or the supreme) economic need.

Since vast numbers of the people of the globe sustain themselves outside of the 'market'², and since in developed market economies important economic activities do not directly fit under the 'law' of supply and demand (such as crime and voluntary unpaid work) - the hidden assumption of an identity between the formal 'market' and 'economic life' is suspect and not universal. Its value system can therefore also not simply be accepted as universal.

The serious question, which we have to address, on the level of theory and intellectual thinking, is how this universalization came about, and what consequences this has for a dignified life?

Given broader, shifting, social values about the conduct of a good life, such as

- working honestly for your keep,
- supporting one's family – including the elderly who cannot work;
- children 'working' within traditional communities, versus child labour as frowned upon;
- the 'gender division' of work in traditional societies and the anti-discrimination movements in modern societies;

2 According to a recent article in *Time* magazine, in Saudi Arabia (origin of Osama bin Laden and his inner circle), apparently the largest majority of citizens sustain themselves outside of the 'market'.

- taking care of the poor – whether voluntarily or officially;
- the growing propagation of entrepreneurship and innovation as the supreme meaning of human life;
- the idealisation of the supreme technician; and
- the developmentalist attitude towards everything not yet touched by modern marketing and the culture shock effects of this.

It has become necessary to ask oneself how the springtime of the ‘market idea’ influences ‘human dignity’ – the latter is more and more recognised as a right.

Does the totalitarian, universal, global market value system contain enough basis for a dignified work life? (Many of the old fashioned values, such as working honestly, care for family, care for the poor, living in peace with one’s neighbours, have been part of the idea of ‘human dignity’ since Cicero and the Stoics, and are also part of the Ancient-Judaeo-Christian tradition.)

In this regard is it well worth noting that ‘human dignity’ was directly associated with ‘*rationality*’ – at least until the middle of the 20th century. Self-interested market behaviour was considered instinctual. But somewhere in the 19th century self-interested behaviour was suddenly considered ‘rational’. Thus the whole ‘nature’ versus ‘reason’/ ‘culture’ dialectic, and the inversion of ‘rationality’ in economic theory (still present in textbooks), must have had an effect on the understanding of a dignified human life. Given the fact that the market economy is based on formalised human employment (waged labour), any connection between ‘rationality’/ ‘irrationality’ and market behaviour, must therefore have had implications for the understanding of work and its relationships to life in its totality.

The universalisation of the ‘market’ and its values grew of over a period of centuries. In the course of this development, other social changes had an influence: the decline of the Roman Catholic Church’s social power, the Reformation, globalisation by colonisation, the advent of the nation state and the idea of a national economy; two world wars, decolonisation, the large dualism of the world economy, the collapse of the Soviet bloc and its vassals, the advent of world communication media. The influence of these are assumed and referred to, but not analysed here. The argument follows the development of *philosophical* ideas within the context of economic theory and occasionally practice – it does not pretend to be an analysis of empirical economic developments or a theory in economics. *The focus remains the development of the idea of the market, the understanding and*

appreciation of work in that context, and the relationship between work in the context of market values, and human dignity.

2 'Human dignity'

Traditionally, in the West, human dignity has been identified with 'rationality'. Being 'rational' has been considered the distinctively human characteristic, and behaving 'rationally' meant behaving in a 'dignified' way – different from 'irrational brutes'. 'Rationality', however, is not unambiguous - I can quote (cf. Venter, 2006: 279ff) at least nine fairly different definitions of 'rationality' covering the area from

- the logic of teleology in natural theology over
- the logical control of the emotions and passions, and
- the logic of spiritual efficiency (in a magical world view) and
- 'public reason' (the logic of state security), to
- the logic of the maximizing of self-interest (individual mechanical 'teleology').

Initially *that* rational behaviour which qualified as dignity behaviour, was conceived of in *first person* terms:

In order to be dignified, I have to behave thus ... 'Cicero, Seneca, Anselm, and especially the mystical process of self-dignifying in Pico della Mirandola would be good examples. (Cf. Venter, 2000: 111ff)

But since Kant defined dignity in terms of '... never to treat any rational being merely as an instrument ...' (Venter, 2000: 133ff) *the second/third person* perspective became much stronger - and after the collapse of rationalism this perspective became dominant.

At least since the late nineteenth century the distinctively human - in as far as it still functioned - could no more be universally expressed in terms of 'rationality'. This pushed the debate about 'human dignity' to a different level; in fact a powerful tension arose:

- On the one hand the denial of the 'humanness' (however we define it) of the individual human being (regardless of specific social connections such as 'state' or 'nation') as a normative value in itself, by Nazism and Fascism, afterwards led to *an enforcement of 'human dignity' as an individual characteristic and right* in many modern constitutions and the charters of the United Nations. (Cf. Venter, 2002c: 351ff; 2004: 538ff.)

- On the other hand the growing belief in the power of science – in spite of the irrationalistic philosophies underlying it – subverted the belief in human life as something special, and therefore ‘science’ moved in the direction of *an outright denial of human dignity* and an insistence of the scientists on their right to power over the human ‘object’.

But present-day ideas of ‘dignity’,

- Accentuate the preservation of *subjectivity* in interaction through justice, welfare, cultural disclosure and love as central.
- And within such a conception of human dignity, cultural activity, specifically *work* (and its quality) is something central (given the self-imposing global capitalism).

Of all present threats to human dignity, however, the assumption of the market as the only real economic process, and the imposition of ‘market freedom’ globally, may be the most serious, since it is hidden. A deepened understanding of economic activity as *the self-sustenance of a person, household, or community*, puts work in a central position in terms of a new understanding of a dignified life. For stable employment is the only way of self-sustenance in an urbanized life form. Not only work, but also the quality of work, and the problem of a fair remuneration (sidelined by the supply-demand-‘law’) are necessary parts of a dignified life in the more recent senses of the word ‘dignity’ – the very having of a work at all is essential. *An important (both political and sociological) question is how to preserve dignity where the market fails?*

In this regard it is necessary to *conceptualize human dignity also in terms of the ‘decent work’* paradigm of the International Labour Organization. All these will touch also on the dignity of women and of traditional societies which are not yet fully organized in terms of market principles.

In the present global technological economy, fewer persons are accommodated stably in the labour market. The Zimbabwean question of land is not simply one of political manipulation, but also one of vast numbers of people attempting, and failing, to enter the labour market, and then returning to the resource for self-sustenance traditionally communally available - the land.

Understanding human *self-sustenance* therefore contributes to understanding *human dignity*. This on condition that human life is considered to be something distinctly valuable.

- Marcuse, a dialectical materialist(!) (1966: xi) makes this a point of departure,

- Christianity sees it as part of the essence of being created in the image of God, and the
- United Nations calls it a 'faith'.

3 The global market as a cultural formation

Economic globalization favours a very specific type of market: more and more resources circulate through the minimally productive section of the 'market', such as the money markets, the 'gaming' industry (casinos, lotto competitions), the entertainment industry, the leisure industry, and the consumption market. This implies a *specific culture* apparently sustainable in societies where 'basic needs' have seemingly been met.

The global market is therefore supported by a *value* system given direction by these societies - a value system that transforms local culture in economically weaker areas to fit its aims. It reallocates resources away from 'basic needs' in less developed economies, and imposes values that probably clash with local traditions of self-sustenance.³

We have to re-theorize economics in terms of the cultures of self-sustenance.

