

**Bradley Bowden**

# WORK, WEALTH, & *Postmodernism*

THE INTELLECTUAL CONFLICT AT THE  
HEART OF BUSINESS ENDEAVOUR



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The Intellectual Conflict at the Heart of Business  
Endeavour

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## PREFACE

Like many families in both the Old World and New, mine suffered grievously from the process of modernisation and industrialisation that commenced in the late eighteenth century. My maternal ancestors immigrated from Lough Swilly in County Donegal in the 1850s, driven to the seas by famine and English bailiffs. Although their point of departure was a stone's throw from Rathmullan, where the Flight of the Earls in 1607 signified the end for Celtic Ireland, they were no earls. Arriving in Australia they could neither speak nor write the English language, the *lingua franca* of the modernising world. My paternal grandfather, Ernest (Ernie) Bowden, was raised in a nineteenth-century Derbyshire mill-town, being born at 1 Mill Street, Glossop to the son—as one would suspect from the salubrious address—of a mill-hand. Arriving in Australia he married into a family of German immigrant wheat farmers; a family whose ancestors were driven from southern Germany by poverty and war. Unlike my maternal ancestors, who gradually prospered as sugar farmers, Ernie was bankrupted by the global collapse in wheat prices during the Great Depression. Driven from the land at a tender age, my father suffered a period in prison for “jumping the rattlers” (trains) while in search of work, before eventually settling down to a life of truck-driving, union activism, and self-education in Brisbane: my native town. I myself worked as a merchant seafarer for a decade before progressing to university and doctoral studies. Most of my seafaring life was spent in the engine-room, where the asbestos and hazardous chemicals almost certainly caused the oesophageal cancer that nearly killed me in my early fifties.

If my family, like countless others, has suffered from modernity, we have also benefited immensely from its intellectual and material gifts. The opportunities presented and delivered were immensely superior to those that we would have enjoyed if—by some miracle—Red Hugh O’Neil and his liegemen had prevailed at the Battle of Kinsale in 1601, thereby preserving for my ancestors a traditional rural existence amid the green, wind-swept hills and deep, grey-blue loughs of Donegal. As with so many others, my family—across the generations—embraced the travails and opportunities of modernity. Always, work defined us. We never sneered at material prosperity. It was too hard fought. Each generation prospered more than the one before. The son of a truck-driver and the great-grandson of a British mill-hand, my daughter is a medical doctor specialising in cardiac radiology.

The rationale for this book is thus at one level personal. It seeks to defend what once needed no defence: the modern world with its universities, its immense wealth, and its deeply ingrained traditions of democracy and respect for individual rights. The foe that threatens it from within—postmodernism—is one that I, like many others, failed to take seriously until it became obvious that its adherents, and its beliefs, were winning the intellectual war both within the university system and without.

This book is written for the educated lay reader—most particularly those employed or studying within a business discipline—who feel bamboozled by postmodernism. In the past, the numerous studies that have sought to refute postmodernism have based their refutation on comparatively brief summaries of postmodernist positions, followed by lengthy enunciations as to why they believe postmodernists to be in error.<sup>1</sup> Such approaches invariably leave those unenthused by postmodernism in a confused state when postmodernists begin talking about “the sign”, “signifiers”, “forms”, “logocentric”, and “phonocentric”. Left confused, and therefore mute, those suspicious of postmodernist tenets leave the field of battle to the foe, thereby allowing postmodernism further easy advances. The approach of this book is different, based on the belief that any defence

<sup>1</sup> See, for example: Terry Eagleton, *The Illusions of Postmodernism*, (Oxford, UK: Blackwell, 1996); Alex Callinicos, *Theories and Narratives: Reflections on the Philosophy of History*, (Cambridge, UK: Polity Press, 1995); Richard J. Evans, *In Defence of History*, (London, UK: Granta Books, 1997); Christopher Norris, *The Truth About Postmodernism*, (London, UK: Blackwell, 1993); Paul R. Gross, Normal Levitt, Martin W. Lewis (Eds.), *The Flight from Science and Reason*, (New York, NY: New York Academy of Sciences, 1996).

of the modern world requires understanding of the Western intellectual traditions that underpin our world as well as the postmodernist heritage.

As postmodernism attacks the epistemological (theories of knowledge) and linguistic traditions of Western thought, we first need to understand the ideas that are being attacked. As postmodernism strikes at the foundational principles of the European Enlightenment—principles that provided the basis for modern science, the Industrial Revolution, and modern political democracies—we need to understand those Enlightenment principles. As postmodernism denies the legitimacy of economics—and the economically progressive role of management—we need to be able to articulate a defence of the core premises of economic and management thought. Accordingly, this book is—following the Introduction subsequent to this Preface—structured in three parts. Part I—covering Chaps. 2, 3 and 4—deals with the intellectual heritage of postmodernism, and more significantly, the Western intellectual tradition that can be traced back through the European Enlightenment to Plato, Aristotle, and the ancient Greeks. Although postmodernists attack this Western intellectual tradition as being “ethnocentric”, the roots of postmodernist thought are also found within this tradition. In part, postmodernism draws on traditions of philosophic idealism that emerged during the eighteenth and nineteenth centuries; idealist traditions associated with George Berkeley, Giambattista Vico, and, above all, Friedrich Nietzsche. Postmodernism also draws on dissident traditions opposed to the post-1700 focus on industrial progress and material wealth; traditions associated with the French political philosopher Jean-Jacques Rousseau and the nineteenth-century Romantic Movement. If we are to understand postmodernism, we must therefore first comprehend its intellectual roots. Having traced in Part I the divergent traditions within Western thought—some giving rise to understandings upon which the modern world was built and others informing postmodernism—Part II explores the various strands within postmodernism: poststructuralism, Foucauldian postmodernism, Bruno Latour’s amodernism. As with the preceding section, Part II comprises three chapters. Chapter 5 explores the debates—most particularly regarding language, linguistics, and “structuralism”—that were seminal to the emergence of the various strands of postmodernist thought in France during the 1950s and 1960s. Chapters 6 and 7 deal with the main canons of postmodernist thought and how these have been taken up and applied in the various business disciplines. In Part III we examine both the sociological and economic transformations that help explain the extraordinary

intellectual success of postmodernism, before proposing our own formulae for improving our understandings of the world around us.

Before proceeding, our understanding of “modernity” is best explained. When this book uses the term “modernity”, it is referring to the societal model that emerged in Western Europe and North America during the eighteenth and nineteenth centuries; a societal model based on market economies, political democracy, the legal protection of private property and individual rights, and labour forces able to choose whether they wished to be employed by a particular employer or not. This is the societal model that this author wishes to defend; and which is being intellectually undermined by postmodernism. By this reckoning, Britain, France, the United States, and Japan are considered “modern”, whereas others—China, North Korea—are not. Some might take umbrage at this definition. However, the history of the twentieth century suggests that societies that deny their citizens basic rights and protections have a poor survival record. Certainly, China is a society that currently shows scant regard for democracy and individual rights. At the time of writing (November 2017), tens of thousands of migrant workers—referred to by Chinese officialdom as “low-end population”—were being evicted from their homes in Beijing, cast into the biting cold of a Chinese winter.<sup>2</sup> At the same time the Chinese Communist Party announced the purging of three generals from the People’s Liberation Army’s 11-person Central Military Commission, the unfortunates being either imprisoned or forced into suicide.<sup>3</sup> All-powerful one day, under summary arrest the next, the fate of these military leaders bears striking resemblance to that which befell Stalin’s Soviet generals in 1938. Such societies are no heirs to the intellectual traditions of Thucydides, Thomas Hobbes, Adam Smith, or John Maynard Keynes.

In writing this book the author has, as much as the nature of the material allows, tried to avoid jargon and complexity. Each chapter is written as a self-contained entity, with referencing beginning afresh. This allows the reader the option of perusing the book from start to finish or, alternatively, picking and choosing their own order.

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<sup>2</sup> *China Digital Times*, <https://chinadigitaltimes.net/2017/11/minitrue-control-cover-age-commentary-beijing-evictions/> [Accessed 30 November 2017].

<sup>3</sup> Rowan Callick, “General facing bribe claim kills himself”, *Australian*, 29 November 2017, 9.

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## ABBREVIATIONS

ASME	American Society of Mechanical Engineers
GDP	Gross Domestic Product
HRM	Human Resource Management
ILO	International Labour Organisation
IMF	International Monetary Fund
LSE	London School of Economics

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## CHAPTER 1

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# Introduction

## THE ROOTS AND NATURE OF MODERNITY

The modern industrial world, which owes its existence to the intellectual revolution of the European Enlightenment and the economic transformation of the Industrial Revolution, has attracted many critics over the last quarter millennium: Rousseau, Nietzsche, the English Romantic poets, postmodernists. Its economic achievements, nevertheless, represent a fundamental alteration in the nature of human existence. Exponential increases in both population and wealth, whether measured in economy-wide or per-capita terms, were the most obvious signs of this transformation. After almost a millennium and a half of near stagnation, the per-capita wealth generated in the West grew by 20 per cent in the eighteenth century, 200 per cent in the nineteenth century, and 740 per cent in the twentieth century.<sup>1</sup>

Mere statistics tend to disguise the liberating effect that industrial advance had on the lived experience of the great bulk of humanity. As Thomas Hobbes famously observed in 1651, the lives of people where there was “no place for industry” were “poor, nasty, brutish, and short”.<sup>2</sup> Before the advent of the railways, most people lived and died within a

<sup>1</sup> Patrick Murphy, Jianwen Liao and Harold P. Welsch, “A conceptual history of entrepreneurial thought”, *Journal of Management History*, Vol. 12, No. 1, (2006), 14.

<sup>2</sup> Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Broadway Press: Peterborough, Canada, 2002), 62. Hobbes’ *Leviathan, or, the Matter, Form and Power of Common-Wealth, Ecclesiastic and Civil* was first published in London in 1651.

short walk of where they were born. Given the high expense of animal-drawn forms of land transport, most production was geared for local needs. When crops failed, people starved. In a world where candles and fire from the hearth were the only forms of night-time illumination, most people's activities were dictated by the rising and setting of the sun. The absence of running water and effective sewerage meant that most people lived their lives in filth. As the British economic historian, J.H. Clapham, noted, in the seventeenth century, even kings did not wash, with Henry of Navarre confessing that they tended to "smell of their armpits".<sup>3</sup> In reflecting on the consequence of this, Jean-Jacques Rousseau, the first and, in many ways, the greatest critic of the process of modernisation and industrialisation, acknowledged the toll that this caused in terms of death and suffering. Writing in *Emile*, his treatise on education which he completed in 1762, Rousseau remarked of the human experience: "Almost all of the first age is sickness and danger. Half the children born perish before the first year."<sup>4</sup> Unlike subsequent critics of modernity, however, Rousseau was too close to a "natural" existence to allow illusions as to what such a life entailed. Sickness and premature death, by winnowing out the weak and infirm, Rousseau argued, were contributors to social well-being. "A frail body", he observed, "weakens the soul".<sup>5</sup> "Medicine", by offering succour to the weak, merely revealed itself "an art more pernicious to men than all the ills it can cure".<sup>6</sup> It was, moreover, a crime against society to provide an education to "a sickly and ill-considered child", as money spent on such an individual would merely result in "doubling society's loss".<sup>7</sup>

Modernisation through what we think of as the Industrial Revolution was due to the combination of four factors: the advance of reason and science through the European Enlightenment, the embrace of new principles of work and managerial organisation, the advance of social institutions that not only underpinned new workforce skills but which also acted as protectors of individual rights, and, finally, the adoption of new technologies. Of the four, the last—the adoption of new technologies—was in many ways the one of least importance. As late as 1830 the horse power of

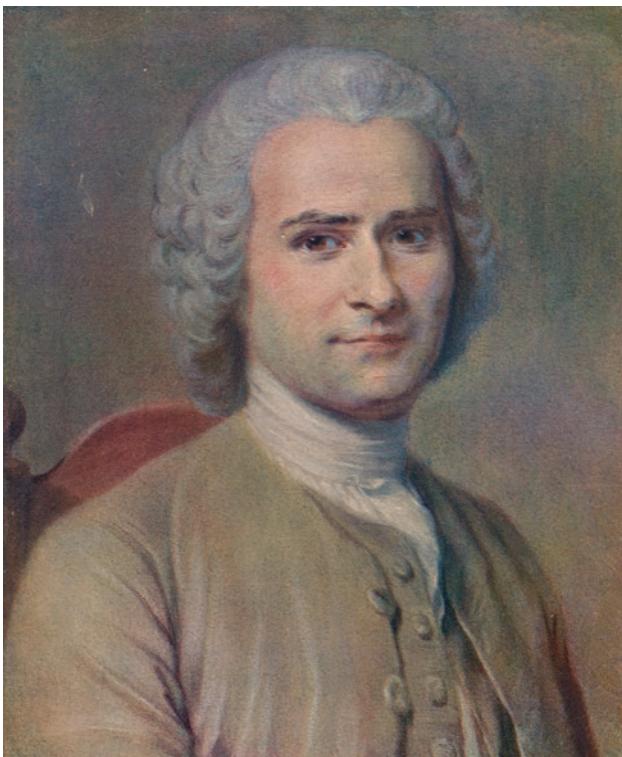
<sup>3</sup> J.H. Clapham, *An Economic History of Modern Britain: The Early Railway Age, 1820–1850* (Cambridge, UK: Cambridge University Press, 1967), 55.

<sup>4</sup> Jean-Jacques Rousseau (trans. Allan Bloom), *Emile: On Education*, (London, UK: Penguin Classics, 1979), 47.

<sup>5</sup> *Ibid.*, 54.

<sup>6</sup> *Ibid.*, 54–55.

<sup>7</sup> *Ibid.*, 53.



**Photo 1.1** Jean-Jacques Rousseau, 1712–78: French philosopher and political critic, Rousseau regarded industrialisation and increased modernity as presenting a fundamental threat to the human spirit. He willingly accepted pre-mature death of infants and adults alike in preference to the promises of medicine and science  
Courtesy: Artist Maurice-Quentin de La Tour, ‘Jean Jacques Rousseau’, 1753. Held at the Musée d’Art et d’Histoire, Geneva. (Photo by Print Collector/Getty Images)

Britain’s stock of steam-powered engines remained minuscule. In Britain’s textile industry, the first to experience large-scale mechanisation, initial technological advance was confined to spinning. Even in 1835, Pollard noted, steam-powered weaving looms were “relatively rare”, leaving “large weaving sheds full of hand looms”.<sup>8</sup> In the railways the victory of

<sup>8</sup> Sidney Pollard, *The Genesis of Modern Management: A Study of the Industrial Revolution in Great Britain*, (London, UK: Edward Arnold, 1965), 37.

steam-powered locomotives over other forms of motive power was also slow and hesitant. Not until the opening of the Manchester to Liverpool railway in 1830 was the commercial viability of the new technology demonstrated. Even at this point the venture's promoters initially considered fixed cables in lieu of locomotives.<sup>9</sup>

If technological determinism (i.e. the idea that the adoption of new machines inevitably led to new economic forms) cannot explain the sudden eruption of the Industrial Revolution, our understanding is also hindered by simple reference to terms such as "entrepreneurship", "capitalism", or "management". Murphy, Liao, and Welsch, for example, ascribe the explosion of per-capita wealth that occurred in "the West" to "the advent of entrepreneurship". Having made this claim, however, they then backtrack, pointing to the "success of entrepreneurship in ancient and medieval times".<sup>10</sup> This leaves us none the wiser as to what it was that made the effects of entrepreneurship so transformative in "the West" after 1760. Similar confusions are evident in both Morgen Witzel's *A History of Management Thought* and Niall Ferguson's *Civilization: The West and the Rest*. In the former, Witzel concedes that modern management did "emerge" as a "discipline" in the nineteenth century, only to then argue that most preindustrial societies also boasted successful examples of "management".<sup>11</sup> Ferguson, by contrast, readily advances the case for Western economic superiority, but—by referencing as explanation the political fragmentation "which propelled Europeans to seek opportunities ... in distant lands"—fails to explain why the Industrial Revolution happened when it did.<sup>12</sup> A similar failing is evident in Karl Marx's attribution of industrialisation to "capitalism".<sup>13</sup> As Fernand Braudel demonstrated in *The Mediterranean and the Mediterranean World in the Age of Philip II*, by the sixteenth century, "commercial capitalism"—characterised by sophisticated finance and banking systems, domination of long-distance trade routes, and control of luxury goods' markets—clearly existed in an

<sup>9</sup> Clapham, *Early Railway Age*, 381–82.

<sup>10</sup> Murphy, Liao and Welsch, "Conceptual history of entrepreneurial thought", 12, 16.

<sup>11</sup> Morgen Witzel, *A History of Management Thought*, (Abingdon, UK: Routledge, 2012), 7.

<sup>12</sup> Niall Ferguson, *Civilization: The West and the Rest*, (London, UK: Penguin Books, 2011), 39.

<sup>13</sup> See, for example, Karl Marx (trans. Samuel Moore and Edward Aveling), *Capital: A Critical Analysis of Capitalist Production*, Vol. 1 (Moscow, USSR: Progress Publishers, 1954), Chap. XV (Machinery and Modern Industry), 351–475.

“already modern and indisputably effective form”.<sup>14</sup> What was it that made “capitalism” shift from such indubitably profitable commercial activities to a more prosaic but ultimately more revolutionary existence as a factory owner and industrialist?

To understand both the nature of modernity and the factors that led to its initiation, it is useful to turn to a work written at the dawn of the Industrial Revolution and which, perhaps more than any other, continues to shape our perceptions of wealth creation: Adam’s Smith *The Wealth of Nations*. In popular lore, Smith’s study is associated with the view that modern economies are primarily driven by the “invisible hand” of market competition. However, while Smith was an obvious fan of market competition, he never actually spoke—contrary to popular mythology—of “the invisible hand of the market”. Smith also identified “the division of labour” as the key driver of greater production and material wealth. It was on this latter point that, in 1776, Smith began his analysis in *The Wealth of Nations*, stating: “The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labour.”<sup>15</sup> As individuals, firms, and nations specialise in those areas in which they have—through the application of intellectual and physical capital—a “comparative advantage”, so it is that markets grow in both their size and competitive extent.

Evidently, Smith, in his discussions of the division of labour had something more in mind than the preindustrial village market, stating instead: “When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment.”<sup>16</sup> For if labour and firm specialisation—and an associated growth in competitive markets—is to act as a permanent spur to economic growth, then certain preconditions are required. First, a large surplus of food and, more problematically, fuel for heating and cooking must exist for the support of urbanised population. Whereas by the sixteenth century, the importation of grain from the east Baltic littoral (Poland, Lithuania, Latvia, and Estonia) allowed for the maintenance of larger towns and cities throughout Western Europe, a

<sup>14</sup> Fernand Braudel (trans. Sian Reynolds), *The Mediterranean and the Mediterranean World in the Age of Philip II*, (New York, 1975), Vol. 1, 319.

<sup>15</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, (London, UK: Penguin Classics, 1999), Book I, Chap. II, para. 1. *The Wealth of Nations* was first published in 1776.

<sup>16</sup> *Ibid.*, Book I, Chap. III, para. 1.

continued reliance on wood for heating and cooking and on charcoal needed for steel-making provided an insurmountable barrier to further urbanisation in most locales. Initially, only Britain was able to escape this bind, as “sea-coal” shipped from Newcastle and the Tyne and Wear valleys underpinned subsequent urbanisation. In London, as in other British seaports, seaborne coal became “a commodity only less indispensable” for existence “than bread itself”.<sup>17</sup> As Nuf noted, “there was no parallel on the Continent for the remarkable growth in coal mining which occurred in Britain”. By the early eighteenth century, the “entire production of the rest of the world did not perhaps amount to much more than a sixth of that of Great Britain”.<sup>18</sup> A second precondition for self-sustaining economic growth based on mass markets, competition, and labour specialisation was the existence of effective communication and distribution systems. In *The Visible Hand*, Alfred Chandler claimed that the creation of mass markets, and the consequent “managerial revolution”, was pre-eminently an American phenomenon, a product of railroad expansion and the advent of telegraphic communication. In truth, it was the completion of Britain’s canal system that created the world’s first internal mass market. From 1761, when the completion of the Bridgewater Canal brought cheap coal supplies to the budding industrial centre of Manchester, an ever-growing network of canals criss-crossed England and the Scottish lowlands.<sup>19</sup>

It is evident that Smith saw the growth of markets, competition, and labour specialisation as marching more or less hand in hand with the growth of what we think of as industrial capitalism, that is, a system of mass production based on private property and the free movement of capital and labour. This was, however, far from true in Smith’s time, and it remains far from true today. As we have noted above, the urbanisation of Western Europe—which was associated with the retreat of feudalism, social diversification, and an expansion of political rights—was initially dependent upon grain from the Baltic and Eastern Europe; a process associated in Eastern Europe with the growth of landed estates and the enslavement of a hitherto largely independent peasantry. In the Caribbean and the Americas, specialisation in the production of coffee, sugar, tobacco, and cotton fuelled a massive expansion in global slavery during the eight-

<sup>17</sup> J.U. Neff, *The Rise of the British Coal Industry*, Vol. 2 (London, UK: Frank Cass & Co., 1932), 103.

<sup>18</sup> *Ibid.*, 322.

<sup>19</sup> Clapham, *Early Railway Age*, 75–82.

teenth and early nineteenth centuries.<sup>20</sup> In more recent times there are many examples of societies that actively participated in the global market and that, for a time, appeared to have sustainable economies but which did not allow the free movement of labour and capital: Franco's Spain, Fascist Italy, Nazi Germany, the Soviet Union, and—among those societies still with us—the People's Republic of China and North Korea. Such societies also showed/show little respect for human rights. Labour specialisation, mass markets, and the creation of material wealth can thus clearly be associated with oppressive as well liberating social environments. The lesson of history over the last quarter millennium, however, is that societies that deny their citizens not only free movement of capital and labour but also individual freedom of expression have ultimately proved economic as well as political failures. And while the People's Republic of China may prove an exception to this rule, the author very much doubts it.

The post-1760 process of industrialisation, associated with increased national and firm specialisation within a global market, can thus be seen as comprising not one but multiple paths, in which one—characterised by market economies that respect private property and individual rights while allowing free movement of capital and labour—has proven an enduring success, while others—involving the use of serfdom, slavery, and other forms of unfree labour—have proven ignoble failures. In the latter cases the advance of modernity has shown that societies based on unfree labour, and disrespect for private property and individual rights, are incompatible with societies characterised by the reverse. Historically, this has resulted in one of two outcomes: either the abolition from within of that part of the economy characterised by unfree labour—as occurred with the abolition of slavery in the British Empire and the United States in 1834 and 1865, respectively, and with the ending of Russian serfdom in 1861—or total internal collapse (as occurred in the Soviet Union in 1991). It is wrong, therefore, to simply associate modernity with what the German sociologist Max Weber called “rational capitalism”, which he defined as a society “organised with a view to market opportunities, hence to economic objectives in the real sense of the word, and the more rational it is the more closely it relates to mass demand and the provision of mass needs”.<sup>21</sup>

<sup>20</sup> Fernand Braudel, *Afterthoughts on Material Civilization and Capitalism* (Baltimore, MD: John Hopkins University Press, 1977), 93.

<sup>21</sup> Max Weber (trans. Frank Knight), *General Economic History*, (Glencoe, ILL: The Free Press, 1927), 334. Weber's *General Economic History* was first published in Germany in 1922.

Unfree societies and societies that are, at best, only partially free—such as the People’s Republic of China—would appear to meet this criterion of Weber with comparative ease. Another criterion laid out by Weber—that the “real distinguishing characteristic of the modern factory” is not the application of technology, but rather “the concentration of ownership of workplace, means of work, source of power and raw material in one and the same hand”—is also capable of being met by free and unfree societies alike.<sup>22</sup>

Given such definitional problems, how then can we demarcate modernity as an enduringly successful economic and social phenomenon from other, less successful forms of industrialisation? In *The Genesis of Management*, Sidney Pollard identified four factors which he believed distinguished what he called “modern management” and the “new capitalism” from other systems of production. First, a “new class of managers” had to be created that could weld together new technologies and new principles of work. Second, “they had not only to show absolute results in terms of certain products … but to relate them to costs, and sell them competitively”. Third, they had to recruit and motivate a workforce “without powers of compulsion”; a requirement necessitated, Pollard argued, by the fact that “the absence of legal enforcement of unfree work was not only one of the marked characteristics of the new capitalism, but one of its most seminal ideas, underlying its ultimate power to create a more civilised society”. Finally, Pollard suggested, management had to develop a coherent set of theoretical and practical principles for organising work rather than rely on “ad-hoc” decision-making.<sup>23</sup> Whereas *all* of these characteristics *did* distinguish the *variety* of the “new capitalism” that emerged in Great Britain from the patterns of work found in preindustrial societies, be they those found in Europe or elsewhere, all but the third can be ascribed to any of a number of unfree or partially free participants in the “new capitalism” that emerged after 1800. A great many of the slave-based cotton plantations in the American South prior to the Civil War (War between the States) would have, for example, not only used the latest processing and transport technology, but also paid close attention to their management accounts and costs of production.

Clearly, the roots of modernity must be sought as much outside the workplace as within it. For his part, Weber famously identified the advance

<sup>22</sup> *Ibid.*, 302.

<sup>23</sup> Pollard, *Genesis of Modern Management*, 6–7.

of capitalism with the emergence of a “Protestant”, and more particularly, Calvinist “ethic”; an ethic which not only placed value on the pursuit of wealth as “a God-given task”, but also excused “ruthless exploitation” of workers in the pursuit of “eternal salvation”.<sup>24</sup> Although there is some merit in Weber’s argument, we should nevertheless be wary of drawing a direct correlation between Protestantism/Calvinism and the “new capitalism”. Whereas there were, no doubt, many nineteenth-century factory owners who took inspiration from their Calvinist faith, the same could be said of Protestant slave-owners in the American South and Boer farmers on the South African Veldt. Dan Wren, in his classic study *The Evolution of Management Thought*, is arguably on safer ground when he stresses the importance of a “liberty ethic” that emphasises “freedom and individualism in all spheres of human life”.<sup>25</sup> In highlighting the importance of a “liberty ethic”, Wren evidently had in mind not only the cultural values of the American Republic, but also the constitutional and political arrangements that guaranteed individual rights and liberties. Similarly, if we turn our attention to Europe and North America, it is evident that the advance of modernity (i.e. a variety of market capitalism characterised by a free labour force, private property, and individual rights) has only progressed in a linear, uninterrupted fashion in nations where their culture and political arrangements were shaped by revolutionary upheavals—the English Civil War, the “Glorious” British revolution of 1688, the American Revolution, the French Revolution of 1789–92, and transformations imposed on the Low Countries by French revolutionary bayonets between 1792 and 1800—that permanently restricted absolutist power and opened up social advancement to people of modest means. By contrast, those societies that failed to undergo democratic transformations prior to the opening decades of the nineteenth century—Spain, Italy, Germany, and Russia—experienced more problematic paths to modernity. Democracy, it appears, has proven a more useful handmaiden for modernity than Calvinism.

One of the problems confronting a defender of modernity and industrialisation is the ease with which critics can point to the human suffering that its advance entailed. In this, modernity has been no different from all other episodes of human progress. As Braudel observed, throughout his-

<sup>24</sup> Weber, *General Economic History*, 367.

<sup>25</sup> Daniel Wren, *The Evolution of Management Thought*, (New York, NY: Ronald Press, 1972, 35). This was the first edition of this book. It is currently in its seventh edition. This wording does not appear in the most recent editions.

tory, the “price of progress” was “social oppression”. “Only the poor gained nothing, could hope for nothing.”<sup>26</sup> This was as true of enserfed feudal Europe as it was of ancient Rome, where material production rested on slave labour. As modernity advanced in the eighteenth and nineteenth centuries, mass misery was its companion. In the Scottish highlands, crofters were driven from the land. In Ireland, famines drove immigration. In the Americas and Australasia, First Nations people faced permanent dispossession. Modernity, however, differed from previous episodes of human “progress” in that it not only offered the poor hope, but actually delivered on that promise, often within a single generation. Among the first to suffer and benefit were Britain’s children. Initially, British factory owners scoured the orphanages for child recruits to undertake the disciplined and monotonous tasks that adults, accustomed to the comparative independence of farm and craft work, were reluctant to accept. As mechanisation took hold, however, children were found to be ill-suited to factory work, which increasingly demanded literacy and formal training. By 1851, only 30 per cent of English and Welsh children worked. Of those who did, only 15.4 per cent of males and 24.1 per cent of females were found in factories. Not only was a majority spared childhood work for the first time in human history, but children were also increasingly excused the premature death rate that Rousseau had identified as an essential condition of human existence. As a result, 40 per cent of the English population was under 15 years of age by 1851.<sup>27</sup>

Females were also early victims and beneficiaries of industrialisation. As the labour historian E.P. Thompson noted in *The Making of the English Working Class*, the “abundant opportunities for female employment … gave women the status of wage-earners”. Among the labouring population, for the first time, the “spinster”, “the widow”, and “the unmarried mother” had the opportunity to free themselves from reliance on male relatives and/or the parish poorhouse.<sup>28</sup> Nor should the working population be seen as mere passive victims and beneficiaries of modernity. Rather, they were seminal in its creation. In church “Sunday schools”, workers

<sup>26</sup> Fernand Braudel (trans. Sian Reynolds), *The Mediterranean World in the Age of Philip II*, Vol. 2 (New York, 1975), 725.

<sup>27</sup> Peter Kirby, “The transition to working life in eighteenth and nineteenth-century England and Wales”, in Kristoffel Lieten and Elise van Nederveen Meerkerk (Eds.), *Child Labour’s Global Past, 1650–2000*, (Bern, Switz.: Peter Lang, 2011), 122–24.

<sup>28</sup> E.P. Thompson, *The Making of the English Working Class*, (Harmondsworth, UK: Penguin, 1963), 452–53.

taught themselves and their children how to read. Religious education, most particularly that associated with the non-Conformist sects (Methodists, Presbyterians, Baptists), also emphasised values of sobriety, self-improvement, and discipline that equipped their members for material success. At a time when social security was non-existent, membership of Friendly and Mutual Societies not only provided protection from sickness and injury, but also opened up the possibility of homeownership. Church and Friendly Society membership also trained workers in managing budgets, conducting meetings, public speaking, and organising.<sup>29</sup> Although authorities long feared the revolutionary currents evident among industrial workers, in truth, as the Webbs observed, by the 1840s, most union leaders accepted the economic logic of capitalism.<sup>30</sup> Far from opposing material progress, they sought instead their members' contribution to economic growth by fostering craft skills and improving workplace conditions. Modernity is, in short, a condition that prospers not through acquiescence but rather through popular engagement.

### THE POSTMODERNIST ASSAULT ON RATIONALITY

That postmodernism is hostile to rationality and to the continued pursuit of business endeavour and economic growth is freely acknowledged by its exponents. “The postmodernists’ aim”, we are advised, “is to pull the carpet out from under the feet of science and modernism.”<sup>31</sup> Similarly, “the presumed superiority of modern, industrial society” was dismissed by the late Hayden White as nothing but “a specifically Western prejudice”.<sup>32</sup> With Michel Foucault, the most influential of postmodern theorists, “the economic factor”, the idea that business endeavour and wealth creation are core social objectives, is dismissed in favour of new “discourses”, the initiation of challenges against power wherever it exists, the “overturning of global laws”, and “the proclamation of a new day to come”.<sup>33</sup> Far from

<sup>29</sup> *Ibid.*, 456–58.

<sup>30</sup> Sidney and Beatrice Webb, *The History of Trade Unionism, 1666–1920* (London, UK: 1920), 201.

<sup>31</sup> F.R. Ankersmit, “Historiography and postmodernism”, *History and Theory*, Vol. 28, No. 2 (May 1989), 142.

<sup>32</sup> Hayden White, *Metahistory: The Historical Imagination in Nineteenth Century Europe*, (Baltimore, MD: John Hopkins University Press, 1973), 1–2.

<sup>33</sup> Michel Foucault, Michel Foucault (trans. Robert Hurley), *The History of Sexuality – an Introduction*, (New York, NY: Pantheon Books, 1978), 7.

being a liberating force, modernity is depicted as entailing “new methods of power” and oppression; “methods that are employed on all levels and in forms that go beyond the state and its apparatus”.<sup>34</sup> Mere “obedience” is no longer enough. Instead, it is argued, a “normalization” of accepted values and power structures is demanded. We must, in short, think as well as behave as demanded.<sup>35</sup> As most readers would be aware, postmodernists inspired by Jacques Derrida attack not only modernity but also the entire structure of Western language and thought. The premise that there are objective truths, discernible to inquiry and verifiable through testing, is rejected. Also dismissed is “the very distinction between real and imaginary events”.<sup>36</sup> “History”, according to Hayden White, “is a place of fantasy.”<sup>37</sup> This means that all attempts to record human occurrences are, if not fiction, at least “fictive”, that is, not only is the event being described capable of being subject to multiple “narratives”, but each reader can interpret that narrative in different ways.<sup>38</sup> Accordingly, there are no identifiable patterns in societal outcomes. Nor can we discern causal relationships. As Keith Jenkins advised in a much cited study, “[I]n postmodern terms, nothing connects.”<sup>39</sup> Such beliefs are not confined to philosophical and literary studies only. They are also found among the most prestigious business and management journals. In an article published in the *Academy of Management Review*, Rowlinson, Hassard, and Decker “accept” the proposition that all “scientific writing” must necessarily, in part at least, be “fictive”.<sup>40</sup> Elsewhere, Novecivic, Jones, and Carraher reject the idea that management can be understood on the basis of “positivist factual truth-claims”.<sup>41</sup> Similarly, Drucker, Kipping, and Whadwhani, writing in *Business*

<sup>34</sup> *Ibid.*, 89.

<sup>35</sup> *Ibid.*

<sup>36</sup> Hayden White, “The value of narrativity in the representation of reality”, *Critical Inquiry*, Vol. 7, No. 1 (Autumn 1980), 10.

<sup>37</sup> Hayden White, “The public relevance of historical studies: A reply to Dirk Moses”, *History and Theory*, Vol. 44, No. 3 (October 2005), 333.

<sup>38</sup> Alan Munslow, “Managing the Past”, in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 139.

<sup>39</sup> Keith Jenkins, “Introduction: On being open about our closures”, in Keith Jenkins (Ed.), *The Postmodern History Reader*, (London and New York: Routledge, 1997), 10.

<sup>40</sup> Michael Rowlinson, John Hassard and Stephanie Decker, “Research strategies for organizational history: A dialogue between historical theory and organization theory”, *Academy of Management Review*, Vol. 39, No. 3 (2014), 257.

<sup>41</sup> Milorad Novecivic, J. Logan Jones and Shawn Carraher, “Decentring Wren’s Evolution of Management Thought”, in Patricia Genoe McLaren, Albert J. Mills and Terrance

*History* (where the former is Co-Editor), declare opposition to “the dominant science paradigm and its hypothesis-testing methodology”.<sup>42</sup>

Admittedly, despite shared hostility to modernity and the dominant strands of Western intellectual endeavour, postmodernism is fraught by division. Foucault, one postmodernist scholar observes, notoriously refused “to retain one position for longer than the period between his last book and the next”.<sup>43</sup> All too often, postmodernists make sweeping conclusions on the basis of little evidence. As the late Hayden White, perhaps the most significant postmodernist to emerge in the English-speaking world, observed in relation to Foucault’s *Madness and Civilization*: it is “a rambling discourse”, drawn from “a consideration of a very limited body of data”.<sup>44</sup> Relations between Foucault, the dominant voice in postmodernism, and his former student, Jacques Derrida, commonly regarded as the key exponent of poststructuralism, were often poisonous. Of all the critiques of Foucault’s highly influential study, *Madness and Civilization*—Foucault’s first major book<sup>45</sup>—none is more devastating than that undertaken by Derrida. In his book, *Writing and Difference*, Derrida correctly notes that Foucault sought to make “madness the subject of his book in every sense of the word ... its first person narrator, its author, madness speaking about itself”.<sup>46</sup> Having set this goal, Foucault then uses logic and rationality to uncover the nature of madness. “Everything transpires” in Foucault’s study, so Derrida observes, as if Foucault knew, “in a continuous and underlying way”, what madness entailed. Such a goal, Derrida

G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 13.

<sup>42</sup> Stephanie Decker, Mathias Kipping and R. Daniel Whadwani, “New business histories! Plurality in business history research methods”, *Business History*, Vol. 57, No. 1 (Jan. 2015), 33.

<sup>43</sup> Gibson Burrell, “Modernism, postmodernism and organizational analysis: The contribution of Michel Foucault”, in Alan Mckinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage, 1998), 15.

<sup>44</sup> Hayden White, “Foucault decoded: notes from underground”, *History and Theory*, Vol. 12, No. 1 (1973) 38.

<sup>45</sup> The book started life as Foucault’s PhD thesis, *Folie et Déraison: Historie de La Folie à l’âge Classique*. An abridged version was then published in English as Michel Foucault (trans. Richard Howard), *Madness and Civilization: A History of Insanity in the Age of Reason*, (New York, NY: Pantheon Books, 1965). Following Derrida’s critique, an expanded version was published as Michel Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, Second Edition, (London, UK: Routledge, 2006).

<sup>46</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 39.

concluded, was itself “madness”.<sup>47</sup> In taking this course of action, Derrida claimed, Foucault not only was engaged in a “structuralist” and “histori-cist style”, but also ran “the risk of being totalitarian”.<sup>48</sup> In response, Foucault studiously ignored Derrida’s key criticisms, choosing to simply delete from subsequent editions, published under the new title of *History of Madness*, the original Preface that Derrida had eviscerated. Instead, he chose to engage in his own evisceration of literary deconstruction, “a system”, so Foucault recorded, “of which Derrida is today the most decisive representative, in its wan-ing light”.<sup>49</sup> This system, he continued, involved not only the elevation of “textual traces” to an undeserved status, but also “the invention of voices behind the text”. Literary deconstruction was therefore, he warned his readers, “[a] pedagogy which teaches the student that there is nothing outside the text … that it is never necessary to look beyond it”.<sup>50</sup>

Many of the core postmodernist claims do not survive elementary scrutiny. Without exception, postmodernists (heirs to Foucault) and post-structuralists (heirs to Derrida) deny the existence of universal laws, claiming instead that the human experience is one of disconnected “events”, in which individuals and groups constantly reshape the world in a “living, fragile, pulsating ‘history’”.<sup>51</sup> Accordingly, the history of business organisations is one of “flux, with continual crises, conflicts and dilemmas”.<sup>52</sup> Yet, at the same time, we are told that power “is every-where”, that it pervades “the entire social body” in ways that are more oppressive than in the past because, in part, “power and knowledge are joined together”.<sup>53</sup> Logically, given the supposed fluidity of history and the human experience, one would expect some examples of organisations and/or societies where oppressive structures of power and authority have been broken down. That no such examples are readily provided indicates that not only are postmodernism’s emancipatory claims mere chimeras, but that the whole postmodern tradition is caught in the sort of universal-

<sup>47</sup> *Ibid.*, 49, 39.

<sup>48</sup> *Ibid.*, 69–70.

<sup>49</sup> Michel Foucault, “Appendix II – My body, this paper, this fire”, in Foucault, *History of Madness*, 573.

<sup>50</sup> *Ibid.*, 573.

<sup>51</sup> Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon, 1972), 11.

<sup>52</sup> Peter Clark and Michael Rowlinson, “The treatment of history in organization studies: towards an ‘historic turn?’” *Business History*, Vol. 46, No. 3 (July 2004), 341.

<sup>53</sup> Foucault, *History of Sexuality*, 93, 100.

ist, deterministic mindset that it readily condemns in others. Foucault's core claim that modernity is unique in being based on power over the soul, of demands for "normalisation"—rather than on the cruder and, in many ways, more preferable control of the body in the premodern era—also does not survive elementary scrutiny.<sup>54</sup> In the Middle Ages, enforcement of religious belief, and its accompanying code of behaviour, was all pervasive. Failure to attend Mass regularly exposed one to accusations of heresy, a capital offence. Recent claims that "management" did not exist before the 1870s, being instead a mere "modernist mode of emplotment", also does not bear scrutiny. Supposed proof for this radical suggestion is found in the fact that neither an 1857 book, *Work and Wealth: Maxims for Merchants and Men of Business*, nor a *Business Man's Handbook* issued in 1901 by the American International Correspondence Schools mentioned "management".<sup>55</sup> A more extensive reading would, however, have found plentiful indicators; indicators evidenced—among others—in Smith's *The Wealth of Nations* (1776), Ure's *Philosophy of Manufactures* (1835), Lardner's *Railway Economy in Europe and America* (1850), and the annual series published Henry Varnum Poor, *Manual of the Railroads of the United States* (first released in 1868).<sup>56</sup> Indeed, far from being a novel concept in 1870, the formulation has been around for centuries. If anyone can lay claim to be the initiator of the concept in the English language, it is John Florio, who—as an article by Jeff Muldoon and Daniel Marin demonstrated—used the term in his *The World of Wordes* in 1598 after extensive dealings with Italian merchant bankers.<sup>57</sup>

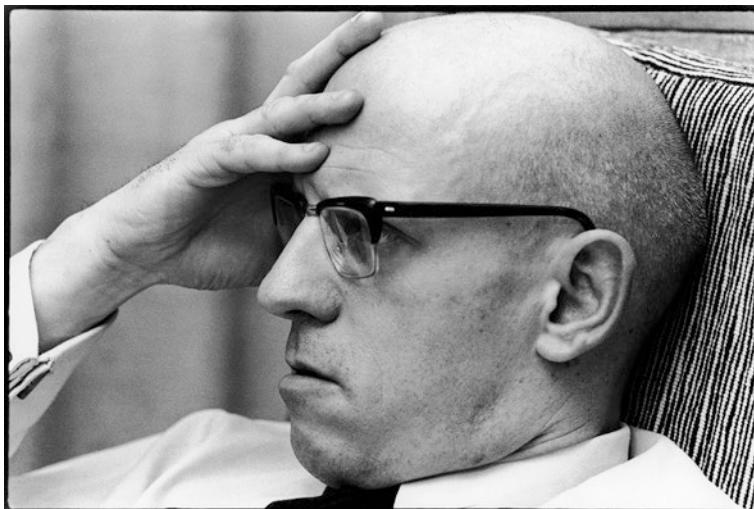
Given the evident failings of postmodernism, why then should we concern ourselves with its dictates? Reason is found in the all-too-easily-overlooked strengths of postmodernism; strengths that correspond to the

<sup>54</sup> See Foucault, *Madness and Civilization*, Chap. LX (The Birth of the Asylum), 241–78.

<sup>55</sup> Roy Jacques and Gabrielle Durepos, "A history of management histories: Does the story of our past and the way we tell it matter", in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 97.

<sup>56</sup> Smith, *Wealth of Nations*, Book IV, Part III, Article 2, para. 18; Andrew Ure, *Philosophy of Manufactures: An Exploration of the Scientific, Moral and Commercial Economy of the Factory System of Great Britain*, (London, UK: Charles Knight, 1835); Dionysius Lardner, *Railway Economy in Europe and America: The New Art of Transport*, (New York, NY: Harper & Brothers, 1850); Henry V. Poor, *Manual of the Railroads of the United States, 1868–9*, (New York, NY: H.V. & H.W. Poor, 1868).

<sup>57</sup> Jeffrey Muldoon and Daniel B. Marin, "John Florio and the introduction of management into the English vocabulary", *Journal of Management History*, Vol. 12, No. 2 (2012), 129–36.



**Photo 1.2** Michel Foucault, 1926–84: A French philosopher and the dominant influence in postmodernism, Foucault changed his focus from one book to the next, but remained a pre-eminent critic of modernity. (Courtesy: Portrait of French philosopher Michel Foucault in Paris, France in February 1977. Photo by Francoise VIARD/Gamma-Rapho via Getty Images)

weaknesses of most social science disciplines, most particularly in the business and management domains. Two strengths stand out. The first of these, postmodernism's claim to be the prophet of emancipation, is one that has been acquired as much by historical accident as by the endeavours of its adherents. With the discrediting of Marxism following the fall of the Soviet Union, and the embrace of free market economics by the world's social democratic and Labor parties, postmodernism finds itself as virtually the sole theoretically informed social critic left standing. As the British socialist Terry Eagleton bemoaned more than 20 years ago, much "of postmodernism's power" stems from the simple "fact that it exists".<sup>58</sup>

In assuming the mantle as a pre-eminent global critic of not only market capitalism but all forms of power inequalities, postmodernism benefits from the passion and genuineness with which its proponents approach their task. Among older postmodernists, many boast not only a long career

<sup>58</sup>Terry Eagleton, *The Illusions of Postmodernism*, (Oxford, UK: Blackwell, 1996), ix.

of activism, but still lay claim to the “socialist” tradition that inspired their initial forays.<sup>59</sup> Among younger postmodernists, their passion and commitment to a more equitable world is self-evident, both when one reads their work and when one meets them in person. Among those who feel embarrassed by the negative legacies of European and American colonialism, as well as among those who still suffer its ill-effects, it is difficult not to be attracted by claims that “emancipatory potential … lies in questioning the eurocentricity” of current Western knowledge and scholarship.<sup>60</sup> Perceiving power inequalities and oppression in every field of endeavour, postmodernism likewise attracts the disaffected everywhere: ethnic minority groups, refugees, gays, lesbians, and transgender individuals. Foucault’s idea that “bio-power” was “without question an indispensable element in the development of capitalism” appeals to feminist critiques.<sup>61</sup> Among disaffected groups, the influence of postmodernism is witnessed not only in the university classroom, but also in the media, where journalism has been reshaped by the postmodernist domination of cultural and media studies departments. It is also found in the street, and in political campaigns waged around “identity politics”. Among academics—a relatively privileged job category—there is attraction in the idea, to cite two prominent organisational studies’ theorists, that modernity has merely created “boring and shitty bureaucratic organizations”; organisations that are now a supposed shadow of the halcyon university departments of the past.<sup>62</sup> There is also attraction in the idea that, in opposing a Dean’s request to teach a new course, or relocate to another campus, one is engaged in what Foucault referred to as “a plurality of resistance, each of them a special case”.<sup>63</sup>

Unfortunately, for those who put their faith in its emancipatory claims, and who dedicate their lives to furthering its promises, postmodernism is a false prophet. Unlike Marxism—which, for all its faults, saw the wealth

<sup>59</sup> See, for example, Michael Rowlinson, “Revising the historic turn: a personal reflection”, in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 70–80.

<sup>60</sup> Gabrielle A.T. Durepos and Albert J. Mills, *ANTI-History: Theorizing the Past, History, and Historiography in Management and Organization Studies*, (Charlotte, NC: Information Age Publishing, 2012), 131.

<sup>61</sup> Foucault, *History of Sexuality*, 140–41.

<sup>62</sup> Michael Rowlinson and Chris Carter, “Foucault and history in organization studies”, *Organization*, Vol. 9, No. 4 (2002), 540.

<sup>63</sup> Foucault, *History of Sexuality*, 96.

potential of modern capitalism as a precondition for social advancement—postmodernism has espoused ceaseless resistance to the ideals of economic development and productive efficiency. As Jean-Francois Lyotard, a figure who first articulated the concept of postmodernism, argued, “development” is the core modernist “ideology”; an ideology that requires the “enjoyment of humanity … be sacrificed to the interest of the monad in expansion”.<sup>64</sup> Although Foucault demonstrated a masterly understanding of classical economics in *The Order of Things*, this represents a relatively rare postmodernist foray into the realm of economics.<sup>65</sup> Subsequently, postmodernists have chosen to abjure economics in favour of studies of organisational power, thereby marginalising themselves in the debates about wealth creation and economic policy that remain central to our world. Postmodernists also damage their emancipatory credentials by abjuring verifiable analysis in favour of stylised narratives about power, as Gibson Burrell does when he declares: “History is about lies not truth. It is a struggle for domination acted out in a play of wills.”<sup>66</sup> Such formulations—which consciously draw on Nietzsche’s contention that what “ultimately” counts “is to what *end* a lie is told”<sup>67</sup>—are misguided not only intellectually, but in their practical effect. For where there are social inequalities, they are best redressed through their representation, not their misrepresentation.

The second strength of postmodernism is theoretical, an ability to attack the underlying methodological and conceptual principles of social science disciplines that non-postmodernists are either unwilling or incapable (or, more likely, both) of refuting. Indeed, the typical non-postmodernist response typically resembles that recently recounted to me by an American management historian, who advised, “When I hear someone use the term postmodernism, I roll my eyes and walk away.” As in any other contest, a battle in which only one party is actively participating can have only one result. When a non-postmodernist, confronted with the philosophical idealism of postmodernism—which holds that there is no

<sup>64</sup> Jean-Francois Lyotard (trans. Geoffrey Bennington and Rachael Bowlby), *The Inhuman*, (Stanford, CA: Stanford University Press, 1991), 6, 67.

<sup>65</sup> Michel Foucault, *The Order of Things: An Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), Chap. 6 (Exchanging), 166–214.

<sup>66</sup> Gibson Burrell, *Pandemonium: Towards a Retro-Organization Theory*, (London, UK: Sage, 1997), 21–22.

<sup>67</sup> Friedrich Nietzsche (trans. R.J. Hollingdale), *The Anti-Christ*, (London, UK: Penguin Classics, 1990), 187.

object reality, that every perception is conditional, that all accounts are subjective—does offer a counter, the first temptation is to appeal to the material reality of the world, that is, that objective reality can be determined by the senses. In taking this stance, it is the non-postmodernist who is in error. Often, the senses deceive, telling us, for example, that the sun moves across the sky even as our place of abode remains still. Invariably, our analysis is shaped not simply by observable evidence, but rather by the time periods we choose to examine, the themes that we wish to pursue, and the type of evidence that we consider pertinent to our cause. Unless one can defend such choices on a theoretical as well as a practical basis, then so it follows that postmodernists will have little trouble dismantling your conclusions.

Postmodernist attacks on the theoretical foundations of disciplines are often dressed up in deceptive clothing. This is seen in recent postmodernist calls for a “historic turn” in organisational studies<sup>68</sup>; a domain central to not only undergraduate studies at most universities, but also academic employment. The launch of this so-called historic turn, largely drawn from British-based postmodernist academics, was both puzzling and disingenuous. Puzzling, because it studiously ignored—or, in the case of company histories, summarily dismissed—a rich vein of prior and co-existing organisational history; work that included Mckinlay and Starkey’s edited study *Foucault, Management and Organization Theory*.<sup>69</sup> Disingenuous, because the call for a turn to “history” did not mean, as one would assume, a study of the ways in which organisations have employed staff and resources, pursued various production and marketing strategies, or dealt with increased competition. Rather, it represented an assault on the “foundational” and “epistemological” principles that had previously shaped the discipline; an assault that endorses “the general displacement of ‘the Scientific Attitude’”, rejecting in the process “the view that organisation studies should constitute a branch of the science of society”.<sup>70</sup> Central to

<sup>68</sup> Alfred Kieser, “Why organization theory needs historical analysis – and how this should be performed”, *Organization Science*, Vol. 5, No. 4 (Nov. 1994), 608–20; Rowlinson and Carter, “Foucault and history”, 527–47; Clark and Rowlinson, “Treatment of history”, 331–52; Charles Booth and Michael Rowlinson, “Management and organizational history: prospects”, *Management and Organizational History*, Vol. 1, No. 1 (2006), 5–30; Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 250–74; Decker, Kipping and Whadwani, “New business histories”, 30–40.

<sup>69</sup> Alan Mckinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage, 1998).

<sup>70</sup> Clark and Rowlinson, “Treatment of history”, 331.

this assault was a “deconstruction” of seminal works in the field. Alfred Chandler’s pioneering work was dismissed as “functional”, treating only “consequences, such as greater efficiency”. Oliver Williamson’s insightful articulation of transaction cost economics was declared an illegitimate intruder, an agent of “economic imperialism” within the discipline. Studies that “prioritised” market forces, or which expressed support for the “efficiency principle”, were declared incompatible with “both historical and ethical considerations”.<sup>71</sup> Clearly, such attacks on the foundations of a discipline cannot be effectively countered by the publication of yet another empirical study, but only by a carefully reasoned theoretical defence.

The postmodernist assault on its intellectual opponents takes three main forms, each corresponding to different stands of thought within postmodernism/poststructuralism. First, there are studies that draw on the Foucault’s “later” works, most particularly the *Discipline and Punish* and *History of Sexuality*; works that, as we have noted, portray both the exercise of power and the consequent resistance as existing “everywhere”. This framework is typically used either for writing postmodernist empirical studies that highlight power and resistance or in attacking non-postmodernist studies not characterised by these themes. It has little utility when it comes to challenging existing, non-postmodernist theoretical frameworks. In this latter task, Foucault’s “early” works—most particularly *The Order of Things: An Archaeology of the Human Sciences*, originally published in 1966 as *Les Mots et les Choses*, and the subsequent *The Archaeology of Knowledge*, first published in 1969—provide a more useful, if intellectually unwieldy, weapon. In these two works, Foucault argues a number of philosophically idealist positions: that “at any given moment in time, there is always only one *episteme* that defines the condition of all knowledge”; that knowledge cannot be understood apart from language; that language “is, wholly and entirely, discourse”; that written discourses have their own existence separate from the author; that understanding of the human condition is best obtained not by considering humans as social objects but rather by an examination of their “discursive practice”; that a “discursive formation” always contains “multitude dissensions”.<sup>72</sup> It was these formulations that gave postmodernism its most distinctive forms. As Hayden White observed in one of the first English-language studies of Foucault, the key task for those inspired by his work was the “unmasking,

<sup>71</sup> *Ibid.*, 337.

<sup>72</sup> Foucault, *The Order of Things*, 168, 86–87, 94, xiv, xx–xxi; Foucault, *Archaeology of Knowledge*, 155.

demystification, and dismemberment ... of Western thought".<sup>73</sup> In his own book, *Metahistory*, published in 1973, White transformed and developed the complex, opaque writings of the early Foucault into a more accessible and usable form. Indeed, among English-language academics, it can be argued that it is White—rather than Foucault—who has proved the most influential figure. In *Metahistory*, and his subsequent works, White contended that—since all previous studies had been shaped by various “emplotments” that were, in truth, ideological rather than factual—there was a need for a new form of “narrative” writing. This, White argued, had to take the form of “myth”, inspiring and emancipating, breaking down illusionary barriers between fact and fantasy.<sup>74</sup>

The third and most radical form of postmodernism—poststructuralism or literary deconstructionism—represents a repudiation of not only the dominant Western intellectual tradition but also of much of Foucault’s analytic framework. According to Derrida, Foucault had erred in highlighting the “breaks” or “discontinuities” within the *epistemes* of Western thought since the Renaissance. Rather than there being multiple *epistemes*, Derrida identified a “fundamental permanence of the logico-heritage”, a heritage based on “Reason” that can be traced back to Plato and the ancient Greeks.<sup>75</sup> To free the human spirit from the universal “order” that Reason had imposed, to undertake a “revolution against reason”, language had to be first freed from the “order” and “structure” in which it had been imprisoned throughout Western history.<sup>76</sup> In this, Derrida was rejecting not only the “structural linguistics” of the early-twentieth-century Swiss scholar Ferdinand de Saussure, but also the long-held view in European thought, first articulated by Plato, that “the written discourse” is a mere image of human thought and of “living language”.<sup>77</sup> In doing so, Derrida was arguing, far more radically and aggressively than Foucault, for the freeing of written language from the meanings imposed

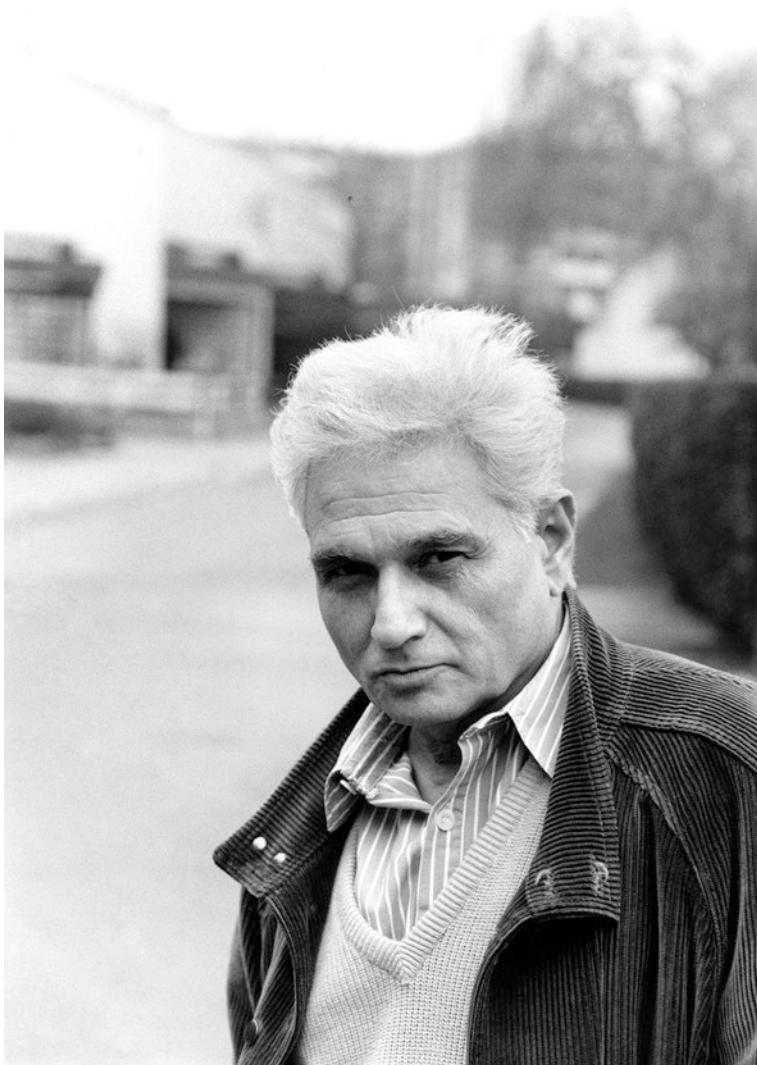
<sup>73</sup> White, “Foucault decoded”, 26.

<sup>74</sup> White, *Metahistory*, White, 372–73; “The value of narrativity”, 5–27; Hayden White, “The politics of historical interpretation: Discipline and de-sublimation”, *Critical Inquiry*, Vol. 89, No. 1 (Sept. 1982), 113–37; Hayden White, “The historical text as literary artefact”, in Brian Fay, Philip Pomper and Richard T. Van (Eds.), *History and Theory: Contemporary Readings*, (Oxford, UK: Blackwell Publishers, 1998), 15–33.

<sup>75</sup> Derrida, *Writing and Difference*, 46–47.

<sup>76</sup> *Ibid.*, 42.

<sup>77</sup> Ferdinand de Saussure (trans. Wade Baskins), *Course in General Linguistics*, (New York, NY: Fontana Collins, 1974); Plato (trans. R. Hackforth), *Phaedrus*, (Cambridge, UK: Cambridge University Press, 1972), 159.



**Photo 1.3** Jacques Derrida, 1930–2004: A critic and former student of Foucault, Derrida was the most radical and logical of postmodern thinkers in his attacks on modernity, reason and the underpinnings of Western knowledge. (Courtesy: Jacques Derrida, French philosopher, poses during a portrait session held on January 25, 1988 in Ris-Orangis, France. Photo by Ulf Andersen/Getty Images)

on it; a freeing that would allow the extraction of “traces” of memory, “traces” of “difference” from the cloak of censorship that had always been enforced—either through self-censorship or through external controls of writing.<sup>78</sup>

In pursuing the logic of postmodernism to its most logical ends, Derrida reveals postmodernism as a foe not just of modernity, but also of rationality. Its purpose is not simply one of redressing the inequalities created by market capitalism. Rather, it is the declared enemy of “Western thought” and “Reason”, an intellectual tradition that has sought—with a considerable measure of success—to use rationality to create a richer and better world.<sup>79</sup> This is, in short, a battle worth fighting. We cannot simply roll our eyes and walk away.

### IN DEFENCE OF REASON

One of the worst effects of the postmodernist assault on rationality, and of the validity of “scientific research”, is the lost belief in the capacity for human progress and advancement. More than 20 years ago, Paul Gross noted that “rejection of reason is now a pattern to be found in most branches of scholarship and in all the learned professions”.<sup>80</sup> Pessimism, of both the intellect and the will, now pervades research in the business and management disciplines. On the one side, we are informed that “scholarship has no distinctive claim on epistemic truth; its truths are [mere] language”.<sup>81</sup> On the other, we are told that “the future is one of gloomy uncertainty. It now seems incredible that anyone could have ever believed in the hierarchy of master narratives like liberalism, science, Marxism, socialism.”<sup>82</sup> If social science research is to advance, if society is to advance, then pessimism of purpose must be dispelled. This can only occur if there is an active defence of reason and science.

Much of the opposition to scientific methods in the social sciences is based on confusion and false premises. Part of the problem, as E.H. Carr

<sup>78</sup> Derrida, *Writing and Difference*, 253, 184–85.

<sup>79</sup> *Ibid.*, 2. Also, Foucault, *The Order of Things*, xxii–xxiii, 317.

<sup>80</sup> Paul R. Gross, “Introduction”, in Paul R. Gross, Norman Levitt and Martin W. Lewis (Eds.), *The Flight from Science and Reason*, (New York, NY: New York Academy of Sciences, 1996), 2.

<sup>81</sup> Sande Cohen, *Passive Nihilism: Cultural Historiography and the Rhetorics of Scholarship*, (New York, NY: St. Martin’s Press, 1999), 2.

<sup>82</sup> Alan Munslow, *Deconstructing History*, (Abington, UK: Routledge, 1997), 17.

noted, comes from “an eccentricity of the English language”, where terms such as “natural science” and “social science” are commonplace. By contrast, people rarely speak of “historical” or “literary” science. This is a very different situation to German, where the equivalent term, “wissenschaft”, applies to any organised body of study or science that involves systematic research, including not only “naturwissenschaft” (natural science), but also “geschichtswissenschaft” (science of history).<sup>83</sup> Confusion also stems from mistaken conceptions of scientific research as applied in the natural sciences; confusion evident in the distinctions provided by the historical “deconstructionist” Alun Munslow, who states that history—and by implication, the other social sciences—is not “scientific in the sense that we understand the physical sciences to be” because it is not “an experimental and objective process producing incontrovertible facts”.<sup>84</sup> Such observations about the “natural sciences” are, however, now at least a century out of date; their redundancy sounded in 1902 by Henri Poincare’s *La Science et L’hypothèse* (Science and Hypothesis). Outlining for the first time the theoretical principles of modern science, Poincare observed that although “experiment is the sole source of truth”, the facts observed in any scientific experiment were unlikely to “be repeated” in that exact observable form.<sup>85</sup> This means, observed Poincare, that the “hypotheses” that we develop to explain outcomes in both the natural and social sciences can make predictions only based on “probability”; hypotheses that must, moreover, be subject to constant verification, correction, and, where necessary, abandonment.<sup>86</sup> Significantly, similar comments were made by Hobbes in the mid-seventeenth century when he drew, for the first time, the distinction between the “natural sciences” and what he called “politics and civil philosophy”. In both realms, Hobbes wrote, “No discourse whatsoever can end in absolute knowledge of fact, past or to come.” Instead, “in science”, all knowledge is “conditional”.<sup>87</sup>

As social scientists we are—using Poincare’s outline of “scientific method”—no different from the astronomer in the “natural sciences”. Like astronomers, we search for patterns and meanings in a universe that

<sup>83</sup> E.H. Carr, *What Is History?* (Basingstoke, UK: Palgrave Macmillan, 2001), 50.

<sup>84</sup> Munslow, *Deconstructing History*, 5.

<sup>85</sup> Henri Poincare (trans. William John Greenstreet), *Science and Hypothesis*, (New York, NY: Walter Scott Publishing, 1905), 156, 158. Poincare’s *Science and Hypothesis* was first published in French in 1902.

<sup>86</sup> *Ibid.*, 167–68, 159.

<sup>87</sup> Hobbes, *Leviathan*, 40, 30.

is in constant motion. As with astronomers, some of the key relationships that we seek to ascertain are only hinted at by the effects of as yet unseen forces. Sometimes, the evidence presented before us will lead us in mistaken directions. Yet even when rational consideration of the evidence is proven by subsequent observation and experimentation to be wrong, we should, Poincare recommends, “rejoice”. For if a hypothesis that was founded upon “all the known factors” is shown to be in error, then “we are on the point of finding something unknown and new”.<sup>88</sup>

This book is not, of course, the first to critique postmodernism. It is preceded, among others, by Eagleton’s *The Illusions of Postmodernism*, Callinicos’ *Against Postmodernism: A Marxist Critique*, Norris’ *The Truth About Postmodernism*, and *The Flight from Science and Reason*, edited by Gross, Levitt, and Lewis.<sup>89</sup> In writing this book, however, this call to arms, we intend to give readers not only a sense of the intellectual roots of postmodernism, its strength and fallacies, but also—more importantly—a clearer sense of the intellectual roots of modernity. Upon this, it is hoped, a more active and informed defence of reason will be built.

<sup>88</sup> Poincare, *Science and Hypothesis*, 168.

<sup>89</sup> Eagleton, *Illusions of Postmodernism*; Alex Callinicos, *Against Postmodernism: A Marxist Critique*, (Cambridge, UK: Polity Press, 1989); Christopher Norris, *The Truth About Postmodernism*, (Oxford, UK: Blackwell, 1993); Gross, Levitt and Lewis (Eds.), *The Flight from Science and Reason*.

