Economics Imperialism and some of its Unintended Consequences

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Abstract
Studying the problem of the invisible hand may be very insightful, but also it brings up some dangers. As an ethicist, I would like to mention one very important axiological danger that occurs in some studies conducted by social scientists on the market especially linked to the invisible hand assumption. It is a danger of moral reductionism that results from assumption that rules of invisible hand are scientific laws. We might say that economic imperialism is not anything special. It is popular that when a scholar develops good theory, he tries to apply it to the widest possible range of phenomena, but in most cases, he is put in his place by fellow scientists. Economists, surprisingly, succeeded in widening the scope of their investigation without any loud objections. In my paper, I would like to explore the idea that economic imperialism is a leading paradigm in many spheres of science which has resulted in unintended social consequences. If we want to overcome this paradigm, we need to start with redefining, reinventing, revaluing the language we use.

Key words: economics imperialism, neoliberalism, commercialization, values in economics, definition of economics
INTRODUCTION

I would like to explore one very important axiological danger that occurs in some studies, procured by social scientists, on the market that is especially linked to the invisible hand assumption. It is the danger of moral reductionism that stems from the assumption that the rules of the invisible hand are scientific laws. The famous Polish moral sociologist Maria Ossowska stated that:

> Although science disclaims valuations and tries to get rid of them, in various ways they slip into theoretical considerations and guide, in various ways, the defining processes. Allergy to their presence is rather recent and more and more often someone discovers axiological assumptions tacitly accepted in such fields as for example demography and economics; they are unnoticed assumptions, as you never notice that our Civil Code stipulates the superiority of monogamy over other forms families (Ossowska 1985, 15; own transl.).

In his paper “Economic Imperialism,” Edward Lazear stated that economics is more than a social science. He said that qualities of economics such as

> [...] the construct of rational individuals who engage in maximizing behavior [...] , equilibrium as part of theory , [...] focus on efficiency [...] have allowed economics to invade intellectual territory that was previously deemed to be outside the discipline’s realm (Lazear 2000, 2).

If Lazear is right, it is only a matter of time when economics will solve most social dilemmas. This approach is supported by researchers who assume invisible hand as a crucial part of their scientific inquiry, but if we assume that the invisible hand is a crucial part of many spheres of social life, are we not already approving economic imperialism?

We might say that economic imperialism is not anything special. We may find examples of imperialistic aspirations in many spheres of scientific and humanistic enquiries. Plato set philosophers as the rulers of the state he designed in his “The Republic,” August Comte views sociology as the centerpiece of all sciences. There are disciplines like the physics of love and
biology of happiness. It is common that when a scholar develops a good theory they try to apply it to the widest possible range of phenomena, but in most cases they are brought down to earth by their fellow scientists. Economists, surprisingly, succeeded in widening the scope of their investigation without any loud objections.

In my paper, I would like to explore the idea that economic imperialism is an important paradigm in economics that has brought about unintended social and moral consequences. I will start my presentation by defining Economics Imperialism. Next, I will proceed to show the historical background of the development of Economics Imperialism and the process of its implementation. In the following part, I will show unintended results of implementing that idea.

1. ECONOMICS IMPERIALISM

In order to understand the role and significance of economic imperialism as is represented by Lazear, we need to do two things. First, we should define what economic imperialism (EI) is, and in the process we will see that there are more than one EI. Secondly, we need to do research into the historical background of the EI assumptions.

I will use a definition formulated by Uskali Mäki in his text “Economics Imperialism: Concept and Constraints,” which, in my opinion, has been the best, so far, philosophical summary of the EI. In this article he stated:

The conventional expression used in this literature is “economic imperialism,” but this suffers from an ambiguity. The expression denotes both the imperialism of the discipline of economics in the academic realm and the economy-driven imperialism in international relations and the global economy. I have proposed using “economics imperialism” (Mäki 2008, 2).

