

# THE BIOPSYCHOLOGY OF COOPERATION

Michael Towsey

*Understanding Prout – Essays on Sustainability and Transformation, Volume 1.* Copyright Proutist Universal Publications, Australia, 2009. Version: 5th January 2010.

## Introduction

The cooperative system is fundamental to the organisation and structure of a Proutist economy. It is an expression of economic democracy in action – cooperative enterprises give workers the right of capital ownership, collective management and all the associated benefits, such as profit sharing.<sup>1</sup> Sarkar, the propounder of Prout, goes further and argues that an egalitarian society is actually not possible without a commitment to the cooperative system.<sup>2</sup> The commitment is not just to an economic order but also to a cooperative ethic and culture. This essay explores cooperation from the ethical, social and cultural perspective. The business enterprise perspective is the subject of another essay in this volume.<sup>3</sup>

### *Background*

*Cooperation* as a cultural, social and economic movement arose early in the 19<sup>th</sup> century, and with particular success in Britain. The term *movement* is used here to indicate that what caught the popular imagination of the day was much more than the consumer/worker cooperative, which at the time was a novel form of business enterprise. The cooperative movement was a social and cultural movement because it advocated better conditions for the working class and better education for their self-improvement. It was also an economic movement in that it “sought to transform the balance of economic power from capital ownership to democratic control by members of an economic enterprise”.<sup>4</sup> The cooperative business model enjoyed early success in the capable hands of one of the movement’s founders, Robert Owen. The philosophy of the movement was promoted by a group of thinkers who were later characterised by Marx and Engels as *utopian socialists*.<sup>5</sup> Indeed the word *socialist* was first used in 1827 to describe Owen and his followers.<sup>6</sup>

During the second half of the 19<sup>th</sup> century, both the theory and the practice of cooperation were ultimately rejected by all the other major strands of social and economic thought of the day. In particular, Engels made a stinging critique of utopian socialism in 1880 which caused those seeking radical social change to turn their attention to Marx and the emerging socialist Left. It could be argued that Marx and Engels effectively killed, for more than a century, any capacity the cooperative movement had to effect radical social change. In addition, the British government made no attempt to encourage cooperatives as

a business model. This left the way open for the other currents of 19<sup>th</sup> century political thought to mature into the three great *isms* of the 20<sup>th</sup> century: communism, fascism and liberal capitalism. However, out of the turmoil of the 20<sup>th</sup> century it has become clear that none of the three contenders was able to produce a stable social order, that is, one which is environmentally, socially and economically sustainable. These three characteristics are considered today, quite reasonably, to be the minimum requirements for a successful social order.

After more than a century of neglect, the cooperative movement is beginning to enjoy a renaissance. In fact, it comes as something of a surprise to learn that today worldwide, the cooperative movement has a membership of over 800 million and provides over 100 million jobs. That is 20 percent more than provided by all multinational corporations combined<sup>7</sup> and has been achieved despite vigorous efforts by privately owned corporations to demutualise profitable cooperatives.<sup>8</sup> But it has to be admitted that cooperation as a social and economic ideal is not part of today's popular consciousness. In an era mesmerised by the sparkle of globalisation and consumer goods, cooperatives appear somehow old fashioned, like the *friendly societies* to which one's grand-parents or great grandparents belonged.<sup>9</sup>

Four factors have helped to breathe new life into the cooperative movement: First, the collapse of communism<sup>10</sup> has discredited the Marxist brand of 'scientific' socialism and those looking for serious social change are once again evaluating the cooperative movement. Second, the economic woes besetting western capitalist democracies have starkly exposed the defects of the dominant social order to emerge out of the titanic struggles of the 20<sup>th</sup> century. Third, the British Labour government from 1997 gave much support to what they heralded as *the third sector* and *social enterprise*. In many respects it was cooperation rebadged<sup>11</sup> but it did help to broaden our appreciation of cooperation by encompassing not-for-profits and self-help organisations and it also made alternative economic models more visible in the English speaking world.<sup>12</sup> Fourth, much economic and scientific evidence is emerging, some of it from surprising quarters, to suggest that cooperation is not a utopian concept but entirely achievable given any reasonable effort to put it into practice.

The rejection of the cooperative business model by 19<sup>th</sup> century British capitalists was motivated by a desire to preserve class privilege. And of course the British government was obliged to maintain an increasingly expensive and restless empire – cooperatives are not a good business model for empire builders. The essential criticism made by Marx and Engels, that utopian socialists failed to understand the importance of class struggle and did not have a theoretical analysis to underpin it, was correct. But the argument is no longer compelling because the 20<sup>th</sup> century has taught us that accepting one (class struggle) does not require rejecting the other (cooperative economics). Prout, for example, embraces both the cooperative economy and a theory of class and class struggle. New evidence is emerging to suggest that, not only is cooperation, as a social and economic ideal, possible in the 21<sup>st</sup> century, but

that it is necessary. One of the objectives of this essay is to present some of that evidence.

The evidence is better appreciated by making comparisons with the other social orders that dominated the 20<sup>th</sup> century, in particular communism and neoliberal capitalism. The failings of both these systems highlight the importance of cooperation, both as a social ideal and as a business model.

### *Structure of the Essay*

This essay is in four parts. Part one, *The Cooperative Movement in the 19<sup>th</sup> Century*, briefly reviews the early history of the cooperative movement up to the point of Engels' famous 1880 pamphlet and the emergence of the Fabian socialists. The second part, *The Matter-centred Philosophy*, reviews the communist attempt to build a social order on the foundation of Marxist theory. The ideal, classless, worker-ruled society was sought by the imposition of material equality. Part three, *The Self-centred Philosophy*, examines *neoliberalism* as the most recent development of capitalism. Neoliberalism rejects cooperation in favour of individualism, competition and survival of the fittest. Finally part four, *The Renaissance of Cooperation*, as the title suggests, turns to the renewed interest in cooperation evident in the first years of the 21<sup>st</sup> century. We review the theory, the science and the ethics of cooperation. The scientific evidence, most of it obtained in the last few years, suggests that cooperation is an extremely important component of human social and economic behaviour.

On the way we find that a number of themes keep recurring. Five of them will be flagged here to help the reader maintain continuity as our story weaves through the 19<sup>th</sup> and 20<sup>th</sup> centuries into the 21<sup>st</sup>. The first concerns human nature. To what extent do humans have a propensity for altruistic as opposed to selfish behaviour? A cooperative economy would certainly draw on the human capacity for altruism and empathy.

A second theme is the frequently controversial *nature-nurture* debate. What is the relative importance of genetic inheritance versus environment in determining the trajectory of a person's life? Or are both of these subservient to the expression of free will? These themes are intertwined. Selfish behaviour is observed in all humans at various times and could thus be considered 'natural'. Is altruistic behaviour likewise natural or must it be learned, even imposed? Some philosophers have claimed that humans are essentially brutish and rise to cooperative behaviour only in response to reward and punishment.<sup>13</sup> Others, such as the utopian socialists, have leaned to the view that humans are essentially good but spoiled by a brutish environment and still others claim that one's life depends entirely on the choices one makes.

A third theme is egalitarianism. Many societies like to claim the virtue of equality, but what does it mean in practice? In particular, must a society be equal in some sense to be cooperative?

A fourth theme is ethics. What kind of ethical principles are required to sustain a cooperative society? And a fifth theme is social progress. How do we know whether our circumstances are getting better or worse as the years pass by? These last two themes are also intertwined since progress is likely to be defined in terms of an increasing quantum of the *good* compared to the *bad*.

## **The Cooperative Movement in the 19<sup>th</sup> Century**

The 19<sup>th</sup> century was the first in which, at least in Europe, the pace of scientific discovery and technological change threatened the stability of society at large. Today we accept rapid technological change as a fact of life, despite its often disruptive social and cultural impacts, and we attempt to gain the initiative by anticipating future possibilities. However, with respect to technological change, we might say that the 19<sup>th</sup> century was caught by surprise. Social dislocation created many new opportunities for exploitation and the unscrupulous were not slow to take advantage of them. By contrast, the intellectual world was full of optimistic expectation that science and technology would lift humanity above its age-old struggle with nature.

The concept of progress formed an important backdrop to 19<sup>th</sup> century debates. New discoveries in the physical and natural sciences and the ever increasing productivity of machines suggested that material progress could continue indefinitely. Furthermore the publication of Darwin's theory of evolution in 1859 encouraged a view that progress was somehow a universal truth, applicable to both the natural and the human worlds. The concept of progress is not made explicit in our following review of the 19<sup>th</sup> century debates but it was certainly part of the intellectual background to those debates.

This section reviews the initial successes of the cooperative movement in the 19<sup>th</sup> century and its subsequent decline. We review only the key strands of ideological and political thought to emerge in Europe and particularly in Britain. A more detailed account can be found in the books of historian George Cole.<sup>14</sup> The various ideological splits that took place in the 19<sup>th</sup> century set the stage for the major political struggles of the 20<sup>th</sup> century.

### ***Early Success***

The cooperative movement arose as a response to the appalling conditions of the working class during the industrial revolution.<sup>15</sup> Although the first consumer cooperatives were formed in the 18<sup>th</sup> century,<sup>16</sup> it was not until the early 19<sup>th</sup> century that a school of thought emerged to promote cooperation as a social and economic ideal. The movement was represented on the European continent by the philosophers Henri de Saint-Simon (France, 1760-1825),

François Fourier (France, 1772-1837) and Wilhelm Weitling (Germany, 1808-1871) but the greatest practical success was achieved in Britain due to the efforts of Robert Owen (1771-1858).

Owen was born in a small market town in Wales. At the age of 17, he moved to Manchester where he subsequently enjoyed much success managing a cotton mill. In 1799, he moved to New Lanark, on the Clyde upriver of Glasgow, and finally realised his ambition to manage a cotton mill that achieved commercial success yet also satisfied his cooperative and ethical ideals. The New Lanark project generated considerable interest both in Britain and in Europe. Inspired by what they saw, others set up worker and consumer cooperatives, so that by 1830 there were several hundred cooperatives in Britain. Many of these eventually failed but some continue even today.<sup>17</sup> In 1844 the *Rochdale Society of Equitable Pioneers* established the Rochdale cooperative principles which became the basis for the development of the modern cooperative movement and is considered by Cole<sup>18</sup> to be its formal beginning. For more on the birth of the cooperative movement see also Bihari.<sup>19</sup>

For his philanthropy, Robert Owen enjoyed much fame and the support of a wide circle of social reformers, including the influential Benthamites.<sup>20</sup> New Lanark itself became a much frequented place of pilgrimage for social reformers, statesmen and royal personages, including Nicholas, later to become emperor of Russia.

But Owen was not satisfied. He recognised that the wellbeing of his workers in New Lanark was entirely dependent on his personal approach to business. There was a need to embed new principles of worker and social welfare in legislation. In 1817 he lobbied strongly for the Poor Laws and was a zealous supporter of the Factory Act of 1819, although the final result greatly disappointed him. Engels is lavish in his praise of Owen's pioneering work for the working class:

As long as he was simply a philanthropist, he was rewarded with nothing but wealth, applause, honor, and glory. He was the most popular man in Europe. Not only men of his own class, but statesmen and princes listened to him approvingly. But when he came out with his Communist<sup>21</sup> theories that was quite another thing. Three great obstacles seemed to him especially to block the path to social reform: private property, religion, the present form of marriage.

He knew what confronted him if he attacked these – outlawry, excommunication from official society, the loss of his whole social position. But nothing of this prevented him from attacking them without fear of consequences, and what he had foreseen happened. Banished from official society, with a conspiracy of silence against him in the press, ruined by his unsuccessful Communist experiments in America, in which he sacrificed all his fortune, he turned directly to the working class and continued working in their midst for 30 years. Every social movement, every real advance in England on behalf of the workers links itself on to

the name of Robert Owen. He forced through in 1819, after five years fighting, the first law limiting the hours of labour of women and children in factories. He was president of the first Congress at which all the Trade Unions of England united in a single great trade association.<sup>22</sup>

As Engels acknowledges in this passage, the birth of the cooperative movement was also the birth of socialism, the word itself being coined by Henri de Saint-Simon<sup>23</sup> in 1827. By the mid 19<sup>th</sup> century, many of the basic tenets of socialism had been articulated, in particular those concerned with egalitarianism. We may distinguish four egalitarian principles:<sup>24</sup>

- All human beings regardless of birth or class have a *right* to self-improvement. This right is granted either by God or by virtue of being human.
- There are no relevant differences between humans that justify one to claim a greater *inherent right* to self-improvement.
- All human beings regardless of birth or class have the *ability* to improve themselves, *if placed in beneficial circumstances*.
- Creating those beneficial circumstances is always within political control, and so is always, by design or neglect, the result of political activity.

Egalitarianism is the foundation of Owen's philosophy. For example, in *Revolution in the Mind and Practice of the Human Race*, he asserts that character is formed by a combination of Nature or God and the circumstances of one's experience. But given Nature cannot easily be changed, social circumstances become all important in shaping the human character. Cruel living conditions and the lack of educational opportunities will inevitably warp the development of moral sensibilities.

... any character from the best to the worst, from the most ignorant to the most enlightened, may be given to any community, even to the world at large, by applying certain means; which are to a great extent at the command and under the control, or easily made so, of those who possess the government of nations.<sup>25</sup>

In effect, Owen is asserting the malleability of the human character. By manipulating social conditions it is possible to create the best and the worst of persons. Consequently the impoverished are not to be blamed for vice and defects of character. Rather the fault is with those who govern and who permit the most treacherous of circumstances to "*inevitably form... such characters*".<sup>26</sup>

### *Opposition to the Cooperative Movement*

The British cooperative movement in the early years of the 19<sup>th</sup> century drew its inspiration from the Benthamites, a highly influential group whose primary philosophical concern was to place free market capitalism on a rational and ethical footing. Bentham himself was initially a supporter of Owen's

endeavours to reform working-class conditions. However, whereas the cooperative movement was primarily concerned with the *ethical defects* of capitalism and promoted socialist solutions, the Benthamites became increasingly preoccupied with its *rational defects*. When the consequences of the socialist program became apparent, James Mill,<sup>27</sup> a prominent Benthamite, was horrified. He wrote,

Their notions of property look ugly...they seem to think that it should not exist, and that the existence of it is an evil to them. Rascals, I have no doubt, are at work among them.<sup>28</sup>

Bertrand Russell cites these words (written in 1831) as “the beginning of the long war between Capitalism and Socialism”.<sup>29</sup>

The economic debates at this time are interesting, if for no other reason than that the arguments appear not to have changed much in 150 years. Bentham believed that free labour markets would enable workers to move from one place of employment to another and so choose their employers, thereby curbing the excess power of capitalists. Owen, on the other hand, recognised that in an age of machines, those few who owned machines could control the labour market and thereby bend the workers to their will. He understood what so few understand even today, that in free markets the question of who has market power is all important. Owen’s solution was the cooperative one, that machines should be owned collectively so that the benefits of machine automation might be shared by those who worked them. Note that a cooperative economy does not imply the abolition of private property but rather introduces another mode of ownership in addition to public and private.

In pursuit of his vision, Owen and many of his followers set up intentional communities as experiments in cooperative living. The reasoning was simple – if the human character is moulded by life experience, in particular early childhood experience, then the way to a better world cannot be purely concerned with the factory floor. The entire social order itself must be changed to ensure that good life experience can shape people of good character. These experiments in community living were a failure and it is important to understand why. At least three factors suggest themselves.

First, many of the persons involved in the early cooperative communities appeared to have had little aptitude for what they were attempting. New Harmony, Owen’s own attempt to set up a model cooperative community in Indiana, USA, 1826, collapsed when one of his business partners ran off with the money.<sup>30</sup> Another attempt in Glasgow also failed. In the words of Owen’s son, the persons who joined these experimental communities were “a heterogeneous collection of radicals... honest latitudinarians, and lazy theorists, with a sprinkling of unprincipled sharpers thrown in”.<sup>31</sup>

Second, the community life style required participants to accept a uniformity of purpose and circumstances. It was too much to ask. Contemplating the failure of New Harmony, Josiah Warren wrote:

We had a world in miniature – we had enacted the French revolution over again with despairing hearts instead of corpses as a result... It appeared that it was nature's own inherent law of diversity that had conquered us... our “united interests” were directly at war with the individualities of persons and circumstances and the instinct of self-preservation...<sup>32</sup>

Warren went on to become an advocate for *individualist anarchism*, which in itself says something about the diversity of minds Owen had to contend with. But there is no doubt that the requirement for uniformity of mind and purpose contributed to the failure of the early utopian communities.

Third, the British government of the day rejected the cooperative agenda, both the business model to improve working conditions and the social model to address deficiencies in public education, health and welfare. Instead they chose the *laissez-faire* doctrine of minimum government intervention.<sup>33</sup> The Australian economist and academic, Hugh Stretton, believes that *laissez-faire* cost Britain dearly. The French, Germans and Americans were subsequently to become greater industrial powers because their governments became economically involved by promoting public education, public science, public investment and “abler public services”.<sup>34</sup>

Owen devoted much of his life to lobbying politicians. He fought the commonly held view of his day that the poor were sub-human, the “savages at home”<sup>35</sup>, for whom education would add cunning to vice. Articles appeared in *The Economist* magazine (which was then, as now, a proponent of *laissez-faire*) providing the theoretical justification for such views.<sup>36</sup> Owen’s failure to overturn prejudice by moral argument disillusioned him with politics and he sought, instead, to create the ideal society by establishing working examples of it. But in a society which rejects cooperation, it is not easy to create a shining example of it. Owen’s success at New Lanark is, therefore, all the more remarkable.

In conclusion, we must be careful to assess the cooperative movement of the first half of the 19<sup>th</sup> century with a view to its achievements as well as its failures. On the positive side, the movement changed forever the conditions considered acceptable for working-class people. It promoted child care, public education, public health and equal rights for women, all of which today are considered the norm in a democratic society. The other part of the cooperative legacy was the elaboration of a new business model, the consumer and worker cooperative. The Rochdale pioneers established the principles of cooperation which survive to this day. On the negative side, the early experiments in intentional communities appear naive in hindsight. The failure of some of the early consumer and worker cooperatives are best judged as experiments in a new business model.<sup>37</sup>



While the cooperative movement was struggling with its failures, Marx and Engels appeared on the stage with a new ingredient to add to the socialist mix, class struggle. Owen of course recognised class antagonisms, but he attempted to establish his ideal *within* the established social order. In the *Communist Manifesto*, Marx and Engels disparaged this approach and drew a distinction between themselves as *scientific socialists* and the cooperative movement as utopian socialists. The term *utopian socialists* has stuck. Utopian socialists, declared Marx and Engels:

consider themselves far superior to all class antagonisms. They want to improve the condition of every member of society, even that of the most favoured. Hence, they habitually appeal to society at large, without distinction of class; nay, by preference, to the ruling class. For how can people, when once they understand their system, fail to see in it the best possible plan of the best possible state of society? Hence, they reject all political, and especially all revolutionary, action; they wish to attain their ends by peaceful means, and endeavour, by small experiments, necessarily doomed to failure, and by the force of example, to pave the way for the new social Gospel.<sup>38</sup>

In 1880, Engels published a simpler and shorter account of the new scientific socialism, under the title *Socialism – Utopian and Scientific*.<sup>39</sup> Its grand visions captured the imagination of a younger generation. Historical materialism could explain the past and the future. The liberation of the working class was an historical inevitability.

By comparison, the utopian socialists offered only an ethical ideal with no apparent means to realise it. Socialism, said Engels, was not just a new idea discovered by Owen and his followers, but rather the necessary outcome of a historical struggle between two classes, the proletariat and the bourgeoisie. The requirement of the day was not to build model communities but to strike at the source of class enmity, the economic relations between the two classes.

Trade Union membership increased rapidly from 1880 to the end of the century and the cooperative movement also enjoyed a resurgence, partly due to rising living standards of workers and partly because, as Cole puts it, every “Trade Unionist was always a potential Co-operator...”<sup>40</sup> But over the same period the two movements took different paths. Cole again: “In the eighties Trade Unionism and Consumers’ Cooperation went on their several ways, each shedding much of its earlier idealism, and each settling down to consolidate its position within somewhat narrowly delimited fields.”<sup>41</sup> The cooperative movement expanded more easily into consumer cooperatives which engaged labour “in the ordinary labour market...” and were not therefore seen as offering the same benefits to workers as producer cooperatives. Towards the end of the 19<sup>th</sup> century, the cooperative movement equipped itself with all the formal apparatus of a large national organisation, holding annual congresses with delegates from regional and local levels. It also began publishing a

newspaper, *The Cooperative News*. And, despite the difficulties, there was also an expansion of producer cooperatives during this period.<sup>42</sup>

### *The Cooperative Movement into the 20<sup>th</sup> Century*

Marxism split the socialist movement in two, those supporting the revolutionary approach through the vehicle of Communist parties and those supporting a gradual approach through moderate Labor parties. In Britain, 1884, the gradualists formed the Fabian Society, which continues to this day to be the social conscience of the British Labour Party. It promotes the welfare state but does not challenge the power of the private enterprise sector on which the welfare state depends.