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## PART I

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# Intellectual Herritage

The European Enlightenment, what the French called *le siècle des lumières* (the century of lights), represents a fundamental divide in human history: a period of intellectual ferment, scientific research, and increasingly rapid economic progress. If we were suddenly teleported back in time to the years before the Enlightenment, typically dated between the late 1600s and the French Revolution of 1789, we would find a world utterly alien to our own; a world dominated intellectually by religious faith and politically by a semi-educated aristocracy that readily abused its authority for personal aggrandisement. Economically, most particularly in continental Europe, everything hinged on the annual grain harvest. When it failed, famine and social disorder would ensue. By contrast, the years subsequent to the Enlightenment saw the embodiment of an intellectual and economic world that is clearly modern; a world characterised by revolutionary new forms of technology and transport, most particularly steam-powered railways. Throughout Western Europe and North America, hereditary privilege retreated before the advancing forces of political democracy. Intellectually, what was particularly revolutionary was not just the advance of science and inventive ideas, but a willingness to question all aspects of human existence, sparing neither church nor kings. As the French economist Anne-Robert-Jacques Turgot wrote in a letter to the Scottish political philosopher David Hume, *les lumières* (the illumination) involved, above all, a capacity to see the “true causes” of things through experiment and deduction.<sup>1</sup>

<sup>1</sup> Cited, C.B.A. Behrens, *The Ancient Régime*, (London, UK: Thames and Hudson, 1967), 122.

From the Enlightenment there emerged rival traditions of thought that are pertinent to our story. Clearly dominant was a tradition that believed that the world could be positively transformed through science and reason; a belief that underpinned both the Industrial Revolution and an associated process of economic and political liberalisation and transformation. In political philosophy, beginning with the publication of Thomas Hobbes' *Leviathan, or, the Matter, Form and Power of Common-Wealth, Ecclesiastic and Civil* in 1651, a long series of studies—undertaken by John Locke, David Hume, Voltaire, Montesquieu, and Jean-Jacques Rousseau, among others—argued that the authority of rulers rested on what Hobbes called a “covenant” and Rousseau a “social contract”.<sup>2</sup> No longer could monarchs and oligarchs claim power on the basis of either “divine right” or custom and practice. Rather, they were expected to provide, in return for popular acceptance, not only security, but also protection from arbitrary action—including that undertaken by their own officials. In the field of economics, the Enlightenment announced the effective birth of the discipline, first in France (Turgot, Richard Cantillon, Francois Quesnay, Etienne Bonnet de Condillac), and subsequently in Scotland with the publication in 1776 of Adam Smith's *The Wealth of Nations*. In the discipline's ensuing nineteenth-century “golden age”, David Ricardo, John Stuart Mill, William Stanley Jevons, and Alfred Marshall laid the basis for modern economic understandings. Despite his opposition to capitalism, Karl Marx must also be counted among the members of this intellectual mainstream. Not only did he believe as much as Smith and Mill in the powers of science and reason, but he also engaged in the same debates—about the nature of value, economic costs, the organisation of work—as his free market opponents. The circumstances involved in operating the new steam-powered factories and railways also gave birth to management as a distinct occupational practice and theoretical discipline; a discipline that was to find its most influential exponents (Frederick Winslow Taylor, Chester Barnard, Elton Mayo) in the United States during the first half of the twentieth century.

If the intellectual strength of what this study thinks of as “modernity”—societies based on market economies, political democracy, legal

<sup>2</sup>Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Broadway Press: Peterborough, Canada, 2002), 85; Jean-Jacques Rousseau, “The social contract”, in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK: Dent & Sons, 1950), 1–141.

protections for private property and individual rights, and free labour forces—can be traced back to the main wellsprings of the European Enlightenment, and through it to the philosophies of the ancient Greeks, postmodernism also draws on traditions of thought that hark back to the Enlightenment. Among postmodernists, Michel Foucault is unusual in openly acknowledging this debt. In an analysis entitled *What Is Enlightenment*, Foucault declared, “We must try to proceed with the analysis of ourselves as beings who are historically determined, to a certain extent, by the Enlightenment.”<sup>3</sup> In particular, Foucault continued, critical analysis such as his own drew on an Enlightenment “philosophic ethos” that allowed “a permanent critique of our historical era”.<sup>4</sup> Certainly, postmodernist thought draws on two critical traditions that emerged during the Enlightenment. The first of these, which found in Jean-Jacques Rousseau its greatest exponent, was—as we noted in our Introduction—opposed in principle to the idea that increased economic wealth and industrial mechanisation were in any ways socially beneficial. The second Enlightenment tradition to which postmodernism is heir is that of philosophical idealism, the view that knowledge of objective reality is always conditional and subjective, that is, open to a myriad of alternatives. By combining these two dissident traditions, each of which once appeared to have been marginalised by modernity’s advance, postmodernism retests understandings woven into modernity’s very fabric.

Before proceeding, the author should announce his own philosophical biases. One of the effects of researching this project has been to convince myself that simple empiricism—that is, the belief that we can accurately perceive the objective world directly through our senses—is, as postmodernists correctly adjudicate, inadequate as a platform for research and understanding. Not only do the senses often deceive, but it is also true that there is frequently considerable difference between the perceptions of various individuals. This is particularly the case when accounts are committed to that most fallible of storage facilities: memory. In contradiction to postmodernists, however, I am not led by the unreliability of sensory perception to believe that the objective world cannot be accurately comprehended. This is because we have—as Plato and Immanuel Kant argued—a great weapon at our disposal: reason. It is through this that we

<sup>3</sup> Michel Foucault (trans. Catherine Porter), “What Is Enlightenment”, in Paul Rabinow (Ed.), *The Foucault Reader*, (London, UK: Penguin Books, 1984), 43.

<sup>4</sup> *Ibid.*, 42.

distinguish truth from falsehood. Accordingly, given the centrality of Plato to debates about the role of reason in human understanding, the ensuing chapters—most particularly Chap. 2—pay much more attention to Plato than to Aristotle. Even if one does not share the author’s neo-Platonian or, to be more exact, Kantian epistemological orientation, an understanding of concepts that stem from Plato (“form”, “representation”) is nevertheless vital to understanding postmodernist critiques.



## CHAPTER 2

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# Intellectual Heritage: Debates at the Roots of Modernity and Postmodernism

### INTRODUCTION

Intellectually and materially, the European Enlightenment, a period of political and economic ferment between the mid-seventeenth century and the French Revolution, continues to shape our world. Drawing on understandings from the ancient Greeks, the Enlightenment was characterised not by a single strand of thought, but many; not by agreement, but intellectual and political tension—a tension that became the wellspring of progress. This intellectual tension can be ascertained, in physical form, in the catacombs underneath the Pantheon in Paris, where France buries her most illustrious citizens. At the centre of the catacombs, lying in perpetual opposition in death as in life, are the bodies of two giants of the European Enlightenment—Francois-Marie Arouet (better known by his *nom de plume*, Voltaire) and Jean-Jacques Rousseau. For his part, Voltaire was happy to work for “enlightened” despots if they could harness science and reason in the cause of economic advancement. As Voltaire emphasised in 1756 in his *Essay on the Customs and the Spirits of Nations*, only economic success can save humanity from the daily oppression of a “natural” world within which “[m]en could scarcely provide for their own needs”.<sup>1</sup> Commerce, trade, and industry not only enriched, but enlivened the spirit. Drawing on his observations of British commerce, he recorded, “A trading

<sup>1</sup> Voltaire, “Essay on the customs and the spirits of nations”, in Voltaire (trans. J.H. Brumfitt), *The Age of Louis XIV and Other Selected Writings*, (New York, NY: Twayne Publishers, 1963), 247.

nation ... grasps at every discovery.”<sup>2</sup> For Voltaire, the contrast between rurally oriented France and Britain’s increasingly commercialised and industrialised economy was stark. Whereas France allowed smallpox to exact a heavy human toll, England vaccinated its young. “The feet of the peasants” in England, he added, were “not bruised by wooden shoes; they eat white bread”.<sup>3</sup> By contrast, Rousseau believed an embrace of science so as to drive material progress must have a morally deleterious effect, arguing in *A Discourse on the Origin of Inequality* that the “natural states” were “altogether the very best”.<sup>4</sup> “By dint of gathering machines around”, machines that were increasingly “ingenious”, he concluded in his classic work, *Emile*, our senses become ever “cruder”.<sup>5</sup> In contrast, he added, the noble “Canadian savage”, living in the wilds of North America, “does not make a movement, not a step, without having beforehand envisaged the consequences. Thus, the more his body is exercised, the more his mind is enlightened: his strength and reason grow together.”<sup>6</sup>

From the outset, therefore, not only the trajectory of modernisation and industrialisation but also their legitimacy has been at dispute. Rousseau’s role as a pre-eminent critic of modernity is highlighted by both Michel Foucault and Jacques Derrida. The former places Rousseau’s critiques “at the heart of the eighteenth century”<sup>7</sup>; the latter argues that Rousseau’s work occupies an “exemplary” and “singular position” in humanity’s path to emancipation.<sup>8</sup>

The intellectual contest between Voltaire and Rousseau was but part of a longer struggle, waged over millennia, that shaped Western thought. In most intellectual histories, emphasis is placed on different explanations as to how we understand the world. Among the ancient Greeks, Plato’s *The Republic* (circa 380 BC) has proved particularly influential, winning both

<sup>2</sup> Voltaire, *Letters on England*, (Hazleton, PA: Pennsylvania State University Electronic Series Publication, 2002), 36.

<sup>3</sup> *Ibid.*, 35, 33.

<sup>4</sup> Jean-Jacques Rousseau, “A discourse on the origin of inequality”, in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK: Dent & Sons, 1950), 215.

<sup>5</sup> Jean-Jacques Rousseau (trans. Allan Bloom), *Emile (On Education)*, (London, UK: Penguin Classics, 1979), 176.

<sup>6</sup> *Ibid.*, 157, 118.

<sup>7</sup> Michel Foucault, *The Order of Things: Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), 126.

<sup>8</sup> Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 97, 99.

supporters and detractors. Rather than understanding the world directly through our senses, Plato believed that we comprehend objective reality through the creation of abstract mental “forms” or “representations”; that is, from our senses we create an image or perception in our mind and it is upon this that we act.<sup>9</sup> During the European Enlightenment of the eighteenth and early nineteenth centuries, this “Platonist” view of knowledge was endorsed, extended, and repudiated. Repudiation was associated in the first instance mainly with the British “empirical school”: Thomas Hobbes, John Locke, and David Hume. As Hobbes explained it in 1651, “imagination” is “nothing but decaying sense ... The cause of sense is the external body or object.”<sup>10</sup> Accordingly, we should rely as much as possible on the direct evidence of our senses rather than on “imagination”. At the other end of the spectrum, an “idealist” philosophic position—associated with George Berkeley, Baruch Spinoza, and René Descartes—wondered whether in fact that world of imagination was in fact the only world, objective “reality” being mere fancy; a questioning that caused Descartes to postulate in his *Meditations on First Philosophy* “that all the things I see are false” and that, in consequence, it was impossible to “know clearly what I am”.<sup>11</sup> For many, this philosophic debate found resolution in Immanuel Kant’s *Critique of Pure Reason*, which argued that although the world of appearances (objects “in-themselves”) could not be proven to be real, we could nevertheless know and understand it through the exercise of our reason, inductive logic and empirical testing of theses.<sup>12</sup> Although subsequent critics grounded in British “empiricism” tended to regard Kant as merely another idealist philosopher, advocating “Neo-Platonist” ideas,<sup>13</sup> Kant saw himself standing in opposition to philosophic idealism, arguing that “Plato”

<sup>9</sup> Plato (trans. Desmond Lee), *The Republic*, (London, UK: Penguin Classics, 2003), 239, 336, 339.

<sup>10</sup> Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Broadway Press: Peterborough, Canada, 2002), 5, 3. Hobbes’ *Leviathan* was first published in London in 1651.

<sup>11</sup> René Descartes (trans. Elizabeth Haldane), *Meditations on First Philosophy*, (Internet Encyclopaedia, 1991), 8.

<sup>12</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 348.

<sup>13</sup> See, for example, Edwin A. Locke, “Preface: Postmodernism and management”, *Research in the Sociology of Organizations*, Vol. 27 (2003), ix-x; Edwin A. Locke, “Business ethics: A way out of the morass”, *Academy of Management Learning and Education*, Vol. 5, No. 3 (2006), 324–32; O. Ghate, “Postmodernism’s Kantian roots”, in E. Locke (Ed.) *Postmodernism and Management: Pros, Cons and the Alternative*, (New York, NY: JAI, 2003), 227–45.

suffered from its neglect of “physical investigation”, thereby producing knowledge that could never be more than “speculative”.<sup>14</sup> Also dismissing the idealist questioning of objective reality, Kant observed that “consciousness of my own existence proves the existence of objects in space outside my space”.<sup>15</sup> Unfortunately, the theoretical complexity of Kant’s formulations—and his near-impenetrable writing style—not only limited his appeal, but also caused misunderstanding of his message. By comparison, Friedrich Nietzsche’s articulations in the course of the nineteenth century—which put forward a powerful new idealist framework—were delivered in comparatively short books, more easily digested by a popular audience. Asserting the absolute primacy of the individual “will to power”, Nietzsche condemned religion, “liberalism”, and “democracy” as institutions of decay and entrapment.<sup>16</sup> With Nietzsche, condemnations of Western rationality, modernity, and economic materialism were rolled into one, providing an intellectual heritage of which Foucault, Derrida, and other postmodernist critics are the self-conscious inheritors.

If, with Nietzsche, critics of modernisation and industrialisation differed from Rousseau in that they increasingly framed their arguments in idealist terms, it is easy to overlook a third key strand of division and differentiation within Western thought; a strand that made political and social organisation its main concern. Arguably, this strand owes its origin to Thucydides’ *History of the Peloponnesian War*, written in the fifth century BC. In this study, Thucydides puts forward two key arguments, one in his own name and the other in a speech he attributes to Pericles, the Athenian political leader. Thucydides’ first formulation involves the nature of historical evidence and, by implication, evidence in what we now think of as the social sciences more generally. Rather than surrender to myth and poetic licence, as earlier Greek authors had done, Thucydides advised his readers that he used “only the plainest evidence”; evidence based on either his own observations or else “from eye-witnesses whose reports I have

<sup>14</sup> *Ibid.*, 425.

<sup>15</sup> *Ibid.*, 239.

<sup>16</sup> Friedrich Nietzsche, “Twilight of the idols”, in Friedrich Nietzsche (trans. R.J. Hollingdale), *Twilight of the Idols/The Anti-Christ*, (London, UK: Penguin Classics, 1990), 103–05. Also see, Friedrich Nietzsche (trans. Walter Kaufman), *Beyond Good and Evil: Prelude to a Philosophy of the Future*, (New York, NY: Vintage Books, 1989); Friedrich Nietzsche (trans. Walter Kaufman and R.J. Hollingdale), *On the Genealogy of Morals*, (New York, NY: Vintage Books, 1989); Friedrich Nietzsche (trans. R.J. Hollingdale), *Thus Spoke Zarathustra*, (London, UK: Penguin Books, 1970).

checked with as much thoroughness as possible".<sup>17</sup> Thucydides' second key thesis relates to the ideal political state; an ideal which Thucydides articulates through the words of Pericles as "a constitution", based "on democracy", where "power is in the hands not of a minority but of the whole people". In such a society, Pericles is quoted as saying, "what counts is not membership of a particular class, but ... actual ability".<sup>18</sup> The treasure of democracy was, however, one that Thucydides revealed as imperilled as much by misguided majorities as by any other fault. Collectively, shifting understandings of these three strands—relating to the nature of knowledge and evidence, the benefits and costs of material progress, and the appropriateness of various forms of political organisation—were to shape not only economic and social modernisation, but also the subsequent postmodern challenge.

## INTELLECTUAL ORIGINS

Part of the appeal, and certainly much of the intellectual significance of postmodernism, is found in its twofold assault on the very underpinnings of Western thought; an attack that targets not only epistemology—the ways in which we obtain and understand knowledge—but also the ways in which we use language to create and convey understandings. In launching its denunciations of the "logocentrism", "structuralism", and "ethnocentrism" of modernity, postmodernism—most particularly in the radical "poststructuralist" variety espoused by Jacques Derrida and his intellectual kin—traces problems back to the ancient Greeks and, most particularly, to Plato. On the epistemological front, Plato's primary sin, as evidenced by his writings in *The Republic*, is found in his attempts to delineate a holistic set of principles for understanding the world. By delineating, Foucault argued, such attempts restricted, thereby limiting what can "become possible".<sup>19</sup> In other words, Foucault suggests that the range of possibilities before individuals is primarily constrained by accepted understandings of what is and what is not socially and economically achievable. For his part, Derrida—in condemning what he called "the fundamental permanence of the logico-philosophical heritage"<sup>20</sup>—

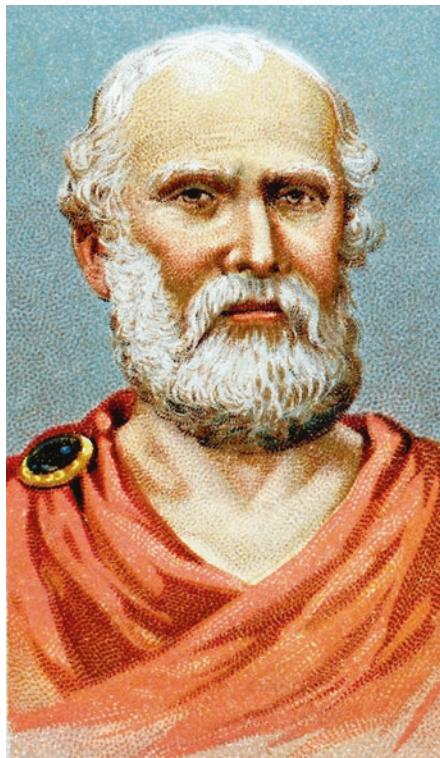
<sup>17</sup> Thucydides (trans. Rex Warner), *History of the Peloponnesian War*, (Harmondsworth, UK: Penguin Books, 1954), 47–48.

<sup>18</sup> *Ibid.*, 145.

<sup>19</sup> Michel Foucault, *The Order of Things: An Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), xxi.

<sup>20</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 47.

**Photo 2.1** Plato,  
c.428 – c. 348 BC.: One  
of the founders of the  
Western philosophic  
tradition, Plato believed  
that we perceived  
objective reality not  
directly through our  
senses but rather  
through the  
“representations” that  
sensory experiences  
create in our mind.  
(Courtesy: Colour  
Illustration – Photo by  
Bob Thomas/  
Popperfoto/Getty  
Images)



was influenced by the early-twentieth-century German philosopher Martin Heidegger, who, in rejecting the “dogma” of Greek-based reasoning, pointed out that the term “phenomenon” is drawn from the verb *phainein*, meaning “to show itself”. Accordingly, Heidegger suggested, any philosophy or language directed towards “showing” must necessarily engage in an exercise of “not-showing”, causing philosophic and linguistic exclusion.<sup>21</sup> By such reckoning, for example, any discussion of agricultural settlement on the Great Plains of Canada and the United States necessarily entails the obliteration of early patterns of land use by Native Americans.

<sup>21</sup> Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (London, UK: Blackwell Publishing, 1962), 2, 29–30. For similar reflections by Derrida, see Derrida, *Of Grammatology*, 74–79.

In developing the set of understandings that came to underpin Western thought, the ancient Greeks were guided by developments in geometry and mathematics, which they regarded as the purest form of knowledge. In geometry, Plato remarked in *The Republic*, “the real objects” of any “investigation” are “invisible except to the eye of reason”.<sup>22</sup> In drawing, and then measuring the dimensions of a “circular” field, for example, we are dealing solely with abstractions—what Plato called mental “forms”—that are an idealised substitution (or representation) for objective reality, it being the case that there are probably no “pure” circular shapes in Nature. In other words, the concept of a “circle” does not exist naturally. It is a creation of our reason. From this, Plato argued that we do not understand the world directly, but rather through mental representations and idealised “forms”. When a person walks into a room and sees a “bed”, for example, they do not create a separate mental category for that object. Rather, it is perceived in its generalised “form”, as simply another “bed”. Only if there is a particular need (i.e. the person was intending to sleep in the bed) would the mind substitute more specific “forms” (i.e. “hard” bed, “soft” bed). Up to this point, Plato was on solid ground. Plato then, however, arguably made a number of errors. First, Plato was confused as to how to treat the mental “representations” of material “objects” that give rise to “forms”. As a result, he chose to regard them as concretely “real” rather than as what they are: mental perceptions. His error on this front stems from the fact that all our perceptions of “reality” are mental representations of varying degrees of reliability. A tree, for example, will appear very differently if it is perceived in darkness rather than in light, or in mid-winter sunshine rather than in mid-summer light. These perceptions assume an even more unreliable status when committed to that fallible facility called memory. Confronted with this problem, Plato struggled to differentiate mental “forms” from “illusion” (*eikasia*). A key part of the process of knowledge for Plato was, therefore, learning this distinction. As he demonstrated in his “Simile of the Cave”, those who spend their lives in a cave perceiving only shadows and illusions—an obvious metaphor for untrained minds in society—end up confusing illusion for reality.<sup>23</sup> The second major error that Plato made was to perceive understanding as a set of hierarchical steps, whereby minds were trained to distinguish not only reality from illusion, but also proper knowledge from mere opinion or

<sup>22</sup> Plato, *The Republic*, 239.

<sup>23</sup> *Ibid.*, 240–48.

belief. This infamously led Platonic thought in totalitarian directions, Plato believing that only an elite could grasp “true reality” and thereby create a “just” world.<sup>24</sup> Although Plato’s one-time student Aristotle made reasoned consideration of “experience” as the key to understanding (hence the concept of “empirical” research), he shared with Plato the idea that “the end of theoretical knowledge is truth”. There were, Aristotle believed, in both what we think of as the social sciences as well as the natural sciences, “universal” principles or laws. Human wisdom and ethical enlightenment lay in ascertaining the nature of these “universal principles”, which could be obtained not from mere experience, but rather from logical extrapolations from that experience. Accordingly, “the most universal [principles] are the hardest to know ... for they are farthest from the senses”.<sup>25</sup>

The failings of Platonic philosophy, which engendered debate for more than two millennia, were resolvable in one of three ways. First, in rejecting the idea that there is a clear and unconditional “true reality”, we can take the path of philosophic idealism—as postmodernism does—throwing out the idea that we can create any meaningful models of reality at all, postulating instead that all meaning is “fictively constructed” and that history is a mere “place of fantasy”.<sup>26</sup> The second alternative is to follow Aristotle and focus on the senses and “experience”—as did the great British “empiricist” philosophers (most notably, Thomas Hobbes and David Hume)—without necessarily accepting Aristotle’s dictates about absolute truth and “universal principles”. Superficially attractive, this approach has difficulty dealing with the problems Plato correctly highlighted, where the senses convey illusions and falsehoods (e.g. the world is flat; the sun traverses the sky). The third alternative in overcoming the problems inherent in Platonic philosophy is to take the path taken by Immanuel Kant in holding that—although *all* knowledge of the world is obtained via idealised representations—understanding of the material world is possible through the exercise

<sup>24</sup> *Ibid.*, 236, 205, 36.

<sup>25</sup> Aristotle (trans. W.D. Ross), *Metaphysics*, Book 1: 1; Book 2: 1; Book 3: 5, <http://itz.ciens.ucv.ve/ecologia/Archivos/Filosofia-I/Aristotle%20-%20Metaphysics.pdf>.

<sup>26</sup> Alan Munslow, “Managing the Past”, in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (Routledge: London and New York, 2015), 136; Hayden White, “The public relevance of historical studies: a reply to Dirk Moses”, *History and Theory*, Vol. 44, No. 3 (Oct. 2005), 333.

of reason, logic and the testing of theses against evidence. This means—as Kant concluded in his *Critique of Pure Reason*—that understanding is always based on “conditional knowledge”.<sup>27</sup>

If modernity’s philosophic underpinnings—and the postmodern hostility to those underpinnings—are traceable to Plato, so too are the postmodernist objections to the Western use of language. On this latter front, it is Plato’s *Phaedrus* that most causes postmodernist ire. In this work, Plato declared “the written discourse” to be merely “a kind of image”. As such, he stated, it occupied a secondary status when ranked against “living speech”, which was always the best means for communicating thought. The problem “with written words”, Plato continued, was their inflexibility, for although “they seem to talk to you as though they were intelligent”, if you asked “them anything about what they say ... they go on telling you just the same thing forever”.<sup>28</sup> This, it should be noted, was a viewpoint that resonated throughout the Greek and Roman worlds. When Thucydides sought the most reliable and “plainest evidence” for his *History of the Peloponnesian War*, he sought it not in documentary evidence—which would have been available—but rather in the cross-examination of “different eye-witnesses”.<sup>29</sup> The emphasis placed on speech, on verbal language, was one subsequently adopted by Thomas Hobbes in *Leviathan*, a foundational text of the European Enlightenment. Noting that “[t]he Greeks” had “but one word, *logos*, for both speech and reason” (hence the postmodern objection to things that are *logocentric*), Hobbes concluded that verbal speech was humanity’s “most noble and profitable invention”, without which there would be “neither commonwealth nor society”. By comparison, the invention of written “letters” and “printing” were of “no great matter”.<sup>30</sup> As time went on, however, language, whether verbal or written, was seen in an increasingly critical light: as a poor and often-fallible representation of thought. As von Ranke, widely regarded as the founder of historical research in its modern form, observed in 1821, language—because it lacked “expressions which are free from connotations”—gives “rise to falsehood”. This was equally true,

<sup>27</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 294.

<sup>28</sup> Plato (trans. R. Hackworth), *Phaedrus*, (Cambridge, UK: Cambridge University Press, 1972), 159.

<sup>29</sup> Thucydides, *History*, 145–46.

<sup>30</sup> Hobbes, *Leviathan*, 16, 13.

von Ranke believed, of written and verbal language.<sup>31</sup> Similarly, in Kant's *Critique of Pure Reason*—a work which Foucault believed marked “the threshold” of “modernity”—reason and language were no longer seen as co-joined twins. For in giving primacy to thought and reason, Kant noted that there “is nothing but a sum total of appearances … a multitude of representations of the mind”.<sup>32</sup> Verbal and written discourses are, therefore, no different from other sensory representations, being filtered through our reasoning processes so as to determine their validity or falsity.

The idea that written discourse is secondary to speech or abstract thought—a mere representation, abstraction, or illusion—is of course anathema to postmodernists. Among postmodernists, written discourse finds its fiercest champion in Jacques Derrida. According to Derrida—who perceived writing to involve not only phonetic writing, but also symbols, pictographs, and monuments—it is only “that which is written … that is born as language”. This is because, prior to writing, there are only sounds or signs that act as signals.<sup>33</sup> Writing thus “creates meaning by enregistering it”.<sup>34</sup> Once written, moreover, words have a life, a “will” of their own. They can draw their meaning not only from the past, from the author who originally created them, but also from the future—where different readers can give them new and different meanings.<sup>35</sup>

The problem as judged by Derrida is not writing per se, but rather the Western phonetic writing, which uses letters to represent sounds (*phones*) rather than thought. This “phoneticization of writing”, Derrida argued, had a number of negative consequences. First, due to its reliance on a limited range of sounds, phonetic writing acted to limit meaning. Second—operating on the premise that language shaped reason—the *logos* of Western thought was entrapped within its “phonocentric” roots. Third, the spread of phonetic writing destroyed the alternative understandings developed by other cultures; an “ethnocentrism” that imposed “itself upon the world, controlling in one and the same order”.<sup>36</sup> “Man’s exploi-

<sup>31</sup> Leopold von Ranke, “Wilhelm von Humboldt: on the historian’s task”, in Leopold von Ranke (trans. Wilma A. Iggers and Konrad von Moltke), *The Theory and Practice of History*, 6.

<sup>32</sup> Kant, *Critique of Pure Reason*, 148.

<sup>33</sup> Derrida, *Of Grammatology*, 3, 14; Derrida, *Writing and Difference*, 13.

<sup>34</sup> Derrida, *Writing and Difference*, 13.

<sup>35</sup> *Ibid.*, 15.

<sup>36</sup> Derrida, *Of Grammatology*, 12–13, 3.

tation by man” is thus, according to Derrida, primarily an act by the “writing culture of the Western type. Communities of innocent and unoppressive speech are free from this accusation.”<sup>37</sup> Fortunately, Derrida suggested, there was a way out of this bind, a path that allowed for the emancipation of both language and humanity from “phonocentrism”, “logocentrism”, and “ethnocentrism”. As Heidegger had earlier suggested, something can only be revealed through language by “covering-up” something else. The trick, then, is to discern what has been hidden, “covered-up”.<sup>38</sup> Accordingly, Derrida wrote, *all* writing must hide a “trace” of something that has been implicitly referred to, but hidden, in the original text; something he called an “unheard difference”.<sup>39</sup> In consequence, the *real* meaning of any written discourse can only be obtained through “the destruction”, the “desedimentation”, the “de-construction” of the text in search of its underlying “traces” and “differences”.<sup>40</sup> In *The Order of Things*, Foucault drew broadly similar conclusions, although his emphasis was not so much on “texts” and “words” as on the “vocabularies”, the “syntaxes”, and the overall “discursivity” of language. It is by looking at these broader manifestations of language, Foucault argued, that the “fundamental codes of a culture” could be ascertained.<sup>41</sup>

In all discussions of knowledge—whether conducted in the ancient or modern worlds—issues of politics, power, inclusion, and exclusion are not far away. For Plato, the complex path to knowledge meant that “there will be no end to the trouble of states ... till philosophers become kings of this world, or till those we now call kings and rulers really and truly become philosophers”.<sup>42</sup> Thucydides, in writing his *History of the Peloponnesian War*, made it clear from the outset that the work was intended as a cautionary tale. Although the Peloponnesian War brought the Greeks “unprecedented suffering”, Thucydides anticipated—“human nature being what it is”—that a similar pattern of war and revolution would “be repeated ... at some time or other and in much the same ways”.<sup>43</sup> Despite

<sup>37</sup> *Ibid.*, 121.

<sup>38</sup> Heidegger, *Being and Time*, 35–37.

<sup>39</sup> Derrida, *Of Grammatology*, 65.

<sup>40</sup> *Ibid.*, 7.

<sup>41</sup> Foucault, *The Order of Things*, 87, xx.

<sup>42</sup> Plato, *The Republic*,

<sup>43</sup> Thucydides, *History*, 48.

his enthusiasm for democracy as an ideal, Thucydides therefore lamented how the Athenian populace had been led into disastrous military adventures; a reflection that transformed him into an exponent of oligarchic rule. Of the Oligarchy of the Five Thousand that ruled Athens at war's end, Thucydides concluded that it was "a better government than ever before, at least in my time. There was a reasonable and moderate blending of the few and the many, and it was this ... that made it possible for the city to recover."<sup>44</sup> Described as "the most politic historiographer that ever writ",<sup>45</sup> Thucydides' treatise had a profound influence on the European Enlightenment, and through it, on us. When Hobbes, at the dawn of the Enlightenment, took up unresolved debates about the nature of knowledge, his first work was a translation of Thucydides.<sup>46</sup> Arguably, Hobbes' strongly empirical approach—which laid the foundation for the British empirical tradition by arguing that "there is no conception in a man's mind which hath not at first ... been begotten upon the organs of sense"<sup>47</sup>—was influenced by what has been described as Thucydides' "tough-minded" focus.<sup>48</sup> Certainly, Hobbes' political ideas show the imprint of Thucydides pessimistic reflections. In drawing up principles for a "covenant" or "contract" between rulers and ruled, Hobbes was concerned not with abstractions but rather with the creation of a social order that would allow progress in "industry" and "knowledge". Accordingly, his primary concern was with "security", whether through monarchical rule or another form of government. For, Hobbes concluded, "covenants without the sword are but words".<sup>49</sup> Montesquieu, in defining the principle of the separation of powers in *The Spirit of the Laws* in 1748, also identified "political liberty" with personal security from both arbitrary rulers and oppressive majorities.<sup>50</sup> By contrast, Immanuel Kant, in an article that in 1784 sought to define the meaning of the "age of enlightenment",

<sup>44</sup> *Ibid.*, 598–99.

<sup>45</sup> William Molesworth, "Introduction", in William Molesworth (Ed.), *English Works of Thomas Hobbes*, Vol. 8, (Online Library of Liberty, <http://oll.libertyfund.org/titles/hobbes-english-works-of-thomas-hobbes-11-vols>), viii.

<sup>46</sup> A.G.N. Flew, "Hobbes", in D.J. O'Connor (Ed.), *A Critical History of Western Philosophy*, (New York, NY: The Free Press, 1964), 154.

<sup>47</sup> Hobbes, *Leviathan*, 3.

<sup>48</sup> Flew, "Hobbes", 154.

<sup>49</sup> *Ibid.*, 62, 85.

<sup>50</sup> Charles de Secondat, Baron de Montesquieu (trans. Anne M. Cohler, Basia Carolyn Miller, Harold Samuel Stone), *The Spirit of the Laws*, (New York, NY: Cambridge University Press, 1989), 3–9.

linked freedom to the educative process through which “each single individual” liberated themselves from their own “self-incurred tutelage”.<sup>51</sup> Consequently, Kant viewed as ideal the freedom of belief allowed within the absolutist monarchy of Frederick the Great’s Prussia; a monarch whom Voltaire also praised and served until disillusionment set in.

Thus, throughout history, at least up to and including the Enlightenment, it is evident that shifting philosophic understandings of knowledge have been intimately concerned with a surprisingly hard-edged view of power, in which not only epistemological advancement but also social progress is linked with a system of political order that provides protection from arbitrary intrusions. In this, postmodernism in general differs from the dominant Western philosophic and epistemological tradition—from Plato, through Aristotle, Hobbes, Hume, Kant, Voltaire, Rousseau, Hegel, and Marx—in that it does not attempt to link knowledge with a definable path for progress, be it ethical, political, or economic. It is this agnosticism that leads to the justifiable accusation that postmodernists are *nihilists*, rejecting everything and proposing nothing. As Michael Walzer observed in 1986 of Foucault, “the catastrophic weakness of his political theory” is that not only does he fail to outline a social programme, but he also fails to nominate any criteria by which a particular political order can be judged negatively or positively.<sup>52</sup> Of course, postmodernists would argue that such criticisms miss the point: that what they are about is redressing past exclusions from the official record; giving voice to those who have been voiceless. It is on this point that postmodernism’s attack on the Western intellectual heritage is arguably the strongest. As we have noted above, however, one supposed postmodernist solution to such problems is found in exploring texts for hidden “traces” (Heidegger, Derrida) or syntaxes for underlying “codes” (Foucault). The question we therefore have to ask ourselves at this point, before we turn to a more detailed consideration of the epistemological traditions that developed as a result of the Enlightenment, is this: does this suggested approach offer the best intellectual platform upon which we can understand social and economic exclusion? It is a difficult case to make. For not only has the Western tradition constantly examined and debated the nature of evidence and truth, but has also—from

<sup>51</sup> Immanuel Kant, *What Is Enlightenment?* 1–2, <http://www.allmendeberlin.de/What-is-Enlightenment.pdf>.

<sup>52</sup> Michael Walzer, “The politics of Michael Foucault”, in David Couzens Hoy (Ed.), *Foucault: A Critical Reader*, (Oxford, UK: Blackwell, 1986), 67.

Thucydides on—concerned itself with the adverse effects of political power; it has always had redress at the forefront of thought. As modernity progressed, causing ill-effects as well as benefits, this established intellectual tradition *did* reveal the capacity to explore and redress failings, whether through official inquiries—such as the British Royal Commission that led in 1833 to the world's first laws enforcing generalised restrictions on the industrial employment of women and children—or denunciations of the whole capitalist system by Karl Marx and Frederick Engels. Arguably, this provided more benefit than textual analysis.

### ENLIGHTENED CONFLICTS OF UNDERSTANDING

In his *Critique of Pure Reason*, Immanuel Kant declared that there was no authority or issue that was “so sacred” that it should not be subject to “searching examination”. The dictates of religion, the rule of kings, the constitution of organisations and cities, none were to be spared. In England, David Hume, a founder of British empiricism, similarly declared in 1739 in his *Treatise on Human Nature* “that in the case of enormous tyranny and oppression, ‘tis lawful to take up arms even against the supreme power, and that as government is a mere human invention for mutual advantage and security, it no longer imposes any obligation ... when once it ceases to have that tendency”.<sup>53</sup> It was this willingness to expose every aspect of the human condition to scrutiny, rather than a commonality of answers, that makes the European Enlightenment the continued wellspring of our intellectual and social understandings. Even Foucault, in an article entitled “What Is Enlightenment?”, conceded that “modern philosophy is the philosophy that is attempting to answer” the same question/s as that “raised so imprudently two centuries ago”.<sup>54</sup> Significantly, Foucault, despite his increasingly radical attacks on the Western *episteme*, was unwilling to totally sever his links with the Enlightenment tradition of inquiry. Although declaring he was neither “‘for’ nor ‘against’ the Enlightenment”, he nevertheless conceded “that as an enterprise for linking the progress of truth and the history of liberty in

<sup>53</sup> David Hume, *A Treatise on Human Nature*, (Oxford, UK: Clarendon Press, 1896), Vol. 3, 287.

<sup>54</sup> Michel Foucault (trans. Catherine Porter), “What Is Enlightenment?” in Paul Rabinov (Ed.), *The Foucault Reader*, (London, UK: Penguin, 1984), 32.

a bond of direct relation, it [the Enlightenment] formulated a philosophical question that remains for us to consider".<sup>55</sup>

For the purposes of our discussions as to the origins of both modernity and the postmodern critique, three broad schools of thought are discernible within Enlightenment philosophy. First, there is an empiricist tradition that makes experience the cornerstone of understanding. Although its most articulate proponents were British (Hobbes, Locke, and Hume), we can also count Montesquieu, Voltaire, and Rousseau among its adherents. With the notable exception of Rousseau, those within this tradition were supporters of what we understand as modernity: commercial and industrial development, respect for private property, freedom of individual expression, restraint on arbitrary authority, and at least a tacit endorsement of a market economy. Those within this tradition were also, again with the exception of Rousseau, generally advocates of progressive or piecemeal social transformations rather than of revolutionary change. The intellectual inheritors of this tradition, including Karl Popper, are typically more trustful of evidence (which can be verified) than grand theory. The second philosophic tradition, idealism, made existence the central focus of inquiry. Associated primarily with Berkeley, Leibniz, Spinoza, and Descartes, this tradition not only questioned the reliability of evidence drawn from our senses, but was also at best agnostic as to economic development, being more concerned with matters of spirit and being. Postmodernism, in its various guises, sits within this tradition. Finally, sitting variously between and above the other two traditions is Kantian philosophy. Despite believing that we only perceive the world through mental images and representations, Kantian philosophy holds that the "material" world "is nevertheless given in ... space actually and independently of all fancy".<sup>56</sup> By giving human reason primacy over sensation and experience, this tradition has arguably provided most utility to those wishing to explain the world through generalisable theories.

It is perhaps no accident that the first of these traditions, empiricism, has, from the outset, had a strongly British hue. Not only was Britain Europe's leading commercial, naval, and industrial power during the Enlightenment, but it was also the first to experience revolutionary upheavals in the form of the English Civil War (1642–51) and the "Glorious Revolution" of 1688. Collectively, these experiences lent favour

<sup>55</sup> *Ibid.*, 42–43.

<sup>56</sup> Kant, *Critique of Pure Reason*, 348.

towards business endeavour and economic development and distrust of both arbitrary authority and popular passions. This had both favourable and negative consequences. Positively, it elevated in importance studies of the economic and political worlds, with Hobbes drawing for the first time a distinction between the “natural” and social sciences, describing the latter as “politics and civil philosophy”.<sup>57</sup> Within the British empirical tradition, study of politics and political history became matters of pre-eminent concern. In the work of David Hume, in particular, emotion, passion, and irrationality were identified as vital matters in explaining politics and the human condition more generally. Devoting one of his three volumes of *A Treatise on Human Nature* to “passions”, Hume argued, that unlike reason, “tis evident our passions” are “not susceptible” to either “agreement or disagreement”.<sup>58</sup> Such failings, Hume continued, meant that it was “by society alone” that an individual’s “defects” were “compensated”, leaving “him in every respect more happy, than ‘tis possible, in his savage and solitary condition, ever to become”.<sup>59</sup> For John Locke as well, the only rationale for any system of government lay in its capacity to provide protections, most particularly of property, that are absent in a “state of Nature”. As Locke observed in his *Two Treatises of Government*, “The great and chief end ... of men uniting into commonwealth, and putting themselves under government, is the preservation of their property”; property constantly threatened in Nature by sentiments of “passion and revenge”.<sup>60</sup>

A fundamentally pessimistic view of human nature remains at the core of British empiricism, providing a cautionary reminder of the irrational perils that can bedevil any human endeavour. It was also a viewpoint that shaped the thinking of key figures in the French Enlightenment, notably Montesquieu and Voltaire. In his *The Spirit of the Laws*, for example, Montesquieu reflected on how humankind was composed of “limited” beings, each “subject to ignorance and error ... he falls subject to a thousand passions”.<sup>61</sup> Voltaire shared such concerns, declaring in his *Essay on the Customs and Spirits of Nations*, “Man in general has always been what he is now.”<sup>62</sup> Such underlying fears about human nature made empiricism

<sup>57</sup> Hobbes, *Leviathan*, 40.

<sup>58</sup> Hume, *Treatise on Human Nature*, Vol. 2, 241.

<sup>59</sup> *Ibid.*, Vol. 3, 252.

<sup>60</sup> John Locke, *Two Treatise on Government*, (Toronto, CAN: McMaster Archive of the History of Economic Thought), 159. This work was first published in 1689.

<sup>61</sup> Montesquieu, *The Spirit of the Laws*, 5.

<sup>62</sup> Voltaire, “Customs and the spirits of nations”, 260.

a fundamentally conservative intellectual tendency. In terms of politics and power—as we have previously noted in our discussions of Hobbes, Montesquieu, and Voltaire—those within the empiricist tradition tended to be concerned with restraints on arbitrary authority rather than with freedom per se. In terms of epistemological understandings, conservatism is also evident. Expressing a scepticism that Popper would no doubt endorse, Hume advised his readers “that a strict adherence to any general rules ... are virtues that hold less of reason, than of bigotry and superstition”. Instead of being bound by such “pretensions”, Hume continued, people should rely on “common sense” as judge.<sup>63</sup> In terms of evidence, the founders of empiricist philosophy had a predilection for the “plainest evidence” that Thucydides had favoured. Science in both the natural and “civic” domains was after all, Hobbes declared, “the knowledge of consequences, and dependence of one fact upon another”.<sup>64</sup> As if sensing the future rise of postmodernism, Hobbes also warned against the use of “absurd assertions” and the “use of metaphors, tropes, and other rhetorical figures, instead of proper words”.<sup>65</sup> The problems with this empirical approach—then as now—are twofold. First, as Plato correctly identified in the fourth century BC, an epistemology that relies on the senses and “common sense” has no principle for discerning “fact” from illusion. Second, and perhaps more importantly, by eschewing “general rules” and theorising, empiricist philosophy not only limits the scope of its inquiries, but also avoids investigation of its own principles and prejudices. It is this that makes empiricist research easy prey for postmodern attacks.<sup>66</sup> One does not need to be a postmodernist, moreover, to be aware of such failings. As the British historian, E.H. Carr observed, research in the social sciences is as much “imaginative understanding” as it is fact collection. For facts are, Carr observed, “like fish” swimming in a vast ocean. What you catch depends on the “part of the ocean” you choose to fish and the type of fishing “tackle” used. Unless you think about where and how you are

<sup>63</sup> Hume, *Treatise on Human Nature*, Vol. 3, 288–89.

<sup>64</sup> Hobbes, *Leviathan*, 38.

<sup>65</sup> *Ibid.*, 20.

<sup>66</sup> See, for example, Stuart Hall, “The rediscovery of ‘ideology’: Return of the repressed in media studies”, in John Story (Ed.), *Cultural Theory and Popular Culture*, (Harlow, UK: Pearson Longman, 2009), 17; Hayden White, “The politics of historical interpretation: discipline and de-sublimation”, *Critical Inquiry*, Vol. 89, No. 1 (Sept. 1982), 113–37.

fishing, you will have little understanding of why you are catching the fish that you are.<sup>67</sup>

If the empirical tradition has been subject to justifiable criticism for paying obsessive attention to the object of its research efforts (facts) with little regard to the inclinations of the subject (the person doing the research), the idealist philosophic tradition can be accused of excessive focus on the individual subject. What counts instead, above all else, is individual essence and being. Among the founders of modern idealism, the most radical critique was that undertaken by the English cleric George Berkeley in his *Principles of Human Knowledge*. In an approach that Kant declared to be “dogmatic idealism”, Berkeley declared that the only thing we could be certain of was our own “ideas”; ideas created by that “perceiving, active being” that “I call mind, spirit, soul or myself”.<sup>68</sup> In consequence, “[a]ll things that exist, exist only in the mind, that is, they are purely nominal”.<sup>69</sup> Our sense of there being a material world—which imposes a clearer sense of being “real” than mere dreams or imaginings—is due solely to the fact that “ideas of sense are more strong, lively, and distinct than those of the imagination”.<sup>70</sup> We have, however, no way of ascertaining whether these more “lively” ideas are a better reflection of some material reality than the fainter ideas that occur in dreams. At the other end of the idealist spectrum is what Kant referred to as “problematic idealism”, exemplified in the work of René Descartes. Rather than asserting the “immateriality” of existence, as Berkeley did, this strand of idealism merely exposes all knowledge, all evidence, and all the sensations generated by our senses to the utmost scepticism; an approach Kant accepted as “a sound philosophic mode of thought”.<sup>71</sup> For Descartes, as he recorded in his *Meditations on First Philosophy*, the starting and finishing point for his philosophic scepticism was the realisation that “the ideas which I possess of the human mind inasmuch as it is a thinking thing … is incomparably more distinct than is an idea of a corporeal being”.<sup>72</sup> As “a thinking thing”, it was therefore possible to either “persuade myself” that “nothing has ever existed”, or a contrary

<sup>67</sup> E.H. Carr, *What Is History?* (Basingstoke, UK: Palgrave Macmillan, 2001), 18.

<sup>68</sup> Kant, *Critique of Pure Reason*, 238–29; George Berkeley, “The principles of human knowledge”, in George Berkeley (ed. Howard Robinson), *Principles of Human Knowledge and Three Dialogues*, (Oxford, UK: Oxford University Press, 1996), 24.

<sup>69</sup> Berkeley, “The principles of human knowledge”, 38.

<sup>70</sup> *Ibid.*, 36.

<sup>71</sup> Kant, *Critique of Pure Reason*, 238–29.

<sup>72</sup> Descartes, *Meditations*, 1–19.



**Photo 2.2** Immanuel Kant, 1724–1804: A towering giant among the Enlightenment philosophers, Kant accurately said of his greatest work, *A Critique of Pure Reason*, that: “This work can never be made suitable for popular use.” (Courtesy: Photo by ullstein bild/ullstein bild via Getty Images)

position, that is, the material world has and does exist.<sup>73</sup> Between these two idealist poles of “dogmatic” and “problematic” idealism are found not only a range of other idealist philosophers—most notably Gottfried Leibniz (who held that all existence, material and human, is composed of “monads” sharing various levels of perception) and Baruch Spinoza (who viewed all reality as sharing a common essence)—but also the current body of post-modernist thought. Foucault, in particular, had a predilection for oscillating between the various idealist poles. In his *Madness and Civilisation* he not only included a long quotation from Descartes’ *Meditations on First*

<sup>73</sup> *Ibid.*, 1–8.

*Philosophy*, but notoriously used it to conclude that the borders between sanity, madness, reality, and illusion are all blurred; an interpretation promptly repudiated by Derrida, who (accurately) argued that Descartes had only intended the passage as a sceptical inquiry into the limits of reason.<sup>74</sup> Foucault's penchant for radical idealism is also evident in the opening passages of *The Order of Things*, which begins with the mirrored reflections evident in a Velazquez painting where “subject and object ... reverse their roles to infinity”. Drawing parallels to existence, Foucault argues that not only “do we not know who we are, or what we are doing”, but we also do not know whether we are “seen or seeing”.<sup>75</sup>

If one gets the impression that Foucault often adopted philosophic positions for literary effect, the same cannot be said of Immanuel Kant, the towering giant of Enlightenment philosophy, who began his *Critique of Pure Reason* by (accurately) warning his readers, “This work can never be made suitable for popular use.”<sup>76</sup> As one commentator has observed, “that so powerful a thinker” as Kant “should have commanded so little art in conveying his thoughts” is a great “misfortune in the history of philosophy”.<sup>77</sup> Despite their complexity, Kant’s theorems can arguably be reduced to six basic propositions. First, in opposition to those within the empiricist tradition, he concluded that we experience reality not as corporeal entities, as “things in-themselves”, but rather as “the mere play of representations”.<sup>78</sup> Second, he postulated, knowledge and understanding of the material world is generated through the effect of “sensible intuition” on the mind. This allows the generation of mental “concepts” or “forms”, whose validity can be verified by our understanding.<sup>79</sup> Kant’s third key point was that our “imagination”, which he associated with our sensibilities rather than with our reason, had the capacity to generate “rep-

<sup>74</sup> The book started life as Foucault’s PhD thesis, *Folie et Déraison: Historie de La Folie à l’âge Classique*. An abridged version was then published in English as Michel Foucault (trans. Richard Howard), *Madness and Civilization: A History of Insanity in the Age of Reason*, (New York, NY: Pantheon Books, 1965). Following Derrida’s critique an expanded version was published as Michel Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, (London, UK: Routledge, 2006); For Derrida’s critique, see Derrida, *Writing and Difference*, 36–76. Foucault’s response to Derrida’s criticism is found at, Foucault, *History of Madness*, Appendix III, 575–90.

<sup>75</sup> Foucault, *The Order of Things*, 5.

<sup>76</sup> Kant, *Critique of Pure Reason*, xviii.

<sup>77</sup> G.J. Warnock, “Kant”, in D.J. O’Connor (Ed.), *A Critical History of Western Philosophy*, (New York, NY: The Free Press, 1964), 297.

<sup>78</sup> Kant, *Critique of Pure Reason*, 130–31.

<sup>79</sup> *Ibid.*, 142–43; 137.

resentations” that were either not immediately present or which did not exist in the real world (i.e. a perfect circle).<sup>80</sup> If up to this point Kant seems more or less in agreement with the idealist philosophical tradition, in his next three formulations, he revealed himself as the supreme rationalist. For in his fourth key proposition, Kant held that reality “is something”, and that, even if perceptions of it come to us as “only outer appearances”, it nevertheless exists “actually in time and space”.<sup>81</sup> In his fifth and arguably most important proposition, Kant placed in the hands of human reason a capacity to judge the validity of the “concepts” generated by understanding; concepts generated in our understanding through both our senses and imagination.<sup>82</sup> Thus, for example, if my senses—as an Australian living in the Southern Hemisphere—generate the concept in my understanding that the sun must always appear in the sky’s northern quadrant, my reason can dismiss this concept on the basis of not only my travels to the Northern Hemisphere, but also of what I have read about astronomy. Kant’s sixth and final key proposition built on the previous insight in developing his “law of causality”; a law which was based on what he referred to as the “principle of succession in time”.<sup>83</sup> This held—in contradiction to Hobbes’ law that the “knowledge of consequences” is based on understanding the “dependence of one *fact* upon another”<sup>84</sup>—that laws explaining both the natural and social worlds can be ascertained by tracing the *sequence* of events. In other words, B can only explain the occurrence of A if it came before it. Collectively, Kant argued, his formulations would allow humans a capacity to explain outcomes through the formulation of the various laws “which reason ... seeks and requires”.<sup>85</sup>

Among defenders of modernity there is a temptation to be drawn to the empiricist tradition, just as postmodernists are attracted to the idealist tradition. The reasons for this are understandable. Empiricism, with its focus on material reality and experience, is intuitively comprehensible, unlike idealism and Kantian philosophy: which Kant himself (unconcerned with the popularity of his ideas) described as “transcendental idealism”.<sup>86</sup> Superficially attractive, particularly when confronted with what for many

<sup>80</sup> *Ibid.*, 149.

<sup>81</sup> *Ibid.*, 283, 332, 348.

<sup>82</sup> *Ibid.*, 291.

<sup>83</sup> *Ibid.*, 212.

<sup>84</sup> Hobbes, *Leviathan*, 38.

<sup>85</sup> Kant, *Critique of Pure Reason*, xiv.

<sup>86</sup> *Ibid.*, 343.

are the often incomprehensible postulations of idealism/postmodernism, the empiricist tradition nevertheless suffers fatal flaws. Most notably, as we have previously noted several times, its greatest apparent strength—its belief in the verifiability of facts and the solidity of material existence—is an easily exploited weakness. Understanding this, postmodernists typically attack this point first, willingly pointing to the “conditional” nature of most evidence (i.e. it is of unreliable provenance, it is capable of multiple interpretations, etc.). Stripped of this defence at the first encounter, non-postmodernists are left bereft in their defence.

Alongside Kant, the most notable effort to overcome the problems associated with empiricism or positivism (to use its philosophic title) is that made by Karl Popper. While Popper is most remembered for his hostility to “historicism”, that is, the establishment of universal or historic laws that are not capable of being falsified—such as the claim by Marxists that socialism is destined to replace capitalism—he was also critical of claims that understanding was based primarily on observation, being “derived from experience”.<sup>87</sup> Accordingly, Popper declared himself a firm opponent of “inductive logic” or “the method of induction”, in which causal links, patterns, and social laws are identified on the basis of probabilities ascertained from observation.<sup>88</sup> It is on this point that Popper split with Kant, whom he described as “the first to realize that the objectivity of scientific statements is closely connected with the construction of theories”.<sup>89</sup> In rejecting “the method of induction”, Popper conceded in his *The Logic of Scientific Discovery* that “it may be said, I deprive empirical science of what appears to be its most important characteristic”.<sup>90</sup> Arguing for the displacement of Kant’s inductive “law of causality” based on the “principle of temporal succession”—where the development of understanding starts with empirical observation and traces the sequence of causal effects before proposing a “thesis” or “theoretical law”, Popper proposed instead a system based on “logical deduction” and thesis-testing, where inquiry begins with an “idea” or “theory”.<sup>91</sup>

<sup>87</sup> Karl Popper, *The Logic of Scientific Discovery* (London and New York: Routledge Classics, 2002), 11.

<sup>88</sup> *Ibid.*, 10–11.

<sup>89</sup> *Ibid.*, 23.

<sup>90</sup> *Ibid.*, 11.

<sup>91</sup> See discussion in *Ibid.*, 23, Footnote 5; also *Ibid.*, 33, where Popper puts forward his “methodological rule” as an alternative to the “principle of causality”.

In explaining his approach, Popper suggested breaking a research problem into small steps, each of which follow logically from the other, and each of which can be either tested or logically endorsed (or rejected).<sup>92</sup> Thus, if I am running a food retailing business, I may start with the idea or thesis that “I should increase my stock of merchandise in the lead-up to Christmas”. Through logical deduction, I can build support for this thesis through a series of propositions, each of which is verifiable (and falsifiable). Accordingly, an initial proposition, “At family celebrations such as Christmas people tend to eat more food”, leads logically to a second proposition, “People will buy more food at Christmas time.” If both propositions are confirmed as true, then it logically follows that sales of food will be higher at Christmas time, necessitating more stock; a conclusion that can be confirmed by comparing sales for December with those of other months.

In Popper’s view, *every* step in the process of theory formation, logical deduction, and evidence testing comes in the first instance not from “experience” but rather from “ideas” and “theory”; that is, how do people behave at Christmas time? Accordingly, Popper observed in *The Logic of Scientific Discover*, “We do not stumble upon our experiences, nor do we let them flow over us like a stream. Rather, we have to ‘make’ our experiences ... every step is guided by theory.”<sup>93</sup> The difficulty is, however, that the bigger and more complex the problem, the less amenable it is to such processes (i.e. putting forward an “idea” or “thesis” and then testing it), which is why Popper argued that research should confine itself to “piecemeal tinkering”; a tinkering directed towards incremental reform measures.<sup>94</sup> By contrast, an example of “inductive” reasoning is found in the research of Richard (later Baron) Khan, who first developed the concept of an economic “multiplier” effect. Beginning with an interest as to the effects of government infrastructure spending, Khan undertook an empirical investigation as to the impact of increased government expenditure in this area. Having observed that increased public expenditure produced secondary expenditure by private-sector suppliers, as well as increased consumption by workers, Khan then proceeded to a hypothesis: “That government infrastructure spending should generally act as a fiscal

<sup>92</sup> *Ibid.*, 81.

<sup>93</sup> *Ibid.*, 280.

<sup>94</sup> Karl Popper, “The poverty of historicism, II”, *Economica*, Vol. 11, No. 43 (Aug. 1944), 120.

stimulus for economies in recession.”<sup>95</sup> In such circumstances, we are not moving logically from an “idea” or “thesis” to “evidence testing”, but rather from “evidence” and “empirical observation” to “hypothesis”. In taking such “inductive” steps, we are also behaving according to Kant’s formulation, “[A]ll human knowledge begins with intuitions [i.e. experience], advances to concepts, and ends in ideas.”<sup>96</sup> Now the fact that “inductive reasoning” must necessarily be more conditional than (properly undertaken) research based upon “logical deduction” does not make it a purely speculative realm of thought. As Kant explained, “[o]ur reason can only use the conditions of possible experience of things; it cannot create them independently”.<sup>97</sup> What it does indicate, however, is that certain problems are more amenable to the process of inductive reasoning than to the methods suggested by Popper.

### ENLIGHTENED CONFLICTS OF PURPOSE

Of “the great philosophers”, Popper reflected, only George Berkeley, whom Kant listed as a “dogmatic idealist”, did not see his studies contributing “to the advance of knowledge – of scientific knowledge”.<sup>98</sup> The reasons for this are simple: having denied the existence of corporeal existence, Berkeley could hardly propose paths for material advancement. Among other key Enlightenment philosophers—Hobbes, Locke, Hume, Voltaire, Montesquieu, and Kant—it is, however, possible to ascertain a set of key principles that informed their contributions to social and political reform: that political order should be based on rational principles; that governments should foster education and freedom of expression; that all established doctrine—religious and political—should be subject to critical scrutiny; that governments should foster economic and material progress; and, last but not least, that human nature is fundamentally flawed, violent, and unpredictable, thereby demanding the provision of restraints on popular excesses.

Among the Enlightenment philosophers, or at least among those we think of as political philosophers, the notable outlier was Rousseau, who differed from most other intellectuals of his time in holding far more posi-

<sup>95</sup> R.F. Khan, “The relation of home investment to unemployment”, *The Economic Journal*, Vol. 41, No. 162 (Jun. 1931), 173–98.

<sup>96</sup> Kant, *Critique of Pure Reason*, 569.

<sup>97</sup> *Ibid.*, 612.

<sup>98</sup> Karl Popper, “Preface to the first English edition, 1959”, in Popper, *Logic of Scientific Discovery*, xxii.

tive views on human nature and far more negative views on material progress. His divergence from the norm can be seen in *The Social Contract*, which he opened with what is arguably the most famous sentence in any Western study, namely, “Man is born free, and he is everywhere in chains”.<sup>99</sup> As is the case with many famed one-liners, Rousseau’s statement—which inspired both the American Declaration of Independence and the French Declaration of the Rights of Man and the Citizen, Article 1 of the latter beginning with the phrase, “Men are born and remain free and equal in rights”—is subject to considerable misunderstanding.<sup>100</sup> For Rousseau believed that complete freedom could only exist in a “natural” world inhabited by noble “savages”. In exchanging this natural world for a civilised society, Rousseau argued, each individual necessarily surrenders rights to the “general will”, which should regulate all in “the common interest”.<sup>101</sup> As “the people” as a whole, Rousseau optimistically believed, “is never corrupted”, so it must be that the “general will”, acting as “Sovereign”, through “the free vote of the people”, “is always right”.<sup>102</sup> From this point, Rousseau’s radical democratic ideas led towards distinctly totalitarian conclusions. Not only did Rousseau argue that the “Sovereign”, being “always right”, must always be the “sole judge of what is important”, but it was also the case that “every malefactor, by attacking social rights, becomes a rebel, a traitor to his country”.<sup>103</sup> The totalitarian consequences of this line of thinking quickly became evident during the French revolutionary Terror of 1793–94, when passionate followers of Rousseau—each believing themselves to be the chosen agent of the “general will”—were found in the front ranks of both revolutionary leaders (notably, Maximilien Robespierre and Louise-Antoine de St Just) and counter-revolutionary assassins (notably, Charlotte Corday).<sup>104</sup> Among Rousseau’s contemporaries in the world of political philosophy, notably

<sup>99</sup> Jean-Jacques Rousseau, “The social contract”, in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK: Dent & Sons, 1950), 1.

<sup>100</sup> Georges Lefebvre (trans. R.R. Palmer), *The Coming of the French Revolution*, (Princeton, NJ: Princeton University Press, 1974), 169–81. In this text, a full copy of the Declaration of the Rights of Man and the Citizen is found in the Appendix, 221–23.

<sup>101</sup> Rousseau, “The social contract”, 18–19, 26.

<sup>102</sup> *Ibid.*, 18–19, 26.

<sup>103</sup> *Ibid.*, 33.

<sup>104</sup> The psychological and political impact of Rousseau’s ideas on Robespierre and Corday is discussed at length in: Stanley Lomis, *Paris in the Terror*, (Harmondsworth, UK: Penguin, 1964).

Montesquieu and Voltaire, the unfortunate results of Rousseau's theorising would have come as no great surprise, given their very different views on human nature.<sup>105</sup> They would also, no doubt, have contradicted his view that “[m]an is born free”, Voltaire lamenting the “brutish state” in which humanity had “existed for so long”; a state in which disease, material deprivation, and lack of economic opportunity typically imposed a heavier burden than political misrule.<sup>106</sup>

If it is now evident that Rousseau's political theorising—which won him much esteem in the years immediately following his death—was fatally flawed, his critiques of modernity nevertheless retain their force. The ill-effects of the advance of urbanisation and industrialisation, Rousseau wrote, were evident on both humankind and nature. “Cities are”, he observed in *Emile*, “the abyss of the human species”.<sup>107</sup> As cities advanced, they not only corrupted the human spirit, but also destroyed the bounty of nature that had sustained life throughout the ages. “While the earth was left to its natural fertility and covered with immense forests”, Rousseau concluded in his *Discourse on the Origin of Inequality*, “it would present on every side both sustenance and shelter for every species of animal.”<sup>108</sup> Humanity's decision to pursue a path towards modernity was in consequence an ill-decision, for “[s]o long as man remained content with their rustic huts, so long as they were satisfied with clothes made of the skins of animals and sewn together with thorns and fish-bones … they lived free, healthy, honest and happy lives”.<sup>109</sup> Rousseau's understandings of both nature's bounty and the benefits of a rustic existence were informed in part by an idealised image of the life of the “Canadian savage”, tales of whom had been filtering back to France from their North American colonies.<sup>110</sup> Rousseau was not alone in such imaginings. His fellow political critic and philosopher, Montesquieu, also believed, “There are so many savage nations in America because the land by itself produces much fruit … If the women cultivate a bit of earth around their huts, corn grows immediately. Hunting and fishing complete their abundance.”<sup>111</sup> Such idealised imagin-

<sup>105</sup> See, for example, Montesquieu's discussion of the corrupting influence of democracy, in Montesquieu, *The Spirit of the Laws*, 112.

<sup>106</sup> Voltaire, “Customs and the spirits of nations”, 247.

<sup>107</sup> Rousseau, *Emile*, 59.

<sup>108</sup> Rousseau, “Discourse on the origin of inequality”, 200.

<sup>109</sup> *Ibid.*, 215.

<sup>110</sup> Rousseau, *Emile*, 157.

<sup>111</sup> Montesquieu, *The Spirit of the Laws*, 289–90.

ings did not, however, cause Montesquieu—unlike Rousseau—to advocate a return to a bucolic existence. For, as Montesquieu understood, a life in nature was inherently precarious. Without industry, there was little scope for population expansion. “Civil laws”, he also concluded, would also be “very few”, leaving each group’s “wives, children, and herds ... prey to their enemies”.<sup>112</sup> In Britain, Locke was more direct in dismissing the supposed benefits of life in the American wilderness. The “Americans”, he declared, were “rich in land and poor in all the comforts of life”, having “not one hundredth part of the conveyances we [Europeans] enjoy”.<sup>113</sup>

Although Montesquieu’s more hard-headed views of “natural” existence represented the dominant view among Enlightenment philosophers, the advance of industrialisation, nevertheless, fuelled a romanticised longing for nature among educated elites. In the popular imagination, the North American frontier—a semi-mythical place where the advance of the modern world collided with “noble savages” still living in harmony with nature—seemed to epitomise what was being won and lost, physically and morally. In the early nineteenth century, John Fennimore Cooper’s *The Last of the Mohicans*, first published in 1826, helped foster belief in the supposed superiority of existence at or beyond the frontier. Set in a land dominated by a “vast canopy of wood”, within which “the cooler vapours of the springs and fountains rose above their leafy bed”, the Mohican warrior—when first encountered—is described as looking like “some precious relic of the Grecian chisel, to which life had been imparted by the intervention of a miracle, ... an unblemished specimen of the noblest proportions of man”.<sup>114</sup> In England, Rousseau’s critique, combined with an abhorrence of nascent industrialisation, fuelled the “romantic” movement in poetry and literature more generally; a movement characterised by the work of William Blake, William Wordsworth, Percy and Mary Shelley, Samuel Coleridge, and Lord Alfred Byron. In poetic genre, it is perhaps Blake’s most famous collection, *Songs of Innocence and Experience*, first published in 1794, that best depicts the contrast between nature’s beauty and generosity and the destructive power of advancing urbanisation; a contrast poignantly captured in “The Chimney Sweeper”, which records a dream of “little Tom Dacre” in the following words:

<sup>112</sup> *Ibid.*, 290–92.