But this implies a different understanding of economic processes: they are not impersonal causal processes similar to, or analogical to physical processes, as Friedman (see below) would like to have it. *They are cultural processes brought into action by human beings in a normative setting.*

Economic theories - especially Neo-Classical and Monetarist - are missing out on creative economic activity because:

- a) they *elevated the market to a process divinity* which allows for almost no human agency;
- b) they *confuse market behaviour with human behaviour* - in order to have a deductive theory
- c) they *espouse a value dialectics in which work is opposed to*

3 From Turgot over Adam Smith up to the psychologist Maslow in the West, a set of teleological values came to dominate not only economic activity, but human life as such, since human life is seen as economic in nature, or at least as self-interested contractual behaviour. The issue here is that material needs are hierarchised, and more complex needs are then constructed as superstructure on top the less complex, material ones ... *It is the question whether those needs which are here reserved for 'later', are not as fundamental as the material ones.*

enjoyment - and thus we have an irony: those who would have been the leisure class are slaves, and those who need work have the leisure which they cannot afford to have.

4. The market as ‘the’ economy and ‘the’ society

When reading newspapers and listening to/watching economic analyses on the electronic media, one almost only hears about the value of the currencies (usually measured against the US dollar), the up and downs of the world’s stock markets, the level of the interest rate (coordinated with the inflation rate), exports and imports, and the (un)employment rate.

All these analyses are clearly focused only on market activities, and to a large extent it is a selection of market activities in which a limited percentage of the world population is active.

What percentage of economic agents (people) in the world show up in the figures of the world stock markets? How many economic subjects are active agents in the currency markets (we know that large numbers are ‘victims’ of what happens there)? Even in the well-developed economies small businesses provide more than 80 per cent of the employment – these economic agents may register in interest rate analyses, and employment statistics, but they disappear in the percentages and index points.

I have indicated above that the majority of the citizens of Saudi Arabia apparently do not register in the formal (market) economy; so do millions of the rural poor in many developing countries. Since the Saudis are human beings who stay alive by acting in specific ways, possibly following traditions thousands of years old - *they must be economic agents in some sense of the word*. [Is the urban economy - which dominates the media - really the one that feeds the people of the world?]

Somewhere along the line in *capitalist* theory the *appreciation for work has been swept under the carpet*. Goudzwaard provides intensive analyses of this (cf Goudzwaard & De Lange, 1995P: 47ff). Two thinkers in this tradition did show some sensitivity for the nature and value of work: Alfred Marshall and JM Keynes. If, however, we take a closer look at the actions of the world’s pacemaker economic institutions - such as the World Bank and the International Monetary Fund (IMF) - then these two are not holding their own against Neo-Classical, Monetarist, and Austrian economic theory, who, though different among themselves, share certain values:

- Most of them are very apprehensive about the state’s role

to promote justice, for all of them tend to give primacy to market values. All accept the view of Adam Smith that the human being is by nature a barterer who always takes care of his/her own individual self-interest - even if this interest is not directly translatable into monetary terms.

- And the stronger paradigms here, Neo-Classicalism and Monetarism, share the idea of a quantitative deductive economic theory based on ideal equilibrium situations.
- Both of these tend to neglect those activities where money does not change hands, for since they want a quantitative economic theory, they reduce economic activity to such activities as where money - as a measure of value within the parameters of supply and demand - is transferred. Thus the activities of a housewife, of a voluntary welfare worker (Goudzwaard en De Lange: 1995: 55ff), and of people exchanging their produce as 'gifts' rather than as 'goods for sale' (Latouche et al: 15ff), are not taken into account as 'work'. In fact the subsistence economy and the communal economy find only sporadic negative mention in economic textbooks, and thus (not being studied in any depth), it becomes very difficult to disclose the potential of these economic cultures.

In order to make this neglect understandable, it may be helpful to give an overview of the basic parameters of the development of capitalist economic theory with regard to the dis-appreciation of work.

5. Adam Smith

Since Adam Smith – the 18th century father of capitalistic liberal economic theory - there has been a progressive undervaluing of all (also non-waged) work, as economic activity. This has its foundations on the one hand in the *value system adopted by theorists*, - a value system which we have imbibed over centuries - and on the other hand in the progressive stereotyping and later elimination of economic agency and action as such from theorizing (by transforming agency into a mechanical equilibrium-seeking competitiveness).

5.1 Adam Smith – specialisation and work

Adam Smith represents the human being as an individualistic contractual being first and foremost. Human beings live by concluding self-interested contracts between individual and individual. This is

the way of nature, and the state is allowed to intervene if and only if the network of individual contracts is threatened in some way. Smith espouses the foundational belief that the human being is primarily a being caring for himself/herself originally through agriculture or hunting/gathering (a 'peasant' way of life). Yet he already accepts the market – bartering - as a direct consequence of this productive behaviour.

The ongoing specialisation ('division of labour'; Smith, 1950: 17) in turn - the source of national wealth - is the consequence of market development (especially of the growth of markets, and therefore urbanisation) (Smith, 1950: 19).

- i) The original human being is a peasant who barterers (i.e. contractually sells) his products (agricultural products, bows and arrows, plough shears).
- ii) This is followed, historically, by the feudal tradition in which landownership was concentrated in a few hands (the lords).
- iii) Finally we have the industrial era in which the capitalist middle class sets the pace of an economy, using vast armies of workers in factories.

All these are factored into Smith's price theory: the price of a product is determined

- a) on the one hand by the division of income from production, to
 - i) the rent of the land (remnant of the feudal system),
 - ii) the wages of labour (remnant of peasant agriculture), and
 - iii) the profit of capital (the new middle class of traders in the market), and
- b) on the other hand by the '*gravitation*' of *supply and demand* in the process of buying and selling - the sophisticated, modern form of contractual bartering (Smith, 1950: 32-100).

Smith had to take all these into account, since they were presupposed in his very view of the human being:

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another. Whether this propensity be one of those original principles in human nature, of which no further account can be given, or whether, as it seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present object to inquire. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor that species of contracts Nobody

ever saw a dog make a fair and deliberate exchange of one bone for another. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that is yours; I am willing to give this for that (Smith, 1950: 15).

Following the traditional line of characterising the human being by comparing it with (brute) animals, Smith refers to the ancient view that the characteristically or essentially human is 'rationality', and almost half-heartedly tries to relate 'contractuality' to this tradition (in terms of 'reason and speech'). He remained unsure whether the tendency to conclude contracts is 'primitively' or 'archetypically' or 'essentially' present in human nature, but he did see it as a distinctive and universal human trait. In fact, he finally elevated it in a somewhat metaphorical form to being the best possible basis of all social relationships, excluding love or benevolence as necessary for a stable community⁴.

This is important: *what Smith says is that it is possible to have sound human relations based solely on the premise that each cares for his/her own interest*. Thus social institutions and formations such as marriages, families, religious institutions, can all be based on self-interest, and function well.

Smith is an adherent of the *contract idea* of society, but his contract society is an almost anarchic boiling pot of self-interested contracts.⁵ In taking this line, he confirmed and established a moderate Hobbesian perspective on the individual human being in relationships to others – the idea that we are naturally competitive and want to outdo others. But Smith's idea of 'competitiveness' is moderated by his belief in basic human goodness: within the discipline of the market, we shall behave fairly. In fact, the market will reveal any bad intentions, and through the negotiation process, eliminate this.

This would take firm hold in the liberal tradition. During the past fifty years this approach has become stronger; on the one hand through the threat of communism, and finally through the collapse of communism. The self-interested individual in the 'anarchic' social market, and under the discipline of the market place, is (supposedly) acting as he/she should, and in the only way his/her human essence will allow. But: the same individual acting in the same way in the

4 Society may subsist among men, as among different merchants, from a sense of utility, without any mutual love or affection; and though no man be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation (Smith, 1976: 86).

5 This differs very clearly from the structural collectivistic, securocratic, contractualisms of Hobbes and Rousseau (Venter, 1996: 177ff.). It is a difference of world picture – Rousseau thinks in terms of organic holism, and Smith follows a mechanistic aggregationism.

structured relationships which constitute the state or the political sphere, is considered a threat to freedom and must be given minimal leeway.