By the late 19<sup>th</sup> century, the cooperative movement had lost its initial momentum and fervour. Revolutionary socialists had rejected cooperatives in favour of state-owned enterprises<sup>43</sup> and liberal capitalism had made only those grudging compromises with the welfare state it deemed politically necessary. The cooperative ideal continued to get political support from Fabian socialists,<sup>44</sup> but the focus of the socialist struggle had moved elsewhere.

However, it should not be forgotten that the cooperative movement continued to spread around the world in the late 19<sup>th</sup> century and first half of the 20<sup>th</sup> century in the form of agricultural cooperatives and credit unions. They especially found a role in the newly emerging frontiers of the USA and Australia where government administration and infrastructure had not yet penetrated. Farmers had to fend for themselves and found it advantageous to form cooperatives through which they could process and market their produce.

Two impressive examples of cooperative economies in the 20<sup>th</sup> century deserve special mention, that of Yugoslavia (on a national scale) and that of Mondragon, Spain (on a regional scale). Yugoslavia during the 1960s and 70s provides a unique example of a predominantly worker cooperative national economy. In *Yugoslav Socialism: Theory and Practice*, Harold Lydall<sup>45</sup> makes some interesting comparisons between the Yugoslav and Mondragon approaches to worker cooperatives. A critical difference between them concerns income reinvested for capital formation – in Mondragon cooperatives it is owned by the worker/members whilst in the Yugoslav case it was collectively owned by the state. In Lydall's view, worker management in Yugoslav cooperatives was more a public relations exercise than real. As he puts it a "one-party Marxist regime...is fundamentally incompatible with self-management, since it does not really trust the workers to make their own decisions".<sup>46</sup> He prefers instead the Mondragon model to which we shall return at various points in this essay.

To sum up the 20<sup>th</sup> century experience, we may say that although cooperative economics was not highly visible compared to private enterprise capitalism and state enterprise communism, it nevertheless survived in pockets in an otherwise hostile world. This says much about the inherent resilience of cooperation.

## *Fascism*

Not much will be said of Fascism in this essay, because it is not a sustainable social system. Like a pathogen, it only draws sustenance from societies that are already sick. However it is of interest philosophically because it is the polar opposite of cooperation. 20<sup>th</sup> century Fascism grew out of 19<sup>th</sup> century European Romanticism.<sup>47</sup> As represented by the German philosopher Nietzsche (1844-1900), it celebrates the will of great men to do great deeds.<sup>48</sup> Great deeds require great resources which are gathered through imperial conquest. The suffering of the masses is of no account if it is in the service of great men. Nietzsche alludes habitually to ordinary human beings as the *bungled and the botched* and as having no independent right to happiness or well-being. He regards any sign of empathy or compassion as a weakness:

The object is to attain that enormous *energy of greatness* which can model the man of the future by means of discipline and also by means of the annihilation of millions of the bungled and the botched, and which can yet avoid *going to ruin* at the sight of the suffering created thereby, the like of which has never been seen before.<sup>49</sup>

One glimpses in this passage a terrible premonition – Nazi Germany some 50 years later.

The question arises in Nietzsche's philosophy – how to determine a great man and how to determine a great deed? Great men are those who rise to the top through struggle and war. And these men must be great by birth because if such accomplishments could be achieved by learning, this would suggest an equality that Nietzsche is nowhere prepared to acknowledge. Great deeds are determined by great men for “no morality is possible without good birth” and “every elevation of Man is due to aristocratic society”.<sup>50</sup> It comes as no surprise that Nietzsche despised women (“we should think of women as property”) and Christianity (because it cultivates slave morality). It should be noted that Robert Owen and many other 19<sup>th</sup> century socialists also argued against religion. But whereas socialists objected to religion because it checked the advancement of the common person, Nietzsche objected to it weakening the resolve of a great man. The common person was of no account.

Writing in 1943, while Nazi Germany was still a formidable power, Bertrand Russell remarks on a particular feature of Nietzsche's philosophy – the complete absence of empathy.<sup>51</sup> Indeed, Nietzsche explicitly preached against it. Only three years later, a psychologist, Dr. Gustav Gilbert, was assigned by the U.S. Army to study the minds and motivations of the Nazi defendants at the Nuremberg tribunals. The following year, he published a diary containing transcripts of his conversations with the prisoners. The one characteristic he found all the defendants to have in common was a lack of empathy. In a 2000 TV dramatisation of the Nuremberg trials, the Gilbert character says:

I told you once that I was searching for the nature of evil. I think I've come close to defining it: a lack of empathy. It's the one characteristic that connects all the defendants: a genuine incapacity to feel with their fellow man. Evil, I think, is the absence of empathy.

In an essay motivated by the *Nuremburg* dramatisation, journalist Ernest Partridge says:

Empathy, the capacity to recognise and cherish in other persons, the experience, emotions and aspirations that one is aware of in oneself, is the moral cornerstone of progressive politics. It is a principle recognised and taught in all the great world religions, reiterated by numerous moral philosophers, and validated by the scientific study of human personality.<sup>52</sup>

In conclusion, it seems relevant to note that Nietzsche, the champion of the superman and the despiser of the bungled and botched, was for most of his life incapacitated by bad health. He retired from a university position, incapable of work, at the age of 35. He went insane aged 44 and remained so to his death twelve years later.

## **Matter-centred Philosophy**

In *Socialism – Utopian and Scientific*, Engels introduced Marxism as a synthesis of French socialism, German philosophy and English economics. It is not the intention of this section to offer a comprehensive account of Marxist philosophy. Our interest is primarily with Marx's treatment of ethics and the human character. How did Marx hope to create a better society? How did he contend with the question of human nature? What was the practical outcome of his scientific socialism?

### *The Ethics of Scientific Socialism*

Marx rejected a universal morality<sup>53</sup> just as he rejected a fixed human nature but it is inaccurate to claim, as many have, that there is no morality to be found in his philosophy. Morality for Marx was rooted in class. Good and bad for working-class people was a function of their class interest and quite different from the good and bad of the bourgeoisie. Moral systems that claimed to be for the universal good, yet ignored class conflict, must be a fraud because class conflict necessarily undermined the possibility of a universal good. Yet some Marxists do make the claim for an absolute socialist morality.

Marx does indeed possess an 'absolute' moral criterion: the unquestionable virtue of the rich, all-round expansion of capacities for each individual. It is from this standpoint that any social formation is to be assessed.<sup>54</sup>

And how is one to achieve this rich, all-round expansion of capacities? By participation in class struggle. Marx believed that a classless society was not

just possible but an inevitable consequence of historical dialectical forces. The play of class dialectics would, stage by stage, propel capitalist society through socialism towards that classless society. The moral imperative was to work towards that end. Furthermore only by participation in class struggle was personal improvement possible.

In the modern world this entails both engagement with, and fanning the flames of, those collective struggles against the dehumanising and alienating effects of capitalism through which our need for solidarity both emerges and is realised.<sup>55</sup>

Socialist morality is rooted therefore in the particular interests of the working class, but the success of those interests is considered ultimately to be in *the universal interest*.<sup>56</sup> Socialist morality is not an individual code of conduct. Human beings are social beings and therefore socialist morality has meaning only in a social context and only within the discipline of a collective struggle.

By forming and being active within trade unions and working class political parties, workers create institutions through which they change themselves. Working together in such institutions becomes a day to day practice that both presupposes the need for solidarity and engenders a spirit of solidarity within the working class. The virtues or character traits that are thus promoted stand in direct opposition to the competitive individualism of the capitalist marketplace.<sup>57</sup>

*Solidarity* is an important component of revolutionary socialist morality. It satisfies a personal need and is the basis of relationships. We might say that it is the ‘soul’ of the great socialist enterprise.

### *The Classless Society*

The promise of a classless society provided class struggle with a moral compass. Without the desirability and inevitability of a classless society, there would be no reason to choose between working-class morality and bourgeois morality. The classless society made moral choice possible. It also gave meaning to the concept of progress because industrialisation would ensure enough material production to satisfy everyone’s needs, thereby making equality within a classless society a practical possibility. Given the importance of the classless society in the Marxist view of the world, we are obliged to explore it further.

Technically speaking, a classless society would lack distinctions of wealth, income, education, culture or social network.<sup>58</sup> In the Marxist conception, the abolition of such distinctions would occur quite naturally following the seizure of political power by the proletariat. Furthermore the state would also wither away because its only function is to maintain the exploitation of one class by another.

The proletariat seizes political power and turns the means of production into State property. But, in doing this, it abolishes itself as proletariat, abolishes all class distinction and class antagonisms, abolishes also the State as State. Society, thus far, based upon class antagonisms, had need of the State. That is, of an organization of the particular class which was, *pro tempore*, the exploiting class, an organization for the purpose of preventing any interference from without with the existing conditions of production, and, therefore, especially, for the purpose of forcibly keeping the exploited classes in the condition of oppression... The proletariat seizes the public power, and... By this act, the proletariat frees the means of production from the character of capital they have thus far borne, and gives their socialized character complete freedom to work itself out.<sup>59</sup>

Note that the withering of the state would not happen immediately. But it would happen *inevitably* because socialised production would have, as Engels puts it, “complete freedom to work itself out”. He goes on to say:

The development of [socialised] production makes the existence of different classes of society thenceforth an anachronism. In proportion as anarchy in social production vanishes, the political authority of the State dies out. Man, at last the master of his own form of social organisation, becomes at the same time the lord over Nature, his own master – free.<sup>60</sup>

This last sentence is of much significance. As the state dies out, different forms of social organisation become possible and thereby ‘Man’ becomes “lord over Nature, his own master”. The phrase “lord over Nature” is not to be interpreted in the environmental sense, as mastery over the external world of plants and animals. Rather it suggests that the unnatural, alienated condition imposed on humans by exploitation and state oppression will disappear because its only cause will have disappeared. In such circumstances the free human will have no inclination to maintain class distinctions. Whatever vices or weaknesses of character persist will be of the trifling kind.

Engel’s faith in free humans to be lords over their own nature can only be understood in the context of dialectical materialism, according to which human well-being is determined first and foremost by material circumstances. By appropriately adjusting those material circumstances, human beings can in some sense be made equal. This is the justification for the famous slogan “from each according to his ability, to each according to his needs”.<sup>61</sup> By satisfying material needs, that is, by providing everyone with an equivalence of the basic requirements of food, clothing, housing and so on, not only is the egalitarian objective of socialism achieved, but something more – the seeds of social conflict are eliminated. Is this a reasonable expectation?

The answer to this question depends on how one views the *nature-nurture* problem. Marxists were firmly on the side of *nurture*. If material circumstances determine everything, then differences endowed by *nature* can be ‘ironed out’ by appropriate material adjustments in the environment.<sup>62</sup> If everyone has the same material circumstances then there will be no differences to promote class

conflict, because all conflict having a material cause must also have a material solution. Furthermore, diminishing class conflict would promote a more equal distribution of material resources, leading inevitably by positive feedback to the ideal classless society.

It may be reasonable to argue, as socialists do, that a more egalitarian distribution of material benefits contributes to a better society. However during the communist era faith in *nurture* became a dogma beyond all reason. The consequences were particularly disastrous for Soviet agriculture under the direction of the Russian agronomist, Lysenko.<sup>63</sup> Lysenko promoted a form of *Lamarckism*, the scientifically unsubstantiated belief that an organism's characteristics acquired as a result of a particular environment can be inherited by their offspring. He did not claim that this was also true for human biology, but there can be little doubt that Lysenko rose rapidly in the Soviet bureaucracy because his Lamarckian beliefs were consistent with Marxist ideology as embraced by Stalin.<sup>64</sup> No one should enjoy material benefits in excess of those appropriate to the service of the state.

Even in moderate hands, Marxist faith in *nurture* appears to have been naively utopian – that is, to have depended on a belief that base human desires would simply fall away in the absence of class exploitation. It was possibly an understandable naivety in 19<sup>th</sup> century Britain when most social strife stemmed from mass poverty. But even in the 1940s and despite recognising the corrupting influence of power, George Orwell continued to believe, according to critic James Wood, in a “mystical revolution”,<sup>65</sup> a revolution in which English society would somehow keep all its good features and divest itself of all bad features. For Orwell, social privilege was the source of all evil – get rid of privilege and the exploitation of the working class would somehow take care of itself. His reform agenda did not appear to have any means to deal with the deeper origins of class exploitation in human psychology.

At this point, there are two criticisms that we can direct against the socialism of Marx and Engels: first its claim to be scientific and second its naive trust in the consequences of material egalitarianism. Concerning the first, the hallmark of the scientific method is to ask questions, to conduct experiments in the pursuit of answers and then to refine these answers through further questions and experiments. The supposedly scientific part of scientific socialism was that part which asserted the dialectical inevitability of class struggle leading through the stage of socialism to a classless society. This element of Marxism borrowed heavily from Hegel. Concerning this aspect of Marx, Bertrand Russell says, “Broadly speaking, all the elements in Marx’s philosophy which are derived from Hegel are unscientific, in the sense that there is no reason whatever to suppose that they are true.” The neo-conservative, Joshua Muravchik, in an unsympathetic history of socialism, nevertheless makes a valid point – that the utopian socialists, by establishing experimental communities, were in fact attempting to apply the scientific method to human social organization. “Owen

and Fourier and their followers were the real ‘scientific socialists.’ They hit upon the idea of socialism, and they tested it by attempting to form socialist communities.”<sup>66</sup> Marx and Engels on the other hand, made untestable predictions about the future, especially when proclaiming the inevitability of a classless society. They were certainly in no position to criticize utopian socialism as unscientific.

The second criticism we can make of scientific socialism is its approach to egalitarianism.

### *Egalitarianism*

Socialists of all persuasions promote egalitarianism. Almost by definition, it is supposed to make for a better society. Marxism promoted a strong form of material egalitarianism. Engels was correct to chastise the utopian socialists for being preoccupied with the vision of egalitarianism without being concerned with the ‘how to get there’. It was certainly naive to ignore the significance of class conflict and believe that those responsible for a system of cruel exploitation would give way to moral appeal. But Marx and Engels then replaced one piece of naivety with another – that the imposition of material equality would somehow eradicate the seeds of vice and exploitation.

It is interesting that utopian visions often seem to depend on the imposition of material equality. The tendency was already apparent in Sir Thomas More’s *Utopia* published in 1518. In *Utopia*, everyone wears the same clothes (which they make themselves preserving the natural colours) and everyone eschews fashion. All houses are of the same construction and all streets and villages are laid out according to the same design. No one desires to live in a bigger house or in a better neighbourhood. Everyone works the same number of hours per day. There is no privilege and therefore no resentment fuelled by inequality to disturb the tranquil rhythm of utopian life.

Bertrand Russell acknowledges that More’s *Utopia* was “in many ways astonishingly liberal” for its day but is nevertheless dismayed with the vision:

It must be admitted, however, that life in More’s *Utopia*, as in most others, would be intolerably dull. Diversity is essential to happiness, and in *Utopia* there is hardly any.<sup>67</sup>

Russell might well have been talking about the USSR or Communist East Germany. In fact the communist experience tells us that the dogmatic imposition of equality, far from bringing utopia, spawns dystopia.

In an apparent reference to utopian socialism, Sarkar criticizes social theories that sound “somewhat pleasing to the ear” and speak “glibly of human equality” but which on application turn out to be ineffective because “the fundamental principles of these philosophies were contrary to the basic realities of the world”. “Diversity, not identity”, says Sarkar “is the law of nature”.



The world is full of diversities – a panorama of variegated forms and rhythms. One must never forget it. Sometimes the superficial display of these theories [that speak glibly of equality] has dazzled the eyes of the onlooker, but actually they contained no dynamism. And yet, dynamism is indeed the first and last word of human existence. That which has lost its dynamism is just like a stagnant pool. In the absence of flow, a pond invariably becomes overgrown with weeds, and becomes a hazard to health. It is better to fill this sort of pond with earth. Many philosophies in the past have rendered this kind of disservice to humanity.<sup>68</sup>

In conclusion, the fundamental problem with both the theory of Marxism and its practice, as manifest in the USSR and Eastern Europe, was an inadequate understanding of individual and collective psychology. It is true that later Marxist intellectuals, such as Gramsci and Marcuse, attempted a fusion of western psychology with Marxist materialism, but for the practical implementation of Marxism it was too little and too late.

Egalitarianism remains today the most contentious and polarising political issue in democratic nations. How far should governments go in promoting equality? Should they target equality of opportunity or equality of outcomes? What is an acceptable level of wealth inequality? So polarising are these questions in the body politic that all political identity is defined in terms of them – in terms of the so-called *left-right* spectrum. Policies are somewhere on the spectrum from extreme left to extreme right. The following passage from Stretton is helpful in clarifying definitions:

Some people favour greater or less equality for its own sake. Others favour greater or less equality as a means to other ends, such as productive efficiency or the reduction of poverty. (There are hard choices for the Left if it is ever true that greater equality may reduce productivity and for the Right if greater equality may increase productivity.) Whatever their reasons, this text generally uses Right for those who want greater inequality than exists in their society, Left for those who want greater equality, and Centre or middle of the road for those who don't want much change in either direction.<sup>69</sup>

In debates about equality, the theme of *selfishness versus altruism* obviously plays an important role. But perhaps surprisingly, *nature versus nurture* is also invoked. Those on the Left, in keeping with the socialist tradition, give much more importance to *nurture* (the family and social environment) and they frame policy debates in terms of adjusting family and social circumstances using government intervention to create an equality of opportunity or outcomes. Those on the Right, usually identifying themselves as *conservatives*, are more inclined to favour policies that reward those already endowed with talent and advantage. To the extent that talent is endowed by nature, conservatives by implication give more importance to *nature*. (Fascists take this dogma to the extreme.) Conservatives also reason that it is wasteful giving resources to those without the talent to use them efficiently and note that

inefficiency *is* a moral issue. When it is pointed out that such people are usually the poor, conservatives reply that rewarding the rich benefits the poor by a *trickle-down effect* – which elicits from those on the Left the accusation of hypocrisy and selfishness.<sup>70</sup>

### *Sarkar on Marx*

Sarkar praised Marx as “a good man” with “strong feelings for suffering humanity”. Marx’s writings, he added, “reflected his concern for the downtrodden humanity”.<sup>71</sup> He appreciated the dynamism of the communist movement and in an obvious reference to the gradualism of the Fabian socialists whose logo is a tortoise,<sup>72</sup> he asks, “what is the use of tortoise-like progress such as this?”<sup>73</sup>

Sarkar condoned Marx’s rejection of religion because how is it possible to break the structure of the capitalist age without freeing people from “the intoxicating effect of the opium of religion”.<sup>74</sup> He recognised that Marx’s rejection of religion was not a rejection of morality.

A group of exploiters loudly object to a remark that was made by the great Karl Marx concerning religion. It should be remembered that Karl Marx never opposed spirituality, morality and proper conduct. What he said was directed against the religion of his time, because he perceived, understood and realized that religion had psychologically paralysed the people and reduced them to impotence by persuading them to surrender to a group of sinners.<sup>75</sup>

However on the issue of materialistic philosophies, Sarkar is extremely critical and Marx does not escape mention:

There are certain defective philosophies which think that the material world is everything. When matter becomes everything, then matter becomes the goal of life. And consequently, human existence, human consciousness, the subjective portion of the human mind, everything will become like earth and stone. That is why such a philosophy is detrimental to human development. Karl Marx preached that defective philosophy. You should keep your mind free from the bindings and fetters of such a defective philosophy because it is anti-human, morally anti-human. It is most detrimental to human existence and human development.<sup>76</sup>

The difficulty for those wishing to put Marxism into practice was that it had no adequate theory of human psychology and spirituality. Even before all the basic material requirements are satisfied, the human mind wants to express subtler sensibilities. It might be drawn to the realms of music, sculpture, architecture or indeed the entire universe of ideas. Or it might get the urge to undertake some noble task or to explore the world of spirituality. This is not comfortable territory for those caught in the dogma of materialism. Sarkar notes the frustration experienced by those who attempted to implement the Marxist doctrine.

Leaders like Lenin and Mao took up the task of materializing his [Marx's] ideas in the society. They were not bad people, but as they tried to materialize the theory of Marx they encountered many practical difficulties. Realizing that the theory was defective, they became frustrated and started committing many atrocities. Stalin was a demon who killed millions of people. This all occurred because of the inherent defects of Marxism.<sup>77</sup>

For Sarkar, the apparently rapid demise of communism in the USSR and Eastern Europe came as no surprise – the Marxist view of the human being was fatally flawed and any attempt to establish a socio-economic system on that view was bound to fail. Sarkar subscribes to a theory of history in which the *clash of civilisations* plays an important role (although certainly not the only role). The ideologies which underpin civilisations compete with one another for the hearts and minds of people. The struggle for survival exposes the weaknesses of an ideology and stronger ideologies will defeat the weaker. In order to survive, an ideology must provide sustenance to subtler aspirations of human mind and soul. And so it was that capitalism defeated communism, because as Sarkar puts it,

whenever there is clash between self-centred and matter-centred theories, the self-centred philosophy [capitalism] will win. The matter-centred theory [communism] will never win. It comes as it goes after creating enormous devastation, and it dies a black death.<sup>78</sup>

But the success of capitalism has brought its own defects into stark relief and it is to these that we now turn.

