Capitalism and Human Flourishing?
The strange story of the bias to activity
and the downgrading of work

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Abstract

What interpretation of human flourishing, what ideas of value, does capitalism in practice embody and promote? To address this question the paper clarifies first that ‘capitalism’ must be understood as more than merely a system of private property and markets. It contains ‘the prerogative of capital’, in which surplus remains with the owners of capital, and ‘the perspective of capital’, in which hired work is defined as a cost. The question must also be distinguished from more conventional ones (Does capitalism promote human flourishing? Is capitalism desirable? Is capitalism better than the alternatives?). Capitalism may not fit very well any of the standard conceptions of well-being, as pleasure or satisfaction or fulfilment of substantive needs. Its unending drives for expansion of the supply of commodities, and for their recurrent replacement, seem to fit more closely with an activist conception of well-being. The preoccupation with levels of monetized activity arises as an effect of capitalist categories of social accounting, fanned by competition, and how they can channel deeper human motives and pre-capitalist forces. However, while capitalism overemphasises activity (as monetized throughput), it undervalues work (as human self-expression) despite its centrality for felt well-being and physical and mental health and capability. The typical conception of work under capitalism is as a cost, for the capitalist must pay for it. The activist strand in capitalist practice and in corners of capitalist theory compensates to some extent for the automatic presumption that work is a cost, but in distorted, accidental and incomplete fashion. The paper concludes by asking how alternative conceptualizations of work might contribute to a more adequate treatment of human flourishing, and how we might draw implications from the well-being literature for reconceptualisation of work, reform of categories of societal accounting, and deepening of the research on ‘human development’.

Keywords
Capitalism; market system; well-being; social accounting; work; ‘the strenuous life’
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1 Clarifying and distinguishing the debates

What sort of conception of human flourishing does capitalism promote? This question is less familiar than its popular sister: Does capitalism promote human flourishing?, and also less popular than: Is capitalism desirable?, and than the policy variant: Is capitalism better than the alternatives? Those last two questions are bigger than the questions about human flourishing, because human flourishing is not the only relevant evaluation criterion.

Deirdre McCloskey’s recent book and grand project on The Bourgeois Virtues ask whether capitalism is desirable, in process and in outcome. In this opening book in her series she primarily considers: What are the virtues? And does capitalist society recognise, practice and promote them? But her overall destination, she declares at the outset, is a vindication that capitalist society, indeed specifically American capitalist society, is desirable. In contrast, my main question in this paper is: what ideas of the desirable do the real practice of capitalism represent and encourage?

Most discussion on the relationships between capitalism and human flourishing concerns capitalism as a means, an instrument. It considers how efficacious or not the instrument is, with respect to some conception or conceptions of human flourishing. Peter Saunders (1995), for example, measures capitalism against Abraham Maslow’s posited fundamental human needs. As we will see in the second section of the paper, the existing defences of capitalism are in terms of its instrumentality for far more than economic growth. It is also defended as being, amongst other things: a field of freedom; a forcing ground of innovation; a system for widespread opportunity for involvement in decision making and hence for the growth of skills, knowledge and experience; a mechanism to reward effort and creativity; and a stable basis for political democracy. A writer like McCloskey looks at a wide range of possible effects. Each of these lines of defence carries a potential for critical assessment too, and for motivating reform and redesign. Most of the lines of thought have implications also for the conceptions of human flourishing that are associated with capitalism.

That last question has received less attention: what conception of human flourishing does capitalism promote? While multiple conceptions of flourishing may exist under capitalism—and sometimes claims are even made that capitalism provides space for whatever conception of flourishing people happen to hold—we should ask whether certain types of conception are promoted by capitalism and more in harmony with it, rather than simply able to

1 This paper is a revised version of a plenary address to the 12th World Congress for Social Economics, University of Amsterdam, June 7-9, 2007. My thanks go to John Davis and Ian Gough for careful commentary which helped to strengthen the arguments at several points.
co-exist with it. For with reference to conceptions of well-being as pleasure or satisfaction or fulfilment of substantive needs, the third section of the paper will suggest that capitalism does not fit any of them very well. Instead, its unending drives for expansion and destruction may fit an activist conception of well-being. The fourth section examines this further.

Yet paradoxically, the typical conception of work under capitalism is as a cost, for the capitalist must pay for it. We should reflect on the categorization of costs and benefits under capitalism. There are fundamental implications of extending capitalist accounting categories from the level of the individual capitalist enterprise to that of an entire society. The highly questionable results which this extension produces in the case of discounting of future costs and benefits have been extensively discussed. The comparable extension of capitalist categories for the treatment of paid work time may produce major distortions in policy evaluation, given the considerable evidence that for many people work is one of the major sources of fulfilment. The paper’s fifth section raises this issue. It ends by asking how alternative conceptualizations of work might contribute to a more adequate treatment of human flourishing.

I have framed the issues in terms of a pair of vast and vague general notions: capitalism and human flourishing. I should explain why, and what I mean by them.

What is human flourishing?

I have chosen to use the category of human flourishing, more than welfare or well-being, for two reasons. First, welfare and well-being are too easily seen as nouns, presumed unitary and ready for measurement, rather than as verbs; and they are thus, second, too readily subsumed into the utilitarian mindset of mainstream economics.

Martha Nussbaum points out that while most 18th-20th century English translations of the classical concept of ‘eudaimonia’ reduced it to mean happiness, it refers to ‘a complete and flourishing human life’ (1997: 118-9), ‘activity in accordance with excellence’ (2005: 175), ‘a specific plurality of valuable activities’ (2005: 171) that reflect our human specificity, including, not least, love and friendship. The term ‘human flourishing’ represents ‘eudaimonia’ far more revealingly. While the concept of ‘well-being’ that has revived in the past generation is a great improvement over the notions of ‘utility’ or ‘economic welfare’, it too is more prone to hypostatization than is the concept of human flourishing. Well-being should be conceived of as a verb, or a verb noun (gerund)—well-being—more than as a thing noun, in order to match the fluid, elusive and ongoing character of life. Life, the noun, really consists of living, the verb. As Nussbaum notes: ‘Most [ancient] Greeks would understand eudaimonia to be something essentially active, of which praiseworthy activities are not just productive means, but actual constituent parts’ (1986: 6). Pleasure was seen as ‘so closely linked to the relevant activities that it cannot be pursued on its own’ (2005: 176).

Second, there is a danger that this well-being becomes thought of as a quantity of something relatively straightforward, that we can weigh or otherwise measure, a sum of mental money or some quasi-biological variable
that can be read-off by the appropriate technical apparatus. This is the path that was followed in reducing the concept of utility, perceived usefulness, into a concept of ophelimity (Pareto’s term), a supposed measure of satisfaction.2 I will still sometimes use the term ‘well-being’, which is standard now both in scientific and everyday language, but we should use ‘human flourishing’ when we need to emphasise that we are talking about processes of be-ing, as valued in processes of reflection and discussion, and not about quantities of a mental money nor some counterpart to mental temperature which we could adequately measure by deft use of a well-being thermometer (Gasper 2008).

What is capitalism?

The concept of capitalism contains various elements. Typically highlighted are:

- First, the commodity form;
- Second, the habitat for commodities, namely, markets (a system of resource allocation through buying and selling, using prices for monetized exchange);
- Third, private property.