Smith anticipates Marx when he says that in the early stages of society ‘the produce of labour belongs to the labourer’, and the value-basis of exchange resides in ‘equal quantities of labour’. The appropriation of land (feudalism) and the accumulation of stock (capitalism) makes it possible to purchase somebody’s labour, thus the product is alienated from the producing worker; (Smith, 1950: 49-50). In the original state, then the farmer owns all his/her produce – the alienation takes place under feudalism and capitalism:

The produce of labour constitutes the natural recompense or wages of labour. In that original state of things, which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him (Smith, 1950: 66).

It is important to note that Smith analyses productive work *always only from the perspective of individual production*, since this is already implied in his view of the human being. He conceives of work, even in a factory, as a long row of specialised individuals – a pin is made more efficiently if one person makes the head, another the shaft, another fixes the head to the shaft, another sharpens it. (Understanding of real team work came much later.)⁶

It is by treaty, barter, and purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of: so it is this same trucking disposition which originally gives occasion to the division of labour ... And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men’s labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business (Smith, 1950: 17).

True, the quote is about specialisation in work, which is the consequence of human ‘trucking’ and ‘bartering’ behaviour. But the underlying assumption is that specialised products are produced by *individuals* (of course later included in larger industries). Another important presupposition is that originally work is for self-sustenance,

6 In fact, this kind of individualism still reigns in large sections of neo-liberal managerialism. It creates a new hierarchy for management. The assumption seems to be that a team cannot, by interaction, take responsibility for a process of production. A team always needs a manager to co-ordinate. This means that individuals in the team are not in the first place accountable towards one another, but to management. This is why, within the business model of the university, the centuries old collegial model of management is eroded and eliminated by managers. There is no understanding of inter-individual accountability among equals.

and only the surplus is exchanged for whatever else one may want. But, of course, as exchange grows, (producing your own) self-sustenance is replaced by exchange in the market.

Thus Smith comes to interpret the interaction and interdependence of human beings, which he clearly recognizes, *not in terms of structural community relationships, but rather as a typical market interaction* - since I do not produce everything that I need myself, in fact, since my own production is specialised in a very small area and most of the things I need have to be obtained by exchanging my own specialty for products made by other specialists, *interdependence, and therefore a social community, comes into being because of the (mutual) economic needs of specialists:*

In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for no other living creatures. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can serve their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them (Smith, 1950: 16).

As the human being moves away from pure animality, interdependence comes about, but *this can only function through contractual means*, in which the self-interest of each individual is of prime importance. The idea that an individual can produce his/her own individual self-sustenance all alone through calculative technology and rational (self-interested) behaviour, was well established as a narrative of modern economics, through the enormously successful novel of Defoe, *Robinson Crusoe* (and possibly also his other novel, *Moll Flanders*) (cf Berthoud, 1995: 61ff; Roets, 1996: 9ff).

One has also to note that the link between 'civilized' society and the dialectic of distance-in-contract (individualistic mutual interdependence), which has become so acute in our own times, is almost explicit in the quote above. *Being 'civilized' here means being 'civil', being a member of bourgeois society, in which all are free and equal in ability for self-care.* In such a society one is an *individual*, first and foremost - one is at a distance from all other individuals: intimacy of relationships is not in the forefront. But rather than fighting it out for food and terrain, like brute animals, one agrees to mutual service by entering into contracts. The distance is bridged in two ways:

- i) by the contract itself and its execution, and
- ii) by the instruments of contracting: the divisible means to equalise the values, i.e. *money*.

This kind of societal bond, with its dialectic of interdependence versus means-bridged distance, was not as clear in the times of Adam Smith as it is now, where the new means of communication has made contracting over very large distances possible. And the contracting itself, as bonding, implies its own dialectics of competitive contracting.

The central ideas of liberal capitalism, of which interdependence is one, are condensed in the general narrative of economic theorists, derived from the physiocrat, Turgot:

Two savages meet in the desert, one carrying a bag of fish, the other one some leather skins from which he can make clothes and a tent. Both have surplus stock. They swap, and both are better off, for each has gotten rid of his surplus, and each has acquired something he needs (Berthoud, 1995: 62) - the classic example of a 'win-win' situation. Thus Halévy in 1901 characterised the idea of exchange as the foundational idea of political economy and Bastiat, the well-known 19th century economist, said, 'exchange is society' (Berthoud, 1995: 63).

In saying that we obtain the greater part of good 'offices' (not material goods) by contractual bartering, this *totalitarianism of the market* is already implied in Smith's discourse too.

Hidden in all of this, are four interconnected beliefs:

1. The belief that *the barterers are equal with regard to trade* (they are equal in power and each has complete information about the other's product) while *all barterers are honest*. (Of course, if one analyses the Turgot narrative, this belief is spurious: the seller of the fish is probably in a weaker position than the seller of skins, for he has to sell fast before his product becomes rotten; and his problems will increase if there is competition from other fish traders).
2. The belief in *necessary progress through competition or conflict* (cf. Venter, 1992; Venter, 2002b). The nucleus of this belief is that although competition/conflict is in itself a *bad* thing, this is only temporary, for the more we pressurise one another, the faster we progress. Competition even includes threatening the other's life, for this stimulates technological advance.
3. The belief that *material production or wealth creation is the necessary and only condition for cultural progress*. This was the beginning of the base versus superstructure model, which has become so well known through the writings of Karl Marx. We can, however, already find it in Turgot and Adam Smith (Venter, 2002a). Adam Smith's famous book is aimed at improving the material base of cultural progress, therefore it is entitled: '*An enquiry into the nature and cause of the wealth of the nations*'. This title is reminiscent of Turgot's little work, *Reflexions sur la formation et la distribution des richesses*. But this implies a

supreme value structured into the economic system: that of a *systematic striving for wealth*, based on internal, individual, civil, as well as national, and therefore international, competitive contractuality. Equality and the power of the stronger will be played out against one another.

4. The belief that *labour acquired is a measure of wealth*. Market fundamentalists sometimes make fun of Adam Smith's theory of the value of a product as if he had said that the amount of labour invested in the product is the measure of value of the product. He was somewhat more nuanced though: he thought of the evaluation of the *buyer*, rather than the seller, as the labour value of the product. This he transferred to his idea of wealth: the amount of other people's labour that can be acquired indicates the wealth of the *buyer*. (Smith was not the first to propose this theory - see Cannan's introduction, footnotes 1 and 2 on the origins of these ideas.)

5. 2 Labour as 'value'

In *labour* as a measure of the value of a product, Adam Smith thus includes a *characterisation of wealth*: The amount of *somebody else's (specialised) work*, which my own work (through its specialised products) can acquire in the market. However, this 'value' is given a more explicit content:

Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniencies, and amusements of life (Smith, 1950: 32;.

The practical logic of this definition is that as the 'necessaries' are increasingly met in a 'successful' economy, more resources are going to be allocated to the 'conveniencies' and the 'amusements'.

It is of necessity a class logic, in the sense that the rich will be the ones who control and enjoy the 'amusements', and shift investment away from the 'necessaries', while of course the allocation comes from the full resources of society (its stock of 'labour'). In Smith's case, this logic is not only intended for the internal relationships within one state, for his work is aimed at the 'wealth of the *nations*'. It thus has consequences for the allocation of resources on the international level also. (The implication of this is happening practically in our present global economy: note the play with the weaker currencies on the money markets, and the vast offering of entertainment all over the globe.)

In his defence against Mandeville's cynical idea that vice is the basis of wealth, Smith follows exactly the mentioned practical logic, arguing that the vanity and spend thriftiness of the rich keep the country's

economy and culture afloat. (In fact, he gives an early formulation of the belief in the 'trickle through effect' - the market increases wealth for everybody; Smith, 1950: 68).