## Self-centred Philosophy

The theory and the practice of capitalism have come under attack by socialists, feminists and environmentalists for well over a hundred years. Yet despite the battery of arguments brought against it, the system rolls on<sup>79</sup> – a society that promotes self-interest is not easily checked by intellectual argument. Capitalism offers choice and exciting consumer goods in great abundance. No matter that few of us can afford this abundance without going into debt. It has taken the combination of an impending environmental catastrophe and a global financial crisis to force people to question the wisdom of capitalism. Even *Time Magazine*, citing eight reasons for the Global Financial Crisis, criticised the “the myth of the rational market” and “under-regulated” financial institutions.<sup>80</sup>

This section begins with a brief introduction to the theoretical foundations of contemporary capitalism. We then focus on the assumptions that the theory makes about human economic behaviour and we find them to be highly unrealistic. We next consider the emphasis on finance in contemporary capitalism and conclude with a consideration of ethics in capitalism. Here we

must make a distinction between theory and practice and note that an unsatisfactory theory of ethics leads to an objectionable practice.

A note on terminology: The terms *neoliberalism* and *economic rationalism* are used to describe the modern practice of capitalism. Neoliberalism refers to the policy agenda of deregulation, privatisation and free trade. It is the 20<sup>th</sup> century manifestation of 19<sup>th</sup> century laissez-faire. Economic rationalism refers to a policy agenda that places economic efficiency (narrowly measured) above other policy outcomes, such as full employment or environmental protection. Neoclassical economic theory is used as the justification for both policy agendas. This essay preserves the distinction between neoclassical theory and neoliberal practice.

### *Neoclassical Economics*

In an analysis of capitalism from the perspective of a scientist, mathematician and environmentalist, Geoff Davies targets three defects of contemporary capitalism: 1) its theoretical foundation known as *neoclassical economics*; 2) its accounting system, in which all value (economic, environmental, social, cultural and ethical) is reduced to dollar figures; and 3) its monetary system, in which privately owned banks create money (an essential public service) as an interest bearing debt to the themselves. Only the first of these concerns us here.

Neoclassical economics is essentially a mathematical edifice. It begins with a set of assumptions and builds on these a mathematical description of prices, investment, wages, interest rates and national economies. The following critique draws heavily on Geoff Davies and economist Susan Richardson. The final conclusion is simple – the assumptions of neoclassical theory are profoundly flawed and therefore the conclusions drawn from a mathematical elaboration of them, no matter how elegant, are also flawed. For the purposes of this essay we note four assumptions of neoclassical theory:

- That every agent is actuated only by self-interest.
- That numerous agents motivated by self-interest produce an outcome which affords the greatest utility for the greatest number.
- That free markets are the most efficient means to allocate resources.
- That free markets come to a stable equilibrium.

The term *agent* refers, in neoclassical theory, to an abstract human being, family or firm. An agent is devoid of any behaviour other than to make economic decisions and is devoid of any motivation other than to maximise its self-interest. We identify this agent as *Homo economicus* and his/her characteristics are explored below. We should note a corollary to this assumption, that *Homo economicus* is a valid model of human behaviour for the purposes of studying and managing a real economic system.

The second assumption, often referred to as the *invisible hand*, was made famous by the 18<sup>th</sup> century father of economics, Adam Smith. We shall return to the concept later, but suffice to note here that, if the concept has any validity at all, then it has been badly abused.

The third assumption requires that prices in a free market adequately reflect productive efficiency for the given level of demand. This assumption is severely compromised, however, because many of the factors which impinge on efficiency (for example, environmental pollution) escape accounting by the free market mechanism. These are referred to as *external costs* because they are external to the market.

Concerning the last assumption, neoclassical theory is not able to account for real world events, such as the growth and collapse of speculative bubbles, despite these being the apparent cause of the current Global Financial Crisis. According to Davies, a neoclassical economy never strays too far from a stable equilibrium, because its mathematical architecture constrains it from doing so.<sup>81</sup> Consequently government treasuries around the world found their financial models quite unable to cope with the Global Financial Crisis of 2008-2009. Their models described an unreal world.

As a result of constant repetition to generations of students, the four assumptions of neoclassical economics have acquired the status of axioms – they have become self-evidently true and therefore beyond question. Again, it is not the purpose of this essay to offer a detailed critique of capitalism, which has been done by many others. Our primary purpose is quite modest – to illustrate the inadequateness of *Homo economicus* as a model of human economic behaviour so as to shine the spot light on a more appropriate model.

### *Homo economicus*

Neoclassical economic theory makes three assumptions concerning the behaviour of *Homo economicus*:

- That economic agents are well-informed about the markets in which they participate.
- That economic agents are rational, that is, they are able to reason accurately with the information available.
- That economic agents are self-optimising – that is, their only goal is to optimise their gain or pleasure.

We should be clear about what is, and what is not, being claimed. Neoclassical theory does not claim that human beings are purely economic beings. Nor does it claim that their environment is purely economic. But it does claim that, for the purposes of simplification and in order to get a grasp on matters of particular interest to economists, *one is justified in separating human beings and their world into two parts* – that part which pertains to economics and that which does not. About the non-economic part, economists are agnostic – it is

simply not relevant. Here we find that neoclassical economics is attempting to emulate the physical sciences, such as physics and chemistry, where the accepted methodology is to experiment with *isolated systems* and to simplify the description of those systems using mathematical models. For the physical sciences, this has been a successful methodology. Its adoption by economists has proved otherwise.

Feminists were the first to draw attention to the problem of applying ‘hard science’ methodology to economics. What starts as a set of simplifying assumptions eventually becomes a dysfunctional prescription. Economist Susan Richardson puts it thus:

The deductive character of masculine economics means that a whole elaborate edifice has been constructed on the foundation of a few assumptions about the way people behave in their economic life. Initially the assumptions and the deductions from them were adopted to see whether self-interested behaviour could, under certain conditions, lead to socially desirable results. It was, in effect, a formal logical test of [Adam] Smith’s propositions about the efficacy of the invisible hand. But it became more than that. Masculine economics slipped from the insight that under certain tightly defined conditions, selfish, individual behaviour and egocentric behaviour *could* produce economically efficient outcomes, to the assumption that people, in their economic behaviour, are indeed, individual and egocentric. These foundation assumptions of economics have rarely been explicitly tested to see whether they have much intersection with the way in which people actually feel and act in their economic lives.<sup>82</sup>

Richardson finds the principle that every agent is actuated only by self-interest, to be depressing because we know it not to be true and yet its acceptance hides other more noble possibilities.

This proposition can be (and has been) made to be tautological – any action which is taken is preferred by the author to the alternatives which are available to her, so it is self-interested. I find this depressing. It robs humanity of the possibility of noble behaviour. It means that we cannot distinguish morally or in other ways between private and greedy person, the passionate believer in a cause, the person who devotes her life to the well-being of others. All are equally said to be acting in their own self-interest.

The proposition that all economic action is selfish diminishes humanity in a second way. It has been applied by economists, to the effect that if the slightest whiff of self-interest can be detected in an action then that self-interest is assumed to be the whole of the motivation. In fact, motivations are multiple and complex. Altruism, duty, love, compassion and fellow feeling are among them.<sup>83</sup>

In the end, argues Richardson, the assumptions of neoclassical economics become self-fulfilling prophecies.

The assumption that people are entirely selfish in their economic behaviour also rules out systematic inquiry into the extent to which selfish or other motivations are affected by context and the behaviour of others. If a person behaves altruistically and gets selfishness in return, then she will feel not moral but a mug. This issue is important to the crucial question – does a system which runs on and assumes selfishness increase the total quantum of selfish behaviour, because this is the norm and is rewarded, or does it diminish it because it economises on altruism, saving altruism for circumstances where selfishness is hostile to human well-being? Man-made economics does not explore these questions.<sup>84</sup>

Let Tim Hazeldine, Professor of economics at Auckland University, have the last word. “*Homo economicus* is a selfish shit. There is no place for honour, decency, empathy and altruism.”<sup>85</sup>

Since Richardson wrote more than a decade ago, considerable scientific research has gone into understanding the way in which people make economic decisions and the factors which influence them. The research is important for two reasons. First, its insights inform the work of advertisers and marketing departments. Second, and more importantly for our purposes, the entire edifice of neoclassical theory depends on the validity of its assumptions about human behaviour. The results, discussed in parts three and four of this essay, turn out to be fascinating and often humorous, but damning for neoclassical theory. Now let us briefly review each of the assumptions concerning *Homo economicus*.

### **People are not always well informed**

Advertisers do not always tell the truth. As just one example, in October 2008, Coca-Cola in Australia employed a well-known actress to feature in a series of ads which claimed that accusations the drink was full of caffeine, rotted people’s teeth and made them fat were a “pack of lies”. The Australian regulatory body that deals with false advertising ordered Coca-Cola to run another series of ads saying that the originals were misleading.<sup>86</sup>

The participants in a market may not be equally well informed. Insider trading deals depend entirely on having information not available to the majority of others. Indeed successful trading in many markets depends on the participants gaining an information advantage. Equality of information does not exist in the real world.

### **People do not reason by logic alone**

We know that people do not purchase rationally because they will still buy cigarettes, even when the packet displays images of diseased lungs. But scientifically controlled experiments illustrate the irrationality of human economic behaviour even where addiction appears not to be involved. Here are just a few of countless observations:

- It is well-known that placebos are often as effective as a medicine, illustrating the so-called power of the mind. But it is also observed in controlled experiments where subjects are required to purchase their medicines, that the more expensive the placebo, the more effective it is.<sup>87</sup>
- In controlled experiments where men are asked to play a simulated financial investment game on a computer, those shown pornographic images before hand make high-risk investment decisions compared to those shown neutral photos.
- A study of 443 women, aged 18 to 50, found that the participants were more prone to impulse buying in the luteal phase of the menstrual cycle (10 days prior to menstruation)<sup>88</sup>.
- Much research has been devoted to the best supermarket layout to maximise sales. The placement of every product is guided by research. Take just one example. Supermarkets around the world will guide you on a path that takes you first past the fruit and vegetable stands, leaving the sweets and dairy products till last. This is because studies have revealed that people are more inclined to buy high fat, high calorie foods if they have first been given the opportunity to select healthy foods.

The conclusion we may draw is that economic decision making is not guided by logic alone. A range of factors plays a role and in particular every ‘rational’ calculation is made in a complex physiological environment. Numerous hormones and neuro-active substances are playing a role, either consciously or unconsciously.

### **People do not necessarily seek to optimise their gain**

Numerous experiments have revealed that human economic decision making is far more complex than accepted by the simple theory of maximising gain. This turns out to be true even for animals. For example, if two monkeys perform the same task side by side, and one is rewarded a grape (big money) and the other a cucumber (small money), the latter will throw a tantrum and toss the cucumber out of its cubicle. Yet if both receive a cucumber, both eat happily. Conclusion: monkeys show an aversion to inequality. The reward does not even have to be physical – it can be the affectionate attention of laboratory staff.

Humans also behave ‘irrationally’ in rejecting inequality, even if it means walking away empty-handed. This is demonstrated in experiments where two strangers (*A* and *B*) are asked to share a sum of money, all of which is first given to *A* as if it belongs to *A*. The rules stipulate that if *B* rejects what is offered by *A*, neither of them gets anything. Classical economic theory says that gain will be jointly maximised if *A* gives just a small portion of the money to *B* because *B* at least gets something rather than nothing and *A*’s displeasure



at giving up something is minimised. In practice, this seldom happens. *A* almost always offers close to half the money and *B* usually rejects any offering much less than half.<sup>89</sup>

This behaviour cannot be explained by a theory which says that agents should accept whatever reward they are given to maximise gain. And here lies a problem because, as already observed, the entire theoretical edifice of modern free market economics is built on supply and demand curves whose validity requires humans to optimise personal gain. The theory breaks down because it turns out that factors other than personal advantage also influence mental cost-benefit calculations. We will return to these other factors below.

In conclusion, the assumptions made by neoclassical theory concerning human economic decision making have been shown to be flawed. It is hard to avoid the conclusion that the entire mathematical edifice built on those assumptions is also flawed.

### *The Culture of Neoliberalism*

The reduction of the world of economics and commerce to a mathematical abstraction has far-reaching consequences. When the goods we make and sell – the clothing, the books and clean water – are all reduced to dollar units to facilitate accounting, it is but a short step to believing that manipulating dollar figures is the be-all and end-all of business and that the reality behind those figures is of little consequence. Psychologically, the shift is from a preoccupation with *production* to a preoccupation with *finance*.

This shift in preoccupation has even been accompanied, Sarkar notes, by a change in the meaning of words. The original Sanskrit word for a *business person* was *vaeshya* and it meant “one who earns a living through the production of goods”. The word survives in modern Indic languages but it has come to mean “one who profits by trading and broking without being directly involved in production”.<sup>90</sup>

The sophistication of financial instruments and services has increased steadily over the centuries. However, the 1980s witnessed a singular transition in the history of capitalism because, during this decade of deregulation, financial instruments became an end in themselves rather than a means to production. The transition from *finance as means* to *finance as end in itself* paralleled the transition from Keynesian welfare capitalism to neoliberalism. One of the first countries to make this transition (with much haste and social dislocation) was New Zealand.<sup>91,92</sup> Writing from his own experience as a politician and bureaucrat administering the transition, Bruce Jesson compares workplace culture before and after:

The difference between a productive culture and a finance culture is that the world of the producer is tangible whereas the world of the financier is ethereal. The old-style manager dealt with workers, customers and actual

productive processes. The modern manager deals with spreadsheets and figures on a screen. The difference is expressed quite graphically in the changed attitudes of managers to workers. The old-style manager knew the workers, dealt with many of them personally and had a feeling of some responsibility for them. Laying them off was a last resort. The new finance-oriented managers have no contact with the workers and assume that there are too many of them. Laying workers off is their first option.

The contrast between the culture of a production-based and public service-based economy and that of a finance-based one is crucial. Each has an ethos of its own. Production-based industries develop ways of life that are unique to them. They evolve standards of excellence and pride in their craft... People learn to cooperate in their work and form bonds of mateship...

Finance has an ethos of its own too, to do with financial efficiency and competitiveness. From a financial point of view, there is nothing unique about any particular industry. Finance is fluid, mobile, moving constantly around the world. Finance recognises no boundaries between industries – or countries – and it treats each industry the same way...

At the same time, there is a fundamental contradiction in the ethos of finance. On the one hand, there is all this obsession with efficiency; yet the personal goals of the finance elite are apparently to make and spend money as conspicuously as possible. There is none of the frugality of earlier generations of capitalists, nor much apparent thought for the future. The lavish life-style of the elite is matched, within their own companies, by the emphasis that is placed on advertising and marketing. Industry is increasingly dominated by the sales process, with its parasitic caste of PR people and ad people promoting a culture of hedonism and avarice.<sup>93</sup>

Of note in Jesson's comparison is the deteriorating relationship between managers and workers. When finance is everything, a business has no use for ethics and the culture of cooperation. Margaret Thatcher, the person who perhaps more than any other, symbolises the temporary triumph of neoliberalism, once famously remarked: "There is no such thing as society – there are only individual men and women."<sup>94</sup> It was a nonsense statement then, as it is now. But its significance is clear. Society *is* the relationships between people. If those relationships are made invisible, then the violence done to them by neoliberalism is also made invisible.

### *The Ethics of Capitalism*

Debates about the ethics of capitalism usually revolve around the ethics of market outcomes because the market is supposedly the determinant of everything that matters in a capitalist society. Markets are populated by producers and consumers. In a free market, consumers are free to choose whatever affords them the greatest utility. In this way, capitalism side-steps the *nature-nurture* debate and instead asserts the supremacy of *choice*. Between

producers however, neoclassical economics promotes the virtue of *competition* and here we find an echo of Darwin's theory of natural selection and survival of the fittest. Producers compete in order to satisfy consumer choices and only those with the best business acumen survive or become rich. However what commercial competition selects is not genes but behaviour – and not moral behaviour but any behaviour that turns a profit. So we find that as the culture of neoliberalism pervades a society, business, and social ethics more generally, begin to decline. In this section therefore, we are concerned with the ethics of capitalism, both the theory and the reality.

### **The invisible hand**

The ethics of liberal capitalism were articulated by Bentham and became known as *utilitarianism*. According to this philosophy, the morally good is that which makes people happy and that which gives them pain is bad. Bentham made no distinction between pleasure and happiness. Of course, happiness and pain are seldom unalloyed, so one state of affairs is better than another if it involves a greater proportion of pleasure over pain.

Bentham went further however and claimed that each individual pursues that which he/she believes will deliver them the greatest net happiness. We recognise here the self-optimising goal of economic agents – which is not surprising because the utilitarians did the philosophical groundwork for neoclassical economic theory. The concept of utility underlying supply and demand curves arises from utilitarianism.

The utilitarian ethic says that individual desires and actions are good where the outcome promotes the general happiness. But, and it is a significant 'but', the outcome does not have to be the intention of the original action, only its consequence.<sup>95</sup> This takes us back to the previous century when Adam Smith first articulated the metaphor of the *invisible hand*.<sup>96</sup> His assertion was that in a free market, pursuit of self-interest (that is, pursuit of profit) leads participants to achieve the material advantage of society as a whole, as though "led by an invisible hand to promote an end which was no part of his intention". Utilitarians take this argument two steps further: first, they equate a materially optimal result (measured at the government level as *per capita Gross Domestic Product* or GDP) with the greatest happiness of the greatest number; second, they make an ethical jump and equate the greatest happiness of the greatest number with the public good. Conclusion: self-interested action in free markets leads to the public good. Also implicit in the above chain of reasoning is the neoclassical definition of progress – an ever increasing *per capita* GDP. By this definition, progress depends on free markets and the invisible hand.

Neoliberals ignore Adam Smith's own doubts about the efficacy of the invisible hand and his belief that "economics should be subordinate to and in the service of society and morals"<sup>97</sup> rather than define those morals. Noam Chomsky argues that the invisible hand has been stretched to the point of

abuse. Adam Smith believed, he says, that the invisible hand would destroy the possibility of a decent human existence “‘unless government takes pains to prevent’ this outcome, as must be assured in ‘every improved and civilized society’.”<sup>98</sup>

The 2001 Nobel Prize winning economist, Joseph E. Stiglitz, has a different objection to the invisible hand – it is invisible because it is probably not there.

Adam Smith, the father of modern economics, is often cited as arguing for the “invisible hand” and free markets: firms, in the pursuit of profits, are led, as if by an invisible hand, to do what is best for the world. But unlike his followers, Adam Smith was aware of some of the limitations of free markets, and research since then has further clarified why free markets, by themselves, often do not lead to what is best. As I put it in my new book, *Making Globalization Work*, the reason that the invisible hand often seems invisible is that it is often not there.

Whenever there are “externalities” – where the actions of an individual have impacts on others for which they do not pay or for which they are not compensated – markets will not work well. Some of the important instances have been long understood – environmental externalities. Markets, by themselves, will produce too much pollution. Markets, by themselves, will also produce too little basic research. (Remember, the government was responsible for financing most of the important scientific breakthroughs, including the internet and the first telegraph line, and most of the advances in bio-tech.)

But recent research has shown that these externalities are pervasive, whenever there is imperfect information or imperfect risk markets – that is, always.

Government plays an important role in banking and securities regulation, and a host of other areas: some regulation is required to make markets work. Government is needed, almost all would agree, at a minimum to enforce contracts and property rights.

The real debate today is about finding the right balance between the market and government (and the third “sector” – non-governmental non-profit organizations.) Both are needed. They can each complement each other. This balance will differ from time to time and place to place.<sup>99</sup>

## **Ethics in the era of MBAs**

It is not unreasonable to trace the source of the current Global Financial Crisis to a failure of ethics, which in turn can be traced to deregulation and the inadequate schooling of business students in ethics.

In the early 1990’s the then Professor of Business at Monash University, Murray Cree, became interested in the ethical attitudes of his students. He conducted a survey of some 380 students from three Australian universities in the departments of business, accounting and marketing.<sup>100</sup> Their average age was 21. Cree asked two questions:

Q1: Would you be open to being involved in an insider trading scam if the payment to you was to be \$500,000?

Q2: Would you still be open to the proposition if you knew it would wipe out your parents' life savings?

The percent of respondents answering 'yes' to these questions is shown in the following table.

	<b>Accounting students</b>	<b>Marketing students</b>	<b>Business students</b>
<b>Q1</b>	72%	46%	63%
<b>Q2</b>	42%	30%	26%

Approximately two thirds of students surveyed were prepared to engage in illegal and unethical practices for their own personal gain and one third would have been prepared to destroy their parents' life savings in the process. This is a frightening result. As Cree points out, many of these same students would be today's executives in the banking and investment sectors and would be managing large sums of money. If one is seeking the origins of the Global Financial Crisis, Cree considers the results of his investigation to be "Enough said!"

Other studies published in accounting journals have concluded that the threat of prosecution significantly lowers the propensity for financial wrong doing, suggesting that an effective regulatory regime helps to keep business people honest. The obvious corollary is that deregulation would have the opposite effect. It is also of interest that men appear to be less perturbed by the threat of prosecution than women.