Much discussion in the Weberian tradition concentrates on markets—capitalism is ‘production for a market by enterprising individuals or combines with the purpose of making a profit’ (Berger 1987: 19)—not other features of capitalism. But markets are found also outside capitalist societies; as in market socialism, for example. Similarly, John Douglas Bishop’s survey of issues in the ethics of capitalism defines capitalism as the combination of private property and free markets (Bishop 2000: 4). This is problematic in both what it highlights and what it leaves out. The idea that capitalism by definition involves free markets—meaning that prices are determined in markets—implies that monopoly capitalism cannot exist. Adam Smith was more realistic, noting that nothing was more typical of capitalism than collusion to restrict free competition. Attempts to define capitalism by the freedom of markets lead to the exclusion of misdemeanours, by definition, as well as to diversion of attention from more central aspects. Thus in addition the definition does not go far enough. Essential to capitalism are two further features.

- Fourth, particular forms of property and enterprise law and accounting practice, which assign all net surplus to the owners of capital. The default setting for the allocation of net surplus is that it goes to the capitalists, and not (also) to the workers or the community. We can call this ‘the prerogative of capital’ (see e.g. Ellerman 1973).

This fourth feature, missing from Bishop’s characterization and even from the fuller one by Saunders (1995: 9), deserves special attention. The prerogative of capital takes us beyond merely private property, to distinctively capitalist property arrangements and categories and their implications. It is more fundamental than ‘the systematic and self-interested pursuit of profit’ (Saunders 1995: 5), for capitalism is still capitalism when pursuit of profit is half-hearted. Fundamental is the category of profit itself, seen as net earnings

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to the enterprise owner, the capitalist, after payment for all other inputs, including for labour treated as merely a commodity. One of the implications can be called ‘the perspective of capital’, wherein work is presumed to be a cost and human flourishing becomes presumed to be measured by net present value.

- Fifth, the combination of the first four features—markets, monetization, private property, the prerogative of capital—can gradually generate something more than the sum of the parts: stupendous accumulated holdings of capital, transferable monetized claims over resources, that constitute the greatest source of power in their societies and in the whole world.

We can then note two further features:

- Sixth, an apparatus of supportive systems (including of state power) that defend and extend the commodity form, private property, market transactions free from non-profit obligations, and the capitalist prerogative; and
- Seventh, more broadly, the types of politics, culture and society that may be symbiotic with capitalist economy and its supportive apparatus.

There is obviously not just one type of capitalist society. Capitalist societies are not totally integrated mega-systems with a unitary rationale. They contain far more than capitalism, even if we defined that to cover all the seven features above, not only the first five. Capitalist societies also contain families, religions, arts, sciences, other cultural forms (such as, typically, nationalism), and non-capitalist elements of civil society in many fields. So we can distinguish: capitalist economic arrangements and activity, namely the first four features above, and their eventual product (the fifth feature); capitalist theory and ideology, which can differ from the actual behaviour, for example by downplaying the negative features; and capitalist societies, which include much more than just capitalist economy and capitalist theory.

Mainstream economics emphasising only the first three features we alluded to: the circulation of commodities in a private property system of markets—‘the market system’. McCloskey has a richer conceptualization of capitalism, yet one that is still fundamentally incomplete. She sees capitalism as ‘merely private property and free labor without central planning, regulated by the rule of law and by an ethical consensus’ (2006: 14). This touches on or implies most of the features we mentioned, but the definition has become moralized, as if there cannot be capitalism unregulated by the rule of law, such as we have seen in contemporary Russia and much of the global South. McCloskey does not consider that to be true capitalism. And, critically, her definition excludes the essential capitalist prerogative, or smuggles it in via particular interpretations of private property and free labor. Implicitly, ‘free labor’ here means labor as a commodity that is free from having a share in surplus. Towards the end of the book McCloskey provides a yet more reduced and idealized definition of capitalism, close to Bishop’s: ‘a market-oriented, free-trade, private property, enterprising, and energetic economy, [just as] in the Lower Galilee of Jesus’s time’ (p.462). In the relatively self-enclosed, abstracted, intellectual world of much market theory the same fundamental verities apply for all times (cf. McCloskey, end p.508). This sort of notion from neo-classical economic theory
is insufficient for thinking about 21st century forms of capitalism, in which the principles of commoditization, private property rights and the capitalist prerogative are being extended and modified in attempts like those to patent the neem leaf and the human genome, and in an international trade in trafficked persons and in human body parts.

McCloskey’s definition of capitalism serves to insulate it from criticism. Problems are due to other systems—notably statism—and not due to capitalism; and/or they are due not to too much capitalism, but to too little. Thus McCloskey has little to say on the natural environment, except that: ‘The absence of property rights brought the ecological endangerment’ (2006: 32)—not capitalism but the absence of capitalism. The capitalist system becomes judged by its results, except where they are bad, when it is said that the problem is not the system, but instead too little of it. Yet private property does not always lead to resource conservation; it can lead to resource-mining, with the profits then switched into other sectors. Elsewhere McCloskey urges us to understand and evaluate the system as a system, an overall culture that is reinforced by and reinforces its legal and economic arrangements; but sometimes it seems that we are required to close our eyes to the fact that the system is not only a set of abstracted textbook arrangements but a rich composite of consequences and causes. One such consequence is that property rights are often not yet introduced when the rich and rapacious think that they can get more for themselves individually by using their powers to seize wealth and privileges.

Real capitalism cannot be discussed with all the disliked bits and interconnections left out – such as that an economic system requires a state, or that super wealth spreads and buys political power, or that rich producers inevitably seek to capture a regulatory apparatus. For McCloskey capitalist capture of the state is seen as part of statism, not capitalism (2006: 35); the supposed mistake is to have created a regulatory apparatus. Likewise for cases of the feeding of corporations with public money (p.44ff), even though these cases are driven by corporate power. McCloskey recognises that the robber barons ‘corrupted politics. But when have the rich not done so?’ (p.493). Her advice is to minimise the state apparatus that is available for them to corrupt and capture. Even the disastrous imposition of capitalist ideology on Africa in the 1980s and 90s spearheaded by the IMF and World Bank is presented by her as a failing of statism—the misdeeds of two intergovernmental organisations, not of capitalism.3

We must keep in mind the dangers of essentializing capitalism, in whichever direction: as pure and timeless good, or pure and timeless evil. Capitalism has many operationalisations possible at a given time, and is additionally flexible over time. Consider for example the emergence of a ‘shared capitalism’ in some corners, as described by Jeff Gates (1998). We need to think about possible potentials for the evolution and mutation of capitalist categories and practice, in more humane directions.

3 McCloskey’s comments on Africa at various points show considerable ignorance. (E.g.: ‘The Afrikaners of 1910 had no experience of work and no respect for it’ (p. 471).)
2 Is Capitalism Desirable?

Amongst mainstream economics arguments for capitalism—seen only as ‘the market system’, with the other features overlooked or tacitly assumed—come first the familiar pictures of markets as fine-tuned machines for making marginalist calculations about benefits and opportunity costs: the neo-classical, equilibrium-focused, emphasis. We must of course here ask: whose benefits and costs? Markets are also then looked at as sensitive mechanisms which can go wrong in many ways. Second come the pictures of markets as eco-systems that are strong in generating learning, adaptation, and innovation: the longer-run emphasis given by the evolutionary and Austrian schools. I see overall a set of four conventional themes asserted in pro-market economics:

1. markets as relatively efficient transmitters of information and incentives (but having significant transaction costs)
2. markets as ways of mobilizing the energies and information of myriads of diverse agents in diverse situations across a whole economy, indeed the whole world
3. markets as flexible adjusters to changes in conditions; and
4. markets as efficient allocation mechanisms, a proposition that tacitly rests on the previous three features.

Theme 4 has received the lion’s share of attention in academic economics textbooks, though they rarely adequately specify the assumptions required to sustain the conclusion that a market equilibrium is socially efficient (in some sense of the term). The assumptions concern the absence or unimportance of each of the following: externalities and ‘public goods’; (other) information failures (producers and consumers must be well-informed on the nature of products, on available present and future alternatives, on costs and benefits, etc.); and of monopoly power (prices and quantities must respond well to excess supply or demand). Required in addition are the absence or unimportance of incompetence or irrationality, and of improper interference with free exchange and price movements, whether by criminals or by the State.