The market facilitates the division of labour. Thus we find a clear division between skilled toolmakers and 'philosophers' or 'men of speculation'. The first may improve their machines through ingenuity and trade skill; but the philosophers are also practicalists in the sense that they may also succeed in technological improvements by virtue of skilled observation and creative combination of 'the most distant and dissimilar objects' (Smith, 1950: 12). The market, through specialization, is even the cause of the difference in talents (genius).⁷

Smith pre-formulates the population principle, expanded later by Malthus, Ricardo, and Marx. This guarantees the worker wages at least enough to sustain himself as worker, and to bring up a family large enough to replenish the workforce, while it determines the numbers of workers (Smith, 1950:82).

The more specialisations there are the more extensive social wealth becomes:

7 The difference in natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have had the same duties to perform, and the same work to do, and there could have been no difference of employment as could alone give occasion to any great difference of talents (Smith, 1950: 17-8). 'According to Cannan's footnote this is an idea derived from Hume (in the essay: 'Original contract' in the work, *Essays Moral and Political*) and may have been directed against Harris' treatise *Money and coins*, I,ii. Smith's idea was copied by Marx and built into the superstructure: genius (such as Raphael's artistic talent), he says, is the consequence of supply and demand (i.e. market processes), which again depends upon the capitalist division of labour and its unequal distribution of wealth (cf. Marx, 1977: 189). I do think that Smith and Marx have not been completely on the wrong path: the children of richer people have more access to socially preferred experiences than the children from the working class, and success on the intellectual front is among others to some extent the product of financial investment in specialised programmes. The idea that we are the products of our environment has its limitations in view of visible differences in talent and intellectual abilities. However, it is not a museum piece, we still find it in revised form in the works of the behaviourists, radicalised into absurdity.

It is the great multiplications of the productions of all the different arts, in consequence of the division of labour, which occasions, in 'a well-governed society, that universal opulence which extends itself to the lowest ranks of people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of society (Smith, 1950: 13).

The quote goes back to Turgot's narrative, but this time for the collective. The large number of specialisations makes a bartering or contractual network possible, because every worker can exchange different units of his product to many different other workers producing other things. Specialisation increases production and improves the products, and thus things become cheaper in real terms, which is to the advantage of even the lowest classes of workers.

Specialisation is to the advantage of the whole, since 'what improves the greater part can never be regarded as an inconveniency to the whole', for no society can be 'flourishing and happy of which the far greater part of members are poor and miserable'. And, very importantly, for Smith it is really a question of *equity* that those who supply the basic needs ('feed, cloath and lodge') of the whole body of the nation, should receive such a share of the common good that they are 'tolerably' well-provided with those needs (Smith, 1950: 80). *Smith apparently assumes that at least the head of every household is able and does produce a surplus of something marketable.* This, of course, still assumes that in some sense the worker in a capitalist industry is (supposed) to retain that section of his/her work which gives him/her that tolerable life, and sells that section of his/her product which he/she does not need.

This is the contradiction to which view a rural, barter-oriented view of the formal market (a distinctively urban entity) leads: it assumes the worker owns his/her own products, and produces it, *as if on a farm*, to fulfil basic personal needs, while selling the *surplus*. Both Turgot and Smith forgot that specialisation exactly meant that one does not produce for own needs, but rather *to sell almost every unit of the product* and buy the needed in stead⁸.

Some brief notes on Smith's theory of prices is necessary. A number of factors determine price:

- the work needed to supply the basic needs for a tolerable life would determine the overall level of desired income from work;
- the amount of work a product requires determines the value

of the product⁹;

- in capitalism, however, the input is more than just labour - so the rent of land, the price⁷ of labour, and the profits of stock determine the price asked, i.e. the 'natural price', which will be the price to which the market tends;
- But, in reality, it is the market which determines the price: supply under competition, and demand under competition allows the price to 'gravitate' (Smith, 1950: 62) towards an equilibrium, which may be above, or below, but over time tends to equal the 'natural price'.

I have argued above that Smith propagated an economy of wealth creation, and that wealth is measured in terms of the degree in which the 'necessities, conveniences and amusements of life' can be afforded. But Smith wants to determine wealth according to the *labour theory of the value of the product*. This is surprising: apparently he falls back on the 'original' situation, where rents and profits did not yet come into the equation. But he does include the market, for value is the amount of the other's labour purchased. This amount is the measure of wealth, since the division of labour makes it impossible to produce the 'necessities, conveniences and amusements of life' all by oneself:

The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase (Smith, 1950: 32).

Economists who puzzle about the strange discrepancy between 'market value' and 'labour value', should remember two things:

- 1) In the 18th century progress is dialectically related to the state of nature, thus although we move away from nature, nature belongs to our human essence (and thus the 'natural' price expresses itself in the bargaining which establishes itself as the 'market' price); but
- 2) Smith (as mentioned above) does not say that the amount

8 Once one understands this, Marx's theory of alienation becomes easier to understand. Marx adopts from Smith the idea of selling one's labour. However, he views the situation from the other side: it is not the worker who has the power to retain what he needs and sell the surplus, but it is the capitalist who has the power to enforce the selling of the labour, and by minimising the needs of the worker to a survival-and-reproduction wage, increases the 'surplus' at no extra cost - thus he profits from an increase of that which would not have willingly been included in the surplus by the worker himself.

9 The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of exchangeable value of all commodities.

of the worker's labour which has been invested in the product, determines the value of the product, as Marx did; he rather includes the bartering process and specialisation (the 'market') by saying that the value of a product is the same as the amount of *somebody else's labour* which it can acquire.

Smith is clearly conscious of the problem of measuring labour value, for the labour bought he measures against the labour exchanged for it, and these two may be incomparable. But he believes that the 'haggling and bargaining of the market' produces a 'rough equality' of values, which makes it 'sufficient for carrying on the business of common life (Smith, 1950: 33).

Implicitly power and leisure also become determining values of the Smith society, for the more labour I am able to purchase, the more power I have over those who do the work¹⁰, and the less I have to work myself (of course assuming that a stock of 'labour' – in commodity form - can be accumulated by some). In brief: Smith's points of departure are:

- 1) the specificity of the human being as a se(f)-interested, contractualist, barterer;
- 2) the market (the process of competitive bartering) as the 'place' of exchange of the specialised products of labour;
- 3) material progress as the necessary base for superstructural cultural progress;
- 4) wealth creation (including power and leisure) as the supreme aim of society (*in casu* the nation state);
- 5) labour purchased as the measure of product value (as well as the potential for power and leisure = wealth);
- 6) implicitly a hierarchy of needs/wants: (a) necessities of life; (b) conveniences; (c) 'amusements'.

Smith firmly believed that 'nature' would take care of justice through the market processes, and that interference with such processes was really 'original sin'. He anticipated Veblen's theory of the leisure class with his idea of wealth and the higher needs at which the economy aims. He tended to overlook the ability of the worker to be creative, and he could no more see the possibility of a non-market form of labour in caring for oneself.

10 Wealth, as Mr. Hobbes says, is power (Smith, 1950: 33).

In fact, like Mandeville, he could almost not imagine that anybody would want to care for others for free. And thus he was unable to appreciate the economic meaning of non-waged work.

But we must note that Smith still showed some appreciation for work - in fact *it is work which creates (economic) value*. And wealth is the amount of work one can acquire from the piled up stock of work which one possesses.

Through this lens he at least still sees *the worker as economic agent*, negotiating for the value of his/her work (possibly in livelihood terms) with those who buy his/her labour. Unfortunately he does not take his realisation that wealth is power into account when discussing the negotiating position of the worker in market terms. His view of the human being as by nature a barterer allows the market side to dominate - this is the *urban* economy.