Much of the finger pointing during the current Global Financial Crisis has been at the MBA courses offered by universities around the world. And the Harvard Business School, as the world's premiere business education institution, has come in for particular attention. This is the institution where, as one commentator points out, "currently, 1,800 students are beavering away, trying not to think too hard about the economic triumphs achieved by such notable alumni as George W. Bush and Rick Wagoner, the chairman of General Motors"<sup>101</sup>. (General Motors went from being one of the largest car makers in the world to declaring bankruptcy in 2009.) Another commentator, analyzing the movements of Wall Street, discovered that the more Harvard graduates are employed in any one year the worse the market performs.<sup>102</sup>

But the times are changing. Conscious of their reputation, Harvard business students have taken matters into their own hands. Nearly 20% of the 2009 graduating class (one may ask why only 20%) have signed *The MBA Oath*, a voluntary student-led pledge stating that the goal of a business manager is to "serve the greater good". It promises that Harvard MBAs will act responsibly,

ethically and refrain from advancing their “own narrow ambitions” at the expense of others.<sup>103</sup> All students at the Columbia Business School must pledge to an honour code: “As a lifelong member of the Columbia Business School community, I adhere to the principles of truth, integrity, and respect. I will not lie, cheat, steal, or tolerate those who do.” The code has been in place for about three years and came about after discussions between students and faculty. Business school academics say that what we are seeing is “a generational shift away from viewing an MBA as simply an on-ramp to the road to riches.”<sup>104</sup>

### *What is Economic Truth?*

It is worth asking why a demonstrably flawed economic theory has become the only economic truth taught in universities around the world. Why have alternative economic perspectives, such as those provided by schools of political economy for example, almost disappeared from universities?

In answering this question, we are obliged to recognise the contested nature of academic knowledge. That which is learned at universities is not universal truth but rather the outcome of a struggle in which many forces are brought to bear. The development of economics as an academic discipline has been subject to diverse and powerful influences, of which it is worth identifying three: the struggle for power, the struggle for rationality and the struggle for distributive justice.

1. **The struggle for power:** The dominance of neoliberalism in universities has been due to the ability of its proponents to render the issue of power and class struggle invisible. As in politics, a basic question in economics must be power – who has economic power and how is it obtained? Who does not have economic power and how is it lost? Power is rendered invisible to economics students around the world in order to hide the reality that neoclassical economics serves the interests of a powerful social class. When class struggle is made invisible, it allows teachers of economics to advance their subject matter with the aura of rationality.<sup>105</sup>
2. **The struggle for rationality:** Rationality in neoclassical theory is defined in terms of *efficiency*. Free markets are rational because they are claimed to be the most efficient at allocating scarce resources. The term *economic rationalism* has its origins in this claim. Efficiency is no doubt a worthy goal and certainly an inefficient system is open to attack on moral as well as rational grounds. However the extent to which free markets deliver efficiency is debatable, because of the problem of external costs noted above. It is also of interest that neoclassical economists have attempted to enhance their aura of rationality by claiming the methodology of the physical sciences. To question neoclassical theory requires an audacity comparable to questioning Newton’s theory of gravity.<sup>106</sup> Davies explores this issue in some detail and finds neoliberalism guilty of scientific fraud.<sup>107</sup>

3. **The struggle for distributive justice:** Ethical outcomes are certainly of concern to many economists, notwithstanding the insistence of conservatives who argue that “real economics is not a morality tale”.<sup>108</sup> At least two difficulties arise. First, measures of economic wellbeing, such as growth in per capita GDP, are averages which ignore inequalities in income distribution. Second, economic well-being tends to be conflated with efficiency – the assumption being that efficiency is a prerequisite for justice, so achieving the former somehow achieves the latter.

Unfortunately for those who cherish a belief that universities are the creators, preservers and disseminators of enlightenment, university economics in recent decades has been motivated mostly by a desire to preserve class privilege and least by social justice.

To claim that neoclassical economics is objective in the same sense as physics and chemistry is both nonsense and dishonest. Physical and economic laws are not the same kind of laws. Economic laws describe the aggregate of human behaviour in markets. Markets are systems created and managed by humans and behaviour in them is mediated by money, another human artefact. Since markets are essentially human creations, they come within the purview of human consciousness. Their performance can be modified *if humans desire it*. Physical laws describe the aggregate behaviour of inert atoms or bodies in space. These behaviours, as exemplified by the law of gravitation, for example, are not amenable to persuasion by human consciousness – at least not in the present age. Not to see the difference is nonsense.

The dishonest aspect of the assertion is that its true purpose is to undermine the fourth principle of egalitarianism – that economic circumstances are, by design or neglect, a product of political processes and not of immutable universal laws. To surrender to the supposed law of the market is to surrender to any market result, even those which produce poverty and pollution. And this brings us to a more compelling reason to recognise a distinction between the physical sciences and economics. A theory of physics which gets the number of fundamental particles wrong is unlikely to spawn poverty or threaten the survival of the human race. A theory of economics which ignores the reality of external costs, such as climate change, is a serious threat to the planet.<sup>109</sup>

## The Renaissance of Cooperation

We turn now to a discussion of the cooperative principle. The argument is that a society based on the principle of cooperation is possible given some reasonable effort to put it into practice. Furthermore, the future development of human civilisation depends on our ability to establish such a society.

In the simplest of terms, a society consists of a collection of individuals and the relationships between them. It is the relationships that make a society

something more than the sum of its individuals. To be of any practical use, a social theory must offer an adequate account of social relationships and of the individuals expected to participate in them.

Experience tells us that multiple factors help to maintain the cohesion of a social group (some formal, some informal, some coercive, some heartfelt) and likewise multiple factors encourage its disintegration. Obviously social integrity depends on the balance of cohesive and fissiparous tendencies. It is generally accepted that a predominance of self-interest over collective interest is detrimental to social cohesion. Societies which embrace neoliberalism are faced with increasing problems due to this defect. It is also generally accepted that rewards and inner convictions are better ways to preserve social cohesion than punishment. Fascist societies are relatively short lived because they have little other than propaganda and punishment to preserve an otherwise highly unstable social stratification.<sup>110</sup> Sarkar cites “too much self-interest in the individual members, the formation of groups for economic or social advantages, and the lack of understanding of others” as the principle reasons for the downfall of a society. “Instances of so many groups and empires disappearing altogether are not rare in the little-known history of this world.”<sup>111</sup>

The essential problem to be solved by all societies, and the problem addressed in the remainder of this essay, is how to achieve a social cohesion which is sustainable because it is consistent with the spectrum of human needs and aspirations. The discussion is divided into seven sections, each of which approaches the challenge of building a cooperative society from a different perspective. Here is an overview of what is to come.

Section 1, *What is Scientific?*, argues that Western materialistic science, which now dominates world culture, is in its present form partly a help and partly a hindrance in building a cooperative society. This section makes the case for a broader definition of science based on a synthesis of Western materialistic science and Eastern spirituality.

Section 2, *The Concept of Progress*, links social progress to the pursuit of happiness, but links the pursuit of happiness to the development of human potential. Any kind of social or economic development, therefore, can only be considered progress if it enhances the more subtle and more expansive potentialities of human consciousness.

Section 3, *The Theory of Cooperation*, introduces the concept of *social capital*, a term used to describe the network of relationships between people and especially the moral and empathic component of those relationships. We also introduce Neohumanism, that part of Sarkar’s social philosophy which links cooperation to social progress.

Section 4, *The Science of Cooperation*, introduces the (Western) science and sociology of cooperation. Surprisingly we find that humans have a genetic



predisposition for cooperation, which can be elicited given appropriate social encouragement.

Section 5, *The Ethics of Cooperation*, explores the ethical dimension of cooperation and affirms that a cooperative society is possible given the right kind of individual and collective effort. We must also address the problem of *power*, which has undone all attempts so far to establish a cooperative society.

Section 6, *Egalitarianism*, begins with the dilemma that egalitarian societies can be shown to be happier and yet the imposition of material equality has proved to be a disastrous failure. What is the appropriate degree of egalitarianism required to encourage cooperation?

Section 7, *The Future of Cooperation*, looks to the growing importance of an economy for the mind.

### *What is Scientific?*

The reader may be wondering why a discussion of cooperation should begin with the philosophy of science. Recall that Marx and Engels stamped dialectical materialism with the authority of science and likewise neoliberalism attempted to claim the authority of science, although neither of these attempts stood up to close scrutiny. The label ‘scientific’ endows validity because the discipline of science is both powerful and rational. When the discipline is followed wisely, the knowledge so obtained reduces the element of surprise in our dealings with the world (that is its power) and it provides a view of the world that is both internally consistent and consistent with human well-being (that is its rationality).

Science is motivated by questions and the question that motivates us here is: what kind of social relationships serve to strengthen society and at the same time promote the general happiness without encouraging selfishness? Obviously the answer we are inviting is *cooperative* relationships. But cooperation, like finding peace and love in our lives, is much easier to talk about than to achieve. We need something more than a wish and a prayer in order to build a society based on cooperation. We need the confidence and the rationality that science provides.

In the previous two parts of this essay, we considered the Marxist and the neoclassical views of the human being and we found them both wanting. The fundamental defect of both is that they are *reductionist* – but for different reasons. In the case of Marxism, the human being is reduced to a material entity for ideological reasons, but the theory flounders when the intellectual, aesthetic and spiritual human being begins to assert itself. In the case of neoclassical economics, the human being is reduced to a behavioural parody, because it supposedly facilitates a mathematical description of the narrow world that interests economists. Clearly we require a theory of the human being which avoids these problems.

From the Proutist perspective, a healthy society (and therefore a healthy economic system) can only be built on a holistic understanding of the human being, one which accepts humans as multi-dimensional, that is, as physical, instinctual, sentimental, intellectual, social, aesthetic, moral, spiritual and so on. Human beings have needs and aspirations in all the above dimensions of life and each of them impinges one way or another on social cohesion and on economic activity, which is why they must all somehow be acknowledged in theory and in practice. This idea is fundamental to everything that follows.

However, we are faced with a difficulty. Western materialistic science is founded on the assumption that only matter exists and therefore only matter can be known. Due to this presumption, Western science can only ever seek to understand the more subtle aspects of human beings, their sentimental, intellectual, social, moral and spiritual lives, as epiphenomena of matter. The quandary is that we wish to embrace Western science for its ability to improve our quality of life and to defeat dogma with rationality. Yet constrained by its own dogma of materialism, Western science is inadequate to explore the inner mental and spiritual worlds. Even the neuro-philosopher, Patricia Churchland, admits that “We do our research as if materialism is a proven fact, but of course it isn’t”.<sup>112</sup> The philosopher Ken Wilbur argues that the non-material worlds must be approached on their own terms, that is, each of the dimensions of human existence is deserving of its own science and methodology. In *Eye to Eye*, he gives an elegant account of the three kinds of science required to deal with the physical, mental and spiritual worlds, and he highlights the common features of the three methodologies that justify their deserving to be acknowledged as scientific.<sup>113</sup>

Sarkar also embraces the Western scientific method but, not surprisingly, rejects the dogma of materialism. As with much of his philosophy, Sarkar’s approach is to find a synthesis of East and West.

The Asian countries, in spite of their long heritage of morality and spirituality, have been subject to great humiliation during periods of foreign invasion. While the higher knowledge of philosophy propagated by the oriental sages and saints has been accepted as a unique contribution to the store house of human culture and civilization, the people of these lands could not resist the foreign invaders. The history of all the Asian countries, a region of so many religions, has been dominated by foreign powers for centuries together. This imbalance brought about their material deprivation and political subjugation.

On the other hand, the West is completely obsessed with physical development. It has made spectacular progress in the fields of politics, economics, science, warfare, etc. In fact, it has made so much material progress that it seems to be the sovereign master of the water, land and air. But for all that, it is not socially content and miserably lacks spiritual wealth. Unlike the East, in the West plenty of wealth has created a crisis. Therefore, it is abundantly clear that no country can progress harmoniously with only one-sided development.

Therefore, it behoves both the East and the West to accept a synthetic ideology that stands for a happy synthesis between the two. Here, the East can help the West spiritually, whereas the materialistic West can extend its material help to the East. Both will be mutually benefited if they accept this golden policy of give and take...

In the educational system of the East, there is the predominant element of spirituality... So the people of the orient could not but be spiritual in their thoughts and actions. Whereas there is, in the Western system of education, a clear and unilateral emphasis on mundane knowledge. So to build up an ideal human society in the future, the balanced emphasis on the two is indispensable.<sup>114</sup>

There are many schools of Eastern philosophy and it is as difficult to generalize about them as it is about the many schools of Western philosophy. Some might be characterized as idealistic, some materialistic, some dualistic and so on. Sarkar places himself in the tradition of Tantra<sup>115</sup> which might best be described as the *science of spirituality*. Tantra earns the title of a science (as opposed to a philosophy) because its methodology requires the practice of physical and mental disciplines to gain access to the subtle experiences described by the theory. Furthermore, like any good science, its body of theory and practice has evolved over time. It is not bound by the semantics of ancient texts.

Our assertion is that, in order to build a society based on cooperation, we desperately need science – but not a single science bound by the dogma of materialism but multiple sciences each with a methodology appropriate to the dimension of human experience it investigates. It must be admitted that not all the sciences we require are equally developed. But this is not the point – we cannot know everything in advance. We can, however, start with an immature science and develop it into a mature science over time. It must also be re-emphasised that advocating the need for new methodologies to investigate the inner mental and spiritual worlds is *not* a rejection of the material sciences. Western material science has already begun to investigate cooperation and it offers a good starting point to which we shall return shortly.

## *The Concept of Progress*

### **Happiness**

The pursuit of happiness is a fundamental human motivation. All social theories must provide some account of it. In the case of Marxist theory, happiness is implicit. Individuals find it in the solidarity of social struggle and ultimately in the harmony of a classless society. In neoclassical theory, happiness is explicit. Individuals pursue their own desires and the mechanism of the free market delivers the greatest happiness of the greatest number. Happiness is also explicit in Sarkar's social theory. All humans pursue happiness because it is human nature to do so. But desires appear to know no

bound – when one is satisfied another appears in its place. In truth, human desires are limitless. Therefore, says Sarkar, they can only be satisfied by something that is itself limitless and herein lies the value of spiritual science because only spiritual experience has this particular quality.<sup>116</sup>

So with respect to the pursuit of happiness, the science of spirituality promotes two principles. The first concerns *balance*. Given that humans are multidimensional beings, their well-being and therefore happiness depends upon maintaining a proper balance within and between all the dimensions of their lives. Just as the physical body requires balanced nutrition (*pabula*), so too, the mind also requires the right kinds of intellectual, cultural and spiritual *pabula*. Sarkar makes a distinction between *carbonic pabula* which are required to sustain the physical body and *non-carbonic pabula* required to sustain the mind. (We need this unusual terminology because Sarkar uses it subsequently to define an ethical principle.<sup>117</sup>)

The second principle stems from the observation that the many kinds of *pabula* which humans pursue are not equivalent in their ability to satisfy. *Pabula* can be arrayed on a spectrum from crude to subtle, defined by how easily accessible they are to consciousness – sensory stimuli are easily accessible, intellectual ideas range in difficulty and certain kinds of spiritual experience are very difficult to grasp with ordinary human consciousness. According to the second principle, the different kinds of *pabula* sustain human happiness in inverse degree to their ease of attainment. Tasty food is necessary for happiness but it fails to be enough once readily obtained. On the other hand, spiritual experience can be elusive but is found to offer sustained contentment in the long term.

## **Development and Progress**

The above two principles have ramifications for both the individual and the collective pursuit of happiness. From the individual perspective, the pursuit of happiness is a *developmental journey*. Humans are at first frustrated in their search for happiness, because they search where it is easiest to do so. By stages however, they turn their attention in more subtle directions. Psychologists identify a definite sequence of developmental stages in the unfolding of the various potentialities of the human mind. The natural sequence (and thus also the healthy sequence) is from the crude to the subtle and from narrow concerns to expansive concerns. From baby, through infant and child to adult, the intellect becomes by steps more subtle and more powerful. Eventually the mind can span great physical and even metaphysical distances. Likewise from baby to adult, a person gradually acquires the faculty of empathy – the selfish concerns of the child give way to concern for the welfare of others. And again, moral perceptivity begins with fearful obedience to rules and grows to the appreciation of virtue. A happy life depends entirely on making each of the many steps of this developmental journey, a journey which continues for as long as one lives.

However the developmental journey is not without its struggle, because there is a palpable tension between the developmental transitions in life and the requirement to maintain balance. At each developmental stage, a person gradually learns to achieve equilibrium but each inner impetus for further unfolding of mind threatens the equilibrium that was carefully established after the previous step. Indeed Sarkar defines life as a never-ending struggle “to restore an unstable equilibrium”.<sup>118</sup> Wilbur offers a comprehensive description of the *equilibrium-development* tension in *Eye to Eye*.<sup>119</sup>

With regard to the collective pursuit of happiness, the same dynamics apply, but on a longer time scale. There is the same tension between development and equilibrium requiring the same struggle to restore an unstable equilibrium. Societies and civilizations, by gradual degrees, move from the crude to the subtle and from the selfish to the collective welfare. This movement becomes the basis for Prout’s *definition of progress*. Any kind of social or economic achievement can only be considered progress if it encourages the unfolding of the more subtle potentialities of individual and collective life.

We are now in position to understand the particular challenge confronting the human race in the opening decades of the 21<sup>st</sup> century. We are taking another small but collective step away from a pre-occupation with self-interest towards a pre-occupation with the welfare of the planet as a whole. We cannot expect to take such a step without some disruption and some letting go of the past but by making this step we are surely building a cooperative society.

### **The nature-nurture debate**

Human development is from crude to subtle. Mind has an inner impulse to unfold which is not dependent on, nor imposed by, the external environment. In other words, mind has its own dynamic, its own nature. This understanding has an immediate impact on our interpretation of the *nature-nurture* debate. In essence we are saying that, in addition to their physical attributes, humans are also intellectual, social, moral, and spiritual, *by nature*. But nature in this view is something more than the universe of atoms and molecules – it now includes the universe of minds and consciousness. How a human being develops still depends on choices made in the context of inborn and environmental factors but now the inborn is not confined to genes and likewise environment includes all the physical and metaphysical worlds into which human life penetrates. So concerning the old debates of *nature* versus *nurture* and *determinism* versus *free will*, Sarkar is clear that a useful social theory must accommodate both sides of both arguments. It is not at all helpful to be dogmatic in these debates.

The assertion that the subtle aspirations of human beings are in part innate is significant for a second reason. Socialists have traditionally preferred to argue that all morality, all aesthetics, all spiritual yearning is imposed, for better or for worse, by family and society. The utopian socialists relegated all expressions of vice and virtue to the arena of nurture in order to reject the

conservative argument that working-class vice was innate. Marxists went further and insisted that all human subtlety was derivative of socially imposed material circumstances. Both views are inadequate because they try to squeeze human reality into a very tiny mould. The reality is larger, more complex and more subtle. A better approach surely is to expand one's theory to embrace reality, not to squeeze reality into the strictures of an outdated theory.

### **Economic progress**

In the healthy developmental sequence, the human mind unfolds from a predominance of crude to a predominance of subtle preoccupations. We have already noted that this developmental sequence becomes the basis for Prout's definition of progress. Sarkar takes a highly significant step by linking the trajectory of economic development to the unfolding of human mind. In the first instance, humans are preoccupied with their physical existence, that is, to provide themselves with the basic requirements of life, which Sarkar lists as food, clothing, housing, health care and education. He describes an economy which cannot meet the basic requirements as *undeveloped*. Once physical requirements are satisfied, we find that more subtle intellectual, social and artistic expressions quickly assert themselves. Serious social problems arise if an economy is not reorganised to satisfy those aspirations. And finally, when a widespread refinement of intellect and aesthetic expression awakens spiritual interest, economic priorities change yet again. Of course these are not three distinctly separate phases, but unless one recognises human development as an unfolding of more and more subtle aspirations, economic development will stagnate and human aspirations will at some point become frustrated, with potentially disastrous results. It also goes without saying that the economic indicators used to measure collective welfare must periodically be adjusted to accommodate changing aspirations.

Most communist countries were able to provide the basic material requirements of life but stagnated because they were not able to take the next step. Capitalist economies are able to satisfy some of the subtler aspirations of the middle class by diverting relatively modest resources into education, the arts and the like. However, their disregard for ecosystem relationships, social relationships and ethics leads ultimately to the disintegration of the social fabric.

Ecosystem relationships in the context of a cooperative society are discussed in another essay in this volume.<sup>120</sup> In this essay, we are concerned only with social relationships and ethics.

### ***The Theory of Cooperation***

Our concern in this section is to develop a theory of cooperation and social cohesion. The key argument is that social cohesion depends on cooperation and cooperation depends upon social relationships characterised by trust and empathy. Social cohesion will therefore depend on the *aggregate quality* of

social relationships, which in Western social science, has come to be described as *social capital*. The term is used by way of analogy to other kinds of economic capital, such as human capital and financial capital. Some resist the term because it represents the further intrusion of economic thinking into the social sciences, but it is widely accepted and therefore used here. Interest in social capital arises because the concept is believed to be measureable and because research has shown that measures of social capital correlate with other important social and economic indicators.