<sup>113</sup> Locke, *Two Treatises*, 122.

<sup>114</sup> John Fennimore Cooper, *The Last of the Mohicans*, (Hammersmith, UK: Collins Classics, 2010), 20, 48.

*As Tom was a sleeping he had such a sight,  
 That thousands of sweepers, Dick, Joe, Ned and Jack,  
 Were all of them locked up in coffins of black,  
 And by came an angel who had a bright key,  
 And he opened the coffins and set them all free.  
 Then down a green plain leaping, laughing they run,  
 And wash in a river and shine in the sun.*<sup>115</sup>

The redemptive powers of nature highlighted in Blake's poem stand in stark contrast to a work that has had arguably a greater impact on the popular imagination than any other work of the English Romantics: Mary Shelley's *Frankenstein*. In this dark tale, initially published in 1818, the young Swiss scientist Victor Frankenstein falls under the thrall of science's promise after his chemistry lecturer declares that "modern" scientists had obtained the key that enabled them to "penetrate into the recesses of nature, and show how she works in her hiding-places ... They have acquired new and almost unlimited powers; they can command the thunder of heaven, mimic the earthquake."<sup>116</sup> The "hideous" product of Frankenstein's scientific endeavours, however, belies such promises, his creation telling him, "[H]ow, then, must I be hated, who am miserable beyond all living things."<sup>117</sup> The intended lesson of this tale is clear. Rather than science offering a path to redemption and liberation, it led towards moral and physical degradation.

## HEGEL AND NIETZSCHE: MARXIST AND POSTMODERNIST PRECURSORS

In his article outlining the purpose of the European Enlightenment, Immanuel Kant argued that if it was to have meaningful effect, then it had to involve the "public use of one's reason" in civil affairs. This "alone", Kant believed, "can bring about enlightenment among men".<sup>118</sup> This was a position that, among the Enlightenment philosophers, only George Berkeley, the exponent of the most radical form of Enlightenment idealism, would have contradicted. In the early and middle decades of the nineteenth

<sup>115</sup> William Blake, *Songs of Innocence and Experience*, 12, British Library Online, <https://www.bl.uk/works/songs-of-innocence-and-experience#>.

<sup>116</sup> Mary Shelley (Ed. Maurice Hindle), *Frankenstein, or The Modern Prometheus*, (London, UK: Penguin Classics, 2005), 49.

<sup>117</sup> *Ibid.*, 102.

<sup>118</sup> Kant, *What Is Enlightenment?* 2.

century, however, the idealist philosophies of Georg Hegel and Friedrich Nietzsche—in very different ways—broke from the sceptical rationalism that had characterised the Enlightenment. Whereas Hegel ascertained a central, predetermined purpose in history, thereby laying one of the foundation stones for Marxism, Nietzsche argued a diametrically opposed position, namely that the only determining force in history was human will; a viewpoint that subsequently laid the foundation for postmodernism.

The connections between Nietzsche's philosophy and postmodernism are both self-evident and freely acknowledged: Derrida praising Nietzsche's "demolition" of the dominant Western intellectual traditions and Foucault declaring that Nietzsche "marks the threshold beyond which contempo-

**Photo 2.3** Friedrich Nietzsche, 1844–1900: German idealist philosopher who acted as an inspiration for Postmodernism, Nietzsche believed that, "Ultimately the point is to what end a lie is told" and "that evil is man's best strength". What counts in life, in short, is self, the individual and the individual "will to power." (Courtesy: Photo by Hulton Archive/Getty Images)



rary philosophy can begin thinking again".<sup>119</sup> By contrast, the intellectual ties between Hegel—a deeply religious German idealist academic—and Marx—the communist revolutionary—seem more tenuous. Yet, in his “Afterword” to the second edition of *Capital*, it was only to Hegel that Marx acknowledged an intellectual debt. Hegel was, Marx advised, the first to explain historical outcomes as “working in a comprehensive and conscious manner”, driven by a transformative “dialectic”. Within both his work and Hegel’s, Marx continued, not only was every “historically developed social form” perceived as being “in fluid movement”, but in each case history was also seen as being directed towards an ultimate “crowning point”.<sup>120</sup> Such formulae, whereby social outcomes are declared imminently predictable due to the presence of underlying forces, are derided by Popper as “historicism”; a style of social research that denies prime motive power to human will.<sup>121</sup> In Hegel’s formulation, the great driver of history is a God-inspired spirit or Idea. “God”, thus, “governs the world.” The “history of the world” is therefore nothing less than “the carrying out of his plan”; a plan that philosophy “strives to comprehend”.<sup>122</sup> Where Marxism differs from this formula is in simply substituting social classes (i.e. the bourgeoisie, the proletariat) as the agent of universal change.

Although the media and conservative commentators often declare postmodernists to be “neo-Marxists”, in truth, postmodernism represents the total antithesis of Marxism. For whereas Marxism is the intellectual heir of Hegel, postmodernists—as the intellectual heirs of Nietzsche—seek to deny any social or economic constraints on human endeavours.

The philosophic resurrection of Nietzsche by postmodernist scholars has been accompanied by efforts to reclaim his reputation from aspersions that he was a proto-Nazi whose ideas acted as intellectual justification for the conduct of the Third Reich.<sup>123</sup> In an historical sense, there is merit in such defences. Nietzsche died more than 30 years before the Nazis came

<sup>119</sup> Derrida, *Of Grammatology*, 19; Foucault, *Order of Things*, 342.

<sup>120</sup> Karl Marx, “Afterword to the second German edition of the first volume of *Capital*”, in Karl Marx, *Capital: A Critical Analysis of Capitalist Production*, Vol. 1 (Moscow, USSR: Progress Publishers, 1954), 29.

<sup>121</sup> Popper, “Poverty of historicism, I”, 86.

<sup>122</sup> Georg Hegel (trans. J. Sibree), *Philosophy of History*, (New York, NY: Dover Publications, 1956), 36.

<sup>123</sup> The most significant of the studies that seeks to redeem Nietzsche’s work from its Nazi association is that by his one-time translator in: Walter Kaufman, *Nietzsche: Philosopher, Psychologist, Antichrist*, (Princeton, NJ: Princeton University Press, 1974).

to power. But one does not have to look far in Nietzsche's work to find references to the sort of Teutonic racial superiority, philosophic irrationalism, and willingness to put ends before means that characterised the Nazi regime. We are told, for example, that there "existed among Teutonic society prior to Christianity" the "fairest specimens of the 'blond beast'"<sup>124</sup>; "that there are no moral facts whatsoever"<sup>125</sup>; that "what is good" is the "feeling of power"<sup>126</sup>; that the "free man is a warrior",<sup>127</sup> that "liberal institutions" only benefit "the herd animal"<sup>128</sup>; that we should not "write history from the standpoint of the masses" who are "the lowest clay and loam layers of society"<sup>129</sup>; "that evil is man's best strength. Men most grow better and more evil".<sup>130</sup> What then is the intellectual appeal of Nietzsche, a philosopher who was recognised as insane after he caused a public disturbance in defence of a horse in Turin in 1889? An obvious appeal is found in the fact that, unlike idealist philosophers such as Berkeley and Benedetto Croce<sup>131</sup>—an early-twentieth-century Italian philosopher whose ideas resembled Nietzsche in emphasising the importance of human agency—Nietzsche seldom requires that his readers consider complex epistemological matters. His books are, instead, typically short and comprehensible. A second benefit, which arguably represents Nietzsche's most significant contribution to Western thought, is his total and utter emphasis on the importance of human agency and will as the drivers of societal change and progress. There is nothing more important than self, individuality, and an individual's "will to power". The "will to power" is, as Nietzsche recorded in *Beyond Good and Evil*, "the fundamental principle of society".<sup>132</sup> Inspired by "the will to power", each individual should reject other kinds of "cause-ascription": God, religion, economics, and social environment.<sup>133</sup> By emphasising will and denying the hold of any social constraints, anything and everything becomes possible. There are

<sup>124</sup> Nietzsche, "Twilight of the idols", 66–67.

<sup>125</sup> *Ibid.*

<sup>126</sup> Friedrich Nietzsche, "The Anti-Christ", in Friedrich Nietzsche (trans. R.J. Hollingdale), *Twilight of the Idols/The Anti-Christ*, (London, UK: Penguin Classics, 1990), 127.

<sup>127</sup> Nietzsche, "Twilight of the idols", 104.

<sup>128</sup> *Ibid.*

<sup>129</sup> Friedrich Nietzsche, *On the Use and Abuse of History for Life*, 39, <http://la.utexas.edu/users/hcleaver/330T/350kPEENietzscheAbuseTableAll.pdf>.

<sup>130</sup> Nietzsche, *Thus Spoke Zarathustra*, 299.

<sup>131</sup> See, for example, Benedetto Croce (trans. Douglas Ainslie), *Theory and History of Historiography*, (London, UK: George G. Harrap & Co., 1921).

<sup>132</sup> Nietzsche, *Beyond Good and Evil*, 202.

<sup>133</sup> Nietzsche, "Twilight of the idols", 62–63.

obvious strengths and pitfalls in following Nietzsche's train of thoughts with regard to the "will to power". Positively—and in this, postmodernism follows firmly in Nietzsche's footsteps—we can (in theory at least) break free of all forms of authority and power that restrict our human potential. By comparison, the negative consequences of Nietzsche's formulae are found in two domains. In terms of research, they excuse laziness. One does not need to worry oneself about economics, demography, law, employment patterns, and variance in supply and demand because they are all, in the final analysis, irrelevant. If disadvantaged social groups—women, migrants, ethnic and religious minorities, First Nation peoples—have belief in their own will and transformative capacity, they can overcome any obstacle. In terms of practical policies, of strategies for redressing social inequality, belief in Nietzschean/postmodernist postulations leads us away from the understandings of wealth creation that have characterised Western economic endeavour since the Enlightenment; wealth creation that still holds the key to overcoming poverty and disadvantage.

The final benefit of adopting Nietzsche's philosophic concepts—as postmodernism does—is that matters of evidence, truth, verifiability become not only matters of little concern, but also utterly irrelevant. As Nietzsche declared in his *On the Use and Abuse of History for Life*, facts are unimportant. What counts is the capacity of words to inspire the will to power. In consequence, history—and by implication the other social sciences—should abandon truth-seeking and "turn itself into an art work and thus to become a purely artistic picture", capable of arousing "the instincts".<sup>134</sup> This is the road postmodernism has chosen to go down, the late Hayden White—arguably the most influential of English-language postmodernists—echoing Nietzsche in advocating the breaking down of "the very distinction between real and imaginary events".<sup>135</sup> In adopting such a position, postmodernists declare themselves the enemies of reason and the dominant principles of the European Enlightenment.

## CONCLUSION

The transformative success of Western industrialisation and modernisation—which has seen humanity rescued from the "poor, nasty, brutish, and short" existence that Hobbes identified as the historic norm—has

<sup>134</sup> Nietzsche, *Use and Abuse of History*, 26.

<sup>135</sup> Hayden White, "The value of narrativity in the representation of reality", *Critical Inquiry*, Vol. 17, No. 1 (Autumn 1980), 10.

always rested on ideas as much as technology, economics, or social and political organisation. Over the millennia, the development of the Western intellectual tradition has always been associated with internal tension and division over two fundamental issues: the ways in which we understand the world and knowledge (epistemology), and the social and economic purposes to which knowledge should be harnessed. By the closing years of the European Enlightenment around the time of the French Revolution, these tensions and debates had resolved themselves into a number of broad schools. In terms of epistemology, the historic divide between empiricists (who placed emphasis on experience and the material world) and idealists (who emphasised the world of thought and spirit) was—in theoretical terms at least—resolved in the “inductive reasoning” of Immanuel Kant. In terms of purpose, empiricists and followers of Kant tended to favour economic development, whereas idealists—more concerned with matters of the spirit—tended to be agnostic. Among rationalist thinkers (notably, Hobbes, Hume, Montesquieu, Voltaire, Kant, and Rousseau), only Rousseau proved a powerful critic of the emerging modernity, associated as it was with increasing urbanisation and industrialisation. For Rousseau, the costs of modernity in terms of damage to the human spirit always appeared more significant than the compensating benefits in terms of increased literacy, living standards, and life expectancy. As the ill-effects of industrialisation became more evident, Rousseau’s critique helped fuel a “romantic movement” that rejected modernity in favour of an idealised view of nature and bucolic existence. In turn, key themes in the “romantic” critique of modernity—notably, an emphasis on spirit over reason—acted as wellsprings for the thinking of Friedrich Nietzsche, who fused such sentiments with idealist philosophy in a powerful rejection of modernity. In the closing decades of the twentieth century and in the opening decades of the twenty-first, Nietzsche’s critique—hitherto a relatively minor current in Western thought—helped define the postmodernist challenge. As Hayden White acknowledges in relation to Michel Foucault: postmodernism “represents a continuation of a tradition ... which originates in Romanticism and which was taken up ... by Nietzsche in the last quarter of the nineteenth century”.<sup>136</sup> In drawing on this tradition, postmodernism drew the battle-lines that now challenge not only modernity but also the dominant traditions of Western thought.

<sup>136</sup> Hayden White, “Foucault decoded: notes from the underground”, *History and Theory*, Vol. 12, No. 1 (1973), 50.



## CHAPTER 3

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# Economics and Modernity

## INTRODUCTION

The intellectual crisis of our time that has given rise to postmodernism can in part be attributed to a loss of faith in the explanatory power of economics. The sense of malaise is well captured in Thomas Piketty's much-read *Capitalism in the Twenty-First Century*, where he observes that even in Western Europe, "half the population own virtually nothing". Moreover, he adds, there appears "no natural" means to prevent such "inegalitarian forces from prevailing permanently".<sup>1</sup> While most of us would support less unequal societies, emphasis on inequality without paying commensurate attention to wealth creation and employment can lead to misguided conclusions. It is, after all, one thing to be "poor" in the United States, the Euro zone, or Australia, and quite another thing to be "poor" in Sub-Saharan Africa. The economic and industrial model that has lifted advanced world populations out of poverty is, moreover, one that the great bulk of developing countries aspire to replicate: not reject. Contrary to what one might conclude from reading Piketty and like-minded works, recent decades have actually seen much progress in the global struggle against poverty and inequality. Across the world as a whole, gross domestic product (GDP) per capita grew by 61.2 per cent between 1991 and 2016, the fastest rate of growth occurring in the developing world. Global food

<sup>1</sup>Thomas Piketty, *Capitalism in the Twenty-First Century*, (Cambridge, MA: Belknap Press, 2014), 257, 21.

production has soared.<sup>2</sup> The progress attained was highlighted in the Annual Report delivered in 2017 by the United Nations' Secretary-General, Antonio Guterres, who noted the “halving of the global poverty rate” between 2000 and 2017. “More children, both boys and girls”, Guterres also noted, “are achieving greater levels of education and more women are entering the political world than ever before.”<sup>3</sup>

If public policy and research debates often underestimate the benefits of capitalist expansion, there also exists confusion as to the key tenets of classical economics in general and Adam Smith in particular. In popular imaginings, classical economics is mainly associated with “the invisible hand of the market”; a term supposedly drawn from Adam Smith’s *The Wealth of Nations*.<sup>4</sup> In fact, Smith’s only reference to “an invisible hand” (not “the invisible hand”) in *The Wealth of Nations* comes in Chap. II of Book IV. Accordingly, it is useful to cite the original wording in full, with Smith recording:

*By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.*<sup>5</sup>

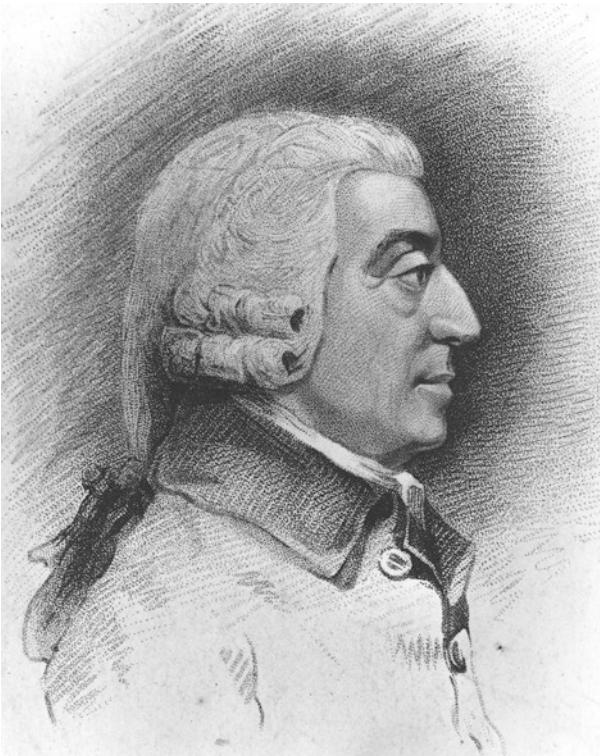
That Smith associated the “invisible hand” with self-interest, not markets, is also indicated by his only other use of the term in relation to economics. Found in Smith’s *The Theory of Moral Sentiments*—published in 1759, 17 years before *The Wealth of Nations*—Smith here argues that by frittering away wealth on “luxury and caprice”, the rich redistribute their income to

<sup>2</sup> Calculated from: World Bank, *On-line Database: World Development Indicators*, <https://data.worldbank.org/indicator> [Accessed 29 November 2017]. These figures are measured in terms of “purchasing power parity”, a measure that tries to eliminate the effects of currency fluctuations by estimating what can be bought within each domestic economy.

<sup>3</sup> Antonio Guterres, “Report of the United States Secretary-General on the Work of the Organization, 2017”, (New York, NY: United Nations, 2017), 10, 5.

<sup>4</sup> Reference to “the invisible hand” is found in notable studies as well as in university textbooks. See, for example, Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business*, (Cambridge, MA: Belknap Press, 1977), 1; Piketty, *Capitalism*, 9.

<sup>5</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book IV, Chap. II, para. 9. [Given variance in page numbering in different editions, reference will be by book, chapter, and paragraph: not page.]



**Photo 3.1** Adam Smith, 1724–1804: Contrary to popular belief, Smith never spoke of “the invisible hand of the market”. Instead he believed that “the division of labour” was the cause of the “greatest improvement in the productive powers of labour”. (Courtesy: Drawing by J Jacks and engraved by C Picart from a model by Tassie. (Photo by Hulton Archive/Getty Images)

the poor, as if “they are led by an invisible hand to share out life’s necessities”.<sup>6</sup>

Revisiting Smith’s use of the term “an invisible hand” is of benefit not as an exercise of literary “deconstruction”, but rather as a step towards re-examining the usefulness of economics in explaining modernity’s successes and tribulations. In *The Wealth of Nations*, Smith described his endeavours

<sup>6</sup>Adam Smith, *The Theory of Moral Sentiments*, (Early Modern Texts, 2015), 99. <http://www.earlymoderntexts.com/assets/pdfs/smith1759.pdf> [Accessed 9 December 2017].

as an investigation “into the principles which regulate the exchangeable value of commodities”.<sup>7</sup> Once more, a narrow reading of Smith—and a focus on the adjective “exchangeable”—causes readers to believe that it is “market” exchanges that are the *main* factor in the determination of price and value. Certainly, it is true that it became an article of faith in classical economics that markets *should* determine such outcomes, John Stuart Mill recording in his *Principles of Political Economy* that “every restriction” of competition “is an evil, and every extension of it … is always an ultimate good”.<sup>8</sup> To believe that markets are, however, *actually* the *primary* determinant of price and value is not only folly on many fronts, but also inconsistent with Smith’s key precepts. As we have previously noted, Smith began *The Wealth of Nations* by noting that the “greatest improvement in the productive powers of labour” stems from “the division of labour”.<sup>9</sup> In Book I, Chap. I of *The Wealth of Nations*, Smith identified two other factors as being prime determinants of the increased wealth of the emergent modernity—these being (a) the bringing of productive processes under direct control, and (b) increased machinery and fixed capital.<sup>10</sup>

What was revolutionary about the economic system of which Smith spoke was, therefore, not its system of exchange, but rather its system of production. Reflecting on this, Smith drew a distinction between what he called the “natural price”, which was determined by actual costs of production, and “market” price, which could “either be above, or below, or exactly the same with its natural price”.<sup>11</sup> Emphasising this same point, Alfred Marshall, in his *Principles of Economics*, declared that “the shorter the period we are considering”, the greater is “the influence of demand on value; and the longer the period, the more important will be the influence of the cost of production on value”.<sup>12</sup> The main importance of markets therefore lies not in their determination of “market prices” (which can vary according to monopoly conditions, seasonal factors etc.), but in conveying changes in the underlying “natural price”. It was through this process that the capitalism of which Smith spoke conquered the world. For

<sup>7</sup> Smith, *Wealth of Nations*, Book I, Chap. III, para. 12.

<sup>8</sup> John Stuart Mill, *Collected Works of John Stuart Mill: Principles of Political Economy*, (Toronto, CAN: Toronto University Press, 1965), 795.

<sup>9</sup> Smith, *Wealth of Nations*, Book I, Chap. I, para. 1.

<sup>10</sup> *Ibid.*, Book I, Chap. I, para. 1.

<sup>11</sup> *Ibid.*, Book I, Chap. VII, para. 4, 7.

<sup>12</sup> Alfred Marshall, *Principles of Economics*, (London, UK: Macmillan Publishers, 1920), 291.

although a non-capitalist firm or society could subsidise “market prices” for a time, in the end, the West’s superior natural price told out.

As noted above, in most critiques of modernity, the main sins of the system are ascribed not to failings in its productive capacities, but rather to inequalities of power and wealth distribution; diagnoses that seldom lead to constructive alternatives. Piketty, for example, after concluding that current levels of inequality are “terrifying”, advises his readers that he can see “no simple solution”, fearing restraints on capital “would risk killing the motor of accumulation”.<sup>13</sup> In postmodernist critiques, solutions are typically couched in terms of “deconstruction” of existing authority and in giving “the weak and subordinate” a “voice”; a voice that will supposedly lead towards (undefined) “emancipation”.<sup>14</sup> Postmodernists are also hostile to economically informed debates on principle, always preferring to ground discussions in terms of power and inequity rather than in terms of employment and wealth creation. In a recent article in the *Academy of Management Review*, for example, hostility to the “abstractionist imperialism of economics” is openly declared.<sup>15</sup> As has always been the case since the beginning of the Industrial Revolution, however, economic theory and analysis hold the keys to understanding—and subsequently solving—current economic problems: including those associated with inequality. If we are to perceive the key issues, as this study does, as ones centred on production and the creation of value—and how the “natural” price for a good or service can be lowered—then this clearly leads to different conclusions than if one gives primacy to market exchanges and how “market” prices are determined. At the simplest level, focus on “market” prices looks for immediate solutions in existing market relations. By contrast, emphasis on “natural” prices requires consideration of how value is created at both workplace and societal levels. It also forces us to look once more at how we maximise the resources available to us, most particularly our human resources; a path that leads towards increased rather than

<sup>13</sup> Piketty, *Capitalism in the Twenty-First Century*, 572.

<sup>14</sup> Gabrielle Durepos, “ANTI-History: toward a modern histories”, in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 161; Michael Rowlinson and Chris Carter, “Foucault and history in organization studies”, *Organization*, Vol. 9, No. 4 (2002), 527–47.

<sup>15</sup> Paul C. Godfrey, John Hassard, Ellen S. O’Connor, Michael Rowlinson and Martin Ruf, “What is organizational history? Toward a creative synthesis of history and organization studies: introduction to special topic forum”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 595.

declining labour force participation, such as that which now blights virtually all developed economies.

## THE CREATION OF VALUE: CLASSICAL ECONOMICS

Postmodernists have longed confessed scepticism of economic narratives. For Mckinlay and Starkey, for example, the emergence of “modernity” as a result of the Industrial Revolution heralded not a path of “progress” and “reason,” but merely new forms of “disciplinary power” and “normalization”.<sup>16</sup> Given this postmodernist hostility to economics, Michel Foucault’s well-reasoned discussion of political economy in *The Order of Things: An Archaeology of the Human Sciences* is an anomaly; an endeavour that earned him the ire of Jacques Derrida for its supposed venture into a “historicist” structuralism.<sup>17</sup> Unlike many readers of Adam Smith, Foucault shared the view that it was Smith’s understandings of “value” that made the emerging discipline of political economy so revolutionary. Whereas previously it had been “money” that had represented “wealth”, now wealth was primarily associated with the value a good or service obtained through production. So significant was this changed focus, Foucault believed, that it was pivotal to what he described as “the rift that divides in depth the *episteme* [body of knowledge] of the Western world”, albeit one that he believed led to increased subjection “to time, to weariness … to death itself”.<sup>18</sup> Foucault also correctly identified the French *physiocrats* (notably, Richard Cantillon, Francois Quesnay, and Etienne Bonnet de Condillac) as the first to articulate the concept of economic value. Described as the true “father of modern economics”,<sup>19</sup> Cantillon’s contribution was particularly significant. In his *Essay on Economic Theory*, Cantillon concluded that the real value of a good—what

<sup>16</sup> Alan Mckinlay and Ken Starkey, “Managing Foucault: Foucault, management and organization”, in Alan Mckinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage, 1998), 1, 5.

<sup>17</sup> For the Marxist influences on Foucault, see: Ted Benton, *The Rise and Fall of Structural Marxism: Althusser and His Influence*, (London, UK: Macmillan, 1984), 173–78; Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 52, 69–70.

<sup>18</sup> Michel Foucault, *The Order of Things: Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), 190–91, 202–03, 250, 225.

<sup>19</sup> Murray N. Rothbard, *Economic Thought before Adam Smith: An Australian Perspective on the History of Economic Thought*, Vol. 1, (Auburn, AL: Ludwig von Mises Institute, 2006), 345.

he called its “intrinsic value”—is determined to be “double the product of the land used to maintain … the work of the cheapest peasant or laborer”; a sum Cantillon went on to equate with “the product of three acres of land”.<sup>20</sup> This meant that if a labourer took a day to produce a good, then the value of that good would be equal to the food that he or she consumed over 2 days. As in Cantillon’s France there was little variation in the productive *capacity* of the land from one year to the next, the linking of value to the land’s fecundity caused Cantillon to wrongly conclude that there “is never variation in the intrinsic value of things”.<sup>21</sup>

In Cantillon’s hands, the concept of value, by being linked to landed production, was trapped within a static formulation. Smith’s genius lay in creating from this a dynamic theory. First, Smith, coming from a Britain that was far more commercially dynamic than Cantillon’s society, concluded that landed output was too restricted a measure. Accordingly, he declared “labour” to be “the only universal, as well as only accurate measure of value, or the only standard by which we can compare the values of different commodities at all times, and at all places”.<sup>22</sup> Having taken this step, however, Smith confronted the same problem as Cantillon: placing a value on a given unit of labour. For, as we all appreciate, the skill and commitment obtainable from a given unit of labour vary enormously.<sup>23</sup> To get around this problem, Smith sensibly decided to calculate a good’s “natural price” according to the *monetary* value of its cost; costs consolidated under three headings: rent, wages, and “stock”.<sup>24</sup> As the disciplines of cost and management accounting emerged during the nineteenth century, Smith’s theorem laid the basis for what is referred to as the “costs-attach” concept of value; that is, the value of a good or service is the total sum of the costs expended in its creation. By knowing not only the total cost of a good but also its component costs, so it came to be understood, a firm could not only estimate the sale price it needed to obtain to achieve a profit, but could also effectively target its unit costs.<sup>25</sup>

<sup>20</sup> Richard Cantillon (trans. Chantal Saucier), *An Essay on Economic Theory*, (Auburn, AL: Ludwig von Mises Institute, 2010), 62.

<sup>21</sup> *Ibid.*, 55.

<sup>22</sup> Smith, *Wealth of Nations*, Book I, Chap. V, para. 17.

<sup>23</sup> See Smith, *Wealth of Nations*, Book I, Chap. V, para. 8.

<sup>24</sup> *Ibid.*, Book I, Chap. VII, para. 4; Book II, Chap. I, para. 17.

<sup>25</sup> M.C. Wells, *Accounting for Common Costs*, (Sydney, AUS: University of Sydney Press, 2006), 75–100; M.C. Wells, “Some influence on the development of cost accounting”, *The Accounting Historian’s Journal*, Vol. 4, No. 2 (1977), 47–61.

In estimating Smith's contribution to economics, Murray Rothbard declares him to be "a shameless plagiarist, acknowledging little or nothing and stealing large chunks, for example, from Cantillon ... he originated nothing that was true".<sup>26</sup> Such comments are a useful reminder that Smith was part of a powerful intellectual heritage that did much to shape his conclusions. His ideas about the power of self-interest were largely derived from Hume.<sup>27</sup> His understandings of value, as we have noted, owed much to Cantillon. That Smith stood on the shoulders of giants, however, should not lead to endorsement of Rothbard's view. In his *General Theory of Employment, Interest and Money*, John Maynard Keynes—one of the most perceptive critics of classical economics—paused to highlight the continued veracity of the key insights that Smith first elucidated. By allowing "the play" of the economic factors that Smith highlighted—"self-interest", "the exercise of personal choice", and the resultant "decentralisation of decisions"—Keynes observed, a society was ensuring not only economic "efficiency" but also "individualism".<sup>28</sup>

In addition to the factors that Keynes highlighted, we can identify another four positive contributions by classic economics to human understanding. First, as we have highlighted above, classical economics located the prime determinant of value in production, rather than in exchange. In this, not only classical (David Ricardo, John Stuart Mill) and neoclassical (William Jevons, Alfred Marshall) but also Marxian economics adopted Smith's articulation—that value was primarily determined by the labour expended in its creation, and that the "natural price" of a good was determined by the costs incurred in its production—with modest adaptation and variation. With Marshall, however, a distinction was drawn between not only "market prices" and "normal prices" (what Smith called "natural prices"), but also "secular prices", the latter being determined by long-term changes in knowledge and/or productive capacity; that is, commercial jet-planes caused a "secular" fall in the price of long-distance passenger transport.<sup>29</sup> The second, easily overlooked insight of Smith and classical economics follows from the first: that wealth is the result of a social relationship, a collective endeavour between employers and employed. As

<sup>26</sup> Rothbard, *Economic Thought before Adam Smith*, 435.

<sup>27</sup> David Hume, *A Treatise on Human Nature*, Vol. 2 (Oxford, UK: Clarendon Press, 1896), 267.

<sup>28</sup> John Maynard Keynes, *The General Theory of Employment, Interest and Money*, (London and Basingstoke, UK: Macmillan, 1973), 379–80.

<sup>29</sup> Marshall, *Principles of Economics*, 314–15.

Smith observed, wages and profits “depen[d] everywhere upon the contract usually made between the two parties”; a contract in which “the workman” was “as necessary to his master as his master is to him”.<sup>30</sup>

The third insight of classical economics, which is seldom discussed nowadays, relates to the distinction between “productive” and “unproductive” labour. In drawing this distinction, Smith was inspired by scorn for the frivolities of the rich. Wages spent on “menial servants” attracted particular attention, with Smith noting that the labour of such individuals “does not fix or realize itself in any particular subject or vendible commodity. His services generally perish in the very instant of their performance.”<sup>31</sup> In addition to servants, Smith excluded a long list of both “important” and “frivolous professions”, notably “churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, [and] opera-dancers”.<sup>32</sup> Although Mill decided to count as productive those “officers of government” engaged in “affording the protection” of society and industry (i.e. police, armed force, judges, prison guards etc.),<sup>33</sup> the distinction between productive and unproductive labour retained its importance. Mill was particularly scornful of money spent on government, declaring: “Whenever capital is withdrawn from production ... to be lent to the State and expended unproductively, that whole sum is withheld from the labouring classes.”<sup>34</sup> Karl Marx also drew a sharp distinction between productive and unproductive labour. In Marx’s analysis, the transformative potential of any capitalist society rested primarily in the “proletariat”, a group that included not all workers but only those who produced a “surplus-value” that added to a society’s productive capacity. In Marx’s view, even a “schoolmaster” who “works like a horse” to make a profit for their employer is unproductive in that they fail to produce surplus-value. Accordingly, “[t]hat labourer alone is productive, who produces surplus-value for the capitalist, and thus works for the self-expansion of capital”.<sup>35</sup>

<sup>30</sup> Smith, *Wealth of Nations*, Book I, Chap. VIII, para. 10, 12.

<sup>31</sup> *Ibid.*, Book III, Chap. III, para. 1.

<sup>32</sup> *Ibid.*, Book III, Chap. III, para. 2.

<sup>33</sup> John Stuart Mill, *Principles of Political Economy*, (New York, NY: Prometheus Books, 2004), 74.

<sup>34</sup> *Ibid.*, 100–01.

<sup>35</sup> Karl Marx, *Capital: A Critical Analysis of Capitalist Production*, Vol. 1 (Moscow, USSR: Progress Publishers, 1954), 477.

In recent decades, discussions of productive and unproductive labour have suffered unwarranted decline. Renewed interest on this front has, moreover, come from an unlikely source in the form of *The Utopia of Rules: On Technology, Stupidity, and the Secret Joys of Bureaucracy*. The work of an anarchist anthropologist, David Graeber, the core thesis of *Utopia of Rules* is that with the demise of work in agriculture, mining, and manufacturing, there has been a corresponding increase in service and administrative jobs. Many of these positions are what Graeber describes as “bullshit jobs”, jobs that are regarded as meaningless not only by society but by the jobholders themselves.<sup>36</sup> Smith, perhaps, would have been less harsh. As he recognised, many “unproductive” jobs were “important”, that is, doctors, teachers, fire-fighters etc. What he nevertheless argued was that the maintenance of “unproductive” labour—important and unimportant alike—ultimately depended on the economically “productive”. It was this, as much as his concern about interference in the “higgling” of the market, that made Smith suspicious of larger government. As Smith expressed it, “Both productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country.”<sup>37</sup>

The fourth key insight of classical and neoclassical economics—that economic outcomes are, or at least, should be determined by “the higgling and bargaining of the market”<sup>38</sup>—is arguably not only its most famed, but also its most problematic theorem. In Smith’s characteristically lucid explanation, this theorem holds that whenever “the quantity of any commodity … falls short of the effective demand”, there occurs an increase in the “market price”, thereby bringing more supply into the market. Once this additional supply reaches the market, prices will then return to more or less their “natural” price as equilibrium is restored.<sup>39</sup> Such competitive principles should apply, believed Smith and his theoretical heirs, as much to the market for labour as for goods; a view that found perhaps its most forceful advocate in David Ricardo. “Like all other contracts”, Ricardo recorded in his *Principles of Political Economy and Taxation*, “wages should be left to the fair and free

<sup>36</sup> David Graeber, *The Utopia of Rules: On Technology, Stupidity, and the Secret Joys of Bureaucracy*, (Hoboken, NJ: Melville Press, 2015).

<sup>37</sup> Smith, *Wealth of Nations*, Book II, Chap. III, para. 3.

<sup>38</sup> *Ibid.*, Book I, Chap. V, para. 4.

<sup>39</sup> *Ibid.*, Book I, Chap. VII, para. 9.

competition of the market.”<sup>40</sup> Interference with the “fair” price determined by the market merely results in one group obtaining an unfair wage or price advantage (“rents” in economic parlance) at the cost of the wider public. Though such views on wage outcomes have been much disputed, our understandings of how markets operate are also much facilitated by the concepts of “marginal utility” developed by Jevons and Marshall. When I go to a baker, for example, to buy bread, I place a “utility” (usefulness) on that bread that corresponds to a certain price. This means I may be prepared to pay \$3 for it, or even \$5, but not \$10. From the point of view of the baker, the “marginal purchase” is the maximum price point at which bread can be profitably sold. Similarly with labour, its “marginal utility” is determined by the point at which it becomes unprofitable to pay anymore for a given unit of labour.<sup>41</sup> Marshall also pioneered new understandings of demand. When I go to buy bread at my local baker, for example, I am creating not only a *direct* demand for bread, but also *derived* demand for wheat and transport services. For a railway, therefore, its business is determined by different types of derived demand. Transport companies also rely on *composite* demand, whereby they service a number of different demands at one and the same time.<sup>42</sup>

If we cannot meaningfully comprehend the modern world without the intellectual tools provided to us by Smith, Ricardo, Mill, Jevons, and Marshall, we nevertheless need to be mindful of the flaws of classical and neoclassical economics. The most notable flaw is caused by the inevitable conflict between the “perfect liberty” of the market and the “invisible hand” of self-interest.<sup>43</sup> At every point, as Smith discussed repeatedly in *The Wealth of Nations*, people conspire to subvert market forces so as to secure private gain. Anyone who imagined, Smith observed, “that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform combination ... We seldom, indeed, hear of this combination, because it is the usual, and one may say, the natural state of things.”<sup>44</sup> The division of labour also hindered the “perfect liberty” of the market. As firms became increasingly capitalised, the entrance of new suppliers into any given mar-

<sup>40</sup> David Ricardo, *The Principles of Political Economy and Taxation*, (London and New York: Everyman’s Library, 1969), 61.

<sup>41</sup> Marshall, *Principles of Economics*, 79, 117–18.

<sup>42</sup> Marshall, *Principles of Economics*, 316–40, 284.

<sup>43</sup> Smith, *Wealth of Nations*, Book I, Chap. X, para. 1; Book IV, Chap. II, para. 9.

<sup>44</sup> *Ibid.*, Book I, Chap. VIII, para. 13.

ket became an increasingly complex affair; an outcome that often leaves established market participants with an oligopolistic stranglehold. The idea that increased prices must necessarily lead to increased supply, and hence a return to lower prices, is also naïve. As Keynes noted in his critique of Friedrich Hayek's *Prices and Production* (which had defended the neo-classical belief in free markets), “a changing price-level merely *redistributes* purchasing power between those who are buying at the changed price-level and those who are selling”.<sup>45</sup> In other words, decreased supply and a higher price tend to increase the power of the seller rather than the buyer. It is, moreover, to the seller's benefit (if they have sufficient market control) to continue this situation, thereby recouping a higher return for the same costs of production, rather than in restoring price equilibrium through increased supply. Classic and neoclassical economics also errs in its assumption that the “perfect liberty” of the market always provides the best mechanism for coordinating production and supply. As Oliver Williamson noted in outlining the principles of “transaction cost economics”, the uncertainties and opportunism of market exchanges create costs for a firm that are often higher than those that would have been suffered if they had been internalised.<sup>46</sup>

One of the great strengths of Smith, a strength that gives his work its continued resonance, is that it presents an *idealised* representation. At the dawn of modernity, Smith managed to ascertain its most revolutionary features: the division of labour, an increased use of fixed capital, and the growing strength of market forces. Having said all this, the lack of discussion in Smith's work—and in that of other classical economists (Cantillon, Ricardo, Mill)—of the social evils that accompanied modernity's rise is (and remains) a failing of classical and neoclassical economics; a failing that allows critics to wrongly argue that classical economics is not only unconcerned with poverty and inequality, but has no solutions for such ills. In fact, as we noted in the Introduction to this book, modernity and the associated process of industrialisation were unique in delivering benefit to society's labouring masses. By the middle decades of the nineteenth century, for the first time in human history, the children of working people

<sup>45</sup> John Maynard Keynes, “The pure theory of money: a reply to Dr. Hayek”, *Economica*, No. 34 (Nov. 1931), 393; Friedrich A. Hayek, *Prices and Production*, (London, UK: G. Routledge, 1931).

<sup>46</sup> Oliver E. Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications*, (New York, NY: Free Press, 1976), 8–9.

were making the transition from work bench to classroom, which has since become a global norm. Nevertheless, the fact remains that Smith passed too easily over problems that he must have been well aware of: the misery of Ireland's Catholic peasantry, the Highland clearances, early manifestations of child labour, and Britain's involvement in the Atlantic slave trade. Smith's lack of discussion of the slave trade, and how the emergent capitalism managed to advance hand in hand with various forms of unfree labour, is particularly notable. This oversight cannot be excused on the basis that it was a mere incidental feature of the eighteenth-century economy. For in Smith's time, much of the nation's prosperity was tied to the triangular trade between Britain's manufacturing ports (Glasgow, Bristol, and, above all, Liverpool), West Africa, and the Americas. In his history of the slave trade, Hugh Thomas estimates that before 1750, some 85 per cent of British textile exports went to the "slave coast".<sup>47</sup> British ships also carried slaves for other nations, with Thomas estimating that in the decade between 1740 and 1750, British ships carried over 200,000 slaves, far more than any other nation.<sup>48</sup> Smith can hardly have been unaware of this trade. As he observes in *The Wealth of Nations*, "The greater part both of the exportation and coasting trade of America, is carried on by the capitals of merchants who reside in Great Britain."<sup>49</sup> Many of these merchants would have rubbed shoulders with Smith, if not in his home, at least in the street and coffee house. In the American South—where Smith notes that in Virginia and Maryland, virtually all "the stores and warehouses" belonged to British merchants<sup>50</sup>—it is probable that the bulk of "capital" investment involved slave purchases. The historical consequences of this were not slight. Among the US African American population, an overwhelming majority can probably claim descent from slaves purchased with British goods, shipped on British ships, and sold to buyers who obtained their capital from British financiers.

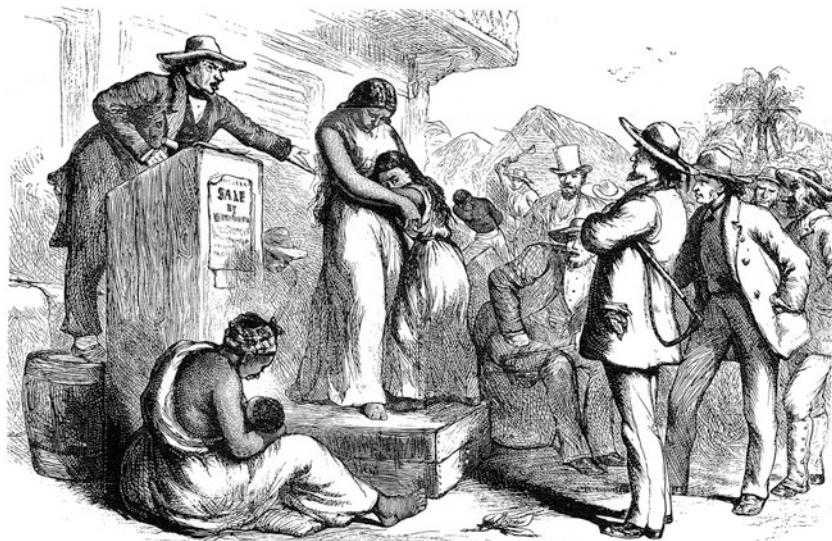
Despite its economic significance, Smith's few passing references to slavery in the New World do little to indicate either the seriousness of slavery in the Americas or any objection to the practice. Indeed, Smith only discusses New World slavery at two points in *The Wealth of Nations*. In the

<sup>47</sup> Hugh Thomas, *The Slave Trade: The History of the Atlantic Slave Trade 1440–1870*, (London, UK: Picador, 1997), 301, 318.

<sup>48</sup> *Ibid.*, 264.

<sup>49</sup> Smith, *Wealth of Nations*, Book III, Chap. V, para. 21.

<sup>50</sup> *Ibid.*



**Photo 3.2** Slave Auction, circa 1855: The division of labour that the growth of modernity facilitated has always been associated with unfree as well as free labour. In the Industrial Revolution's early years, British textile exports were exchanged for slaves, who were then employed in the Americas to grow cotton. (Courtesy: A print from *The Slave Trade and its Abolition*, edited by John Langdon-Davies, Jonathan Cape, London, 1965. (Photo by The Print Collector/Print Collector/Getty Images)

first, in Book IV, he indicates that “where the unfortunate law of slavery is established”, any action by a “magistrate” to protect a slave “intermeddles in some measure in the private property of the master”. Accordingly, “he dare not do this but with the greatest caution and circumspection”.<sup>51</sup> In his second reference, in Book V, Smith concedes that slaves make up “the greater part of the inhabitants both of the southern colonies upon the continent and of the West India islands”, and that they existed “in a worse condition than the poorest people either in Scotland or Ireland”. He then goes on, however, to add, “We must not, however, upon that account, imagine that they are worse fed, or that their consumption of articles which might be subjected to moderate duties, is less than that even of the lower ranks of people in England.” This happy outcome, Smith concluded,

<sup>51</sup> *Ibid.*, Book IV, Chap. 6, Part II, 88. [Page number refers to original facsimile.]

resulted from the fact that it was in “the interest of their master that they should be fed well and kept in good heart” so as to maximise their output.<sup>52</sup> Neither of these formulae are ones that most New World slave owners would have had much objection to. Perhaps, in passing so lightly over this problem, Smith concluded—as Niall Ferguson does in his study, *Civilisation*—that this was a mere “anomaly”.<sup>53</sup> It was not.

## THE FLAWS OF MODERNITY: MARXIST AND KEYNESIAN CRITIQUES

In 1919, recently returned from the Versailles Peace Conference that concluded the Great War of 1914–18, John Maynard Keynes penned his first notable book, *The Economic Consequences of the Peace*. In this book, within which Keynes argued that the inequitable conditions imposed through the Versailles Treaty had laid the basis for a second world war, Keynes reflected on life before the Great War. In August 1914, Keynes remembered,

*The inhabitants of London could order by telephone, sipping his morning tea in bed, the various products of the earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could ... by the same means adventure his wealth in the natural resources and new enterprises of the world.*<sup>54</sup>

In writing this reflection, Keynes was—as every reader in 1920 would have understood—drawing attention to the essential fragility of modernity; a modernity that had torn itself asunder between 1914 and 1918. In the wake of the bloodbath of the trenches, Germany, Hungary, and Russia experienced socialist revolutions. Subject to bloody suppression in Germany and Hungary, in Russia, the Bolsheviks secured power through bloody civil war. Revolution also threatened Austria and Italy. All that had appeared “permanent” in the social and economic order, Keynes concluded, was shown to have rested on a “sandy and false foundation”.<sup>55</sup> For Keynes, the prosperous son of a Cambridge-based economist, the revelation that capitalism—and his own well-being—rested on unsteady foot-

<sup>52</sup> *Ibid.*, Book V, Chap. II, para. 87. [This is page number 424 in the original facsimile.]

<sup>53</sup> Niall Ferguson, *Civilization: The West and the Rest*, (London, UK: Penguin Books, 2011), 136.

<sup>54</sup> John Maynard Keynes, *The Economic Consequences of the Peace*, (London, UK: Macmillan and Co., 1920), 9.

<sup>55</sup> *Ibid.*, 1.

ings heralded a changed career focus; a change that was to make Keynes one of the pre-eminent critics of capitalism's imbalances and inequalities. Although Keynes was philosophically far removed from the revolutionary socialism of Karl Marx, his analysis—most particularly his *General Theory of Employment, Interest and Money*—stands along that of Marx in representing a profound critique of modernity's many imbalances.

### *Marxism*

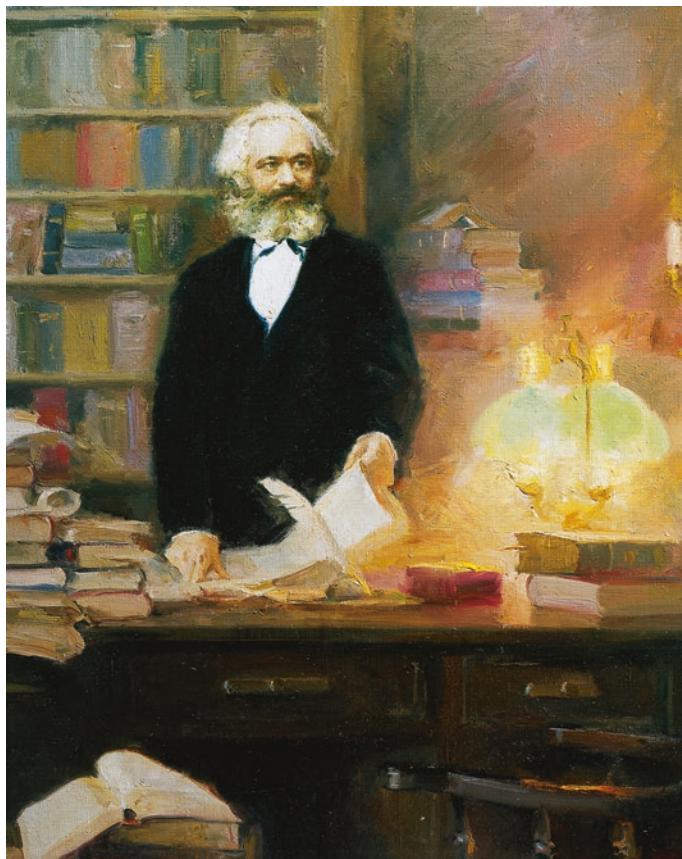
From December 1848, when Marx and Frederick Engels published *The Communist Manifesto*, until December 1991 and the collapse of the Soviet Union, Marxism informed a range of critical intellectual and political traditions. Postmodernism is not one of these. From the outset, postmodernism has made no secret of its hostility to the Marxist tradition. In *The Order of Things*, first published in France in 1966 as *Les Mots et les Choses* (literally, the words and the things), Michel Foucault distanced himself from Marxism. “Marxism”, he declared, “introduced no real discontinuity”, swimming in the milieu of modernity “like a fish in water”.<sup>56</sup> Jean-Francois Lyotard, in *The Postmodern Condition*, was even more forthcoming, lambasting Marxism as a “totalizing model” with a “totalitarian effect”.<sup>57</sup> Leading Marxists have responded in kind. In 1980, Jürgen Habermas, a German Marxist of the Frankfurt School (which held that culture helped maintain capitalism), dismissed postmodernism as an unholy alliance of antimodernists, “young conservatives”, and “neo-conservatives”.<sup>58</sup>

For most Marxists, nothing differentiates their worldview from postmodernism more than Marxism's consistent embrace of industrialisation and material advancement. Admittedly, there have been, over the years, attempts to “rescue” parts of Marx's thought from its economically determinist thrust, the most notable of these being Louis Althusser's *For Marx*. According to Althusser, whose interpretation shaped the thinking of Marxists around the world in the 1960s and 1970s, only the “young Marx” was “determinist” and philosophically Hegelian (i.e. Marx showed the influence of the German idealist philosopher, Georg Hegel, who

<sup>56</sup> Foucault, *The Order of Things*, 261–62.

<sup>57</sup> Jean-Francois Lyotard (trans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1984), 13.

<sup>58</sup> Jürgen Habermas, “Modernity versus postmodernity”, *New German Critique*, No. 22 (Winter 1981), 13–14.



**Photo 3.3** Karl Marx in his studio, 1875: Political exile, philosopher, economist, journalist, and revolutionary, Marx believed that only the “proletariat” – the industrial workers who created “surplus-value” – could overcome capitalism’s problems. (Courtesy: Karl Marx in his studio, 1875, painting by Zhang Wun. Treviri, Karl-Marx-Haus (Photo by DeAgostini/Getty Images)

believed that history followed a predetermined path).<sup>59</sup> By his “mature” years, during the time he wrote *Capital*, Althusser had people believe,

<sup>59</sup> For Hegel’s belief in God-inspired determined, predetermined path, see: George Hegel (trans. J. Sibree), *Philosophy of History*, (New York, NY: Dover Publications, 1956), 36.

Marx had developed more nuanced understandings that emphasised ideology as much as economics.<sup>60</sup> Such claims have no merit.

Rather than there being various “epistemological” breaks in Marx’s work—which allows us to pick out a particular bit without having to also accept another part—what stands out in Marx’s writing is its consistency. A London-based political refugee from Germany, Marx—economist, philosopher, historian, journalist, and revolutionary—wishfully saw in the proletariat, the industrial working class that capitalism had created, the agent through which the defeats of the European-wide revolutions of 1848 would be reversed. For this reason, every strengthening of capitalism and the process of industrialisation that it initiated was to be welcomed. Such sentiments are as apparent in *The Communist Manifesto* of 1848 as in *Capital*, written (in German) in 1867. In the former study, Marx and Frederick Engels (co-author, fellow revolutionary, factory owner, and Marx’s financial patron) lauded capitalism for having created “during its rule of scarce one hundred years … more massive and more colossal productive forces than have all preceding generations together”.<sup>61</sup> Seventeen years later, in the opening sentence of *Capital*, Marx similarly commended “[t]he wealth of those societies in which the capitalist mode of production prevails.”<sup>62</sup> Marx’s *Capital*, his defining work, is also very much in the tradition of British classical economics. Marx not only uses the same terms as Smith, Ricardo, and Mill, but also engages with their findings through a similar stylistic structure. In addition to concluding that industrial capitalism was an economically and socially progressive phenomenon, Marx came to a number of other key findings. First, Marx took Smith’s formulation that “labour” is “the only universal, as well as only accurate measure of value”,<sup>63</sup> to an extreme, if logical, conclusion: economic value *only* comes from the “surplus-value” created by manual workers in agriculture, mining, and, above all, manufacturing. As Marx explained in *Capital*, “The directing motive, the end and aim of capitalist production, is to extract the greatest amount of surplus-value.”<sup>64</sup> For

<sup>60</sup> Louis Althusser (trans. Ben Brewster), *For Marx*, (London, UK: Allen & Unwin, 1977). Also see, Louis Althusser and Etienne Balibar (trans. Ben Brewster), *Reading Capital*, (New York, NY: Pantheon Books, 1971).

<sup>61</sup> Karl Marx and Frederick Engels, “The communist manifesto”, in Karl Marx and Frederick Engels, *Selected Works*, Vol. 1 (Moscow, USSR: Foreign Languages Publishing House, 1951), 37.

<sup>62</sup> Marx, *Capital*, Vol. 1, 43.

<sup>63</sup> Smith, *Wealth of Nations*, Book I, Chap. V, para. 17.

<sup>64</sup> Marx, *Capital*, Vol. 1, 313.

Marx, surplus-value was the wealth created by a worker that exceeded the sum necessary for their bare family subsistence. To get around the contribution of machinery and other “stock”, Marx declared that all “fixed capital” was “congealed” labour.<sup>65</sup> According to this formula, if a worker laboured for a month for a subsistence wage of £1 to produce a good whose “relative” value (i.e. its value measured in terms of either money or some other comparative form) was £5, but in that month, the machinery the worker used cost £1 (in terms of wear and tear and consumables such as oil), then the “surplus-value” extracted from the worker is £3.

Economically, Marx’s formula was deceptively simply, offering an explanation of capitalist operation that reduced everything to labour costs. Directed towards industrial workers rather than towards businesspeople, it was, however, of limited use when it came to understanding the economic functioning of an actual business. As a tool for understanding the costs incurred in a business with much fixed capital, it is certainly of less utility than Marshall’s subsequent distinction between “prime costs” that were directly and immediately consumed in production (i.e. wages, oil, electricity) and “supplementary costs” that existed whether or not any goods were being produced (i.e. depreciation of fixed capital, salaries for supervisors, administration costs, and fees).<sup>66</sup>

Of dubious economic applicability, Marx’s concept of “surplus-value” was nevertheless vital to the emergence of Marxism as a political force. First, and most importantly, by identifying a worker’s creation of “surplus-value” as the driver of capitalist expansion, Marx also made the industrial working class, the proletariat, the key agent of material progress: not the capitalist entrepreneur. As the proletariat was the sole creator of material wealth, Marx and Engels concluded in *The Communist Manifesto*, so it was inevitable that “with the development of industry the proletariat not only increases in number; it becomes concentrated in greater masses; its strength grows.”<sup>67</sup> Drawing on Hegel’s belief that history is “dialectically” (i.e. through a process of determined change and transformation) moving towards a “crowning point”, Marx declared in an “Afterword” to *Capital* that this must inevitably involve a “universal crisis” that would see the proletariat supplant the bourgeoisie as society’s new revolutionary mas-

<sup>65</sup> *Ibid.*, 57.

<sup>66</sup> Marshall, *Principles of Economics*, 299–300.

<sup>67</sup> Marx and Engels, “The communist manifesto”, 40.

ters.<sup>68</sup> Other social classes were dismissed as unproductive. Marx and Engels were particularly scornful of the view—held by Rousseau and the English Romantic writers—that a rural life, attuned to nature, was the best condition for humanity. Instead, they praised the process of capitalist industrialisation for having “rescued a considerable part of the population from the idiocy of rural life”.<sup>69</sup>

Marx’s exclusion of non-industrial workers from the list of productive workers led to some paradoxical conclusions. Whereas much of Marx’s reasoning suggested that the dynamic of capitalism would make the proletariat a majority, elsewhere his calculations suggested the reverse. Thus, in *Capital*, Marx figured that in 1861, around 60 per cent of the working-age population of Britain—approximately 20 million people—comprised more or less parasitic social groups; a category that included those who were either “too old or too young for work”, the “ideological classes” (i.e. government officials, academics etc.) as well as “paupers, vagabonds, and criminals”. Of the eight million usefully employed in “industry, commerce, or finance”, only 1.6 million were employed in factories and mines. By contrast, more than 1.2 million were engaged as “servants” and “lackeys”. This situation, Marx concluded, was an inevitable result of “the extraordinary productiveness of modern industry”, which “allows of the unproductive employment of a larger and larger part of the working class”.<sup>70</sup> It was thus not only the bourgeoisie and its lackeys that were unproductive; much of the “working class” also fell into his category.

Marx’s greatest strength was as a social critic. Around a third of the pages of *Capital* involve highly readable descriptions of the sufferings of British factory workers, Scottish highlanders, and the dispossessed of the New World. One cannot read such accounts and not be moved. Thus, we are informed of how, between 1814 and 1820, the 15,000 “Gaels” who lived in Scotland’s Sutherland district “were systematically hunted and rooted out. All their villages were destroyed and burnt, all their fields turned into pasture.”<sup>71</sup> In an era when few Europeans doubted their own racial superiority, Marx differed. In condemning slavery in the United States, Marx declared, “Labour cannot emancipate itself in the white skin

<sup>68</sup> Karl Marx, “Afterword to the second German edition of the first volume of *Capital*”, in Karl Marx, *Capital: A Critical Analysis of Capitalist Production*, Vol. 1 (Moscow, USSR: Progress Publishers, 1954), 29.

<sup>69</sup> Marx and Engels, “The communist manifesto”, 37.

<sup>70</sup> Marx, *Capital*, Vol. 1, 420–21.

<sup>71</sup> Marx, *Capital*, Vol. 1, 682.

where in the black it is branded.”<sup>72</sup> Marx’s stated compassion, however, for dispossessed *individuals* and groups should not be construed as sympathy for the precapitalist societies to which many belonged. As with Smith and the other classical economists, Marx believed that the march of industrial capitalism was historically progressive. If entire “peoples” had to be dragged towards “progress”, as Marx put it, “through blood and dirt, through misery and degradation”, then so be it.<sup>73</sup>

### ***Neo-Marxism***

As with other ideologies, Marxism must be held account for the actions taken in the name of its founders. The inevitable question raised in any such assessment is whether the authoritarian regimes established in the so-called “socialist” states (the Soviet Union, China, North Korea etc.) are attributable to Marx’s ideas rather than to the centrally controlled “Leninist” parties established after Marx’s death. It is hard not to conclude that totalitarian rule was an inevitable rather than an accidental offshoot of Marxist thought. Throughout history, all revolutionary social transformations have been accompanied by bloodbaths and/or mass exclusions, that is, the English Civil War, the American War of Independence (where most “loyalists” fled to Canada), and the French Revolution. The transformation that Marx proclaimed, however, involved a particularly radical break with the past, requiring faith that socialism could combine centralised economic control with political democracy. As the twentieth century progressed and it became evident that such faith was misplaced, it was perhaps inevitable that a rewriting of Marxist belief would ensue; a rewriting that revealed not only an intellectual but also a sociological shift. In writing *Capital*, Marx clearly saw his target audience as the “proletariat”, the industrial working class employed in mining, construction, and, above all, manufacturing. By the 1950s, however, this class was in secular decline in all Western societies. Whereas, for example, in 1954, those employed in mining, construction, and manufacturing made up 39.5 per cent of the US workforce, by October 2017, this cohort represented only 13.7 per cent of the total. Not only did the proletariat’s *share* of the workforce fall, the manufacturing component declined *absolutely*. Thus, whereas the United States boasted 16 million factory workers in 1954, by

<sup>72</sup> *Ibid.*, 284.

<sup>73</sup> Karl Marx, “The British rule in India”, in Karl Marx and Frederick Engels, *Selected Works*, Vol. 1 (Moscow, USSR: Foreign Languages Publishing House, 1951), 323.

2017, it claimed only 12.5 million; a total that was exceeded by those employed in “leisure and hospitality” (16.0 million). There was also in 2017 almost two “government workers” (22.3 million in total) for every factory worker. Employment in “professional and business” services (20.9 million) also far exceeded the manufacturing total. The number employed in education and health (23.2 million) was almost double.<sup>74</sup> In my country, Australia, as in most others, a similar story is evident. Whereas in 1954, the number of Australians in blue-collar occupations, including agriculture and transport, made up 61.1 per cent of the workforce, by 2016, only 21.9 per cent was so engaged. As in the United States, manufacturing employment declined absolutely, falling from 1.3 million workers in 1954 to 858,200 in August 2016.<sup>75</sup>

Sociological transformation meant that by the 1970s, the main consumers of Marxist texts were university-trained professionals rather than industrial workers. To this cohort the *Prison Notebooks* of Antonio Gramsci—the Italian communist leader who died in a fascist prison in 1937—had appeal. In his *Notebooks*, written in various Italian prisons between 1928 and 1937, Gramsci observed that “[i]n the modern world the category of intellectuals” had “undergone an unprecedented expansion”.<sup>76</sup> Although conceding that intellectuals were “unproductive” in a classical economic sense, he nevertheless argued that the growth of “democratic-bureaucratic” states had fundamentally changed their social role.<sup>77</sup> First, he argued, the work of the “average” intellectual had become “very standardised”, making their working experience more like that of industrial workers. Second, Gramsci argued, capitalist rule primarily rested on intellectual “hegemony”, which he defined as the “spontaneous” consent “given by the great masses of the population to the general direction imposed on social life by the dominant social groups”. Finally, he concluded, that because intellectuals occupied the polit-

<sup>74</sup> United States Census Bureau, *Statistical Abstract of the United States, 1955*, (Washington, DC: Department of Commerce, 1955), 199; United States Bureau of Labor Statistics, *Current Employment Statistics – National, October 2017*, <https://www.bls.gov/web/emp-sit/ceseeb1a.htm> [Accessed 4 December 2017].

<sup>75</sup> Bradley Bowden, Simon Blackwood, Cath Rafferty and Cameron Allan (eds.), *Work & Strife in Paradise: The History of Labour Relations in Queensland, 1859–2009*, (Sydney, AUS: Federation Press, 2009), Appendix 21; Australian Bureau of Statistics, *Characteristics of Employment, Australia, August 2016 – Cat.6330.0* (Canberra, AUS: Australian Bureau of Statistics, 2017), Table 18.1.

<sup>76</sup> Antonio Gramsci (trans. Quintin Hoare and Geoffrey Nowell Smith), *Selections from the Prison Notebooks*, (London, UK: Lawrence and Wishart, 1971), 13.

<sup>77</sup> *Ibid.*

ical and educative “superstructures” of “civil society”, they were also well located to challenge capitalist “hegemony” at its source.<sup>78</sup>

Not published in English until 1957, Gramsci’s understandings represented a profound shift within the Marxist tradition. Whereas previously, the battle of ideas for Marxists was a *means* to an end (i.e. the winning of the proletariat and other oppressed classes to a campaign of political and industrial action), it now became an *end* in itself. Increasingly, the theme that Gramsci had emphasised—that capitalism exerted its power through a “hegemony” that could be intellectually undermined—was taken up by others. Prominent among these were the members of the so-called Frankfurt School (Herbert Marcuse, Max Horkheimer, Theodor Adorno, Jürgen Habermas), a group of neo-Marxist intellectuals associated with Frankfurt’s Institute for Social Research.

Influenced by long periods of exile from Germany in the 1930s and 1940s, mostly spent in the United States, members of the Frankfurt School came to common conclusions: that the industrial working class had lost its revolutionary *élan*, that social transformation was still needed, that intellectuals represented a key agency for change. As Marcuse noted in evaluating what he variously called “advanced industrial society” and the “affluent society”, most workers found much to like in circumstances where they were provided with more and more “goods and services”. In consequence, he added, “for the first time in history … the dominated cooperate voluntarily and rationally with those who dominate them”.<sup>79</sup> Such changes, Marcuse suggested, demanded changed thinking from Marxists. First, he concluded, best hope lay not in the old industrial proletariat but rather in the “new working-class” composed of “white collar workers, salaried employees, technicians, scientists” and the like. Second, given the material “affluence” of modern capitalism, Marxism could only advance its cause by challenging the intellectual premises of the “affluent society”; challenges that must involve a “cultural revolution”.<sup>80</sup> These themes were taken up by Marcuse’s Frankfurt School colleagues, most particularly Horkheimer and Adorno, whose period of Californian exile

<sup>78</sup> *Ibid.*, 12–14.