Smith tends to remain in the area of the descriptive, with some normative lamentations. Thus he describes the possibilities of progress for the worker through the division of labour under the discipline of the market, and laments the exploitation of the workers. But he does not take note of the fact that the fragmentation of work under these conditions of exploitation reduced the quality of work while expanding its load. *Reducing the quality of work means diminishing the dignity of the human being doing the work.*

Smith notes that in the original situation the human being owned all of his work, while under capitalism the major part of the work is owned by the capitalist entrepreneur. But he is so excited about the progress - in terms of output brought about by specialisation, that he does not see the serious qualitative difference between work in its supposed original sense - creative self-sustenance - and the fragmented toiling of the urban market economy. It remained for the early Marx to point out that what the worker lost was not simply the ownership of his/her work, but that (s)he lost him/herself - or from my point of view: something of him/herself - as creative producer. It is not that Smith did not care about the plight of the worker; he was clearly concerned about the treatment of workers under capitalism. But within the context of his view of prices and the workings of the market, he could not find an argument for easing that plight.

5.3 *The economy caught in the prison of deductive theory.*

The macro-market society with its realize-your-own-rights attitude is becoming reality. Neither the competing 'other', nor anybody else, cares or is supposed to care about your rights. One's rights are protected in a bill - the assumption being that the self-interested individual now

has a legal base to care for his/her own interest. The universal win-win representation about self-interested exchange - the moral of the economists' lasting narrative (Berthoud, 1995: 63) - now encompasses all social situations. Three presuppositions underlie the win-win representation:

- i) negotiating parties are equal,
- ii) processes are transparent, and
- iii) competition guarantees improved quality.

An [imagined] ideal world is underwritten by these presuppositions. They were initially needed to construct a mathematically deductive social science able to predict and 'engineer'- on the basis of [constructed] laws. Such engineering was needed to speed up - no more was supposed to be possible - the inevitable, law-regulated, closing of the gap between evolving 'nature' and trans-historical rational ideal.¹¹

However, deep down lurks the Modern ideal of the *mastery* of 'nature' (Descartes and Kant; cf. Venter, 2001), which includes the human being and society as 'nature' (the early Comte, Marx, Skinner, and others; cf. Venter, 2002a). In post-Enlightenment economic theorising the method used to create a quasi-physical 'experimental' situation, was either (1) *stereotyping* or (2) *idealisation*. In both cases productive agency - quality productive involvement and self-expression in work - was lost from sight.

- 1) David Ricardo worked with *stereotypes*: the capitalist always competes, the landlord always increases the corn price; the worker always procreates (cf Heilbroner, 1955: 77ff; Ekelund & Hebert, 1983: 124ff). Having established the stereotypes, it was easy to derive laws in terms of the supply and demand of food, work, and capital under competitive market conditions. Although Ricardo thought of the capitalist entrepreneur as creative, he actually has no room

11 This contrast cannot be formulated simply as the concrete (nature) versus the abstract (ideal). A complete idealist (Hegel) retains 'reality' (Sein) and 'concreteness' as attributes for the rational Idea; 'nature' (both its emanation and its opposite) has only 'abstract existence' (Dasein). Naturalists (Feuerbach) invert this: 'nature' is concrete reality, passion is knowledge; the Ideal is human super-maximal self-projection. In critical idealism (Kant) 'nature' as mover and 'reason' as imposer of the rationally ideal, are both concretely real but in historical tension.

for any economic agent. For him *there are only anthropomorphic machines* that relate to one another in regular ways.

- 2) The alternative to stereotyping was *idealisation*. Experiments, as used by Galilei, Boyle, and others, were constructed as maximally ideal situations. The regularities Galilei deduced were supposed to be valid in a physical vacuum, and Boyle constructed the air pump exactly to create such an ideal situation. Of course fully ideal conditions are always only assumed to be ... Once economists and other human scientists model their work after the quantitative natural sciences, they are faced with a much more difficult situation: since the scientist is 'inside' the reality he/she hopes to study, predict and control, it is not possible to set up experiments. You have to experiment *in abstracto* by means of idealising *assumptions*. One has, firstly, to assume that social processes proceed analogically to physical processes. Thus bookkeeping - balancing the books - is transformed into equilibrating processes - the books are assumed to balance themselves, analogical to the entropy processes in thermodynamics or the balance scale. (This goes back to the development of bookkeeping and the accompanying algebra during the Renaissance.)

To construct such an ideal reality, requires assumptions which express the '*perfection*' of that 'reality'. Thus the economist idealises through the means of abstract assumptions. In the tradition of Edgeworth (1825-1926), one has to assume:

- i) *perfect* rationality,
- ii) *perfect* individual independence,
- iii) *perfect* freedom of choice,
- iv) *perfect* mobility,
- v) *perfect* communication,
- vi) *perfect* information, and
- vii) *perfect* divisibility of wants and products.

In combination these assumed ideal factors constitute a perfect market, which can be used as '*ideal reality*' in economic analysis. Idealised

perfection¹² - or 'the ideal perfect being' (whether it concerns 'God' or the 'cosmic law' or a fusion of the two) is *teleological* – the 'ideal being' is the unified focus point of the striving of a diversity-in-evolution.

The ontology of perfectionism accepts that what we normally call 'laws' (both so-called 'natural' and 'moral' laws), are the unified super-eminent counterparts of the less perfect aspects of our environment. It is a teleological ontology of striving for an excellent reality which is 'same-yet-other' (the antinomy of analogia entis). It is not the same as, for example, identical with the Genesis ontology of a sovereign 'Let be ... 'and 'Thou shalt (not) ... ' It is rather a strange tension-ridden mixture: what ought to have been normative bookkeeping, becomes mechanical balance and yet remains an ideal towards which engineering can take place ...

Using an ontology of [striving for] perfection in a Modern context, allowed Edgeworth to harmonise conflictual naturalism, the faith in progress, and calculated, predictive, technical rationality. The logic of human social perfectionism is one of maximisation of pleasure, and Edgeworth's 'Mathematical Psychics' aims at plotting and revealing the necessary and sufficient conditions of this maximisation (1881: 3) This, he feels, is analogical to the calculation of energy maximisation in physics. It is in fact more than just analogy: Edgeworth accepts a real parallelism between the physical and the psychical: 'Man is a pleasure machine' (1881: 15ft).

Thus he constructs a double mathematical calculus of pleasure, consisting of

- 1) an *economic* calculus investigating the 'equilibrium of a system of hedonic forces tending to maximum individual utility' (deductive economics), and
- 2) a *utilitarian* calculus, investigating 'the equilibrium of a system in which each and all tend to maximum universal utility' - a deductive social mechanics.

12 The argument from idealised perfection has its origins in Xenophanes of Colophon's criticism of the deficiencies of the tribal view of the divine, which he replaced by one idealised, unmoved moving consciousness. Plato used this as basis for an idealised view of the law as primary reality - into which he included idealised mathematical forms. In the Middle Ages the Law-God was conceived of in terms of idealised perfection - note especially the works of Anselm of Canterbury and the *analogia entis* theory of Thomas Aquinas. In Modern times, especially in those thinkers who had their orientation in a mathematical universe, idealised perfection remained a prime way of conducting scholarship (e.g. Husserl).

The two calculi represent the traditional opposition between *egoism* and *altruism*, but Edgeworth believes that evolution has left us somewhere in between. Even if anyone adopted pure altruism as his life policy, he will still kiss his wife for his own individual pleasure, without keeping the general interest in mind (1881: 102ff). Of course Edgeworth is blinkered here into an exposition of his views in the frame of a very specific opposition: that between the *individual* and the *social* or *general*. (In this case a more appropriate opposition would have been 'I' versus 'the other', for the individual-social opposition fuses the variety of inter-individual relations into a vague 'social' or 'general' concern, which is misleading.)

But Edgeworth is an individualist - he maintains that *individual happiness is preponderant*. Using war talk he interprets the heritage of Adam Smith in a social Darwinist sense:

The first principle of economics is that every agent is actuated only by self-interest (1881: 16).'