That is the first distinction we need to make. Secondly, we need to understand that before making an invasion on someone else’s property one has to gather their own forces. Before economists were able to enter other than social sciences fields of inquiry, they needed to get together around a dominant paradigm. The first phase of EI is forming a strong, dominant paradigm in economics. This phase I call – Economics imperialism inside economics. A neoclassical approach has occurred the dominant modern paradigm economics needed.

When economists gathered they could move forward to the next step:

Economics Expansionism
Economics expansionism is a matter of a persistent pursuit to increase the degree of unification provided by an economic theory by way of applying it to new types of phenomena. (Mäki 2008, 9)

In the process of implementing this expansion economists created EI:
Economics Imperialism

Economics imperialism is a form of economics expansionism where the new types of explanandum phenomena are located in territories that are occupied by disciplines other than economics (Mäki 2008, 9).

Hence, as we can see, there is, of course, a possible non-imperialistic approach:

Non-Imperialistic Economics Expansionism

Non-imperialistic economics expansionism is a form of economics expansionism where the new types of explanandum phenomena are located in unoccupied territories, that is, territories unoccupied by disciplines other than economics (Mäki 2008, 10).

Economists willingly refer to Adam Smith’s “invisible hand” of the market, while silently ignoring his moral comments: negation of the merchants’ greed or support for workers’ wage demands. While referring to the thoughts of Adam Smith, Thomas Jefferson and other early liberal economists, they often exaggerate laissez-faire and free market threats, but they silently bypass the moral admonition formulated by the authors they refer to. When we talk about the invisible hand of the market, we need to look back to Adam Smith’s famous quote where he speaks about businessman:

He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good (Smith 2004).

This quote is not as obvious as it may sound. Experts in the history of the Chicago School of Economics distinguish two interpretations of Adam Smith’s legacy: a “Chicago Smith” – more focused on the invisible hand, and a “Kirkcaldy Smith” who also takes into consideration the theory of moral sentiment (Evensky 2005). The first approach is crucial for the development of EI, because it bypasses all moral inquiry and focuses only at egoistic goals of individuals. The welfare of society in this perspective is only an unintended consequence. This concept, expressed before by Mandeville and Thomas Malthus, laid a solid ground to develop the theory of “homo oeconomicus.”

2. SOURCES OF THE IDEA OF ECONOMIC IMPERIALISM

The concept of the man driven only by his own desire for accumulating goods, an egoistic, self-centered capitalist called “homo oeconomicus” is often associated with John Stewart Mill.
However, in order to understand what he meant by using this construct we should remember what he wrote in his political economy writings about the “homo oeconomicus” aproach:

(...) does not treat of the whole of man’s nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging the comparative efficacy of means for obtaining that end. (...) Not that any political economist was ever so absurd as to suppose that mankind are really thus constituted, but this is the mode in which science must necessarily proceed (Mill 1967, 321-323).

The dichotomy between science and the art of economics was introduced by William Nassau Senior and John Stuart Mill in 1836. This division is not a result of the authors’ reluctance for moral reflection, but rather it stems from a methodological postulate of specialization in sciences. They pointed to the need (already expressed by Adam Smith) of the development of science, the subject of which will be a multifaceted analysis of wealth. The science of prosperity and people’s welfare stood as a separate area for them. The main presupposition behind it was setting the desired goals of the society and the economy.

This was a typical approach of the 19th century economists. For example, William N. Senior wrote:

Because the economist restricts his inquiry to wealth, his conclusions [...] – do not authorize him in adding one syllable of advice (Senior 1938, 3).

To offer advice in the arena of “legislation.” the economist must enter into a very different world in which economic analysis has its place, but is not primary. Similarly Mill,

was concerned that an overreliance on economic theory uninformed by the debates over value was giving economics a bad name (Yuengert 2000, 17).

John Cairnes, following in the footsteps of Senior and Mill, says that economic researchers should not deal with any form of advice (Blaug 1992, 122), which he stated emphatically writing:

Economic science has not more connection with our present industrial system the science mechanics has with our present system of railways (Cairnes 1965, 38).

Thus, these thinkers maintained the traditional primacy of moral reflection on the economy.