<sup>79</sup> Herbert Marcuse, “The containment of social change in industrial society”, in Herbert Marcuse (ed. Douglas Kellner), *Towards a Critical Theory of Society: Collected Papers of Herbert Marcuse*, (London and New York: Routledge, 2001), 84–86.

<sup>80</sup> Herbert Marcuse, “Cultural revolution”, in Herbert Marcuse (ed. Douglas Kellner), *Towards a Critical Theory of Society: Collected Papers of Herbert Marcuse*, (London and New York: Routledge, 2001), 145, 127; Herbert Marcuse, *One Dimensional Man: Studies in the Ideology of Advanced Industrial Society*, (Boston, MA: Beacon Press, 1964), 247–57.

had impressed upon them the power of modern mass culture. In their *Dialectic of Enlightenment*, first published in 1947, Horkheimer and Adorno abandoned not only the idea of an inevitable socialist revolution, but even the belief that capitalism itself was socially progressive. Instead, they observed that in both California and Nazi Germany, “film factories” and other forms of “motorized” culture were in the process of capturing the popular imagination.<sup>81</sup> As they progressed their argument, Horkheimer and Adorno began to sound less and less like Marx, and more and more like Nietzsche. Certainly, phrases such as “The flood of precise information and brand-new amusements make the people smarter and more stupid at once” are ones similar to those found in Nietzsche’s writings.<sup>82</sup>

If, at this point, the reader is starting to feel that Frankfurt School “Marxism” is sounding suspiciously like postmodernism, there is good reason: it is. Like postmodernism, Frankfurt School Marxism addresses itself to intellectuals, not factory workers or coal miners. Like postmodernism, Frankfurt School Marxism concerns itself with culture and ideology, not economics. It even draws its ideas from some of the same intellectual roots, not only Nietzsche but also Martin Heidegger, who in addition to being an inspiration for Jacques Derrida’s work also worked with Marcuse before the latter went into exile (and Heidegger himself became an active Nazi). Heidegger’s continued influence on Marcuse is particularly evident in his essay on “Cultural revolution”, which draws on Heidegger’s concept of *Dasein*, or existential being.<sup>83</sup> Despite all their similarities, however, there remains an unbridgeable divide between Frankfurt School Marxists and postmodernists: the former still believed that economic and social class was the key determinant of both power and inequality. As Adorno concluded in his *Aesthetic Theory*, “Class ... is fundamentally a phenomenon of bourgeois society.”<sup>84</sup> Arguably, however, the understandings that Adorno held of class—which revolved around film and media studies rather than on factories and surplus-value—would have been unrecognisable to Marx and Engels.

<sup>81</sup> Max Horkheimer and Theodor W. Adorno, “Preface to the 1944 and 1947 edition”, Max Horkheimer and Theodor W. Adorno (trans. Edmund Jephcott), *Dialectic of Enlightenment: Philosophical Fragments*, (Stanford, CA: Stanford University Press, 2002), xi, xv, xvii.

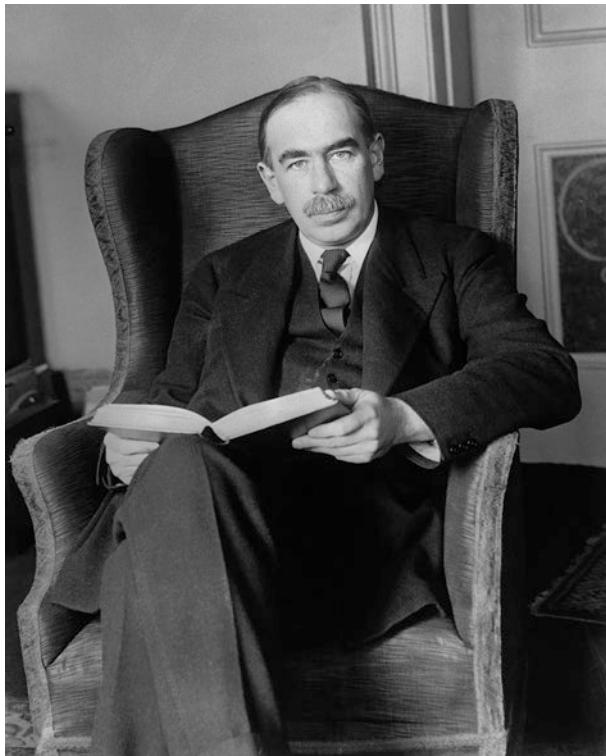
<sup>82</sup> *Ibid.*, xvii.

<sup>83</sup> Marcuse, “Cultural revolution”, 18–29.

<sup>84</sup> T. W. Adorno (trans. C. Lenhardt), *Aesthetic Theory*, (London, UK: Routledge & Kegan Paul), 361.

*Keynesianism and Its Foes*

Unlike Marx, the perpetual outsider, a German political refugee in forced English exile, Keynes led a privileged existence. The son of a Cambridge don, Keynes rubbed shoulders as a youth with Alfred Marshall. Keynes was also, at various times, a member of the British delegation to the Versailles Peace Conference, a Director of the Bank of England, a Baron



**Photo 3.4** John Maynard Keynes, 1883–1946: Economist, diplomat, and Director of the Bank of England, Keynes believed that there had to be a measure of “socialisation of investment” if capitalism was to reach its potential. Contrary to popular opinion, he also believed that “the ordinary budget should be balanced at all times”. (Courtesy: Portrait of John Maynard Keynes (photo)/Private Collection/Prismatic Pictures/Getty Images)

(from 1942), and the seminal figure in the Bretton Woods Agreement of 1944 that established the International Monetary Fund (IMF) and the World Bank. His stated purpose as an economist was not one of repudiating “classical theory”, but rather of “indicating the nature of the environment which the free play of economic forces requires if it is to realise the full potentialities of production”.<sup>85</sup>

Keynesianism today is generally associated with three things: “counter-cyclical” macro-economic management (i.e. you increase spending and cut interest rates in recessions and do the reverse in “booms”), the use of government budget deficits to facilitate “demand”, and the use of “macro-economic policy” as a primary means for overcoming household inequality. In truth, Keynes believed in none of these things. Instead, in writing his *General Theory*, Keynes was consciously countering the growing belief among neoclassical economists that boom–bust cycles could be managed through the use of interest rates. In the 1930s this view was most fully elucidated in the work of the Austrian-Anglo economist Friedrich Hayek; an economist whose *Prices and Production* inspired not only Milton Friedman and Anna Schwartz’s *A Monetary History of the United States*, but also the whole “Chicago School” of economics that informs modern public policy.

For Hayek and neoclassical economists more generally, the ideal circumstance is an “equilibrium distribution” between demand and supply. In this, manipulation of interest rates and monetary supply was (is) seen as particularly effective as a macro-economic tool for two reasons. First, increasing and lowering interest rates shapes demand. Second, it affects the cost of production, both directly and indirectly.<sup>86</sup> Thus, increased interest rates not only reduce demand for new cars (by making credit more expensive), but also increase the cost of cars (in terms of steel, parts, and direct input costs). In the face of “boom” conditions, such pressures should force consumers to cut purchases and producers to cut supply, allowing the economy to operate more effectively within resource constraints. Such thinking, Keynes advised in his *General Theory*, involved “serious error”.<sup>87</sup> Instead, he argued, “[t]he right remedy for the trade cycle is not to be found in abolishing booms … but in abolishing slumps

<sup>85</sup> Keynes, *General Theory*, 379.

<sup>86</sup> Friedrich A. Hayek, *Prices and Production*, Second edition, (New York, NY: Augustus M. Kelly, 1935), 82–85.

<sup>87</sup> Keynes, *General Theory*, 320.

and thus keeping us permanently in a quasi-boom".<sup>88</sup> In truth, Keynes continued, high interest rates were seldom effective in dealing with speculative "booms". Typically, he noted, high interest rates initially killed off growth everywhere except in the speculative areas that were central to a misallocation of resources; a cure that was akin "to the species of remedy which cures the disease by killing the patient".<sup>89</sup>

The way out of this dilemma was suggested to Keynes by an article by R.F. Khan, "The relation of home investment to unemployment". Published in 1931 in *The Economic Journal*, which Keynes edited, Khan argued that public monies spent on road construction would have a disproportionately positive effect on both employment and national income for two reasons. First, Khan identified for the first time a "multiplier" effect, in which increased employment on the roads would be far exceeded by increased "secondary employment" due to both the demand for road building material and increased spending by newly employed workers.<sup>90</sup> Second, finance for such expenses could be advanced by the government "without in any way affecting the flow of investment" to the private sector.<sup>91</sup>

In taking Khan's formula, Keynes redefined the relationships between real income (both individual and national), demand, employment, investment, and economic growth. Although in popular understandings Keynesianism is typically associated with policies to increase demand, in truth, Keynes argued that the key to both full employment and sustained growth lay in increased investment. In doing so, Keynes emphasised two main points. First, at any given point in time, "the equilibrium level of employment" would be limited by (a) the population's "propensity to consume" and (b) the level of investment. As the population's consumption would be constrained by its income (the world of Keynes' time, lacking the personal credit facilities of the current era), any additional employment can only come through investment "sufficient to absorb the excess of total output over what the community chooses to consume".<sup>92</sup> In other words, if total *current* consumption leaves the workforce with 10 per cent unemployment, then increased employment can only be obtained by directing efforts towards increased *future* consumption. Due to the

<sup>88</sup> *Ibid.*, 322.

<sup>89</sup> *Ibid.*, 322–23.

<sup>90</sup> R.F. Khan, "The relation of home investment to unemployment", *The Economic Journal*, Vol. 41, No. 162 (Jun. 1931), 173–98.

<sup>91</sup> *Ibid.*, 178, 174.

<sup>92</sup> Keynes, *General Theory*, 27.

“multiplier effect” that Khan had correctly identified, additional investment (and employment) in one area would automatically lead to further supplementary investment (and employment) elsewhere. This would, in turn, trigger a virtuous circle in which increased investment led to growing employment, increased consumption, a higher level of personal savings, and more money for even greater investment.<sup>93</sup>

Keynes’ second major argument related to the *means* by which “the inducement to invest” was obtained. In neoclassical economics, inducement was associated with “marginal utility”, the point at which extra production ceased to be profitable. Seen from this perspective, a firm—when it reached this point—could only increase production by lowering its costs, thereby producing increased demand at a lower price point. It was this viewpoint that Keynes sought to counter, arguing that in a period of under-employment, it led to a deflationary price–demand–wage spiral. The way to escape this spiral, Keynes argued, lay in monetary policy. Where neoclassical economists such as Hayek (and subsequently the Chicago School) associated monetary policy with the manipulation of interest rates, Keynes argued that increased growth was connected to *liquidity*. As Keynes explained, “[T]he importance of money essentially flows from its being a link between the present and the future.”<sup>94</sup> In other words, additional money is being used to not only create a new demand, but also provide the investment to service this demand. Although in his *General Theory* Keynes made few references to the role of government, it is nevertheless clear that he saw public policy as best fulfilling a role where it provided *incentives* and *mechanisms* that brought about increased *private-sector* activity. As Keynes explained in a famed, if somewhat flippant example:

*If the Treasury were to fill old bottles with bank-notes, bury them at suitable depths in disused coal-mines ... and leave it to private enterprise on well-tried principles of laissez-faire to dig the notes up again (the right to do so being obtained, of course, by the tendering for leases of the note-bearing territory), there need be not more unemployment and ... the real income of the community, and its capital wealth also, would probably become a good deal greater.*<sup>95</sup>

Keynes’ belief that capitalism required state oversight of investment did not lead him to question the overall benefits of private enterprise. As

<sup>93</sup> *Ibid.*, 126–27.

<sup>94</sup> *Ibid.*, 293.

<sup>95</sup> *Ibid.*, 129.

Keynes explained in his *General Theory*, “I see no reason to suppose that the existing system seriously misemploys the factors of production which are in use ... It is in determining the volume, not the direction, of actual employment that the existing system has broken down.”<sup>96</sup> Nor was Keynes much concerned with income inequality per se, observing “that there is social and psychological justification for significant inequalities of income and wealth ... There are valuable human activities which require the motive of money-making.”<sup>97</sup> Income inequality was, for Keynes, primarily a problem to the extent that it suppressed a society’s “propensity to consume”, thereby limiting both aggregate demand and investment. It is also wrong to believe that Keynes was an advocate of government deficit spending. Instead, Keynes—as a recent biographer of Keynes records—condemned deficit finance as a “desperate expedient”, declaring instead that “the ordinary budget should be balanced at all times”.<sup>98</sup>

As a tool for macro-economic management, Keynesianism is strongly associated with the public works programmes and economic stabilisation implemented by US President, Franklin Roosevelt, from 1933; programmes that included financial regulation, the establishment of public utilities (most particularly in power generation), and the passage of the *National Labor Relations Act, 1936* (The “Wagner Act”), which obligated employers to negotiate agreements with unions where a majority of the workforce so desired. In actual fact the Roosevelt programme should be regarded as “proto-Keynesianism”. Most of Roosevelt’s policies were implemented before Keynes’ *General Theory* was published in 1936. Nevertheless, the success of many of Roosevelt’s programmes did much to justify the “socialisation of investment” that Keynes advocated.<sup>99</sup> Perhaps nowhere was this demonstrated more clearly than in Roosevelt’s rural electrification programme. As Robert Caro indicates in his first volume of the life of Lyndon Johnson, *The Path to Power* (an oblique reference to electric as well as political power), in the early 1930, the lack of electricity trapped most American farmers in a cycle of poverty and under-consumption. Basic tasks such as milking cows, shelling corn, and pumping water were still done by hand. Rural poverty, the handmaiden of low

<sup>96</sup> *Ibid.*, 379.

<sup>97</sup> *Ibid.*, 379.

<sup>98</sup> Richard Davenport-Hines, *Universal Man: The Lives of John Maynard Keynes*, (New York, NY: Basic Books, 2015), 357.

<sup>99</sup> For arguably the best study of the New Deal, see: Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War*, (New York, NY: Alfred A. Knopf, 1995).

productivity, meant that farmers could not afford durable consumer goods such as fridges, radios, and electric washing machines. Even if they could, there was no electricity to run them.<sup>100</sup> American rural electrification therefore provided a ready example of Keynes' "multiplier effect", whereby a relatively small public sector-induced investment created a disproportionately large positive effect.

From 1945 to 1974, the "Long Boom"—characterised by full employment, high levels of union membership, and rising real wages—seemed to confirm the soundness of Keynesian principles. With the benefit of hindsight, however, flaws are evident. First, just as the operation of classical economics, through increased competition, has a deflationary effect on prices and hence (potentially) wages, so Keynesianism—by putting a "floor under wages" through both high levels of union density and the mechanisms of a full labour market—had inflationary effects; inflationary effects which by 1974 were exacerbated by increasing oil prices and massive American military spending for the Vietnam War. Second, as the worldwide recessions of 1974–75, 1981–82, and 1991–92 created large numbers of social security claimants, thereby straining government budgets, it also became apparent that post-1945 social security systems worked best when few claimed. A third problem was that over time, what passed for Keynesianism increasingly smacked of old fashioned "pork-barrelling", whereby deficits were justified in terms of job creation when they were primarily caused by concessions to key electoral constituencies. A fourth problem—which Keynes always conceded was an impediment to long-term investment and growth—was that the "marginal utility" of capital tended to diminish to something approaching zero in the face of ever-increasing additions to stock.<sup>101</sup> Thus, although the Long Boom was associated with many technological marvels—electronic transistors, jet air travel, and freight containerisation—it is also arguable that "socialisation of investment" hindered the process of "creative destruction" that Joseph Schumpeter identified as a key to capitalism's success. In a properly functioning capitalist system, Schumpeter argued, the firm that lacks internal efficiencies and/or innovative capacity cannot exist alongside firms characterised by the reverse. Accordingly, he concluded, capitalism "constantly revolutionizes the economic structure from within, incessantly destroying

<sup>100</sup> Robert A. Caro, *The Path to Power: The Years of Lyndon Johnson*, (London, UK: Collins, 1982), Chap. 27, 502–15, and Chap. 28, 516–28.

<sup>101</sup> Keynes, *General Theory*, 218.

the old one ... This process of Creative Destruction is the essential fact about capitalism.”<sup>102</sup>

As the Keynesian economic experiment and the Long Boom unravelled in the 1970s, advanced economies witnessed not only periodic recessions, but also the secular disengagement of much of the population from the workforce. This was most evident amongst males, who suffered from the decreased importance of manufacturing, agriculture, and mining. Although we shall discuss changes in work and employment in greater depth in Chap. 8, it is nevertheless useful to summarise here the main trends. In the United States, each downturn since the end of the Long Boom has seen an ever-diminishing share of the male working-age population enjoying the benefits of paid work during subsequent upturns. Whereas in 1960, the US male employment ratio (i.e. the percentage of working-age males in actual work) was 75.5 per cent, by 2016, the comparable figure was 64.8 per cent.<sup>103</sup> In other words, in 2016—despite an employment rebound from the depths of the Global Financial Crisis of 2007–08 and the ensuing recession—almost a third of working-age American males were not in jobs. The situation in the Euro zone in 2016 was even worse. Here, the male employment ratio was a mere 57.65 per cent.<sup>104</sup> Since peaking in 2000, US female employment has also been in retreat, falling from 56.6 per cent in 2000 to 53.2 per cent in 2016. Once again, things are even worse in the Euro zone, where in 2016, the female employment ratio stood at 45.6 per cent.<sup>105</sup> Given the growing prevalence of part-time and casual work—most particularly among females—the percentage that actually goes off to work on any given day would be even lower than these headline figures.

Increasingly, as older readers would be aware, in the wake of the 1974–75 and 1981–82 recessions, there occurred a generalised abandonment of Keynesian principles in favour of a return to neoclassical economics. In Britain, the radical reforming agenda of the Margaret Thatcher

<sup>102</sup> Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, (New York, NY: Harper Perennial, 1975), 83.

<sup>103</sup> Work Bank, *On-line Database: Gender Indicators*, <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?view=chart> [Accessed 1 December 2017]; United States Census Bureau, *Statistical Abstract of the United States, 1961*, (Washington, DC: United States Census Bureau, 1954), 203. These figures differ from those for “labour force participation”, which include unemployed people actively seeking work.

<sup>104</sup> Calculated from Work Bank, *On-line Database: Gender Indicators*.

<sup>105</sup> *Ibid.*

administrations (1970–90) marked a particularly sharp break with the past, as did the Ronald Reagan presidency (1981–89) in the United States.

Rather than being seen as a social evil, chronic under-employment in classical and neoclassical economics has always been seen as evidence of a mismatch between economic needs and labour force attributes. In other words, people are unemployed—or under-employed—because of problems indigenous to their circumstance: they lack the necessary skills, they are unwilling to relocate, or they are demanding wages that are not commensurate with their workplace contribution. Periods of “supernormal unemployment” are thus seen, as Schumpeter perceived them to be, as an inevitable feature of capitalism as it adapts to fundamental changes in technology.<sup>106</sup> Keynesianism was also repudiated by a resurgent neoclassical tradition for being morally misguided. In *Capitalism and Freedom*, first published in 1962, Milton Friedman declared that “collectivist economic planning” necessarily “interfered with individual freedom”.<sup>107</sup> In making this point, Friedman, who became a leading standard-bearer of what critics called “neo-liberalism”, drew on Hayek’s earlier attack on centralised planning, *The Road to Serfdom*. In Hayek’s view, all attempts to interfere with the “competitive system” through “collective planning” mechanisms involved a curtailment of “democracy” and, therefore, a pathway to “abhorred tyranny”.<sup>108</sup> In macro-economic policy, neoliberal economists advocated a return to the principles Hayek had advocated in 1931, in which interest rates and control of the money supply were relied on to the near exclusion of everything else. In justifying this stance—which became guiding policy for central banks around the world—Milton and Rose Friedman asserted in *Free to Choose* that inflation and deflation were always “primarily a monetary phenomenon”.<sup>109</sup>

There is no doubt that the implementation of “monetarist” economic policies in the 1980s was seminal to the dramatic falls in inflation that occurred everywhere that they were adopted. There is also no gainsaying their association with continued wealth creation, albeit at a markedly slower pace since the Global Financial Crisis of 2007–08. As we noted in the introduction, in 2016, per capita wealth across the globe was 62.6 per cent

<sup>106</sup> Schumpeter, *Capitalism, Socialism and Democracy*, 70.

<sup>107</sup> Milton Friedman, *Capitalism and Freedom*, 40th anniversary edition (Chicago, IL: Chicago University Press, 2002), 11.

<sup>108</sup> Friedrich Hayek, *The Road to Serfdom with the Intellectuals and Socialism*, (London, UK: Institute of Economic Affairs, 2005), 40.

<sup>109</sup> *Ibid.*, 264.

higher than in 1991. In the United States, per capita income in 2016 (\$111,711) was not only much higher than in 1991 (\$76,194), but also above the figure recorded in 2007 on the eve of the Global Financial Crisis (\$102,855). Similarly, in the Euro zone, per capita wealth in 2016 (\$89,443) also stood at an historic peak; a peak that was significantly above the figure recorded in 1991 (\$69,781) and modestly above that obtained in 2007 (\$86,070).<sup>110</sup>

If modernity under “monetarist” economics has continued along a path of continued wealth creation, it has nevertheless become apparent that many of the criticisms that Keynes made of classical economics in the 1930s apply equally to the new iteration. As Keynes noted, capitalist economic crises are not caused so much by *over-investment* as by *misdirected* investment. By relying on changes in interest rates to direct investment, governments have little means of restricting a diversion of capital into speculative ventures where there is expectation of “windfall changes in capital-values”.<sup>111</sup> Such outcomes have, since 2000, become ever more apparent as successive “asset bubbles” in stocks and property fuelled a series of boom–bust cycles; cycles whose “busts” were associated with the “dot-com” stock crash of 2002, the “sub-prime” mortgage crisis in the United States, and the Global Financial Crisis (2007–08).

Of all the economic trends that characterise the world’s advanced economies today, there is none that causes this author greater concern than the secular retreat in employment ratios that now seem to characterise all major economies, affecting females as well as males. Among most critics of modern capitalism and/or modernity, the tendency is to focus instead on discussions of inequality; discussions that generally avoid the problematic issues of labour force disengagement. In his *Capitalism in the Twenty-First Century*, for example, Piketty notes with concern how “labor’s share in national income” has stagnated or fallen over recent decades, and that “[f]or millions of people, ‘wealth’ amounts to little more than a few weeks’ wages in a checking account”.<sup>112</sup> In fact, those with “a few weeks’ wages in a checking account” are today in a relatively privileged position given that—as noted above—more than 40 per cent of Euro zone working-age

<sup>110</sup> Calculated from, World Bank, *On-line Database: GDP per Capita Indicators*, [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year_high_desc=true) [Accessed 30 November 2017].

<sup>111</sup> Keynes, *General Theory*, 322–23, 92–93.

<sup>112</sup> Piketty, *Capitalism in the Twenty-First Century*, 22, 259.

males and more than 50 per cent of Euro zone working-age females are not in paid employment. As visitation to any socially deprived area in Australia, the United States, France, or Britain will reveal, the *primary* cause of economic disadvantage and all its associated problems—welfare dependency, drug use, crime, domestic violence, poor health outcomes—is disengagement from the workforce. Admittedly, at one level, the focus on “inequality” rather than on “engagement” is understandable. Inequality, in theory, is easier to address: through welfare payments, improved public hospital care, better educational access. If social programmes do not address the secular decline in workforce engagement, however, it is hard to see how they can bring about long-term solutions to inequality. Therein lies the real economic and social crisis of modernity.

## CONCLUSION

Although, sadly, few now study economics at university, we can nevertheless see that economics holds the keys to understanding our past and guiding our future. Certainly, economics, properly understood, poses important questions, many of them uncomfortable. How is value created? Who creates value? How do we best allocate investment? In reflecting upon such questions, we first need to free ourselves from the myths that cloud economic understandings. Smith never spoke of “the invisible hand” of the market. Marx associated the “proletariat” only with those who generated surplus-value, rather than all those who laboured for a boss. Keynes believed that a society’s most important decisions related to investment, not determinations about consumption. For all their differences, moreover, the classical and neoclassical economists (Smith, Ricardo, Mill, Jevons, Marshall) shared with Keynes and even Marx more theoretical commonalities than differences. Among their notable areas of agreement are the following: that the key to productive wealth rests on the division of labour; that the underlying determinant of a good’s value, its “natural” or “intrinsic” price, rests on its production costs, not its market or exchange value; that a good’s “natural” price is determined by the amount of labour expended, directly and indirectly, in its creation; that capitalism is an infinitely superior productive system to any other found in history.

If for economics the key starting point relates to questions surrounding how value is created, then this must be our point of departure as well. For Smith, only those who produce a “particular subject or vendible commodity” produced value. Today, application of this concept is arguably more

controversial than in Smith's day, when an overwhelming majority laboured in workshops, farms, and mines. A change in the percentage of people found in different social categories, however, does not in itself invalidate the typology. As a university professor in a business faculty, I do not create a "vendible commodity". At the end of the day, my prosperity rests, first and foremost, on the supply of material goods, electricity, drinkable water, and associated infrastructure (i.e. roads, walkways, railroads, hospitals, schools etc.). My health, and the fact that I survived cancer, rests as much on medical technology as on the skills of my doctors. Without the former, my doctors would have been rendered—as they are in much of the world—more or less powerless. Now, though we can debate the nature of "productive" labour, as Smith, Mill, and Marx did, one thing is nevertheless clear. A society where barely half the working-age population has any sort of active engagement with the workforce, as is now the norm among nations in the Euro zone, is hardly indicative of an economy maximising its potential.



## CHAPTER 4

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# The Legitimacy of Modern Management

### INTRODUCTION

Despite its central role in contributing to the massive growth in wealth that has characterised the global economy over the last 250 years, management as both an occupation and a theoretical discipline has had its legitimacy continually questioned. Writing at the dawn of what we now think of as the “managerial revolution”, Adam Smith correctly identified the emergence of a class of professional directors and managers as one of the seminal events of his time. Rather than seeing this new class as agents of a more productive society, however, Smith saw them as an impediment to progress, declaring that “being the managers of other people’s money rather than their own, it cannot well be expected that they should watch over it with the same anxious vigilance [as] … their own”. “Negligence and profusion”, he added, “must always apply” in such circumstances.<sup>1</sup> There is also a tendency to see management and managerial leaders as, to cite the noted management theorist Jeffrey Pfeffer, a mere “phenomenological construct”, personages who are captives of—rather than the shapers of—the economic world.<sup>2</sup> In postmodernist canon, management is seen in much darker terms, part of what Michel Foucault described as a “disciplinary society” in which new forms of “governmentality” subject individuals

<sup>1</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, (New York, NY: Modern Library, 1937), Book V, Chap. 1, Article 1, para. 18.

<sup>2</sup> Jeffrey Pfeffer, “The ambiguity of leadership”, *Academy of Management Review*, Vol. 2, No. 1 (1977), 104.

to constant scrutiny.<sup>3</sup> Echoing such themes, Miller and O'Leary declared in a 1987 study that management-related disciplines such as accounting were part of "a vast project of standardisation and normalisation of the lives of individuals" both "within the enterprise and outside it".<sup>4</sup> More recently, Alun Munslow has asserted that all the "narratives" used by managers to direct life "in an office/factory" are "fictively constructed".<sup>5</sup>

Among defenders of modernity, a rebuttal of such attacks, as in economics, is curtailed by misunderstanding. Seminal works of management, it is acknowledged, contain fabrications. Frederick Winslow Taylor's famed description of Schmidt, the simple-minded but diligent follower of "scientific management" whose exploits are recorded in *The Principles of Scientific Management*, was clearly a fictive invention.<sup>6</sup> The facts relating to Elton's Mayo's famed "Hawthorne experiment", the findings of which laid the basis for current understandings in human resource management (HRM), are also shrouded in controversy and disputation.<sup>7</sup> Even before the rise of postmodernism, moreover, management was widely portrayed as the source of workplace oppression. As Harry Braverman asserted in a work subtitled *The Degradation of Work in the Twentieth Century*, "modern management", having "come into being" with Taylor, worked to reduce individuals "to the level of general and undifferentiated labor power".<sup>8</sup> Nevertheless, the achievements of management as both an occupation and a discipline remain central to modernity's achievements. In a seminal work that arguably marked the beginning of a revisionist defence of modern management, Chris Nyland effectively refuted the claims that modernity had delivered employees little workplace benefits. "Between 1870 and 1980", Nyland pointed out, "total annual paid working hours in the major nations of the

<sup>3</sup> Michel Foucault, "Governmentality", in Michel Foucault (trans. Colin Gordon, Leo Marshall, John Mepham and Kate Soper), *Power/Knowledge: Selected Interviews and Other Writings, 1972–1977*, (New York, NY: Pantheon Books, 1980), 102, 100.

<sup>4</sup> Peter Miller and Ted O'Leary, "Accounting and the construction of the governable person", *Accounting, Organizations, and Society*, Vol. 12, No. 3 (1987), 238.

<sup>5</sup> Alun Munslow, "Managing the past", in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (Routledge: London and New York, 2015), 316.

<sup>6</sup> Charles D. Wrege and Amedeo.G. Perroni, "Taylor's pig-iron tale: a historical analysis of Frederick Winslow Taylor's pig-iron experiments", *The Academy of Management Journal*, Vo. 17, No. 1, 6–27.

<sup>7</sup> Elton May, *The Human Problems of an Industrial Civilization*, (New York, NY: The Macmillan Company, 1933), 58–98; Charles D. Wrege, *Facts and Fallacies of Hawthorne*, (New York, NY: Garland, 1986).

<sup>8</sup> Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*, (New York, NY: Monthly Review Press, 1974), 120–21.

**Photo 4.1** Frederick Winslow Taylor, 1856–1915: Widely regarded as the founder of modern management, Taylor called for a workplace revolution in which managers assumed “new burdens, new duties and responsibilities never dreamed of in the past.” (Courtesy: Photo by ullstein bild/ullstein bild via Getty Images)



industrialised capitalist world contracted by approximately forty percent.”<sup>9</sup> In other words, vast increases in wealth were associated with less *total* work. A similar point is made by Gregory Clark in his *A Farewell to Alms*, wherein he notes how real wages in Britain and other industrialising societies in North-West Europe—after having remained virtually stagnant in the 600 years to 1800—increased 12-fold in the ensuing 200; a change associated with increased leisure and fewer working hours.<sup>10</sup>

Throughout the nineteenth and twentieth centuries, modernity—which we have associated with a market economy characterised by respect for property, individual rights, and a free labour force—was clearly eco-

<sup>9</sup> Chris Nyland, *Reduced Worktime and the Management of Production*, (Melbourne, AUS: Cambridge University Press, 1989), ix.

<sup>10</sup> Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World*, (Princeton, NJ: Princeton University Press, 2007), 1–2.

nomically and socially superior to other forms of social organisation. In the twenty-first century, however, this superiority is no longer self-evident. Although unease that all is not well is sensed by much of the populace—who are showing an increased predilection to elect governments from outside the political and economic mainstream—this questioning of long-held belief is poorly reflected in management debates. That an existential crisis is real, rather than being a mere figment of popular imaginings, is most evident in manufacturing, historically the motor of societal wealth creation. Since 2000, manufacturing growth in the three largest market economies that also boast political democracies and free labour forces—the United States, Germany, and Japan—has largely stalled. Between 2000 and 2016 the combined factory output of these economies (measured in constant 2010 US dollars) grew at a modest 11.5 per cent to \$5.959 trillion dollars. In the decade from 2007, growth almost halted completely, expanding by only 1.7 per cent. By comparison, between 2000 and 2016, China—whose manufacturing output in 2000 (\$949 billion) was only a third of that produced in the United States—increased the value of its factory production by 367.4 per cent to \$4.436 trillion. In 2016, this resulted in Chinese manufacturing output exceeding the combined value of that produced by the United States (\$3.25 trillion) and Germany (\$1.041 trillion).<sup>11</sup> In some quarters such developments are met with a shrug of the shoulders. Niall Ferguson, an erstwhile defender of the “West” and its values, attributes increasing Chinese manufacturing dominance to the fact that nowadays China too has “got capitalism”.<sup>12</sup> It is, however, a form of capitalism that Adam Smith and John Stuart Mill would not have recognised; a society devoid of political freedoms and the institutions of a democracy, where billionaires are—like ordinary citizens—subject to arbitrary arrest and property seizures. On a more fundamental level, what does it say about the institutions of modernity if it is conceded that an undemocratic society, ruled by a hereditary communist oligarchy, is economically superior? If modernity is to be defended and advanced, this defence must necessarily involve a review of the management principles that have got us this far; a review that must brutally discard old and irrelevant maxims.

<sup>11</sup> Calculated from, Wold Bank, *World Development Indicators, 2017*, <https://data.worldbank.org/indicator/NV.IND.TOTL.KD?locations> [Accessed 6 October 2017].

<sup>12</sup> Niall Ferguson, *Civilization: The West and the Rest*, (London, UK: Allen Lane, 2011), 323.

## MANAGEMENT FOUNDATIONS

Although many textbooks and studies declare that “management” is as old as the pyramids,<sup>13</sup> in truth the problems that managers confronted in the new, highly capitalised enterprises that flourished between 1760 and 1830 were unlike anything that previous generations of overseers had confronted. Increasingly, the main costs of business were associated with fixed capital rather than with variable costs such as wages. Logistic chains, such as those relating to cotton fibre, were long and complex. Large labour forces—composed of free rather than enserfed or enslaved individuals—had to be collected under one roof, supervised, and motivated. In confronting such tasks there were few studies to draw upon at the dawn of the Industrial Revolution. As Pollard notes in *The Genesis of Modern Management* in relation to cost accounting, “[t]here was no tradition, no body of doctrine, no literature worthy of the name”.<sup>14</sup> While there were certainly long-established traditions of “book-keeping”, these were historically directed towards the needs of merchants rather than of producers. Given such paucity of resources, the speed of advance is striking. In British factories by 1800, Pollard discovered, “even relatively simple accounts would attempt to keep the returns of departments separate, down to elaborate schemes for allocating overheads”.<sup>15</sup>

As businesses became increasingly capitalised, they also had to report to the large pools of often-distant shareholders who ventured their money. Such reports assumed elaborate forms. A study of the accounts published during the 1850s by a number of major US railroads—the Baltimore & Ohio, the Illinois Central, and the Mobile & Ohio—found that their annual reports “were outstanding, even by modern standards”.<sup>16</sup> Admittedly, misrepresentation in published accounts and prospectuses also became—and remains—commonplace. The effects of misrepresentation were, however, offset by the emergence of a financial press. Writing of the boom and bust in British railway shares in the 1840s, Byrer notes that

<sup>13</sup> See, for example, Morgen Witzel, *A History of Management Thought*, (Abington, UK: Routledge, 2012), 7.

<sup>14</sup> Sidney Pollard, *The Genesis of Modern Management: A Study of the Industrial Revolution in Great Britain*, (London, UK: Edward Arnold, 1965), 215.

<sup>15</sup> *Ibid.*, 222.

<sup>16</sup> Dale L. Flesher, William D. Samson and Gary J. Previs, “Accounting, economic development and financial reporting: the case of three pre-Civil War U.S. railroads”, *Accounting History*, Vol. 8, No. 2 (2003), 75.

investors “would not have been wildly misled. The accounting practise and financial performance of the railway companies had been extensively discussed in the burgeoning railway press.”<sup>17</sup>

That investors in the 1840s were capable of ascertaining something akin to the real level of managerial performance from rosy annual reports highlights the error of postmodernist claims that as late as the 1850s, “management” was “not yet an object of discourse”, and that “its absence” did not even “leave a trace”.<sup>18</sup> It is similarly an exaggeration to claim, “What is now called management emerged from several major forces related to American industrialization beginning in the 1870s and largely complete by 1920.”<sup>19</sup> While it is true that managerial advances after 1870 were increasingly associated with US innovation, these built on earlier European industrial and financial achievements. In the second half of the nineteenth century, as was the case in the first half, leading studies in cost accounting and railway management continued to come from Britain as well as from the United States: studies that included Thomas Battersby’s *The Perfect Double Entry Book-keeper: The Perfect Prime Cost and Profit Demonstrated*, Garcke and Fells’ *Factory Accounts*, and Arthur Wellington’s *The Economic Theory of the Location of Railways*.<sup>20</sup> As the nineteenth century progressed, however, advances were increasingly associated with the New York-based American Society of Mechanical Engineers (ASME). Primarily concerned with improved “machine shop efficiency”, ASME shared its insights through the *American Machinist* and the *Engineering Magazine*.<sup>21</sup> It was therefore unsurprising that it was to an ASME meeting in Detroit in mid-1895 that Frederick Winslow Taylor read his first study, “A piece-rate system”; analysis Taylor subsequently expanded into *The Principles of Scientific Management*.

<sup>17</sup> R.A. Byrer, “Accounting for the ‘railway mania’ of 1845 – a great railway swindle”, *Accounting, Organization, and Society*, Vol. 16, No. 5 / 6 (1991), 461.

<sup>18</sup> Roy Jacques and Gabrielle Durepos, “A history of management histories: does the story of our past and the way we tell it matter”, in Patricia Genoe McLaren, Albert J. Mills and Terrance G. Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (Routledge: London and New York, 2015), 161.

<sup>19</sup> *Ibid.*, 101.

<sup>20</sup> Emile Garcke and J.M. Fells, *Factory Accounts: Their Principles and Prestige*, (London, UK: Crosby Lockwood & Son, 1893); Arthur Mellen Wellington, *The Economic Theory of the Location of Railways*, second edition, (London, UK: John Wiley & Sons, 1887).

<sup>21</sup> M.C. Wells, *Accounting for Common Costs*, (Sydney, AUS: Sydney University Press, 2006), 73–74.

Among friends and foes alike, Taylor's seminal influence is universally acknowledged. Peter Drucker, a leading twentieth-century management theorist, declared "scientific management" to be one of "the most lasting contributions that America has made to Western thought".<sup>22</sup> Braverman, hardly a fan of Taylor, nevertheless recognised, "It is impossible to overestimate the importance of the scientific management movement."<sup>23</sup> What was arguably most revolutionary about Taylor's insight is that it made the organisation of work, rather than technology, the key driver of productivity. Taylor also differed from early writers on management, such as Charles Babbage, in that he developed an integrated philosophy of management. In essence, Taylor linked workplace efficiencies to five simple principles. The first of these, typically overlooked by critics, was what Taylor referred to as the "preparatory acts of management". Given that misunderstandings of Taylor typically stem from either wilful or casual ignorance of this initial step, it is worth quoting Taylor's summary in full:

*[E]ach man should daily be taught by and receive the most friendly help from those who are over him, instead of being, at one extreme, driven or coerced by his bosses, and at the other left to his own unaided devices. This close, intimate, personal cooperation between management and the man is of the essence of modern scientific or task management.*<sup>24</sup>

From this "preparatory" point, Taylor postulated four further key points. First, he called for a workplace revolution in which managers assumed "new burdens, new duties, and responsibilities never dreamed of in the past".<sup>25</sup> Foremost among these was the substantive task of acquiring all knowledge that existed in the workplace as to production processes and then "classifying, tabulating, and reducing this knowledge to rules, laws, and formulae".<sup>26</sup> From these rules, Taylor articulated his most famed principle: management had to implement the "one best method" of doing each task; a method that would stipulate the physical "motions" and the

<sup>22</sup> Peter Drucker, *The Practice of Management*, (London, UK: Pan Books, 1975), 337.

<sup>23</sup> Braverman, *Labor and Monopoly Capital*, 86.

<sup>24</sup> Frederick Winslow Taylor, *The Principles of Scientific Management*, (New York, NY: W.W. Norton & Co., 1967), 26.

<sup>25</sup> *Ibid.*, 36.

<sup>26</sup> *Ibid.*

“time” for each task component.<sup>27</sup> Thirdly, Taylor argued, managers had to overcome “systematic soldiering”, which he described as not just slow work, but also the “deliberate” workforce conspiracy directed towards keeping “employers ignorant of how fast work could be done”. “So universal” was this practice, Taylor concluded, that there was “hardly a competent workman … who does not devote a considerable part of his time to studying just how slow he can work”.<sup>28</sup> To critics, Taylor’s antipathy to “soldiering” is proof of his determination to create a new order in which managers “became stern taskmasters, stop-watch in hand”.<sup>29</sup> In truth, Taylor was too well acquainted with workplace realities to believe that a coercive approach could be productive. Instead, he argued, efficiency could only be advanced through employee “initiative”; an outcome that Taylor believed could be won through “special incentives” such as higher wages, reduced hours, and faster promotion.<sup>30</sup> In recommending such changes, Taylor was seeking not so much an increased intensity of effort as a mental revolution on the part of management and workers alike, in which each would come to embrace new science-based work principles. Taylor’s final recommended principle revolved around the “scientific” selection and training of workers; a process designed to best “fit” each worker to their job.<sup>31</sup>

In academic and popular parlance, “Taylorism” is typically used interchangeably with “Fordism”, it being accepted wisdom that Henry Ford’s assembly line at Dearborn—based on a narrow range of robotic tasks, the dictation of the pace of work by machine line speed, and standardisation of product that allowed little scope for variation—epitomised the principles of scientific management. By the 1980s, as Japanese automobiles and electronic goods displaced American product from global markets, it was also widely accepted that the Taylorist/Fordist model was fundamentally flawed. The future lay, it was argued, in “Total Quality Management”, “Just-in-Time Management”, and “Lean Production”; principles first adopted by Toyota and subsequently other Japanese car producers. To add salt to Western wounds, these principles were actually obtained from a US

<sup>27</sup> *Ibid.*, 25.

<sup>28</sup> *Ibid.*, 21.

<sup>29</sup> Eric Dent and Pamela Bozeman, “Discovering the foundational philosophies, practices, and influences of modern management theory”, *Journal of Management History*, Vol. 20, No. 2 (2014), 148. Also, Braverman, *Labor and Monopoly Capital*, 100, 120–21.

<sup>30</sup> Taylor, *Principles of Scientific Management*, 32–33.

<sup>31</sup> *Ibid.*, 36.

statistician and management consultant, W. Edwards Deming, whose suggestions had been ignored in his homeland.<sup>32</sup> By the early 1990s a vast literature had emerged espousing the benefits of the new “lean” production systems; systems supposedly so transformative as to herald a new economic order variously described as “post-industrial”, “post-Fordist”, and “postmodern”. This “revolutionary new production system”, one post-Fordist prophet confidently predicted, required, on pain of corporate death, a redistribution of “power” “downward, to the shop floor”.<sup>33</sup> In this new order, it was believed, there would be a “premium on formal skills in the work force”; skills that would condemn Taylorism/Fordism to history’s dustbin.<sup>34</sup>

In almost every aspect the “post-Fordist” pronouncements, which conflated Taylorism and Fordism whilst predicting their common destruction, were in error. The Japanese economic “miracle” of the 1980s is now distant memory. In Japan, as in the United States, much of the nation’s automobile production has been outsourced, in large part, to low-wage countries. Production of cars, and a wide range of other mass-produced goods, still revolves around assembly lines. Moreover, as James Wilson’s detailed analysis of Ford’s operational records has shown, the initial Ford manufacturing process was run on the basis of principles that were neither “Fordist” nor “Taylorist”. Rather than producing maximum output and then hoping to sell it, Ford based production around orders phoned in from car retailers. Separate production lines were then added or subtracted as required. Parts and other supplies were also only ordered as needed, with their progress towards Detroit tracked by railroad telephone reports.<sup>35</sup> The conflation of Taylorism and Fordism is also misguided. Whereas Fordism was built around assembly-line production, Taylor’s “scientific

<sup>32</sup> Andrea Gabor, *The Capitalist Philosophers*, (New York, NY: Three Rivers Press, 2000), 187–224.

<sup>33</sup> Stephen S. Cohen, “Geo-economics: lessons from America’s mistakes”, in Martin Carnoy, Manuel Castells, Stephen S. Cohen and Fernando Carsdosos (Eds.), *The New Global Economy in the Information Age*, (University Park, PA: Pennsylvania State University Press, 1993), 108–09, 106. Other key studies in this genre include: James P. Womack, Daniel Roos and Daniel T. Jones, *The Machine that Changed the World*, (New York, NY: Harper Perennial, 1991); Michael Piore and Charles Sable, *The Second Industrial Divide*, (New York, NY: Basic Books, 1986).

<sup>34</sup> Cohen, “Geo-economics”, 112.

<sup>35</sup> James Wilson, “Ford’s development and use of the assembly line, 1908–1927”, in Bradley Bowden and David Lamond (eds.), *Management History: Its Global Past and Present*, (Charlotte, NC: Information Age Publishing, 2015), 71–92.

principles” were designed with engineering workshops in mind; workshops where workers carried on a multitude of tasks requiring judgement and motivation.

Unlike Ford, who was vociferously opposed to trade unionism and workplace dissent, Taylor saw his system operating on the basis of cooperation. As Taylor stated in his *Principles of Scientific Management*, tasks can only be designed efficiently through “the joint effort of the workman and the management”.<sup>36</sup> Taylorism has also been wrongly associated with hostility to organised labour. Certainly, the *implementation* of Taylorism was often vigorously opposed by unions in the 20 years after the publication of *Principles of Scientific Management*. Among the acts of resistance was a general strike in my country, Australia; a strike initiated in 1917 when state-employed railroad workers objected to the introduction of “time-cards” to monitor their speed of work.<sup>37</sup> Nevertheless, as the work of Hindy Schachter in particular has shown, both Taylor’s Society to Promote the Science of Management and its successor, the Taylor Society, successfully sought to involve union leaders in their deliberations; unionists who increasingly saw in Taylorism a pathway to reduced hours and higher wages.<sup>38</sup> Schachter’s insights are but part of a wider revisionist school that has sought to “right the wrongs of those who have demonized Taylor and Taylorism”.<sup>39</sup> This revisionist school, whose most prominent members, in addition to Schachter, are Chris Nyland and Kyle Bruce, has, in my mind, been largely successful, highlighting the fundamentally progressive role of Taylor in improving both societal wealth and improved working conditions.<sup>40</sup> Among this genre, Nyland’s *Reduced Worktime and the Management of*

<sup>36</sup> Taylor, *Scientific Management*, 26.

<sup>37</sup> Lucy Taksa, “Defence not defiance: social protest and the NSW General Strike of 1917”, *Labour History*, No. 60 (May 1991), 16–33.

<sup>38</sup> Hindy Schachter, “Labor at the Taylor Society”, *Journal of Management History*, Vol. 24, No. 1 (2018), 3–19.

<sup>39</sup> Kyle Bruce, “Management science, planning, and demand management”, *Journal of Management History*, Vol. 22, No. 2 (2016), 171.

<sup>40</sup> Hindy Schachter, *Frederick Winslow Taylor and the Public Administration Community: A Re-evaluation*, (Albany, NY: State University of New York Press, 1989); Hindy Schachter, “Scientific management and social responsibility”, *Journal of Management History*, Vol. 6, No. 9 (2000), 272–82; Chris Nyland, “Taylorism and hours of work”, *Journal of Management History*, Vol. 1, No. 2 (1995), 8–18; Kyle Bruce, “Scientific management and the American planning experience of WWI”, *History of Economics Review*, Vol. 21, No. 2 (1995), 37–61.

*Production* is most notable.<sup>41</sup> Taylor's views on industrial relations are, however, perhaps best summed up in Edwin Locke's article in the *Academy of Management Review* in 1982, where he observed that Taylor believed that conflict between organised labour and management could be avoided "as long as the [economic] pie were large enough".<sup>42</sup> Employers would gain higher production and lower costs. Workers would benefit from higher wages, "provided that management approached its job scientifically".<sup>43</sup>

If Taylorism laid the basis for many of the productivity advances that have characterised modernity over the last century, Taylor was little concerned with either the organisational functioning of corporations or the role of corporate executives. He also saw employee motivation as resulting from extrinsic (pay, promotion, shorter hours) rather than intrinsic rewards. In what was to prove a golden era in US management thought, however, a generation of practitioners and scholars who came of age in the years following the publication of Taylor's pre-eminent study in 1911—Mary Parker Follett, Chester Barnard, Frank and Lillian Gilbreth, Elton Mayo—laid the foundations for new managerial understandings; understandings supplemented by the work of Henri Fayol, a French manager.

With Taylor dying in 1915, only 4 years after the publication of *The Principles of Scientific Management*, the systematisation of his ideas owed much to the efforts of Frank and Lillian Gilbreth. An early exponent of the idea that there was "One Best Way" of doing every task, in 1912, Frank Gilbreth was responsible for one of the first systematic applications of Taylor's principles at the Butt braid and shoe lace manufacturing plant in Providence, Rhode Island. As Lillian, who completed a PhD in educational psychology, with an emphasis on applied management in 1914, later recorded in *The Quest of the One Best Way*, the Butt study involved "the

<sup>41</sup> Also significant in the debate about Taylorism and its international influence are: Chris Wright, "Taylorism reconsidered: The impact of scientific management within the Australian workplace," *Labour History*, No. 64 (May 1993), 34–53; Lucy Taksa, "The cultural diffusion of scientific management: The United States and New South Wales," *Journal of Industrial Relations*, Vol. 37, No. 3 (Sep. 1995), 427–461; Lucy Taksa, "Uniting management and education in pursuit of efficiency: F.W. Taylor's training reform legacy," *Economic and Labour Relations Review*, Vol. 17, No. 2 (Apr. 2007), 129–56; Richard Dunford, "Scientific management in Australia: A discussion paper," *Labour & Industry*, Vol. 1, No. 3 (Oct. 1988), 505–15.

<sup>42</sup> Edwin A. Locke, "The ideas of Frederick Winslow Taylor: An evaluation", *Academy of Management Review*, Vol. 7, No. 1 (1982), 15.

<sup>43</sup> *Ibid.*

complete installation of the Taylor system ... Every process involved, from the time the order came into the plant to the time the finished product left ... was studied in detail.”<sup>44</sup> Subsequently, Frank Gilbreth was responsible for extending the application of scientific management beyond the manufacturing sector, most particularly in construction and hospitals. Frank Gilbreth was also the first to grasp the potential of film for training workers in the most time-efficient methods.<sup>45</sup>

Other management theorists of the era made group and organisational relationships their main area of inquiry. Discussion of social relationships within organisational groups is particularly prominent in Mary Parker Follett’s pioneering study *The New State*, published in 1918. For Follett, an excessive focus on individualism was misguided, as in all circumstances, “creative force comes from the group”.<sup>46</sup> As groups were, Follett continued, underpinned by emotion and, above all, feelings of mutual sympathy, it followed that developments in what she called “social psychology” must hold the key to improved understandings of organisational success and failure.<sup>47</sup> Although Follett’s focus was different to that of Taylor, her guiding motto was nevertheless the same: management must “rest on scientific foundations”.<sup>48</sup> Otherwise, as she explained in *Management as a Profession*, business would remain a mere “game of chance”.<sup>49</sup> In his *The Functions of the Executive*, Chester Barnard also emphasised this theme in a work that linked internal efficiency to the organisation’s relationship with the wider society. Central to Barnard’s analysis was a distinction that remains fundamental to our understandings of why businesses succeed and fail: the distinction between firm “efficiency” (which he associated with the intensity of “personal contributions”) and “effectiveness” (defined as “the relevance

<sup>44</sup> Lillian Moller Gilbreth, *The Quest of the One Best Way: A Sketch of the Life of Frank Bunker Gilbreth*, (New York, NY: Society of Industrial Engineers, 1925), 40.

<sup>45</sup> Notable studies of the Gilbreths include Jane Whitney Gibson, Jack Deem, Jacqueline Einstein and John H. Humphreys, “Applying a critical biography perspective to the work of Frank Gilbreth”, *Journal of Management History*, Vol. 22, No. 4, 413–36; Bernard Mees, “Mind, method, and motion: Frank and Lillian Gilbreth”, in Morgan Witzel and Michael Warner (Eds.), *The Oxford Handbook of Management Theorists*, (Oxford, UK: Oxford University Press, 2013), 32–49.

<sup>46</sup> M.P. Follett, *The New State: Group Organization, the Solution of Popular Government*, (New York, NY: Longmans Green & Co, 1918), 3.

<sup>47</sup> *Ibid.*, 19–22, 44–45.

<sup>48</sup> M.P. Follett, “Management as a profession”, in Harwood F. Merrill (Ed.), *Classics in Management*, (New York, NY: American Management Association, 1960), 312–13.

<sup>49</sup> *Ibid.*

of its purpose to the environmental situation").<sup>50</sup> This formulation was significant for two reasons. First, in earlier discussions of firm performance, both economists and management theorists had invariably focused on efficiency, rather than on effectiveness or purpose. If there is no demand for a firm's goods, however, it does not matter how efficient it is (i.e. a US firm that produced horse-drawn buggies in 1920 would have been made redundant by the mass production of automobiles, no matter how efficiently it made its vehicles). Second, by associating "efficiency" with "personal contribution", rather than with a given task performance as Taylor and the Gilbreths had done, Barnard was paying greater heed to psychology and personal motivation. "Strictly speaking", Barnard recognised, organisational objectives typically had "no meaning for the individual". Instead, most individuals only find work a positive experience when "the benefits it confers" exceed job "burdens".<sup>51</sup> Organisational "efficiency", therefore, was correlated with a business's "capacity to offer inducements in sufficient quantity to maintain the equilibrium of the system".<sup>52</sup> The lower the cost of these inducements relative to the benefit the worker's efforts conferred, the more efficient the organisation.

Emphasis on individual commitment and group dynamics was also central to Henri Fayol's *General and Industrial Management*, first published in Paris in 1916. Fayol is today most famed for his enunciation of 14 principles that he believed summarised the essence of management; principles that every first-year "management" student at university or college is typically informed of in their first lecture.<sup>53</sup> It would, however, be a misreading of Fayol to believe that he understood management as a task that could be reduced to a set of rigid criteria. Instead, what Fayol advocated was an integrative theory of management that allowed for a flexible system of application. Fayol, therefore, began his discussions of management by "dissociating" himself "from any suggestion of rigidity, for there is noth-

<sup>50</sup> Chester I. Barnard, *The Functions of the Executive*, (Cambridge, Mass: Harvard University Press, 1936), 82.

<sup>51</sup> *Ibid.*, 88.

<sup>52</sup> *Ibid.*, 93.

<sup>53</sup> These are as follows: division of work, authority, discipline, unity of command, unity of direction, subordination of individual interest to the general interest, remuneration, centralisation, scalar chain or line of authority, order, equity, stability of personnel, initiative, and *esprit de corps*. Henri Fayol (trans. Constance Storrs), *General and Industrial Management*, (London, UK: Pitman Publishing, 1949), 19–20.

ing rigid or absolute in management affairs, it is all a question of proportion".<sup>54</sup> If a junior manager had to choose between a company mandate and an action dictated by immediate circumstance, Fayol hoped he should be always "courageous enough" to adopt the latter course of action.<sup>55</sup> Fayol urged caution, however, in adopting ideas associated with Taylor's workshop efficiency principles. What Fayol feared was what others saw as its strength: Taylorism's focus on efficiency achieved through devolution and work-floor cooperation. Such behaviour, Fayol believed, was difficult to resolve "with the principle of unity of command".<sup>56</sup> It is conceivable, for example, that the "efficient" production of a good, as decided upon by shop-floor managers and workers, might run contrary to the time and/or product specifications required by customers. Fayol's "reservations as regards Taylor's scientific or functional management" highlighted the fact that the development of management as both an occupation and an intellectual discipline was inherently complex. What gave it common purpose, however, was the emphasis on two common themes: the integration of reason and science into managerial decision-making and a belief that business progress depended on workplace cooperation between management and workers.

## THE CRISIS OF HRM AND INDUSTRIAL RELATIONS

In his *Principles of Political Economy*, first published in 1848, John Stuart Mill bemoaned the considerable resources that management had to allocate to employee management. Such allocations, Mill noted, were driven "not by the necessity of things, but by the dishonesty of men ... the slightest relaxation of vigilance is an opportunity eagerly seized for eluding performance of their contract".<sup>57</sup> In 1902, Beatrice and Sidney Webb recommended an alternative approach in their preface to *The History of Trade Unions*, where they advised union members to accept "the necessity for maximising productivity", as "any struggle against it must necessarily fail". By embracing productivity improvements, moreover, unions could not only ensure cooperative dealings with employers, but also obtain

<sup>54</sup> *Ibid.*, 19.

<sup>55</sup> *Ibid.*, 36.

<sup>56</sup> *Ibid.*, 69.

<sup>57</sup> John Stuart Mill, *Collected Works of John Stuart Mill: Principles of Political Economy*, (Toronto, CAN: Toronto University Press, 1965), 129.

steady improvements in “the Standard of Life” of their members.<sup>58</sup> These are clearly very different approaches to the problem of managing labour, the first emphasising the need for supervision of inherently problematic employees as *individuals* and the second suggesting that *collective* bargaining between management and labour can lead to mutually beneficial outcomes. In most management texts, the former approach is linked to *personnel administration* and *HRM*, whereas the second approach is associated with *industrial relations*. It would be fair to say that both these disciplines have had problematic histories.

Personnel administration, the most common name for employee management prior to the 1950s, has long been in disfavour. As one management handbook observes, personnel administration—typically associated with payrolls and union-management negotiations—“implied that employees were an organizational expense”. By contrast, the same handbook continues, “HRM emphasizes the potential of employees as organizational assets.”<sup>59</sup> Despite such endorsements, HRM has also battled for legitimacy. Summing up a commonly held view, Bruce Kaufman recently noted, “Probably no field in business schools ...has more status anxiety than HRM.” Part of HRM’s problem, he suggested, lay in the fact that HRM studies were typically “pretty much empty of anything that might be considered a well-articulated and substantively interesting theoretical principle or empirical proposition”.<sup>60</sup> Despite HRM’s focus on developing human capital, the discipline has also struggled for business credibility. In dismissing the popular HRM creed that “the happy worker is an efficient and productive worker” as “a half truth”, Peter Drucker suggested, “It is not the business of the enterprise to create happiness but to sell and make shoes.”<sup>61</sup> A noted study by Brayfield and Crockett in 1955 also discerned no clear relationship between “satisfaction” and “productivity”, noting that “satisfaction with one’s position [at work] ... does not imply strong

<sup>58</sup> Beatrice and Sidney Webb, *The History of Trade Unionism*, (London, UK: Longman, Green & Co., 1902), xviii.

<sup>59</sup> Gerald Ferris, Dorold Barnum, Sherman Rosen, Lawrence Holleran and James Dulebohn, “Towards business-university partnerships in human resource management”, in Gerald Ferris, Sherman Rosen and Dorold Barnum (Eds.), *Handbook of Human Resource Management*, (Cambridge, Mass: Blackwell, 1995), 3.

<sup>60</sup> Bruce E. Kaufman, “Strategic human resource management research in the United States: a failing grade after 30 years?”, *Academy of Management Perspectives*, Vol. 26, No. 2 (May 2012), 21, 16.

<sup>61</sup> Drucker, *The Practice of Management*, 335.

**Photo 4.2** Beatrice Webb (Lady Passfield), 1858–1943: Along with her husband, Beatrice Webb is regarded as a founder of the industrial relations discipline. Other women who made a notable contribution to management and labour relations thought included Mary Parker Follett and Lillian Gilbreth. (Courtesy: Lady Passfield, c. 1910 – Photo by Hulton Archive/Getty Images)



motivation to outstanding performance".<sup>62</sup> The disciplinary problems of HRM, however, pale into insignificance when compared with those of industrial relations. With the collapse of union membership in most Western societies, this discipline appears as a relic of a bygone era. Few universities now have specialised industrial relations departments.

The crisis of HRM and industrial relations is intellectual as well as operational. Problems are most obvious in industrial relations, where business has never fully accepted the legitimacy of trade unions. To compensate, the founding figures of industrial relations—Sidney and Beatrice Webb in Britain, and John Commons and the “Wisconsin” School in the United States—sought to emphasise the common interests of capital and organ-

<sup>62</sup> Arthur H. Brayfield and Walter H. Crockett (1955), “Employee attitudes and employee performance”, *Psychological Bulletin*, Vol. 52, No. 5 (1955), 421.

ised labour. In every industry, the Webbs demonstrated, unions sought employer acceptance of a “Common Rule”—a common set of wages and working conditions that would apply equally to all workers within a given industry and/or geographic area.<sup>63</sup> The application of a “Common Rule”, they suggested, “facilitated rather than hindered ‘competition’ and ‘efficiency’”. For, they argued, “[w]here the minimum conditions of employment are fixed and uniform”, the employer “is economically compelled to do his utmost to raise the level of efficiency so as to get the best possible return for the fixed conditions”.<sup>64</sup> In the United States, Commons argued a similar theme. Industry-wide collective agreements, Commons observed in 1905, helped stabilise product markets as well as labour markets by “taking wages out of competition”. “So far as the union enforces the agreement”, Commons noted in the case of the coal industry, “every operator knows exactly what his competitor’s coal is costing; there is no secret cutting.”<sup>65</sup> This vision of unions as economic regulatory agents was, however, regarded with suspicion not only by many employers, but also by many unionists. Articulating what became the dominant Marxist viewpoint, the Bolshevik leader Vladimir Lenin declared that unions should be transformed into agents for “not only better terms for the sale of labour power, but also for the abolition of the social system”.<sup>66</sup> In the United States, violence in the mining towns along the western frontier bred a particularly militant (if short-lived) form of unionism in the Industrial Workers of the World, with the organisation’s *Preamble* of 1905 declaring, “The working class and the employing class have nothing in common … Between these two classes a struggle must go on.”<sup>67</sup> Almost everywhere, political objectives and industrial goals became intertwined. In continental Europe, union confederations owed their existence to social-democratic, communist, and, to a lesser degree, Christian democratic parties. Conversely, in the United Kingdom, Australia, and New Zealand, unions sponsored Labor/Labour parties. Over time, much to the chagrin of a

<sup>63</sup> Sidney and Beatrice Webb, *Industrial Democracy*, (London, UK: Seahams Divisional Labour Party, 1920), 279, 281, 716–17.

<sup>64</sup> *Ibid.*, 718, 716–17.

<sup>65</sup> John Commons, *Trade Unionism and the Labor Problem*, (New York, NY: Augustus Kelley, 1905), 11.

<sup>66</sup> V.I. Lenin, “What is to be done?”, in V.I. Lenin, *Selected Works*, Vol. 1 (Moscow, USSR: Foreign Languages Publishing House, 1946), 188.

<sup>67</sup> Cited, William D. Haywood, Bill Haywood’s Book: The Autobiography of William D. Haywood, (New York, NY: International Publishers, 1929), 185.

communist minority, this involvement in the political mainstream reinforced the need for an accommodation between organised labour and business interests. If unions wished their favoured political party to legislate benefits for their members, this could only occur if a political majority could be convinced of the fitness to rule of the relevant social-democratic or Labor/Labour party.

One of the consequences of increased unionisation during the middle decades of the twentieth century was a displacement of understandings premised on *internal* forms of employee representation. Associated in the United States with what has been referred to as “Welfare Capitalism”,<sup>68</sup> non-union employee representation found an articulate spokesperson in John D. Rockefeller, Jr. Rockefeller’s advocacy of company-based employee representation followed on the heels of the so-called Ludlow Massacre, where in 1914, agents of a Rockefeller business had machine-gunned a miners’ camp, killing large numbers of women and children. In an article, “Labour and Capital – Partners”, published in *The Atlantic Monthly* in July 1916, Rockefeller announced a new “Industrial Constitution” that would henceforth bind his operations; a constitution that allowed for security of employment, internal grievance procedures, extended benefits, and internal bargaining between management and worker representatives elected through secret ballot.<sup>69</sup> Declaring that “the soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits”, Rockefeller also expressed the belief that internal company representation would allow both “the redress of [employee] grievances” and “increased efficiency and production”.<sup>70</sup> As Kaufman has revealed, Rockefeller’s understandings underpinned a dramatic expansion of industrial relations scholarship and practice in the United States between the First World War and the passage of the *National Labor Relations Act, 1935* (Wagner Act). Companies such as DuPont, General Electric, and Goodyear established internal industrial relations departments to oversee employee representation schemes. Companies also sponsored academic posts in industrial relations at a number of universities, including Princeton, Stanford, and Massachusetts

<sup>68</sup> Bruce Kaufman, “John R. Commons and the Wisconsin School on Industrial Relations Strategy and Policy”, *Industrial and Labor Relations Review*, Vol. 57, No. 1 (Oct. 2003), 13.

<sup>69</sup> John D. Rockefeller, Jr., “Labour and Capital – Partners”, *The Atlantic Monthly*, (July 1916), 12–20.

<sup>70</sup> *Ibid.*, 19, 17.