Although Sarkar does not use the term as such, much of his Neohumanist philosophy is concerned with the quality of social relationships.<sup>121</sup> We begin with the theory of social capital as understood by Western social science and then introduce the contribution of Neohumanism.

### **Social Capital**

In *Taking New Zealand Seriously – The Economics of Decency*, Hazeldine defines social capital as the “empathy and sympathy” in human relationships and the “shared attitudes and goals” of a community.<sup>122</sup> Putnam, a sociologist, defines it as the “connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them”.<sup>123</sup> Social capital is embodied in human relationships and in the social, educational and cultural institutions which mould those relationships. The evidence suggests that it is hugely important in explaining the differences in wealth and productivity between nations. Government investment in activities which build good social relationships and community, says Hazeldine, can be as productive as business investment in new machinery and factories. This understanding makes Margaret Thatcher’s repudiation of society in favour of individualism look all the more ridiculous.

Many studies have attempted to measure social capital and thereby make inferences about its correlation with other apparently unrelated social and economic indices. Following the lead of Putnam, the social capital of a community is often measured as the levels of trust and civic involvement of its members. Trust is assessed by gathering information through carefully worded questionnaires and civic engagement by measuring the per capita number of church groups, unions, sports groups, schools groups, clubs and societies to which residents belong. One study<sup>124</sup>, for example, has shown that the correlation of income inequality with higher mortality rates (observed among the states of the USA) can probably be explained by declining social capital. In other words, income inequality occurs at the expense of social capital and declining social capital has a deleterious effect on public health.

Hazeldine<sup>125</sup> argues that New Zealand’s program of economic rationalism (synonymous with neoliberalism in this essay), which began in 1984, is gradually destroying the social trust and empathy upon which economic life depends. In other words, New Zealand is living off the social capital

accumulated by previous generations and, as any economist will tell you, drawing on an account without making deposits cannot last forever.

There are different kinds of social capital just as there are different kinds of physical and human capital. Putnam makes an important distinction between *inclusive* social connections and *exclusive* social connections. Ethnic organizations, sectarian church groups and fashionable country clubs tend to be exclusive even while their internal bonds are strong. Civil rights groups, youth service groups and charitable organizations tend to be inclusive. From this perspective, social capital can be both positive and problematic. However in the end, Putnam sees social capital as an essential force in society. He draws on a vast array of data that reveals how Americans have become increasingly disconnected from one another and how participation in sports, religious, political and hobby groups is declining. He links the disintegration of social capital to declining indices of individual and public health. Conversely he demonstrates how regenerating broken social bonds can improve those same indices.

### **Neohumanism**

Neohumanism is Sarkar's reinterpretation of Humanism. It is well described as a synthesis of the European humanist tradition with the Indian spiritual tradition. It includes: an analysis of social sentiments as the basis for social cohesion; the role of rationality in the struggle against dogmas; a commitment to egalitarianism; and a commitment to spirituality as the basis for building a healthy society.<sup>126</sup> Various aspects of Neohumanism will appear in each of the subsequent sections but we deal here with its analysis of social relationships.

Humanism was defined by the Greek philosopher, Protagoras (5th Century BC), as the principle that *humans are the measure of all things*. Human dignity takes precedence over the dictates of kings, queens, priests and tyrants. It remains an excellent definition and European history can be interpreted as the struggle to establish the humanist ideal in the face of determined opposition from successive kings, queens, priests and would be tyrants. However, today the humanist ideal appears to be inadequate in at least two respects. First, if humans are the measure of all things, then what about animals and plants? Do they only have value or meaning by reference to humans? Second, what can we say about the future of humanity if we only have the past as a reference? A vision of human potential is required if we are to approach the future with confidence and optimism.

Neohumanism is Humanism infused with spirituality and extended to encompass the plant and animal worlds. Elsewhere in this volume, Bussey introduces Neohumanism as follows:

Neohumanism is a reinterpretation of Humanism proposed by P. R. Sarkar. It takes the universal aspiration of Humanism, to reach beyond the limitation of humanity and to strive for unity at the social level, and



suggests a universalism that includes all animate and inanimate existence. Humanity is thus part of a great whole and our job is to increase the radius of our heart's love... Furthermore, the Cosmos, its matter and the organic forms that populate it, are all taken to be conscious, thus human isolation is broken down. We are never alone, as Sarkar insists. Rather we are bound together in an infinite network of relationships that span material, intellectual and spiritual realities.<sup>127</sup>

Lying at the core of Humanism is both an ethic and a sentiment. The ethic is egalitarian – it asserts the essential equality of humans. The sentiment is an experience of empathy or connectedness with those who come within the humanist embrace. Put another way, Humanism is about cooperation. Both the ethic and the sentiment of Humanism are required to sustain cooperation.

But a cursory examination of history obliges us to ask: who is included in the humanist embrace? For the ancient Greeks, it did not extend to slaves or to women. In 18<sup>th</sup> century England, it did not extend to slaves or to colonies. Put another way, the cooperative ideal can be found on the inside of the humanist embrace but it does not extend to the outside. The struggle of human history has not been so much to establish some fixed humanism but rather to extend the radius of the circle of those included within the ideal. In Neohumanism, Sarkar extends that circle to include animals and plants. Furthermore, spirituality is required in order to ensure that the circle of Humanism is extended to include more and more of the currently marginalised.

Sarkar's analysis of social sentiments and their contribution to social cohesion has some parallels to Putnam's analysis of social capital. Like Putnam, he makes a basic distinction between exclusive sentiments (for example nationalistic *geo-sentiments* or party political *socio-sentiments* that bind a group but then pit group against group) and all-inclusive sentiments. The Neohumanist sentiment is the ideal because it excludes nothing – everything and everyone is inside its cooperative embrace. Here then we have another perspective on Sarkar's definition of social progress – it is the ever expanding circle of Neohumanistic cooperation, made possible by the ever-increasing subtlety of the human mind.

Much of Neohumanism is concerned with the use of *rationality* to defeat social dogmas. Rationality is usually understood to mean the capacity for logical reasoning undistorted by sentiment. Neohumanism however acknowledges what neurobiologists have learned from investigations of the brain – that reason cannot be divorced from sentiment because the two are intertwined in the brain. Rationality is not reason divorced from sentiment but reason empowered by the all-inclusive Neohumanist sentiment.<sup>128</sup> Logic alone can never defeat the combination of dogmas and cheap sentiments offered by communism and fascism. Even the great 20<sup>th</sup> century logician, Bertrand Russell, came to the conclusion that the final argument against Nietzsche's fascist philosophy must be an appeal to human emotion.<sup>129</sup>

Grounding social capital in human sentiments and therefore in human neurophysiology is an extremely important step because it opens up the apparently intangible world of social capital to (Western) scientific investigation. We now turn to that science.

### *The Science of Cooperation*

In this section we examine some of the scientific evidence that humans have a predisposition to cooperation and in particular to economic cooperation. The evidence comes from a new and exciting field of research known as *neuro-economics*. We then turn to those insights provided by sociological studies.

#### **Neuro-economics**

Neuro-economics is the study of the neuro-physiological underpinnings of economic decision making. The field is new and providing unexpected insights into human economic behaviour. Recall that classical economic theory requires individuals to make complex calculations to maximise their personal advantage or utility. Utility, however, is a strangely ambiguous concept. On the one hand it is given a numerical value which implies the counting of something but on the other it is entirely abstract and not anchored to anything in the real world that can be counted. The advent of neurophysiology led to the idea that utility was really a surrogate for some chemical currency inside the brain, with most interest focused on serotonin molecules because these are known to be responsible for the experience of pleasure.

It turns out that a wide range of *molecules of emotion*<sup>130</sup> impinge on the mental cost-benefit calculations that are supposed to take place inside the brain and they have unexpected effects. For example, let us return to the ‘sharing experiment’ described earlier, in which person A was asked to share a sum of money with person B. Remember that these experiments demonstrated behaviour inconsistent with neoclassical theory. People appear to put a high value on fairness. In a follow on experiment, persons A and B were placed in the same experimental scenario as before, but they were (unknowingly) given an intranasal administration of *oxytocin*. Oxytocin is a neuropeptide that plays a key role in social attachment and affiliation in animals and causes a substantial increase in trust in humans. In these experiments the effect of oxytocin was to increase the amount of money that A gives B. The experimenters concluded that “oxytocin may be part of the human physiology that motivates cooperation.”<sup>131</sup> It is worth adding that such hormone-mediated interactions are not confined to human relationships but are also likely to be involved in human-animal relationships.<sup>132</sup>

Oxytocin is not the only neurochemical to promote cooperation. Recent observations of *bonobo* monkeys in the jungles of the Congo reveal fascinating contrasts with chimpanzees.<sup>133</sup> Bonobos are matriarchal and show little aggression compared to the patriarchal chimps. Chimps respond to strangers

with aggression, while bonobos demonstrate curiosity. When under stress, chimp tribes degenerate into fighting while bonobos respond to stress by engaging in collective sexual activity. Scientists have concluded that bonobos demonstrate higher levels of trust both with each other and with strangers. Of most interest, however, from a neuro-economics point of view, is the ability of the monkeys to perform a simple task requiring cooperation in retrieving some bananas that are out of reach. Although both species are intelligent enough to work out a solution (for example, by one climbing on the shoulders of the other or by one holding a ladder for the other), the chimps fail because they cannot trust one another. On the other hand, bonobos have no trouble cooperating to retrieve the bananas.<sup>134</sup>

It turns out that these differences can largely be correlated with a single gene – a so-called ‘social gene’ that acts via a neuropeptide called *vasopressin*. Bonobo monkeys have the social gene, chimpanzees do not. And of particular interest – humans have the same vasopressin gene as bonobos. Recall that social capital was defined in terms of trust and empathy and that these behavioural traits oil the wheels of social and economic interaction by encouraging cooperation between strangers. We now know that oxytocin and vasopressin are the physiological underpinnings of trust and that they influence levels of cooperation.

### Managing Social Capital

We must immediately dispel any notion that trust, empathy and cooperation are predominantly determined by genes. In Sarkar’s terminology, genes represent *potentialities*. How those potentialities are expressed depends entirely on the choices people make in the context of their genetic endowment and social environment. It is therefore extremely interesting to learn that measures of trust vary greatly from country to country. In one survey,<sup>135</sup> an aggregate measure of trustworthiness ranged from a low 3% in Brazil to 65% in Norway. In a ranking of some 42 countries, Australia came in 8th position just ahead of India, Switzerland and the USA (see Figure 1 in Zak<sup>136</sup>). It is possible to measure other social and economic indicators in the same countries and determine how these correlate with trust. The data suggest that low aggregate trust is correlated with low levels of investment and with poverty. Zak also claims that governments can increase aggregate trust by adopting policies which promote education, civil liberties and communication and which decrease income inequality.

This conclusion is supported by a just-published, ground-breaking book which reviews 30 years of research into the adverse effect of income inequality on almost all social indicators. The title says it all – *Spirit Level: Why More Equal Societies Almost Always Do Better*.<sup>137</sup> It does not matter if the average per capita GDP (the *de facto* measure of wellbeing in neoclassical economics) is very low or very high. It is the *gap* between rich and poor that is important.<sup>138</sup>

The effect appears to cross cultures because countries as diverse as Indonesia, Vietnam, Finland and Japan all have better indicators than the UK and USA. The rich in more equal countries are happier than the more rich in less equal countries.<sup>139</sup> The evidence obliges us to turn the *trickle-down-effect* on its head – the rich enjoy a better life by increasing the income of the poor.

The differences revealed, even between rich market democracies, are striking. Almost every modern social and environmental problem – poor physical health, mental illness, lack of community life, violence, drug abuse, obesity, long working hours, school dropout rates, imprisonment, violence and teenage pregnancies – is worse in a less equal society.<sup>140</sup> As with the Zak study, trust and cooperation are found to decline with increasing inequality and the authors suggest that low trust is a key factor because low trust/high stress leads to many of the other poor outcomes. Ultimately the *Spirit Level* is an optimistic book. The good news is that it is easily within the ability of governments to manage levels of inequality and therefore levels of trust. Many of the other social problems respond accordingly, without requiring the expensive remedial programs that attempt to correct the negative effects of high inequality. To this extent, the early socialists and George Orwell had an accurate intuition – increasing material equality helps to solve many apparently difficult social problems.

In the end much of this is common sense, but somehow it has been ignored by governments around the world bent on promoting the neoliberal agenda. In particular, it is worth noting the negative consequences of deregulating markets. Neoliberals claim that regulation warps the efficiency advantages of a truly free market. However the efficiency of a market is also dependent on trust among its participants. Deregulation combined with a lack of trader ethics eventually destroys a market because dishonest behaviour begins to dominate.

This is illustrated by an interesting experiment with a group of chimpanzees.<sup>141</sup> The object was to determine if chimpanzees could learn to trade using money. Chimps in the wild trade services with one another but not, as in this experiment, goods for goods with money as an intermediary. The results demonstrated that the animals could learn to trade using simple tokens as a currency convertible into snacks – but only as long as a human referee remained to keep the trading honest. In the absence of human supervision, trades started going sour because the chimps did not always return tokens proffered by their peers. “Lack of trust,” trouble communicating and difficulty with mental scorekeeping were three explanations suggested for the breakdown in chimp trade. However another conclusion that one might draw from this experiment is that a market can be made to function adequately even if the participants have poor ethics, as long as it is well regulated. It would be interesting to repeat the same experiment with bonobos.

Contemporary economic theory places much stress on free market competition to achieve efficiency. Justification for the role of competition comes from

biological theories of evolution which stress survival of the fittest. We now know much more about our closest primate cousins and have discovered that competition is only half the story. Some primates have a sense of fair play and an innate capacity for cooperative behaviour. The evidence points to humans also having a genetic and physiological predisposition to cooperation and, given the will, businesses and governments can foster that predisposition to promote a cooperative economy. Far from being weaknesses, trust and cooperation are economic strengths.

The more we understand human cooperation and how to strengthen cooperation, honesty and trust, the more economically successful our society becomes.<sup>142</sup>

### *The Ethics of Cooperation*

The essence of the utopian argument (and of its naivety) is that a better society can be created without sustained individual and collective effort. It contrasts starkly with the pessimistic argument currently pervading crisis ridden capitalist societies which asserts that, no matter how humans struggle to create a better society, they will always be brought down by greed and selfishness. Both arguments are dangerous, the former because it does not accord with reality, the latter because it engenders hopelessness. Our vision of a cooperative society must not fall into either trap. Human beings have many potentialities from crude to subtle, from selfish to altruistic. It is of paramount importance to understand the science behind all these potentialities and to encourage the subtle and restrain the crude.

We have seen that a cooperative society must be built on trust and empathy because these are required to sustain cooperative relationships. It is extremely difficult to establish trust and empathy in a culture which actively encourages self-interest and large inequalities of wealth. On the other hand, a cooperative society can be built where there is some rational effort both by individuals to deal with personal selfishness and by society as a whole to promote social equality. To the extent that traditional socialists turn their backs on individual morality and conservatives refuse to acknowledge egalitarian struggle, the more difficult it becomes to establish a cooperative society. In this section, we deal with ethical struggle and in the next, with the egalitarian struggle.

Sarkar promotes two complementary ethical systems, *cardinal human values* and *neo-ethics*. They are discussed in turn.

### **Cardinal Human Principles**

Sarkar places much importance on a high standard of morality in individual and collective life. Cooperative businesses require not just honest directors and managers but also a state administration that is run by honest public servants and politicians.<sup>143</sup> In other words, morality is the *sine qua non* of a cooperative

society. A commonly accepted set of moral principles is required but here we come up against an obstacle. Conservatives are inclined to seek moral guidance from religious scripture and, in the worst case, impose dogmas which repel the rational mind. Traditional socialists, not wishing to submit to religious dogma, tend to reject all moral principles as relative. So what kind of moral code is required to sustain a cooperative society and how can one promote it? Sarkar argues for the concept of *cardinal human values*, values that go beyond any one culture or religion.

It is interesting to note the emergence of various international courts of law, driven by a gradual recognition that cardinal human values must take priority over local culture and custom. True, only the worst violations, such as crimes against humanity, reach the international courts today and admittedly often for political reasons, but nevertheless the gradual emergence of an internationally accepted set of moral values is of tremendous importance. Acts of violence, deception and theft perpetrated on innocent people cannot be justified in the national interest. By logical extension to individuals, acts of violence, deception and theft for personal gain are also morally reprehensible. Most cultures around the world accept these as moral principles – indeed it is hard to imagine a sustainable society without them.

Sarkar promotes a set of ten principles that encapsulate cardinal human values.<sup>144</sup> The first three are concerned with the avoidance of violence, deceitfulness and theft as described above. To act according to cardinal principles of morality, says Sarkar, is *virtue* and to act against them is *sin*. The central idea in virtue is “to serve the collective interest, to accelerate the speed of the collective body...” To retard the speed of the collective body is *sin*.<sup>145</sup> Note that the ‘speed of the collective body’ to which Sarkar refers is the collective movement from crude to subtle encapsulated in his definition of progress. Virtue and sin, good and bad, are therefore defined by reference to collective social progress and not in terms of prevailing religious ideas.

The cardinal human principles have five important characteristics: 1) they are a natural system of morality in the sense that, without them, the natural developmental sequence of expansion and sublification of mind cannot occur; 2) they are not ends in themselves but the means to individual and collective progress; 3) in particular they provide the necessary foundation for spiritual development; 4) their practice builds trust and therefore the quality of cooperation in society; 5) they are egalitarian because they are of benefit to all – their practice, by definition, excludes group or class interest.

Of the ten principles, one is of particular importance because it encapsulates the others: *non-objectification*.<sup>146</sup> Objectification is the use of people (or indeed anything animate and inanimate) as objects for one’s own purposes without regard for their well-being. *Exploitation* is defined in a similar way.<sup>147</sup> This principle appears in Neohumanism as the distinction between *utility value* and *existential value*. To recognize the existential value of a person is to recognize

that their joys and sorrows are as important to them as my joys and sorrows are to me. We may therefore describe non-objectification as the *empathic principle*. It requires an ability to put oneself into the mind of another – to expand one’s consciousness beyond its limited ego boundary.<sup>148</sup>

Environmentalism infused with the empathic principle becomes *deep ecology*,<sup>149</sup> whose significant feature is to acknowledge the existential value of the natural world in addition to its utility value for humans. Recall also, that social capital is defined in terms of the trust and empathy inherent in social relationships. It is now clear that the building of social capital acquires a moral imperative.<sup>150</sup>

The practical translation of ethical principles into good social outcomes is performed by a society’s legal system.<sup>151</sup> The law defines crime and the corresponding punishments. The larger the gap between crime and sin (the latter defined as that which impedes social progress), the more problems a society will face. Put another way, social progress depends on reducing the gap between morality and legality. Of course differences in climate and local circumstances will require minor differences in the application of the law from place to place, but the intention of the law should always be to give expression to cardinal human principles.

If we try to expand the scope of the few fundamental cardinal human principles and draft the constitution, legal code, administrative and judicial systems in adjustment with the expanded scope of those cardinal principles, that will pave the way for the greater unity of human society. Humanity or Neohumanism will thereby acquire accelerated speed, which is one of the essential factors for the path of proper movement... This should not remain a utopian dream. It should be the first expression of the practical wisdom of humanity.<sup>152</sup>

Contemporary capitalist society offers many examples of a gap between morality and legality. Consider CEO salaries, concerning which the word ‘obscene’ appears time and again. It was used to describe the £10.9m payouts received by Scottish Power’s former chief executive and colleagues just three months after they warned customers about inflation-busting bill hikes.<sup>153</sup> And in Scotland again, Sir Goodwin, former boss of the Royal Bank of Scotland, had to have police protection after public anger over the announcement that he would receive a £650,000 annual pension entitlement on leaving the bank which collapsed under his stewardship. CEOs defend their astronomical incomes as not breaking any law and as justified by ‘market forces’.

There are at least two moral principles relevant to CEO salaries, *contentment*<sup>154</sup> and *non-acquisitiveness*.<sup>155</sup> To maintain contentment, one must struggle against greed. It requires, says Sarkar, “being contented with the earnings of normal labour”. How might we give these two moral principles legal expression? Sarkar’s proposal is to provide a guaranteed minimum income (GMI), sufficient to cover the basic requirements of life, and then to set the maximum

remuneration as a fixed ratio to the GMI. This policy is already part of cooperative ethics and is practised by cooperative businesses around the world.

Another gap between morality and legality in contemporary capitalist society concerns the waste of material resources. The relevant cardinal principle is *non-acquisitiveness* or the avoidance of superfluous consumption. Material goods should be acquired only to the extent required for a fruitful life. Note that this definition implies a legitimacy to consume something beyond basic needs, in contrast to Marx's 'needs slogan' that limits individual consumption to the basic requirements.

The justification for placing a moral constraint on material consumption is that material resources are finite. One person's inconsiderate use of finite resources disturbs the welfare of others and upsets environmental balance. From a social perspective, therefore, this principle offers the moral justification to pursue economic efficiency. As we have mentioned earlier, those who argue for productive efficiency do have a valid moral argument. But that same argument must also extend to efficiency of consumption, the issue which so worries environmentalists. Profligate consumption of fossil fuels (because capitalism considers Nature to be free for the taking) has brought planet earth to a dire situation. The green slogan, *reduce, reuse and recycle* has a moral imperative.