From the very beginning, the division of economics into science and art has aroused much controversy and has been not applied without reservations. It is worth noting that even Mill did not follow his own theoretical and methodological recommendations. In “Principles of Political Economy,” he smoothly passes from science to art of economics, not noticing that he crossed the border by introducing teleological and ethical judgments (Hutchison 2010, 29).
John Neville Keynes has further developed the discussed division by adding a new category – normative science. The aim of positive science is to establish a co-existence; the purpose of normative science – definition of ideals; and the purpose of art is to formulate recommendations (Keynes 1955, 35). This proposal, although it seems interesting, was not adopted and most economists still applied the dichotomous distinction. However, the terminology introduced by Keynes, the division of economics as a normative and positive science, adopted and repudiated division of economics into science and art. It should be noted that by introducing this division Keynes, like his predecessors, did not deny the normative sphere of scientific economics. He treated it only as a separate realm of scientific inquiry – a different kind of knowledge (Hands 2012, 219-240).

At the beginning of the 20th century, the approach of economists to the scope of economical enquiry changed radically. It was clearly declared by new definitions of economics introduced by Alfred Marshal and Lionel Robbins:

- Economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of wellbeing (Marshall 1920).
- Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses (Robbins 1935, 15).

No one had ever put such a large emphasis on the separation of positive economics from normative as did Lionel Robbins in his text published in 1932: “An Essay on the Nature and Significance of Economic Science.” Robbins does not stop where his predecessors did, i.e. at emphasizing the separate nature of judgments. He went further and claimed that ethical judgments in the science of economy are unfounded and unjustified. Robbins thus believes that any reference to moral values is a breach of discipline of the economics framework. In his reasoning and argumentation we can see a clear inspiration from neopositivistic and emotivistic statements (Yuengert 2000, 23-24; Hands 2012, 1-21).

If ethics is purely a matter of private tastes, which cannot be debated reasonably, then economics and ethics become even more alien to one another. Not only are statements of economic fact disconnected logically from ethics: economic statements are amenable to reasoned analysis, and ethical statements are not. In short, there is nothing to talk about in ethics (Yuengert 2000, 21-22).

Milton Friedman, in his famous essay “The Methodology of Positive Economics,” developed and popularized a concept of the division of positive and normative economics as scientific and nonscientific. He recognizes that the inclusion of moral values into the sphere of discourse results in automatic exclusion of such discourse from science, and hence the sphere, which uses the categories of truth and falsehood. He argues that ethical issues are matters of
individual conscience, which should be resolved by everyone individually. Friedman acknowledges that differences in economic views between people can be reduced to issues objectively decidable by progress in positive economics and it does not necessary to refer to moral values. Thus, he states that the sphere of interest of economics is ethically neutral. This is a key division of inquiry that breaks the tradition within economics, which divided the technical realm of positive economics from the realm of normative economics related to moral outcomes. Friedman postulates resigning of normative economics as inquiring "obviousness."

There is a general consensus among economists that Robbins gave the theoretical basis for understanding the distinction between positive and normative economics as “scientific” and “unscientific.” However, Friedman’s influential essay popularized this approach and contributed to the dominance of this view among economists over the next half century. As David Hausman points out, Friedman’s essay:

(...) is by far the most influential methodological statement of this (20th) century. It is the only essay on methodology that a large number, perhaps a majority, of economists have ever read (Hausman 1992, 162).

3. PROCESS OF IMPLEMENTATION OF ECONOMIC IMPERIALISM

Although the methodological statement alone could not change the social perception of the economy so easily, there were many social, political (for example, The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel awarded since 1969), and scientific events that created the social space for EI. I would like to point out the most important of them. The first step of introducing EI was the foundation of Mont Pelerin Society in 1947, which “Statement of Aims” set up following goals:

1. The analysis and exploration of the nature of the present crisis so as to bring home to others its essential moral and economic origins.
2. The redefinition of the functions of the state so as to distinguish more clearly between the totalitarian and the liberal order.
3. Methods of re-establishing the rule of law and of assuring its development in such manner that individuals and groups are not in a position to encroach upon the freedom of others and private rights are not allowed to become a basis of predatory power.
4. The possibility of establishing minimum standards by means not inimical to initiative and functioning of the market.
5. Methods of combating the misuse of history for the furtherance of creeds hostile to liberty.
6. The problem of the creation of an international order conducive to the safeguarding of peace and liberty and permitting the establishment of harmonious international economic relations (Statement of Aims, 1947).
The role and significance of these aims was clearly pointed out by Friedman in his “Capitalism and Freedom:”

Only a crisis actual or perceived produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable (M. Friedman, Chicago 1982, p. IX).

This approach was strengthened later on by the so-called neoliberal economists who believed that:

- we need to construct a new capitalism (Foucault 2008, 267 - 296),
- politics should be considered as a branch of economics (Foucault 2008, 267 - 296),
- “homo oeconomicus” is the best model describing human behavior (van Horn, Mirowski 2010, 197),
- corporations can do no harm (van Horn, Mirowski 2010, 197), the free market is the highest value and social rule, but economics is ethically neutral.

New capitalism was introduced as the only possible scientific form of dealing with matters of economics – there is no alternative (TINA). This was the final step of what I have named earlier Economic imperialism inside economics. In the next phase, economists start to explore and explain new types of explanandum phenomena located in territories that are occupied by disciplines other than economics – Economics Expansionism and Economics Imperialism. The following publications may serve as examples of this process:

- Becker, Gary S - The Economics of Discrimination (1957),
- Down, Anthony - An Economic Theory of Democracy (1957),
- Becker, Gary S. - Crime and punishment: an economic approach (1968),
- Becker, Gary S. A - Treatise on the Family (1981),
- Becker, Gary S.; Becker, Guity Nashat - The economics of life: from baseball to affirmative action to immigration, how real-world issues affect our everyday life (1997).

As a result of these processes, economists do not see that they not only do not prove the scientific status of economics, but they commercialize many areas of human life by a peculiar form of symbolic violence. This process has provided us with formulations such as: human capital, intellectual capital and human resources management etc. We were told to believe that GDP and economic growth automatically improve the quality of life of all society. As a result of this implementation of the model in the end of the 20th century, we “measure” the financial
effectiveness or ineffectiveness of culture and science, and push beauty and truth into the background. Economists forget that crowding-out morals may bring unexpected, unintended consequences.

4. COMMERCIALIZATION OF VALUES – AN UNINTENDED CONSEQUENCES OF EI

Neoliberal economists have created a theory worthy of attention from the axiological point of view, as the exemplification of one of the models of reductionism in the sphere of values. This reductionism is based on excluding certain spheres of human life from the realm of morality and giving them the “scientific” character, understood as freedom of valuation. Such approach to the problem allows reductionists to defend their domain of research as “fully scientific,” “not tainted by values.” In their analysis, economists silenced the evaluative nature of the assumption treating the human being as a “rational machine” maximizing the return on the undertaken activities. They have constructed an image of economics as a science ideologically and ethically neutral and they have hidden the moral consequences of the market mechanisms’ functioning.

In the case of the economy, we have to deal with an additional phenomenon. If we consider a sphere of life as free from moral values while subjecting it to the laws of the market, we shall end up with the marketization of this sphere. Thus, the next revaluation occurred. Neutralized and repressed, moral values are replaced by economic values. This process can be called the commercialization of values – giving to some form of good commonly associated with morality a market value usually interpreted as a price. It is a displacement of a value from the sphere of dignitas – values that hold value because of their relationship to human dignity and cannot be exchanged, to the sphere of pretium – values that can be exchanged / sold, because they can be measured (Seneca, ep. 71,33).

Michael Sandel describes this process in his book “What Money Can’t Buy: The Moral Limits of Markets.” He writes:

This a debate we didn’t have during the era of market triumphalism. As a result without quite realizing it, without ever deciding to do so, we drifted from having a market economy to being a market society. The difference is this: A market economy is a tool – a valuable and effective tool – for organizing productive activity. A market society is a way of life in which market values seep into every aspect of human endeavor. It’s a place where social relations are made over in the image of the market (Sandel 2009, 10).