The potential failings of markets in terms of economic efficiency arise from the presence, to a significant degree, of one or more of the factors just listed. The potential failings concern also matters beyond economic efficiency: distributive equity and the acceptability of preferences.

- Markets are liberal institutions in the sense that they allow anything to be bought and sold as long as that is not prohibited and prevented. For good and/or ill, markets have no views or guarantees about the content and outcomes of the process. Where consumer preferences are judged ethically unacceptable then so too will be market outcomes (consider, say, preferences for hurting other people, and in some cases, ironically, preferences about exactly how other people should live).

- Distributive equity concerns a morally acceptable distribution of income, tasks, duties and risks. Markets only respect effective demand. Sen’s entitlements approach highlights the possibility of disastrous market outcomes—through to famine, starvation, and death—caused not by technical market failures but by the structural blindness of markets to
people without money, those who lack or lose sufficient money-backed title to benefits. In 2008 newspapers reported that some people in Haiti were reduced to filling their stomachs with ‘pies’ made from mud, as food prices had soared worldwide.

These considerations lead us further beyond economic arguments, including to social and political themes such as that:

- Markets are presented as avenues of free choice; thus whether or not the preferences pursued are considered good or not, their free pursuit is itself considered a good. The freedom argument for markets still applies to some extent even when agents are incompetent and irrational, within certain limits. Merely formal freedom is clearly insufficient, though, as Sen for one reminds us.
- Markets are presented also as a decentralized way of organizing societal decision-making, in the sense that they do not require (a) consensus on societal objectives or (b) a central decision-making authority; thus, they offer allocation without a (centralised) allocator. In reality, the decentralization seen in modern capitalism is far from that in a dream of village-green democracy; it is the interaction of vastly diverse and mutually remote agents, some of them immensely resourced, some with almost nothing—the latter being free of resources, free of enforceable claims, and free of rights to a part of social surplus.

Extending the purview of evaluation beyond economics arguments reveals that externalities concern also, and perhaps more importantly, matters of cultural and political side-effects. As we saw, market proponents claim that markets provide a multi-polar source of power independent of the State, which helps to counterbalance it. Market critics argue to the contrary that markets generate concentrations of wealth which can be converted in a commodity-based society into other types of power, via political campaign funds, bribery, ‘favours’, threats, mass media ownership, selective funding of research and education, and so on (cf. Walzer 1983). Markets tend to spread, both because money often tries to buy other types of power, and because a market-mentality can spread.

Similarly, market proponents stress that markets can and do build skills, independence, self-reliance and initiative, whereas market critics stress that uncontrolled markets do not promote altruism and community, and can in some circumstances undermine them, as seen currently in certain countries. By promoting narrowly self-interested behaviour and ignoring side-effects, markets can weaken institutions that keep societies coherent and humane (see e.g. Stretton & Orchard 1994).

The entry on ‘market’ in the Oxford Dictionary of Sociology sums up that there are both political and economic arguments for and against markets. Table 1 here provides an overview of such arguments.
TABLE 1
Political and economic arguments for and against markets

<table>
<thead>
<tr>
<th>ASSERTED STRENGTHS</th>
<th>ASSERTED WEAKNESSES</th>
</tr>
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<tbody>
<tr>
<td><strong>POLITICAL</strong></td>
<td></td>
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</table>
| Freedom | Freedom ‘to sleep under bridges’ is not enough.  
Free choice is not always wise or good choice. |
| Decentralization | Great concentrations of wealth distort politics and administration, information generation, dissemination and interpretation, and opinion formation |
| Rewards effort and skill | Private property system also rewards luck, and accidents of birth. It ignores some other aspects of equity. |
| **ECONOMIC** |
| Prices cheaply coordinate agents by transmitting information… | Information is not shared by all. |
| … that reflects both supply conditions and demand conditions, the information needed for efficiency; | Markets only use information of certain types, and only on things that can be related to money. They ignore external effects or respond to them in unreliable and inequitable ways, considered in the Coase theorem. |
| … and they provide incentives for effort, adjustment, and innovation. | Competition and its rewards and penalties lead to concentration of economic power. |
| Markets allow and encourage specialization; … | Markets can be risky and unstable [not least financial markets]. They leave many people vulnerable. |
| ... and train in decision-making and self-reliance | They train in selfishness and decadence? |

This sort of evaluation is a major advance over looking only or overwhelmingly at the bottom left quadrant in the table: the potential economic virtues of a market system. It still has several major limitations. First, regarding what it looks at: we noted that capitalism is more than ‘the market system’. It is a particular sort of market system, centred on the prerogative of capital, and in practice marked by the power of vast accumulations of privately held capital. Some of the implications of this begin to emerge in the table’s assessment of weaknesses. Second, however, regarding how the table treats what it does look at: the table centres on proposed strengths and presents weaknesses mostly as counterarguments that set limits to the claimed strengths, rather than as independent primary considerations. Third, and central to this paper, regarding what the table fails to look at, by unthinking restriction within the categories of capitalism: it does not take up two key issues in the evaluation of capitalist systems and in understanding how capitalist systems evaluate: How is work treated? And is money income—even if it is maximised in a market system—the predominant or even a major source of well-being?

The *Oxford Dictionary of Sociology* to its credit proceeds to consider this third set of issues. Drawing on Robert Lane’s massive survey *The Market Experience* (1991), it remarks that welfare economics and economic policy arguments
typically make two fundamental questionable assumptions: that work is always a cost, and that money income is a major source of well-being. How much the mainstream economics themes above have to do with human flourishing depend on these two factors:

- Firstly, the connections between human welfare and the maximization of the value of commodity production. Such connections are shaky (Easterlin 2001; Gasper 2005, 2007a), as we touch on in the next part of the paper (Section III). In contrast, political arguments for markets need not make strong assumptions about such connections; they stress markets instead as channels for freedom, and as spaces to use one’s energies and ideas.

- Secondly, the significance of work for our well-being. The standard economics literature makes relatively little reference to the status of work, and much of the literature implicitly focuses on markets rather than on capitalism in its entirety. Yet work is central to people’s lives. Given an activity-conscious conception of well-being, seen as well-living rather than as a mental-profit output category (but also without equating well-being to sheer activity, a conception we critically probe in Section IV), work should be central in discussion of capitalism and human flourishing. We will look at this further in Section V.

3 Capitalism and the Conception of Human Flourishing

What sort of human flourishing does capitalism in reality further?

The most summary and critical view that one encounters in response to this question is that under capitalism the meaning given to flourishing becomes: to flourish one’s possessions. Under this lies something deeper though: to flourish one’s possessions is to assert one’s importance, one’s success, one’s quality; even if at the same time this assertion sometimes aims and succeeds in diminishing other people’s importance.

The most extensive and laudatory view is presented by Deirdre McCloskey – that capitalism can and generally does represent and fulfil the classical virtues. In between these extremes lie many more qualified positions, including historically specific positions, in the spirit of Albert Hirschman. Hirschman concluded in his *Rival Views of Market Society* – a work surprisingly not cited by McCloskey—that market activity both conduces to peace and order (the so-called *doux-commerce* thesis) and to undermining its own moral foundations (the self-destruction thesis); and that where the balance lies in particular cases depends on many factors which require case-specific investigation. We find such investigation in parts of the literature of social history. Given the constraints of space and of my own knowledge, I will present some more generalized ideas that require historically specific exploration.