### Neo-ethics

The Cardinal Human Principles define virtuous conduct for individuals. By contrast, Neo-ethics<sup>156</sup> is more concerned with the *ethics of groups*, that is, social groupings whose identity is defined by race, language, gender, economic class and so on. Neo-ethics is not an alternative to the Cardinal Human Principles – the two are complementary. As the name implies, Neo-ethics is the ethics associated with Neohumanism.

Recall that the purpose of Neohumanism is to expand the circle of those who are included in the cooperative embrace. The existence of a circle, however, implies two groups, those on the inside and those on the outside. Within the circle there is cooperation and outside the circle is the *other*, those with whom there is not necessarily felt a willingness to cooperate. Groups are inevitable in society and they cannot simply be wished away. The problem to be addressed by Neo-ethics is the pathological tendency for some groups to coalesce around the desire to exercise power over the 'other'.

Sarkar labels this problem *imperialism*, a term he uses quite generally to refer to the endeavour of any group to wield power over another. The imperialist urge is a psychic ailment "rooted deep in the human psyche".

Goaded by this psychic ailment, a superpower forces its own selfish national interests on other weaker states to establish its suzerainty politically, militarily, etc. An imperialist power wants to dominate and exploit other socio-politico-economic units as an expansion, perpetration and consolidation of its vested interests; a powerful linguistic group



suppresses other minority linguistic groups; the so-called upper castes subjugate the so-called lower castes in society; and opportunistic males curtail the rights of women in various ways. In all these cases, the same inherent psychological malady of imperialism prevails.<sup>157</sup>

Whether expressed as capitalism, nationalism, caste-imperialism, male chauvinism or lingualism, imperialism is anti-human. "It runs counter to the spirit of Neohumanism and the ethics of human life... it thwarts human progress and creates global wars and all sorts of divisive and destructive forces in society". Imperialists "cultivate a psychology based on slavery, inferiority complex, pseudo-culture and psycho-economic exploitation".

Concerning the problem of imperialism, socialists in the 19<sup>th</sup> century, both utopian and scientific, were quite naive. They appeared to believe that the imposition of material and social equality would somehow obliterate groups and therefore obliterate the group psychology giving rise to imperialism. But the imperialist impulse runs deep. George Orwell, in *Animal Farm*, identified it as the source of what went wrong with the socialist revolution but still, as we have previously noted, apparently believed in the healing power of egalitarianism.

We have already noted that psychologists recognize a natural sequence of human development which gives rise to increasing intellectual subtlety, empathy and moral perceptivity. This constitutes the starting point for Prout's concept of progress. Unfortunately, for many different reasons, the developmental sequence is sometimes frustrated, in which case the psychologist's job is to remove the impediment and to encourage healthy growth to resume. Sarkar views the imperialist tendency as a psychic ailment, that is, as a failure to develop to full maturity. It arises when a person or group comes under the grip of materialism and therefore fails to maintain a healthy balance between carbonic and non-carbonic pabula.

When people get detached from non-carbonic pabula and become increasingly engrossed in carbonic pabula, there are two ill-effects as a consequence. First, the arena of one's own carbonic pabula will increase and the mind will gradually and steadily drift towards crude matter. Secondly, one's mind will think in terms of devouring other's carbonic pabula. This is the psychological explanation of imperialism. That is, imperialism has its origin in the psyche and functions in the psychic arena.<sup>158</sup>

Healthy development requires of individuals and groups a continual effort to push the envelope of progress defined as increasing the significance of the subtle in individual and collective life and reducing the significance of the crude.<sup>159</sup> Imperialism can be understood as a problem of frustrated or arrested development. Therefore Sarkar defines two principles of Neo-ethics. The first states that spirituality, being that which ultimately drives all progress and all development, "must be accepted as the supreme desideratum in human life".

The second principle concerns maintaining balance in life. “There should be happy adjustment and balanced blending between carbonic and non-carbonic pabula.”

In Sarkar’s view, human existence, both individual and collective, is inherently dynamic – it cannot stand still - so it will necessarily move either in the direction of subtlety (progress) or in the direction of materialism (regress). All scientific and intellectual discoveries represent progress only to the extent that they encourage the flow of life from crude to subtle. The first principle of Neo-ethics commits human life to progress so defined. The second principle requires that in order to accommodate progress, the structure of human society (including its economic structure) must be continually adjusted. If we understand the economy as producing the many kinds of pabula required for human fulfilment, then progress requires a gradual shift in emphasis from producing carbonic pabula to producing more and more subtle non-carbonic pabula. Sarkar describes that part of the economy producing non-carbonic pabula as the psycho-economy. Its role is to find new and creative solutions to economic problems so as to encourage the maximum utilization of psychic and spiritual potentialities.<sup>160</sup>

We are passing through an era when human aspirations are becoming more and more subtle, but the most powerful of our political and economic institutions are still mired in the dysfunctional materialism of previous centuries. The choice is rather stark – imperialism or cooperation – but there is a choice.

### **The neurobiology of ethics**

Since the acceptance of ethical principles is essential to sustain a cooperative society, it is clear that training in ethical decision making cannot be left to chance. It is encouraging to find that courses on business ethics are now multiplying in universities around the world but something more than reading books on the subject is required. Soldiers cannot learn to fight from books alone and the same applies to those wishing to acquire ethical muscle. The learning of ethics requires exposure to real moral dilemmas because, as recent research has revealed, much more than the logical brain is involved.

Brain scans have opened a huge field of research into what parts of the brain are involved during different kinds of activity. In one recent study,<sup>161</sup> neuroscientists wanted to discover what parts of the brain were associated with states of mind such as empathy, compassion, altruism, emotional stability, self-understanding and pro-social attitudes. They found that pondering a situation calling for altruism or compassion activated a brain region known as the medial prefrontal cortex. However, moral decision-making involved the joint activity of several distinct parts of the brain – the rational cortex (dorso-lateral prefrontal), which plays a role in sustaining attention and working memory, the social-empathic cortex (medial prefrontal), the conflict detection cortex (“sixth sense” anterior cingulate) and the limbic system (a part of the brain usually

associated with primitive emotions such as sex, fear and anger). The authors concluded that the neurobiology of wisdom may involve an optimal balance between the more primitive brain regions and the newest ones. For those teaching ethics in MBA courses, the conclusion is clear. If the goal is to help students acquire ethical muscle, then they will need to be put in situations which exercise all these different parts of the brain at the same time.

It turns out that all decision making involves the emotional parts of the brain. Even decisions which are not apparently emotionally or morally charged, still engage parts of the brain associated with emotion. Far from being opposites, emotion and rationality are interdependent. Neuro-physiologist, Antonio Damasio<sup>162</sup>, has shown that people who lose the ability to perceive or experience emotions as a result of a brain injury, also find it hard or impossible to make decisions.

### *Egalitarianism*

Recall the assertion (possibly the most important made in this essay) that a cooperative society can be built where there is some reasonable effort to do so. That effort involves two parts, the first of which was discussed in the previous section, the personal struggle with selfishness. We now turn to the collective struggle to establish a cooperative society, where the focus is on egalitarianism.

We have noted the communist attempt to impose material equality and found it to be a disastrous failure. However, we have also reviewed some of the accumulating evidence that more equal societies perform better on virtually all social indicators than less equal societies. Even the rich are happier. People appear to be deeply sensitive, even subconsciously so, to differences in social status and relationships. The greater the differences, the more tension people experience. The increased trust, cooperation and well-being that accompany greater equality are associated with a reduction in social stress.

### **The Balance of Equality**

So the question arises – if 100% equality is both impossible and undesirable, and yet equal societies are happier, what should be the balance of equality? Those on the left and right of politics take different positions on this question because they attach different values to the achievement of equality over other goals such as productive efficiency. We have suggested that there is a legitimate policy debate here because both equality and efficiency have a moral dimension. The moral requirement for productive efficiency places a legitimate constraint on the virtue of income equality. If talent and hard work are not rewarded, both productivity and cooperation suffer.

The Proutist solution has two parts: first, to set the maximum income as a fixed ratio to the minimum income and second, to divide the Gross Domestic Product into two parts, one part to guarantee the minimum requirements of life

to all and the other to reward effort and talent. As a community accumulates more wealth, the quantity and quality of the minimum requirements can be increased.

The commitment to egalitarianism is evident in three respects. First is the commitment to provide the minimum requirements of all humans, animals and plants. This corresponds to Marx's dictum – *to each according to need*. Second is the commitment to increase purchasing capacity by increasing the quality and availability of the minimum requirements.

... increasing the purchasing capacity of each individual is the controlling factor in a Proutist economy. The purchasing capacity of common people in many undeveloped, developing and developed countries has been neglected; hence the economic systems of these countries are breaking down and creating a worldwide crisis.

The first thing that must be done to increase the purchasing capacity of the common people is to maximize the production of essential commodities, not the production of luxury goods. This will restore parity between production and consumption and ensure that the minimum requirements are supplied to all.<sup>163</sup>

Third is the commitment *to reduce income inequality* by progressively reducing the gap between the maximum and the minimum income.

After the needs of all have been met, Sarkar proposes to reward those who have demonstrated talent and effort. Fairness and the desirability to maintain productivity justify such an approach.

The concept of equal distribution is a utopian idea. It is merely a clever slogan to deceive simple, unwary people. Prout rejects this concept and advocates the maximum utilization and rational distribution of resources. This will provide incentives to increase production.<sup>164</sup>

Rewarding talent and effort can be interpreted as the *meritocratic* component of Prout because, quite obviously, those so rewarded will rise in social position. Many socialists oppose the meritocratic concept because, as the word implies, it can lead to the entrenchment of a class that monopolizes access to merit, thereby perpetuating its own power and privilege. Sarkar is clear that the necessity to reward talent should not be at the expense of needs (however they are defined in any particular age) and he also advocates checks and balances on public power. But the positive outcomes are too obvious to ignore: work satisfaction, work place efficiency, the possibility for self-improvement and so on. The productivity increase so achieved creates more wealth which can be used to increase the standard of 'needs'. However the egalitarian versus meritocratic impulses are always likely to be in political conflict – to hope otherwise is to hope for the discredited socialist utopia. Rather than ignore or suppress political tensions, it is sensible to recognize them and provide a forum in which they can be expressed constructively.

Ultimately the degree of egalitarianism in a particular community and the rate at which egalitarian indicators can be increased is a matter of culture and collective social consciousness. These do not change easily, which is why the sudden imposition of equality will always fail if culture cannot sustain it.

The egalitarian principle in Neohumanism is referred to as the *Principle of Social Equality*. It is a social mentality as much as an economic state. And significantly it is defined in terms of needs:

It is the realization that all the creatures which have come to live in this world, do not want to leave it – they all want to survive. Thus we must grant them their right to remain in this world, their right to survive. We must continue to fulfil all their needs so that they will not have to leave this world prematurely. We must make arrangements for the food, clothes, education, shelter and medical treatment of each and every individual, so that all can live in this world as long as possible, and become assets to the earth.<sup>165</sup>

In the context of Neohumanism, *creatures* is a reference to humans, animals and plants. Those who wish to create a better society, says Sarkar, will have to “stage a fight against all crude forces, a pauseless struggle against inequality and cowardliness.” He then adds curiously that “complete one hundred percent equality is an impossibility”, so for those wishing to create a better society, “Where is the opportunity for them to have rest?”<sup>166</sup> This is the way of the world – we must struggle for social equality while recognising that complete equality is impossible due to the relentless dynamism of nature.

### **Coordinated Cooperation**

Sarkar makes a distinction between coordinated cooperation and subordinated cooperation.

... for the maintenance of any organism, there must be a close cooperation between each of its component parts. Humanity is not inert, and the relationships between human beings depend on more than mere cooperation. This cooperation instead of being based on a master-servant relationship, must be constructed in a warmly cordial atmosphere of free human beings. It should be a coordinated cooperation and not a subordinated one.<sup>167</sup>

Although the distinction is quite general, he uses it most often in relation to the position of women in society:

In the annals of human history we do find women whose memory glorifies not only womanhood, but the entire human world. In philosophy and spirituality, social reform and educational pursuits, science and technology, they stand second to none. Women are found discussing the riddles of philosophy, solving problems of social and educational reform, and are inspiring men in times of struggle. They have their potentiality no less than men. The difference in natural and biological characteristics

between men and women speaks only of coordinated cooperation, not of subordinated cooperation.<sup>168</sup>

The progress of society is impossible when women are in a subjugated or subordinated position. Sarkar cites his own country as an example.

Take the case of India. We are not as developed as we should be. Why? One of the reasons is that we have kept women confined within the walls of their homes, resulting in the progress of only fifty percent of the population – the males. And as only the men are progressing, they will have to carry the load of fifty percent of the population. Thus the speed of progress is reduced. Ideally, women should also move with their own strength and with the same speed as their male counterparts. In the process of movement, if they feel pain in their legs, if they fall on their faces, they should be physically lifted up. But not only women may need assistance: the males may also fall down, and then it will be the duty of women to extend their helping hand to carry the load of their male counterparts. We cannot expect that, in relation to men, the position of women will remain one of subordinated cooperation: it may also be one of coordinated cooperation. The position of males may even be one of subordinated cooperation. Nothing can be said emphatically in this world. The fact is that we must move together in unison with all.<sup>169</sup>

There are two points to note from this passage. First is the clear hint that, while the preferred future is coordinated cooperation, men could well find themselves in the subordinated position. There are surely enough clues in the changing dynamics of contemporary society to suggest this possibility. According to UK trend forecaster Future Laboratory, “the future of business is feminine”. In the wake of the Global Financial Crisis, even in the high powered world of global finance, women are now more sought after because they are more inclined to be team players and less inclined to take testosterone-fuelled risks.<sup>170</sup>

A second observation is that Sarkar never advocates the obliteration of “natural” differences between groups as the solution to antagonisms between them. In order to bring an end to patriarchy, one might advocate three possibilities, matriarchy, coordinated cooperation or androgyny. The first of these is highly possible; the second is preferred but what about the third? Androgyny could be understood as the attempt to stop gender exploitation by diminishing the physical and psychological differences between men and women. Sarkar never appears to favour this strategy. His approach to class antagonisms, for example, is not to impose material equality (communist states tried this and failed) but to allow class dynamics to unfold progressively while remaining vigilant against the tendency for one class to exploit the others.<sup>171</sup> More generally, the dynamics that arise from the interaction of the many different groups in society should be allowed to play out naturally. Differences naturally endowed can be used to help one another. Service psychology underpins Sarkar’s approach to coordinated cooperation.

## Political leanings

Those who believe that the left-right polarization of traditional politics will find no place to draw energy in a cooperative society presumably believe that policy debates with egalitarian implications, for example, concerning income ratios and minimum requirements, will be resolved by rational argument. However, the evidence suggests that the psychological factors which incline a person to favour a more conservative versus a more egalitarian position on such issues are not going to disappear even in a more cooperative society.

Recent research has shown that where persons position themselves on the political spectrum has physiological and genetic correlates. According to a U.S. study published in *Science*,<sup>172</sup> political views are an integral part of one's physiology. Forty-six volunteers were asked about their views on a range of political issues before measuring their physiological responses (interpreted as levels of fear) to a range of non-political stimuli, for example, sudden loud noises and frightening images (including pictures of a man with a large spider on his face and an open wound with maggots). "Those individuals with measurably lower physical sensitivities to sudden noises and threatening visual images were more likely to support foreign aid, liberal immigration policies, pacifism, and gun control, whereas individuals displaying measurably higher physiological reactions to those same stimuli were more likely to favor defence spending, capital punishment, patriotism, and the Iraq War." The researchers concluded that "the degree to which individuals are physiologically responsive to threat appears to indicate the degree to which they advocate policies that protect the existing social structure from both external (outgroup) and internal (norm-violator) threats."

A number of studies<sup>173</sup> suggest that political orientation has a genetic component. A study of 30,000 twins from Virginia, USA, found that identical twins are more likely than non-identical twins to give the same answers to political questions. The explanation appears to lie in other independent studies which show that some personality traits are highly heritable and that political leaning depends on those traits. For example, conscientiousness, openness, extroversion, agreeableness and neuroticism are believed to be basic components of personality and they are known to be highly heritable. The first three are correlated with political persuasion. Republican voters in the USA score more highly on conscientiousness but Democrat voters score more highly on openness and extroversion.

There is much irony here for socialists, for they strongly support policies that stress the importance of nurture and yet their policy preferences (so the evidence suggests) reflect the influence of *nature*.

From a Darwinian perspective, the health of a species depends on the existence of 'hidden' genetic variability within its populations. A genetically-determined trait may be advantageous in one environment but not in another. The success

of any species depends on maintaining diverse genetic resources. We may assume that the diversity of human personalities (and the consequent diversity of political views) serves an important purpose for human society as a whole but it also means that debates about egalitarianism run deep and will be with us for a long time to come.

### *The Future of Cooperation - Psycho-economics*

Contemporary economics is divided into two disciplines: microeconomics and macroeconomics. Sarkar proposes dividing economics into four disciplines: people's economics, general economics, commercial economics and psycho-economics. Contemporary economics is primarily devoted to commercial interests. People's economics, by contrast, is concerned with the provision of the minimum requirements of life using local resources, and psycho-economics is concerned with satisfying subtler human aspirations.

People's economy will be the main concern of undeveloped and developing countries, but psycho-economy will gain increasing importance in the future once the problems of subsistence are gradually solved. Psycho-economy will be of major importance in a highly developed and mechanized economy where people may only work a few hours a week and have much spare time.<sup>174</sup>

Sarkar divides psycho-economy into two branches. The first investigates the psychology, behaviours and institutional arrangements which make people more susceptible to economic exploitation. "The first and foremost duty of psycho-economics is to wage a tireless fight against all degenerating and dehumanizing economic trends in society." The second branch of psycho-economy hints at the subsequent development of neuro-economics and beyond.

This branch is virtually unknown today, but it will become an extremely important branch of economics in the future. It will ensure equilibrium and equipoise in all levels of the economy. It will find new and creative solutions to economic problems to nurture the maximum utilization of psychic and spiritual potentialities. Psycho-economics will add to the glaring glamour of economics.<sup>175</sup>

Psycho-economics will surely develop in directions that we cannot yet imagine, but it nevertheless has practical relevance in today's world. In developed economies (by definition, those which can provide the minimum requirements of life to all), its most obvious expression will be cultivation of the fine arts<sup>176</sup> – not just to provide entertainment but to engage the individual and collective minds with more subtle feelings and thoughts. If building a cooperative society requires a constant struggle against individual selfishness and narrow social dogmas, then the fine arts provide us with the inspiration to make that struggle because they can take one beyond limited ego and personal concerns. The fine arts have the potential to engender feelings of love, awe and respect for all the different peoples and living things in this world. They overcome barriers and build bridges of affection.



The entire aesthetics is the only charming entity in human life. Had there been no aesthetics, human life would have been just like a desert. A slight touch of aesthetics in this anxiety-ridden life of human beings is just like an oasis in a desert. Art, architecture, literature, music, – everything had its origin, had its starting point – where? Just at the common point of aesthetics and mystics.<sup>177</sup>

Earlier it was noted that the struggle to create an egalitarian society can succeed only as fast as culture and collective social consciousness are prepared to accommodate it. We now go a step further and argue that education and the fine arts provide the keys to changing culture and in combination they are the most powerful force for social improvement. As an example we can turn to the success of *El Sistema*, Venezuela's 32-year-old program of social action through music. This program has been so successful that it is now being emulated around the world. It is estimated that a million Venezuelan children have participated in *El Sistema* and currently one quarter million Venezuelan teenagers and children, most from impoverished backgrounds, are being filled with an “affluence of the spirit”<sup>178</sup> through the intensive study of music and participation in orchestras, choirs and ensembles. The goal of the program is to help disadvantaged children become fully participating members of society. The rationale is that the many skills required to play in an orchestra or sing in a choir can be translated to the wider social setting.

When you work in the kind of ensemble musical activity that El Sistema fosters, you are essentially developing into a social being, a cooperative being, a non-violent being, someone who has the empathy to want to reach out and help others...<sup>179</sup>

Jose Antonio Abreu, founder of El Sistema, was asked why he made the unlikely choice of music for disadvantaged children rather than the more obvious choice of sports, especially soccer. Abreu acknowledged that sport has the virtue of being invigorating, motivating and promoting physical health. But disadvantaged youths have had the message drummed into them throughout their lives, ‘You are a loser’. The problem with competitive sports is that 50 percent or more of them will continue to get the message reinforced, ‘you are a loser’.

This is one problem that we do not encounter with playing in a symphony orchestra because a symphony orchestra is a rare and unique organization, whose only purpose and only reason for being is to be in agreement with itself. We are a community and we all win simply by participating in it.<sup>180</sup>

A note of caution is probably in order here. The fine arts are essential for human wellbeing but they do not promise utopia. Hitler and Stalin attempted to co-opt artists and musicians in the service of their tyranny. Those who did not succumb were killed or sent to prison camps. The American music critic, Alex Ross, has described “the awful warping effect that happened, in classical music

in particular” as a result of the engagement of Nazi Germany with the fine arts. “You can see the danger of artists becoming too involved with politics and being too impressed with politicians who take an interest in art.”<sup>181</sup>

The message is clear. Politicians must not be allowed to use the arts for their own ends and yet it is their duty to create a social and economic environment in which the arts can flourish. The vindication of this approach can be seen in the El Sistema project.