Institute of Technology.<sup>71</sup> With the passage of the Wagner Act, however, company representation schemes were effectively outlawed. In the United States, as elsewhere, the discipline of industrial relations became identified almost totally with collective bargaining and trade unions. During the so-called Long Boom (1945–74) that followed the end of the Second World War, industrial relations theory enjoyed what was to prove a Golden Age; an age in which a “pluralist model” of industrial relations was articulated by John Dunlop in the United States, and Allan Fox, Allan Flanders, and Hugh Clegg in Great Britain. As Dunlop explained it, the key to a properly functioning and cooperative industrial relations system depended on all the key “actors”—government, employers and employer associations, workers, and unions—being bound by a shared “ideology” and set of “rules”, wherein each group accepted the legitimate interests of the others.<sup>72</sup> In the 1950s and 1960s the willingness of most employers to bargain with unions, during an era of full employment and strong economic growth, seemingly confirmed the “pluralist” analysis. Trade union strength, which peaked in the United States at 35 per cent of the workforce total in 1954, also provided seeming proof of industrial relations “pluralism”. Elsewhere, the peak of union strength was typically even higher than that found in the United States. In Australia, 64.9 per cent of workers belonged to a union in the peak year of 1948. In Britain, 55 per cent of the workforce still held a union ticket in the late 1970s.<sup>73</sup>

In the first instance the crisis of industrial relations was, therefore, the product of the evaporation of workplace support for unionism. In Britain, only 21.5 per cent of the workforce was unionised in 2016, less than half that recorded 50 years before. Elsewhere, the falls were steeper, with density falling to 10.7 per cent in the United States and 15.5 per cent in Australia. In 2014, across the Organisation for Economic Co-operation and Development as a whole, only 16.7 per cent of workers claimed union

<sup>71</sup> Bruce Kaufman, “Paradigms in industrial relations: original, modern and versions in-between”, *British Journal of Industrial Relations*, Vol. 46, No. 2 (June 2008), 314–39.

<sup>72</sup> John Dunlop, *Industrial Relations Systems*, (New York, NY: Holt, 1956), viii–ix. Also, Allan Flanders and Hugh Clegg, *The System of Industrial Relations in Great Britain*, (Oxford, UK: Basil Blackwell, 1954); Alan Fox and Allan Flanders, “The reform of collective bargaining: from Donovan to Durkheim”, *British Journal of Industrial Relations*, Vol. 7, No. 2 (July 1969), 151–80.

<sup>73</sup> Bradley Bowden, “The organising model in Australia: a reassessment”, *Labour & Industry*, Vol. 20, No. 2 (Dec. 2009), 138.

membership.<sup>74</sup> Although many reasons have been put forward to explain union decline—employer hostility, changing legislative standards, increased competition—the fact that decline is generalised across most Western societies suggests a common cause. Given the marked variation in legal protections for unions, the only clear common factor in union decline is that it has everywhere corresponded to the gradual disappearance of the blue-collar workforce which had previously benefited from industrialisation. Almost invariably, the response to this decline in union strength among industrial relations academics has involved suggestions for union revival. These fell into two categories. First, during the 1980s and 1990s, it was suggested that unions could demonstrate their relevance by helping employers embrace the new “post-Fordist” economy. In their imaginings, industrial relations academics believed that businesses that gave workers a union “voice” embraced new productivity measures more readily than non-union workplaces.<sup>75</sup> They also convinced themselves, as one authority asserted, that “[e]mployers will encourage unionisation if this gives them an advantage in terms of productivity or flexibility over non-union firms”.<sup>76</sup> As Hirsch and Addison observed, however, “evidence of a union productivity effect” was always “underwhelming”.<sup>77</sup> Where it could be measured, it most probably related to firm size—larger firms being more heavily unionised than smaller ones—than unionism per se. Certainly, there is little to indicate that support for improved productivity had any noticeable effect on union decline. By the late 1990s, in consequence, opinion among industrial relations academics swung behind a second approach, the “organising model”. Mainly associated with academics who had come of age in the Marxist and/or radical social movements of the 1970s, this formulation held that unions themselves were largely responsible for their own decline, having become insular and bureaucratic. Salvation, there-

<sup>74</sup> Organisation for Economic Co-operation and Development, *Trade Union Density*, OECD Stat., [https://stats.oecd.org/Index.aspx?DataSetCode=UN\\_DEN](https://stats.oecd.org/Index.aspx?DataSetCode=UN_DEN) [accessed 3 October 2017].

<sup>75</sup> See, in particular: Thomas A. Kochan, Harry C. Katz, Robert B. McKersie, *The Transformation of American Industrial Relations*, (New York, NY: Basic Books, 1986); Richard B. Freeman and James L. Medoff, *What do Unions Do?* (New York, NY: Basic Books, 1984).

<sup>76</sup> David Peetz, *Unions in a Contrary World*, (Melbourne, AUS: Cambridge University Press, 1988), 14.

<sup>77</sup> Barry T. Hirsch and John T. Addison, *The Economic Analysis of Trade Unions: New Approaches and Evidence*, (Boston, MA: Allen & Unwin, 1986), 207.

fore, lay in transforming unions into de facto social movements with a “grass-roots” organising emphasis.<sup>78</sup> Despite becoming official union policy in the United States, Britain, Australia, and New Zealand, this strategy, like its predecessor, did little to halt union decline. Few workers embraced the activist role urged upon them. Where, as in the American garment industry, firms were unionised, employers often responded with closures and outsourcing.<sup>79</sup>

Sadly, the disciplinary decline that accompanied union demise has done little to foster intellectual reassessment among the shrinking band of industrial relations academics. Only a few heretics, most notably Kaufman and Raymond Hogler, have concluded that a re-embrace of company employee representation schemes is in the public interest. Hogler’s recent article in the *Journal of Management History* is particularly persuasive. Reflecting on the US experience in terms that have a universal applicability, Hogler declares that the “collective bargaining model has run its course. Labor unions presently lack the power to equitably distribute the productive output”. Accordingly, Hogler continues, the only hope lies in a return to the positions advocated by Rockefeller in 1916, wherein businesses work to improve the lives “of their employees through methods of representative participation in the enterprise analogous to representative participation in our democracy”.<sup>80</sup>

If industrial relations confront difficult decisions, the same can be said of HRM. Is its role, as Bernard suggested, one of extracting the maximum “personal contribution” from employees? Or should it be an “honest broker” in the internal processes of employee representation and bargaining

<sup>78</sup>The most articulate initial advocate of the “organising model” was Kate Bronfenbrenner. See: Kate Bronfenbrenner, “The Role of Union Strategies in NLRB Certification Elections”, *Industrial and Labor Relations*, Vol. 50, No. 2, 195–212; Kate Bronfenbrenner, “The American Labor Movement and the Resurgence in Union Organizing”, in Peter Fairbrother and Charlotte A B Yates (Eds.), *Trade Unions in Renewal: A Comparative Study*, (London, UK: Continuum, 2003), 32–50.

<sup>79</sup>Immanuel Ness, “Organizing Immigrant Communities: UNITE’s Workers Center Strategy”, in Mark Harcourt and Geoffrey Wood (Eds.), *Trade Unions and Democracy: Strategies and Perspectives*, (New Brunswick, NJ: Transaction Publishers, 1998), 87–101.

<sup>80</sup>Raymond Hogler, “From Ludlow to Chattanooga: a century of employee representation plans and the future of the American labor movement”, *Journal of Management History*, Vol. 22, No. 2 (2016), 142. For similar views, see Lucio Baccaro and Valeria Pulignano, “Employment relations in Italy”, in Greg J. Bamber, Russell D. Lansbury and Nick Wailes (Eds), *International and Comparative Employment Relations: Globalisation and Change*, 5th edition (Sydney: Allen & Unwin, 2011), 164.

that Rockefeller envisaged? Or, alternatively, should its role be directed towards psychological redress of the alienation and stresses of modern employment regimes? Such confusion of purpose, however, should not detract attention from HRM's fundamental insights into not only the nature of work but also the human condition.

HRM's significance is found in four key understandings. The first and most important of these is “the fundamental importance of the daily job”, which, as the pioneering study of Whiting Williams revealed in 1921, shapes our very identity and our sense of personal worth.<sup>81</sup> Williams' insight—forged through an “undercover” existence as a blue-collar worker in US coal mines, steel plants, and shipbuilding yards—highlighted for him the fallacy of the belief that all a worker wanted from their job “is in the pay envelope”. Rather, he concluded, an individual's standing stemmed not so much from the job itself as from “the relationships that it provides”.<sup>82</sup> It was this theme that, in 1933, Elton Mayo located in a more sophisticated theoretical framework in his *The Human Problems of an Industrial Civilization*; a study that marks the effective birth of HRM as a discipline. Based on observations of the predominately female workforce at Western Electric's Hawthorne assembly plant in Chicago, Mayo's work (undertaken with T.N. Whitehead, Fritz Roethlisberger, L.J. Henderson, and George Homans) has been much criticised. Levitt and List in reviewing Mayo's original data—which found that increased productivity during the study primarily stemmed from the human interest of the researchers in their subjects—concluded that the “experimental design was not strong, the manner in which the studies were carried out was lacking, and the results were mixed at best”.<sup>83</sup> Others, notably Dan Wren and Kyle Bruce have questioned the originality of Mayo's findings.<sup>84</sup> Roethlisberger, a one-time collaborator of Mayo, bitterly observed of the Hawthorne stud-

<sup>81</sup> Whiting Williams, *What's on the Worker's Mind*, (New York, NY: Charles Scribner's Sons, 1921), 284. Williams carried out similar undercover research in Europe.

<sup>82</sup> *Ibid.*, 293, 299.

<sup>83</sup> Steven D. Levitt and John A. List, “Was There Really a Hawthorne Effect at the Hawthorne Plant? An Analysis of the Original Illumination Experiments”, *American Economic Journal*, Vol. 3, No. 1 (Jan. 2011), 237. Also Wrege, *Facts and Fallacies of Hawthorne*.

<sup>84</sup> Kyle Bruce, “Henry S. Dennison, Elton Mayo and the human relations historiography”, *Management and Organizational Studies*, Vol. 1, No. 2 (2006), 178–99; Dan Wren, *The White Collar Hobo*, (Ames, IO: Iowa State University Press, 1987).

ies, “Mayo was an adventurer in the realm of ideas … the [Hawthorne] data were not his; the results were not his.”<sup>85</sup>

That Mayo drew on the unacknowledged work of others, and that there were flaws in his methodology, should not however cause us to overlook what Jeffrey Muldoon—arguably the greatest contemporary authority on Mayo—refers to as “the brilliance and thought provoking” nature of his research.<sup>86</sup> The significance of Mayo’s work, as Muldoon identifies, is found not in the details of his research, but in its refutation of the belief that market forces, when left unrestrained, always delivered “some great good”.<sup>87</sup> Instead, Mayo warned, the “modern condition”—which he associated with market forces and the application of science and technology to work organisation—often manifested itself in “social disorganization”, “personal maladjustment”, and a sense of “personal futility”.<sup>88</sup> In coming to these conclusions, Mayo drew on Emile Durkheim’s concept of “anomie”, a sense of alienation and loss, which Durkheim linked to “the almost infinite extension of the market”; an extension that Durkheim believed cut people’s moorings to traditional forms of work bound by well-established norms.<sup>89</sup>

If Mayo contributed the idea that a sense of personal identity can be destroyed as well as created through the work process, HRM’s second major contribution to Western thought is found in understandings of the role of group dynamics in organisational performance; an area of research pioneered by London’s “Tavistok School” (Eric Trist, Fred Emery, Ken Bamforth, Elliott Jaques, and Alan Rice) and a German political refugee, Kurt Lewin. As with Mary Parker Follett, the Tavistok School held that the group was humanity’s natural and “primary” form of work organisation, with each group possessing its own values and loyalties, making the achievement of any particular task a matter of group discretion and “self-

<sup>85</sup> Fritz J. Roethlisberger (ed. George F.F. Lombard), *The Elusive Phenomena*, (Boston, MA: Division of Research, Graduate School of Business Administration, Harvard University, 1977), 50–51.

<sup>86</sup> Jeffrey Muldoon, “The Hawthorne legacy: A reassessment of the impact of the Hawthorne studies on management scholarship, 1930–1958”, *Journal of Management History*, Vol. 18, No. 1 (2012), 113.

<sup>87</sup> Mayo, *Industrial Civilization*, 147.

<sup>88</sup> *Ibid.*, 165, 172.

<sup>89</sup> Emile Durkheim (trans. George Simpson), *Suicide: A Study in Sociology*, (New York, NY: Free Press, 1951), 255.

regulation”.<sup>90</sup> This creates two challenges for business. First, group dynamics can work to either help or hinder increased productivity and output. Where a group regards management’s objectives with antipathy, Lewin observed, an individual’s compliance with the spirit of a firm’s directions is unlikely. For, [i]f the individual should try to diverge ‘too much’ from the group standards he will find himself in increasing difficulties. He will be ridiculed, treated severely.”<sup>91</sup> The second and bigger challenge for management in group dynamics, the Tavistok researchers suggested, stems from the very nature of modern industry, which they described as a “socio-technical system”. The problem, they convincingly argued, is in marrying technological systems, which obey “physical science laws”, with the social systems of work, which obey the laws of “human science”.<sup>92</sup> One of the most adverse consequences of this, the Tavistok researchers concluded, is found in the destruction of the traditional “responsible autonomy” of small groups and its replacement by a fraught interdependence. As work progresses, each group finds itself suffering from the failings of others, “local disturbances” resonating “through a relatively large social space”.<sup>93</sup>

HRM’s third key insight, the importance of culture within organisations, is both a logical extension and a contradiction of its emphasis on group values and loyalties. Once more, foundational understandings owed much to the Tavistok School and Lewin. Although often overlooked today, Elliott Jaques’ *The Changing Culture of a Factory*, published in 1951, was particularly insightful. Based on a lengthy analysis of workplace change at a British manufacturing plant, Jaques defined culture as the “customary and traditional way of doing things”, which became “second nature” to workers and managers alike. Culture, Jaques believed, was decisive in firm performance in that it mediated all social relationships, sanctioning and penalising individual behaviour through

<sup>90</sup> E.L. Trist and K.W. Bamforth, “Some social and psychological consequences of the longwall method of coal-getting”, *Human Relations*, Vol. 4, No. 1 (1951), 6.

<sup>91</sup> Kurt Lewin, *Field Theory in Social Science*, (Westport, CT: Greenwood Press, 1975), 226.

<sup>92</sup> A.K. Rice, “Productivity and social organization in an Indian weaving shed: An examination of some aspects of the socio-technical system of an experimental automatic loom shed”, *Human Relations*, Vol. 6, No. 4 (1953), 297–329; Eric Trist, “Introduction to volume II”, in Eric Trist and Hugh Murray (Eds.), *The Social Engagement of Social Science: A Tavistok Anthology*, Vol. 2, (Philadelphia, PA: University of Pennsylvania Press, 1993), 50–53.

<sup>93</sup> Trist and Bamforth, “Some social and psychological consequences”, 21.

processes of acceptance and exclusion.<sup>94</sup> Managerial direction, therefore, Jaques continued, is only meaningful to the extent that it controls “sanctioning authority” within a culture; a step he associated with command-of-line relationships.<sup>95</sup> The more famed addition of Jaques’ one-time Tavistock colleague, Kurt Lewin, relates to the role of culture in “change management”. Starting from the premise that individual behaviour is rooted in “group values”, Lewin believed that “resistance to change” could only be overcome by weakening “the strength of the value” that the group had previously endorsed.<sup>96</sup> As everyone who has done a first-year university course in Management or Organisational Behaviour would be aware, this formulation led Lewin to advocate a three-stage change process, whereby group values are “unfrozen”, “moved”, and then “refrozen” in their new desired state.<sup>97</sup>

Although few would dispute the significance of culture in both organisational and societal outcomes, the problem for management is that there is no necessary reason why there should be a strong correlation between the cultural identity of a firm and that of its individual employees. Chester Barnard, for example, well understood that there is a distinction—at least in democratic societies with individual rights—between a firm’s “organisational personality” and “individual personalities”, moored in particular social groups (i.e. skilled machinists, cleaners, different ethnic groups etc.).<sup>98</sup> Rather than recommending the homogenisation of all into a single culture (as Jaques advocates), Barnard—along with Taylor, Rockefeller, and the whole body of industrial relations thought—believed that the commitment of individuals and groups had to be won through bargaining and the offering of incentives. The authoritarian tendencies apparent in Jaques’ thinking were impressed upon me in the 1990s, when I toured a mine owned by the international conglomerate Rio Tinto. At this mine, as at all other Rio Tinto operations of the time, senior and middle managers were expected to be expert in Jaques’ work. Across the mine, Jaques’ views on culture and organisation were applied with almost religious fervour. All work groups were required, as a condition of employment, to engage in “self-criticism”. Those who remained loyal to their unions were dismissed.

<sup>94</sup> Elliott Jacques, *The Changing Culture of a Factory*, (London, UK: Routledge & Kegan Paul, 1951), 251.

<sup>95</sup> *Ibid.*, 257–72, 274.

<sup>96</sup> Lewin, *Field Theory*, 227.

<sup>97</sup> *Ibid.*, 228–31.

<sup>98</sup> Barnard, *Functions of the Executive*, 88.

Problems are also evident in HRM's fourth major intellectual contribution, which relates to understanding how humans are motivated at work by factors other than money. While the study of motivation has bred a vast literature, the most influential analysis is arguably Douglas McGregor's *The Human Side of the Enterprise*; a work that Bedeian and Wren rate as the fourth most influential management book of the twentieth century (after Taylor's *Principles of Scientific Management*, Barnard's *Functions of the Executive*, and Drucker's *Practice of Management*).<sup>99</sup> In McGregor's view, management and society are best advanced through an abandonment of what he called "Theory X assumptions"—which he associated with the belief that the "average human being has an inherent dislike of work"—and an embrace of "Theory Y" assumptions; assumptions premised on the conviction that "expenditure of physical and mental effort in work is as natural as play or rest".<sup>100</sup> Although McGregor accepted the need for material incentives linked to carefully determined individual and group performance targets, it is fair to say that the primary emphasis with both McGregor and other motivational theorists such as Victor Vroom and David McClelland is on intrinsic rather than on extrinsic rewards.<sup>101</sup> Whilst HRM theorists are no doubt correct in believing that most of us are motivated by things other than what "is in the pay envelope", motivational theory nevertheless confronts profound operational and philosophical difficulties. Operationally, motivational programmes are notoriously difficult to implement. What motivates one individual may do little to inspire their co-workers. Theoretically, individual motivation strategies are contrary to HRM's understandings about group values and organisational culture. For if it is the latter factors that are the real determinants of performance, what is the benefit of targeting the work behaviour of individuals?

If HRM is to fulfil its potential, it requires, as in other areas of management, an intellectual reassessment. A good place to start this reassessment is to return to its key insights into the human condition: that individual identity is intertwined with our work roles; that it is through group rela-

<sup>99</sup> Art G. Bedeian and Daniel A. Wren, "The most influential management books of the twentieth century", *Organizational Dynamics*, Vol. 29, No. 3 (Winter 2001), 222. This estimation was based on a survey of management academics.

<sup>100</sup> Douglas McGregor, *The Human Side of the Enterprise*, (New York, NY: McGraw-Hill, 1960), 33–34, 47.

<sup>101</sup> Victor H. Vroom, *Work and Motivation*, (New York and London: John Wiley & Sons, 1964); David C. McClelland, *The Achieving Society*, (Princeton, NJ: Van Nostrand, 1961).

tionships at work that we find both meaning and the capacities to do our jobs; that there is an inevitable mismatch at work between science-based technological systems and human-based systems; that these mismatches manifest themselves in “anomie”, alienation, and loss; that the detrimental effects of this mismatch are found in reduced work commitment as well as in personal maladjustment. It is difficult to see how such problems can be redressed through individual motivational schemes that ignore the diversity of interest and identity that has been modernity’s key strength. Instead, HRM’s best role, it would appear, is as an “honest broker” between management and the workforce, a facilitator of increased employee representation and engagement. This does not mean that HRM should abandon its disciplinary independence in an embrace of industrial relations, for its strengths and insights are fundamentally different. But there is clearly ground for collaborative endeavour.

## MANAGEMENT AND MARKETS

There is a tendency to view management as simply an agent of markets, driven by the competitive pressures produced through exchange. It can be just as well argued, however, that markets are the result of managerial action, the product of an increasingly sophisticated division of labour. As the above discussions of industrial relations and HRM indicate, these disciplines *primarily* explain work outcomes in terms of social relationships and group behaviour, rather than economics. Nor, as we observed in our previous chapter, is an emphasis on production rather than exchange contrary to all tenets of classical economics, with Marshall having observed that “the longer the period, the more important will be the influence of the cost of production on value”.<sup>102</sup> This emphasis on production and value is, however, not necessarily inconsistent with the view articulated by W. Edwards Deming, the so-called father of “lean production”, who indicated that in the modern global economy, the most efficient modes of production create a “chain reaction” that ripples through markets, destroying inefficient producers.<sup>103</sup> How then can we understand the relationship of management and markets within modernity?

<sup>102</sup> Alfred Marshall, *Principles of Economics*, (London, UK: Macmillan Publishers, 1920), 291.

<sup>103</sup> W. Edwards Deming, *Out of Crisis*, (Cambridge, Mass: The MIT Press, 2000), 3.

The most famed analysis of this management/market relationship within the business-related disciplines is, of course, Chandler's analysis in *The Visible Hand*. In Chandler's views, the market plays a much less significant role in the modern economy than it played during the Industrial Revolution. Though the market remains "the generator of demand for goods and services" in Chandler's evaluation, production and distribution have been "concentrated in the hands of a few large enterprises".<sup>104</sup> If Chandler little discussed the intellectual influences on his thinking, it is nevertheless clear that his main inspiration was the economist Oliver Williamson, whose seminal study *Markets and Hierarchies* was published 2 years before *The Visible Hand*.<sup>105</sup> In outlining what became known as "transaction cost economics", Williamson argued that, far from being the drivers of firm behaviour, markets were an *alternative* to internal business mechanisms.<sup>106</sup> In the end, it all comes down to decisions, not "market forces". An automobile producer, for example, can either buy steel through market exchanges or produce its own through internal exchanges. Either way, costs are incurred: a steel mill has to be constructed, iron and coal purchased, and specialised labour employed. If the car maker opts to buy steel through the market, the purchaser typically pays for a percentage of the fixed and variable costs of the steel maker. It also exposes itself to uncertainty and seller "opportunism", wherein the seller exploits market variability to impose extravagant prices.<sup>107</sup> For Williamson, as subsequently for Chandler, market mechanisms were not in any way superior to internal bureaucratic procedures.<sup>108</sup> Such conclusions have parallels to Braudel's distinction between "capitalism" and a "market economy". In Braudel's view, capitalism emerges from a market economy, but is distinct from it. Although drawing on market exchanges, "capitalism" in Braudel's analysis is based—as with Williamson and Chandler—on the economic power of

<sup>104</sup> Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business*, (Belknap Press: Cambridge, Mass., 1977), 1, 11.

<sup>105</sup> Chandler briefly discusses Williamson's theory of transaction cost economics in: Alfred D. Chandler, Jr., *Scale & Scope: The Dynamics of Industrial Capitalism*, (Cambridge, Mass: Belknap Press, 1990), 17.

<sup>106</sup> Oliver E. Williamson, *Markets and Hierarchies*, (New York, NY: Free Press, 1975), xi, 8.

<sup>107</sup> *Ibid.*, 25–29.

<sup>108</sup> *Ibid.*, 20.

firms, which are able to impose their own rules and procedures over both supply chains and sales.<sup>109</sup>

There is no doubt that Chandler, Williamson, and Braudel are correct in emphasising the role of the firm within modern capitalism. We should, nevertheless, avoid understating the continued importance of market forces. Corporate vulnerability to economic laws and market forces is most evident in three areas. The first relates to a defining characteristic of the modern firm, namely the requirement for investments in fixed capital; investments so large as to often give the firm a monopolistic or oligopolistic domination of a particular area of supply. In classical economics, such outcomes were invariably associated with the imposition of *higher* prices, with Adam Smith cynically observing that “all corporations” were established so as restrain “free competition” and thereby “prevent … reduction of price”.<sup>110</sup> As became first evident in the nineteenth century, however, a large highly capitalised firm often gains little by curtailing production even when selling at a loss. Most of its costs are fixed and therefore incurred whether anything is sold or not, meaning that some income is better than none. Accordingly, as the US economist, Arthur Hadley, noted in 1885: “Whenever there is a large fixed investment, and large fixed charges, competition brings price down below cost of service … Then we have bankruptcy, ruin to the investor, and – when these things happen on a large scale – commercial crises.”<sup>111</sup> What Hadley, however, did not appreciate was how this effect is found even in situations where there is little or no competition. The reason for this relates to the second vulnerability of the modern corporation: its capacity to charge the maximum price “the market will bear” is typically determined by the ripple effect of patterns of “derived” demand over which it has little control. This effect was also first evident in the nineteenth century as vast production and supply chains were created to meet the expanding needs of the industrial districts located around the North Atlantic. Demand for foodstuffs, for example, fuelled

<sup>109</sup> Fernand Braudel (trans. Sian Reynolds), *Civilization and Capitalism: The Wheels of Commerce*, (London, UK: Collins, 1982), 22; Fernand Braudel (trans. Patricia M. Ranum), *Afterthoughts on Material Civilization and Capitalism*, (Baltimore, ML: John Hopkins University Press, 1977), 28, 54, 62–63.

<sup>110</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, (London, UK: Penguin, 1997), Book I, Chap. X, Part II, para. 23 [The corporations that Smith spoke of were typically associations of small producers.]

<sup>111</sup> Arthur Twinning Hadley, *Railroad Transportation: Its History and its Laws*, (New York and London: G.P. Putnam’s Sons, 1885), 40, 70–71.

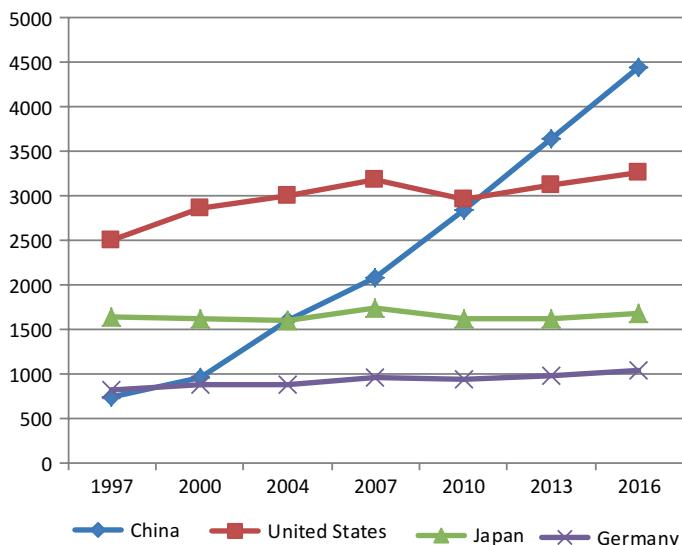
agricultural settlement in the New World, which in turn created a need for railways and shipping lines. Once a functioning global market was created, however, a saturation of demand occurred. This drove down not only global grain prices, but also the charges that “the market would bear” in rail transport, shipping, and a host of farm-related areas of production and consumption (i.e. harvesting machinery, clothing, home construction material etc.).<sup>112</sup> In today’s economy, the vulnerability of highly capitalised firms to changes in derived demand is evident in a host of areas: the plastics maker who produces vehicle dashboards, the farmer who grows the barley used in beer making, the construction company building apartments for students travelling abroad for an education, and so on.

The third vulnerability of the modern corporation is related to the second: improvements in global transport and communication networks. In *The Visible Hand* and more particularly *Scale and Scope: The Dynamics of Industrial Capitalism*, Chandler famously linked the emergence of the modern firm to the creation of mass markets through the advent of canals, telegraphs, steam-powered ships, and railroads.<sup>113</sup> In Chandler’s view, US business—with its capacity to exploit large consumer markets and sources of capital and labour—was the principal beneficiary of the transportation revolution. It is, moreover, through these improved trade mechanisms that modernity—which we have defined as a market economy based on individual property rights and a free labour force—historically swept all before it, relying on the rapidity of transport to convey its general superiority in its “natural” production prices.

Recent history indicates that transport and trade mechanisms can convey profound economic shocks as well as long-term benefits. This is indicated in Fig. 4.1, which compares the value of manufacturing outputs of the United States, China, Germany, and Japan between 1997 and 2010, measured in constant US dollars. As is self-evident, China’s extraordinary expansion of manufacturing capacity—which has seen the value of its output expand from a minuscule US\$268 billion in 1990 (at which time the value of US manufacturing output was more than ten times larger at US\$2.9 trillion) to US\$4.436 trillion in 2016—is fundamentally different

<sup>112</sup>This effect was commented upon in: Thorstein Veblen, “The price of wheat since 1867”, *Journal of Political Economy*, Vol. 1, No. 1 (Dec. 1892), 81–82. Also see, Bradley Bowden, “An exploration into the relationship between management and market forces: The railroads of Australia and the American West, 1880–1900”, *Journal of Management History*, Vol. 23, No. 3 (2017), 297–314.

<sup>113</sup>Chandler, *Visible Hand*, 7–8, 11, 49; Chandler, *Scale and Scope*, 1–2, 18, 26.



**Fig. 4.1** Value of United States, Chinese, Japanese and German Manufacturing Output (constant 2010 US dollars), 1997–2016. (Source: Calculated from World Bank, *On-line Database: World Development Indicators*, 2017)

to anything that has occurred since the initial Industrial Revolution. Although China resembles the old Soviet Union in having an economy that is—despite its partial embrace of capitalism—dominated by the Communist Party and state-owned enterprises, it differs from the Soviet Union in that its production has been directed towards exports rather than towards domestic consumption. Fuelled by readily available credit from Chinese state-controlled lending authorities—which has seen Chinese corporate debt reach an unprecedented 254 per cent of GDP in 2016<sup>114</sup>—Chinese manufacturing growth has had the effect of *suppressing* growth elsewhere. Japan, previously the dominant manufacturer in the western Pacific, has suffered most grievously. In the face of Chinese expansion, the value of Japanese manufacturing virtually stood still in the two decades between 1997 and 2016. Similar effects are obvious in German and US manufacturing. Thus, whereas Chinese manufacturing more than

<sup>114</sup> International Monetary Fund, *Global Financial Report*, October 2017, (Washington, DC: World Bank Group, 2017), Figure 1.23.

doubled in the decade between 2007 and 2016, growing by 114 per cent, American manufacturing expanded by only 2.1 per cent.<sup>115</sup>

Previously, modernity has not been much troubled by economic competition from societies based on different principles. Its superiority has never rested on lower wages, but rather on the superior productivity of its businesses and citizens. Along the way, a whole series of would-be competitors—Nazi Germany, the Soviet Union, the eastern European communist bloc, a host of preindustrial societies—have fallen by the wayside. Most undemocratic societies, where labour is more or less corralled into work by a series of dictates, have imploded from within. There is no reason to suspect that China—currently characterised by undemocratic political principles, insecure property rights, and a labour force subject to a series of controls (i.e. internal passports, an absence of organising and representation rights)—will escape this fate. Nevertheless, the Chinese economic success poses a set of problems to Western management that it has never confronted before. What role does management have in ensuring the prosperity of its workforce when the economic fortunes of broad sections of business are facing unprecedented challenges? To what extent does management have to substitute its own systems of representation for the decayed structures of trade unionism? It is unlikely that the answers to such questions will arise spontaneously from the shop floor. Instead, they can only come from the political realm and the corporate boardroom, in a redefinition of what Hobbes referred to as the “pact or covenant” between rulers and ruled, between employers and employed.<sup>116</sup> For the strength of modernity has never rested solely, or even mainly, in market exchanges, but rather in productive economic and social relationships based upon legal rights. As Weber notes in *Economy and Society*, without a system of law that defines, enforces, and protects contracts of employment, purchase, and exchange, the modern system of “commercial exchange would scarcely be possible”.<sup>117</sup> It is this that distinguishes commerce and business in Western societies from Putin’s Russia and communist China, where even well-placed billionaires face summary arrest and property seizure.

<sup>115</sup> Calculated from: Wold Bank, *On-line Database: World Development Indicators, 2017*, <https://data.worldbank.org/indicator/NV.IND.MANF.KD?view=chart> [Accessed 27 December 2017].

<sup>116</sup> Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Peterborough, CAN: Broadway Press, 2002), 66.

<sup>117</sup> Max Weber (Ed. Guenther Roth and Claus Wittich), *Economy and Society*, Vol. 2 (Berkeley, CA: University of California Press, 1978), 684.

Such laws and covenants enable as well as restrict. It is here that action is clearly needed, for it is delusion to believe that measures such as tariff protection or manufacturing subsidies can ever be more than a short-term salve. For if modernity is to be defended and advanced, it requires in the first instance a reassertion of its economic superiority, a superiority that must manifest in a lower “natural” price for goods and services. If this is to be regained, then all of the knowledge that management has mustered over the decades needs to be combined with a fully engaged and committed workforce; a commitment based on systems of employee representation that respect individual and group differences and rights.

## CONCLUSION

If we are looking for a guiding principle for management, it would be hard to go past the maxim with which Frederick Winslow Taylor opened *The Principles of Scientific Management*, where he stated, “The principal object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employé.”<sup>118</sup> However, if this objective is to be achieved in the current global order, then management and society at large first need to free themselves from a number of fallacies. The first and most notable fallacy is the belief—expressed forcibly by John Stuart Mill and opposed with equal vehemence by Elton Mayo—that “every extension” of competition “is always an ultimate good”.<sup>119</sup> Not only can market forces create, as Mayo correctly observed, “social disorganization” and “personal maladjustment”,<sup>120</sup> they can also convey and reinforce—where competitive “advantage” is based on labour exploitation and social repression—economic inefficiencies and inequities. In this, we need to constantly distinguish between sustainable “natural prices”, which reflect real costs of labour and capital, and variable “market” prices, which may be based on subsidies and unsustainable practices. A second error of thinking that needs to be dispelled is that which holds that modern management is a mere cipher of market forces, moving hither and yon in response to competition. In truth, as Williamson, Chandler, and others have indicated, management has become a creative force in its own right, effectively displacing the market in much of the production and

<sup>118</sup> Taylor, *Principles of Scientific Management*, 9.

<sup>119</sup> Mill, *Principles of Political Economy*, 795; Mayo, *Industrial Civilization*, 146–47.

<sup>120</sup> *Ibid.*, 165, 172.

distribution process. A third fallacy that we need to free ourselves from is the belief that a single “culture” or set of values can apply within a workplace. This is not to say workplaces are democracies, for they are instead hierarchies of wealth, authority, and knowledge. Nor is it to say, as industrial relations academics have long held, that diversity must necessarily be reflected in trade union representation and collective bargaining. In the vast majority of modern workplaces, the only form of employee representation (if any) is that which management itself establishes. Nevertheless, we need to remember, as Chester Barnard highlighted, that the interests of our individual personality can never be identical with an organisational personality. In societies based on democratic understandings and individual rights, management in Western democracies cannot behave—as do their Chinese counterparts—through mere dictate. Instead, management must re-engage with its workforces through mechanisms akin to those found in our political systems; systems based on elected representation, bargaining, and appeal avenues. It is hard to difficult to identify any other basis upon which the historic strengths of modernity can be reasserted.

## PART I: SUMMARY

This study is a defence of modernity, of a societal and economic system that emerged from the European Enlightenment; a system associated with market economies, political democracy, respect for private property, individual rights, and legally free labour forces. In defending modernity, however, one will do a poor job of the task if one denies fundamental truths: that the paths of modernity have often been troubled; that capitalism has at times willingly availed itself of unfree labour; that no single model—be it based on classical economics, Keynesianism, post-1970s neoliberalism—has operated without failings. As heirs to the European Enlightenment, our first task must be, as Anne-Robert-Jacques Turgot advised David Hume in the mid-eighteenth century, to continually search for the “true causes” of things; to constantly subject every social institution, every facet of our existence, to logical and reasoned scrutiny.<sup>121</sup>

Where this author, as a defender of modernity, parts company with postmodernism in the first instance is in my belief—as someone who places myself fair and square in the main intellectual traditions of the

<sup>121</sup> Cited, C.B.A. Behrens, *The Ancient Régime*, (London, UK: Thames and Hudson, 1967), 122.

Enlightenment—that reasoned and logical scrutiny can lead to solutions for current and future societal woes. This is not something to which postmodernists ascribe, drawing as they do on different traditions of Enlightenment thought. As we have noted in Part 1, the schools of thought that emerged from the European century of Enlightenment, although united by a common questioning spirit, were divided on two fundamental issues: (a) epistemology, the process by which we obtain knowledge, and (b) the purposes for which we use knowledge and science. Whereas both empiricist thinkers (Thomas Hobbes, John Locke, David Hume, Voltaire, Cantillon, Montesquieu) and those who shared Immanuel Kant's understandings believed that the objective world could be understood as physically real—to cite Kant, “the real, or the material” exists “independently of all fancy”<sup>122</sup>—this is not something that the idealist tradition that informs postmodernism holds true. Rather than being primarily concerned with the *outside* world, the idealist tradition—informed by Berkeley, Vico, Descartes, and, above all, Nietzsche—is primarily concerned with the inner world of individual being and essence, consciousness and will. As Nietzsche declared, “The Self seeks with the eyes of the sense, it listens too with the ears of the spirit … it compares, subdues, conquers, destroys … The creative body creates spirit for itself, as a hand of its will.”<sup>123</sup>

In many ways, intellectual division as to the purposes to which knowledge should be applied follows on from one's epistemological understandings. If one believes that knowledge is highly individualised, tied to individual consciousness and feeling, then matters involving economics and a society's material advancement must always be—at best—a secondary concern. Accordingly, with the exception of George Berkeley whose extreme philosophic idealism caused disinterest in material circumstances, the idealist tradition has tended to view modernisation and industrialisation with either scepticism or hostility. In this objection, philosophic idealists were joined by a line of theoretical rationalists, most particularly Jean-Jacques Rousseau, who also found the advance of urbanisation and industrialisation a detrimental experience for the human spirit. In objecting to the division of labour that Adam Smith subsequently declared to

<sup>122</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 348.

<sup>123</sup> Friedrich Nietzsche (trans. R.J. Hollingdale), *Thus Spoke Zarathustra*, (London, UK: Penguin Books, 1970), 62.

be the cornerstone of modern economics, Rousseau observed in *Emile* “that the reasoning of materialists resembles that of ... [a] deaf man”. By training a person “exclusively for one station”, they not only made him “useless for any other”, but also “worked only to make him unhappy”.<sup>124</sup>

Those who use either the empiricist tradition or Kant as their philosophical and epistemological touchstones believe that we can also use research and inquiry to establish patterns of behaviour and theoretical principles or laws. Upon these, we can recraft our economic and social circumstance. As Thomas Hobbes explained it, “[s]cience is the knowledge of consequences”.<sup>125</sup> As philosophic idealists, this is not a position shared by postmodernists, with Michel Foucault observing in *The Archaeology of Knowledge*, “I have no great liking for interpretation”<sup>126</sup>; a position echoed by the Dutch postmodernist Frank Ankersmit, who declared that “postmodernism is ... not so much a theory of interpretation”.<sup>127</sup> Economic theories and explanations—associated as they are with material progress, wealth creation, and the division of labour—are regarded with particular suspicion by philosophic idealists in general and postmodernists in particular. In Foucault’s opinion, “political economy has a role in capitalist society, that it serves the interests of the bourgeois class, that it is made by and for that class, and that it bears the mark of its origins”.<sup>128</sup> Accordingly, any who take up this accursed discipline are similarly marked. As we have noted, management is also regarded by postmodernists with suspicion.

The Enlightenment was associated not only with philosophy and epistemology. It was also much concerned with concepts of power, democracy, social engagement, and the relationship between rulers and ruled. Explicitly drawing on Thucydides’ *History of the Peloponnesian War* and his discussions of democracy and oligarchy, Thomas Hobbes spoke of the implicit “contract” or “covenant” that existed between all rulers and their

<sup>124</sup> Jean-Jacques Rousseau (trans. Alan Bloom), *Emile, or, On Education*, (London, UK: Penguin Classics, 1979), 280, 194.

<sup>125</sup> Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Peterborough, CAN: Broadway Press, 2002), 38.

<sup>126</sup> Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon, 1972), 202.

<sup>127</sup> F.R. Ankersmit, “Reply to Professor Zagorin”, in Brian Fay, Philip Pomper and Richard T. Van (Eds.), *History and Theory: Contemporary Readings*, (Oxford, UK: Blackwell Publishers, 1998), 217.

<sup>128</sup> Foucault, *Archaeology of Knowledge*, 186.

subjects; what Rousseau subsequently referred to as “the social contract”.<sup>129</sup> As we observed in Chap. 4, this emphasis on engagement, and on the centrality of the relationship between employer and employee, was seminal to the emerging discipline of management in the nineteenth and twentieth centuries. As Frederick Winslow Taylor observed in *The Principles of Scientific Management*, “[c]lose, intimate, personal cooperation between management and man is the essence of modern scientific or task management”.<sup>130</sup> Elton Mayo emphasised similar understandings that did much to inform the discipline of HRM. Arguing against the thesis that unrestrained market forces could always be assumed to deliver “some great good”, Mayo saw management as engaged in a constant battle to mediate and moderate the effects of markets, which, he believed, often delivered “social disorganization” and “personal maladjustment”.<sup>131</sup> Arguably, however, it was John D. Rockefeller, Jr., chastened by the bloodbath that occurred at his Colorado Fuel & Iron Co. operations at Ludlow in 1914, who proved the most passionate and foresighted management advocate of employee participation and engagement. As Rockefeller recorded in the “Industrial Constitution” that was to bind his operations from 1916 onwards, “[T]he soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits”; a policy he associated with employee representation and security of employment.<sup>132</sup> The advance of modernity, in summary, owes as much—if not more—to relationships, to participation and engagement, as to theories of epistemology.

<sup>129</sup> Hobbes, *Leviathan*, 85; Jean-Jacques Rousseau, “The social contract”, in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK: Dent & Sons, 1950), 1–141.

<sup>130</sup> Frederick Winslow Taylor, *The Principles of Scientific Management*, (New York, NY: W.W. Norton & Co., 1967), 26.

<sup>131</sup> Elton May, *The Human Problems of an Industrial Civilization*, (New York, NY: The Macmillan Company, 1933), 147, 165, 172.

<sup>132</sup> John D. Rockefeller, Jr., “Labor and capital – partners”, *The Atlantic Monthly*, (July 1916), 12–20.

## PART II

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# Introduction: Postmodernism

Postmodernism is a complex intellectual tradition, drawing on idealist philosophical frameworks that emerged during the century of the European Enlightenment. Despite shared commonalities—scepticism of the idea that objective existence is capable of being understood and accurately reported, opposition to manifestations of power and authority, hostility to material progress based on science, technological, and hierarchical forms of organisation—postmodernism is also composed of diverse strands. Prominent among these competing bodies of thought are the literary deconstructionism of Jacques Derrida and the postmodernism of Michel Foucault. As we have noted in the Introduction to this book, in their lifetimes, neither Foucault nor Derrida showed much affection for each other's perspective. In Foucault's opinion, Derrida was part of a failed "pedagogy" which, "in its waning light", wrongly "teaches the student that there is nothing outside the text".<sup>1</sup> Derrida viewed Foucault's analysis as "structuralist", containing "totalitarian" implications that betrayed "historicist" and neo-Marxist influences.<sup>2</sup> While none of the founding figures in French postmodernism—Derrida, Foucault, Roland Barthes, Jean-Francois Lyotard—showed much regard for a narrative approach to writing, in the hands of the late Hayden White and his many

<sup>1</sup> Michel Foucault, "Appendix II—My body, this paper, this fire", in Michel Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, Second Edition, (London, UK: Routledge, 2006), 573.

<sup>2</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 66–69.

English-speaking imitators, a narrative style has been used to promote an essentially Foucauldian perspective.<sup>3</sup>

The complexity of postmodernism, when combined with the marked divisions between its foundational theorists, makes the usage of a postmodernist framework an inherently difficult exercise. All too often, however, the complexities and inherent limitations of postmodernist frameworks are glossed over by would-be exponents. Recent evidence of this is found in *A New History of Management*, authored by Stephen Cummings, Todd Bridgman, John Hassard, and Michael Rowlinson. In outlining the book's purpose the authors grandiosely declare that—inspired “by Foucault and the emergent cultural turn in management history”—they will “analyze and probe the nature of management history writing”, outlining in the process “alternative historical vistas” that “might inspire thinking innovatively”.<sup>4</sup> The authors’ Foucauldian approach, we are also advised, provides the basis for overturning “accepted continuities and discontinuities”, revealing “the conditions in which human beings ‘problematisize’ existence”.<sup>5</sup> What the authors fail to mention are the things that become methodologically impossible once one embraces a Foucauldian perspective. First, one must set aside any objects relating to interpretation, that is, to explaining why such and such occurred. The reason for this, as Foucault himself explained in *The Archaeology of Knowledge*, is that Foucault had “no great liking for interpretation”.<sup>6</sup> Foucault’s disinterest in interpretation reflects the fact that Foucault was primarily interested in *describing* “discourses” and *epistemes* (bodies of knowledge), and how they are used, rather than in tracing their historical origins. As Foucault explained, “discourse must not be referred to the distant presence of the origin, but treated as and when it occurs”.<sup>7</sup> In embracing Foucault one must also abandon any hope of establishing cause–effect relationships, with Foucault having declared his desire to leave “the problem of cause to one side” in *The Order of Things*.<sup>8</sup> That Foucault’s work was opposed to

<sup>3</sup> White’s seminal study is: Hayden White, *Metahistory: The Historical Imagination in Nineteenth-Century Europe*, (Baltimore, MD: John Hopkins University Press, 1973). Note: White died on 5 March 2018.

<sup>4</sup> Stephen Cummings, Todd Bridgman, John Hassard and Michael Rowlinson, *A New History of Management*, (Cambridge, UK: Cambridge University Press, 2017), 42.

<sup>5</sup> *Ibid.*, 41.

<sup>6</sup> Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge* (New York, NY: Pantheon Books, 1972), 202.

<sup>7</sup> *Ibid.*, 24.

<sup>8</sup> Michel Foucault, *The Order of Things: An Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), xiii.

the search for causal relationships is also evident in an assessment by Hayden White, who correctly observed that “Foucault … rejects all causal explanations, of whatever sort”.<sup>9</sup>

Given the failings, limitations and often bitter internal feuds that characterise postmodernist thought, we may reasonably ask the question: Why has it enjoyed the intellectual success that it has? It is the contention of this book that much of the explanation for both the impact and the longevity of the postmodernist critique of the modern world is found in its long heritage; an intellectual heritage that goes back not decades but centuries to the idealist philosophers of the Enlightenment. This strength, however, and the debt that postmodernism owes philosophical idealism, makes it a difficult school of thought to understand—and an even more difficult school of thought to use in ways that are true to its foundational principles. To explore both the nature of postmodernism and its usage, Part 2 of this book is broken—as was Part 1—into three chapters. In Chap. 5 we explore how French postmodernism broke from the previously dominant “structuralist” approaches that characterised debates in politics (Louis Althusser), history (Fernand Braudel and the *Annales* School), anthropology (Claude Levi-Strauss), and, above all, linguistics (Ferdinand de Saussure). The ensuing chapter, Chap. 6, considers the commonalities and differences in the thinking of the key postmodernist theorists: Derrida, Foucault, and White, as well as those who profoundly influenced the thinking of this trio (Barthes, Emmanuel Levinas, Martin Heidegger). In the final chapter in this Part, Chap. 7, we consider the uses and abuses of postmodernism in a range of business-related disciplines: management, organisational studies, management history, and accounting.

<sup>9</sup> Hayden White, “Foucault decoded: Notes from the underground”, *History and Theory*, Vol. 12, No. 1 (1973), 31.



## CHAPTER 5

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# Structuralism and Postmodernism

### INTRODUCTION

In origin, postmodernism was a peculiarly French phenomenon, engaging with well-established traditions of French intellectual thought. It is this, and the use of terms with which French intellectuals have long familiarity but which are largely alien to people outside the French milieu—terms such as structuralism, signified, and signifier—that helps make postmodernism incomprehensible to many in the Anglosphere.

In opposing “structuralism”, both the French founders of postmodernism and their English-speaking imitators adopt an essentially anarchistic world view, suggesting that human actions do not need to be bound by historical institutions, whether forged by economics, politics, or language. Although opposition to “structuralism” and “poststructuralism” is most strongly associated with Jacques Derrida, it characterises all postmodernist thought. In the preface to the first English edition of *The Order of Things*, published in 1970, Michel Foucault established his credentials by asserting, “I have used none of the methods, concepts, or key terms that characterize structural analysis.”<sup>1</sup> The implications of this disavowal are perhaps best spelt out by the Dutch postmodernist Frank Ankersmit. If humanity can be understood as a tree with individuals making up its leaves, Ankersmit explains, than modernist thought is a way of thinking that gives primacy

<sup>1</sup> Michel Foucault, *The Order of Things: An Archaeology of the Human Sciences*, (New York, NY: Vintage Books, 1994), xiv.

to the tree and the process by which it produces the leaves. By contrast, he continued, postmodernism is concerned solely with the leaves “when autumn or winter comes” and “they are blown away by the wind”; a wind that scatters the leaves in no discernible pattern.<sup>2</sup> In other words, each individual is a world unto themselves, able to detach themselves from the fixed understandings of language and the fixed norms of behaviour that societal structures appear to demand.

Although “structuralism” thus has a generic meaning, when postmodernists and poststructuralists refer to “structuralism”, they are *primarily* announcing their opposition to the structural linguistics associated with the French-speaking Swiss semiotician Ferdinand de Saussure. Born in 1859, Saussure represented a type of academic that was once common but which is now rare: the well-trained and original scholar who conveys his research through teaching rather than through publication. On his death in 1913 the intellectual legacy of Saussure, who had written nothing of note during his career, was rescued by his former students, who pieced together their lecture notes so as to publish a *Course in General Linguistics* under Saussure’s name. In this, Saussure is recalled as drawing an all-important distinction between “speech”—and more particularly, the act of speaking or what Saussure called *parole*—and “language”. Whereas the act of speaking is always individual, and hence “heterogeneous” (i.e. people using the same language express themselves in a wide variety of ways), “language” is a social “institution” beyond the control of any individual. Accordingly, Saussure believed, linguistic meaning is always conferred by language: not speech.<sup>3</sup> Thus, whereas I as an individual can associate my “pen” with a particular written or verbal designation (i.e. biro, ballpoint, writing implement), this designation only has meaning when it is located in an agreed structure of language. With Saussure, therefore, language—which is inherited in more or less the same form by generation after generation—is a “system”, “homogenous” in both “nature and application”.<sup>4</sup> For postmodernists, it is Saussure’s emphasis on structure, homogeneity, and the importance of historical legacy that is most objectionable. In *Writing and Difference*, therefore, Derrida declares that “the dream of emancipation” begins with the freeing of language from the structures

<sup>2</sup>F.R. Ankersmit, “Historiography and postmodernism”, *History and Theory*, Vol. 28, No. 2 (May 1989), 149–50.

<sup>3</sup>Ferdinand de Saussure (trans. Wade Baskins; Ed. Charles Bally and Albert Sechehays), *Course in General Linguistics*, (New York, NY: Fontana Collins, 1974), 15, 69.

<sup>4</sup>*Ibid.*, 71, 73, 15.

imposed upon it; a freedom supposedly associated with “imagination” perceiving different meanings to those traditionally imposed by the structure of language.<sup>5</sup>

Although structuralism was initially associated with linguistics, Saussure’s emphasis on the importance of deep structures was in the course of the twentieth century taken up by French anthropologists, historians, and political philosophers; a take-up that subsequently provoked postmodernist ire in these domains as well. In anthropology, Claude Levi-Strauss, in accepting appointment to the first Chair of Social Anthropology at the College of France in 1967, attributed the source of his insights to Saussure.<sup>6</sup> In turn, Fernand Braudel—the pre-eminent French historian for whom the key to understanding any society lay in discerning its deep historical “structures”, which “become the stable elements of an infinity of generations”—freely acknowledged the influence of Levi-Strauss on his thinking.<sup>7</sup> Saussure, through Levi-Strauss, also influenced the French neo-Marxist Louis Althusser; a political philosopher who perceived capitalism “as an edifice containing a base (infrastructure) on which is erected” a “superstructure” comprising “two floors”: “ideology” and “law and the State”.<sup>8</sup>

On surface appearance, argument over French structuralism is an obscurantist debate that has little relevance either to mainstream scholarship or to society at large. In truth, however, the “structuralist” debate goes to the heart of both the Western intellectual tradition and the post-modernist challenge. On the one side in this debate are those who see, as this author does, the human condition as one defined by enabling social institutions that both shape our behaviour and existence, and are amenable to understanding, amendment, and transformation. For those operating from such premises, understandings of what is historically possible for

<sup>5</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 33, 30, 15.

<sup>6</sup> Jonathan Culler, “Introduction”, in Ferdinand de Saussure (trans. Wade Baskins; Ed. Charles Bally and Albert Sechehays), *Course in General Linguistics*, (New York, NY: Fontana Collins, 1974), xiv.

<sup>7</sup> Fernand Braudel (trans. Immanuel Wallerstein), “History and the social sciences: the *longue durée*”, *Review*, Vol. 32, No. 2 (2009), 178, 193. [This was an English translation and reprint of an article that first appeared in *Annales* in December 1958.]

<sup>8</sup> Ted Benton, *The Rise and Fall of Structural Marxism: Althusser and his Influence*, (London, UK: Macmillan, 1984), 12; Louis Althusser, “Ideology and ideological state apparatus”, in Louis Althusser (trans. Ben Brewster), *Lenin and Philosophy and Other Essays*, (London, UK: New Left Books, 1977), 90.

individuals and social groups at any place in time and space require a knowledge of economics, demography, patterns of employment, political institutions, and deep recesses of culture. On the other side, in the post-modernist corner, are those such as Foucault and Ankersmit, who believe that individuals and groups can detach themselves from social ties that bind them if only they can determine “the ordering codes” of language and culture that entrap them.<sup>9</sup>

### STRUCTURALISM IN LANGUAGE

Debates about the relationship between language and knowledge have a long lineage. In *Phaedrus*, Plato not only indicated a preference for spoken language over written words, but also drew a distinction between “rhetoric” that was intended to “mislead” and an enlightening “discourse” based on a “dialectical” method. The latter, Plato advised, required a strict structure that brought “a dispersed plurality under a single form”, allowing observers to see the linkages between evidence and proof.<sup>10</sup> Subsequently, as both printing and modern political states spread throughout Europe from the sixteenth century onwards, there emerged a concerted move to establish rules of “grammar” that set out the “correct” principles for speaking and writing; a move reinforced by the publication of “dictionaries” that outlined the correct spelling and meaning for individual words. In the late eighteenth and early nineteenth centuries, inquiries into language were extended into “philology” (the study of texts and literary history) and “comparative philology” (the study of commonalities and differences between languages). It was this latter endeavour that caused Saussure to seek the “laws” that govern not one linguistic group but all languages, thereby providing the basis for a new discipline that he called “semiology”.<sup>11</sup>

In developing semiology or structural linguistics, Saussure outlined four key principles. First, he logically deducted, the “signs” that acted as the building blocks of language—that is, the image of a dog and the word that corresponds to that image—were “arbitrary”.<sup>12</sup> There is, for example, no particular reason why the word “dog”, and its associated sounds,

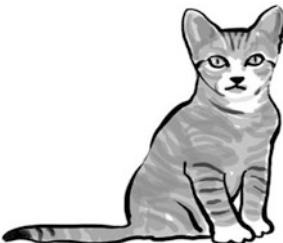
<sup>9</sup> Foucault, *Order of Things*, xxi.

<sup>10</sup> Plato (trans. R. Hackforth), *Phaedrus*, (Cambridge, UK: Cambridge University Press, 1972), 124–25, 132–33, 138–39.

<sup>11</sup> Saussure, *General Linguistics*, 1–2, 16.

<sup>12</sup> *Ibid.*, 112–13.

**Table 5.1** Signs, signified

<i>Sign</i>	
<i>Signified</i>	<i>Signifiers</i>
	Cat Feline Tabby Kitten Moggy Chat (French)

should designate a category of animal descended, more or less distantly, from wolves. If I were in France, a different combination of sounds, taking the form of *chien*, would be used to designate the same animal group. Accordingly, Saussure concluded, a linguistic “sign” was necessarily composed of two separate elements—a thought or concept (a thing that is *signified*) and the sounds and/or text used to express that thought (the *signifier*).<sup>13</sup> Thus, as Table 5.1 indicates, if we think of a “cat”, this is a linguistic “sign” composed of a feline animal (what is *signified*) and the *signifiers* used to describe it.

Given the arbitrary relationship of the *signified* and the sounds that make up possible *signifiers*, Saussure proceeded to his second and third key arguments: (a) that *signifiers* obtain meaning not so much from any intrinsic arrangements as from *differences* in the placement of sounds and words, and (b) that agreed understandings as to the meaning of these different placements can only be a “social fact”.<sup>14</sup> For example, if I say, “The soldier is keeping watch”, then an English-speaking reader immediately has an image in their mind of an armed person looking for possible danger (what is *signified*), rather than an instrument for keeping time. This image stems not from any intrinsic values associated with “watch”, but rather from its association with the previous words, most notably “keeping”.

From these preceding points, Saussure drew a conclusion that was to invoke postmodernist hostility: that “language is a social institution”,

<sup>13</sup> *Ibid.*, 66–67.

<sup>14</sup> *Ibid.*, 118, 113.

agreed conventions that are an historical inheritance.<sup>15</sup> Accordingly, once a linguistic “sign” is established (i.e. a feline animal is described as a “cat”), then it is beyond the capacity of an individual to change that meaning.<sup>16</sup> Moreover, where language does evolve within modern societies, Saussure argued, it is typically spoken language (speech) that changes, rather than written words (i.e. since American independence, the pronunciation of “lieutenant” evolved in British English into “leff-tenant”, whereas American English retains the archaic “lou-tenant”). Thus, for Saussure, as for Plato, verbal speech—not the written word—is the purest expression of a language. Writing, by comparison, becomes something of a linguistic tyrant, often no longer representing “what it is supposed to represent”.<sup>17</sup>

As we noted in the introduction, the postmodernist critiques of language—although incomprehensible to many—represent a challenge to the very foundation of the Western intellectual tradition. For, as Foucault accurately recorded, “knowledge and language are rigorously interwoven”.<sup>18</sup> In essence, postmodernism, by challenging understandings of language, is engaged in what Lyotard in *The Postmodern Condition* referred to as “delegitimation”; a process in which “delegitimation” of understandings of language leads first to “delegitimation” of accepted knowledge and then of the whole “socio-political” order.<sup>19</sup> Within this postmodernist critique of language, there is, however, as in most things relating to postmodernism, much variation. Despite Foucault’s protestations in *The Order of Things* that this work owed nothing to “structural analysis”,<sup>20</sup> such early work by Foucault is closest in thinking to that of Saussure. By looking at the “vocabularies”, “syntaxes”, and language “sounds” of various “civilizations and peoples”, rather than simply “the words they spoke”, Foucault suggested, we can “open up a whole historical field that had not existed in previous periods”.<sup>21</sup> Such a line of inquiry, which can be considered an extension of comparative philology, causes Foucault to conclude that “in any given period”, it is *a priori* understandings rooted in language that delineate “the conditions” that “sustain a

<sup>15</sup> *Ibid.*, 15, 8.

<sup>16</sup> *Ibid.*, 69.

<sup>17</sup> *Ibid.*, 27, 30–31.

<sup>18</sup> Foucault, *Order of Things*, 86.

<sup>19</sup> Jean-Francois Lyotard (trans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1984), 40, 30.

<sup>20</sup> Foucault, *Order of Things*, xiv.

<sup>21</sup> *Ibid.*, 87.

discourse about things that is recognized as true".<sup>22</sup> What opens up possibilities for both new understandings and social relationship are "breaks" and "discontinuities" in an *episteme* (field of knowledge). According to Foucault, a break of particular significance occurred around 1650; a time that saw what Foucault described as the "Classical Age" emerge from the pre-Classical era (i.e. the medieval and Renaissance world). In turn, Foucault suggested, the *episteme* associated with the "Classical Age" gave way to the modern *episteme* around 1800. According to Foucault, it was only with these transformation that "man enters ... for the first time, the field of Western knowledge"; that is, secularist "humanist" understandings made humanity the principal focus of study rather than God and religion.<sup>23</sup> The problems with such claims are manifold. As Derrida accurately noted, any study that starts around 1650 ignores the previous "twenty centuries" of Western thought—traditions whose philosophical and philological foundations can be traced back to the ancient Greeks.<sup>24</sup> Foucault's attempt to identify an *episteme* solely with intellectual trends—rather than with changes in the material world (the French Revolution, the Industrial Revolution etc.)—is also highly dubious.

Among poststructuralists, the French semiologist Roland Barthes is arguably the best in making the case that there is often more than one meaning in language.<sup>25</sup> Drawing on his experiences in Japan, Barthes highlighted the importance of non-verbal cues. In Japan, such non-verbal cues, Barthes discovered, were "so in excess of speech" that it was only by paying attention to such cues that spoken words could be properly understood.<sup>26</sup> More importantly, Barthes highlighted how Saussure's depiction of the relationship between "signs" and their constituent parts (*signifiers* and what is *signified*)—see Table 5.1—was inadequate when it came to myth and to usages in art and literature, where the depiction of one concept or object was merely a device for conveying understanding of something far more fundamental.<sup>27</sup>

<sup>22</sup> *Ibid.*, 158.

<sup>23</sup> *Ibid.*, xxiii.

<sup>24</sup> Derrida, *Writing and Difference*, 6, 12–13.

<sup>25</sup> Roland Barthes (trans. Katherine Pilcher Keuneman), *Criticism and Truth*, (Minneapolis, MN: University of Minnesota Press, 1987), 39. Barthes shifted in the course of his career from a "structuralist approach" that followed Saussure's thinking to an increasingly critical "poststructuralism". For details, see: Terry Eagleton, *Literary Theory: An Introduction*, (Oxford, UK: Basil Blackwell, 1983), 134–144.

<sup>26</sup> Roland Barthes (trans. Richard Howard), *Empire of Signs*, (New York, NY: Hill and Wang, 1982), 9.

<sup>27</sup> Roland Barthes (trans. Annette Lavers), *Mythologies*, (New York, NY: Hill and Wang, 1972), 115.

Thus, if one goes to the main Post Office in Dublin's O'Connell Street, where the Irish Declaration of Independence was read in Easter 1916, one can see a large bronze statue of a dead Celtic warrior, still upright and strapped by his own belt to a tree. As every student of Irish mythology knows, this statue depicts Cuchulain, Ulster's greatest combatant, in his final battle when, with ebbing strength, he strapped himself to a tree so that he could continue to face his enemies even in death. As every Irish citizen is aware, however, the symbol of Cuchulain conveys deeper historical and cultural understandings. At one level, it is linking Cuchulain's fate with the patriots of 1916, whose battle continued beyond the grave. At another, in a deeply Catholic country, it is linking Jesus' sacrifice upon the cross with the "blood sacrifice" of 1916. In each case, sacrifice heralded resurrection; eternal life in the case of Jesus and an independent Irish state in the case of the martyrs of 1916 (see Table 5.2).

**Table 5.2** Signs and myths

<i>Sign 1</i>	
<i>Signified</i>	<i>Signifier</i>
	Cuchulain (Irish warrior)
<i>Sign 2</i>	
<i>Signified</i>	<i>Signifier</i>
Death and Resurrection of Christ	Sign 1
Irish Independence emerging from "blood sacrifice" of Easter Uprising	

*Source:* Adapted from Barthes, *Mythologies*, 115

If Barthes' critique of Saussure's *signifier/signified* divide via a discussion of "myth" has arguable merit (albeit one that Saussure would have likely endorsed), this proved merely a forerunner to Derrida's far more radical break with Saussure and structural linguistics; a break that saw Derrida condemn as oppressive the entire "logico-philosophical" heritage of the West.<sup>28</sup> In doing so, Derrida adopted a number of militant positions. First, he not only rejected the view that written language is a mere (inferior) reflection of spoken language, but also denied any necessary connection between written words and linguistic "signs", declaring instead that "language is born" only when it "is written" and is thus "deceased as a sign-signal".<sup>29</sup> In other words, written text should be perceived as having an independent existence, separate from speech. Second, because Western language is based on sounds (*phones*), it is—Derrida argued—inferior to "pictographic or natural writing" (such as Egyptian hieroglyphics), which directly represents concepts and ideas.<sup>30</sup> The "phonocentric" nature of Western language meant that its geographic spread, and its adoption by other cultures, was not only exploitative and oppressive, but also retrograde, forcing the free flight of imagination to limit itself to the confines of expressed sounds; a view diametrically opposed to Saussure's belief that phonetic-based writing succeeded precisely because it was far better suited to the core linguistic task of linking "thought and sound".<sup>31</sup>

Derrida's third key formulation represented both a development and a rejection of Saussure's belief that linguistic meaning is created by "difference", that is, a different combination of sounds and a different placement of words. Where Derrida departed markedly from Saussure was in his use of the term "difference" or, to be more exact, the French word *déférence*. Drawn from the verb *déférer*, this word translates as "to refer" or "to defer to" rather than difference in the English vernacular.<sup>32</sup> Thus, when I indicate that "I am opening the door", there is necessarily an implied reference to a "closed door". Up to this point, Saussure would have little argument with Derrida. At this juncture, however, Derrida preferred to be guided by Martin Heidegger's *Time and Being*, which held that written language contained "traces" and "residues" of a full range of experiences of which authors themselves may not have been

<sup>28</sup> Derrida, *Writing and Difference*, 47.

<sup>29</sup> *Ibid.*, 13.

<sup>30</sup> Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 10–11, 32; Derrida, *Writing and Difference*, 274–78.

<sup>31</sup> Derrida, *Of Grammatology*, 121, 113; Saussure, *General Linguistics*, 112.