Capitalist society may allow space for expression of all sorts of criteria, but which criteria predominantly drive or steer the system? For business decision makers, profit, and for present-day government decision makers, economic growth, are clearly major criteria. In both cases, forces of competition often
punish much divergence from the paths laid down by these criteria. Other
criteria may be honoured in speech, but the racing train of capitalist society
proceeds along tracks that may not allow them much weight in practice. In
contrast to McCloskey, her sparring partner Arjo Klamer stresses in his book
*In Hemelsnaam!* (In Heaven’s Name!) how the most important aspects of life,
the most important criteria of life quality—such as family relations, friendship,
mutual respect, ‘quality time’—are typically not measured in the ruling
calculations in our capitalist societies.

In terms of existing conceptions of well-being – pleasure or contentment,
preference fulfilment, the fulfilment of substantive needs, and so on – it can be
argued that capitalism does not fit any of them very well; for only preferences
backed by money are referred to, and only in proportion to purchasing power.
Capitalism’s motor of restless expansion and destruction may best fit an
activist, productivist conception of well-being, or perhaps a Darwinist model. I
will outline the arguments here, and then extend them to look more deeply at
the activist conception and at its paradoxical counterpart, the low status of
work in capitalist calculations.

A huge body of research indicates that the domain of economic inputs to
life which economics has studied in detail—resource holdings, income,
expenditure—is relatively weakly connected to the domains of valued ends,
whether we look at the domain of universally or authoritatively valued life-
functionings (such as longevity, mobility, low morbidity, autonomy and
agency), which we may call ‘objective well-being’ (OWB), or at the domain of
felt satisfactions, which we may call subjective well-being (SWB). Sometimes
subjective well-being and objective well-being are not strongly connected to
each other either. They clearly have partly different determinants, and both
also depend in large part on factors other than economic inputs (Gasper 2005).

Does income promote subjective well-being? There are different
dimensions of subjective well-being. At minimum we must distinguish
pleasure, contentment, and negative affect (cf. Lane 2000: 15), for the three do
not always move in line. Even so, it reportedly appears workable in many
contexts to use a composite of the three, or to prioritise the second,
contentment. There are some disputes over what the evidence shows,
ievitably, but also a remarkable degree of consensus about some main lines of
what we know. The so-called Easterlin paradox is now widely accepted as a
first approximation, even if there is dispute over the details: average subjective
well-being increases markedly with income to an annual income levels per
capita around $10-15K, markedly slows down thereafter and is
virtually flat from $20K per capita or so. Some authors stress that certain
studies show a still slight upslope at the higher income levels, while some
others stress how slight is the upslope or find that it does not exist.

Richard Easterlin himself, who highlighted the paradox back in the early
1970s, is now even more sceptical (2005a, 2005b). He warns that typically ‘the
diminishing returns generalization is based on data for a single point of time
and on a simple bivariate comparison of happiness or life satisfaction with
income without controls for other possible variables’ (2005a). His deeper
reading of the data, including time-series data, proposes that, at least from
lower middle income levels, income has on average no significant correlation
with subjective well-being, let alone a significant causal contribution. Significance here means socio-economic significance, size of effect, and not statistical significance, closeness of correlation.

Next, does income growth promote the components of objective well-being? The evidence is sometimes yes, sometimes the reverse—for example because income-getting can compete away attention and resources from more important things—and sometimes that income is irrelevant. Life expectancy, health, and family relationships—core elements in most public specifications of ‘objective well-being’ and core determinants of most people’s subjective feelings of contentment—are as good or better in middle-income country Costa Rica than in top-income country the USA.

I present the overall problematique in a ‘puzzle triangle’. The Easterlin paradox concerns the right side of the triangle and the very weak or negligible (time-series and cross-country) relation of income to subjective well-being after middle- or high-middle income levels. Easterlin himself holds, as we saw, that there is no reliable relation even at low-middle income levels. There are other factors which have notably more substantial favourable impacts on subjective well-being, including friendship, good family relationships and work felt as meaningful.

FIGURE 1
The puzzle triangle (from Gasper 2005)

Objective Well-Being

Subjective Well-Being

Other Inputs

Economic Inputs to be-ing, notably income and wealth

Other Inputs

The Sen paradox, if I may coin a term, concerns the weak relation in many cases between income and objective well-being. Expectations have not been met for the impact of income and consumption on many objective well-being dimensions, such as mental health; this concerns the left side of the triangle. Yet there are other factors which have substantial favourable impacts on aspects of objective well-being like physical and mental health, including again friendship, family relationships and work felt as meaningful.
The Easterbrook paradox, to coin a further term, concerns the weak relation of objective well-being to subjective well-being, at the top of the triangle, as presented in Greg Easterbrook’s book *The Progress Paradox*. Contributing to all the other paradoxes, the Schwartz paradox concerns the stresses and discomforts brought by ever widening ranges of required (or promoted) consumer choice, brilliantly explored in Barry Schwartz’s *The Paradox of Choice – Why More Is Less*.

To explain this diverse and worldwide set of observations, one strategy is to look at the other inputs to well-being, besides income and wealth, and to see their degree of independent importance and the extent to which they may be competitive with market-mediated aspects. Many major aspects or determinants of well-being pass outside markets - family, friends, health, recreation, feelings of dignity. Non-market sources appear more important in general for happiness than are market sources. These non-market sources of well-being can be competitive with the market-mediated aspects. Jerome Segal and Robert Lane amongst others summarise much evidence that obtaining extra income and consumption can undermine or replace more rewarding routes, by undermining some aspects of objective well-being which contribute to subjective well-being, or some of the “other inputs” in Figure [1]; for example by undermining the quality (and quantity) of family life and other personal relationships (Gasper 2005). Lane hypothesises, for example, that materialism contributes to impoverishment of personal relationships, which in turn leaves people more emotionally vulnerable when they face difficulties.

Amongst the market sources of subjective well-being, experiences during work hours or unemployment appear typically more determinant of personal satisfaction than is the level of income or consumption (see Gasper 2007b and literature cited there).

The diagram represents paradoxes that arise with respect to the expectations of the ‘material welfare’ mainstream in economics (see Cooter and Rappaport 1984). The findings about sources of well-being oblige us to go back to reconsider conceptions of well-being that are conventionally applied as criteria of performance: the allocation of attention towards the outcomes of production and consumption, and away from the processes of work and the ongoing relationships to persons not only to things.

**The conceptions of well-being or flourishing**

Systematic thinking about conceptions of well-being intensified in the 1980s, partly in response to the lived experience of, and theoretical puzzlement around, these emergent paradoxes. The philosopher Derek Parfit’s book *Reasons and Persons* highlighted three conceptions, and facilitated discussion amongst economists and analytical philosophers:

1. Well-being as Pleasure (and as avoidance of pain); this is a subjective well-being conception, of hedonistic form;
2. Well-being as Preference Fulfilment; and
3. Objective list’ conceptions of well-being, which specify the components of or for a flourishing life.
Psychologists refine or extend the first conception. Hedonic psychologists distinguish contentment/satisfaction from pleasure, as an empirically distinguishable and independently varying form of subjective well-being (Kahneman, Diener, Schwarz 1999). Some other psychologists go further and present a eudaimonic interpretation of subjective well-being, which emphasises autonomy, competence and relatedness (Deci and Ryan 2001). For our purposes here we can remain with Parfit’s three headings, for the evidence reported on pleasure and contentment is apparently not widely different, and because the varieties of eudaimonic well-being conception appear to converge substantially with most objective-list conceptions, such as that for example by Martha Nussbaum.

Amartya Sen extended Parfit’s list with three other conceptions:

4. Opulence. In reality, instead of measuring pleasure, economists imputed it from the acquisition and control of commodities.