I would love to be able to say that the problems of gang violence and poverty [in Venezuela] have gone away completely but what I can say [about Abreu's system] is that over the years, with a million children having gone through this system, those who have experienced it are among the most brilliant, poised, self-assured, curious, engaged young leaders of the future that I have ever met. I think that is about as good a sign of a system that works and frees people from the shackles that they were... born into and might have been fettered with for the rest of their lives, as any could possibly be.<sup>182</sup>

## *Conclusion*

A healthy human society can only be founded on a social theory that recognises humans as multidimensional beings, that is, as having metaphysical and spiritual aspirations in addition to their physical aspirations. Given the history of utopian visions gone wrong, it is important to guard against naivety – a cooperative society will not be established without struggle and without a commitment to cardinal human values and Neo-ethics. Human beings are both selfish and cooperative – our struggle is to encourage the latter in as many ways as possible and to control the former in as many ways as possible.

Cooperation must not be allowed to become another dogma. Coordinated cooperation will require a good scientific understanding of the physiological, psychological and environmental factors which encourage cooperation and those which do not. The research to date offers good grounds for optimism. Human beings have a strong genetic and physiological foundation on which to build a better society and there is every reason to suppose that a cooperative society can be built given any reasonable effort in that direction.

We conclude with Sarkar's definition of society because it encapsulates many of the ideas developed in this article.

The concerted effort to bridge the gap between the first expression of morality and establishment in universal humanism is called “social progress”. And the collective body of those who are engaged in the concerted effort to conquer this gap, I call “society”.<sup>183</sup>

The phrase “first expression of morality” clearly implies the emergence of a natural system of morality, certainly not one that was imposed from the outside. We might speculate that this occurred sometime in the Neolithic (Stone Age) when there is clear evidence for aesthetic expression and burial of

the dead with artefacts. Aesthetics and ethics are closely linked in the Eastern understanding of developmental psychology.

The term *universal humanism* is clearly an anticipation of Neohumanism (the above definition dates to 1957). A society established in Neohumanism would accept Neo-ethics as its moral compass and would have achieved a degree of egalitarianism such that remaining class and group differences did not provoke social antagonisms. We cannot reasonably expect such a society to be achieved anytime in the near future, but without the vision, the goal will never be attained.

## Acknowledgements

The author wishes to acknowledge Jake Karlyle, Firdaus Ghista and Dada Maheshvarananda for helpful feedback during early drafts of this article.

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## Endnotes

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- <sup>2</sup> Sarkar, P.R. *Human Society Part 2*, Chapter: "Shúdra Revolution and Sadvipra Society", 1<sup>st</sup> edition 1967. Electronic Edition version 7, 2006
- <sup>3</sup> Towsey, Michael (2009) *The Three Tier Enterprise System*, Understanding Prout Volume 1.
- <sup>4</sup> Bihari, Pranav (2009) *What factors led to the emergence and early growth of the British co-operative movement in the 19th century?* Unpublished master's thesis, London School of Economics and Political Science, UK. <http://pranavbihari.wordpress.com/>

- <sup>5</sup> Engels, Fredrick (1880) *Socialism: Utopian and Scientific*, Marx/Engels Selected Works, Volume 3, p. 95 -151, Progress Publishers, 1970. First published 1880. Download Version: Marx/Engels Internet Archive, <http://www.marxists.org/archive/marx/works/index.htm>.
- <sup>6</sup> Russell, p747.
- <sup>7</sup> The International Co-operative Alliance. *ICA Membership Statistics. 2007*, retrieved August 5, 2008 from <http://www.ica.coop/members/member-stats.html>. The ICA defines cooperatives as “collectively owned and democratically controlled economic enterprises”.
- <sup>8</sup> Many of Australia’s most successful cooperatives in the agricultural sector have fallen prey to large corporations seeking to privatise capital that was accumulated cooperatively. The push to demutualise cooperatives has succeeded for at least two reasons: (1) large cooperatives were finding it difficult to obtain finance from private financial institutions to expand their operations and (2) the coop shareholder/owners, many of them farmers, had forgotten why the cooperatives had been formed in the first place and the advantages of them.
- <sup>9</sup> Savings and Loans societies were the equivalent in the USA, introduced as part of the New Deal.
- <sup>10</sup> The word *communism* can be used in two senses. As used by Marxist socialists, it refers to the ideal classless society expected to be formed after the overthrow of capitalism and an intermediate period of socialism. Its second more common use refers to those states, such as the USSR and China, which attempted to implement the Marxist social agenda. This essay uses the term in the second sense. We use the phrase *classless society* to refer to the more formal notion of a communist society.
- <sup>11</sup> The difference between a social enterprise and a cooperative is partly one of definition. Yet the difference may be important. A cooperative has a distinct legal structure that defines the shared ownership of assets and a more democratic management structure. Social enterprises, on the other hand, according to the Wikipedia entry under that heading, are “social mission driven organizations which trade in goods or services for a social purpose... It could be that the profit (or surplus) from the business is used to support social aims (whether or not related to the activity of the business, as in a charity shop), or that the business itself accomplishes the social aim through its operation, for instance by employing disadvantaged people (social firms) or lending to businesses that have difficulty in securing investment from mainstream lenders.” What is missing from this definition is an explicit statement concerning the ownership of capital and a return of the surplus to the workers.
- <sup>12</sup> Pearce, John (2003) *Social Enterprise in Anytown*. Pub Calouste Gulbenkian Foundation.
- <sup>13</sup> The English philosopher, Thomas Hobbes (1588-1679) argued in a famous treatise, *Leviathan*, that all ‘men’ are equal in nature, but by nature they desire their own liberty and to acquire dominion over others. From these impulses arises a war of all against all, which makes life “nasty, brutish and short”. Unlike bees and ants, human beings cannot cooperate because their nature is to compete. Strong centralized government alone can prevent the brutishness of life from overwhelming society.
- <sup>14</sup> Cole, George D. H. (1944) *A Century of Cooperation*, published by George Allen & Unwin Ltd. for The Co-operative Union Ltd. First published 1944. Downloadable from: [http://www.archive.org/stream/centuryofcoopera035522mbp/centuryofcoopera035522mbp\\_djvu.txt](http://www.archive.org/stream/centuryofcoopera035522mbp/centuryofcoopera035522mbp_djvu.txt). Cole is a noted historian of the cooperative and socialist movements in Britain from the 18<sup>th</sup> century through to the early 20<sup>th</sup> century. See also Cole, *A History of Socialist Thought*, 7 Volumes.

The Wikipedia entry [http://en.wikipedia.org/wiki/G. D. H. Cole](http://en.wikipedia.org/wiki/G._D._H._Cole) offers a complete list of Cole's works.

- <sup>15</sup> The opening paragraph of *A Century of Cooperation* [Cole, *ibid*] offers a deeply-felt introduction to the times: "The decade in which the Pioneers of Rochdale founded their Co-operative Store is known to historians as 'The Hungry Forties'. It deserves the name, not only on account of the devastating famines which swept Ireland when the potato harvests failed, but hardly less for the sufferings experienced by the working classes in Great Britain. The great enlargement of the powers of production which followed upon the new inventions in the textile industries and on the application of steam-power to manufacture and transport ought, had it been rightly used, to have added largely to the wealth and prosperity of the entire people: in fact, it inflicted upon them monstrous hardships which still arouse bitter indignation when one looks back upon them from the vantage point of to-day. One sees a hard generation of employers grinding the faces of the poor, and even making a merit of so doing, with the support of the orthodox economics of the day and of an other-worldly religion which taught that the 'deserving poor' would be richly compensated for their sufferings in this world by their blessings in the next."
- <sup>16</sup> The first consumer cooperative may have been founded on March 14, 1761, in a cottage in Fenwick, East Ayrshire, when local weavers manhandled a sack of oatmeal into John Walker's front room and began selling the contents at a discount, forming the Fenwick Weavers' Society. George Cole (*ibid*) claims that the originators of the cooperative business were "workmen employed by the Government in the dockyards of Woolwich and Chatham, who, as early as 1760, had founded corn mills on a Cooperative basis as a move against the high prices charged by the corn-millers who held the local monopoly. These early Societies speedily found themselves in conflict with the private bakers as well as with the millers; and when, in 1760, the Woolwich Mill was burnt down, the local bakers were accused of arson, a charge which they rebutted in a statement sworn before the Mayor. To this burning we owe our knowledge of this early Cooperative mill, and also of the mill at Chatham..."
- <sup>17</sup> For example, Lockhurst Lane Industrial Co-operative Society (founded in 1832 and now Heart of England Co-operative Society), and Galashiels and Hawick Co-operative Societies (1839 or earlier, now Lothian, Borders & Angus Co-operative Society).
- <sup>18</sup> Cole, George (1951) *The British Co-operative Movement in a Socialist Society*, pub. Allen and Unwin, London.
- <sup>19</sup> Bihari, Op. Cit.
- <sup>20</sup> The Benthamites were an extremely influential group of British philosophers, jurists and social reformers in the first half of the 19<sup>th</sup> century. They were named after Jeremy Bentham (1748 – 1832) and also included James Mill, John Stuart Mill and (for a time) Robert Owen. The Benthamites are best remembered for their advocacy of *utilitarianism* as a social ethic because they believed it to promote individual and economic freedom. To this end they also advocated free trade. Their social agenda included animal rights, the separation of church and state, equal rights for women, the abolition of slavery and the death penalty, the right to divorce and the decriminalization of homosexual acts.
- <sup>21</sup> Owen never embraced Marxist communism. Rather it seems Engels is attempting to co-opt those parts of Owen's program that he finds amenable to his own.
- <sup>22</sup> Engels, Fredrick. *Socialism: Utopian and Scientific*, Marx/Engels Selected Works, Volume 3, p. 95 -151, Progress Publishers, 1970, Download Version: Marx/Engels Internet Archive, <http://www.marxists.org/archive/marx/works/index.htm>

- <sup>23</sup> Henri de Saint-Simon (1760 – 1825): a French utopian philosopher and founder of French socialism. Like all the utopian socialists, he was opposed to class revolt and instead attempted to implement his ideals by moral appeal to those in power.
- <sup>24</sup> The four principles presented here are modified from Roger Scruton, *A Dictionary of Political Thought* Pub. Pan, 1982.
- <sup>25</sup> Owen, Robert (1813) *A New View of Society*, 1813, p9.
- <sup>26</sup> Owen, *ibid*, p12, emphasis in original
- <sup>27</sup> James was father of the more famous John Stuart Mill, who helped to develop the ethical and theoretical foundations of neoclassical economics.
- <sup>28</sup> As quoted by Russell, (1961) p747.
- <sup>29</sup> *Ibid*.
- <sup>30</sup> New Harmony survives today as a town in Indiana. See <[http://en.wikipedia.org/wiki/New\\_Harmony%2C\\_Indiana](http://en.wikipedia.org/wiki/New_Harmony%2C_Indiana)>, link valid 12 December 2009.
- <sup>31</sup> See the Wikipedia entry on Robert Owen under the heading *Community Experiment in America (1825)* <[http://en.wikipedia.org/wiki/Robert\\_Owen](http://en.wikipedia.org/wiki/Robert_Owen)>
- <sup>32</sup> Warren, Josiah. *Periodical Letter II*, 1856, as quoted in the Wikipedia entry, *ibid*.
- <sup>33</sup> Contemporary neoliberalism can be understood as the 20<sup>th</sup> century manifestation of laissez-faire capitalism.
- <sup>34</sup> Stretton, H. (1999) p101
- <sup>35</sup> Gunnell, Barbara. *A bend in the river*, Griffith Review 25, September 2009. Also an interview with B. Gunnell by Geraldine Doogue on ABC Radio National, Saturday Extra, 22 Aug 2009, <http://www.abc.net.au/rn/saturdayextra/stories/2009/2662879.htm>
- <sup>36</sup> Just as today, most 19<sup>th</sup> century academic economists were out of touch with the realities of poverty. They published essays on the six kinds of poverty, four of which were culpable because they were the outcome of a failure of will. To help the poor was morally wrong. To give shoes to a poor person, for example, would weaken their will to purchase their own pair of shoes. See Gunnell, *ibid*.
- <sup>37</sup> It is worth remembering that bankruptcies do not diminish the ardour of capitalists for private enterprise.
- <sup>38</sup> Marx, Karl and Engels, *Communist Manifesto*, Source: Marx/Engels Selected Works, Volume One, Progress Publishers, Moscow, USSR, 1969, pp. 98-137; first published 1848. Translated: Samuel Moore in cooperation with Frederick Engels, 1888. Download Version: Marx/Engels Internet Archive, <http://www.marxists.org/archive/marx/works/index.htm>
- <sup>39</sup> Engels, Op. Cit
- <sup>40</sup> Cole, *A Century of Cooperation*, chapter 10, Op. Cit.
- <sup>41</sup> *Ibid*
- <sup>42</sup> Cole, *A Century of Cooperation*, chapter 11, Op. Cit.
- <sup>43</sup> In *Critique of the Gotha Program*, (Section 3) Marx makes it clear that the cooperative mode of production had no worth in itself and was of interest only to the extent that it represented the struggle of workers “to revolutionize the present conditions of production”. Here is the entire passage: “That the workers desire to establish the conditions for co-operative

production on a social scale, and first of all on a national scale, in their own country, only means that they are working to revolutionize the present conditions of production, and it has nothing in common with the foundation of co-operative societies with state aid. But as far as the present co-operative societies are concerned, they are of value only insofar as they are the independent creations of the workers and not protégés either of the governments or of the bourgeois.”

- <sup>44</sup> George Cole [Op. Cit.], possibly the best historian of 19<sup>th</sup> century cooperation and socialism, was himself a member of the Fabian society for a short period.
- <sup>45</sup> Harold Lydall (1984) *Yugoslav Socialism: Theory and Practice*, pub Oxford: Clarendon Press. See also a review of this book by André Sapir in *The Economic Journal*, September 1985, pp820, <http://www.jstor.org/stable/2233060?seq=2>, link valid 23 December 2009.
- <sup>46</sup> As quoted by Sapir, *ibid*.
- <sup>47</sup> Russell, B. (1961) Op. Cit., p696.
- <sup>48</sup> The following exposition on Nietzsche is due entirely to Bertrand Russell, (1961) Op. Cit., Chapter XXV.
- <sup>49</sup> Nietzsche, *Beyond Good and Evil*, as quoted by Russell, Op, Cit. p731. The italics are in Nietzsche’s original text.
- <sup>50</sup> Russell, B. (1961) Op. Cit., p736.
- <sup>51</sup> Actually Russell refers to the “absence of *sympathy*” which he defines as “being made unhappy by the suffering of others”. Empathy is a broader concept than sympathy (see for example, the distinction at <http://www.toddlerstime.com/mh/terms/empathy.htm>). I have chosen to use the word *empathy* (the word Russell might have used if writing today) in order to be consistent with what is to come.
- <sup>52</sup> Ernest Partridge (2008) *Evil as the Absence of Empathy*, Atlantic Free Press, 14 August 2008, <http://www.atlanticfreepress.com/news/1/4519-evil-as-the-absence-of-empathy.html>
- <sup>53</sup> At this point it is helpful to clarify the differences in nuance between morality and ethics. Here are the Oxford American Dictionary definitions. *Morality*: “principles concerning the distinction between right and wrong or good and bad behavior” and “a particular system of values and principles of conduct, esp. one held by a specified person or society” e.g. bourgeois morality. *Ethics*: “moral principles that govern a person’s or group’s behavior” and “the branch of knowledge that deals with moral principles”. Clearly these definitions overlap. Over the 200 years which this essay spans, usage of these words has changed somewhat. Today, use depends on context. Morality is used in a normative context and ethics in a professional or philosophical context. In this essay, the words tend to be used interchangeably, depending on context and the word used by the author under consideration.
- <sup>54</sup> Blackledge, Paul. (2008) *Marxism and ethics*, International Socialism - A Quarterly Journal of Socialist Theory, Issue: 120, Pub. International Socialism, London, 2008. Web: [www.isj.org.uk](http://www.isj.org.uk). Blackledge is citing Terry Eagleton.
- <sup>55</sup> Blackledge (2008) *ibid*.
- <sup>56</sup> Blackledge (2008) *ibid*.
- <sup>57</sup> Blackledge (2008) *ibid*.

- <sup>58</sup> For a brief description of the classless society see the Wikipedia entry: [http://en.wikipedia.org/wiki/Classless\\_society](http://en.wikipedia.org/wiki/Classless_society)
- <sup>59</sup> Engels, Op. Cit
- <sup>60</sup> Ibid
- <sup>61</sup> This famous slogan appears in Part I of *Critique of the Gotha Program* by Karl Marx (1875). However Marx did not invent it. It was common to the socialists of the 19<sup>th</sup> century and can be traced to the utopian socialist Henri de Saint Simon. See <http://en.wikipedia.org/> under the heading “From\_each\_according\_to\_his\_ability,\_to\_each\_according\_to\_his\_need”.
- <sup>62</sup> It should be remembered that the principles of genetic inheritance were only gradually elucidated in the second half of 19<sup>th</sup> century and first half of 20<sup>th</sup> century, and of course their basis in DNA did not come till the 1950s.
- <sup>63</sup> Lysenko came to prominence in the 1930’s during the crisis brought about by forced collectivisation of Soviet agriculture. He denounced the geneticists of his day as “fly-lovers and people haters” – fly-lovers because, at the time, the principles of genetics were being elucidated by breeding experiments with fruit flies, a research preoccupation which appeared to have little relevance to the plight of Soviet agriculture. In 1948, genetics was denounced as a bourgeois pseudoscience and prominent geneticists were executed or sent to labour camps. A ban on genetics research was not lifted until the mid 1960’s by which time immense damage had been done. Lysenkoism also spread to other communist countries and was not eradicated from China until long after it was denounced in the Soviet Union.
- <sup>64</sup> See for example the Wikipedia entry on Lysenko. But note also the caution expressed concerning the extent to which Lysenko’s rise can be attributed to ideological as opposed to political reasons. <http://en.wikipedia.org/wiki/Lysenkoism>
- <sup>65</sup> James Wood in an interview on the ABC, Radio National, The Book Show, 11-05-2009, 10am, <http://www.abc.net.au/rn/bookshow/stories/2009/2566126.htm> concerning his essay *A Fine Rage*, published in The New Yorker, April 13, 2009, p. 54, <http://www.abc.net.au/rn/bookshow/stories/2009/2566126.htm>
- <sup>66</sup> Muravchik, Joshua. *Heaven on Earth: The Rise and Fall of Socialism*, Encounter Books, ISBN 1-893554-45-7, 2002.
- <sup>67</sup> Russell, B. (1961) Op. Cit., p508.
- <sup>68</sup> Sarkar, P.R. (1982) *The Liberation of Intellect*. Ananda Marga Publications.
- <sup>69</sup> Stretton, H. (1999) p36.
- <sup>70</sup> The author believes it was John Kenneth Galbraith who observed that conservatism represents the age old endeavour to find the moral high ground for selfishness!
- <sup>71</sup> Sarkar, P.R. (1989) *Suppression, Repression and Oppression*, published Ananda Marga Publications, Calcutta.
- <sup>72</sup> See the Wikipedia entry on the Fabian Society, [http://en.wikipedia.org/wiki/Fabian\\_Society](http://en.wikipedia.org/wiki/Fabian_Society), for a picture of its logo. The emblem is inspired by Aesop’s fable, *The Tortoise and the Hare*. Oblique references to 19<sup>th</sup> century debates are common in Sarkar’s writing on Prout and recognition of them helps understanding.
- <sup>73</sup> Sarkar, P.R. *Human Society Part 2*, Last chapter: *Shúdra Revolution and Sadvipra Society*, 1<sup>st</sup> edition 1967, Electronic Edition version 7, 2006
- <sup>74</sup> *ibid*