To show how this was possible, he indicates that economist commonly believe in two tenets of faith in the market:

The first is that commercializing an activity doesn’t change it (Sandel 2009, 125).
The first dogma is based on the conviction that the introduction of financial incentives to any activities does not change it. However, there are many experiments in social psychology that conclude the opposite. In case of the emergence of a financial incentive people are not thinking about what their duty is but only what is most profitable (Schwartz 2009). It turns out that the introduction of financial incentives (and penalties) displaces crowd-out moral motivations rather than coincides with them.

There are few major studies that support the thesis that the commercialization of activities causes change. The first one is a classical study on blood donation conducted by Richard M. Titmuss and depicted in his book published in 1970 entitled “The Gift Relationship.” He compared the United Kingdom’s system of blood collection where all blood comes from volunteer donors, and the American system where some blood comes from donors and some is bought by commercial blood banks. Titmuss’s finding was that the British blood collection system works better than the American one in all aspects. The quality of blood was higher, there were fewer blood shortages, less blood was wasted, the risk of contamination was lower, and the process was cheaper. His final conclusion was that financial incentive erodes the sense of civic duty. There was some controversies over Titmuss’s conclusion, but discussion abate quickly due to the lack of an analytic framework and new empirical evidence to support it.

The situation changed when two economists were able to conduct a study in Wolfenschiessen, Switzerland. In 1993, shortly before local referendum on whether citizens would vote to accept a nuclear waste repository in their community, Bruno S. Frey and Felix Oberholzer-Gee conducted a survey. They asked 305 people (of 2 000 inhabitants of village) if they were willing to accept the proposal to build a repository for low and mid-level radioactive waste in their hometown. Surprisingly, 51% people answered “yes.” They were aware of the danger, of problems it may cause, of the reduction of the value of their properties, but answered “yes,” because their village was chosen as best place for what? by the Swiss parliament, they also were conceived that it was their civic duty to take responsibility for the waste. Later, they asked the respondents whether they were willing to accept the proposal to build the repository for low and mid-level radioactive waste in their hometown if parliament decides to compensate all residents of the host community with 5 000 francs per year per person. In this second case the level of acceptance dropped to 25%. The researchers reached similar outcomes in later studies they conducted in six towns considered as a place for second repository where they conducted over 2000 surveys. They concluded that:
Our theoretical and empirical knowledge has progressed significantly since Titmuss’s intuitive contention that monetary compensation destroys altruistic values. We can now draw on a well-established Crowding Theory moving far beyond the example of blood donations. This theory is consistent with rational choice and can therefore be integrated into economics. The crowding-out effect explains why the support for a noxious facility decreased when monetary compensation to host it was offered (Frey, B., & Oberholzer-Gee, F. 1997, 753).

The first two example studied situations where people had financial incentives to do something. The last example covers a slightly different case. Two Israeli economists Uri Gneezy and Aldo Rustichini, studied how the financial penalty would change human behavior. The deterrence hypothesis assumes that the initiation of the penalty (fine) that assures that everything else will be unchanged will in result reduce the appearance of the action that have been penalized. The researchers conducted a field study in a group of day-care centers in the city of Haifa that contradicted this prediction. They introduced a fee for parents late for picking up their children in half of the centers. As a result, the number of parents late to pick up their children in the centers where the fine was introduced doubled. After three months, when the fine was removed the number of parents late stayed at a high level. The Israeli economists concluded that parents threatened the fine as a price and they focused on the question whether being late suits their interests instead of asking what was their responsibility. The other important conclusion from that study is the fact that when something becomes a commodity it stays a commodity, and that effect is hard to reverse.

The second tenet of faith in the market introduced by Sandel states that:

(…) ethical behavior is a commodity that needs to be economized (Sandel, 2012: 126).