5. Choice. Similarly, instead of measuring preference fulfilment, economists imputed that too, from choices: by the axiom of revealed preference whatever one chose was deemed to be what one preferred. Since the axiom is demonstrably wrong, it is better reinterpreted as representing a commitment to the priority of free choice: one’s well-being consists here in choosing freely, including freely making one’s own mistakes.

6. Considered freedom. There is then space for a conception of well-being as informed free choice, or better, as in Sen’s own position, of well-being as access to outcomes which one has reason to value (the ‘one’ can also refer to a group). ‘Reason’ here implies decision that is wise as well as informed.

So, many different ideas of well-being or human flourishing are present and advocated under capitalism. Which of these sets of ideas are promoted and encouraged by the operations of capitalism? Which of them then predominate under capitalism? And which variants of human flourishing are actually furthered by the operations of capitalism? These questions could well have different answers. There may be a discrepancy between capitalist ideology—what it says it does, what it says it values: freedom or utility or whatever—and capitalist reality, what it actually furthers and implicitly prioritises, which might be: activity.

Mainstream economists have typically treated well-being as: pleasure, but operationalised as opulence; or secondly, as desire/preference fulfilment, but operationalised as free choice and in practice, thanks to a series of assumptions, further operationalised as income or, for a collectivity, as national income; and thus, implicitly, thirdly, well-being has been in effect interpreted as sheer activity—GNP was created as a measure of market activity not of human well-being. Activity must then be added as a seventh member of the list.

Yet where does work figure in the list of conceptions of well-being and/or flourishing? It is prominent in many ‘objective lists’ and in the eudaimonic understanding of subjective well-being. Remarkably, it is little considered in some of the modern analytical philosophy literature on well-being. If we take two of the most highly used and praised books from the 1980s and 90s, James Griffin’s *Well-Being* and L.W. Sumner’s *Welfare, Happiness and Ethics*, their indexes make no mention of the topic of work. Much of the analytical philosophy literature grows out of a conversation with welfare economists and
is as prone to consumer bias as is mainstream economics literature. Where does work enter in the puzzle diagram? In one interpretation it is implicit, as negative income, with quality of work treated as an ‘other input’; or work as a whole is an ‘other input’.

4 The lust for activity; when costs become benefits

The bourgeois believed in the virtue of work, as against the aristocratic idealization of (genteel) leisure (Berger, 1987: 98).

If activism is something we do not see in economic theory, but induce from economic practice, do we find it expounded and explored in other theory? Yes. We may have to look outside economics in order to explain the functioning of economies, and to use a historically aware conceptualisation of capitalism that incorporates non-capitalist elements, rather than only theorise about capitalism as an abstracted ideal type.

Many authors, such as Max Weber, have argued that Reformation Europe saw ‘the revaluation of work as something worthwhile in itself’ (Hughes 2007: 37). The primacy given earlier to vita contemplativa over vita activa was removed and reversed; absence from productive work became seen as idleness and failure to fulfil one’s duty. This applied to the capitalist, and to the propertyless labourer obliged to work for the capitalist. The paradox built into the system is that while it extols (putting people to) work, the felt content of the worker’s work time is of no independent significance – to the capitalist, whose perspective dominates. Only the output of the worker is accorded independent value, and ‘output’ here means market value – there is no other value seen in the process of production or the particular content of what is produced, whether pushpin or poetry or pornography. Unlike in a eudaimonic perspective which highlights a range of particular substantive excellences, the pure capitalist takes joy in one thing alone: endless monetary gain, even far beyond his ability to spend. Why? Weber, amongst others, considered that this could not be understood only in terms of the structural imperatives of competition, but required reference to factors beyond reason and calculation. For example, in ‘victorious capitalism…[in] the field of its highest development, in the United States, the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions, which often actually gives it the character of sport’ (Weber, 2001: 123-4; cited by Hughes 2007: 60).

The de facto preoccupation with activity arises for diverse reasons, for diverse groups. First, activity levels were easier to measure than were well-being levels. Indeed well-being levels are not at all the same sort of entity, but are, despite the reified name, in fact evaluative judgements of a state of being. Their assessment requires valuation not only measurement.

Second, typically it is politically safer to leave that door closed. To think of well-being levels in another way than as levels of monetized activity can open the door on the contentious processes of valuation that are implied. For politicians, activity levels are also easier to point to and influence.
Third, capitalist property relations and accounting mean that the capitalist reaps more profit from incessant turnover than from contented and replete customers: from built-in obsolescence of particular products, designed to break down after some years and to have spare parts no longer available, and from the cultural obsolescence of generic product-lines, displaced by continually generated novelty. Alfred Sloan of General Motors gave explicit formulation to the strategy of built-in obsolescence during the 1930s Great Depression. If instead capitalists owned all consumer durables and rented them to consumers they might have more financial incentive to ensure that the products do not break down or become unserviceable after a few years; but this would be effective only if they could earn more than by incessant generation of demand for new types of product. The tactics go hand-in-hand: the consumer is forced to buy not merely a replacement item but often a new ‘improved’ product-type, since the old one is no longer available or deemed respectable.

These first three reasons all concern incentives for influential actors in capitalist society to focus on activity levels rather than any deeper notion of well-being. A fourth explanation is systemic: if competition is built in to capitalist markets then it drives new activity.

A fifth reason, however, concerns a strand of thought and emotion that extols activity as indeed the relevant criterion of well-being. It connects to explaining capitalism’s frenetic activity by arguing that capitalism channels a range of deeper motives—an insight which is well understood and intensively used by business marketers. Adam Smith himself stressed that money’s frequent strength as a motivator rests not merely on its offering generalized command over commodities, but in addition because commodities are desired in major part as sources of identity, status, novelty, security and other forms of meaning (Hirschman 1977; Gasper 2004). In a more atavistic subset of this line of explanation, humans are considered to have a lust for activity. The drive can have either safe or destructive outlets. Hirschman shows how this view was prominent in 18th century writings: capitalism was considered to re-channel the angry passions, the passions that had devastated Europe in the 16th and 17th century wars of religion and other civil and international wars.

Probably all these explanations are needed, but the fifth is perhaps now least familiar and deserves further attention. It spans a variety of forms, many of which use a biological imagery that can fit better with the energy of the term ‘flourishing’ than with the term ‘well-being’: people’s fulfilment and destiny is seen to lie in the furies of endeavour, for species, nation, or race. Nietzsche combined these sentiments in his dismissal of utilitarianism: ‘Man does not strive for happiness; only the English do that’ (1998: section 1.9). Man, real Man, strove for mastery, even world mastery.

Not long after Nietzsche, and at around the same time as Max Weber lauded a similar arduous ethic of the quest for national supremacy (cited and discussed in Lichtheim 1972), an American leader spoke in these tones:

I wish to preach, not the doctrine of ignoble ease, but the doctrine of the strenuous life, the life of toil and effort, of labor and strife; to preach that highest form of success which comes, not to the man who desires mere easy peace, but to the man who does not shrink from danger, from hardship, or from bitter toil,
This was Theodore Roosevelt, in the opening paragraph of an astonishing speech from 1899 entitled *The Strenuous Life*. He continued:

A life of slothful ease, a life of that peace which springs merely from lack either of desire or of power to strive after great things, is as little worthy of a nation as of an individual… [If a man] treats this period of freedom from the need of actual labor as a period, not of preparation, but of mere enjoyment, even though perhaps not of vicious enjoyment, he shows that he is simply a cumberer of the earth's surface, and he surely unfits himself to hold his own with his fellows if the need to do so should again arise. A mere life of ease is not in the end a very satisfactory life, and, above all, it is a life which ultimately unfits those who follow it for serious work in the world … (Roosevelt 1900, paragraph 2).