<sup>32</sup> Derrida, *Of Grammatology*, 66.

fully consciously aware.<sup>33</sup> So when I speak of “opening the door”, there lurks a number of “traces”, relating to not only whom I am opening the door for, but also for whom I am not opening the door. In terms of the understandings of language that Saussure had inaugurated, this represented a dramatic departure, opening up the possibility of myriad unsuspected significations lurking within a given text.<sup>34</sup> Collectively, Derrida boasted in *On Grammatology* that the adoption of his principles would allow the groundwork for “the Nietzschean demolition” of the whole structure of Western *logos* (knowledge), most particularly “the signification of truth”.<sup>35</sup>

### STRUCTURALISM IN HISTORY AND ANTHROPOLOGY

In the original preface to his *The Mediterranean and the Mediterranean World in the Age of Phillip II*—a work written in part from memory and notes while serving as a French prisoner of war in the Second World War—Fernand Braudel expressed a distrust of “traditional history”, built around narratives of wars, politics, and social unrest. Such histories, Braudel argued, recorded mere “surface disturbances”.<sup>36</sup> Everywhere, meanwhile, humanity remained “more than waist-deep in daily routine … ways of acting” that often “go back to the beginning of mankind’s history”.<sup>37</sup> The key to understanding the human condition was therefore to be found not in studying change, as most social scientists did, but rather in the deep structures of societies that made them inherently stable.

During the period of postmodernism’s intellectual emergence, Braudel was the key figure in what was arguably the dominant force in French historical research, the *Annales* School. Associated with the *Annales D’Histoire Economique et Sociale* established in 1929 by Braudel’s mentors, Lucien Febvre and Marc Bloch, this School placed emphasis from the outset on those elements of existence that survive “vast tracts of time without

<sup>33</sup> Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (Oxford, UK: Blackwell Publishing, 1962), 78; Derrida, *Writing and Difference*, 100–01,

<sup>34</sup> John Storey, “Structuralism”, in John Storey (Ed.), *Cultural Theory and Popular Culture*, Fourth edition (Harlow, UK: Pearson Longman, 2009), 243.

<sup>35</sup> *Writing and Difference*, 47.

*Ibid.*, 13.

Derrida, *Of Grammatology*, 19, 10.

<sup>36</sup> Fernand Braudel, “Preface to the first edition”, in Fernand Braudel (trans. Sian Reynolds), *The Mediterranean and the Mediterranean World in the Age of Phillip II*, Vol. 1 (New York, NY: Harper Torchbooks, 1975), 21.

<sup>37</sup> Fernand Braudel (trans. Patricia M. Ranum), *Afterthoughts on Material Civilization and Capitalism*, (Baltimore, MD: John Hopkins University Press, 1977), 7.

changing”.<sup>38</sup> Methodologically, it was Bloch who shaped the principles that were to subsequently guide Braudel and the *Annales* School. After having won France’s most prestigious award, the Legion of Honour, for his military service in the First World War, Bloch subsequently penned his major study—*The Historian’s Craft*—while leading a fugitive existence as a French resistance leader in the early 1940s; a resistance that ended before a German firing squad in June 1944.<sup>39</sup> In notebooks published after his death, Bloch enunciated two key principles. The first and most important of these related to time, Bloch arguing that most social science research fundamentally erred by studying only “a tiny patch of the vast tapestry of events, deeds, and words which form the destinies of a group”.<sup>40</sup> In advocating what Braudel was to subsequently refer to as the study of the *longue durée* (long movement), Bloch argued that the key methodological issue was not evidence but rather *periodisation*: the time span of the investigated period.<sup>41</sup> In other words, research conclusions are determined in large part by the particular time period that we choose to study. If, for example, we examined European history between 1789 and 1850, we are apt to conclude that politics, new political ideals (representative democracy, individual rights, constitutional protections), and the revolutions of 1789–92, 1830, and 1848 were decisive factors in the creation of the modern world. By contrast, if we made the period between 1400 and 1850 the focus of our study, we would likely conclude that New World expansion and new forms of production were seminal to the transformative changes that shaped modernity. Bloch’s second key point followed from his first: research dealing with extremely long historical periods was incompatible with both a narrative style of writing and narrative evidence. Instead, structural history had to rely on sources that record the everyday nature of material and economic existence: census figures, financial exchanges, port movements, internal business accounts, and the like.<sup>42</sup> In developing these themes, Braudel argued for the “mathematization” of historical research or, to be more exact, the use of what he called “qualitative social mathematics”, in which understandings are teased out

<sup>38</sup> Fernand Braudel (trans. Sarah Mathews), *On History*, (Chicago, IL: Chicago University Press, 1980), 75.

<sup>39</sup> Lucien Febvre, “Introduction”, in Marc Bloch (trans. Peter Putman), *The Historian’s Craft*, (Manchester, UK: Manchester University Press, 1954), 3–19.

<sup>40</sup> Marc Bloch (trans. Peter Putman), *The Historian’s Craft*, (Manchester, UK: Manchester University Press, 1954), 50.

<sup>41</sup> *Ibid.*, 183–84.

<sup>42</sup> *Ibid.*, 60–61.



**Photo 5.1** Fernand Braudel, 1902–85: The dominant figure in the *Annales* School of French historical thought, Braudel wrote his major work – *The Mediterranean and the Mediterranean World in the Age of Phillip II* – as a German prisoner-of-war in the Second World War. His mentor, Marc Bloch, penned *The Historian's Craft* while leading a fugitive existence as a French resistance leader.  
(Courtesy: Photo by Sergio Gaudenti/Sygma via Getty Images)

from statistical series that trace changes in demography, production, consumption, and exchange over long periods of time.<sup>43</sup>

At first glance, the structural history of the *Annales* School, with its explanatory emphasis on economics and demography rather than on individual endeavours, looks suspiciously like Marxism. There are, however, significant differences. First, the *Annales* School, unlike Marxism, is not historically determinist. Rather, like economists studying booms and busts, *Annales* School members see history in essentially cyclical terms, with Braudel concluding “that any supremacy, whether political, economic, social, or cultural, has its beginnings, its apogee, and its decline”.<sup>44</sup> Every success, in short, contains within it the seeds of its eventual failure. Second and perhaps more

<sup>43</sup> Braudel “History and the social sciences”, 203, 196–97.

<sup>44</sup> Fernand Braudel (trans. Sian Reynolds), *Civilization and Capitalism: The Wheels of Commerce*, (London, UK: Collins, 1982), 510.

significantly, the *Annales* School is interested in much longer time frames than was Marx, finding the structural bedrock of human behaviour not in social class but rather in the enduring existence of “civilizations” (i.e. “Iberian civilization”, “Arab civilization”, western “Christendom”, eastern Orthodoxy etc.). Initially, the creation of “a distinct geographical area”, Braudel argued, civilisations imposed their values and beliefs over centuries if not millennia; what Braudel referred to as “structural time”.<sup>45</sup>

It was through an emphasis on social belief—what Braudel referred to as “the unconscious parts of social reality”—that the *Annales* School willingly betrayed the influence of Levi-Strauss and structural anthropology, which similarly highlighted how social structure was embedded *unconsciously* in language.<sup>46</sup> In emphasising themes similar to those found in the work of Saussure, Bloch, and Braudel, Levi-Strauss declared in his *Myth and Meaning* that “the structural approach” equated to nothing more or less than “the quest for the invariant, or for the invariant elements, among superficial differences”.<sup>47</sup> From such conclusions, however, Levi-Strauss pushed the explanatory power of structuralism much further than did Saussure, Bloch, or Braudel, all of whom had associated language, culture, and belief with the social institutions and experiences of *particular* cultures or civilisations; a specificity that created unities within cultures but variance between them. By contrast, Levi-Strauss claimed to find an “astounding similarity between myths collected in widely different regions”; an outcome he attributed to the structural commonalities of human existence as cultures traversed a path from hunter-gatherer lifestyles to more sedentary agricultural modes.<sup>48</sup> Each evolutionary stage, Levi-Strauss believed, created common cultural outcomes across time and space.<sup>49</sup> By pushing “structuralism” to such radical ends, Levi-Strauss was operating at a methodologically dubious level of generalisation, where interpretation of any cultural “myth” could be used to justify either cultural specificity or universality.

For those of us, such as this author, who are interested in the defence of modernity, Braudel’s work has notable utility in highlighting the long-

<sup>45</sup> Fernand Braudel (trans. Sian Reynolds), *The Mediterranean and the Mediterranean World in the Age of Phillip II*, Vol. 2 (New York, NY: Harper Torchbooks, 1975), 770–73; Braudel “History and the social sciences”, 188.

<sup>46</sup> Braudel “History and the social sciences”, 193.

<sup>47</sup> Claude Levi-Strauss, *Myth and Meaning: Cracking the Code of Culture*, (New York, NY: Schocken Books, 1995), 8.

<sup>48</sup> Claude Levi-Strauss (trans. Claire Jacobson and Brooke Schoepf), *Structural Anthropology*, (New York, NY: Basic Books), 208.

<sup>49</sup> *Ibid.*, 21.

term historical benefits of industrialisation and modernisation. As Braudel notes in his final work, *The Identity of France*, modernity's greatest success is one that is easily overlooked; its battle against humanity's oldest foe—death. In the mid-1980s, French citizens were living on average more than 50 per cent longer than their grandparents (71 years as against 46 years in the case of males), who in turn were living considerably longer than their ancestors.<sup>50</sup> Famines, a constant companion of agricultural societies, disappeared from Europe after 1850; the last great European famine—that suffered by the Irish in the 1840s—owing more to public policy than to economic and transport incapacity. Similarly, throughout the world today, famine's rare appearance is invariably a product of war rather than a lack of underlying economic capacity.

Historical structuralism—associated with seeing the tapestry of human existence as a unitary whole rather than as detached fragments—is also useful in understanding the problems of modernity. As Braudel notes in his *Afterthoughts on Material Civilization and Capitalism*, the dynamics of our world since the European Renaissance can only be understood as a “world economy”; an economy whose centre of gravity has progressively shifted from Venice to Antwerp, and then onwards to London and, most recently, New York. As with capitalism more generally, Braudel reflected, this global economy was created on the basis of inherent inequalities, of freedoms and servitude; a “layering” in which “the centre” benefited from unequal exchanges with “the periphery”.<sup>51</sup> There is, however, a fundamental difference between a world economy that has unfree political and employment conditions at the periphery and one where such conditions prevail at the core. For the history of modernity was, throughout the nineteenth and twentieth centuries, clearly associated with the gradual extension of not only industrial capitalism but also political democracy from the centre to the periphery. A world economy centred on Beijing rather than on New York, however, would indicate a profound shift towards a societal model that has neither political democracy nor legal protection of property at its heart.

Although Foucault seldom referenced his work, it is nevertheless evident that he had the *Annales* School at the front of his mind when he condemned those who, through the use of statistical “series”, studied “long periods” of history.<sup>52</sup> The problem with those “historians” who

<sup>50</sup> Fernand Braudel (trans. Sian Reynolds), *The Identity of France: People and Production*, (London, UK: 1990), 186–87.

<sup>51</sup> Braudel, *Afterthoughts*, 81–82, 85, 92.

<sup>52</sup> Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon, 1972), 8–9.

“uncovered, described and analysed structures”, Foucault continued, is that they allowed “the living, fragile, pulsating ‘history’ to slip through their fingers”.<sup>53</sup> As an observation of the *Annales* School, there is some veracity in this critique. The *Annales* School—like economic and business historians more generally—has shown little interest in individuals as *Individuals*, with Braudel observing that “there are no individuals entirely sealed off by themselves; all individual enterprise is rooted in a more complex reality”.<sup>54</sup> Accordingly, in Braudel’s *The Identity of France: People and Production*, kings, aristocrats, and philosophers are for all intents and purposes absent from the story. Even the French Revolution is depicted as of limited significance when located within the backdrop of European economic and demographic advance.<sup>55</sup> In extending critiques of the *Annales* School to embrace a methodological rejection of statistical series, however, postmodernism denies itself the ability to locate its own narratives within a broader economic and social context. Indeed, postmodernism has—from Foucault onwards—been opposed in principle to the idea that there are discernible continuities in the human condition, with Foucault preferring to focus instead on the “notion of discontinuity”, wherein the historical past is “forgotten, transformed, utterly erased”.<sup>56</sup> Such formulations, which betray Nietzsche’s influence, are particularly noticeable in Hayden White’s *Metahistory*, a work that has had a profound influence among postmodernists in the Anglosphere. In a total reversal of the stance of the *Annales* School, which showed little evident interest in individuals, White argued in favour of analyses that were “ultimately personal”, emphasising a “voluntaristic” world view (i.e. one in where human will rather than economic and material capacity is the key determinant in any outcomes).<sup>57</sup> Such conclusions—which betray the influence of Nietzsche—negate a requirement to understand economics and long-term structural trends. What counts in the end is individual will; what Nietzsche referred to as the “will to power”.<sup>58</sup>

<sup>53</sup> *Ibid.*, 11.

<sup>54</sup> Braudel, *On History*, 10.

<sup>55</sup> Braudel, *The Identity of France*, 176–80.

<sup>56</sup> Foucault, *Archaeology of Knowledge*, 8–9, 25.

<sup>57</sup> Hayden White, *Metahistory: The Historical Imagination in Nineteenth Century Europe*, (Baltimore, ML: John Hopkins University Press, 1973), 283.

<sup>58</sup> Friedrich Nietzsche (trans. R.J. Hollingdale), *Thus Spoke Zarathustra*, (London, UK: Penguin Books, 1970), 137.

## STRUCTURALISM IN POLITICS

It is easy now to overlook the fact that postmodernism came of age during a period of political turmoil within which France faced, in May 1968, the greatest mass upheaval since the bloodbath of the Paris Commune of 1871. Beginning with demonstrations by Parisian students unhappy with university administrators, the protests soon attracted a mass of disaffected students unhappy with the overall direction of French society. For almost 6 weeks the control of much of inner Paris—most particularly the “Left Bank” streets adjacent to the Sorbonne—passed from the government and the riot police to stone-throwing demonstrators. Discontent also spread to the French workplace, where a quarter of the labour force joined a “wild-cat” (illegal) general strike. Emerging spontaneously, the ethos of the May 1968 protests was hostile to the institutions of the French Left (union officialdom, the French communist and socialist parties) as well as to the functionaries of the French state. This period of extreme turmoil, which briefly seemed to threaten the continued existence of France’s Fifth Republic, had three enduring effects in the realm of political philosophy. First, as we noted in Chap. 3 in our discussions of neo-Marxism, it produced a reorientation of Marxist politics and practice away from economics and the industrial working class. As a result of this reorientation—which in France was primarily associated with the “structural Marxism” of Louis Althusser—culture and politics were seen as the key weapons in both capitalism’s continued rule and resistance to that rule. Second, there emerged a generalised hostility to the exercise of power, detrimental manifestations of which were perceived in the realms of race, gender, and sexuality as well as the traditional state apparatus. Finally, increased education and prosperity among the professional middle class created a mass market for what Michele Lamont refers to as “cultural *produit de luxe*”, that is, elite intellectual understandings that require considerable investment and are beyond the grasp of the populace at large.<sup>59</sup>

Written in 1970—when the events of May 1968 were still fresh in everyone’s mind—Althusser’s *Idéologie et Appareils Idéologiques d’État* (Ideology and Ideological State Apparatus) remains arguably the most significant Marxist attempt to explain popular acceptance of capitalism. Extending Antonio Gramsci’s concept of “hegemony”, Althusser built his analysis

<sup>59</sup> Michele Lamont, “How to become a dominant French philosopher: the case of Jacques Derrida”, *American Journal of Sociology*, Vol. 93, No. 3 (Nov. 1987), 593–94.



**Photo 5.2** A Combined Student-Worker Protest, 29 May 1968: Both the post-modernist tradition and the “structuralism” of the neo-Marxist, Louis Althusser, were shaped in part by student radicalism of the 1960s. (Courtesy: JACQUES MARIE/AFP/Getty Images)

around two assertions. First, he argued that the “state” was part of capitalism’s structural “superstructure”; a superstructure that helped maintain capitalism’s economic base, but which was distinct from it.<sup>60</sup> Second, he argued that this “superstructure” contained two separate elements: the “Repressive State Apparatus” (police, courts, prisons etc.) and the “Ideological State Apparatus” (churches, schools, universities, state media etc.). In modern capitalism, Althusser maintained, schools and universities were particularly important, being responsible for conveying “the ruling knowledge” to younger generations.<sup>61</sup> However, because the “Ideological State Apparatus” was partially autonomous, educational and cultural institutions are also—so Althusser contended—a site of “often bitter class struggle”, as politically righteous citizens convey dissident opinion.<sup>62</sup>

<sup>60</sup> Althusser, “Ideology and ideological state apparatus”, 89–90.

<sup>61</sup> *Ibid.*, 104.

<sup>62</sup> *Ibid.*, 99.

Many of Althusser's understandings—that capitalism exerted its power mainly through its command of ideas; that authority and resistance existed alongside each other in the various institutions of power; that in asserting dissident ideas, an intellectual is engaged in transformative struggle—appear in various guises in the work of Lyotard, Foucault, and subsequent postmodernists. Scientists and others who contribute to modernity's economy of knowledge, Lyotard intoned, should "refuse their scholarly support to a political power they judge to be unjust", thereby asserting "a real autonomy" for knowledge-based institutions.<sup>63</sup> For Foucault, the influence of Althusser was personal as well as intellectual. Not only did Foucault join the French Communist Party in 1950 at Althusser's request, but the two remained personally close even after Foucault's defection from French communism in 1953.<sup>64</sup> In his *The History of Sexuality*, Foucault refers constantly, if not to capitalism, then to "bourgeois society"; a society within whose institutions he perceived both a continual exercise of power and "ceaseless struggles" of resistance.<sup>65</sup>

What changes with the postmodernist critique is the replacement of Althusser's residual Marxism with an essentially anarchistic opposition to all forms of power, most particularly those associated with state authority. "Never have they existed", Foucault proclaimed in *The History of Sexuality*, "more centres of power"; centres of power intent on the psychological "normalisation" of individuals as well as on the maintenance of economic and power inequalities.<sup>66</sup> Among the new forms of oppression that modernity imposed, Foucault came to argue, was "the subjugation of bodies" and sexuality through what he referred to as "bio-power".<sup>67</sup> The utilisation of "bio-power", Foucault warned his readers, involved the exercise of "micro-power" through "infinitesimal surveillances, permanent controls, extremely meticulous orderings of space, indeterminate medical or psychological examinations".<sup>68</sup> At one level, this extension of the postmodernist critique to include all forms of power, rather than simply those associated with capitalism, made postmodernism a more far-reaching critical tradition than earlier oppositional creeds such as Marxism. At the same time, however, the methodological opposition of Foucault and other post-

<sup>63</sup> Lyotard, *Postmodern Condition*, 36.

<sup>64</sup> David Macey, *The Lives of Michel Foucault*, (London, UK: Hutchinson, 1993), 39–40.

<sup>65</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1978), 3, 8, 17–18, 92–93.

<sup>66</sup> Foucault, *The History of Sexuality*, 48–49.

<sup>67</sup> *Ibid.*, 140–41.

<sup>68</sup> *Ibid.*, 145.

modernists to the use of statistical series—and its general disinterest in matters pertaining to economics—severely constrains the scope of postmodernist inquiries. For the postmodernist critic, however, even this methodological limitation can be perceived as strength, allowing postmodernist analysis to dismiss any justification for societal or organisational outcomes based on economic achievement. Instead, all that counts is power, and the “discourses” and bodies of knowledge that perpetuate that power.

Despite its methodological limitations, the Foucauldian emphasis on power inequalities and “bio-power” has undoubtedly contributed to the emergence of what is popularly referred to as “identity politics”, associated with heightened social awareness of inequalities based on race, gender, and sexual orientation. On this front, postmodernism can arguably claim, through its encouragement of dissident opinion, an indirect role in laws that outlaw discrimination based on race, gender, and sexual orientation; outcomes that few would not gainsay as beneficial. Even on this front, however, correlation is not proof of causation. In the case of gendered employment, for example, improved female labour force participation—most particularly in comparatively highly paid professional areas (most notably health and education)—is widely attributed to the “women’s movement” that emerged as a major force in the 1960s. This may, however, be a case of confusing cause and effect; that is, that the impact of the “women’s movement” was effective largely because it corresponded to increased female employment. Certainly, the economic and social conditions of modernity have had from the outset a generally liberating effect on females, expanding their range of opportunities and freeing them from the household hearth. As we noted in the introduction to this book, the “abundant opportunities for female employment” that were associated with the Industrial Revolution gradually freed ever-increasing numbers of women from reliance on male relatives.<sup>69</sup> In the twentieth century, improved health care, contraception, household labour-saving devices (electric washing machines, vacuum cleaners, hot running water etc.), and synthetic clothes that needed less care, all contributed to increased female engagement with the workforce. Improvements in the female condition, in short, primarily result from modernity, not postmodernism.

<sup>69</sup> E.P. Thompson, *The Making of the English Working Class*, (Harmondsworth, UK: Penguin, 1963), 452–53.

## CONCLUSION

The “structuralist” debate sheds light on the intellectual and methodological divisions between modernity and postmodernism. As someone who is not a linguist by training, I can readily accept that language is a social institution; that the structure and meaning of language are historically determined by the linguistic group to which I belong. I can also readily accept the postmodernist view that there can be multiple meanings within any particular combination of words. Sometimes, as Heidegger and Derrida suggest, some of the most important things in written language are found in “traces” and omissions. Thus, as someone who has spent much time studying different aspects of nineteenth-century urban life, one thing that is often apparent in nineteenth-century texts is how little time is devoted to discussions of transport and transport costs. The reason for this is that most working-class families lived within close proximity to work, owning neither horse nor buggy. By contrast, discussions of gas (petrol) prices are hard to escape in any perusal of contemporary newspapers.

The problem with postmodernist views on linguistics relates not to any specific insight, but rather to the harnessing of linguistic insights to a Nietzschean philosophy that denies the existence of any objective truth, thereby striking at the philosophical foundations of Western intellectual endeavour and advancement. This is most obvious in Derrida’s *Writing and Difference*, where he calls for the abolition of *signifiers* (i.e. the words, sounds, or drawings that designate objects and ideas in language) as a “metaphysical concept”.<sup>70</sup> That Derrida, in taking such a stance, was inspired by Nietzsche and hostility to the concept of objective truth is no secret. As he makes clear in *Writing and Difference*, Derrida associates his linguistic claims with a “Nietzschean affirmation”; a world “without truth”, where there is a “noncentre” at the heart of all things.<sup>71</sup> Similar conclusions can be ascertained in many postmodernist texts, with Hayden White observing in one foundational study “that events of the order of the real have ceased to happen”.<sup>72</sup> It is on such premises that postmodernism was constructed.

<sup>70</sup> Derrida, *Writing and Difference*, 354.

<sup>71</sup> *Ibid.*, 369.

<sup>72</sup> Hayden White, “The value of narrativity in the representation of reality”, *Critical Inquiry*, Vol. 7, No. 1 (Aut. 1980), 27.



## CHAPTER 6

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# The Foundations of Postmodernism

## INTRODUCTION

Few would gainsay that postmodernism is today a significant intellectual force. Its broad objectives are also self-evident. As we have noted previously, postmodernism's intent is one of "destabilizing" modernity's "dominant narratives"—narratives associated with belief in science, rationality, and the harnessing of technology to the generation of increased economic wealth.<sup>1</sup> However, the moment one attempts to define postmodernism, to locate its foundational principles, it flows through one's fingers like the sands from a beach. For some, such as Jean-Francois Lyotard, "postmodernism" signifies the actual displacement of modernity and the emergence of a new socio-technical order. For others, postmodernism is instead a critique of modernity. Such critiques have, however, produced as much dissension as unanimity. Michel Foucault, arguably the dominant influence within postmodernism, was—as we noted in the introduction to this book—infamous for his shifting intellectual positions. In *The Order of Things* and *The Archaeology of Knowledge*, first published in French in 1966 and 1969, respectively, Foucault focused on how knowledge and social "discourses" are generated. By the time he wrote *The History of Sexuality* in 1976, however, Foucault's primary interest was in

<sup>1</sup> Gabrielle Durepos, "ANTI-History: Toward amodern histories", in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Ed.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 161.

systems of “micro-power” that impose domination not only in the realm of production, but also “in families, limited groups, and institutions”.<sup>2</sup> Differences of understanding are also found between key postmodernist thinkers. Jacques Derrida regarded with scorn Foucault’s claims—made most forcibly in *Madness and Civilisation* (a work based on Foucault’s PhD)—that discourses can embrace “silences” left behind by the powerless, the “mad”, and the excluded.<sup>3</sup> Such claims, Derrida advised, were methodologically impossible, as it is impossible to manufacture “a history of silence”.<sup>4</sup> Postmodernism is also characterised by disagreements on matters of style as well as substance. None of postmodernism’s founding French figures—Foucault, Derrida, Roland Barthes, Jean-Francois Lyotard—showed particular affection for narrative style. With Hayden White, however, a new form of narrative writing—in which the “fictive” and the “factual” were merged in what was claimed to be a “poetic” style—was initiated.<sup>5</sup>

If postmodernism draws on long-established traditions of idealist philosophical thought, its core understandings also reflect the intellectual peculiarities of France in the 1950s and 1960s. In reflecting upon his own formative experiences, Derrida observed that “one can understand nothing of this period of [literary] deconstruction, notably in France, unless one takes ... historical entanglement into account”.<sup>6</sup> By the 1950s, Derrida recalled, not only were the questions that he was to pursue throughout his career clearly evident, but it was also the case that subsequent developments created “a troubling effect of ‘déjà vu’, and even of a certain ‘tou-

<sup>2</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1977), 94.

<sup>3</sup> Michel Foucault, “Preface to the 1961 edition”, in Michael Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, second edition (London, UK: Routledge, 2006), xxviii, xxxi. The book started life as Foucault’s PhD thesis, *Folie et Déraison: Historie de La Folie à l’âge Classique*. An abridged version was published in English as: Michel Foucault (trans. Richard Howard), *Madness and Civilization: A History of Insanity in the Age of Reason*, (New York, NY: Pantheon Books, 1965). Following Derrida’s critique, an expanded version was published as *History of Madness*.

<sup>4</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 40–41.

<sup>5</sup> Hayden White, *Metahistory: The Historical Imagination in Nineteenth Century Europe*, (Baltimore, ML: John Hopkins University Press, 1973), x.

<sup>6</sup> Jacques Derrida (trans. Peggy Kamuf), *Specters of Marx: The State of the Debt, the Work of Mourning and the New International*, (New York and London: Routledge Classics, 2006), 16.

*jours déjà vu*” (repeatedly seen before). In their opposition to the “politico-hegemony” of capitalism, Derrida continued, he and like-minded colleagues were “heirs of Marxism, even before wanting or refusing to be”.<sup>7</sup> It would, however, be a mistake to confuse such confessions as proof that postmodernism is merely Marxism in new clothes. For in Derrida’s hands and those of postmodernists more generally, Marxism is an intellectual tool used solely for denouncing inequities, inequalities, capitalism, and modernity: not the advocacy of socialism. The “inequality of [modern] techno-scientific, military, and economic development”, Derrida asserted, is more “monstrous” than that found at any previous point “in the history of humanity”.<sup>8</sup> Such residual “Marxism” is also prominent in Foucault’s later works, with Foucault asserting in *The History of Sexuality* that “capitalism would not have been possible without the controlled insertion of bodies into the machinery of production”.<sup>9</sup>

If postmodernism has inherited from Marxism an abhorrence of capitalism rather than a socialist political programme, its other key tenets—three of which stand out—also boast long lineages. As we noted in the introduction to this book, from Jean-Jacques Rousseau, the nineteenth-century Romantic Movement, and, above all, Friedrich Nietzsche, postmodernism inherited hostility to technological progress. Articulating this hostility, Lyotard in *The Postmodern Condition* warned that science had become harnessed to new and oppressive forms of “performance maximization” associated with the “computerization of society”.<sup>10</sup> Such outcomes, Lyotard warned, came at terrible cost to the human spirit, which found itself ensnared in a degraded “mass” culture—a warning that echoed Rousseau’s much earlier prediction in *A Discourse on the Arts and Sciences* that scientific advances would entail “the corruption of taste” and “the dissolution of morals”.<sup>11</sup> If postmodernism’s hostility to science and tech-

<sup>7</sup> *Ibid.*, 15, 67.

<sup>8</sup> *Ibid.*, 106.

<sup>9</sup> Foucault, *History of Sexuality*, 141.

<sup>10</sup> Jean-François Lyotard (tans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1986), 47.

<sup>11</sup> Jean-François Lyotard (trans. Régis Durand), “Answering the question: What is Postmodernism?”, Appendix in Jean-François Lyotard (trans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1986), 76; Jean-Jacques Rousseau, “A discourse on the arts and sciences”, in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK: J.M. Dent and Sons, 1950), 163.

nological progress can be traced back to the Age of the Enlightenment, so too can the belief that knowledge and reality do not correspond to objective “facts”, but are instead subjective—mere social creations. In taking this stance, postmodernists show little evidence that they are primarily guided by the abstract idealism of philosophers such as George Berkeley, whose *Principles of Human Knowledge* held, “All things that exist, exist only in the mind, that is, they are purely nominal.”<sup>12</sup> Instead, they reveal the influence of Nietzsche and the eighteenth-century Italian philosopher Giambattista Vico, both of whom believed that an emphasis on myth and the poetic was superior to any realist understanding due to its moral benefits—and its capacity to shape social action—rather than because of any epistemological advantages. As Gabrielle Durepos, arguably the most original of the younger generation of postmodernists (and who declares herself an “amodernist”) has observed, “outright rejection of realism”—understood as “truth claims, objective history, fixed meanings”—is “central to postmodernism”.<sup>13</sup>

The fourth defining characteristic of postmodernism, which follows from the third but which is nevertheless distinct from it, is found in the belief that social emancipation can be facilitated by freeing language from the shackles of fixed meaning. By combining “fictions” with “our non-fiction”, academics working within postmodernist frameworks “can change the world”, Greg Dening, a pre-eminent Australian ethnographer and postmodernist, asserted shortly before his death.<sup>14</sup> This view, which found its most influential exponent in Hayden White, betrays the particular influence of Vico, who argued that the advance of rationality had produced a mass of citizens who “have nothing in their minds”.<sup>15</sup> By contrast, Vico argued, premodern societies substituted for reason a “poetry so sublime that the philosophies which came afterwards … have produced none equal or better”.<sup>16</sup> To recapture this lost spirituality, Vico recommended organis-

<sup>12</sup> George Berkeley, “The principles of human knowledge”, in George Berkeley (Ed. Howard Robinson), *Principles of Human Knowledge and Three Dialogues*, (Oxford, UK: Oxford University Press, 1996), 38.

<sup>13</sup> Durepos, “ANTI-History”, 161–62.

<sup>14</sup> Greg Dening, “Writing: Praxis and performance”, in Ann Curthoys and Ann McGrath (Eds.), *Writing Histories: Imagination and Narration*, (Melbourne, AUS: Monash University ePress, 2009), 06.1.

<sup>15</sup> Giambattista Vico (trans. Thomas Goddard Bergin and Max Harold Fisch), *The New Science*, third edition of 1744 (Ithaca, NY: Cornell University Press, 1968), 118.

<sup>16</sup> *Ibid.*, 120.

ing writing on poetic lines whereby plots were prefigured around literary “tropes”, most particularly metaphor, metonymy, synecdoche, and irony—a suggestion that became a cornerstone of the postmodernist narratives of White and his imitators.<sup>17</sup> In other words, all writing—both fiction and non-fiction—should be constructed as if it were poetic literature, eschewing science-based models built around concepts such as hypotheses, evidence, and proof.

Philosophically, what unites the various strands of postmodernism, binding it to its various intellectual antecedents (Rousseau, Vico, Nietzsche, Heidegger), is the belief that the whole process of modernity—not just industrial capitalism—is a retrograde and doomed venture; that morally and spiritually, the life of Rousseau’s “Canadian savage” is infinitely superior to ours. Derrida, in particular, made opposition to European “ethnocentrism” central to his life’s work, declaring in *Writing and Difference* that none born into this tradition “can escape the historical guilt” of “the adventure of Western reason”.<sup>18</sup> In an interview with Israel’s Shoah Research Centre in 1998, Derrida went on to argue that any supposed advantages of “Western rationality” were “called into question” by the Nazi-induced Holocaust and death camps of the Second World War—events that “the Western metaphysics of Europe” made “possible”, or at least did not make “impossible”.<sup>19</sup> Yet it is discussions of the Holocaust that expose most clearly the epistemological and philosophical failings of postmodernism. In outlining arguments utterly consistent with postmodernism’s core premises—that all accounts are subjective, that there are no fixed truths, that everything depends on perspective—Hans Kellner concluded that the Holocaust, “like all historical events … was an imaginative creation”, that events at Babi Yar (a Ukrainian gully where thousands of Jews were executed) and Wannsee (the site where Nazi officials decided upon the “Final Solution”) had no meaning until “they were imaginatively constituted”.<sup>20</sup> Though certain individuals may have witnessed horrors, Kellner continued, “no one witnessed the Holocaust”, as this concept was only a postevent literary imposition.<sup>21</sup> There is no doubt that discus-

<sup>17</sup> *Ibid.*, 129–31; White, *Metahistory*, x.

<sup>18</sup> Derrida, *Writing and Difference*, 41.

<sup>19</sup> Jacques Derrida, in Michael Ben-Naftali, *An Interview with Professor Jacques Derrida*, (Jerusalem, Israel: Shoah Resource Centre, 8 January 1998), 2.

<sup>20</sup> Hans Kellner, “‘Never again’ is now”, *History and Theory*, Vol. 33, No. 2 (May 1994), 140.

<sup>21</sup> *Ibid.*, 132.

sions of the Holocaust have proved a source of postmodernist dissension and embarrassment, causing a number of adherents (including Hayden White) to modify their epistemological position to allow the Holocaust a factual existence.<sup>22</sup> In taking the stance he did, however, Kellner was—as he correctly observed—operating in accord with well-established postmodernist principles. If one was to make a “special” case for accepting accounts of the Holocaust as objective, then why would researchers not extend exception to all other historical occurrences?<sup>23</sup> Among postmodernists, Derrida—the most logical of its founding figures—had the honesty to affirm the troubling nature of the problems Kellner raised. For if we accept, Derrida reflected, that “[a]ny event is unique, any crime is unique, any death is unique”, then what is it that makes deaths in the Holocaust of any particular significance? Such questions, Derrida conceded, were for him “a topic of anxious reflection”.<sup>24</sup>

## DERRIDA AND DECONSTRUCTIONISM

Among postmodernism’s founding figures, Derrida cannot lay claim to primacy on the basis of chronology. Not only was he younger than Foucault, but he was also at one time his student. Nor can Derrida’s position in the postmodernist pantheon be attributed to the intrinsic literary appeal of his work. Unlike Foucault, whose *Madness and Civilization*, *Discipline and Punish*, *The Birth of the Clinic*, and *The History of Sexuality*, all touched on topics in tune with a popular audience, Derrida’s writings—as one critic observes—are “barely accessible even to the highly educated”.<sup>25</sup> Derrida, unlike compatriots such as Lyotard, also provided little in the way of substantive commentary on modernity’s current affairs. A study of Derrida’s work is, nevertheless, a useful departure point in any perusal of postmodernism’s core principles for two interrelated reasons. For not only does Derrida tear language apart to ascertain its underlying

<sup>22</sup> Berel Lang, “Is it possible to misrepresent the Holocaust”, *History and Theory*, Vol. 34, No. 1 (Feb. 1995), 84–89; Hayden White, “Historical emplotment and the problem of truth”, in Saul Friedlander (Ed.), *Probing the Limits of Representation*, (Cambridge, UK: Cambridge University Press, 1994), 37–53. [White’s chapter on the Holocaust preceded Kellner’s article, which was written in part as a refutation of White’s epistemological shift.]

<sup>23</sup> Kellner, “Never again”, 139.

<sup>24</sup> Derrida, in Ben-Naftali, *An Interview*, 2.

<sup>25</sup> Michele Lamont, “How to become a dominant French philosopher: The case of Jacques Derrida”, *American Journal of Sociology*, Vol. 93, No. 3 (Nov. 1987), 595.

“signs” and textual meaning, but he also engages in a consistent and logical attack on the core philosophic principles of Western thought.

In contrast to Foucault, whose focus changed from year to year and from book to book, Derrida was resolute in exploring a theme first enunciated in *Of Grammatology*. In this work, initially published in 1967, Derrida’s declared intention was “the destruction”, “de-sedimentation”, “de-construction” of “all the significations that have their source in that of the *logos*”—the latter referring to the Western philosophical tradition since the time of Plato.<sup>26</sup> The “signification of truth”, Derrida proclaimed, was a particular focus of his attack. “Determinations of truth” and understandings of “reason”, Derrida continued, had to be destroyed, as they were “inseparable from the instance of the *logos*”, that is, Western understandings of knowledge and truth.<sup>27</sup> In launching this general attack, Derrida also announced specific targets, including: “ethnocentrism”, that is, belief in Western philosophic and cultural superiority; the “phoneticization” of writing, that is, the signification of meaning through reference to speech sounds; and the “concept of science”, which he associated with a peculiarly Western ethnocentricity.<sup>28</sup> In taking this stance, Derrida contributed to what is referred to as the “New Criticism” movement that emerged in France during the late 1940s and early 1950s, in which Roland Barthes was particularly prominent.<sup>29</sup> Echoing themes that became a mainstay of Derrida’s work, Barthes argued that the “first writing” of every work should be subject to “a second writing” by the reader.<sup>30</sup> Through such a course, Barthes continued, new understandings of language could “threaten the power of power”, “democratizing” the “literary state” with its “strict code” of agreed meanings.<sup>31</sup> In another theme that became commonplace among postmodernists, Barthes argued that the “author” and their stated opinions should be excluded from textual interpretation

<sup>26</sup> Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 10.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*, 3.

<sup>29</sup> Among the other prominent figures in this movement were Jean-Pierre Richard, Jean-Paul Weber, and Charles Mauron. See: Katrine Pilcher Keuneman, “Preface to the English-language edition”, in Roland Barthes (trans. Katrine Pilcher Keuneman), *Criticism and Truth*, (Minneapolis, MN: University of Minnesota Press, 1987), 15–25.

<sup>30</sup> Roland Barthes (trans. Katrine Pilcher Keuneman), *Criticism and Truth*, (Minneapolis, MN: University of Minnesota Press, 1987), 33.

<sup>31</sup> *Ibid.* Barthes’ influence on Derrida is acknowledged in: Derrida, *Of Grammatology*, 51–52.



**Photo 6.1** Roland Barthes, 1915–80: A French linguist, philosopher and competitive tennis player, Barthes contributed to the debates about language and meaning that shaped Derrida's thinking, arguing that each published study needed to be subjected to a “second writing” by the reader so as to open up new understandings and meanings. (Courtesy: Photo by Ulf Andersen/Getty Images)

so as to allow a new “plural meaning”.<sup>32</sup> In advocating this course of action, Barthes warned that the concept of the “author” was peculiarly “modern”, fatally influenced “by English empiricism, French rationalism, and the personal faith of the Reformation”.<sup>33</sup>

Hostility to the Western economic and development model was pursued consistently throughout Derrida’s long career. In *Writing and Difference*—based on a series of articles written between 1959 and 1967—Derrida argued that “force” and inequity are built into the very structure of Western language.<sup>34</sup> More than a quarter of a century later, in *Specters of Marx*—based on a series of lectures that Derrida gave in the United States in April 1993—his hostility to the process of Western development was still resolute, with Derrida recording that “never have violence, inequality, exclusion, famine, and thus economic oppression affected so

<sup>32</sup> *Ibid.*, 67; Roland Barthes (trans. Richard Howard), *The Rustle of Language*, (Oxford, UK: Basil Blackwell, 1986), 49.

<sup>33</sup> Barthes, *Rustle of Language*, 49.

<sup>34</sup> Derrida, *Writing and Difference*, 31–33.

many human beings in the history of earth and humanity".<sup>35</sup> What caused this sustained oppositional campaign? By his own account, as recorded in *Specters of Marx* and his subsequent interview with the Shoah Research Centre, Derrida's philosophical orientation was profoundly influenced by France's shared experiences during the 1940s and early 1950s. Such experiences—which involved mass collaboration with Nazism under the Vichy wartime regime and communist denial of the evils of Soviet Stalinism—suggested to Derrida that "Western morality" and "Western philosophy" were complicit in "twentieth century totalitarianism".<sup>36</sup> Derrida's disavowal of Western "ethnocentrism" can also not be understood apart from France's colonial wars. While the bloody and unsuccessful war against independence movements in Indo-China (1945–54) at least had the benefit of being a distant affair, the bloody and unsuccessful war against Algerian independence (1954–62) was close at hand. In a society where many leading French intellectuals—including Albert Camus and Derrida himself—were Algerian by birth, the savagery of the latter struggle provoked a profound questioning; a questioning epitomised by Franz Fanon's *The Wretched of the Earth*, which argued that the acts of violence perpetrated by independence fighters were not just means to an end, but acts of moral and spiritual renewal.<sup>37</sup> For Derrida, the fact that he was, as he recalled in the Shoah Research Centre interview, unusual in being "a Jew from Algeria" was of no mean importance.<sup>38</sup>

Derrida's formulations for overcoming the supposed totalitarian tendencies of Western civilisation were complex and questionable but also logical. Having concluded that Western failings, the "entire organization of the world" with its "technical and scientific economy", could be traced back to "four thousand years of linear writing",<sup>39</sup> Derrida built his analysis around four key points. First, as we noted in Chap. 5, he argued that non-phonetic writing—such as the pictographic script used in Egyptian hieroglyphics—was superior to Western language, as it allowed greater "diversity", including the incorporation of "dreams", within its symbolic representations.<sup>40</sup> Because Western language embodied "the Greco-

<sup>35</sup> Derrida, *Specters of Marx*, 106.

<sup>36</sup> Derrida, in Ben-Naftali, *An Interview*, 2; Derrida, *Specters of Marx*, 15–17.

<sup>37</sup> Franz Fanon (trans. Constance Farrington), *The Wretched of the Earth*, (New York, NY: Grove Press, 1963), 31–94.

<sup>38</sup> Derrida, in Ben-Naftali, *An Interview*, 8.

<sup>39</sup> Derrida, *Of Grammatology*, 85–87.

<sup>40</sup> Derrida, *Writing and Difference*, 276–77.

European adventure” (i.e. the philosophical traditions that can be traced back to the ancient Greeks) that was “taking over all of humanity”, Derrida suggested in his second key point that language had to be “deconstructed”—a process that entailed freeing linguistic “signs” from the phonetic-based meanings assigned to them.<sup>41</sup> This necessarily involved giving a primacy to “signs”, the written representations of language, over the transient and shifting verbal manifestations of speech (i.e. written words can have meanings that differ from those intended in speech).<sup>42</sup> From this conclusion, Derrida asserted a third point that became a defining feature of poststructuralism: that the text should be regarded as having an existence and meaning independent of the “subject” (author/s) who created it. As Derrida expressed it in what became the most oft-cited quotation from his work, “*Il n'y a pas de hors texte*” (“There is nothing outside of the text”).<sup>43</sup> Accordingly, we cannot refer back to the author/s for their intending meaning. Instead, we must discern textual understandings through our own inquiries.

Derrida's fourth and arguably most significant point related to the concept of “trace”, whose hitherto unexpected existence within the structure of language allowed deconstructionists the supposed capacity to discern meanings fundamentally different to those traditionally discerned by readers. Some of Derrida's understandings of trace were derived from the German idealist Martin Heidegger, who argued that “Being”/existence—what he referred to as *Dasein*—pervaded every aspect of experience and language, leaving “traces” or “residues”.<sup>44</sup> Heidegger's conceptualisations, drawn in part from the earlier work of another German idealist, Edmund Husserl, were developed in turn by the French linguistic Emmanuel Levinas.<sup>45</sup> As Levinas explained it, “trace” is like a face behind a mask. We always know a face must be behind a mask as “a mask presupposes a face”.<sup>46</sup>

<sup>41</sup> *Ibid.*, 100–01; 246–47.

<sup>42</sup> *Ibid.*, 13.

<sup>43</sup> Derrida, *Of Grammatology*, 158–59; Chris Lorenz, “Historical knowledge and historical reality: a plea for ‘internal realism’”, *History and Theory*, Vol. 33, No. 3 (Oct. 1994), 314.

<sup>44</sup> Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (London, UK: Blackwell Publishing, 1962), 9, 35, 45.

<sup>45</sup> *Ibid.*, 38. Derrida writes on the history of the concept of “trace” in: “Violence and metaphysics: an essay on the thought of Emmanuel Levinas”, in Derrida, *Writing and Difference*, 97–192.

<sup>46</sup> Emmanuel Levinas, “Meaning and sense”, in Emmanuel Levinas (trans. Alphonso Lingis), *Collected Philosophical Papers*, (Dordrecht, Netherlands: Martinus Nijhoff Publishers, 1987), 102.

From this analogy, Levinas developed formulations that prefigured those of Derrida, suggesting that detections of “traces” allowed researchers to ascertain “an immemorial past”, and even “perhaps eternity” (i.e. there is no limit to the meanings that one can detect hidden within texts).<sup>47</sup> As we also noted in Chap. 5, Derrida in turn used the concept of “trace” to underpin his argument that a textual presence always prefigures “difference”, or to be more exact, *déférence* (from the French *déférer*). According to this formulation, textual presence exists alongside a referred absence—an absence that can be ascertained by the reader undertaking the “second writing” that Barthes recommends.<sup>48</sup> As each individual reader can theoretically discern different understandings within a text, this means that any given written passage is subject to a myriad of alternative explanations.

The arguments made by Derrida, Barthes, Levinas, and their intellectual heirs have attracted both intellectual brickbats and bouquets. In 1996, Mario Bunge, a Canadian philosopher, dismissed the deconstructionist references to “Being” and “trace” as “gobbledygook” and “unrecyclable rubbish”.<sup>49</sup> More than 30 years earlier, Raymond Picard, a doyen of the French literary establishment, declared Barthes and his colleagues in the “New Criticism” movement to be “intellectually empty, verbally sophisticated” imposters who owed their success solely to intellectual “snobbery”, wherein being incomprehensible was seen as a virtue.<sup>50</sup> The fact that such criticisms were made 30 years apart, and could be made with equal force today, is an indicator of the longevity of the literary “deconstructionism” that Derrida and Barthes initiated in the 1950s—a longevity associated with what has been referred to as the “linguistic turn” in a range of social sciences: management, literary studies, cultural studies, history, and politics.<sup>51</sup>

Deconstructionism’s enduring legacy is found in a changed research focus among broad swathes of the Western intelligentsia—a shift that has

<sup>47</sup> *Ibid.*, 103.

<sup>48</sup> Derrida, *Of Grammatology*, 66; Barthes, *Criticism and Truth*, 33.

<sup>49</sup> Mario Bunge, “In praise of intolerance to charlatanism in academia”, in Paul R. Gross, Norman Levitt and Martin W. Lewis (Eds.), *The Flight from Science and Reason*, (New York, NY: New York Academy of Sciences, 1996), 97.

<sup>50</sup> Cited in Barthes, *Criticism and Truth*, 29.

<sup>51</sup> Brian Fay, “The linguistic turn and beyond in contemporary theory of history”, in Brian Fay, Philip Pomper and Richard T. Van (Eds.), *History and Theory: Contemporary Readings*, (Oxford, UK: Blackwell Publishers, 1998), 1–12; Peter Clark and Michael Rowlinson, “The treatment in organisation studies: Towards an ‘historic turn?’” *Business History*, Vol. 46, No. 3, (Jul. 2004), 331.

seen *reinterpretation* of texts and other signs (i.e. American Civil War monuments, statues commemorating New World “discoverers”, visual art etc.) gain increasing primacy. In postmodernist theory, this profound shift is described as “horizontality”—rather than “verticality”—of interest.<sup>52</sup> In other words, one no longer needs to—or should—look downwards (or outwards) at the objective reality of the world; a focus that leads to “primary sources” (e.g. statistics on employment, consumption, company profits etc.). Instead, one should look sideways, at what has already been written or physically recorded by others. The reason for this, as the Dutch postmodernist Frank Ankersmit, explains, is, “Texts are all we have and we can only compare texts with texts.”<sup>53</sup> In short, nothing exists before it is recorded in some form of “writing”. So-called reliable primary sources are, in this line of thinking, mere manifestations of past and present structures of power and inequality. Such records are—Derrida concluded—based on “censorship”, the continued “vigilance” of the powerful “over perception”.<sup>54</sup> If a researcher interviews someone as part of their studies, therefore, this interview only becomes “real” when it is physically recorded—an act that sees it become a “monument” that establishes or perpetuates a particular world view.

The strength of literary deconstructionism in general—and Derrida’s critique in particular—is its logical consistency. Having linked *current* failings of modernity to phonetic language and the whole “Greco-European adventure”, Derrida and his like-minded compatriots are *primarily* focused on destruction. Accordingly, deconstructionism better serves as a device for criticising others than building an original, empirically grounded opus of one’s own. This tendency is pronounced in Derrida’s work, whose *Writing and Difference* contained, as we noted in the introduction to this book, a devastating critique of the internal weaknesses of Foucault’s *Madness and Civilisation*. By contrast, Derrida never produced a comprehensive analysis that can compare with any one of a number of Foucault’s studies (*Madness and Civilisation/History of Madness, History of Sexuality, Discipline and Punish*).

Derrida was also, as one would expect given his views on objective reality and “truth”, little concerned with empirical proof. Evidence of this can be found in Derrida’s declaration, made in the April 1993 lectures subse-

<sup>52</sup> F.R. Ankersmit, “Historiography and postmodernism”, *History and Theory*, Vol. 28, No. 2 (May 1989), 145–46.

<sup>53</sup> F.R. Ankersmit, “Reply to Professor Zagorin”, *History and Theory*, Vol. 29, No. 3 (Oct. 1990), 281.

<sup>54</sup> Derrida, *Writing and Difference*, 284–85.

quently published as *Specters of Marx*, that “never have violence, inequality, exclusion, famine, and thus economic oppression affected so many human beings in the history of earth and humanity”.<sup>55</sup> The gross fallacy of this claim can be ascertained by comparing Derrida’s stark conclusions with those found in the report of the United Nations’ Secretary-General, Boutros-Ghali, for 1993. As is evident in the conclusion to this report, the most significant change that Ghali wished to highlight was not violence and oppression, but—on the contrary—the largely peaceful transition to democracy that had characterised much of the globe during the previous few years. As Ghali emphasised, “the old international order has been swept away from a tidal wave of democratization. Thirst for democracy has been a major cause of change.” The most extraordinary developments, he noted, were found in Eastern Europe and the Soviet Union, where he noted that—with the exception of the old Yugoslavia—the populace were making a generally “smooth and peaceful management of change” as they transitioned away from a communist past. In terms of poverty, Ghali noted that Africa was “the only low-income region in the world where the numbers of people living in poverty is, if the current trends continue, likely to increase by the year 2000”.<sup>56</sup> As it transpired, even Ghali’s pessimistic prophecies about Africa turned out to be wide of the mark. As Antonio Guterres noted in his 2017 Secretary-General’s Report, the percentage of eligible children in sub-Saharan Africa attending primary school rose from 52 per cent to 80 per cent between 1990 and 2015.<sup>57</sup> Across the globe, the percentage of the population experiencing malnourishment fell to an historic low of 11 per cent in 2014–16. By 2016, only 9.2 per cent of the world’s population was estimated to be living in “extreme poverty”, the lowest figure ever recorded. Across the preceding 15 years, the most notable advances in the campaign against poverty were obtained in Africa and other historically undeveloped regions. Indeed, the United Nations estimated that “the largest number of people trapped in poverty” were no longer found in the world’s poorest nations but “in middle-income countries”.<sup>58</sup> Modernity, in short, suffers problems. But these problems bear little correspondence to the assertions made by Derrida and his kin.

<sup>55</sup> Derrida, *Specters of Marx*, 106.

<sup>56</sup> Boutros Boutros-Ghali, *Report of the Secretary-General on the Work of the Organization, 1993* (New York, NY: United Nations, 1993), 27, 3.

<sup>57</sup> Antonio Guterres, *Report of the Secretary-General on the Work of the Organization, 2017* (New York, NY: United Nations, 2017), 23.

<sup>58</sup> *Ibid.*, 10–11.

## FOUCAULT: EXCLUSION AND DISCOURSE

By comparison with Derrida, Foucault's critiques were neither as far-reaching nor intellectually consistent. Whereas Foucault in *The Order of Things* and *The Archaeology of Knowledge* began his analysis of the underpinnings of Western knowledge in the seventeenth century, Derrida's deconstructionist critique begins several thousand years earlier with the inception of phonetic language. A number of Foucault's key claims—that he had recorded a history of “madness itself” before it was “captured by knowledge”—that he was able to record “silences”—were, as Derrida pointed out, based on methodological impossibilities.<sup>59</sup> Although Foucault claimed, in contrast to Derrida, that his work started “from historical facts that serve as guidelines for research”, even supporters concede that his evidence collecting was typically modest in extent and sloppy in presentation.<sup>60</sup> Foucault also argued that “the division between true and false” was not objectively real, but was instead “historically constituted”, only obtaining meaning from the discourse within which it was located.<sup>61</sup> Unlike most researchers, Foucault (in)famously showed little interest in matters relating to causation, declaring instead in his *The Order of Things* that “I have left the problem of causes to one side”.<sup>62</sup> That this was not an isolated occurrence can be gauged by White’s subsequent assessment that Foucault “rejects … all causal explanations, of whatever sort”.<sup>63</sup> Despite his claims that “none of the methods” of “structural analysis” informed his own analysis, Foucault was the most structurally inclined of postmodernism’s founding figures, with Gibson Burrell—himself a postmodern-

<sup>59</sup> Foucault, “Preface to the 1961 edition”, xxxii–xxxiii, xxxi; Derrida, *Writing and Difference*, 36–76.

<sup>60</sup> Foucault, *History of Sexuality*, 13; Michel Foucault, “Appendix III – Reply to Derrida”, in Michael Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, second edition (London, UK: Routledge, 2006), 576–77; Hayden White, “Foucault decoded: Notes from the underground”, *History and Theory*, Vol. 12, No. 1 (1973), 38; Michael Rowlinson and Chris Carter, “Foucault and history in organization studies”, *Organization*, Vol. 9, No. 4 (2002), 534.

<sup>61</sup> Michel Foucault, “The discourse on language”, Appended to, Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon Books, 1972), 21. [The “discourse” was originally presented as a lecture in Paris in December 1970.]

<sup>62</sup> Foucault, *Order of Things*, xiii.

<sup>63</sup> White, “Foucault decoded”, 31.

ist—describing Foucault’s early work as “quasi-structuralist”.<sup>64</sup> Evidence of this is particularly notable in *The Order of Things*, where Foucault claimed to have discovered the key to the “fundamental codes” of culture.<sup>65</sup> Foucault’s structuralist tendencies, which betray the influence of Althusser’s neo-Marxism, did not escape Derrida’s attention, who declared “that by virtue of the construction of his project he sometimes runs the risk of being totalitarian”.<sup>66</sup> Despite Foucault’s flirtations with “structuralism”, it is nevertheless difficult to ascertain his guiding theoretical principles. This was conceded in his *The Archaeology of Knowledge*, where he affirms a lack of theoretical rigour not only in his earlier *The Order of Things*, but also within this work, declaring that “a fuller analysis of theoretical choices must be left until a later study”.<sup>67</sup> No such account ever appeared.

Given the evident failings in Foucault’s work, what explains his profound and continuing influence, an influence that allows Rowlinson and Carter to laugh at the dismay of the “modernist” researcher who gets their “facts right”, but whose analysis does “not generate debate in the way that a novel interpretation of history, such as Foucault’s, does”?<sup>68</sup> Four principal explanations for such outcomes present themselves. Most significantly, Foucault placed opposition to the “exclusion” of what we think of as minority groups—the insane, the incarcerated, the sick, women, homosexuals, children—at the centre of his work; a focus that is as evident in his first major book, *Madness and Civilization*, as it is in the final volumes of his *History of Sexuality*, completed shortly before his death in 1984.<sup>69</sup> Consistently, Foucault focused on the unwritten “codes” that entrenched discrimination, declaring in his *Discourse on Language*, “In a society such as our own we all know the rules of exclusion” [emphasis in original]. Whereas Rousseau had argued that “[m]an is born free, and he is every-

<sup>64</sup> Foucault, *Order of Things*, xiv; Gibson Foucault, “Modernism, postmodernism and organizational analysis: The contribution of Michael Foucault”, in Alan Mckinlay and Ken Starkey (Eds.), *Foucault and Organizational Theory*, (London, UK: Sage, 1998), 17.

<sup>65</sup> Foucault, *Order of Things*, xx.

<sup>66</sup> Derrida, *Writing and Difference*, 70.

<sup>67</sup> Foucault, *Archaeology of Knowledge*, 65.

<sup>68</sup> Rowlinson and Carter, “Foucault and history”, 534.

<sup>69</sup> Foucault, *History of Madness*; Michel Foucault (trans. Robert Hurley), *The Use of Pleasure: Volume 2 of the History of Sexuality*, (New York, NY: Random House, 1985); Michel Foucault (trans. Robert Hurley), *The Care of the Self: Volume 3 of the History of Sexuality*, (New York, NY: Random House, 1986). Foucault was working on a fourth volume at the time of his death.

where in chains”, Foucault asserted the opposite: that humanity was born into a complex set of rules and conventions that prescribed their opportunities. As he observed in an appendix to his *History of Madness*, “[m]an does not begin with freedom, but with limits and the line that cannot be crossed.”<sup>70</sup> Whereas past societies were content with outward compliance, Foucault argued, modernity creates systems of “normalizing power” that seek to control people’s thoughts and souls.<sup>71</sup> The result is what Foucault describes in *Discipline and Punish: The Birth of the Prison* as an all-pervasive “carceral network” that ensures the “perpetual observation” of its citizens.<sup>72</sup> Accordingly, Foucault warns, “judges” of normality “are present everywhere. We are in the society of the teacher-judge, the doctor-judge, the educator-judge”.<sup>73</sup> In countering such supposed oppression, Foucault writes of the excluded and the marginalised with evident compassion—a compassion that no doubt reflects his own experiences as a homosexual in mid-twentieth-century France. The mad, so Foucault records in *The Order of Things*, “are not sick”. Instead, they play an “indispensable” function within the “Western experience”, conveying “poetic” alternative understandings to those of the dominant culture.<sup>74</sup>

A second appeal of Foucault’s analysis is that it links both power and resistance to understandings that are—despite Foucault’s often-complex literary style—infinitely more comprehensible than the concept of “trace” that Heidegger, Levinas, and Derrida made central to their analysis. Foucault’s contempt for Derrida’s use of the latter practice was made clear in 1972 when he condemned it for causing “a reduction of discursive practices to textual traces”.<sup>75</sup> Where deconstructionism sought meaning behind words, Foucault was concerned with the construction of much larger linguistic arrangements: social “discourses” and *epistemes* (bodies of knowledge). Central to Foucault’s understanding of knowledge (and thus

<sup>70</sup> Michel Foucault, “Appendix I – Madness, the absence of an oeuvre”, in Michael Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, second edition (London, UK: Routledge, 2006), 544.

<sup>71</sup> Michel Foucault (trans. Alan Sheridan), *Discipline and Punish: The Birth of the Prison*, (New York, NY: Vintage Books, 1991), 304.

<sup>72</sup> *Ibid.*

<sup>73</sup> *Ibid.*

<sup>74</sup> Foucault, *Order of Things*, 49.

<sup>75</sup> Michel Foucault, “Appendix II – My body, this paper, this fire”, in Michael Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, second edition (London, UK: Routledge, 2006), 573.

power) was the notion “of rupture, of discontinuity”.<sup>76</sup> In *The Order of Things*, and to a lesser degree *The Archaeology of Knowledge*, Foucault primarily focused on ruptures within the *epistemes* (bodies of knowledge) that had characterised Western civilisation since the Renaissance. “In any given culture and at any given moment”, Foucault concluded in *The Order of Things*, “there is always only one *episteme* that defines the conditions of possibility of all knowledge.”<sup>77</sup> This means, Foucault explained, that although “membership of a social group can always explain why such and such a person chose one system of thought rather than another, the condition enabling that system to be thought never resides in the existence of the group”.<sup>78</sup> Where change occurs, it does so suddenly, the *episteme* rupturing as a result of “a work of theoretical transformation” that provides the foundation for a new *episteme*.<sup>79</sup> In Foucault’s estimation—as spelt out in *The Order of Things*—Western societies progressed through three distinct *epistemes* in the centuries after 1500, moving sequentially from a pre-Classic *episteme* based on religion and magic to a “classic” era where knowledge and science was based on “ordering”, and, finally, to the “modern” era where humanist understandings predominate.

Foucault’s association of knowledge with *epistemes*—which shows the influence of Gramsci’s concept of *hegemony* and Althusser’s theorisations on “ideological superstructure”—suffered from his unwillingness (or incapacity) to explain the causal factors behind the transitions from one *episteme* to another. It also located “ruptures” of knowledge at disciplinary levels typically located beyond the influence of common folk. Consequently, it is Foucault’s views on “discursive practice”, rather than his understandings of *epistemes*, that has proved most popular. Relegated to a secondary status in *The Order of Things*, they become the main focus of attention in *The Archaeology of Knowledge*. Whereas in the former study, disciplinary discourses were shaped by the *episteme*, in *Archaeology of Knowledge*, the relationship is reversed, with Foucault recording: “[T]here is no knowledge without a particular discursive practice; and any discursive practice may be defined by the knowledge that it forms.”<sup>80</sup> In this revised formulation, discourses can be generated not only by disciplines (economics, med-

<sup>76</sup> *Ibid.*, 4.

<sup>77</sup> Foucault, *Order of Things*, 168.

<sup>78</sup> *Ibid.*, 200.

<sup>79</sup> Foucault, *Archaeology of Knowledge*, 5.

<sup>80</sup> *Ibid.*, 183.

icine etc.) but also by organisations and social groups. Indeed, Foucault argues, discourses are to be found everywhere, the product of people “talking about ‘the same thing’”.<sup>81</sup> “Statements”, be they based on fact or fiction, only obtain their meaning through discourse. They have no intrinsic value in themselves.<sup>82</sup> Accordingly, “knowledge” includes “fictions” as well as facts.<sup>83</sup> Discourses are, moreover, never stable but in a constant state of flux.<sup>84</sup> What needs to be emphasised at this point is that for Foucault, the key focus is *not*—as it is with Derrida—text or the individual subject. Rather, it is the *discourse*, the set of *rules* for language and knowledge through which individuals obtain their intellectual frameworks and understandings. In other words, Foucault is *not* interested in textual deconstruction (as Derrida was), but rather in larger social “discourses”. This means, for example, that a Foucauldian analysis of the “discourses” that I am involved in as a business academic and management historian would primarily concern itself with the common understandings and concerns that shape debates in those disciplines, that is, profit, efficiency, organisational structure, business strategy. It would, therefore, not be interested—as disciples of Derrida would be—in analysing texts for hidden meanings or “traces”. Instead, an intellectual follower of Foucault would only be interested in a text for what it would tell them about the wider discourse.

By the 1970s, Foucault was linking the importance of discourse with a third understanding—the idea of all-pervasive systems of “micro-power”—that allowed him to argue that “it is in discourse that power and knowledge are joined together”—arguably his most memorable articulation.<sup>85</sup> Emphasising his break from neo-Marxism, in both *Discipline and Punish* and the first volume of his *History of Sexuality*, Foucault argued that social class was not the sole, or even the main, source of power and oppression. Instead, he suggested, modernity had created a humanity surrounded by “institutions of repression, rejection, exclusion, marginalization”—institutions that subject all those whose behaviour runs counter to society’s “power of normalization” to “infinitesimal surveillances, permanent controls, extremely meticulous orderings of space, indeterminate medical or

<sup>81</sup> *Ibid.*, 126.

<sup>82</sup> *Ibid.*, 80, 85.

<sup>83</sup> *Ibid.*, 183.

<sup>84</sup> *Ibid.*, 76.

<sup>85</sup> Foucault, *History of Sexuality – an Introduction*, 145, 100.

psychological examinations”.<sup>86</sup> In contrast to Marxists, Foucault linked oppressive “power” *not* to “a general system”, but instead to a myriad of manifestations where oppressive power is “everywhere”, “exercised from innumerable points”.<sup>87</sup> Accordingly, women subjected to inequitable household relationships suffer similarly to the worker located on the factory floor. Homosexuals, subjected to police harassment and victimisation, differ in no fundamental way from the political dissident or union leader subjected to similar treatment. In all such circumstances, oppression—be it physical or psychological—is grounded in the discourses that legitimise power and compel obedience. This means, Foucault continued, that “[a]ll the modes of domination, submission, and subjugation are ultimately reduced to the effect of obedience”.<sup>88</sup> If one refuses obedience, therefore, the spell of domination is broken. However, such disobedience can only manifest itself in significant form if it too is grounded in discourse—a discourse that challenges the previously dominant discourse that justified oppressive power. Fortunately, Foucault would have readers believe that points of resistance—and alternative discourses—are also found “everywhere”, producing “swarm points” that traverse “social stratifications”, “fracturing unities”.<sup>89</sup>

Philosophically, Foucault’s understandings of power and resistance are rooted in the idealism of Nietzsche’s “will to power”, the exercise of which supposedly provides the only path to “independence” of soul and being—any other suggested path being a misleading fable, “a false causality”.<sup>90</sup> Foucault, by taking the positions that he did—as, Hayden White correctly noted in an article published shortly after the release of *The Archaeology of Knowledge*—revealed himself as “no rationalist”. Indicative of this, White added, was the fact that “social, economic and political contexts” were almost totally absent from Foucault’s analysis—an absence that reflected an understanding that individuals and groups can achieve whatever they want if they have sufficient will.<sup>91</sup> By arguing that “discourse”, rather than

<sup>86</sup> Foucault, *Discipline and Punish*, 308; Foucault, *History of Sexuality – an Introduction*, 145.