The second dogma is based on the assumption that altruism is like coal or oil, and its resources can be exhausted at some point. Economists will argue that we should entrust more actions to the free market, to protect the meager resources of altruism before exhaustion. Sandel provides some quotations from three eminent economists who obviously agree with that tenet. Kenneth Arrow in his article responding to Titmuss’s book wrote:

I do not want to rely too heavily on substituting ethics for self-interest. I think it best on the whole that the requirement of ethical behavior be confined to those circumstances where the price system breaks down [..] We do not wish to use up recklessly the scarce resources of altruistic motivation (Arrow 1972, 354-355).

A classic statement of that kind comes from Sir Dennis H. Robertson, a Cambridge University economist. In his lecture he asked: “What does the economist economize?” He starts with a claim that the economist serves a moral mission. In his opinion, the main moral work is conducted by preachers.
It is the humbler, and often the invidious, role of the economist to help, so far as he can, in reducing the preacher’s task to manageable dimensions (Robertson 1978, 148).

Economists, of course, may help by promoting self-interest whenever it is possible. They save our altruism and spare us moral considerations. They save the society from wasting its narrow supply of virtue.

If we economists do [our] business well, (...) we can, I believe, contribute mightily to the economizing (...) of that scarce resource Love, (...) most precious thing in the world (Robertson 1978, 148).

Sandel’s most recent example comes from the economist Lawrence Summers, the former president of Harvard University. During Morning Prayer in Harvard’s Memorial Church, he talked about how economists can contribute to moral questions. He referred to Robertson and stated:

We all have only so much altruism in us. Economists like me think of altruism as a valuable and rare good that needs conserving. Far better to conserve it by designing a system in which people’s wants will be satisfied by individuals being selfish, and saving that altruism for our families, our friends, and the many social problems in this world that markets cannot solve (Summers 2003).

Economists seem not to see, or maybe just do not want to see, that from the time of Aristotle (Aristotle 2007) ethicists, without any reservations, assumed that virtues are like muscles – they grow, not get smaller when exercised. It is hard to become generous by saving all the money you have or by spending all of it, one need to learn how to share by practicing it. You cannot become brave by avoiding challenges or by unwise daredevilry. Does a couple in love need to be careful not to overdose signs of affection, because their love maybe "exhausted" and they cease to love each other? In my opinion, these two tenets are the basic elements of an “axiological fraud” economists commit. It derives from the recognition of the value-assumptions behind the concept of “homo economicus” as scientific and therefore ethically neutral.

Economists did not plan to crowd-out moral inquiry, they only wanted to let the invisible hand of the market to set everything in place for us. What are the outcomes of this aspiration? To answer this question, we need to look at the recent findings of moral psychology.

5. WHAT WENT WRONG?

Jonathan Haidt in his recent book, “The Righteous Mind: Why Good People are Divided by Politics and Religion” states that our mind is divided, the rational part is a rider on an elephant (instinct reactions), and the rider’s job is to serve the elephant. He gives a lot of evolutionary and cognitive science arguments to support his thesis (Haidt 2012, 12-77). He suggests that our
morality is mostly intuitive not rational. The role of rationality (riders) is to deliver the best possible explanation for a decision we have already intuitively made (elephant), and to encourage others to do the same as we did (riders serve the elephants).

If we use this metaphor to understand what modern neoliberal economists are trying to do, we could say that they are trying to put blinders on the elephant so that they could take control. Some of them were so successful in narrowing the field of view of the elephant that they blindfolded it. What happens were we lose our moral intuition? In his book, Haidt gives two examples of people who are unable to listen to their elephants. The first group are people who suffered a specific head trauma, and part of their brain ventromedial prefrontal cortex was damaged. These people cannot feel any emotion and are unable to make significant and meaningful decisions (Haidt 2012, 35). The second group are psychopaths who cannot feel any empathy but are fully rational and some of them may learn fit in society. The problem is that they do not care about others, even their family or relatives. Paul Verhaeghe, a professor of psychology at Gent University stated this clearly in the title of his article in The Guardian: “Neoliberalism has brought out the worst in us.” Verhaeghe claims that:

Thirty years of neoliberalism, free-market forces and privatization have taken their toll, as relentless pressure to achieve has become normative. If you’re reading this skeptically, I put this simple statement to you: meritocratic neoliberalism favours certain personality traits and penalizes others (Verhaeghe 2014).