Smith limited the competitive processes to contractual interactions. Edgeworth, however, distinguishes between:

- 'war': realising self-interest without the consent of others; and
- 'contract': realising it with consent.

A *contract* spells out the amount of sacrifice demanded from each partner, and the principle of distribution. But note: economic competition is both 'contract' and 'war': peace during contract, and war when some of the contractors re-contract without the consent of the others. *Competition is both war and peace*: under contract it is peaceful, but as soon as the contract expires and one party re-contracts elsewhere, or as soon as the auctioneer turns away for the last bidder to re-contract with a higher bidder, it becomes war! Even 'with reference to contracts' there is a field of warlike competition, consisting of 'all the individuals who are willing and able to recontract about the articles under consideration' (1881: 17).

Edgeworth's discourse anticipates present-day managerial talk in terms of survival strategies:

A general, or fencer making moves, a dealer lowering price, without consent of rival ... (1881 : 17).

Philosophically a deep *militarism* is embedded in economic discourse, and taken over by present-day 'competitiveness' proponents. To this Edgeworth added a *discriminatory elitism*: there are different capacities for pleasure (p. 64), and those that already have most pleasure, have the highest capacity for more (and therefore the world machine will

favour them). The same goes for education: those that are most advanced, have the most capacity for further education and should receive more, for universal education is unaffordable¹³. He also does not hesitate to advocate the eugenic substitution of bad parents with good ones (p.68-70).¹⁴

Edgeworth's hidden basis is *the faith in progress with conflict as its mechanism*, going back to Turgot and Kant. All of these characterised conflict as bad, yet also 'perceived' it as the necessary cause of a continuous rise in cultural level and rationality, with an eventual utopian outcome (Kant's 'eternal peace'; cf. Venter, 1992; 1997; 1999a).

Note two aspects:

- 1) The *hedone*, which according to Adam Smith is the highest step on the hierarchy of needs, is here the only positive element; and
- 2) 'Utility' is defined in terms of maximum pleasure and minimum pain.

This was Edgeworth's heritage from Bentham. True: their hedonism was not the crude one of indulgence in food, alcohol, sex, and leisure which we have today. But in this tradition already *power, wealth, and leisure are 'pleasures' (utilities) while labour is a 'pain'*.

In the case of Edgeworth economic competition, and social relationships for that matter, are conceived of as *warlike*. This means the loser is 'naturally' inferior. Once one thinks in this way *there is no revisiting of the issue of active economic agency, especially through work*. There is no investigation of the possibilities of transforming denigrating fragmentary work under industrial capitalism into a creative situation. There is no interest in the nature of the human being as producer, maker, innovator, for work itself has been disqualified as a 'pain'. Neither is it important to investigate any form of economic agency as such, for the human being is viewed as a pleasure *machine*: it avoids pain automatically while the economy balances itself equally automatically through the interaction in the war of self-interest. And

13 On this point Edgeworth shows himself in line with the elitist rationalism of Hobbes, Rousseau, Kant, Hegel, Comte, and Marx. The point made here is (a) that the Modern categories of rational versus subrational is sustained; (b) that at this stage of history the subrational is usually in charge, yet on occasion reason, usually peace fit/ and altruistic (cf. also Turgot and Kant) shows its might; (c) that in any case Hobbes, Smith, and Edgeworth are already firstly rational people, sometimes preaching the sovereignty of their science.

14 I suspect that natural selection is here combined with the Aristotelian model of potentiality moving in the direction of its form, but for some the ceiling occurs earlier.

the elite will move forward ...

It is in this context that one has to appreciate the work of the early Marx. It is too easy to dismiss him for having used 'the labour theory of value'. He may not even have appropriated it completely. In fact his analyses of value have always had an oppositional flavour. He loved to play around with the dialectics of capitalist theory; the latter struggling to cope with the relationships between production costs and market price.

His contribution lies in the fact that as a materialist, he focussed on and reduced the human being to a self-sustaining organism, while, dialectically, as a humanist, he was prepared to accept the tension of insisting also on the typically human side of work, and on the self-expression which is at the root of this.

Marx's theory of the worker as a productive being, and work as self-sustaining expression of the individual-social essence, is difficult to catch in simple phrases. He was probably too fixated on the analysis of the capitalist form of denigrating work, to really get much further than the rejection of all specialisation in *Die Deutsche Ideologie*. However, in this rejection are hidden norms:

- 1) *That the boundaries of divided labour ought not to become the boundaries of making a living or producing.* I would like to understand it in this way: self-care ought not to be systematically funnelled into meaningless repetitive toil - this is not creative transcendence of present circumstances.¹⁵
- 2) And secondly, almost as if giving a parody on the age old adage that what has dignity has no price, Marx - without using the term 'human dignity' - writes that alienated labour

15 What constitutes the externalization of labour? First, it is the fact that labour is external to the labourer that is, it is not part of his nature - and that the worker does not affirm himself in his work but denies himself, feels miserable and unhappy, develops no free physical and mental energy but mortifies his flesh and ruins his mind. The worker therefore feels at ease only outside work, and during work he is outside himself. He is at home when he is not working and when he is working he is not at home. His work, therefore, is not voluntary, but forced labour. It is not the satisfaction of a need but only a means to satisfy other needs. Its alien character is obvious from the fact that as soon as no physical or other pressure exists, labour is avoided like the plague ... In religion the spontaneity of human imagination, the spontaneity of the brain and the heart, acts independently of the individual, as an alien, divine or devilish activity. Similarly, the activity of the worker is not his own spontaneous activity. It is the loss of his own self. (Marx, 1967: 292).

means that the human being has acquired a price and that the price is falling with the rate of increase of the fragmentary output.¹⁶

Edgeworth is not a museum piece in the history of economic thought. The ideal of an economics which gives us *structures or laws or patterns according to which we can predict and control* - for example in Friedman's economics. And when one lives under the regime of inflation targeting, privatisation, and balanced budgets imposed by the World Bank and the IMF (ask the Latin Americans and the Africans), one realises that the doctrines of Friedman and the Neo-Classical economists have much more influence at the moment than those of Alfred Marshall or J M Keynes.

While Friedman pretends to write a methodology of economics, he produces an *ontological* separation between 'what is' (positive) and 'what ought to be' (normative; 1953: 4-5) - a separation often propagated but never sustained. In Friedman's case the separation already collapses when he admits that his Edgeworth-like *idealised* assumptions are *aimed at predictive control and not description as such*. But to see the ontological complications clearly, it will be fruitful also to look into his view of the relationship between 'theory' and 'reality':

16 We proceed from a present fact of political economy. The worker becomes poorer the more wealth he produces, the more his production increases in power and extent. The worker becomes a cheaper commodity the more commodities he produces. The increase in value of the world of things is directly proportional to the decrease in value of the human world. Labour not only produces commodities. It also produces itself and the worker as a commodity and indeed in the same proportion as it produces commodities in general. This fact simply indicates that the object that labour produces, its product, stands opposed to it. as an alien thing, as a power independent of the producer. The product of labour is labour embodied and made objective in a thing. It is the objectification of labour. The realization of labour is its objectification. In the viewpoint of political economy, this realization of labour appears as the diminution of the worker, the objectification as the loss of and subservience to the object, and the appropriation as alienation (*Entfremdung*), as externalization (*Entaeusserung*). (Marx, 1967: 289.)