<sup>87</sup> Foucault, *History of Sexuality – an Introduction*, 92–94.

<sup>88</sup> *Ibid.*, 85.

<sup>89</sup> *Ibid.*, 95–96.

<sup>90</sup> Friedrich Nietzsche, “Twilight of the idols”, in Friedrich Nietzsche (trans. R.J. Hollingdale), *Twilight of the Idols/The Anti-Christ*, (London, UK: Penguin Classics, 1990), 103, 59.

<sup>91</sup> White, “Foucault decoded”, 25, 30.

changes in material condition, held the key to societal resistance, Foucault led his erstwhile readers and followers to a fourth point that does much to explain his success: the promise of “utopias”. Unlike most prophets, who are content with offering a single “utopia” (e.g. Marx’s communist society), Foucault offered a plurality of “utopias”—what he referred to as “Heterotopias”, each corresponding to different points of resistance. Such utopias, Foucault promised, were “a fantastic, untroubled region”.<sup>92</sup> In Foucault’s vision, the future would be created around “a decentring that leaves no privileges to any centre”.<sup>93</sup> Rather than being characterised by uniformities and hierarchies, Foucault’s idealised future would be built around “myths”, “sexuality”, “desire”.<sup>94</sup>

Although it is evident that Foucault’s work contained novelties that help explain his extraordinary success in postmodernist circles and beyond, we should nevertheless not overlook the commonalities that Foucault and his heirs share with deconstructionists. Like Derrida, Foucault believed that discourse had to be granted autonomy of existence, freed from any necessary meaning ascribed to it by the author/s.<sup>95</sup> Understandings reside within the “discourse itself”, rather than in an assortment of individuals.<sup>96</sup> As with deconstructionism, Foucault’s brand of postmodernism leads to “horizontality” of research effort, in which the participants in discourse talk about “the same things”, place themselves “at the same level”, and oppose one another “on the same battlefield”.<sup>97</sup> If we are to examine the reasons behind the election of Donald Trump as US President in 2016, for example, a Foucauldian analysis would examine the various “discourses” that each of various candidates put forward, rather than concern itself with sociological factors (i.e. the decline in manufacturing, lack of real wage growth, declining labour force participation etc.). Foucault, like Derrida, also believed that “truth” was a subjective understanding, identifying the “will to truth” (i.e. an emphasis on “realist” accounts of human experience) as a form of “social exclusion”.<sup>98</sup> The problems with such approaches, as with any that draw their primary inspiration from Nietzsche, are manifold. By linking power and knowledge inextricably together,

<sup>92</sup> Foucault, *Order of Things*, xviii.

<sup>93</sup> Foucault, *Archaeology of Knowledge*, 5.

<sup>94</sup> *Ibid.*, 14.

<sup>95</sup> Foucault, “Discourse on language”, 222.

<sup>96</sup> Foucault, *Archaeology of Knowledge*, 73.

<sup>97</sup> *Ibid.*, 126.

<sup>98</sup> Foucault, “Discourse on language”, 219.

Foucault and his heirs consciously negate the principles of the “scientific method” and hypothesis testing. As Perez Zagorin noted, resolution of debates on the basis of hypothesis testing becomes impossible if one denies evidence a verifiable existence. Instead, one is simply left with competing discourses, none of which are inherently superior.<sup>99</sup> To cite the American cultural historian Sande Cohen: “[S]cholarship has no distinctive claim on epistemic truth; its truths are language.”<sup>100</sup>

### HAYDEN WHITE: NARRATION AS FANTASY

If Derrida and Foucault are responsible for many of the key philosophical underpinnings of postmodernism, Hayden White has been immensely influential in its actual practice, most particularly among historians and management theorists in the English-speaking world. Writing in 1989, Ankersmit declared White’s *Metahistory*, first published in 1973, to be “the most revolutionary book in the history of philosophy over the past twenty-five years”.<sup>101</sup> Almost a decade later, Brian Fay declared that through White’s understandings, “an entire generation of historians was educated to theory and metatheory in a way no previous generation was”.<sup>102</sup> A further decade on, two leading Australian historians, Ann Curthoys and Anne McGrath, declared White—to whom, like Fay, they attributed the “linguistic turn” in the social sciences—to be the “most influential figure” in “historical writing as writing”.<sup>103</sup> Similarly, in 2012, the critical management theorists Gabrielle Durepos and Albert Mills declared that—although Foucault “broadly influenced cultural theorists”—White was profoundly responsible for “redirecting scholars from a focus on *truth* toward a postmodernist emphasis on the socially constructed nature of the *historical form*”.<sup>104</sup>

<sup>99</sup> Perez Zagorin, “Historiography and postmodernism: Reconsiderations”, *History and Theory*, Vol. 29, No. 3 (Oct. 1990), 263–74.

<sup>100</sup> Sande Cohen, *Passive Nihilism: Cultural Historiography and the Rhetorics of Scholarship*, (New York, NY: St Martin’s Press, 1999), 2.

<sup>101</sup> Ankersmit, “Historiography and postmodernism”, 143.

<sup>102</sup> Fay, “Linguistic turn”, 1.

<sup>103</sup> Ann Curthoys and Ann McGrath, “Introduction”, in Ann Curthoys and Ann McGrath (Eds.), *Writing Histories: Imagination and Narration*, (Melbourne, AUS: Monash University ePress, 2009), ix.

<sup>104</sup> Gabrielle A.T. Durepos and Albert J. Mills, *ANTI-HISTORY: Theorizing the Past, History, and Historiography in Management and Organization Studies*, (Charlotte, NC: Information Age Publishing, 2012), 84.

Michigan-educated but a long-term California resident, White's extraordinary intellectual influence stemmed from his ability to turn a conventional literary device—narrative, the telling of a story—into an easily acquired postmodernist weapon. Echoing Nietzsche and Foucault, White declared in his most influential study, *Metahistory*, that the objective in any narrative should be to dissolve “the authority of all the inherited ways of conceiving”. Consequently, he continued, “[h]istorical representation becomes once more all story, no plot, no explanation, no ideological implication at all – that is to say, ‘myth’”.<sup>105</sup> The only problem, Hayden argued in a subsequent study, comes when one treats real “events” as if they had some objective truth. Instead, we need to dismiss the idea that there is a “distinction between real and imaginary events”.<sup>106</sup> Accordingly, we need to think of the “real” as simply “referents” in a discourse, something that is “spoken about” but not allowed to dominate the story.<sup>107</sup> By pursuing this path, White later advised, “history”—and by implication other social sciences—can be transformed into “a place of fantasy” where any outcome is possible.<sup>108</sup> If forced to choose between two competing discourses, we are, therefore, best guided not by epistemological consideration, but rather by “ethical” or “moral” judgements.<sup>109</sup> Thus, if I was looking for explanations for the dramatic growth in slavery in the United States after Independence, I should reject explanations based on economic rationality (i.e. industrialisation of cotton milling produced dramatic increases in demand for raw cotton) and accept instead explanations that highlight the intrinsic moral evil of slavery and the capitalist system that tolerated it. Given that real events—*referents*—cannot be allowed a dominant role in any narrative, White argued—drawing on Vico—that we should organise or “emplot” our work through the use of literary “tropes”, notably: metaphor, metonymy, synecdoche, and irony.<sup>110</sup> As White explained in 1973, each of these “tropes” corresponds to a particular age “in the life-cycle of a civilization”. As the final “trope”, irony, corresponds to the declining stage of a civilisation—what White referred to as “the age

<sup>105</sup> White, *Metahistory*, 37.

<sup>106</sup> Hayden White, “The value of narrativity in the representation of reality”, *Critical Inquiry*, Vol. 7, No. 1 (Aut. 1980), 10.

<sup>107</sup> *Ibid.*, 8.

<sup>108</sup> Hayden White, “The public relevance of historical studies: A reply to Dirk Moses”, *History and Theory*, Vol. 44, No. 3 (Oct. 2005), 333.

<sup>109</sup> White, *Metahistory*, 26, xii.

<sup>110</sup> *Ibid.*, x-xii.

of decadence”—the use of “ironic narrative” is well-suited to the circumstances of the contemporary world.<sup>111</sup>

In coming to the conclusions that he drew, White inherited from Foucault—as he advised in 1973—a clear sense of being within an antirationalist “tradition of historical thought that originates in Romanticism” and culminates in the militant idealism advocated “by Nietzsche”.<sup>112</sup> In addition to Foucault’s ideas about the subjectivity of knowledge, White also embraced the view that accounts “of man, society and culture” should aim to “defamiliarize” the reader—a formula that echoed Foucault’s suggestion that discourse should bring about a situation where understandings are “known, forgotten, transformed, utterly erased, and hidden”.<sup>113</sup> Only “by disenthraling human intelligence”, White argued, would humanity “be able to confront creatively the problems of the present”.<sup>114</sup> Such formulations are now central to the postmodernist assault on Western rationality, which long held that definable patterns are ascertainable in economics, demography, human work behaviour, and overall societal direction. From the postmodernist perspective, understandings based on such premises are delusion. As Alun Munslow, a leading British postmodernist and historian, observed in an articulation that corresponds to both Foucault’s and White’s viewpoints: “The future is one of gloomy uncertainty. It now seems quite incredible that anyone could have ever believed in the hierarchy of master narratives like liberalism, science, Marxism, socialism, or a view of history that emphasised ... the discovery of the past as it actually was.”<sup>115</sup>

In part, therefore, White’s significance is as a conduit of Foucault’s ideas to an English-speaking audience. It is, however, White’s conceptualisations about narrative and “emplotment” that underscore his status as a postmodernist innovator. Here, White’s success is attributable to his popularisation of notions found in a hitherto largely overlooked study: Giambatista Vico’s *The New Science*. Completed in 1744, Vico’s study paralleled Rousseau in arguing that the advance of civilisation came at excessive cost to the human spirit. Prior to the numbing effects of civilisa-

<sup>111</sup> White, “Foucault decoded”, 31.

<sup>112</sup> *Ibid.*, 50.

<sup>113</sup> *Ibid.*; Foucault, *Archaeology of Knowledge*, 47–48.

<sup>114</sup> Hayden White, “The burden of history”, *History and Theory*, Vol. 5, No. 2 (May 1966), 123.

<sup>115</sup> Alun Munslow, *Deconstructing History*, second edition (Abingdon, UK: Routledge, 1997), 17.

tion, Vico somehow ascertained, people possessed “vast imagination”—an imagination that was “entirely immersed in the senses, buffeted by the passions”.<sup>116</sup> In this primeval state, humanity produced “sublime” poetic fables, of which Homer’s *Iliad* was “first in the order of merit”.<sup>117</sup> As civilisation advanced, Vico argued, so “these vast imaginations shrank”.<sup>118</sup> All that was left were literary “tropes”, “metaphors” that provided a remnant existence of an older, more spiritual way of perceiving the world. Such “tropes” and “metaphors” were, therefore, not “ingenious inventions” of writers, but were instead an inherited link to “the first poetic nations”.<sup>119</sup> By strengthening the role of “metaphor” in language, we could, so Vico believed, recapture something of the “vast imagination” that civilisation had stripped from us. In Vico’s view, “Irony” was of particular use in interpreting the modern world as it—like the modern world itself—is “fashioned in falsehood”, thereby allowing “reflection” on societal falsehood.<sup>120</sup>

All of Vico’s conceptualisations were embraced by White, subsequently becoming part of the postmodernist mainstream. According to White and his intellectual heirs, the researcher who constructs a narrative should perceive their study not as a work of science, but rather as “an essentially *poetic act*” [emphasis in original].<sup>121</sup> Further, as the purpose of such research is *primarily* inspirational, it must have as its main focus “felt needs and aspirations that are ultimately personal”—a suggestion that leads towards narratives built around personal experiences premised on racial, religious, sexual, and social identity.<sup>122</sup> As, according to White, fable and myth are the highest form of representation, this not only justifies but necessitates academic “reconstructions” of a “fictive character”.<sup>123</sup> The benefit of this, White continued, is that it allows for the “erection” of an “illusionary world, outside the original world of pure power relationships”.<sup>124</sup> By creating this

<sup>116</sup> Vico, *The New Science*, 118.

<sup>117</sup> *Ibid.*, 120.

<sup>118</sup> *Ibid.*, 128.

<sup>119</sup> *Ibid.*, 131.

<sup>120</sup> *Ibid.*

<sup>121</sup> White, *Metahistory*, x.

<sup>122</sup> *Ibid.*, 283.

<sup>123</sup> Hayden White, “The historical text as literary artefact”, in Brian Fay, Philip Pomper and Richard T. Van (Eds.), *History and Theory: Contemporary Readings*, (Oxford, UK: Blackwell Publishers, 1998), 15–33.

<sup>124</sup> White, *Metahistory*, 371.



**Photo 6.2** Giambattista Vico, 1688–1744: An Italian idealist philosopher, Vico was hostile to the tradition of rational thought that emerged in the European Enlightenment, arguing that the advance of civilization had dulled humanity's once vast imagination. To resurrect creativity, Vico advocated a poetic style of writing built around metaphors; ideas that profoundly influenced Hayden White and his intellectual heirs. (Courtesy: Photo by Stefano Bianchetti/Corbis via Getty Images)

morally superior “illusionary world”, White urged—drawing on Nietzsche rather than on Vico—authors can initiate “a process in which the weak vie with the strong for the authority to determine how this second world will be characterized”.<sup>125</sup> White also argued that as all depictions of the world

<sup>125</sup> *Ibid.*

are inherently “ideological”, a key task for the postmodernist researcher lay in revealing the “ideological considerations” of modernist authors in their choice of topics and “emplotments”.<sup>126</sup>

It is hard to underestimate the impact of White’s ideas. Whereas Foucault and more particularly Derrida’s conceptualisations led to “horizontality” of research, that is, an engagement with text or discourse rather than with “primary” evidence, White’s methodology allowed for “verticality” of research as well, that is, research based on “primary sources”. For, using White’s framework, even if “referents” (i.e. what the modernist author would think of as “facts”) had no definitive reality, they could nonetheless be marshalled in a “poetic”, “fictive” account to create an “illusionary world” capable of challenging oppressive power. The extraordinary reach of White’s formulations is evidenced in a 2014 article by Rowlinson, Hassard, and Decker in the *Academy of Management Review*, widely accepted as one of the most prestigious management journals. Titled “Research strategies for organizational history”, this article not only begins by acknowledging White as “a leading philosopher of history”, but also declares acceptance of his view “that there is a ‘literary’ or ‘fictive’ element in all ‘historical ... and scientific writing’”.<sup>127</sup> White’s concepts were also notable in contributing to a postmodernist displacement of the “Scientific Attitude” with the so-called Rhetorical Attitude—or what Alvesson and Kärreman refer to as “grounded fictionalism”.<sup>128</sup> Associated with what is variously referred to as the “linguistic” or “discursive” turn in the social sciences, the “Rhetorical Attitude” perceives all knowledge as essentially ideology, mere devices for both maintaining and challenging power.<sup>129</sup> As Brian Fay explains it, reference to “science” and objective truth is grounded not in epistemological veracity, but rather in strategies for legitimising oppression and exclusion.<sup>130</sup> When used positively, Fay contends, the “Rhetorical Attitude” can be significant “as a way of combating oppres-

<sup>126</sup> Hayden White, “The politics of historical interpretation: Discipline and de-sublimation”, *Critical Inquiry*, Vol. 89, No. 1 (Sep. 1982), 113–37.

<sup>127</sup> Michael Rowlinson, John Hassard and Stephanie Decker, “Research strategies for organizational history: a dialogue between historical theory and organization theory”, *Academy of Management Review*, Vol. 39, No. 3 (2014), 151, 257.

<sup>128</sup> Mats Alvesson and Dan Kärreman, “Taking the linguistic turn in organizational research”, *The Journal of Applied Behavioral Science*, Vol. 36, No. 2 (Jun. 2000), 144–45.

<sup>129</sup> Roy Suddaby and Royston Greenwood, “Rhetorical strategies of legitimacy”, *Administrative Science Quarterly*, Vol. 50 (2005), 36. [The actual terminology associated with the “Rhetorical Attitude” can be traced back to: Kenneth Burke, *A Rhetoric of Motives*, (Berkeley, CA: University of California Press, 1950).]

<sup>130</sup> Fay, “Linguistic turn”, 3–4.

sors” whose power has been previously “legitimized” by “science”.<sup>131</sup> The growing acceptance of this approach can be easily ascertained, either by perusal of a wide range of journals in the humanities and business disciplines, or by attending almost any academic conference.<sup>132</sup>

White’s influence in linking Foucault’s critiques with a “fictive” narrative methodology is also evident in the topics researched and taught in Western universities—domains where increasing numbers are heeding White’s call for researchers to embrace “felt needs and aspirations that are ultimately personal”.<sup>133</sup> In commenting upon this trend in a October 2016 lecture, subsequently published as *The Decline and Fall of History*, Niall Ferguson noted that courses dealing with aspects of “Western civilization”—the Protestant Reformation, the Enlightenment, the Industrial Revolution, the Great Depression, Fascism—have all but disappeared from American universities. At Harvard, he noted, there were no courses on the American Revolution, the US Constitution, or the Civil War. Despite Harvard boasting 55 history academics, only seven dealt with any aspect of Western civilisation. At Yale, there were only two such courses in a faculty employing 67 historians. By contrast, there was a plethora of courses dealing with topics such as “History of the Supernatural”, “Madwomen: The History of Women and Mental Illness in the U.S.”, “Sex, Life, and Generation”, and “Witchcraft and Society”.<sup>134</sup> The same trend is evident in this author’s own *alma mater*, the University of Queensland. Courses that had a seminal and enduring influence on my thinking—such as the Renaissance, the Reformation, and the revolutionary movements of nine-

<sup>131</sup> *Ibid.*, 4.

<sup>132</sup> See, for example, Shilo Hills, Maxim Voronoz, and C.R. Bon Hinings, “Putting new win in old bottles: Utilizing rhetorical history to overcome stigma with a previously dominant logic”, *Research in the Sociology of Organizations*, Vol. 39 (2013), 99–137; Ronald Kroese and Sjoerd Keulen, “Leading a multinational is history in practice: The use of invented traditions and narratives at AkzoNobel, Shell, Philips and ABN AMRO”, *Business History*, Vol. 55, No. 8 (2013), 965–95; William Milton Foster, Roy Suddaby and Diego M. Coraiola, “Useful rhetorical history: An ideographic analysis of Fortune 500 corporations”, *Academy of Management Best Paper Proceedings*, (Briarcliff Manor, NY: Academy of Management, August 2016). The last cited conference paper received the John F. Mee Award at the August 2016 Annual Meeting of the Academy of Management. This award is for the paper judged to be the best management submission at the annual Academy of Management meeting.

<sup>133</sup> White, *Metahistory*, 283.

<sup>134</sup> Niall Ferguson, “The Decline and Fall of History”, in Ayaan Hirsi Ali and Niall Ferguson, *Preserving the Values of the West / The Decline and Fall of History*, (Washington, DC: American Council of Trustees and Alumni, 2016), 13–15.

teenth-century Europe—have disappeared. Although there is a course on “Western Religious Thought”, a perusal of the course guide reveals that it spends as much time on Friedrich Nietzsche as Martin Luther. By contrast, additions to the course list include: “Witchcraft and Demonology in Early Modern Europe and its Colonies”, “Medieval Heresy”, “Sex in History”, “America in Film”, and “Body, Fashion and Consumption in History”.<sup>135</sup> That this change in focus was not confined to my *alma mater* is indicated by a study published in October 2017 by the Institute for Public Affairs: *The Rise of Identity Politics: An Audit of History Teaching at Australian Universities in 2017*. Undertaken as part of its Foundations of Western Civilization Program, the Institute examined all of the 746 history courses taught at Australia’s 35 universities in 2017. This found that the most commonly taught topics in 2017 were Indigenous peoples (99 courses), race (80 courses), gender (69 courses), environment (55 courses), and other aspects of “identity”. Courses on “Film” outnumbered those on “Democracy” by 41 to 21. Similarly, study of the Enlightenment (20 courses) was overshadowed by courses on “Identity” (55 courses). Courses on “Sexuality” (34) easily exceeded those dealing with the “Reformation” (12).<sup>136</sup> Similar trends, no doubt, would be obtained if one chose to audit courses in English, sociology, psychology, media, environmental studies, and, to a lesser degree, business and law.

The intellectual legacy of White and Foucault—as evident in academic research as it is in teaching—has a number of obvious detrimental effects. At a time when most Western societies are suffering low (or declining) levels of real wage growth, static or declining labour force participation, increased household indebtedness, and stagnant manufacturing output, the postmodernist focus on matters “that are ultimately personal” leads away from consideration of such factors. White and his intellectual heirs also have a problematic relationship with truth and objective reality. As with Derrida, White found discussions of the Holocaust particularly troubling. In a seeming reversal of his previous advocacy of the “illusory” and the “fictive”, in 1982, White denied that his methodology promoted “a debilitating relativism” that located the Holocaust—as Kellner asserted—

<sup>135</sup> University of Queensland, *Course List for the History Extended Major for 2018*, [http://www.uq.edu.au/study/plan\\_display.html?acad\\_plan=HISTOY2000](http://www.uq.edu.au/study/plan_display.html?acad_plan=HISTOY2000) [Accessed 26 October 2017].

<sup>136</sup> Institute for Public Affairs, *The Rise of Identity Politics: An Audit of History Teaching at Australian Universities in 2017*, (Melbourne, AUS: Institute for Public Affairs, 2017), 3–4.

in the realm of “imaginative creation”. An “interpretation falls into the category of a lie”, White declared, “when it denies the reality of the events of which it treats”.<sup>137</sup> The problem with this reversal is that if one accepts “the reality of the events”, then how is it possible for one to justify abandonment of the “Scientific Method” in favour of “myth” and “poetic” narrative?

### POSTMODERNISM AS A CONDITION

Although the term “postmodernism” has become associated with a whole body of knowledge that is critical of modernity, in its original meaning—as articulated by Lyotard in *The Postmodern Condition*—the term referred to humanity’s current condition. In this study, published as *La Condition Postmoderne* in 1979, and in his subsequent *The Inhuman*, Lyotard associated postmodernity with four adverse transformations.

First, Lyotard argued, global society is witnessing cultural and economic homogenisation—a process aided and abetted by “a generalized computerization of society” and an oppressive new “performativity principle” that subordinates even previously autonomous “institutions of higher learning”.<sup>138</sup> Ruled by “technocrats”, Lyotard argued in his second key point, the mass of the workforce is subject to “terror”, a “dehumanizing process” in which those who cannot speak the idioms of science are economically excluded.<sup>139</sup> Lyotard’s third formulation—that postmodernity involves an intensification of the imperative that “enjoyment” in the present “be sacrificed” to future expansion<sup>140</sup>—drew on his earlier *Libidinal Economy*. Betraying the influence of the neo-Freudian psychiatrist Jacques Lacan, in this study, Lyotard suggested that “every political economy is libidinal”, its degree of success determined by its capacity to redirect sexual desires and passions to material ends. Accordingly, postmodernity’s increased focus on “development”—which Lyotard described as “the ideology of the present time”—necessarily implies a greater harnessing of subliminal sexual drives.<sup>141</sup> Lyotard’s fourth and most significant formulation,

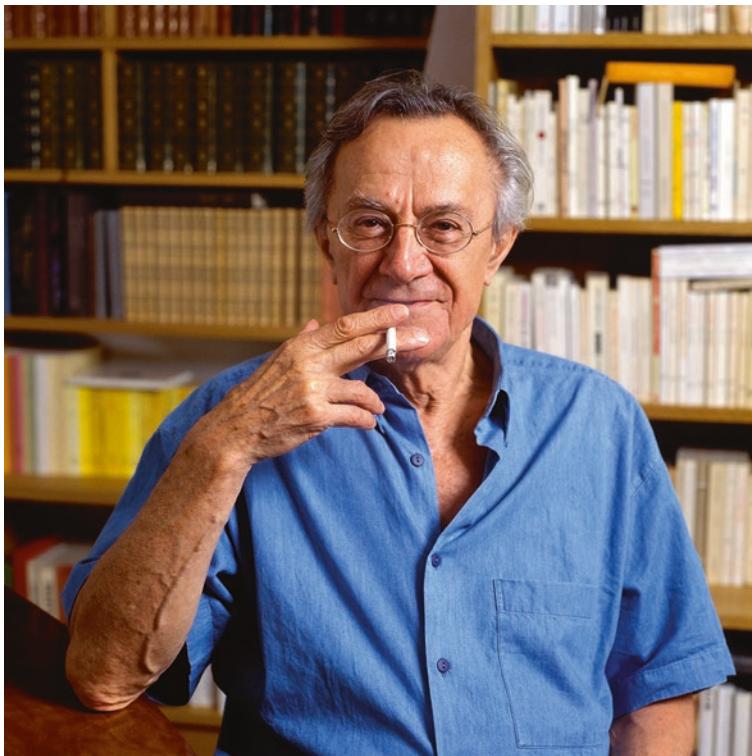
<sup>137</sup> White, “Politics of historical interpretation”, 133.

<sup>138</sup> Jean-Francois Lyotard (trans. Geoffrey Bennington and Rachael Bowlby), *The Inhuman*, (Stanford, CA: Stanford University Press, 1991), 5; Lyotard, *Postmodern Condition*, 47, 50.

<sup>139</sup> Lyotard, *Postmodern Condition*, 63, 51.

<sup>140</sup> Lyotard, *Inhuman*, 67.

<sup>141</sup> Jean-Francois Lyotard (trans. Iain Hamilton Grant), *Libidinal Economy*, (Bloomington and Indiana, IN: Indiana University Press, 1993), 114–15; Lyotard, *Inhuman*, 6.



**Photo 6.3** Jean-François Lyotard, 1924–88: A French philosopher and sociologist, it was Lyotard who popularised the term “postmodern” through his publication of *The Postmodern Condition*. In Lyotard’s view, postmodernism was an actual lived condition in which a “computerized society” entrenched new social inequities. (Courtesy: (Photo by Louis MONIER/Gamma-Rapho via Getty Images)

however, relates to changes in societal discourses and processes of legitimisation. Although, he argued, capitalism had historically legitimised itself by promising liberation “through science and technology”, this process is accentuated in the postmodern condition, as ever-increasing “efficiency” provides a “self-legitimizing” circularity.<sup>142</sup> In other words, the successful achievement of improved efficiency only encourages a greater emphasis on

<sup>142</sup> Lyotard, *Inhuman*, 6; Lyotard, *Postmodern Condition*, 47.

efficiency. At the same time, however, economic compression of time, and an associated focus on the “here and now”, causes the population to lose any sense of an historical past.<sup>143</sup> Of all the postmodern transformations, Lyotard believed that only the latter alteration—the shift in popular discourse from a past to a present orientation—offered hope of social salvation. For while “computerization of society” threatened greater control, it also opened up new forums for discourse and exchange.<sup>144</sup>

Lyotard’s analysis, though devoid of statistical evidence or other forms of verifiable proof, has clearly had a popular resonance. Much of its success can be attributed to the fact that his analysis corresponded to far-reaching changes in modernity; changes that saw a retreat in virtually all Western economies of the systems of mass production that had been the hallmark of work and employment since the dawn of the Industrial Revolution. As we note in Chap. 4, these changes were associated in the 1970s and 1980s with a burgeoning literature that confidently predicted the imminent creation of “post-Fordist”, “post-industrial” economies based upon “flexible production” techniques that would require a new generation of highly trained and motivated “knowledge workers”. Although few of these predictions were fulfilled, it nevertheless remains true that Western employment growth since the 1970s has been most marked in industries that typically require tertiary qualifications, albeit mainly in areas such as health and education rather than information technology. Lyotard’s depiction of the “postmodern condition” also benefited from its correspondence to the general postmodernist critique of “modernity”. As with postmodernists more generally, Lyotard associated new forms of social oppression not with capitalism, but rather with a “technocratic” order which manifested itself throughout the entire social order.<sup>145</sup> Like postmodernists more generally, Lyotard advocated an essentially anarchistic response, wherein the legitimacy of social order would be challenged wherever it appeared. In keeping with the general postmodernist focus on language and discourse, Lyotard argued that a battle of language held the key to the future, as “to speak is to fight”.<sup>146</sup> Like postmodernists more widely, Lyotard also dismissed as irrelevant Western civilisation’s past “grand narratives”—Marxism, liberalism, democracy, and so on—given the scale of recent societal changes. Nor

<sup>143</sup> Lyotard, *Postmodern Condition*, 40–41.

<sup>144</sup> *Ibid.*, 67.

<sup>145</sup> Lyotard, *Postmodern Condition*, 12.

<sup>146</sup> *Ibid.*, 10.

should we anticipate some sort of revolutionary change to the whole order, as any such attempted transformation would merely “end up resembling the system it was meant to replace”.<sup>147</sup> Instead, we must put our faith in new “language games” that draw on “language’s reserve of possible utterances”.<sup>148</sup> In other words, oppressive power is best resisted by uniting various discourses of resistance.

If Lyotard’s depiction of the “postmodern condition” has had great resonance, it has also generated alternative visions of postmodernity, of which David Harvey’s *The Condition of Postmodernity* and Frederick Jameson’s *Postmodernism* are particularly noteworthy. Whereas both these alternative accounts accepted Lyotard’s view that a far-reaching process of change happened in the global economy, they nevertheless dismissed as spurious his contention that “computerization” had fundamentally altered our world’s underlying structures and modes of production. Dismissing what he refers to as “postmodernism’s populist rhetoric”, Jameson—who describes his own viewpoint as a marriage of postmodernism and post-Marxism—argues that capitalism has become stronger rather than weaker in postmodernity, or what he prefers to call “late capitalism”. Noting a “global restructuring of production”, Jameson suggests that much of the postmodernist ideology is a “cover story” for an educated Western “elite” that has itself benefited from global transformations; an elite prone to self-indulgent advocacy of an “oppositional … Utopian culture”.<sup>149</sup> Harvey similarly condemns as “dangerous” the typical “rhetoric of postmodernism” for its unwillingness to confront “the realities of political economy” and the “circumstances of global power”: realities associated with an increased capacity for firm relocation in search of lower costs and higher profits.<sup>150</sup> For his part, Jameson also argues that the success of the postmodernist emphasis on “difference” and personal “identity” reflected, paradoxically, the “new liberal tolerance” of Western societies. In short, an emphasis on gender, race, and sexuality succeeds precisely because of the disappearance of past discriminations amid a process of what he refers to as “social homogenisation and standardization”.<sup>151</sup>

<sup>147</sup> *Ibid.*, 66.

<sup>148</sup> *Ibid.*, 67.

<sup>149</sup> Frederick Jameson, *Postmodernism: Or, the Cultural Logic of Late Capitalism*, (London and New York: Verso, 1991), 297–98, 318–19.

<sup>150</sup> David Harvey, *The Condition of Postmodernity*, (Oxford, UK: Basil Blackwell, 1989), 117, 232.

<sup>151</sup> Jameson, *Postmodernism*, 357, 341.

Where the various depictions of the “postmodern condition” find commonality is in relation to what Harvey refers to as “time–space compression”; the view that new transport and information technologies have created an increasingly unified global economy where barriers based around national identity are less significant.<sup>152</sup> This process, Jameson concluded, has “flung workers in archaic factories out of work, displaced new kinds of industry to unexpected parts of the world, and recruited work forces different from the traditional ones”.<sup>153</sup> Unanimity is also found in relation to the view that postmodernity is associated with more powerful mechanisms for social control and dominance. In Lyotard’s analysis, the “highly stable system” that dominates the globe “seems to be a vanguard machine dragging humanity after it, dehumanising it”.<sup>154</sup> Harvey similarly speaks of “a highly unified global space economy”, while Jameson links the ascendancy of “American postmodern culture” to a “new wave of American military and economic domination”.<sup>155</sup> Commonality is also found in the view that resistance to this new order will come from local, dispersed manifestations of discontent. Whereas, Harvey argued, the postmodern form of capitalism had control of “space”—that is, the capacity to relocate productive capacity—various social movements of resistance could garner control over “place”, that is, the physical places of work and residence; a view that helped fuel a vast academic literature (most particularly in industrial relations) on how locality-based campaigns can combat “global” capitalism.<sup>156</sup> For both Lyotard and Jameson, the cultural realm provided notable avenues for dissidence. Although Lyotard shared with Max Horkheimer and Theodor Adorno (the Frankfurt School neo-Marxists) a disdain for mass-produced “kitsch”—where “one listens to reggae, watches a western, eats McDonald’s food … and wears ‘retro’ clothes in Hong Kong”—he was an

<sup>152</sup> Harvey, *Condition of Postmodernity*, 240; Lyotard, *Postmodern Condition*, 21.

<sup>153</sup> Jameson, *Postmodernism*, 319.

<sup>154</sup> Lyotard, *Postmodern Condition*, 63.

<sup>155</sup> Harvey, *Condition of Postmodernity*, 296; Jameson, *Postmodernism*, 5.

<sup>156</sup> Harvey, *Condition of Postmodernity*, 302–03. Among the most notable works in the literature on “place” are the following: Doreen Massey, *Space, Place and Gender*, (Cambridge, UK: Polity Press, 1994); Jamie Peck, *Work-Place: The Social Regulation of Labor Markets*, (New York and London: Guildford Press, 1996); Neil Smith, *Uneven Development: Nature and the Production of Space*, (Oxford, UK: Basil Blackwell, 1984); A.J. Scott, *New Industrial Spaces: Flexible Production, Organization and Regional Development in North America and Western Europe*, (London, UK: Pion Limited, 1988); Andrew Herod (Ed.), *Organizing the Landscape: Geographical Perspectives on Labor Unionism*, (Minneapolis, MN: University of Minnesota Press, 1998).

enthusiast for postmodern *avant-garde* art, theatre, and architecture that challenged accepted notions of the “real”.<sup>157</sup> Jameson, likewise, shared the view that the abstraction and surrealism of postmodern art and literature provided a powerful counter to modernisation with its emphasis on rationality and efficiency.<sup>158</sup>

The concept of postmodernity as a lived condition finds notable expression in the related disciplines of human geography and urban studies; disciplinary areas where the so-called Los Angeles School of Urbanism has been most influential. For this School, as Michael Dear observed in his defining study *The Postmodern Urban Condition*, “[p]ostmodernity refers to a radical break in the material conditions of existence”.<sup>159</sup> Los Angeles itself—the city that inspired Horkheimer and Adorno’s critique of mass culture<sup>160</sup>—is depicted as the embodiment of the postmodern condition; a “polycentric, polycultural, polyglot metropolis” that is “ungovernable”, subject to intense “socio-economic polarisation”, yet also a utopia of “packaged dreams”.<sup>161</sup> Unlike most other areas of postmodernism, the Los Angeles School, reflecting its disciplinary background, is informed by careful analysis of demographic and sociological trends. Nevertheless, the conceptual influence of Foucault is clearly evident in studies such as Mike Davis’ captivating account *City of Quartz: Excavating the Future in Los Angeles*. For Davis, Los Angeles in the 1980s was, in part, the “carceral city” of which Foucault warned in *Discipline and Punish*. In a city where the most common cause of childhood death was homicide, Davis informs us, an “entire salient of Downturn-East Los Angles” was turned “into a vast penal colony”, housing 25,000 inmates “within a three-mile radius” of City Hall.<sup>162</sup> Central to postmodernist understandings in geography and urban studies is an emphasis on the links between urban design and social life, and how these are reshaping relationships between “the centre”—understood as both a world “centre”, that is, Los Angeles, New York, and a local “centre”, that is, a central business district—and the various

<sup>157</sup> Lyotard, “What Is Postmodernism?”, 76, 79.

<sup>158</sup> Jameson, *Postmodernism*, 304.

<sup>159</sup> Michael J. Dear, *The Postmodern Urban Condition*, (Oxford, UK: Blackwell Publishing, 2000), 317.

<sup>160</sup> Max Horkheimer and Theodor W. Adorno (trans. Edmund Jephcott), *Dialectic of Enlightenment: Philosophical Fragments*, (Stanford, CA: Stanford University Press, 2002).

<sup>161</sup> Dear, *Postmodern Urban Condition*, 3.

<sup>162</sup> Mike Davis, *City of Quartz: Excavating the Future in Los Angeles*, Second edition (London and New York: Verso, 2006), 254.

peripheries.<sup>163</sup> Significantly, much of this literature suggests an acceleration of the cultural diffusion from Los Angeles that Horkheimer and Adorno depicted in *Dialectic of Enlightenment*. In his study of urban transformation in Beijing, for example, Wu describes how a new “luxury estate” not only draws on Californian designs, but also takes the name of “Orange County” in honour of the original.<sup>164</sup>

Few would gainsay the significance of the trends identified by postmodern urban geographers. What is easy to overlook in postmodernist accounts is that cultural influence is typically associated with economic and social success. The image of Los Angeles resonates because it has become symbolic in the Asia-Pacific region of the opportunities that modernity can confer: employment, political democracy, and membership of a socially and economically dynamic society. For all the dystopian images that the Los Angeles School of Urbanism conveys, the reality is that Los Angeles is an incredibly successful regional society, boasting a GDP in 2016 of US\$2.46 trillion; giving the region a GDP larger than that of France and almost seven times that enjoyed by the oil-rich sheikdom of Kuwait.<sup>165</sup> In short, Los Angeles, like modernity more generally, is a magnet for the poor and oppressed of Central and South America, and the whole Pacific Basin, not because of some cultural illusion, but because of factors that go deep into the heritage of modernity.

## CONCLUSION

Although one may disagree with the exponents of postmodernism, one needs to acknowledge that they draw on deep traditions within Western intellectual thought: traditions that have long argued—as did Rousseau, Vico, and Nietzsche—that the material advances of Western civilisation have come at excessive cost to the spirit. Among postmodernism’s founding figures, Derrida is notable for the logical consistency of his attack on Western thought, tracing problems back to the invention of phonetic writing. The literary “deconstruction” that Derrida expounded is, however, more useful for criticising the work of others than in building one’s own account of some particular economic or social circumstance. By contrast,

<sup>163</sup> Ludge Basten, “Perceptions of Urban Space in the periphery: Potsdam’s Kirchsteigfeld”, *Tidschrift Voor Economische en Sociale Geographie*, Vol. 95, No. 1 (Feb. 2004), 89.

<sup>164</sup> Fulong Wu, “Transplanting cityscapes: the use of imagined globalization in housing commodification in Beijing”, *Area*, Vol. 36, No. 3 (2004), 227.

<sup>165</sup> Statista, *GDP of the Los Angeles Metro Area from 2010 to 2016*, <https://www.statista.com/statistics/183822/gdp-of-the-los-angeles-metro-area/>.

Foucault and more particularly White, with his stress on “poetic” narrative, offer more usable methodologies. Even here, however, there are problems. As we noted in the introduction to Part II, Foucault was not concerned with either interpretation or the discernment of causal relationships, being concerned instead with describing *epistemes* of knowledge, social “discourses”, and systems of “micro-power”. Accordingly, neither his work nor that of White can be used as a model if one is concerned either with interpretation or with causal relationships. As exponents of what is essentially a brand of philosophical idealism, postmodernists such as Foucault and White confront immense problems when forced to deal with the “objectivity” of historical events such as the Holocaust. As Hans Kellner correctly observed, White (and by implication, Foucault also) constantly argues that all knowledge is a social construction, that nothing exists outside discourse, that what counts is the end to which a narrative is told. To then make an exception for the Holocaust as having a fixed objective meaning is to open the door to an unravelling of the whole postmodernist epistemology.<sup>166</sup> Despite such evident flaws, however, postmodern theorists remain wedded to the view that historical and objective reality is essentially subjective, a construct—with Godfrey, Hassard, O’Connor, Rowlinson, and Ruff asserting in a recent article in the *Academy of Management Review*, “[H]istory represents a malleable substance that actors mold and shape to justify future actions.” “The writing of history, sociology, or economics represents”, they go on to assert, is merely a “rhetorical discourse”.<sup>167</sup> Certainly, it is true, that all understandings come to us through “representations”, whether generated directly by our senses or relayed by secondary sources (speech or text). This does not mean, however, that there is not an actual world that is definable, measurable, and quantifiable. As Kant observed in his *Critique of Pure Reason*, “[t]he real, or the material, of all objects of intuition is nevertheless given ... actually and independently of all fancy”.<sup>168</sup>

We should also be wary of surrendering—as postmodernists such as Lyotard and Dear are strangely prone to do—to technological determinism, to the belief that the “computerization of society” and other changes

<sup>166</sup> Kellner, “Never again”, 136.

<sup>167</sup> Paul C. Godfrey, John Hassard, Ellen S. O’Connor, Michael Rowlinson and Martin Ruef, “What is organizational history? Toward a creative synthesis of history and organization studies”, *Academy of Management Review*, Vol. 41, No. 3 (2016), 599.

<sup>168</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 348.

supposedly associated with “globalisation” are leading inevitably to a series of postmodern dystopian urban outcomes. On this score, we need to remind ourselves of how *little* has changed in the transport domain since the 1970s. When I fly to the United States from Australia, I invariably do so in a Boeing 747; a plane that made its commercial debut in January 1970. In shipping, there have been no revolutionary changes since the introduction of containerisation in the 1960s. In land transport, most bulk goods still go by rail, an early-nineteenth-century technology. Although the internet has increased the speed of communication, it was nevertheless the case that in 1914, as John Maynard Keynes recalled, one “could order by telephone, sipping his morning tea in bed, the various products of the whole earth”.<sup>169</sup> That certain detrimental outcomes have transpired within modernity is not, therefore, a matter of fate or technology, but rather of choices made by businesses, governments, and individuals. Admittedly, such choices are not—as Derrida, Foucault, and White would have us believe—subject to an infinite number of possibilities. Instead, they are circumscribed by a whole range of factors: cultural, economic, demographic, technological, and political. But they are choices nonetheless.

<sup>169</sup>John Maynard Keynes, *The Economic Consequences of the Peace*, (London, UK: Macmillan and Co., 1920), 9.



## CHAPTER 7

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# Postmodernism in Business Studies

## INTRODUCTION

In February 1997, the editors of *Critical Perspectives on Accounting* paused to recognise the increasing dominance of postmodernist perspectives in critiques of the accounting profession; critiques that condemned accounting for its role in maintaining “a still prevalent panoptical [supervisory, prison-like] modernity”. Such critiques, the editors reflected, caused them to ask themselves: “[C]an accounting adapt to postmodernist conditions and play meaningful roles in a postmodern world?”<sup>1</sup> A year later, Mckinlay and Starkey’s edited collection *Foucault, Management and Organization Theory* clearly indicated that postmodernist ideas were also well-established in a range of other disciplines, including management, organisational studies, and HRM.<sup>2</sup>

Evidence of postmodernist influence within business academia is currently found on many fronts. In 2016, a special issue of the *Academy of Management Review* was given over to a series of articles that explored interrelationships between historical and organisational studies from an implicitly Foucauldian perspective. Similarly themed and oriented special issues also appeared in the *Journal of Organizational Change Management*

<sup>1</sup> Finley Graves and Paul Goldwater, “Special issue on accounting and modernity”, *Critical Issues in Accounting*, Vol. 8, No. 1–2 (Feb. 1997), 1.

<sup>2</sup> Alan Mckinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage Publications, 1998).

and the *Journal of Management* in 2009 and 2010, respectively.<sup>3</sup> The journal *Management & Organizational History* was co-founded (and edited until 2013) by the prominent Foucauldian postmodernist Michael Rowlinson. Currently, Rowlinson serves as a Senior Editor of *Organization Studies*. At *Business History*, the pre-eminent journal in the field, Stephanie Decker, a frequent co-author with Rowlinson, is Associate Editor. At the *Academy of Management Review*, one of the most prestigious journals within academia, Roy Suddaby—whose critiques of business “rhetoric” have proved most influential—served as Editor from 2011 to 2014, having previously served as Associate Editor from 2008 to 2011. Gibson Burrell, a pioneering advocate of postmodernist perspectives within organisational studies, was until recently co-Editor of *Organization*. Within the (American) Academy of Management, Stephen Cummings is Program Chair of the Critical Management Studies Division. At the Management History Division (MHD; where the author is currently Past Chair), Daniel Whadwhani is Program Chair. Albert Mills, a declared *amodernist*, is the MHD’s Member-at-Large. Previously, Charles Booth, who also co-authors with Rowlinson, served as MHD Chair in 2003. In addition to a plethora of academic journal articles, postmodernist influence is evidenced by a growing number of books that are redefining understandings of management and organisations. Prominent among these are the following: *Organizations in Time: History, Theory and Methods* (published in 2013, and edited by Marcelo Bucheli and Daniel Whadwhani), *The Routledge Companion of Management and Organizational History* (2015—edited by Patricia McLaren, Albert Mills, and Terrance Weatherbee), *ANTI-History* (2012—authored by Gabrielle Durepos and Albert Mills), and *A New History of Management* (2017—authored by Stephen Cummings, Todd Bridgman, John Hassard, and Michael Rowlinson).<sup>4</sup>

<sup>3</sup> See: *Academy of Management Review*, Vol. 41, No. 4 (2016); *Journal of Organizational Change Management*, Vol. 22, No. 1 (2009); *Journal of Management Studies*, Vol. 47, No. 5 (2010).

<sup>4</sup> Marcelo Bucheli and Daniel Whadwhani (Eds.), *Organizations in Time: History, Theory and Methods*, (Oxford, UK: Oxford University Press, 2013); Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015); Gabrielle A.T. Durepos and Albert J. Mills, *ANTI-History: Theorizing the Past, History, and Historiography in Management and Organization Studies*, (Charlotte, NC: Information Age Publishing, 2012); Stephen Cummings, Todd Bridgman, John Hassard and Michael Rowlinson, *A New History of Management*, (Cambridge, UK: Cambridge University Press, 2017).

Although postmodernist presence among business academics was clearly evident in the early 2000s, its influence has grown since 2004, when Clark and Rowlinson's issued their noted call for a "Historic Turn" in the study of business organisations.<sup>5</sup> As with many things in human affairs, the circumstances behind what was to prove a fortuitous moment for postmodernist influence were more accidental than planned. As Rowlinson explains it, the article began life as a submission to the Academy of Management in 2000, where reviewers from the MHD caused its rejection, one of whom recorded: "Why do I have the feeling that all of these approaches are full of scholarly debate and short on evidence?" Another reviewer simply observed that it was "not a very good paper" [emphasis in original].<sup>6</sup> Subsequently, Clark and Rowlinson decided to recycle a modestly reworked version at a conference in France in 2001, where it received the favourable attention of Alfred Kieser, then Editor of *Business History*, who had published a similarly themed paper some years before.<sup>7</sup> Encouraged to submit to *Business History*, the paper was once more mauled, one reviewer dismissing the author/s for theorising and jargonising "scarcely without reaching reality".<sup>8</sup> Fortunately for the authors, Kieser decided to allow publication of a revised version without further review.

Despite its troubled history, Clark and Rowlinson's call for a "Historic Turn" proved immensely successful in advancing postmodernist concepts (and careers). Arguably, much of its success is attributable to the fact that it is easier to berate non-postmodernist scholars for being ahistorical, or for not understanding the historic debates within their own discipline (as many fail to do), rather than for being ignorant in their understanding of Heidegger and the concept of "trace". For in contrast to an earlier article by Rowlinson and Carter—"Foucault and History in Organization

<sup>5</sup> Peter Clark and Michael Rowlinson, "The treatment of history in organisation studies: Towards an 'historic turn'?" *Business History*, Vol. 46, No. 3, (Jul. 2004), 331–52.

<sup>6</sup> Cited, Michael Rowlinson, "Revisiting the historic turn: A personal reflection", in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 72.

<sup>7</sup> Alfred Kieser, "Why organization theory needs historical analysis – and how this should be performed", *Organization Science*, Vol. 5, No. 4 (Nov. 1994), 608–20.

<sup>8</sup> Cited, Rowlinson, "Revisiting the historic turn", 74.

Studies”<sup>9</sup>—the 2004 article by Clark and Rowlinson downplayed direct postmodernist references. Thus, although the article mentioned that Foucault “heavily influences the post-structuralist variety of post-modernism that finds favour in organization studies”, Clark and Rowlinson primarily focused on a more generic line of argument, declaring that “an historic turn” entails “a turn to historiographical debates and historical theories of interpretation that recognise the inherent ambiguity of the term ‘history’ itself”.<sup>10</sup>

As we noted in the introduction to this book, there is a disingenuous flavour to both the original Clark and Rowlinson call for a “Historic Turn” and the substantial literature that it has inspired.<sup>11</sup> Whereas in common parlance, historical studies in business are generally associated with a “verticality” of research (i.e. looking downwards or outwards to markets, profits, employment etc.), in the literature motivated by Clark and Rowlinson, the emphasis is instead (as noted above) on “debates” and “theories”. In other words, the *primary* focus is—as is the norm with postmodernists—on “horizontality” of research, that is, the deconstruction and reinterpretation of what others have said. The Clark and Rowlinson-inspired research is also disingenuous in that its supposed *historical* focus is, in fact, largely *cultural*. As Clark and Rowlinson noted in their 2004 article, their planned Historic Turn “would parallel the [earlier] ‘linguistic turn’” that postmodernists had initiated in the social sciences. Accordingly, they advised, adoption of their approach would contribute to the generalised

<sup>9</sup> Michael Rowlinson and Chris Carter, “Foucault and history in organization studies”, *Organization*, Vol. 9, No. 4 (2002), 527–47.

<sup>10</sup> Clark and Rowlinson, “Towards an ‘historic turn?’” 347, 331.

<sup>11</sup> See, for example: Clark and Rowlinson, “Towards an ‘historic turn?’”, 331–352; Charles Booth and Michael Rowlinson, “Management and organizational history: Prospects”, *Management & Organizational History*, Vol. 1, No. 1 (2006), 5–30; Stephen Cummings and Todd Bridgeman, “The relevant past: Why the history of management should be critical for our future”, *Academy of Management Learning & Education*, Vol. 10 (2011), 77–93; Michael Rowlinson, John Hassard and Stephanie Decker, “Research strategies for organizational history: A dialogue between historical theory and organization theory”, *Academy of Management Review*, Vol. 39, No. 3 (Jul. 2014), 250–74; Matthias Kipping and Behlül Üsdiken, “History in organization and management theory: More than meets the eye”, *The Academy of Management Annals*, Vol. 8, No. 1 (2014), 535–58; Milorad M. Novecivic, Jason Owen, Jennifer Palar, Ifeoluwa Tobi Popoola and David Marshall, “Management and organizational history: Extending the state-of-the-art to historicist interpretivism”, in Bradley Bowden and David Lamond (Eds.), *Management History: Its Global Past and Present*, (Charlotte, NC: Information Age Publishing, 2015), 157–72.

“displacement of ‘the Scientific Attitude’ by ‘the Rhetoric Attitude’”.<sup>12</sup> This is *not* to say, however, that those embracing the so-called Historic Turn are opposed in principle to either primary research. If they were, they would hardly survive in a business school. In undertaking primary research, however, the business-school postmodernists—like Foucault before them—invariably engage in qualitative research that explores archives and other forms of documentary record. In doing so, they argue that this evidence—although objectively real—is itself a social construct, whereby various historical actors create records for the express purpose of shaping both contemporary and future knowledge. As such, they are ideological embodiments.<sup>13</sup> As a consequence, business-school postmodernists—like Foucault before them—are hostile to the agglomeration of statistics so as to analyse matters such as profits and production.<sup>14</sup> The reason for this is that business-school postmodernists prefer to focus on organisational power rather than on organisational performance; a predilection that accords with Foucault’s maxim that “power and knowledge are joined together”.<sup>15</sup>

If the so-called Historic Turn has spawned a considerable literature since 2004, such efforts nevertheless remain a postmodernist endeavour. Hostility to ideas of material progress, the liberating power of science, and understandings of objective truth remain its touchstone. Calling for new forms of “deconstructionist history”, Rowlinson and Booth, for example, suggest that this new methodology will further “scepticism towards progress in history”.<sup>16</sup> Elsewhere, we are told of the benefits of “consciously

<sup>12</sup> Clark and Rowlinson, “Towards an ‘historic turn?’”, 331.

<sup>13</sup> See, for example: Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon Books, 1972), 6; Michael Rowlinson and John S. Hassard, “Historical neo-institutionalism or neo-institutional history? Historical research in management and organization studies”, *Management and Organizational Studies*, Vol. 8, No. 2 (2013), 111–26; Andrea Whittle and John Wilson, “Ethnomethodology and the production of history: Studying ‘history-in-action’”, *Business History Review*, Vol. 57, No. 1 (2015), 41–63; Durepos and Mills, *ANTI-History*, 64, 73.

<sup>14</sup> Foucault, *Archaeology of Knowledge*, 8–9; Stephanie Decker, Matthias Kipping and R. Daniel Whadhwani, “New business histories! Plurality in business history research methods”, *Business History Review*, Vol. 57, No. 1 (2015), 32.

<sup>15</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1978), 100.

<sup>16</sup> Michael Rowlinson and John Hassard, “History and the cultural turn in organization studies”, in Marcelo Bucheli and Daniel Whadhwani (Eds.), *Organizations in Time: History, Theory and Methods*, (Oxford, UK: Oxford University Press Online, 2014), 15.

fictive counterfactual narratives”; narratives that undermine existing “perceptions, beliefs, knowledge, values and so on”.<sup>17</sup> Typically, in their efforts to deconstruct modernity, business-school postmodernists have shown preference for Foucault and White as guiding stars over Derrida, Heidegger, and Barthes. They have also shown a willingness to embrace new forms of (typically French) critical thinking, some of which falls into the category of post-postmodernist. Among some, Paul Ricoeur’s *Memory, History, Forgetting*—which argued that written representations act as “collective memory”<sup>18</sup>—has proved highly popular. In declaring themselves to be adherents in an article in *Management & Organizational History*, Scott Taylor, Emma Bell, and Bill Cooke declared that one of the major problems in “business history” was “a tendency towards ‘over-remembering’”. This was brought about, they suggested, because it was typically only the powerful who secure themselves a place in the archives and public memory.<sup>19</sup> Others, notably Durepos and Mills, have declared themselves to be *amodernists*; a formulation that reflects the influence of Bruno Latour, who argued that “modern” society was not truly modern at all, as it had failed to properly deal with the separation of science and societal-based understandings; domains which Latour suggested required fundamentally different epistemological principles.<sup>20</sup>

One problem with embracing the ideas of still living philosophers such as Latour is that—unlike those who are safely dead such as Foucault and Derrida—they can renounce their former beliefs in the light of changed circumstance. Reflecting on not only his own writings but “postmodernism” more generally, Latour observed in a subsequently published lecture in 2003 “that a certain critical spirit … sent us down the wrong path”. “The mistake we made”, Latour continued, “was to believe that there was no efficient way to criticize matters of fact except by moving *away* from them” [emphasis in original].<sup>21</sup> Such intellectual errors had, Latour now believed, transformed the “critical *avant-garde*” into a conceptual “rear

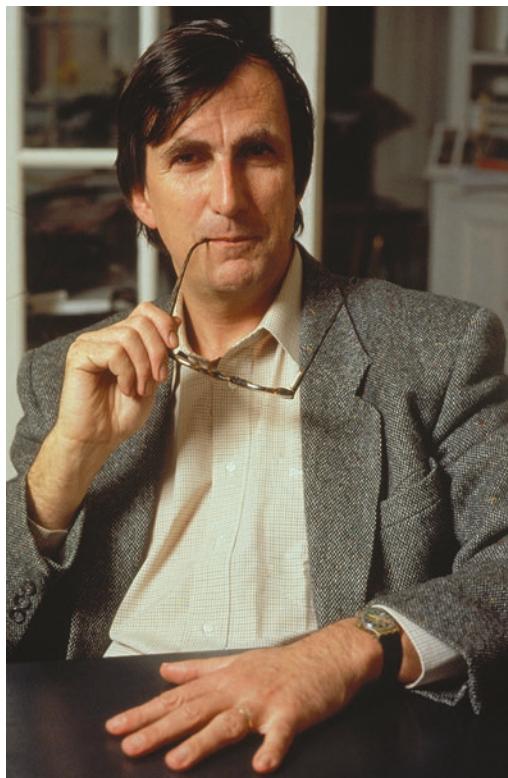
<sup>17</sup> Charles Booth, Michael Rowlinson, Peter Clark, Agnes Delahaye and Stephen Proctor, “Scenarios and counterfactuals as modal narratives”, *Futures*, Vol. 41 (2009), 89.

<sup>18</sup> Paul Ricoeur (trans. Kathleen Blamey and David Pellaer), *Memory, History and Forgetting*, (Chicago, IL: University of Chicago Press, 2004), 236.

<sup>19</sup> Scott Taylor, Emma Bell and Bill Cooke, “Business history and the historiographical operation”, *Management & Organizational History*, Vol. 42, No. 2 (2009), 162, 156–67.

<sup>20</sup> Durepos and Mills, *ANTI-History*, 45; Bruno Latour (trans. Catherine Porter), *We Have Never Been Modern*, (Cambridge, MA: Harvard University Press, 1993), 6, 11, 32.

<sup>21</sup> Bruno Latour, “Why has critique run out of steam? From matters of fact to matters of concern”, *Critical Inquiry*, Vol. 30 (Winter 2004), 231.



**Photo 7.1** Bruno Latour, 1947– : A citizen of Beaune, and related to one of Burgundy's famed wine houses, Latour argued that the current world is neither modern nor postmodern, but amodern. Becoming disillusioned with deconstructionist methodologies, he declared in 2003 that such thinking had become like a “virus” escaped from a laboratory, “gnawing up everything”. (Courtesy: Photo by Louis MONIER/Gamma-Rapho via Getty Images)

guard” engaged in empty language games. With the world facing very real and objective problems, he noted with regret that “entire Ph.D. programs” were teaching students “that facts are made up, that there is no such thing as natural, unmediated, unbiased access to truth”.<sup>22</sup> In his lecture, Latour was particularly critical of those who primarily saw research as an act of deconstruction. For within scholarly frameworks, it should always

<sup>22</sup> *Ibid.*, 226, 227.

be the case, “The critic is not the one who debunks, but the one who assembles.”<sup>23</sup> To date, there is little evidence that postmodernist-inspired business academics have taken heed of Latour’s advice. Indeed, the author can find no study that even acknowledges its existence; a strange outcome given the postmodernist predilection for French critical inquiry.

In tracing the advance of postmodernism among business academics, this chapter will focus its attentions on three domains: management and organisational studies; rhetoric, corporate legitimacy, and collective memory; and, finally, management accounting.

### THE ASCENT OF POSTMODERNISM IN MANAGEMENT AND ORGANISATIONAL STUDIES: TOWARDS AN “HISTORIC TURN”?

Gibson Burrell, currently Professor of Organisational Theory at the University of Leicester, can arguably claim to be the pioneering advocate of Foucault-aligned postmodernism in management and organisational studies. Having recently completed his PhD at the University of Warwick, long a hotbed of radical ideas, Burrell’s trailblazing efforts were heralded by three articles in the journal *Organization Studies* between 1984 and 1988; efforts that predated David Harvey’s influential but Marxist informed *The Condition of Postmodernity*.<sup>24</sup> That Foucault’s ideas were still mysterious for an audience of business academics is indicated in the opening to “Modernism, Postmodernism and Organizational Analysis: An Introduction”, where Burrell and his co-author, Robert Cooper, warn the unsuspecting that “[t]he language used in this introductory paper may prove to be out of the ordinary for many readers”.<sup>25</sup> Although Cooper and Burrell referenced Foucault and Derrida—declaring that both “dealt, in their different ways, disabling body blows to the traditionally

<sup>23</sup> *Ibid.*, 246.

<sup>24</sup> Gibson Burrell, “Sex and organizational analysis”, *Organization Studies*, Vol. 5, No. 2 (1984), 97–118; Robert Cooper and Gibson Burrell, “Modernism, postmodernism and organizational analysis: An introduction”, *Organization Studies*, Vol. 9, No. 1 (1988), 91–112; Gibson Burrell, “Modernism, postmodernism and organizational analysis 2: The contribution of Michel Foucault”, *Organization Studies*, Vol. 9, No. 2 (1988), 221–35; David Harvey, *The Condition of Postmodernity*, (Oxford, UK: Oxford University Press, 1989).

<sup>25</sup> Cooper and Burrell, “Modernism, postmodernism”, 91.

unquestioned pillars of modern thought”<sup>26</sup>—it is clear that Burrell and his co-author were initially most attracted to Foucault’s later works, particularly his *Discipline and Punish: The Birth of the Prison* and *The History of Sexuality – An Introduction*.<sup>27</sup> Thus, in both Burrell’s initial piece “Sex and Organizational Analysis” and in the co-authored study with Cooper, most attention is paid to Foucault’s still-novel ideas about “bio-power”, “bio-politics”, and the generalisation of both oppressive organisational power and resistance.<sup>28</sup> By the time of Burrell’s sole-authored analysis “The Contribution of Michel Foucault”, however, enthusiasm for Foucault’s ideas was extended to embrace Nietzschean philosophical idealism, with Burrell advocating with favour the opinion that “there is no unity in history, no unity of the subject, no sense of progress, no acceptance of the History of Ideas”.<sup>29</sup>

Although Burrell complained in 1988 that Foucault’s intellectual legacy was still “poorly recognized” in organisational and management studies, a decade later, no one would make such an assertion.<sup>30</sup> Across the decade a stream of postmodernist-informed studies added to the number of adherents; studies that included edited collections by John Hassard and Denis Pym (*The Theory and Philosophy of Organizations*); John Hassard and Martin Parker (*Postmodernism and Organizations*); Stewart Clegg, Cynthia Hardy, Tom Lawrence, and Walter Nord (*Handbook of Organizational Studies*); David Boje, Robert Geplart, and Tojo Thatchenkery (*Postmodern Management and Organization Theory*); and Alan McKinlay and Ken Starkey (Eds.) (*Foucault, Management and Organization Theory*). Also notable in this period are a sole-authored work by Roy Jacques (*Manufacturing the Employee*) and a co-authored study by Burrell and Gareth Morgan (*Sociological Paradigms and Organisational Analysis*).<sup>31</sup>

<sup>26</sup> *Ibid.*, 110.

<sup>27</sup> Michel Foucault (trans. Alan Sheridan), *Discipline and Punish: The Birth of the Prison*, (London, UK: Allen Lane, 1977); Foucault, *The History of Sexuality*.

<sup>28</sup> Foucault, *The History of Sexuality*, 143; Burrell, “Sex and organizational analysis”, 114–15; Cooper and Burrell, “Modernism, postmodernism”, 109–10.

<sup>29</sup> Burrell, “Contribution of Michel Foucault”, 223.

<sup>30</sup> *Ibid.*, 221.

<sup>31</sup> John Hassard and Denis Pym (Eds.), *The Theory and Philosophy of Organizations: Critical Issues and New Perspectives*, (London, UK: Routledge, 1990); John Hassard and Martin Parker (Eds.), *Postmodernism and Organizations*, (London, UK: Sage, 1993); Stewart Clegg, Cynthia Hardy, Tom Lawrence and Walter Nord (Eds.), *Handbook of Organizational Studies*, (London, UK: Sage, 1996); David Boje, Robert Geplart and Tojo Thatchenkery

The general flavour of the above-listed works—and their attitude towards the actual practice of business and management—can be ascertained by Hassard and Parker's introduction to *Postmodernism and Organizations*, where it is stated that “modernity's attempts to manage by rationalized forms of action must be seen as – in a Foucauldian sense – attempts to coerce through a consensus discourse”.<sup>32</sup> Significantly, a number of these early business-school postmodernists, most notably Hassard and Clegg, were—like Burrell before them—academics who boasted previous Marxist-informed research in sociology and/or the study of labour processes. Consequently, their defection to postmodernism brought with it a certain research *gravitas* as well as established publication and professional networks. The legacy of a Marxist-informed career in labour process theory is also evident in an extension of previous hostility to capitalism to all forms of organisational power; an outcome evident in Clegg's formulation that “disciplinary power” in society is directed not only “to capitalist exploitation” but also “to the creation of obedient bodies”.<sup>33</sup>

By 2003, support for postmodernism had advanced to such an extent that Edwin Locke, then Editor of *Research in the Sociology of Organizations*—an annual, peer-reviewed publication sponsored by the American Sociological Association—had cause to advise the readers of this publication that, “I believe the survival of our civilization depends on who wins out” in the battle between postmodernism and its more traditionally-oriented foes.<sup>34</sup> Despite his avowed antipathy to postmodernism, Locke nevertheless felt compelled, as he recorded, “to ask knowledgeable people in the field of management who were the most foremost proponents of postmodernism” to submit articles to his collection, along with those opposed to the new trend.<sup>35</sup> In expressing the postmodernist view, Clegg

(Eds.), *Postmodern Management and Organization Theory*, (London, UK: Sage, 1996); Alan Mckinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*; Roy Jacques, *Manufacturing the Employee: Management Knowledge from the 19th to 21st Centuries*, (London, UK: Sage, 1996); Gibson Burrell and Gareth Morgan, *Sociological Paradigms and Organisational Analysis*, (London, UK: Heinemann Educational Books, 1979).