He says that we live in a society that gives us one purpose – to achieve success. Neoliberal meritocracy says that we have the freedom to reach our dream. We only need to force authorities to deregulate everything and let the free market do its job. If we do so, success will depend only on one’s effort, talents, perseverance and endeavor. If someone fails, the responsibility lies entirely on him. Of course, this is a fairytale. Our success depends on many factors and do we really want to sacrifice our social relations for individual achievements?

Robert Hare, best known for his psychopathy checklist (Psychopathy Checklist-Revised PCL-R) – one of the mostly common used tools to diagnose psychopaths, addresses this topic in his research on the corporate professionals. In the article he wrote with Paul Babiak and Craig S. Neuman, they summarized a study conducted on psychopathic tendencies on a sample of 203 corporate professionals. Their main discovery was that 4% of studied professionals had a PCL-R score 30 or higher, which is a strong indicator to diagnose them as psychopaths. This score is four times higher than in the general population where the level of psychopaths was estimated as 1%.

Later in the book he also wrote with Paul Babiak entitled “Snakes in suits: When psychopaths go to work,” they focus on how the modern economy promotes psychopathic traits
in work places. Authors enlist four factors that enable psychopaths to make career in modern corporations. From our perspective two are important:

(...) some companies quite innocently recruit individuals with psychopathic tendencies because some hiring managers may mistakenly attribute “leadership” labels to what are, in actuality, psychopathic behaviors. For example, taking charge, making decisions, and getting others to do what you want are classic features of leadership and management, yet they can also be well-packaged forms of coercion, domination, and manipulation (Hare & Babiak 2006, VII).

Probably most of them are focused on outcomes, not processes, and this is why they do not see this difference. Most of the managers are evaluated by profits and the short term results of their job. If you want to have something done you may not bother if a low level employees followed their leader willingly or they were forced to do they work by coercion or manipulation.

With the need to embrace change came a switch from hiring “organization men and women” who would maintain the status quo to hiring individuals who could shake the trees, rattle cages, and get things done quickly. […] Egocentricity, callousness, and insensitivity suddenly became acceptable trade-offs in order to get the talents and skills needed to survive in an accelerated, dispassionate business world (Hare & Babiak 2006, VIII).

Overreliance on the free market in most cases leads to crowding-out morals. The moral will is cheeped away by creating work relations without empathy. Any work involving other human beings is a moral work and any invisible or visible hand will not change it. However, economists believe that the omnipotence of “law of invisible hand” and “spontaneous order” led to situation were empathy and kindness are perceived as weakness, while egocentricity and selfishness becomes virtues. I do not want to say that all businessmen are psychopaths. I would like want to say that some of them are, and that we have created social institutions that reward that kind of personality traits.

CONCLUSION

I have shown that economists moved from theoretical model of homo oeconomicus that was supposed to explain one of many human motivations to economical imperialism where they try to explain all aspects of human life using this model. Derived from the concept of invisible hand generating spontaneous order from selfish actions they created a set of ”scientific” rules and laws that they apply to many spheres of human life. The unintended consequence of their actions is crowding-out morals and the creation of systems of social interaction promoting psychopathic traits.

Perhaps it is high time to return to the sources of economics and to the distinction made by Aristotle and separate: oikonomikae – the art of housekeeping and administration of goods,
from chrēmatistikae - the art of acquiring money. This distinction may be very fruitful for concerning new approaches to economics and economy. Aristotle understood that the administration of goods is more complex than just acquiring money. We need to re-moralize economics and economy. If we want to overcome this paradigm, we need to start with redefining, reinventing and revaluing the language we use. We need to remember that human behavior and decisions depend on many values and by exaggerating role of any of them we will not get true or desirable image of society.

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