A fundamental hypothesis of science is that appearances are deceptive and that there is a way of looking at or interpreting or organising evidence that will reveal superficially disconnected and diverse phenomena to be manifestations of a more fundamental and relatively simply structure. And the test of this hypothesis, as of any other, is its fruits - a test that science has so far met with dramatic success. If a class of 'economic phenomena' appears varied and complex, it is, we must suppose, because we have no adequate theory to explain them. Known facts cannot be set on one side; a theory to apply 'closely to reality' on the other. A theory is the way we perceive 'facts,' and we cannot perceive 'facts' without a theory. Any assertion that economic phenomena are varied and complex denies the tentative state of knowledge that alone makes scientific activity meaningful ... The confusion between descriptive accuracy and analytical relevance has led not only to criticisms of economic theory on largely irrelevant grounds but also to misunderstanding economic theory and misdirection of efforts to repair the defects. 'Ideal types' in the abstract model developed by economic theorists has been regarded as strictly descriptive categories intended to correspond directly and fully to entities in the real world independently of the purpose for which the model is being used. The obvious discrepancies have led to necessarily unsuccessful attempts to construct theories on the basis of categories intended to be fully descriptive (1953: 33-34).

Friedman wants a 'positive' economics, in which we strictly separate 'that which is' from 'that which ought to be' (i.e. what kind of economic policies you have to follow). But once he is busy with his 'positive' economics, he relinquishes the description of 'what is' with the statement that a 'realistic' descriptive science is impossible, since 'facts' are not separate from 'theories' - rather the latter is the way in which we see facts. And the criterion for seeing well is the realising of one's aims - i.e. getting back into the normative sphere.

What is clear is that Friedman, although writing about the method of economics, is here not spelling out procedures for finding new knowledge or exact data in his discipline - he is rather busy with *the rationalising of a philosophy of power* (cf. Venter, 1999: 181ff). Although he searches for 'explanations' of phenomena, he assumes in advance that such phenomena can always be included in a simple theory. *The assumption of simplicity is inherent in the tradition of abstract quantitative science and a necessary assumption for all intended control.*

Simplicity is also one of the most dangerous assumptions of science aimed at control: it is needed to sustain the pretence of an overview of reality which makes control possible (it is the rationalising assumption of a scientific Archimedean point), but the simplification itself creates the illusion of good control while leaving sensitivity for the damage by human intervention outside the simplified perspective.

Friedman's whole view of the 'real' is finally condensed into the simple coherence of those few elements which are predictable if certain assumptions are made.

Some of these assumptions are ‘*universal*’ (assumed, *idealised*, generalities) such as

- that economic agents act ‘rationally’ (i.e. in their own interest), and that
- they are ‘fully’ informed.

Such assumptions co-operate with ‘*circumstantial*’ assumptions in order to predict certain specific empirical outcomes.

If these outcomes are realised, then measures of control follow from them. For example:

- 1) Assume that the mentioned *universal* assumptions hold.
- 2) We also add the specific hypothesis that a high rate of expansion of the money supply will lead to a certain increase in the inflation rate (and possibly vice versa).
- 3) Now we have a *specific* concrete situation where it is viable to accept that both (1) and (2) will hold.
- 4) Then we can
 - a. predict that we can control the inflation in this case by
 - b. controlling the money supply.

For Friedman it does not matter that the assumptions under (1) are unrealistic. All that counts is whether the prediction under (4a) can be made true by implementing (4b).

Although Friedman pretends not to take into account any norms and rather rely on causal relationships, he is fascinated by the specific ‘causal’ relationships which determine inflation. Why is this? Because he has a *hidden triple norm*:

- 1) He thinks inflation is bad, because
- 2) inflation is the product of government intervention in the market, and such intervention is always bad;
- 3) therefore the growth of the money supply should be strictly controlled by an independent banking authority.

I do suspect that Friedman will not feel at home in a metaphysical approach, but the way in which he plays around with ‘is’ and ‘ought’, ‘ideal’ and ‘real’, the ‘predictable’ and the ‘simple’, and the ‘rational’, surely has one leg over the metaphysical precipice. And together with this comes his view of the human being: all human beings are self-interested entrepreneurs. The bureaucratic and political entrepreneurs will almost ‘necessarily’ allow a high growth rate of the money supply

in order to create the illusion of prosperity, which gives them excuses to intervene in the only bastion of freedom and democracy: the 'market'. The market, he believes, is the root and guarantor of freedom.

The Monetarists and the Neo-Classicals are at one in this respect: they have bought into the tradition, coming from Adam Smith, that *all human beings are market animals*, and that in fact society is one large market. Yet Friedman, for all his insistence on freedom, gives us an economics of pragmatic, but total control, as if there were an Archimedean point from which this can take place. He is not interested in employment, or in economic agency as such. He believes in the control of the system through the control of one supposedly central process. He makes light of the fact that the theorist who predicts is inside the system that he studies, and therefore not 'out there' where one can have an overview of the total system - the only position which makes control possible. He bargains on the assumed simplicity to give him such an overview. This is impossible. For how can anybody claim to have an overview of even a small nation's economy (and this within the global economy)?

Friedman's principle is again an equilibrating process (supposedly) predictable by good bookkeeping (balancing the books) - presupposing again a set of mechanising stereotypes: the politician always acts in one way, and the businessman in the opposite way. Some control might, indeed, have been possible if our bookkeeping had been stable. But simply the movements of the international money markets are enough to upset national bookkeeping. And, importantly, the bookkeeping does not take into account the masses of people who are not reflected in the GNP. Many developing countries are not even sure of the size of their populations, in spite of meticulous censuses. This includes sophisticated ones, like South Africa. The question is then: if market freedom is (really) the root form of freedom - will inflation controls not affect the freedom of those at the bottom end of the economy?

Von Hayek (of the 'Austrian School') shares this idea of freedom with the Monetarists and the Neo-Classicals. They all assume that the discipline of the market will make sure that business will behave (justly, honestly, and patriotically), and that if we all live under competitive circumstances, then surely we shall all behave. Von Hayek somewhere goes as far as arguing that we ought to sacrifice some justice for the sake freedom. He differs from the others in his rejection of an idealised equilibrium model which [supposedly] automatically takes care of justice, and he accentuates the concrete rivalry of real agents in competition. Having seen the limitations of his training in the positivist tradition, he rejected a mechanistic (physicalist), deductive, quantitative approach in the human sciences. But he agrees with the other schools in economics that competitiveness should be allowed

free reign in all areas of social life. He does not even consider the possibility that concepts like justice and freedom may be 'transcendental' (in the Medieval sense) - i.e. that they may imply one another to a certain extent and therefore cannot/shouldn't be managed in a trade-off perspective

6. Conclusion - Competitiveness, the global market, and local self-sustenance

There is no space here to argue my alternatives in full, thus I shall give them in only a few theses.

1. There is the widespread belief that we are living happily in a post- ideological era. Wrong: the propagation of the formal market and its hedonism as the only way of living, the only source of efficiency and freedom, is ideological, and is being promoted by the theorists in the academe.
2. Human dignity has become a protected right after the practical denial that human life is special by the Nazi's and the Fascists and apartheid South Africa.
3. Among the famous, it belongs to Locke, Marx, and Alfred Marshall, to have seen that human productive work is special, and that making a living by honest work is an expression of dignity, while not having a work constitutes the removal of dignity. Importantly (with the possible exception of Marx), they may not have seen the variety of work outside of the formal labour market.
4. Present-day conceptions of dignity are no more focussed in first person rational behaviour, but on treating the 'other' as a 'person'. This implies *positive inter-subjectivity*: love and care, allowing for justice, welfare, cultural self-expression, social inclusion, and being able to sustain yourself in a relatively independent way. It does not ask to be put in the position of a permanent loser in the market (in a manipulated competition).
5. Economic theorists have over centuries preached that the only meaningful economic activities are those measurable in terms of supply and demand (exchange), and that the only way to look at economic activity is through the lenses of mathematical deduction, assuming idealised and stereotypical processes - and leaving economic agency outside of perspective. Thus 'work' is forgotten in capitalist economic theory - especially work that does not register in the market, although it may serve self-sustenance and contribute considerably to the GNP.