- <sup>75</sup> *ibid*
- <sup>76</sup> Sarkar, P.R. *Art and Science*. Published in *Ánanda Vacanámrta* XIV, 11 (1<sup>st</sup> Edition), originally published in “A Few Problems Solved Part 4”, 1979.
- <sup>77</sup> Sarkar, P. R. (1989) *Op. Cit.*
- <sup>78</sup> Sarkar, P.R. (1990) *The Excellence of God-Centred Philosophy*, 15 January 1990, Calcutta. Published in: *Prout in a Nutshell Part 18* [a compilation]
- <sup>79</sup> At the time of writing in July 2009, the Global Financial Crisis is still unfolding and its impact on the future of capitalism is not yet fully understood.
- <sup>80</sup> Fox, Justin. (2009) *Blame Them: Who got the U.S. into this financial mess?* Time Magazine, 12<sup>th</sup> January 2009, p31.
- <sup>81</sup> *Ibid*, pp39.
- <sup>82</sup> Richardson, Susan. (1998) *Why do Women make Hopeless Economists? (Or fail to succeed playing man-made economics by men’s rules)*. Economic Papers, vol 17, 1st March, 1998. As quoted in Stretton, H. (1999) p236.
- <sup>83</sup> Richardson, S. (1998) *ibid*.
- <sup>84</sup> Richardson, S. (1998) *ibid*.
- <sup>85</sup> Hazeldine, Tim. (1998) *Taking New Zealand Seriously - the economics of decency*. Auckland: Harper Collins Publishers, Chapter 8.
- <sup>86</sup> As reported in the Brisbane evening paper, *mX*, 3<sup>rd</sup> April, 2009, under the heading *Coke must correct false health claims*.
- <sup>87</sup> See the Wikipedia entry on Placebo for further information (<http://en.wikipedia.org/wiki/Placebo>). According to another study, the response to a placebo increased from 44% to 62% when the doctor gave them with “warmth, attention, and confidence”.
- <sup>88</sup> Pine, Karen (2009) <http://www.timesoftheinternet.com/60522.html>. A study done at Hertfordshire University, England.
- <sup>89</sup> Powell, Kendall. (2003) *Economy of the Mind*, PLoS Biology, v1(3) p312.
- <sup>90</sup> Sarkar, P. R. (1959) *Idea and Ideology*. Ananda Marga Publications, p133
- <sup>91</sup> Hazeldine, T. (1998) *Op. Cit.*
- <sup>92</sup> Jesson, Bruce. (1999) *Only Their Purpose is Mad – The money men take over New Zealand*, The Dunmore Press, ISBN 0 86469 343 5.
- <sup>93</sup> Jesson (1999) *ibid*.
- <sup>94</sup> The author has read various versions of this famous remark. Davies (2004, *Op Cit*) cites B. Toohey, *Tumbling Dice*, pub. William Heinemann Australian, Melbourne, 1994, p52.
- <sup>95</sup> Russell, B. *Op. Cit.*, p 745. Ethical systems that determine the virtue of an action by its consequences are known as *consequentialist*. Utilitarianism is just one example of *consequentialism*. Consequentialism is to be contrasted with systems of ethics that find virtue in *duty*, or *intention* or the *law of God*.
- <sup>96</sup> Smith, Adam. (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*. Accessible through chapter headings at <http://www.adamsmith.org/smith/won-index.htm>

- <sup>97</sup> Davies, (2004) p47.
- <sup>98</sup> Chomsky, Noam. (1993) *Notes of NAFTA: “The Masters of Man”*. <http://www.chomsky.info/articles/199303--.htm>
- <sup>99</sup> Altman, Daniel, *Managing Globalization*. In: Q & A with Joseph E. Stiglitz, Columbia University and The International Herald Tribune, October 11, 2006. <http://blogs.iht.com/tribtalk/business/globalization/?p=177>. The quoted passage is part of an answer to the following question: Q. What I find difficult to imagine is why a “superior authority,” such as the government or an international organization, would be able to regulate/decide what is the best trading strategy for any given country/region/community. Why shouldn’t we let the free market forces determine what is the best for the world? What is your opinion on the issue on free worldwide market forces vs. regulation?
- <sup>100</sup> The author became aware of this research as a result of a letter from Murray Cree to Geraldine Doogue, the presenter of Saturday Extra, Australian Broadcasting Corporation, Saturday 04 April 2009, <http://www.abc.net.au/rn/saturdayextra/default.htm>. The figures cited are those supplied in Cree’s letter. Cree states that the research was published in the Certified Practicing Accountants Journal 1993. It is also cited in Murray Cree and Geoffrey Baring, (1991) “Desperately Seeking Ethics”, *Australian Accountant* (July):25-26.
- <sup>101</sup> Billen, Andrew. (2009) “Goodbye to glib gurus and their gobbledegook”, *The Times Online*, 9 March 2009
- <sup>102</sup> Daniel Gross. (2004) *Why Harvard Is Bad for Wall Street - Obscure Economic Indicators: Harvard Business School graduates on Wall Street*. SLATE: Posted Fri, 19 Nov 2004
- <sup>103</sup> Leslie Wayne. “A Promise to Be Ethical in an Era of Immorality”, *The New York Times*, Times Reader 2.0, 2009, <http://www.nytimes.com/2009/05/30/business/30oath.html>
- <sup>104</sup> Ibid.
- <sup>105</sup> The invisibility of power in the contemporary teaching of university economics would appear to be an example of what the Portuguese philosopher and co-founder of the World Social Forum, Boaventura de Sousa Santos, calls *abyssal thinking*. Abyssal thinking creates systems of visible distinctions in order to render other more fundamental distinctions invisible. In the case of mainstream western economics, the visible distinction is the tension between distributive rationality and distributive justice and the invisible distinction is between the economically powerful and those colonised. According to de Sousa Santos, “the struggle for global social justice must be a struggle for global cognitive justice as well. In order to succeed, this struggle requires a new kind of thinking, a post-abyssal thinking.” See Boaventura de Sousa Santos (2007) *Beyond abyssal thinking: From global lines to ecologies of knowledges*. <http://www.eurozine.com/articles/2007-06-29-santos-en.html>
- <sup>106</sup> This is a reference to a statement of Margaret Thatcher (cited by Davies, 2004, p38) that *monetarism* (the monetary policy of neoliberalism) is not just a theory but is as “essential as the law of gravity”.
- <sup>107</sup> Davies, Op. Cit., *Is neoclassical theory scientific?* Part 6, p62
- <sup>108</sup> This is the title of an editorial in *The Australian*, Thursday, 2<sup>nd</sup> April 2009, p. 13. For the benefit of non-Australian readers, *The Australian* is a leading conservative daily newspaper in Australia. The editorial was prompted by a well publicised speech given by the Prime Minister of Australia, Kevin Rudd, in St. Paul’s Cathedral, London, in which he castigated the “false god” of “unfettered free markets”. According to the editorial, Mr Rudd overlooked the fact that world markets are “in the process of self-correcting”. The editorial

- conveniently did not mention that the self-correction required many billions of tax-payers money, leaving a public debt that will require a decade or more to repay.
- <sup>109</sup> Geoff Davies sums up capitalism thus: “The theory is bunk and the practice is ruining the world.” Davies (2004) p15
- <sup>110</sup> The characteristics of fascism are similar across cultural boundaries. Japanese society just prior to World War II was not dissimilar to that of Italy and Germany – characterized by imperialism, militarism, racism and social stratification. Torture and propaganda were important instruments of the State, used to maintain order and ideological purity.
- <sup>111</sup> Sarkar, P.R. (1957) *Tattvika Praveshika*, Chapter 3, *Social Psychology*, 1<sup>st</sup> edition 1957, Electronic Edition v7.
- <sup>112</sup> As quoted by Roger Lewin, *Complexity: Life at the Edge of Chaos*, ISBN:0020147953 / 9780020147954 / 0-02-014795-3. Publisher: Simon & Schuster. Churchland goes on to acknowledge that although she does not believe in Cartesian dualism, “we cannot claim to have ruled it out”.
- <sup>113</sup> Wilbur, Ken. (1984) *Eye to Eye: The Quest for the New Paradigm*, 1984, 3rd rev. ed. 2001: ISBN 1-57062-741-X
- <sup>114</sup> Sarkar, P.R. (1969) *Talks on Education: Basic differences in attitude between the East and the West*. 1<sup>st</sup> edition 1969, Electronic Edition, version 7, 2006
- <sup>115</sup> Shrii Shrii Anandamurti (1959) “Tantra and its effect on society”, in *Discourses on Tantra*, volume 2, Ananda Marga Publications, 1994. Original talk given in 1959.
- <sup>116</sup> Sarkar, P.R. (1963) *Ananda Marga: Elementary Philosophy*. First Bengali edition 1955. First English edition 1961. See Electronic Edition v7.
- <sup>117</sup> This terminology was introduced by Sarkar in the context of his theory of Microvita. The theory lies outside the scope of this essay but may be the subject of a future essay in this series.
- <sup>118</sup> Sarkar, P. R. (1957) *The Supreme Question – I*, Electronic Edition v7.
- <sup>119</sup> Wilbur, Ken. (1984) *Eye to Eye*, Op. Cit.
- <sup>120</sup> Towsey, Michael. (2009) “Water and land management”, *Understanding Prout*, Volume 1.
- <sup>121</sup> The concept of social capital finds its place in Proutist economics as a *metaphysical potentiality* of the collective body. The third fundamental principle of Prout states: “There should be maximum utilization of the physical, metaphysical and spiritual potentialities of unit and collective bodies of human society”, Sarkar (1992) p7.
- <sup>122</sup> Hazeldine, Op. Cit.
- <sup>123</sup> Putnam, Robert D. (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster.
- <sup>124</sup> I Kawachi, B P Kennedy, K Lochner and D Prothrow-Stith. (1997) *Social capital, income inequality, and mortality*. *American Journal of Public Health*, Vol. 87, Issue 9 1491-1498, American Public Health Association.
- <sup>125</sup> Hazeldine, Op. Cit.
- <sup>126</sup> Sarkar, P.R. (1982) *The Liberation of Intellect*. Ananda Marga Publications.
- <sup>127</sup> Bussey, Marcus. (2009) “Education for Liberation” in *Understanding Prout*, Volume 1.

- <sup>128</sup> Implicit in Sarkar’s synthesis of sentiment and rationality is a new approach to science – that science can only be of benefit to society if it is motivated by a Neohumanistic sentiment.
- <sup>129</sup> Russell, Op. Cit pp 737. Russell asks, “Suppose we wish – as I certainly do – to find arguments against Nietzsche’s ethics and politics, what arguments can we find?” After two pages of argument to and fro, he finally concludes, “But I think the ultimate argument against his philosophy ... lies not in an appeal to facts, but in an appeal to the emotions. Nietzsche despises universal love; I feel it the motive power to all that I desire as regards the world.”
- <sup>130</sup> This is the catchy title of a book by Candace Pert (1997) *Molecules of Emotion: The science behind mind-body medicine*, pub Scribner, ISBN 0-684-84634-9.
- <sup>131</sup> Zak, Paul, R. Kurzban and W. Matzner. (2004) “The Neurobiology of Trust”. *Annals of the New York Academy of Sciences*, **1032**: pp224-227. See also URL2 <http://abc.net.au/catalyst/stories/s1481749.htm>.
- <sup>132</sup> Douglas, Catherine (2009) *Cows with names produce more milk*. Newcastle University, England. This study revealed that cows given personal names yield significantly more milk than cows identified just by numbers. [http://www.thaindian.com/newsportal/health/cows-with-names-produce-more-milk\\_100147943.html](http://www.thaindian.com/newsportal/health/cows-with-names-produce-more-milk_100147943.html)
- <sup>133</sup> Newby, Jonica. (2007) *Making love not war*. Catalyst, ABC TV, 20th Sept 2007. <http://abc.net.au/catalyst/stories/s2038245.htm>
- <sup>134</sup> The reader may ask if experiments with monkeys have any relevance to human social behaviour because our social conditioning can sublimate or repress physiological tendencies. But this is exactly the point. It is difficult in humans to know the extent to which subtle and altruistic behaviour is ‘natural’ because our social conditioning is so pervasive. Monkey experiments point to the natural physiological foundations of human behaviour presumably without the same degree of social conditioning. But there is *an extremely important caveat*. The information so obtained must be extrapolated to humans with much caution. A large body of experimental work on the ‘economic’ behaviour of chimpanzees turns out not to be so relevant to humans because chimps lack the all important ‘trust’ gene (producing vasopressin). On the other hand, comparisons between chimps and bonobos appear to tell us a lot.
- <sup>135</sup> Zak, Paul. (2003) “Trust”. *Capco Institute Journal of Financial Transformation*. 7: pp13-21.
- <sup>136</sup> Ibid.
- <sup>137</sup> Wilkinson, Richard and Kate Pickett. (2009) *The Spirit Level: Why More Equal Societies Almost Always Do Better*, Published: Allen Lane, 05 Mar 2009. ISBN: 9781846140396
- <sup>138</sup> Inequality was measured as the ratio of the average income of the richest 20% to that of the poorest 20%. Japan was the most equal nation in the study with a ratio of 3.5. Australia was well down the list along with Britain at 7.0. The USA had even higher inequality.
- <sup>139</sup> See a review of *The Spirit Level* at the Penguin web site, <http://www.penguin.co.uk/nf/Book/BookDisplay/0,,9781846140396,00.html>.
- <sup>140</sup> There is a curious exception to this statement – rates of suicide tend to be higher in countries with *more* equality. In an interview on ABC Radio, the authors Wilkinson and Pickett offered an interesting explanation - that in unequal societies people tend to blame others if their lives go wrong, whereas in more equal societies people are more likely to

- blame themselves. In unequal societies, violence is directed outwards; in equal societies it is directed inwards. ABC, Radio National, Saturday Extra, 6<sup>th</sup> June 2009, 7:30am. <http://www.abc.net.au/rn/saturdayextra/stories/2009/2589596.htm>
- <sup>141</sup> Brosnan, Sarah F. & Beran, Michael J. (2009) “Bartering behavior between conspecifics in chimpanzees, *Pan troglodytes*”. *Journal of Comparative Psychology*. May, 2009. See also a report at <http://www.world-science.net/exclusives/090522-trade.htm>.
- <sup>142</sup> Gunnthorsdottir, Anna. (2006) “Notes and Ideas – a behavioural economist nominates the five books that can explain the games people play”. *The Australian Literary Review*. Issue 1, Volume 1, p29, Sept 5, 2006.
- <sup>143</sup> Sarkar, P.R. *Human Society Part 2*, (1967) Last chapter: “Shúdra Revolution and Sadvipra Society”, Op. Cit., 1<sup>st</sup> edition 1967.
- <sup>144</sup> The ten principles are known as *yama and niyama*. The terminology is Sanskrit because they have their origins in the ancient practice of yoga. See Sarkar, P. R. (1957) *A Guide to Human Conduct*, Electronic Edition, v7. See also Bussey in this volume for a further account of the *yama* and *niyama* and their importance in Neohumanistic education. Sarkar appears to use the terms *cardinal human values* and *cardinal human principles* interchangeably.
- <sup>145</sup> Sarkar, P. R. *Talks on Prout*: Section *Pa’pa and Pun’ya* [Sin and Virtue], in Prout in a Nutshell, v15. It should be noted that the English word ‘sin’ is a translation of the Sanskrit ‘papa’. It does not have a religious connotation.
- <sup>146</sup> In the original Sanskrit, this principle is known as *brahmacarya*.
- <sup>147</sup> See the Wikipedia entry on exploitation, <http://en.wikipedia.org/wiki/Exploitation>
- <sup>148</sup> A moral person refrains from hurting another, not for fear of punishment but because he/she experiences disquiet about the pain inflicted on the victim. Empathy stops what anger, greed or passion might like to pursue. In other words empathy, not punishment, guides the moral person in good conduct.
- <sup>149</sup> Deep ecology was developed by Arne Naess and shows the influence of Mahatma Ghandi’s brand of Hindu philosophy.
- <sup>150</sup> The role of empathy in traditional socialist philosophy is filled by *solidarity*, but only appears to manifest when one follows the correct political line.
- <sup>151</sup> Fitzgerald, Jennifer. (1999) “Rekindling the Wisdom Tradition” in *Transcending Boundaries*, Gurukula Press, Australia, 1999.
- <sup>152</sup> Sarkar, P. R. *Sin, Crime and Law*, in Prout in a Nutshell, v12
- <sup>153</sup> The word obscene was used by Scottish National Party energy spokesman Richard Lochhead. [http://www.spinprofiles.org/index.php/Scottish\\_Power](http://www.spinprofiles.org/index.php/Scottish_Power)
- <sup>154</sup> In the original Sanskrit, this principle is known as *santosa*. Human desires know no limit and if some effort is not made to control them, much social harm results. Sarkar would consider the excessive salaries pursued by CEOs in contemporary times to be a moral malady. “Millionaires want to become multimillionaires, because they are not satisfied with their million. Ask the millionaires if they are happy with their money. They will say, ‘Where is the money? I am somehow pulling on.’ This answer indicates their ignorance of aparigraha [non-acquisitiveness]. But such feelings have another adverse effect on body and mind. Out of excessive fondness for physical or mental pleasures people become mad to earn money and amass wealth. As money becomes the be-all and end-all of life, the mind

gets crudified.” To maintain contentment, says Sarkar, “one has to make a special type of mental effort to keep aloof from external allurements” and to avoid coming “under the sway of excessive greed”.

<sup>155</sup> In the original Sanskrit, this principle is known as *aparigraha*. It concerns the avoidance of superfluous consumption.

<sup>156</sup> Sarkar introduced Neo-ethics late in his life (1987).

<sup>157</sup> Sarkar, P.R. *The Neo-Ethics of Multi-Lateral Salvation*, 1<sup>st</sup> edition 1987, Electronic Edition, v7.

<sup>158</sup> Ibid.

<sup>159</sup> We may conclude that any attempt to establish a socialist society with a materialistic philosophy such as Marxism is bound to fail. The union of mind and matter that is supposed to usher in a classless society, can on the contrary only lead to imperialism. The history of the USSR confirms such an outcome.

<sup>160</sup> Sarkar, P. R. *Quadri-dimensional Economy*. 1<sup>st</sup> edition 1986, In Sarkar 1992, pp40.

<sup>161</sup> Jeste, Dilip and Thomas W. Meeks. (2009) “A seat of wisdom in the brain?” *Archives of General Psychiatry*, April 6, 2009.

<sup>162</sup> Damasio, Antonio. (1994) *Descartes' Error: Emotion, Reason, and the Human Brain*, 1<sup>st</sup> edition 1994; Penguin paperback reprint 2005: ISBN 0-14-303622-X

<sup>163</sup> Sarkar, P. R. *The Seven Specialities of Prout*, 7<sup>th</sup> Electronic edition.

<sup>164</sup> Ibid.

<sup>165</sup> Sarkar, P.R. (1982) *Liberation of Intellect*. Op. Cit. p 35

<sup>166</sup> Sarkar, P.R. *Tantra and Its Effect on Society*, Op Cit.

<sup>167</sup> Sarkar, P.R. *Human Society Part 1*, 44, Op. Cit.

<sup>168</sup> Sarkar, P.R. (1981) “Women’s Rights” in *A Few Problems Solved, Part 9*, 20 April 1981, Ananda Marga Publications.

<sup>169</sup> Sarkar, P.R. (1978) “The Importance of Society”, in *A Few Problems Solved, Part 3*, Section F, 8<sup>th</sup> December 1978, Ananda Marga Publications.

<sup>170</sup> *Women’s touch revives business*, <http://www.news.com.au/business/story/0,27753,25908382-5012426,00.html>

<sup>171</sup> Sarkar, P.R. *Human Society Part 2*, 1<sup>st</sup> edition 1967. Electronic Edition version 7, 2006

<sup>172</sup> Douglas R. Oxley, Kevin B. Smith, John Alford, Matthew Hibbing, Jennifer Miller, Mario Scalora, Peter Hatemi, John Hibbing. *Political Attitudes Vary with Physiological Traits*. *Science* **v321** (5896), pp1667-1670, 2008. [DOI: 10.1126/science.1157627]

<sup>173</sup> Giles, Jim. (2008) “Born that way: Your political leanings are imprinted in your genes”. *New Scientist*, 2 February 2008, p29.

<sup>174</sup> Sarkar, P. R. *Quadri-dimensional Economy*. 1<sup>st</sup> edition 1986, in Sarkar (1992), pp40.

<sup>175</sup> Ibid.

<sup>176</sup> The author is indebted to Firdaus Ghista for the following train of thought.

<sup>177</sup> Sarkar, P. R. (1980) *Aesthetics and Mysticism*, published in *Ānanda Vacanāmrtam*, Part 34, Ananda Marga Publications.

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- <sup>178</sup> <http://forum.wgbh.org/lecture/el-sistema-venezuelan-music-education-miracle>. Simon Rattle, conductor of the Berlin Philharmonic, has called El Sistema "the most important thing happening in classical music in the world today".
- <sup>179</sup> Critendon, Stefen. (2009) *Who stopped the music?*, Background Briefing, ABC, Sunday 19 July 2009. The quote is from Brian Levine, managing director of the Toronto based Glen Gould foundation, which has just issued its prestigious award to Jose Antonio Abreu, founder of the *El Sistema* program. <http://www.abc.net.au/rn/backgroundbriefing/> and [http://mpegmedia.abc.net.au/rn/podcast/2009/07/bbg\\_20090719.mp3](http://mpegmedia.abc.net.au/rn/podcast/2009/07/bbg_20090719.mp3).
- <sup>180</sup> Ibid.
- <sup>181</sup> These comments were made by Alex Ross when he was interviewed on the ABC, Radio National, The Book Show, 25th May 2009, 8pm - 9pm. The reader is referred to Ross's highly acclaimed book, *The Rest is Noise: Listening to the 20th century*. Pub Fourth Estate. (2007) ISBN 9780374249397
- <sup>182</sup> Brian Levine in interview with Stefen Critendon, *Who stopped the music?*, Background Briefing, ABC, Op. Cit.
- <sup>183</sup> Sarkar, P. R. (1959) *Human Society Part 1*, 11. 1<sup>st</sup> edition 1959, Fourth English Edition, 1998.