Roosevelt was happy with a capitalism allied to militarism that pursued gain through non-market means too. He rejected the type of capitalism that replaced the passions by the interests and diverted men from war. He attacked as weaklings those who shrank from military intervention abroad because they preferred quiet money making—‘that base spirit of gain and greed which recognizes in commercialism the be-all and end-all of national life’—but he explicitly welcomed a strenuous capitalism as ‘one of the many elements that go to make up true national greatness’ (para. 3). The more strenuous the better, indeed, for great effort keeps one prepared for the great national and global challenges. By these he referred directly to matters such as the conquest of the Americas, contemporary challenges of seizing the Philippines and other remnants of Spanish empire, and ultimately ‘the domination of the world’ (para. 18). In this extreme variant of activism, acclaim for striving becomes acclaim for strife: ‘for it is only through strife, through hard and dangerous endeavour, that we shall ultimately win the goal of true national greatness’ (para. 18).

One of Joseph Schumpeter’s insights from historically sensitive examination of capitalist societies was that they incorporate major residues of pre-capitalist formations and cultures, and, further, that these can be centrally important. Like Deirdre McCloskey he tended to blame non-capitalist strands for the problematic aspects of capitalist societies, but he was strongly analytically attentive to their presence. Raymond Apthorpe and I have described his views as follows:

…in Schumpeter’s (1927, 1942, 1951) analyses of capitalist development, ‘true’ capitalism always tended to efficiency, prosperity and the reform and rationalization of its environment. The travail and conflict of early capitalism was due in part [he thought] to the presence of powerful groups derived from precapitalist eras. Likewise, the association of mature capitalism with imperialism and protectionism was not ‘from any tendencies of the competitive system’, i.e. not from ‘true’ capitalism in his opinion, but from its ‘distortion’ by these entrenched precapitalist groups to serve their own financial interests and atavistic ideologies. For Schumpeter this was ‘an historical observation, to his critics it seems a childish trick of definition’ (Stretton, 1969, pp. 119-120). Finally, his predicted decline of capitalism, to be replaced by perhaps less rational and efficient forms of organization, was held again to imply no failing on capitalism’s part but in fact to indicate the magnitude of its successes, such that its inheritors
could indulge themselves in some novel and less demanding form of social organization (Apthorpe and Gasper, 1982: 655).4

The theme of incorporation of powerful pre-capitalist forces in capitalism is strong in Hirschman’s work too, though in a different way. The market, believed Adam Smith and his contemporaries, had helped to control and replace the angrier passions by more reasoned, calmer siblings—‘the interests’ (Hirschman 1977: 28-43; Gasper 2004). Underlying capitalists’ storms of creative destruction were drives for meanings—for status, novelty and more—that gave the search for economic gain its never-ending, never-satisfied impetus (Hirschman 1977: 108ff).

Romantic and Counter-Enlightenment thinkers were not satisfied with this bottling up of the genie of passion in the engine-rooms of the capitalist system. By the late 19th and early 20th centuries, as we saw, various theorists and leaders had produced a Romantic stance now often fortified with Darwinist philosophy. Georges Sorel, Nietzsche’s near contemporary, was one who gave such leanings eloquent expression. He did so in ways partly similar to Nietzsche and Roosevelt, partly distinctive. In Isaiah Berlin’s words:

Sorel was dominated by one idée maîtresse: that man is a creator, fulfilled only when he creates… He is, for Sorel, in the first place, a producer who expresses himself in and through his work, an innovator whose activity alters the material provided by nature… History shows that men are essentially seekers not of happiness or peace or knowledge or power over others, or salvation in another life—at least these are not men’s primary purposes (Berlin 1981: 298-9).

Man seeks to fulfill himself ‘in the imposition of his personality on a recalcitrant environment. … Man lives fully only in and by his works, not by passive enjoyment or the peace or security that he might find by surrender to external pressures, or habit, or convention … [T]he true end of human life…[is] the effort to be and do something’ (ibid., pp.299-300). ‘Sorel, like Nietzsche, preached the need for a new civilisation of makers and doers’ (p.327).

Sorel shared the image of Promethean capitalism drawn by Marx and Engels in The Communist Manifesto.5 From Marx he drew the conception of ‘man as an active being, born to work and create’ (Berlin 1981: 308). ‘Men[‘s] essence, for Sorel, is to be active beings…’ (p.303). Action is all: not reasoned prediction, which is impossible and in addition unnecessary since we have an evolved (or experience-gained) intuition; Sorel shared the Bergsonian belief in élan vital. Thus unlike Marx, Sorel demanded permanent revolution: we need unending activity, and revolution cleanses. Ironically, it is capitalism, history shows, which provides the permanent revolution. Sorel himself was anti-capitalist, opposed to the alienations of commodity society. He had, says Berlin, ‘a Jansenist hatred of the twin evils of hedonism and materialism’ (p. 300). Yet he admired the quest for riches as opposed to passivity and contentedness, and as exemplified by robust American business barons. His ideal was a heroic class of producers, steeled in the furnace of conflict. This

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4 For an analysis of Schumpeter’s arguments, see Apthorpe and Gasper (1979), Section 6.
5 I follow in this paragraph the account provided by Isaiah Berlin.
form of insurgent, vitalist, doer mentality can be part of various ideological stances. Its cult of action, of doers, of rooted men, as opposed to cosmopolitan administrators and manipulators, contained a Fascist potential, reflected in Sorel’s enthusiasm at the end of his life for Mussolini. One of modern capitalism’s triumphs has been to harness to the games of consumerism the angry avant-garde passions of minds like Sorel’s.

As highlighted by Keynes, Hirschman and McCloskey, much of the actual operation of capitalist businessmen and even consumers can be described not as prudence but as animal spirits (McCloskey 2006: 433). It is strewn with errors, real or apparent. Cost underestimation is endemic. Some of the underestimation is deliberate, for market society generates incentives to manipulate its own categories, and some of it can be seen as an outgrowth of activism, as explored for example in Hirschman’s theory of ‘The Hiding Hand’ (Hirschman 1967; Gasper 1986). The active ‘sinking’ of project costs is one noteworthy aspect. More boldly, in higher levels of policy discourse, costs can become reclassified as benefits, badges of heroic commitment and identity, proof of the indisputable rightness of a commitment; the stigmata of struggle.

The thrust for profits and economic growth under capitalism promotes, for sure, the personal goals of the rich and powerful. Part of GDP’s attraction to national elites is that it also reflects power over others: power of governments to acquire military capability; and power of elites to acquire property; some people’s power to be heard and to communicate, to manage the generation of information and steer the evolution of opinion (Gasper 2007c). However, to explain the sheer force of this thrust and the way it holds sway across internally diverse societies, we need also the previously mentioned explanations of capitalism’s frenetic activity: that apart from the element of competition built into the system which spurs ongoing effort, capitalist accounting categories mean that the controlling agent’s profit comes from continual turnover and permanently generated dissatisfaction and obsolescence rather than from contentment and repose; and that the energy for the system relies on channelling and harnessing a range of deep motives, including some of the angry passions and lust for activity. For vitalist thinkers such as Theodore Roosevelt, Nietzsche or Weber, influenced by Darwinist conceptions of unending struggles for superiority, this frenetic activity could be seen as both inevitable and desirable.

5 The Paradoxes of Work

Is work a cost? When and for whom?