6. The term 'competition' has become very confusing. It runs parallel with terms like 'quality' or 'excellence' - which are empty terms, since there are no universal or even agreed standards for them. They are terms that willy-nilly intimidate, for who can argue against 'excellence' or 'quality'? And what can be said against 'competition'? According to the Western tradition, competition guarantees progress in quality and efficiency. All too often economic or self-interested 'competition' is interpreted as if it were akin to what happens in the transparent situation of amateur sports. But where, in the global market, is the track, the judges, the goalposts, and who controls it all?
7. From the traditions in economic theory we have imbibed certain values:
 - a. becoming rich at the cost of others;
 - b. allocating large amounts of resources to unproductive 'amusements' or money trading;
 - c. having strong money supply controls (inflation control) within a totally open, 'free', market, even if people go hungry (in spite of the Keynesian alternative) - creating a 'lean' and 'mean' economy;
 - d. privatisation is the answer to all our economic ills (even if it costs the taxpayer more to keep the jobless alive);
 - e. remunerating the powerful at an outrageous level, and giving golden handshakes if *they* fail (while locking up the lower ranks if they fail);
 - f. trading is (supposedly) always a win-win situation.
8. There are good signs and bad signs in certain areas. The ILO has moved in the direction of labour standards and quality work. The point is to be able to sustain yourself - inside or outside the market - is to have dignity. In the neo-liberal setting it is again assumed that the expansion of the market will have a trickle through effect to the poor and underdeveloped. This implies that the answer lies in industrialisation as such, and that national wealth leads to individual satisfaction. The theory never worked very well, and leads to mechanisation. Intermediate technology would be a better approach.
9. We need urgent attention to, and support for, voluntary work. Against the liberal doctrine one could say that it is not promoting a religion when the state supports voluntary community work

done by religious organisations. It is just getting things done by 'core' committed people (cf. Kuhn & Geis, 1988;156: 159), at a very low price. A very brief survey of web pages on the net shows that these voluntary care organisations are all committed to dignity and respect.

10. However, I still do want to defend an economics of self-sustenance and self-care. This is the way to dignify people in interactive subjectivity. Before the appearance of the formal market as we know it, human beings did care for themselves. There was a cultural tradition about this, with its own strengths and weaknesses. Given that the market will for a long time not be able to function as a locality for self-care (mostly communal, but often individual), it is our duty to study such cultural formations and to find their strengths. Very often their strengths would lie exactly in the opposite direction of the highly technological market society which we are trying to introduce. An example: in the North of Namibia there is a local grain called 'mahango'. Since the seeds are really tiny, harvesting is very difficult. Yet its nutritious value far outweighs that of maize, which is penetrating the area through consumer markets at a fast rate. The people are used to cultivating mahango. Why not develop easier methods of harvesting, and improve the cultivars? This way, our technology will harmonise with self-care: not disrupt it. The 'market' has no respect for the creativity and culture of sustenance - 'it' prefers profitable dependency rather than self-sustenance on the fringes of the market. 'It' will rather introduce new consumer products than draw on local expertise.).
11. We must remember that human dignity is situated
 - a. in acceptance within a social structure,
 - b. in the possibility to care for yourself and yet
 - c. develop those talents and abilities you have,
 - d. in the knowledge that you will be cared for when unable to do so yourself, but
 - e. in such a way that your personhood, your subjectivity, will be recognised, and
 - f. knowing also that whatever measures be taken by society regarding your person, these measures will always recognize you as a fellow human being of those who take such measures.
12. Modernisation is probably inevitable in the long run. But it is undignifying, in fact cruel and inhumane, to introduce modernity in such a way that the individual is dumped in a situation of

culture shock, totally unable to care for her/himself, subject to alien measures of control which intrude into his/her sense of being human, and becomes a foreigner in the context of the functioning symbols and instruments of the innovated environment. Modernisation caused by the market promotes the use of goods for which not enough infrastructure has been created.

Furthermore the Turgot narrative, and Adam Smith's view of bartering, suggest that marketing is a distribution of surplus not needed by the producer. The 'market' does not function that way anymore. An industry producing bolts and nuts does not calculate how many bolts it needs for itself, and then sell those not needed. It sells all of the output. In fact any economic system based on specialisation moves *away from surplus trading to the marketing of all production* - and the fast movements of money promotes this. Resources are therefore allocated according to price/demand to those who have a lot more, and away from the poor, simply as a consequence of specialisation and currency trade. (Compare the use of water between rich and poor in a modern setting, keeping in mind that in a traditional community the personal energy needed to supply water may cause physical hardship, but is not dependent upon the cash needed to tap into an urban supply system.)

I am not simply and only questioning the shift from 'basic needs' in the direction of non-productive 'amusements' (the entertainment economy) as such, as well as the speculative high speed currency trade which pushes local food prices up to the levels in the richer countries. *In the name of human dignity I am questioning the structure of the value system itself.* In even a humanist theory of human needs (where one would expect the distinctively 'human' to go up front), such as Maslow's needs hierarchy, one finds the 'human' needs, such as that of dignity and love, at the upper end of the hierarchy, and at the later positions in the succession of realisation of needs. Structurally this does not differ very much from Adam Smith's hierarchy, and of the base-superstructure models of Marx and some Neo-Marxists. The Western debate about needs has structurally not moved much in the past three centuries: it remains within the context of material needs first and more complex needs later.

My issue would be that the position *that material needs are the basic and the earliest ones is not sustainably defensible.* For the so-called 'higher' needs ought not be assumed to be 'later' than the 'material' ones. In fact the needs work interactively in a cycle and cross-wise over the circle. Assuming the means are available: one cannot imagine a baby being well-cared for if it is not loved; neither is it defensible to say that a baby is loved if it not well-cared for. One should not say that amusements are higher needs of which the realisation is only for

the rich. One should rather investigate the situation in a less well-off rural farming community, or an agrarian tribal community. In such communities there are no formal, separate, entertainment structures. Leisure and work are integrated in such a way that they are almost indistinguishable. Veblen's theory of the leisure class may be the logical consequence of Adam Smith's value hierarchy, but it is empirically untrue and normatively inhumane: those who should have leisure, the upper classes, are very often the slaves of workaholism, and those who have too much leisure would prefer to have food.

I am pleading for an economics of dignity, in which the material needs and the higher order needs are considered equally basic. One can have no development, no social upliftment, if it does not happen under the guidance of dignity. And this means that the full 'person' should be accepted as the economic agent, and has to be recognised as such. The economic agent must work in a context of justice, quality of production, enough independence to find positive ways of sustaining himself/herself, have enough well-being and resources and freedom to disclose own potential.

But then managers and economic theorists will have to abolish their almost obsessive striving for a quantitative deductive system with predictive capabilities. It will have to analyse economic institutions, social institutions, power relationships, and technological inversions of the economic processes. And take account of the value system at work in the economy as such - about which few words are said in any economics textbook. Which means that the pretence of being a purely descriptive, non-normative discipline, has to be relinquished. It will have to become a humane human science again. Latouche (1995: 20-21) and Caille (1995: 52-60) argue that the prize for the most 'scientific' among the social and moral sciences still goes to economics. Yet this is grand bluff, because economics, in constructing itself as a rigorous and coherent scientific system, has precisely abolished the moral and political questions. Pretending to realize the greatest welfare for the greatest number, economics has not only transformed human beings into hats, as Marx accused it of doing, but both human beings and hats into equations, and has thus become an inhuman science. 'Political economy', as it has traditionally been called, has become both the most 'scientific' of all human sciences, and at the same time

17 The Ricardian naturalism, mechanism, and determinism made it possible to reduce human activity and history to a vast machinery by postulating a machine-man; the *homo oeconomicus*. An economic society made out of an ensemble of subjects/ individuals, which function as calculating automata, brings about an impressive clockwork. The economist needed only to put these gears into equations. (Latouche, 1995: 21).

the least human of all social disciplines. (Cf. Venter, 2002b: 304ff.).¹⁷

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