We should compare the activist strand in capitalist practice, and in corners of capitalist theory, with the normal presumption in capitalist society that work is a cost. This was highlighted and queried, we saw, by Robert Lane. The capitalist hires other people’s time, and that time must therefore be considered,

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6 McCloskey cites Bent Flyvberg’s study of cost overruns in transportation projects (p.434) and some similar studies (p.435). For a parallel study of cost overruns in large dams in India, see Singh (1990).
by the capitalist, a cost. Indeed, if the work is alienated work it will probably feel like a cost, to the worker. The capitalist’s own time is, in contrast, typically treated as the expression of exuberant animal spirits, creative and enriching, as befits a master. So, built-in to capitalist social relations is the treatment of most work as a cost and, says Lane in *The Market Experience*, a subordination of the quality of work experience to the priorities of purchasers. When those market priorities are served by job enrichment, so be it; but when they are served by job impoverishment, job insecurity, and in the extreme by human trafficking and bondage, so be it too. Saunders’ apologia for capitalism acknowledges this structural weakness. In mitigation he argues that advanced capitalism’s high productivity and innovative technologies have increased opportunities for self-fulfilment outside of paid employment, in increased and enriched leisure time, and notably in do-it-yourself work. This line of argument offers more consolation to a harried formal sector employee than it does to a dependent informal sector worker or a trafficked ‘illegal’.

Yet well-being research, as we saw, indicates that employment is potentially and even frequently a major source of fulfilment. Csikszentmihalyi reports that on average, the people in various studies of American workers and managers in the 1980s had more rewarding experiences at their work than in their leisure. Work provided more occasions where people faced challenges, focused their attention, reached targets, matched their activities with their abilities, and grew as persons (2002, Ch.7; Csikszentmihalyi & LeFevre 1989).

‘The Paradox of Work’, Csikszentmihalyi reports, is that, despite this, people want more leisure rather than more work (2002: 157ff). He examines first the possible explanation that people are near their limit of energies, but is sceptical. Instead, the issue is that work is felt ‘as an imposition, a constraint, an infringement of their freedom, and therefore something to be avoided as much as possible’. So even if ‘the momentary on-the-job experience may be positive, they tend to discount it’ (p.160).

A sister paradox arises, concerning allocation of attention within the scientific literature. Quality-Of-Life studies consistently show that work and relations with other people are the key determinants of well-being (Csikszentmihalyi 2002:164). ‘Love and work’, remarked Freud. Despite this, work remains relatively neglected in economics, and what we called the capitalist perspective is thoughtlessly spread to new contexts. Saunders (1995: 90) suggests, for example, that putting ‘all the emphasis…on the goal of monetary success while insufficient attention was paid to the normatively approved means for achieving it’ contributed to the major growth in crime rates in rich countries in the second half of the last century.

McCloskey’s *The Bourgeois Virtues* makes an early affirmation of the bourgeois work ethic: ‘the common element in any bourgeois [is] the honoring of work apart from manual drudgery or heroic daring. … bourgeois humans [are] self-defining workers.’ Work is the path to autonomy, identity, and adulthood (McCloskey 2006: 75). But after these emphatic statements near the beginning of her systematic exposition, McCloskey leaves the subject of work as such untouched for nearly four hundred pages. She perhaps has
relatively so little to say on work and workers because her book is in reality more about markets than about capitalism as a whole social order.\footnote{She returns to the theme only on p.461, claiming extraordinarily that: ‘only the bourgeoisie thinks of work as a calling’, and that ‘Until the quickening of commerce in bourgeois societies, work except praying and fighting was despised’ (p.470). Yet on the next page she cites Lester K. Little as saying “The ideals of Christian society as formulated in earlier centuries [pre-13th] had come to include high regard for creative work, and so the problem of the legitimacy of the merchant’s activities generally, as well as of the profit he made, turned largely on the question of whether what he did could properly be considered creative work’ (cited by McCloskey p.462).}

The tyranny of capitalist accounting categories

If consumption were the only end, and if production and exchange were only means to its achievement, certain rules about the optimum conditions of production and exchange could be laid down. The formulation of these rules has been the aim of an important branch of traditional welfare economics. But the disturbing fact is that neither the conditions in which production is carried on, nor the relationships generated by exchange are purely instrumental. They are \textit{human} conditions, and \textit{human} relations, which are valued as much as, and in some cases more strongly than, the end of consumption (Streeten, 1954: 365).

Capitalist accounting categories have both virtues and dangers. The capitalist prerogative allocates surplus to a relatively cohesive and capable entity that is typically focused on investment and capital growth. On the other hand, these categories have led us into the lunacies of built-in obsolescence, for example. And capitalist market categories and formats have been, and increasingly are, extended from the level of the individual capitalist enterprise into other arenas, including the evaluation of community programmes and the evaluation of the performance and welfare of entire societies. Lifeworlds become invaded by a relatively primitive calculus from the world of business. The principle of discounting, for example, established to order the profit calculations of investors in impersonal markets, has become mindlessly extended to determine the fundamental societal issue of the relationship between the present generation and future generations.

Let us take a related example. In evaluations of community programs, the treatment of volunteer time can be decisive. Howard Richards’s book \textit{The Evaluation of Cultural Action - An Evaluative Study of The Parents and Children Program (PPH)} provides a case study of the central significance of how volunteer time is considered. In the PPH program in rural southern Chile, parents taught their own small children at home, after group meetings in which they themselves learned with the help of a volunteer coordinator and sometimes a paid coordinator. The program used a hypothesis of synergy between the three sets of activities: child education, adult education, and community development. The adult education component had to be left somewhat tacit, in order not to jeopardise parents’ self-respect and the children’s respect for them. The programme was ‘in order to show our children that we are people’ said a program participant (Richards, p. 19). But
viewed from a market perspective, the program was deplorably profligate with its use of parents’ time. They were put to work in enormous numbers to produce very little, as measured in market terms.

Richards asked: Is the PPH program more expensive or less expensive, per child taught, than kindergartens? The comparison was between PPH and a kindergarten in which a group of children receive basic instruction and supervision from a paid instructor. The key question was: Is volunteers’ time a cost? Everything hung on this. Using a very modest estimate of the money value of volunteers’ time, ‘PPH costs approximately four and a half times as much as kindergarten. … [Whereas] Making the same assumptions except for disregarding the money value of the time of volunteers, kindergartens cost nearly five times as much as PPH’ (Richards 1985: 46).

Richards argued that volunteer time should not be considered as a monetized cost, and suggested that costing it monetarily—as some representatives of large international funding agencies insisted on—is ‘a metaphysical error’ (p.64), an error arising from the basic way one sees the world. As we noted, from employers’ perspective paid work is a cost; whereas some workers may feel work as a cost and others may feel it as a benefit. The choice can make an enormous difference in evaluation. Market-dominated thinking, imported into public policy and evaluation, assumes — often without argument — that public discourse must use the perspective of the capitalist employer.

It may be argued by economists that volunteer time has an opportunity cost, in terms of efforts withheld from activities that would contribute more directly to economic production; or that, simply, work is pain. But sometimes the work is not viewed merely or primarily as pain but instead as personal growth, as opposed to economic growth; and the foregone economic production may be of little significance—to the people concerned—compared to the use of their time for interacting with their friends and loved ones. Work and love, said Freud. We should not presume that economic growth is the objective, nor automatically adopt the classification of costs and benefits that would be used by private sector business.

Is perhaps the volunteer’s case a ‘special’ one, whereas in the ‘normal’ case of waged work there would be no danger of overestimating cost, given the expectation that if you enjoy, or cherish, your work you will accept less pay to do it, so that money costs will be lower? This is true in some vocations, including academe and the priesthoods. In places such as Kerala, educated young people certainly accept much lower pay in order to avoid the dishonour and disutility of manual labour in the rice field or the brick field as opposed to in the shop or the office.

However, pay is not so flexible: remuneration is in large part to cover socially-determined subsistence needs, and pay levels are partly set to convey a social status. Work enjoyment, or lack of it, is not the only determinant of reward. An academic who might willingly work for relatively little is still paid fairly handsomely. More generally, the ‘decision utility’ expectations about work, in advance of doing it, may in various instances fall below the ‘experienced utility’ from doing it, for reasons similar to in Csikszentmihalyi’s ‘Paradox of Work’. Public expenditure choices could sometimes be distorted
by underestimation of the benefits in work, as well as by the subsequent attempts to massage calculations so as to compensate for the depressing effect on the benefit-cost ratio of the overestimation of social costs (as opposed to market costs).

Rethinking Work

How can we build-in alternative conceptualizations of work, as part of more adequate approaches to human flourishing? Let me suggest a few agenda points, around the general theme that work has to be rethought within the framework of well-living: as central to living and central to human flourishing, rather than as a tedious prelude to frenetic consumption.

Two sectors of ‘work’ that are centrally important for thinking about human well-being and flourishing are domestic work and caring work. Yet such activity, key to human fulfilment as well as social reproduction, is liable to be ignored when not commodified. There are vibrant literatures, research programmes and social movements that attempt to redirect and restructure our attention to and in these two areas, as well as related broader thinking within feminist and Green circles, querying the categories of exchange economics.  

While those areas are vibrant, within the literature on ‘human development’ the issue of work seems still relatively neglected. The potential is there. Manfred Max-Neef in his theory of ‘Human-Scale Development’ requires attention, in each of a series of life spheres, to dimensions of Having, Doing, and Interacting, and not only of Being. His ideas are used by some environmentalist and community development groups, but remain marginal in influence compared to the work of Amartya Sen. Sen has criticized several major aspects of the conventional economics conceptualization of welfare, but he does not appear to have directly queried the transplantation of market categories into societal decision-making, including the equation of work with cost. His elaboration of the case for a shadow wage, for instance, was based rather on the instrumentality for increasing net economic product of using lower-than-market wages in public expenditure decision-making. His subsequent discussions of the personal value of employment focus on the increased range of options a person has, in the context of intra-family and intra-group negotiations, more than on the effects of employment on a person’s skills, self-image or character. This latter direction of analysis provides a basis for a more adequate critique and for an alternative based on developing people rather than capital.

Grounding the discussion of ‘human development’ more solidly in the rich and growing work on well-being should be the way ahead. From the empirically based well-being literature Mihaly Csikszentmihalyi’s Flow, for example, examines how fulfilment can be promoted in each area of human endeavour. He argues that well-being means making experience rewardingly meaningful, whether through restructuring the external situation or restructuring how we experience it. The important elements are: an ordered

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8 An interesting example is the work of Genevieve Vaughan; see e.g. Vaughan (1999; n.d.).
mind (through the mobilization, steering and focusing of attention), a feeling of control, and a feeling of meaningfulness. Each of these requires skills, and in turn they build an enriched self. Lack of such autonomy is exploited by others, not least by the marketing divisions of capitalist corporations. The presence of such autonomy allows one, to use Csikszentmihalyi’s term, to achieve ‘flow’ — sustained flow of energies in furtherance of one’s goals without distraction or psychic disorder. Changed external conditions alone will not suffice for peace of mind. ‘Enjoyment’, in the sense of more than merely pleasure from fulfilment of biological needs or social expectations, comes through exercise of one’s skills in an activity that well matches and stretches one’s skills; that thereby fully absorbs one, through providing a real challenge that is yet manageable; and that involves definite goals and direct feedback on progress toward them. The activity should be one that is perceived as independently valuable, not only instrumentally useful. Unfortunately some ‘flow activities’—not least, war—can be instrumentally damaging activities. A focus on activity and work alone carries dangers, as the impending environmental crisis of industrialism shows.

Contemporary capitalism requires a value transition, environmentalists warn. In the terms used by The Great Transition Initiative and the Earth Charter (Kates et al., 2006), we must move from the values of consumerism—salvation through buying—to a focus instead on quality of life; from individualism to human solidarity; and from domination of nature to ecological sensitivity and stewardship. This adds further dimensions to the historical scenario presented by Keynes, who sketched the transition required beyond the material chase once that era has completed its work in establishing a comfortable basis for living. We must move on to a greater concern with the contents of living. The same transition is expounded by Deirdre McCloskey’s associate and critic, Arjo Klamer (2005). In effect these authors advise that once we have reached the Easterlin plateau, upon which income growth brings no longer any significant benefit in terms of well-being, we need to reorient our societies away from the material chase. People are misled by ‘hedonistic disconnect’, the belief that we can get sustained happiness directly from things, with affluence not understood as a platform that allows experiences that can take us well beyond it, but instead assumed to be the end itself, where more is always better and never enough. Motivating such a move away from the material chase will require more than Csikszentmihalyi’s extension of the spirit of the master craftsman into all the activities of living. It will require connecting to the driving passions for action which have powered capitalism; including — a final agenda point for future examination — by linking also to the spirit of play. Work as discussed in this paper covers far more than paid work; family work, community work, work for a cause, are the stuff of meaningful and fulfilling living.

6 Conclusion

There is perhaps nothing more urgent, in a world increasingly driven by multinational corporations and the power motive that is built into their operations, than to articulate a set of humanly rich goals for development… (Nussbaum, 2006: 306).
I proposed that besides asking what is the impact of capitalism in terms of our preferred notions of well-being and human flourishing we should consider what ideas of the desirable the real practice of capitalism represents and encourages. To address this question well requires further historically specific examination, but I have suggested two important possible patterns: capitalism undervalues work and yet overemphasises activity, monetized throughput. These biases apply at levels both of theory and practice. We noticed for example how economics arguments for markets typically questionably assume that money income is a reliable major source of well-being, and that work is always a cost.

This perspective is widely and often inappropriately extended into public policy discourse in capitalist societies.

First, the undervaluation of work. Capitalism consists of much more than private property and a market system. It contains what we called ‘the prerogative of capital’, in which surplus remains with the owners of capital, and ‘the perspective of capital’, in which hired work is defined as a cost. Well-being research shows us how central is interesting and respected work, both for felt well-being and, through its contributions to physical and mental health and capability, as a socially recognised component of ‘objective well-being’. This theme is evident in the hedonic strand of research on subjective well-being, but is examined more deeply in the eudaimonic tradition of thinking about well-being, which gives more attention to meanings. Thus while the modern concept of well-being provides a great advance over notions of ‘utility’ and ‘economic welfare’, the concept of ‘human flourishing’ is better: it is more activity- and process-oriented, and less prone to being reduced to a single supposed essence.

Second, preoccupation with monetized activity arises as a different effect of capitalist categories of social accounting. Ongoing profit relies on unending turnover, which is further fanned by competition. Modern capitalism’s mechanisms of built-in obsolescence and engineered dissatisfaction drive the never-ending activity. This preoccupation with increasing the supply of commodity inputs to being does not fit well any of the conventional academic conceptions of well-being, and implies instead an activist conception and perhaps a Darwinist model. It is an aspect of the particular ways in which capitalism channels deeper human motives and has incorporated pre-capitalist forces. Non-abstracted views of capitalism recognise that capitalist systems are always mixed with other social and cultural patterns.

Does the activist strand in capitalist practice and in corners of capitalist theory compensate for the ruling presumption in capitalist society that work is a cost, and thus in effect respects the evidence from well-being research that work can frequently be a major source of fulfilment? Perhaps to some extent. But it is an unsatisfactory, accidental and incomplete type of respect for work, smuggled in via waste and obsolescence, the constant generation of dissatisfaction and new vanities, encased in concern only with the saleable, and too readily married to ideologies of struggle and strife.
References


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