<sup>32</sup> Martin Parker and John Hassard, “Introduction”, in John Hassard and Martin Parker (Eds.), *Postmodernism and Organizations*, (London, UK: Sage, 1996), xiii.

<sup>33</sup> Stewart Clegg, “Foucault, Power and Organizations”, in Alan McKinley and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage Publications, 1998), 36.

<sup>34</sup> Edwin A. Locke, “Preface”, *Research in the Sociology of Organizations*, Vol. 21 (2003), ix.

<sup>35</sup> *Ibid.*

and Martin Kornberger conceded that postmodernism's methodology ensured that its benefits were largely found in deconstruction rather than in construction, for "as soon as postmodernist authors try to describe postmodernism in positive terms, it starts, suspiciously, to resemble modernism". They nevertheless justified research whose main purpose was "sabotage", on the basis that modern organisations had become "iron cages" and "psychic prisons".<sup>36</sup> In the opposing corner, Bill McKelvey fretted that the spread of postmodernism—and its attacks on "the truth requirement underlying science-based beliefs"—would destroy the credibility of management academics among "university colleagues" and "practitioners" alike.<sup>37</sup> In another article, William McKinley feared that the most severe ill-effects of postmodernism were caused not by conscious adherence to its cause, but rather by the insidious advance of its methodological relativism and hostility to objective truth. Noting that postmodernism had already created a sense of "fragmentation, theoretical flux and ambiguity", McKinley warned that such outcomes were causing academics to overlook the "core" norms and structures of societal organisations "that have been relatively constant through the history of organizing".<sup>38</sup>

One small comfort McKinley gained from his review of postmodernism's advance in 2003 was his assessment that—although postmodernism's precepts were insidiously advancing—there was little likelihood of a significant increase in postmodernist numbers in business-related disciplines due to the fact that their messages typically preached "to the already converted".<sup>39</sup> A year after this comment was made, Clark and Rowlinson issued their call for a Historic Turn, dressing postmodernist understandings in ways that extended Foucauldian influence beyond "the already converted". The shift in style and language—if not underlying conceptual and methodological principles—between the 2004 article on the Historic Turn and another imprinted with Rowlinson's name, "Foucault and History in Organization Studies", 2 years earlier is stark. In the latter article, Rowlinson—whose publications until 2000 had largely involved Marxist-informed labour process studies—and his co-author, Chris Carter,

<sup>36</sup> Stewart R. Clegg and Martin Kornberger, "Modernism, postmodernism, management and organization theory", *Research in the Sociology of Organizations*, Vol. 21 (2003), 60, 84.

<sup>37</sup> Bill McKelvey, "Postmodernism versus truth in management theory", *Research in the Sociology of Organizations*, Vol. 21 (2003), 115–16.

<sup>38</sup> William McKinlay, "Postmodern epistemology in organization studies: A critical appraisal", *Research in the Sociology of Organizations*, Vol. 21 (2003), 204, 220.

<sup>39</sup> *Ibid.*, 203.

engaged in a lengthy and critical evaluation of Foucault's work; an evaluation that included the assessment that "advocates of Foucault in organization studies largely ignore the damning criticism of his work from historians".<sup>40</sup> By comparison, in their call for a Historic Turn, Clark and Rowlinson refer to Foucault only twice in their text.<sup>41</sup> There is no mention of Derrida or Hayden White. "Post-modernism" is only mentioned three times.<sup>42</sup> Even (favourable) reference to the earlier studies of Gibson Burrell and Roy Jacques is tempered with the comment that these two authors represent "an orientation derived from Foucault, the French philosopher-cum-historian whose mere name attracts the ire of many".<sup>43</sup> Instead, the call for a "historic turn" is referenced to earlier calls for a greater use of "history" in organisational studies by Meyer Zald and (more particularly) Alfred Kieser; calls that saw the latter rebuked for using the terms "history and culture almost interchangeably".<sup>44</sup> Despite such cautious scholarly framings, the messages contained in Clark and Rowlinson's 2004 article are pure Foucauldian. "History" is not something that is objectively real, but is instead "the narrative or account we construct". Explanations couched in terms of economics or other grand narratives should be rejected. Organisations and society at large are primarily characterised not by stable norms and structures, but instead by "flux", "continual crises", "conflicts and dilemmas". Research should also seek to "weaken the authoritarian [managerial] impulse to act rather than think".<sup>45</sup>

There is little doubt that Clark and Rowlinson's article would not have had the impact that it did had it been published 10 or even 5 years earlier. By 2004, postmodernist language was no longer—as it had been 20 years before when Burrell published his first article in *Organization Studies*—"out of the ordinary". Instead, as McKinley noted, those opposed to post-modern precepts found themselves engaged in "a retreat down a path that

<sup>40</sup> Rowlinson and Carter, "Foucault and history", 531.

<sup>41</sup> Clark and Rowlinson, "Towards an 'historic turn'?" 333, 345.

<sup>42</sup> *Ibid.*, 331, 334.

<sup>43</sup> *Ibid.*, 333.

<sup>44</sup> M.N. Zald, "Organization studies as scientific and humanistic enterprise: Toward a reconceptualization of the foundations of the field", *Organization Science*, Vol. 4, No. 4 (Nov. 1993), 608–20; A. Kieser, "Why organization theory needs historical analysis – and how this should be performed", *Organization Science*, Vol 5, No. 4 (Nov. 1994), 608–20; Paul Goldman, "Searching for history in organization theory": Comment on Kieser", *Organization Science*, Vol 5, No. 4 (Nov. 1994), 621.

<sup>45</sup> Clark and Rowlinson, "Towards an 'historic turn'?" 331, 337, 341, 346.

is already well worn".<sup>46</sup> Meanwhile, support for the Historic Turn, that is, the deconstruction of existing "theories of interpretation",<sup>47</sup> attracted an ever-increasing following that includes, among others, British-based adherents such as John Hassard, Bill Cooke, Peter Clark, Charles Booth, Chris Carter, Alfred Kieser, Scott Taylor, Charles Harvey, Steve Toms, Bernard Burnes, and Stephanie Decker as well as academics drawn from the United States (Dan Whadwhani, Marcelo Bucheli, Milorad Novecivic, Huseyin Leblebici), Canada (Albert Mills, Patricia McLean, Terrence Weatherbee, Matthias Kipping, Bill Foster), Australasia (Stewart Clegg, Stephen Cummings, Todd Bridgman), and Turkey (Behlül Üsdiken).<sup>48</sup>

Advocates of the Historic Turn have, at least in terms of publications that appear in business-related journals, typically followed the path adopted by Clark and Rowlinson in 2004. Overt references to postmodernism, Foucault, and Derrida are eschewed, even as postmodernist concepts and methodologies are advanced. Thus, in Rowlinson, Hassard, and Decker's 2014 article in the *Academy of Management Review*, "Research strategies for organizational history", the term postmodernism is nowhere

<sup>46</sup> McKinley, "Postmodern epistemology", 206.

<sup>47</sup> Clark and Rowlinson, "Towards an 'historic turn?'" 331.

<sup>48</sup> Booth and Rowlinson, "Management and organizational history", 5–30; Rowlinson, Hassard and Decker, "Research strategies for organizational history", 250–74; Rowlinson and Hassard, "History and the cultural turn", 1–28; Rowlinson and Hassard, "Historical neo-institutionalism or neo-institutional history?", 111–26; Booth, Rowlinson, Clark, Delahaye and Proctor, "Scenarios", 87–95; Decker, Kipping and Whadwhani, "New business histories!", 30–40; Michael Rowlinson, Steve Toms and John Wilson, "Legitimacy and the capitalist corporation: Cross-cutting perspectives on ownership and control", *Critical Perspectives in Accounting*, Vol. 17 (2006), 681–92; Taylor, Bell and Cooke, "Business history", 151–66; Bernard Burnes and Bill Cooke, "Review article: The past, present and future of organization development – taking the long view", *Human Relations*, Vol. 65, No. 11 (2012), 1395–1429; Mairi Maclean, Charles Harvey and Stewart R. Clegg, "Conceptualizing historical organization studies", *Academy of Management Review*, Vol. 41, No. 4 (2016), 609–32; Huseyin Leblebici, "History and organization theory: Potential for a transdisciplinary convergence", in Marcelo Bucheli and Daniel Whadwhani (Eds.), *Organizations in Time: History, Theory and Methods*, (Oxford, UK: Oxford University Press, 2013), 1–70; Roy Suddaby, William M. Foster and Albert J. Mills, "Historical institutionalism", in Marcelo Bucheli and Daniel Whadwhani (Eds.), *Organizations in Time: History, Theory and Methods*, (Oxford, UK: Oxford University Press, 2013), 1–34; Bucheli and Whadwhani (Eds.), *Organizations in Time*; McLaren, Mills, and Weatherbee (Eds.), *Management and Organizational History*; Durepos and Mills, *ANTI-History*; Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*; Cummings and Bridgman, "The relevant past", 77–93; Kipping and Üsdiken, "History in organization and management theory", 535–58.

mentioned. Foucault is mentioned in the briefest of passing on five occasions.<sup>49</sup> Discussion of Nietzsche, Derrida, Heidegger, and Latour is totally avoided. By contrast, Paul Ricoeur, associated with post-postmodernist ideas of “collective memory” and collective “forgetting”, is favourably discussed on eight occasions.<sup>50</sup> Hayden White is similarly referenced at length by Rowlinson, Hassard, and Decker to explain “the kind of history that we mean”.<sup>51</sup> However, in discussing White—whom we have noted acted as a principal conduit for Foucault’s ideas in the Anglosphere—he is described as neither a postmodernist nor a Foucauldian, but instead as “a leading philosopher of history”.<sup>52</sup> Elsewhere, advocacy of postmodernist positions is achieved by generic phrases and references. Thus, we are informed, (unnamed) “Historical theorists have focused on ‘emplotment’ in historical narratives, with the plot determining the selection of ‘facts’ … the same ‘historical facts’ can be emplotted in different forms of narrative.”<sup>53</sup> In fact, far from being an agreed position among “historical theorists”, this formulation about “emplotment”, the subjective nature of “facts”, and the uses of historical narratives betrays the influence of White—and through him, not only Foucault, but also the philosophic idealism of Giambattista Vico and Friedrich Nietzsche.<sup>54</sup> Constantly, Rowlinson, Hassard, and Decker present matters of postmodernist-inspired controversy as if they were matters of accepted fact. Thus, we are informed that “there is a ‘literary’ and ‘fictive’ element in all historical … and scientific writing”, that “subordinating … the theory section of an article … to rigorous logic, risks undermining the literary form”; that we need to avoid “impositionalist objection to narrative” (i.e. we must not let the “facts” dominate the story); that we should be “reading sources ‘against the grain’ … to recover practices and meanings from organizations”.<sup>55</sup> Similar approaches can be ascertained in a wide range of articles by advocates of

<sup>49</sup> Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 254, 267, 269.

<sup>50</sup> Ricoeur, *Memory, History and Forgetting*, 284–85; Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 251, 253, 258–59, 265, 269.

<sup>51</sup> Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 251.

<sup>52</sup> *Ibid.*

<sup>53</sup> *Ibid.*, 254.

<sup>54</sup> See, in particular: Hayden White, “Foucault decoded: Notes from underground”, *History and Theory*, Vol. 12, No. 1 (1973), 23–54.

<sup>55</sup> Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 257, 254, 268, 251.

the Historic Turn.<sup>56</sup> In a recent 2016 article in the *Academy of Management Review* by Godfrey, Hassard, O'Conner, Rowlinson, and Ruf, for example, we once more see an avoidance of overt postmodernist displays. Even Foucault escapes mention in the text. The term “postmodernism” appears but once.<sup>57</sup> Foucauldian conceptualisations are, nevertheless, pervasive, as the authors inform us that we must avoid the “imperialism of economics”, that “history is always rhetorical”, that “history represents a malleable substance”, that it is “difficult to disagree with the deconstructionist view”.<sup>58</sup>

That allegiance to Foucauldian postmodernism is still explicitly maintained by leading advocates of the Historic Turn is evidenced when we turn our gaze from academic journal articles to books. Thus, in the recent *A New History of Management* (undertaken by Cummings, Bridgman, Hassard, and Rowlinson), we are advised that the authors are “more inspired by a Foucauldian than a Marxist perspective”.<sup>59</sup> Elsewhere we are informed that the authors of *A New History of Management* deliberately use Foucault’s methodological “strategies” to “raise doubts about our assumptions of how management studies came into being, what it responded to, what ‘good’ it seeks to serve”.<sup>60</sup> Readers of Gabrielle Durepos and Albert Mills’ *ANTi-History* are also left in no doubt as to their postmodernist—or to be more exact, *amodernist*—allegiances, with the authors declaring that “ANTi-History draws on Foucault’s scholarship”.<sup>61</sup> The influence of White and, more particularly, Latour is also freely acknowledged.<sup>62</sup>

The unwillingness of advocates of the Historic Turn (Mills and Durepos excepted) to carefully explain the theoretical roots of their intellectual positions exposes them to significant, if as yet unacknowledged, conceptual, and methodological problems; problems that undermine the credi-

<sup>56</sup> See, for example: Rowlinson and Hassard, “Historical neo-institutionalism or neo-institutional history?”, 111–26; Decker, Kipping and Whadhwani, “New business histories!”, 30–40; Maclean, Harvey and Clegg, “Conceptualizing historical organization studies”, 609–32.

<sup>57</sup> Paul C. Godfrey, John Hassard, Ellen S. O'Connor, Michael Rowlinson and Martin Ruf, “What is organizational history? Toward a creative synthesis of history and organization studies – introduction to special topic”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 590–608.

<sup>58</sup> *Ibid.*, 595, 598–99.

<sup>59</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 35.

<sup>60</sup> *Ibid.*, 41.

<sup>61</sup> Durepos and Mills, *ANTi-History*, 84.

<sup>62</sup> *Ibid.*, 87–89.

bility of their critiques of modernity. What is particularly conspicuous by its absence is any sustained attempt by advocates of the Historic Turn to explain either their relationship with pre-1800 traditions of Western thought or their stance in relation to the very significant differences that exist *within* postmodern thought. In short, do they see themselves as intellectual heirs of Foucault and White—and through them, a whole tradition of Western idealist thought (Nietzsche, Vico, Spinoza)—or are they instead opposed to what Derrida referred to as the oppressive “ethnocentrism”, “logocentrism”, and “phonocentrism” of Western thought as a whole; a tradition that Derrida believed made “captive” even Nietzsche’s critique?<sup>63</sup> Similarly, in advising us to read textual sources “against the grain”—as Rowlinson, Hassard, and Decker suggest—do they ascribe to the view of Derrida, Levinas, and Heidegger that texts contain residual traces of existence and being: that is, what Foucault dismissively referred to as “voices behind the text”?<sup>64</sup> These are important questions for which no answers are available.

The Historic Turn literature also suffers—as does postmodernist research in general—from a tendency to make “factual” assertions that have little basis in objective reality. Proof of this is also easily found. In their recent *A New History of Management*, for example, the authors create an image of the classical economist Adam Smith that little accords with either the textual or the historical evidence. Admittedly, Cummings, Bridgman, Hassard, and Rowlinson begin their deconstructionist critique on solid grounds, pointing out—as this study did in Chap. 3—that Adam Smith never used the term “the invisible hand of the market”, with his only reference to “an invisible hand” relating to self-interest.<sup>65</sup> They are also on sound footing when they assert that Smith believed in the free

<sup>63</sup> Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 10–13, 19.

<sup>64</sup> Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (London, UK: Blackwell Publishing, 1962), 9, 35, 45; Emmanuel Levinas, “Meaning and sense”, in Emmanuel Levinas (trans. Alphonso Lingis), *Collected Philosophical Papers*, (Dordrecht, Netherlands: Martinus Nijhoff Publishers, 1987), 102; Jacques Derrida (trans. Alan Bass), *Writing and Différence*, (London and New York: Routledge Classics, 2001), 251–55; Michel Foucault, “Appendix II – My body, this paper, this fire”, in Michael Foucault (trans. Jonathan Murphy and Jean Khalfa), *History of Madness*, second edition (London, UK: Routledge, 2006), 573. This edition was a re-release and expansion of Foucault’s earlier *Madness and Civilisation*, first published in English in 1965.

<sup>65</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 55–58; Smith, *Wealth of Nations*, Book IV, Chap. II, para. 9.

exchange of labour.<sup>66</sup> From there, however, they make a series of radical assertions of little merit, cherry-picking quotes, with little consideration as to their context. Thus, we are told that Adam Smith was not inspired by belief in the wealth-creating effects of the division of labour and market exchanges. Instead, we are informed that Smith's "strongest conviction was likely his concern for the poorest in society"; convictions that caused Smith to advocate "radical", "anti-slavery" positions.<sup>67</sup> To support their assertion that Smith was a vocal opponent of the slave system that dominated the Americas, the authors provide a quote from Book III, Chap. II of *The Wealth of Nations*, where Smith observed—if we quote in full—"The experience of all ages and nations, I believe, demonstrates that the work done by slaves, though it appears to cost only their maintenance, is in the end the dearest of any."<sup>68</sup>

Now, it is clear from the above quote that Smith believed in *principle* that free labour was more economically *efficient* than slave labour. In making the above comments, however, Smith was discussing the transition from slavery to serfdom and, eventually, free labour in the early medieval world, the chapter being titled, "Of the Discouragement of Agriculture in the Ancient State of Europe after the Fall of the Roman Empire." This does *not*, however, mean that he opposed legal interference in the system of slavery that existed in his own time, with Smith believing that slaves were the legitimate private property of their owners. As this study indicated in Chap. 3, Smith only directly discussed New World slavery at two points in *The Wealth of Nations*. Given that in neither discussion did Smith suggest interference in this system, it is useful for us to again summarise his views. In his first mention, in Book IV, Smith declared that any action by a "magistrate" that "protects the slave, intermeddles in some measure in the private property of the master", and that "he dare not do this but with the greatest caution and circumspection".<sup>69</sup> As is evident, in this instance, Smith is loath to consider any action that "protects" a slave. There is no mention of freedom. In the second discussion, in Book V, Smith declares that slaves in the Americas were not "worse fed" or supplied with less in the way of basic commodities than "the lower ranks of

<sup>66</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 52.

<sup>67</sup> *Ibid.*, 62.

<sup>68</sup> *Ibid.*, Smith, *Wealth of Nations*, Book III, Chap. II, para. 10.

<sup>69</sup> Smith, *Wealth of Nations*, Book IV, Chap. VI, Part II, 88. [Page number refers to the original facsimile.]

people in England”, it being in “the interest of their master that they should be fed well and kept in good heart”.<sup>70</sup> None of this indicates an “anti-slavery” bias.

The ignorance of the authors of *A New History of Management* as to the basic facts of industrialising Britain is indicated when they accurately observe that it took a wheeled wagon some 6 weeks to do a return trip from Edinburgh to London. Having obtained this fact, they then (inaccurately) present this as proof that at the time when Smith wrote *The Wealth of Nations* (1776), “industrialism was as far away as the iPad from the first automobile”.<sup>71</sup> In fact, as we noted in the introduction to this book, Britain was by 1776 characterised by an ever-expanding and efficient system of internal communication based on canals. In the case of London and the other major port cities, the populace and industry had both been supplied with “sea-coals” for centuries. Consequently, the length of a road trip from Edinburgh to London is immaterial. Any sensible person would have gone by boat.

Willingness to make ungrounded assertions also results in the same sort of alarmist hyperbole that—as we noted in Chap. 5—was a feature of Derrida’s public statements. Among the postmodernists associated with the Historic Turn, such hyperbole is evident in Bernard Burnes and Bill Cooke’s “Review Article” in the journal *Human Relations*. In arguing in favour of research that addresses “fundamental issues” and “the big questions”, Burnes and Cooke—who happily acknowledge in the article their adherence to “postmodernism”—assert that urgency is indicated due to the fact that “[t]he world is running out of natural resources and food”.<sup>72</sup> Given the prestigious nature of the journal in which this assertion was made, and the rigorous review system that it would have presumably undergone, I was tempted to take this comment seriously—as, no doubt, others have. This temptation was reinforced by the emphasis within the article on the need for “rigour and relevance” and for research with “a strong theoretical and methodological basis”.<sup>73</sup> However, I nevertheless decided to check the veracity of the statement by comparing the claim with statistics easily available at the World Bank’s database.

<sup>70</sup> *Ibid.*, Book V, Chap II, 424 [This is page number in the original facsimile; page number given due to the number of paragraphs to previous heading.]

<sup>71</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 61.

<sup>72</sup> Burnes and Cooke, “Review article”, 1415.

<sup>73</sup> *Ibid.*, 1415.



**Photo 7.2** Along with the coal from the nearby Tyne River, the Wear River and its collieries helped make the Industrial Revolution possible, transporting the coal that fuelled factories and warmed homes. (Courtesy: Engraving by T King. (Photo by Hulton Archive/Getty Images)

As I was unsure as to whether Burnes and Cooke were, in speaking of a depletion of “food”, referring to “crops” (my first inclination), or “food” more generally (which can include seafood), or “livestock” and meat production, I decided to plot the claim against all three measures—as well as plot global population growth—for the period between 1961 and 2014. Given the assertion that “the world is running out of natural resources”, I also decided to include the percentage of the globe under forest cover for the period since 1991, when the volume of food, crops, and livestock production began a period of particularly rapid growth. As Fig. 7.1 indicates, Burnes and Cooke’s assertions have no basis of fact. The world is not “running out” of “food”. On the contrary, since the early 1970s, food production has grown at a far faster rate than the increase in world population. Moreover, this increase has had little effect on the percentage of the world under forest, which has remained almost constant at approximately 31 per cent. Nor should we conclude that the mammoth increase in food output is only a First World phenomenon. For, as Fig. 7.2 indicates, the volume of crop production among the world’s poorest and most indebted nations has since 1961 grown at a faster rate than the global average.

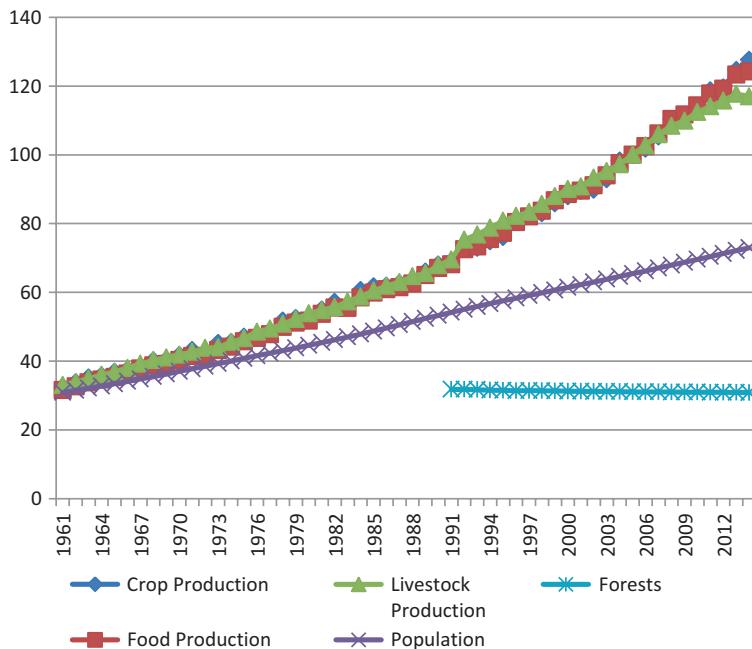


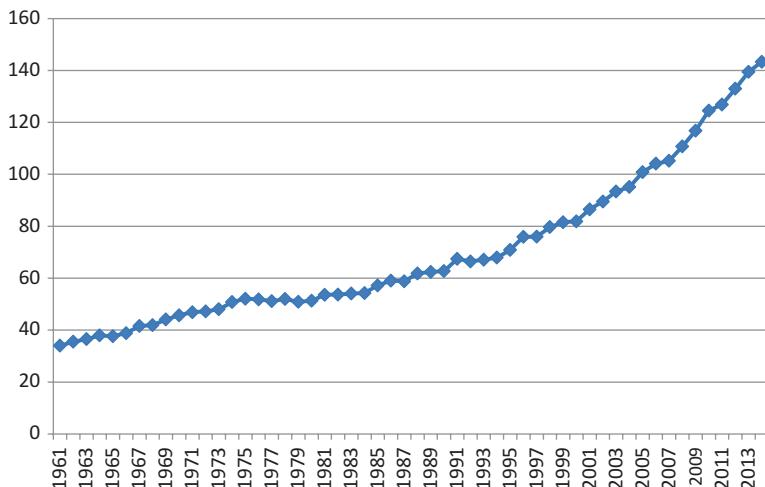
Fig. 7.1 World population and crop, food, and livestock production, 1961–2014 (2004–06 output is index of 100) (Source: Calculated from World Bank, On-line Database: Indicators—Agricultural and Rural Development)

Thus, whereas total world crop output grew by 392.7 per cent between 1961 and 2014, the volume of production in the poorest and most indebted nations (found mainly in Africa) expanded by 421.3 per cent.<sup>74</sup> In short, far from it being the case that the world is “running out of food”, we have in fact never been better supplied, whether measured absolutely or per capita.

### RHETORIC, FORGETTING, AND ANTI-HISTORY

If the success of the so-called Historic Turn helps explain growing acceptance of postmodern concepts in business studies, further reason is found in the impact of research into how corporate elites use “rhetoric” and

<sup>74</sup>World Bank, *On-line Database: Indicators – Agricultural and Rural Development*, <https://data.worldbank.org/topic/agriculture-and-rural-development?view=chart> [Accessed 8 November 2017].



**Fig. 7.2** Crop production, 1961–2014 (2004–06 index of 100)—poorest and most indebted nations (*Source:* Calculated from World Bank, On-line Database: Indicators—Agricultural and Rural Development)

“rhetorical history” to create perceptions of “legitimacy” and “authenticity”. This grouping, which we will refer to as the “Rhetorical School”, is centred around Canadian-based academics (Roy Suddaby, Royston Greenwood, Bill Foster, Matthias Kipping, Diego Coraiola, Alison Minkus, Eldon Wiebe), in addition to those drawn from Britain (Stephanie Decker), Scandinavia (Matts Alvesson, Dan Kärreman, Juha-Antti, Arjo Laukia, Jari Ojala), the Netherlands (Ronald Kroese, Sjoerd Keulen), and the United States (Christine Quinn Trank, David Chandler).<sup>75</sup> Interest in

<sup>75</sup> Roy Suddaby and Royston Greenwood, “Rhetorical strategies of legitimacy”, *Administrative Science Quarterly*, Vol. 50 (2005), 35–67; Roy Suddaby, William M. Foster and Christine Quinn Trank, “Rhetorical history as a source of competitive advantage”, *Advances in Strategic Management*, Vol. 27 (2010), 147–73; William M. Foster, Diego M. Coraila, Roy Suddaby, Jochem Kroesen and David Chandler, “The strategic use of historical narratives: A theoretical framework”, *Business History*, Vol. 59, No. 8 (2017), 1176–1200; William M. Foster, Roy Suddaby, Alison Minkus and Eldon Wiebe, “History as social memory assets: The example of Tim Hortons”, *Management & Organizational History*, Vol. 6, No. 1 (2011), 101–20; William Milton Foster, Roy Suddaby and Diego M. Coraiola, “Useful rhetorical history: An ideographic analysis of Fortune 500 corporations”, *Academy of Management Best Paper Proceedings*, (New York, NY: Academy of

the use of rhetoric is not confined, moreover, to the developed world. In Africa—where the Cape Town-based Centre for Rhetoric Studies housed Paul Ricoeur and Jacques Derrida at various times—interest in how rhetoric is used as a social and economic construct has led to the publication of both the *African Journal of Rhetoric* and an *African Yearbook of Rhetoric*.<sup>76</sup>

At first glance, the work of the Rhetoric School appears to owe little to postmodernism. Typically, the academic articles produced by its members reference neither the term “postmodernism” nor any foundational post-modernist thinker (Foucault, Derrida, White etc.). Moreover, the nominal themes pursued in these articles—organisational change, legitimacy, authenticity, competitive advantage—resemble those of countless other academic articles. Thus, we are informed by Suddaby and Greenwood in an article published in the *Administrative Science Quarterly*, “Rhetorical strategies are the deliberate use of persuasive language to legitimate or resist an innovation.”<sup>77</sup> Similarly, in the *Journal of Management* Suddaby and Foster declare interest in how organisational change is “underpinned by different assumptions about history and its relationship to our capacity for change”.<sup>78</sup> Such interests appear a mere extension of Elliott Jaques’ much earlier exploration of organisational culture, which he defined in 1951 as the “customary and traditional way of doing things” that becomes “second nature” to workers and managers alike.<sup>79</sup> Discussions of how firms create “competitive advantage” and “authenticity” through “invented traditions” also bear resemblance to marketing literature on product “brands”.<sup>80</sup> The benefit of

Management, August 2016); Stephanie Decker, “Corporate legitimacy and advertising: British companies and the rhetoric of development in West Africa”, *Business History Review*, Vol. 81, No. 1 (Spring 2007), 59–86; Ronald Kroese and Sjoerd Keulen, “Leading a multinational is history in practice: The use of invented traditions and narratives at AkzoNobel, Shell, Philips and ABN AMRO”, *Business History*, Vol. 55, No. 8 (2013), 1265–1287.

<sup>76</sup> Phillippe Joseph Salazar, “Rhetoric as salvatory”, *African Yearbook of Rhetoric: Gender Rhetoric – North and South*, Vol. 1, No. 1 (2010), 1–2.

<sup>77</sup> Suddaby and Greenwood, “Rhetorical strategies”, 41.

<sup>78</sup> Roy Suddaby and William M. Foster, “Guest editorial: History and organizational change”, *Journal of Management*, Vol. 43, No. 1 (Jan. 2017), 20.

<sup>79</sup> Elliott Jaques, *The Changing Culture of a Factory*, (London, UK: Routledge & Kegan Paul, 1951), 251.

<sup>80</sup> Suddaby and Foster, “History and organizational change”, 31; Foster, Suddaby, Minkus and Wiebe, “Tim Hortens”, 105–09; Foster, Coraila, Suddaby, Krozeen and Chandler, “The strategic use of historical narratives”, 1180–82. For point of comparison in the brand literature, see: N. Morgan, A. Pritchard and R. Piggott, “New Zealand: 100% pure – the creation of a powerful niche destination brand”, *Journal of Brand Management*,

postmodernist-inclined business academics avoiding—at least in more traditional academic forums—frameworks that explicitly draw on people such as Foucault and White is indicated in a recent article by Roy Suddaby, arguably the dominant voice in the “rhetorical” literature and a former editor of the *Academy of Management Review*. During his time as the *Academy of Management Review* editor, Suddaby remembers, he made the “naïve error” of favourably citing the leading Foucauldian historian Hayden White before an American business historians’ conference. “The crowd seethed” to such an extent, Suddaby recalls, that he feared the use of “pitchforks”.<sup>81</sup>

Even where it avoids explicit references to Foucault, White, and other like-minded thinkers, the work of the Rhetorical School is subversive in intent and postmodernist in methodological orientation. Managerial and corporate legitimacy and authority rests, it is argued, not on objective criteria—jobs created, improved technology, profits garnered—but instead on socially manufactured “memory”, “rhetoric”, “grounded fictionalism”.<sup>82</sup> Like advocates of the Historic Turn (with whom members of the Rhetorical School share many joint publications), those that emphasise the power of “rhetoric” believe that history is not objectively real, but is instead “highly malleable and open to revision”.<sup>83</sup> As “history” exists—Mills, Suddaby, Foster, and Durepos explain—only in the present, so it is that “rhetorical history seeks to understand the past from a ‘presentist’ point of view”.<sup>84</sup> Viewed from the point of view of the Rhetoric School, it therefore follows that managerial authority can be dismantled through alternative “rhetorics” of resistance.<sup>85</sup> According to Suddaby, we also need to free ourselves from “the objective elements of history of truth”, as these

Vol. 9, No. 4 (Apr. 2002), 335–54. The overlap between brand and rhetoric can be seen in the fact that Morgan regularly publishes in the *African Journal of Rhetoric*.

<sup>81</sup> Roy Suddaby, “Toward a historical consciousness: Following the historic turn in management thought”, *M@n@gement*, Vol. 19, No. 1 (2016), 47.

<sup>82</sup> Foster, Suddaby, Minkus and Wiebe, “Tim Hortens”, 108–09; Suddaby and Greenwood, “Rhetorical strategies”, 36–38; Mats Alvesson and Dan Kärreman, “Taking the linguistic turn in organizational research”, *Journal of Applied Behavioral Science*, Vol 36, No. 2 (Jun. 2000), 144–45.

<sup>83</sup> Suddaby and Foster, “History and organizational change”, 31.

<sup>84</sup> Albert J. Mills, Roy Suddaby, William M. Foster and Gabrielle Durepos, “Re-visiting the historic turn 10 years later: current debates in management and organizational history – an introduction”, *Management & Organisational History*, Vol. 11, No. 2 (2016), 71.

<sup>85</sup> Suddaby and Greenwood, “Rhetorical strategies”, 41.

constrain “what can and cannot be done in the social-symbolic realm”.<sup>86</sup> As with Foucault and White (and Nietzsche), the members of the Rhetoric School emphasise the possibilities available to “human agency”. By comparison, the constraining power of contextual factors (economics, institutions, constitutional and political obstacles, infrastructure) is downplayed. In countering the view that the “sedimentary accumulation of past events and experiences” makes change within organisations “very difficult”, Suddaby and Foster, for example, contend that such obstacles can be overcome “by rhetorically reconfiguring the past and reimagining the future”.<sup>87</sup>

A key figure in the “rhetorical” literature is Deidre (Donald) McCloskey; an author whose pioneering study “The Rhetoric of Economics” inspired much subsequent work. In McCloskey’s view, economics and other social science disciplines should focus less on research-based predictions and more on ethically informed rhetoric and persuasion.<sup>88</sup> Although, in a chapter added to the second edition of *The Rhetoric of Economics*, McCloskey only acknowledges the influence of Hayden White among postmodernist thinkers—also citing the influence of Marxism, feminism, and linguistic theory—McCloskey nevertheless shares with the postmodernist canon an opposition to positivism and philosophic rationality.<sup>89</sup> Her work also shares commonalities with Nietzsche and Vico in its emphasis on myth, feeling, and emotion, with McCloskey—who changed gender in the course of her career—asserting that “a human is stupid who only acknowledges their masculine side”.<sup>90</sup>

Similar themes to those articulated by McCloskey are also found in more recent work of the Rhetorical School. Opposition to the “neo-institutionalist” and “Weberian narrative” of rationality and science is particular evident in a recent article, “Craft, magic and the re-enchantment of the world”, co-authored by Suddaby and two Canadian colleagues, Max Ganzin and Alison Minkus.<sup>91</sup> Repudiating the idea of “progress inherent in post-Enlightenment claims of inexorable rationality”, Suddaby and his colleagues embrace instead Nietzsche’s emphasis on will, magic, and mys-

<sup>86</sup> Suddaby, “Toward a historical consciousness”, 54–55.

<sup>87</sup> Suddaby and Foster, “History and organizational change”, 31.

<sup>88</sup> Deidre N. McCloskey, *The Rhetorics of Economics*, Second Edition (Madison, WI: University of Wisconsin Press, 1998), 4–6.

<sup>89</sup> *Ibid.*, 15–16.

<sup>90</sup> *Ibid.*, xiii.

<sup>91</sup> Roy Suddaby, Max Ganzin and Alison Minkus, “Craft, magic and the re-enchantment of the world”, *European Management Journal*, Vol. 35, No. 4 (2017), 286.

terry.<sup>92</sup> In their view, “the hyper rationality of modernity has largely suppressed our humanity”. To overcome this, Suddaby and his co-authors advocate what they refer to as “arationality – a term used to capture a phenomenon that stands outside the domain of what can be understood by reason”.<sup>93</sup> In this context, “[t]rue rhetoric” becomes “magical because it initiates action”. New forms of language and “incantation” are also advocated in the pursuit of “enchantment and magic”.<sup>94</sup> As a step towards such outcomes, the article also offers up “the fascinating account” of a Scottish management training programme in “devilling”, whereby trainee “devils” conform to “rituals” enforced by “devilmasters”; a programme that appears in tune with Nietzsche’s suggestion that we should embrace the “inhuman” through a figurative return “to the wilderness”, to the world of the “Homeric heroes, the Scandinavian Vikings”.<sup>95</sup> Despite such pronounced antimodernist sentiments, there remains a strange reluctance in Rhetorical School analysis to explicitly link their formulations to postmodernist theory, even though Mills, Foster, Suddaby, and Durepos concede that this line of inquiry “draws upon” the “successful challenges to claims of objectivity” raised by Foucault, White, and others.<sup>96</sup> Even the Suddaby, Gazin, and Minkus article—despite advocacy of many postmodernist understandings—fails to reference any foundational postmodernist thinker. Where postmodernist heritage is ascribed, it is generally done through convoluted rather than direct means. Thus, when Suddaby declares that “rhetorical history” draws upon “the constructivist-interpretative-subjective elements of historical narrative”, he is referring to a formulation co-authored by the pioneering Foucauldian postmodernist, Gibson Burrell; a formulation that in turn draws upon Hayden White rather than upon Foucault.<sup>97</sup>

Departure from the conceptual and methodological mainstream in ways that avoid reference to established postmodernist canons is also evident in the extension of rhetorical analysis into the realm of “collective

<sup>92</sup> *Ibid.*, 291, 287.

<sup>93</sup> *Ibid.*, 294.

<sup>94</sup> *Ibid.*, 293.

<sup>95</sup> *Ibid.*, 294; Friedrich Nietzsche, “On the Genealogy of Morals”, in Friedrich Nietzsche (trans. Walter Kaufman and R.J. Hollingdale), *On the Genealogy of Morals/Ecce Homo*, (New York, NY: Vintage Books, 1989), 54, 41.

<sup>96</sup> Mills, Suddaby, Foster and Durepos, “Re-visiting the historic turn”, 70–71.

<sup>97</sup> Suddaby, “Toward a historical consciousness”, 55, 49–50; Burrell and Morgan, *Sociological Paradigms*, 22.

memory” and organisational “forgetting”. As Suddaby and Foster explain it, “A growing body of research demonstrates that organizations engage in acts of intentionally erasing elements of their collective memory.”<sup>98</sup> Elsewhere, in an article in the *Academy of Management Journal*, we are informed, “Rhetorical histories are commonly associated with remembering, but forgetting also needs consideration.”<sup>99</sup> Accordingly, it is suggested, acts of deliberate “forgetting” and “remembering” become weapons in battles between corporate elites and those who seek to resist their corporate narratives.<sup>100</sup> Articulating this perspective, Maclean, Harvey, and Clegg suggest in a recent article in the *Academy of Management Review* that any workforce understanding that reasserts what corporate elites want “forgotten” provides “a bottom-up, pluralistic antidote” to “managerialism” and “hegemonic metanarratives”.<sup>101</sup> Conversely, Taylor, Bell, and Cooke suggest that modern business organisations suffer from remembering too much; an outcome associated with the glorification of past corporate leaders for their presumed successes. In their view, society and intellectual understandings may be best served if historians and other researchers were under “an obligation” of “forgetting” in relation to such narratives.<sup>102</sup>

As we noted in the introduction to this chapter, such radical understandings of remembering and forgetting typically cite Paul Ricoeur, Derrida’s one-time academic superior, as their source of inspiration.<sup>103</sup> Central to Ricoeur’s conceptualisation is the belief that “forgetting “is” the disturbing threat that lurks in the background of the phenomenology of memory and of the epistemology of history”.<sup>104</sup> Unlike Hayden White, of whom he was critical, Ricoeur believed in the fundamental distinction

<sup>98</sup> Suddaby and Foster, “History and organizational change”, 32.

<sup>99</sup> Michael Anteby and Virág Molnár, “Collective memory meets organizational identity: Remembering to forget in a firm’s rhetorical history”, *Academy of Management Journal*, Vol. 55, No. 3 (Jun. 2012), 518.

<sup>100</sup> See, for example: Suddaby and Foster, “History and organizational change”, 24–26.

<sup>101</sup> Maclean, Harvey and Clegg, “Conceptualizing historical organization studies”, 627.

<sup>102</sup> Taylor, Bell and Cooke, “Business history and the historiographical operation”, 162.

<sup>103</sup> See, for example: Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 251, 259; Michael Rowlinson, Andrea Casey, Per H. Hansen and Albert J. Mills, “Narratives and memory in organizations”, *Organization*, Vol. 24, No. 4 (2014), 441–46; Leanne Cutcher, Karen Dale and Melissa Tyler, “‘Remembering as forgetting’: Organizational commemoration as a politics of recognition”, *Organization Studies*, (2017), 1–24;

<sup>104</sup> Ricoeur, *Memory, History and Forgetting*, 412.



**Photo 7.3** Paul Ricoeur, 1913–2005: A French philosopher, and one-time academic superior of Jacques Derrida, Ricoeur was a critic of the postmodernist historian, Hayden White, arguing that “no one can make it be that” the past “should not have been”. The problem with knowledge, he believed instead, came from deliberate strategies for remembering and forgetting. (Courtesy: Photo by Yves LE ROUX/Gamma-Rapho via Getty Images)

between historical fact and fiction. Highlighting the confusions that characterised White and other postmodernists in their discussions of Shoah (the Holocaust), Ricoeur argued that it was folly to assert that there was no objective basis for understanding in the face of incontrovertible evidence that millions did die in the Holocaust, that France did lose its battle with Nazi Germany in 1940, and that Vichy France did collaborate in Holocaust deaths.<sup>105</sup> The historical past and “past things”, Ricoeur continued, may be “abolished”—existing only as mental “representations” (memories) or manufactured “representations” (texts, monuments etc.)—

<sup>105</sup> *Ibid.*, 253–57, 498, 449–50.

“but no one can make it be that they should not have been”.<sup>106</sup> The problem, Ricoeur believed, is not so much that memory of the past depended upon “the survival of images”, but rather from processes that result in “manipulated memory” and “the ideologizing of memory”.<sup>107</sup> Such problems, he continued, created an unending contest between “the testimony of memory” and written history.<sup>108</sup> Confronted with “memories” manufactured through powerful processes that recorded only certain information as legitimate, Ricoeur concluded that “forgetting” needed to become not “idle forgetting”, but instead a deliberate strategy: what he referred to as “a concerned disposition established in duration”.<sup>109</sup>

There is no doubt that Ricoeur’s analysis presents serious questions as to the validity of *certain* types of evidence (i.e. that which is created in literary form); questions that Taylor, Bell, and Cooke suggest demand reassessment of how we understand evidence and the past.<sup>110</sup> The actual *issues* that Ricoeur and indeed the whole “Rhetorical School” (Suddaby, Foster, etc.) raise, however—in contrast to their *stylistic* presentation—are neither new nor novel. As Steve Toms and John Wilson observe in their critique of Ricoeur’s ideas, the most elementary error made by Ricoeur and his would-be acolytes is the assumption that our understandings in business rest solely on “literary text” (i.e. archives, government and company reports, newsletters etc.).<sup>111</sup> In fact, as the French historian Marc Bloch recorded during his life as a French resistance fighter in the Second World War, there is an alternative type of evidence available to us that never existed in the form of literary text: evidence that results from recording the everyday experiences of business, production, and life. It is this second type of evidence—which includes records of birth and deaths, company employment, agricultural production, cargo movements at port, railway tonnage—that has proved the life-blood of economics and traditional forms of business and management history. Although, as Bloch

<sup>106</sup> *Ibid.*, 280.

<sup>107</sup> *Ibid.*, 448.

<sup>108</sup> *Ibid.*, 498.

<sup>109</sup> *Ibid.*, 504–05.

<sup>110</sup> Taylor, Bell and Cooke, “Business history and the historiographical operation”, 151–66.

<sup>111</sup> Steve Toms and John Wilson, “In defence of business history: A reply to Taylor, Bell and Cooke”, *Management & Organizational History*, Vol. 5, No. 1 (2010), 112.

observed, such evidence can be presented in distorted forms, it was never designed for the express purpose of deceiving posterity.<sup>112</sup>

A second elementary error that the Rhetorical School—and postmodernists more generally—make is to assume that when confronted with evidence in the form of literary text, researchers have no reliable way of separating fact from fiction. In articulating this criticism of “objectivist” researchers, the members of the Rhetorical School and their postmodernist allies have a fondness for quoting (out of context) Leopold von Ranke, the founding figure of modern historical research, who stated in an 1821 article, “The historian’s task is to present what actually happened.”<sup>113</sup> In lambasting this view, Mordhorst and Schwarzkopf record that few “today would subscribe to Ranke’s idea that the task of the historian was to write history as it really was: the linguistic turn seems to have rendered this an impossible position to defend”.<sup>114</sup> In fact, as fuller quoting of Ranke’s 1821 article makes clear, Ranke never believed that a full and complete history of the past was available on the evidence before us. Instead, he argued that all events—historical and contemporary—are “only partially visible to the world of the senses”, their manifestations being presented to us in forms that “are scattered, disjointed, isolated”.<sup>115</sup> Ranke also believed that the structure of language impedes full understanding of objective reality, as it “lacks expressions which are free from connotations”.<sup>116</sup> Confronted with such methodological problems, Ranke argued that researchers always confronted two tasks in trying to make sense of evidence and objective reality: the first required an “exact, impartial, critical investigation” of the available evidence, and the second, an interpretative

<sup>112</sup> Marc Bloch (trans. Peter Putman), *The Historian’s Craft*, (Manchester, UK: Manchester University Press, 1954), 60–62, 65.

<sup>113</sup> Leopold von Ranke, “Wilhelm von Humboldt: On the Historian’s Task”, in Leopold von Ranke (trans. Wilma A. Iggers and Konrad von Moltke), *The Theory and Practice of History*, (New York, NY: Bobbs-Merrill, 1973), 5.

<sup>114</sup> Mads Mordhorst and Stefan Schwarzkopf, “Theorising narrative in business history”, *Business History*, Vol. 59, No. 8 (2017), 1163. The abbreviated quote from Ranke is found at p. 1159 in this article. For similar misrepresentations of Ranke, see: Durepos and Mills, *ANTI-HISTORY*, 62; Terrance G. Weatherbee, “History in management textbooks: Adding, transforming, or more?”, in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 116.

<sup>115</sup> Ranke, “Wilhelm von Humboldt”, 5.

<sup>116</sup> *Ibid.*, 6.

“connecting of the events” and evidence being explored.<sup>117</sup> In confronting such tasks, the typical person is not—as the postmodernist literature implies—a naïve and unreflective fool. Humanity would not have survived so long and progressed so far if this were the case. For in dealing with purported statements of fact and contradictory statements, it is inherent in the human condition that we tend not to take things at superficial face value. Instead, we submit them to scrutiny before that most thoughtful of judges: our reason—or what in Australia is called the “pub test” (i.e. would the average drinker in a public hotel bar accept an explanation as credible). As Immanuel Kant advised in his *Critique of Pure Reason*, although it may be the case that “all knowledge begins with the senses”, it is only accepted as valid after the scrutiny (careful or otherwise depending on the individual and the circumstance) of “reason”.<sup>118</sup> This leads to new information being compared to old, and information garnered from one source being compared to another. Thus, when the author was confronted by Burnes and Cooke’s assertion that the world is “running out” of food, my first instinct upon deciding to query the statement was not to “deconstruct” their text, or compare it with other texts. Instead, my reasoned instinct was to compare it with a different sort of evidence associated with agriculture and livestock production. Now, the author will concede that some production figures, most particularly those obtained from dictatorial societies such as North Korea, may be deliberate overestimates. Nevertheless, this disparity will be small, given that production figures need to accord with those recorded in transport, storage, and sale. In these latter areas, the recorded figures are not generated—as they are with literary texts—at minimal cost. Instead, they reflect actual expenditures; expenditures that make the creation of what Ricoeur calls “manipulated memory” an expensive proposition. Now, it is important not to exaggerate the powers of reason. To do so makes one vulnerable to postmodernist “deconstruction”. Deidre McCloskey is therefore correct in treating the *predictive* statements that are typical in certain branches of economics with scorn.<sup>119</sup> The fact that we cannot know the future, however, does not mean that we cannot organise non-literary forms of evidence (employment figures, production, and sales results) to better inform the *decisions* we make about the future.

<sup>117</sup> *Ibid.*, 7.

<sup>118</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics), 288.

<sup>119</sup> McCloskey, “Rhetorics of Economics”, 487.

Among business-school postmodernists there appears, despite their constant emphasis on theoretical “reflexivity”, surprisingly little awareness of the methodological failings and internal contradictions that increasingly characterise their writings. Supposedly cutting-edge analysis such as Rowlinson, Hassard, and Decker’s “Research Strategies for Organizational History” approvingly cites both Hayden White and Ricoeur without mention of the fact that the two had very different views on the nature of evidence; the former arguing that there is little distinction “between real and imagery events”, and the other contending that past events have “really existed”.<sup>120</sup> The concept of “trace”, produced by residual evidence of past existence, is—as we have previously noted—widely used without reference to the fact that Derrida and Foucault had widely differing views as to its veracity. New ideas, such as Ricoeur’s understandings of memory and forgetting, are added to old without any attempt at integration.

Arguably, the most significant attempt to address the internal failings of postmodernist thought in management and organisational studies is found in Gabrielle Durepos and Albert Mills’ concepts of *ANTI-History* and “amodernism”; work that was the subject of Durepos’ PhD research. Among postmodernist-inclined thinkers this work has already garnered much praise, with Suddaby declaring that it “offers the greatest potential for communion between historians and organizational theorists … it is already popular in several strands of critical management studies”.<sup>121</sup> Rowlinson and Hassard similarly laud Durepos’ *ANTI-History* for its “self-conscious invocation of theory in the construction of a historical narrative”.<sup>122</sup> The potentially iconoclastic character of Durepos’ research is evident in the questions she asks of postmodernist thinking, pondering: “Can we still get away with explanations of the social that reduce everything to text?” and “How do we account for the fact that objects have effects?”<sup>123</sup> Durepos and Mills are also unusual in acknowledging the failings of postmodernist “relativism” (i.e. the belief that all knowledge and perceptions are inherently subjective), conceding the point that it

<sup>120</sup> Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 251–52, 259; Hayden White, “The value of narrativity in the representation of reality”, *Critical Inquiry*, Vol. 7, No. 1 (Aut. 1980), 10; Ricoeur, *Memory, History and Forgetting*, 275.

<sup>121</sup> Suddaby, “Toward a historical consciousness”, 56.

<sup>122</sup> Rowlinson and Hassard, “History and the cultural turn”, 16.

<sup>123</sup> Gabrielle Durepos, “ANTI-History: Toward amodern histories”, in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 169.

“often” produces “an *anything goes* attitude, in which no standards exist to govern academic efforts” [emphasis in original].<sup>124</sup>

In seeking to take postmodernist thought out of the impasse in which it finds itself, Durepos and Mills propose three key intellectual reforms. First, in attempting to trace a path between the “realism” of modernist thinking and postmodern “relativism”, Durepos and Mills propose what they call “relationism”, which “accepts the empiricist view that knowledge should be derived from the material world”.<sup>125</sup> In their second key formulation, Durepos and Mills draw on the actor–network theory (ANT), which holds that both knowledge and societal behaviour are inherently relational. Accordingly, it is argued, “socio-political actors” (i.e. particular social groups) engage in constant politicking and negotiation—what Durepos and Mills refer to as “enrolment”—in order that their perceptions of reality are regarded as legitimate. This creates what they call “communities of knowing” in which particular social groups are bound together by common understandings.<sup>126</sup> Finally, as we noted in the introduction to this chapter, Durepos and Mills embrace the *amodernist* understandings once forcefully advocated by Bruno Latour, one of the principal exponents of ANT. In explaining *amodernism*, Durepos indicates that it “shares in the postmodern critique of modernism but goes further”, seeking to embrace understandings “unaffected by modernist tendencies to universalize”.<sup>127</sup> If we turn to Latour himself and his seminal work *We Have Never Been Modern*, we find that Latour believes (believed)—similarly to what was suggested in this book in Chap. 2—that “modernist” beliefs can be traced back to Thomas Hobbes’ *Leviathan*, where for the first time a distinction was drawn between the “natural” and social sciences.<sup>128</sup> Latour departed from well-established thinking, however, in suggesting that we have proved incapable of integrating the different modes of thinking that characterise each domain; a failing that causes him to declare, “No one has ever been modern. Modernity has never begun. There has never been a modern world.”<sup>129</sup> To overcome humanity’s supposed quandary, Latour’s proposed that *amodern* mode of thinking

<sup>124</sup> Durepos and Mills, *ANTI-History*, 105.

<sup>125</sup> *Ibid.*, 64.

<sup>126</sup> *Ibid.*, 48–50.

<sup>127</sup> Durepos, “ANTi-History: Toward amodern histories”, 167–68.

<sup>128</sup> See, in particular: Latour, *We Have Never Been Modern*, Chapter 2, 13–48; Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Broadway Press: Peterborough, Canada, 2002), 40.

<sup>129</sup> Latour, *We Have Never Been Modern*, 47.

involves abandonment of “modernist” ideas of rationality, “premodernist” understandings of ethnocentrism and identity, and “postmodernist” views about “modernity” and “critical deconstruction”; a proposal that would leave us with few intellectual weapons (the use of “experimentation”, “reflexivity”, and—on an unclear basis—a reintegration of understandings of “nature and society”).<sup>130</sup>

Like a person astride a barbed-wire fence, the attempt by Durepos and Mills to thread an *amodernist* route between modernism and postmodernism lands them in some uncomfortable positions. Despite their stated support for “empiricism”, Durepos and Mills still see knowledge as subjective, a social construct of competing “socio-political actors”. This makes understanding of *how* knowledge is socially constructed more important than the knowledge itself.<sup>131</sup> Accordingly, we are still left without any guiding principles for discerning the difference between fact and fiction, given that archives and other repositories of knowledge are themselves social constructs. Durepos and Mills’ *ANTi-History* also effectively rules out the possibility of research leading to generalisable theories or principles. In this context, Rowlinson and Hassard’s (accurate) observation that *ANTi-History* formulations do not “succumb to the constructionist demand for scientificistic theory generation” is arguably cause for condemnation rather than for applause.<sup>132</sup> As we have previously indicated, Durepos and Mills are largely silent when it comes to the pre-Enlightenment traditions of Western thought and language that Derrida found so objectionable, preferring instead to associate “the beginning of modernism” with “the Enlightenment”.<sup>133</sup> Consideration of the various idealist traditions of thought is also missing from *ANTi-History* discussions, even though a number of these—most notably Vico, Nietzsche, and Heidegger—have been seminal to postmodernist and antimodernist thinking. Latour’s repudiation of many of his earlier positions has also left the *ANTi-History* conceptualisations somewhat stranded. As we noted in the introduction to this chapter, by 2003, Latour was increasingly alarmed by the destructive actions of the deconstructionist critique that he believed he himself had fuelled; a critical attitude that acted like a “virus” that had escaped “the

<sup>130</sup> *Ibid.*, 135.

<sup>131</sup> Durepos, “ANTi-History: Toward amodern histories”, 174–75; Durepos and Mills, *ANTi-History*, 49–52.

<sup>132</sup> Rowlinson and Hassard, “History and the cultural turn”, 17.

<sup>133</sup> Durepos and Mills, *ANTi-History*, 24.

confines of the laboratories” and was now “gnawing everything up, even the vessels” that had helped create it.<sup>134</sup> Despairingly, he noted how so many in “academia”, society’s intellectual “*crème de la crème*”, cynically use idealist epistemological positions to deny the existence and authority of things they oppose (capitalism, management, religion etc.) and positivist arguments to defend the things in which they themselves believe (global warming, the benefits of immunisation etc.).<sup>135</sup> In calling for the abandonment of such destructive behaviour, Latour argued that intellectual “criticism” had to be undertaken with positive rather than negative intent in mind; an approach inspired by a “constructivist” rather than a “deconstructionist” intent.<sup>136</sup> It is hard to contradict such advice.

## MODERNITY AND POSTMODERNISM IN ACCOUNTING

Accounting has been the constant handmaiden of modernity. In medieval and Renaissance Europe, the use of increasingly sophisticated accounting methods, built around the innovation of double-entry booking, underpinned financial novelties such as bills of exchange, cheques, long-term loans, banking, and share companies. Without such innovations the growth in systems of financial capitalism and, subsequently, industrial capitalism would scarcely have been possible. Similarly, without the development of long-term credit and banking, the new centralised states that emerged during the fifteenth century in England, France, and, above all, Spain—which were built around dynastic monarchies but which increasingly employed professionalised bureaucracies—would also have been impossible. As Fernand Braudel records in this classic study *The Mediterranean and the Mediterranean World in the Age of Philip II*, these emergent state systems were utterly dependent upon a new type of bourgeoisie—financially literate and numerate in accounting—“to make war, collect taxes, administer its own affairs, and conduct justice”.<sup>137</sup> Double-entry booking and novel forms of finance also created new types of international markets, very different from traditional systems of exchange based on local supply–demand mechanics. In these new market systems—geared primarily towards the

<sup>134</sup> Latour, “Why has critique run out of steam?” 231.

<sup>135</sup> *Ibid.*, 242–43.

<sup>136</sup> *Ibid.*, 246–48.

<sup>137</sup> Fernand Braudel (trans. Sian Reynolds), *The Mediterranean and the Mediterranean World in the Age of Philip II*, (New York, NY: Harper Torchbooks, 1975), Vol. 1, 451.

acquisition and sale of luxury fabrics and dyes, spices, and stimulants (coffee, sugar, and, subsequently, tea and tobacco)—supply could only be garnered through complex logistic networks and share companies able to pool wealth and mitigate individual risk.<sup>138</sup> Accounting and financial credit also enabled a nascent modernity in Western Europe to constantly break the capacity constraints imposed by an absence of spending power and limited supplies of physical currency.<sup>139</sup>

With the development of nineteenth-century industrial capitalism, characterised by unprecedented levels of investment in fixed plant and machinery, accounting bifurcated into two broad sub-disciplines: financial accounting and cost accounting. Whereas the former was directed towards external stakeholders and investors—reporting what purported to be a business's revenues, costs, profits, and dividends over a fixed period—the latter was directed towards understanding and controlling internal costs. In their famed accounts of the rise of modern managerial practices, both Sidney Pollard and Alfred Chandler, Jr. saw the latter development as a seminal feature of the new economic order. Where, however, Pollard traced the origins of cost accounting to the factories of early-nineteenth-century Britain, Chandler located its formative expressions in the antebellum railroads of the United States. In Chandler's view, it was the “managers of large American railroads” who, confronted with the problems of managing “the first modern business enterprise”, “invented nearly all of the basic techniques of modern accounting”.<sup>140</sup> Accounting problems associated with heavy investments in fixed capital were also seminal to new understandings in economics, most particularly in the work of Alfred Marshall. Whereas in preindustrial societies, Marshall observed, most expenses were associated with what he called “prime costs”—what we typically think of as “variable costs” (wages, electricity etc.)—in the large modern business, the biggest financial burden comes from what he referred to as “supplementary costs”. The latter involved what we normally think of as “fixed costs”

<sup>138</sup> Fernand Braudel (trans. Sian Reynolds), *Civilization and Capitalism: The Wheels of Commerce*, (London, UK: Collins, 1982), 22.

<sup>139</sup> *Ibid.*, 499.

<sup>140</sup> Sidney Pollard, *The Genesis of Modern Management: A Study of the Industrial Revolution in Great Britain*, (London, UK: Edward Arnold, 1965), 6–7; Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business*, (Cambridge, Mass: Belknap Press, 1977), 109.

(machinery overheads, plant obsolescence, etc.).<sup>141</sup> Given that the latter are incurred whether the business engages in production or not, any income is considered better than none. However, as Marshall accurately observed, to accept work at a price that does not cover “supplementary” or “fixed” costs—as many businesses often choose to do—threatens entrenchment of low prices, potentially bringing “ruin” to “many of those in the trade”.<sup>142</sup>

The centrality of accounting to the rise of modernity gives narratives about its historic role a particular significance. Before the rise of postmodernism, accounting’s contribution was seen—as indicated above—in overwhelmingly positive terms. Accounting was a technical skill whose harnessing allowed for complex and efficient economic relationships. Articulating one stream of postmodernist thinking, Keith Hoskin called in 1994 for “recognition of the extraordinary power that accounting holds in the modern world”.<sup>143</sup> In Hoskin’s analysis, however, accounting provides not means for advancement, but rather social and spiritual oppression, “as individuals discover that from birth to death they are now accountable, known and evaluated through their financial and non-financial performance figures”.<sup>144</sup> Such opinion built on pioneering postmodernist studies published by Hoskin in association with Richard Macve between 1986 and 1988. In these, it was controversially argued that modern accounting emerged not from business need, but rather from the combination of two transformations in the Western *episteme* or body of knowledge. First, they suggested, Arabic numerals from the twelfth century were incorporated into a new *Logos* associated with “a new alphanumeric discourse” and an “arithmetical mentality”; a transformation that they suggested was due not “to the merchant”, but rather to a new pedagogy created within medieval universities and harnessed to the control mechanisms of emergent national and dynastic states.<sup>145</sup> From the early nineteenth century, Hoskin and Macve suggested in their second formulation, this “alphanumeric discourse” was merged with new pedagogies based upon written examinations, which saw individuals categorised according to marks and grades;

<sup>141</sup> Alfred Marshall, *Principles of Economics*, (London, UK: Macmillan Publishers, 1920), 291.

<sup>142</sup> *Ibid.*

<sup>143</sup> Keith Hoskin, “Boxing clever: For, against and beyond Foucault in the battle for accounting theory”, *Critical Perspectives in Accounting*, Vol. 5, No. 1 (1994), 57.

<sup>144</sup> *Ibid.*, 58.

<sup>145</sup> Keith W. Hoskin and Richard H. Macve, “Accounting and the examination: A genealogy of disciplinary power”, *Accounting, Organizations, and Society*, Vol. 11, No. 2 (1986), 105–36.



**Photo 7.4** Luca Pacioli, c.1445–c.1514: A Florentine mathematician and Franciscan friar, Pacioli published the first description of double-entry book-keeping in 1494, a feat that has caused him to be regarded as “the father of accounting”. As a discipline, accounting has always occupied two worlds – a world that engages with physical outputs and a “twilight” world of financial speculation. (Courtesy: Painting by Jacopo de Barbari (1440/50-1516), oil on wood, 1495 (99x120 cm) – Museo di Capodimonte, Naples (Italy): Photo by Leemage/Corbis via Getty Images)

examinations associated with a new structures of “power-knowledge” and “micro-technologies for control”.<sup>146</sup> In short, accounting understandings developed in the education-political domain and migrated outwards to the business realms—rather than the reverse.

In a subsequent much cited study in 1988, “The Genesis of Accountability: The West Point Connections”, Hoskin and Macve also

<sup>146</sup> *Ibid.*, 106, 113.

argued that Chandler was in error when he claimed, “Modern factory management … had its genesis in the United States in the Springfield Armory” during the opening decades of the nineteenth century.<sup>147</sup> In contradicting Chandler’s opinion, Hoskin and Macve concluded that the Springfield Armory’s internal accounting procedures were not an indigenous business creation. Instead, they were an import from West Point, where they suggested Sylvanus Thayer (Superintendent 1817–33) was responsible for disciplinary and “human accountability techniques” that were “unparalleled within US educational history”; techniques that a West Point graduate, Daniel Tyler, subsequently implemented at the Springfield Armory after leaving West Point. Other graduates, George Whistler and Daniel McCullum, were declared responsible for the implementation of Thayer’s “accountability techniques” in America’s railroads.<sup>148</sup> In driving managerial change, Hoskin and Macve argued, ex-West Point managers were not primarily concerned with economic efficiency *per se*, but rather with “constant surveillance” and “performance evaluations” that forced employees to “internalize” new managerial understandings.<sup>149</sup> A year before Hoskin and Macve came to these Orwellian conclusions, another postmodernist study, “Accounting and the Construction of the Governable Person”, resulted in similar findings, linking accounting and standard costing with “a vast project of standardisation and normalisation of the lives of individuals” both “within the enterprise and outside it”.<sup>150</sup>

The postmodernists of the 1980s who linked accounting with disciplinary control drew in part on Jacques Derrida’s belief that the whole “phocentric” nature of Western knowledge was oppressive, with Hoskins and Macve declaring West Point in the 1820s to be “a peculiarly grammatical centric institution”.<sup>151</sup> To an even greater extent, they found inspiration in Foucault’s idea that new nexuses between power and knowledge were creating “micro-technologies” of control and domination; ideas primarily

<sup>147</sup> Keith W. Hoskin and Richard H. Macve, “The genesis of accountability: The West Point connections”, *Accounting, Organizations, and Society*, Vol. 13, No. 1 (1988), 37–73; Chandler, *Visible Hand*, 72, 75. Also see: Alfred D. Chandler, Jr., “The beginnings of ‘Big Business’ in American industry”, *Business History Review*, Vol. 33 (Jan. 1959) 1–31.

<sup>148</sup> Hoskin and Macve, “Genesis of accountability”, 54–55, 57–58; Hoskin and Macve, “Accounting and the examination”, 130–32.

<sup>149</sup> Hoskin and Macve, “Genesis of accountability”, 67.

<sup>150</sup> Peter Miller and Ted O’Leary, “Accounting and the construction of the governable person”, *Accounting, Organizations, and Society*, Vol. 12, No. 3 (1987), 238.

<sup>151</sup> Derrida, *Of Grammatology*, 3, 10–13; Hoskin and Macve, “Accounting and the examination”, 130; Hoskin and Macve, “Genesis of accountability”, 59, 62.

associated with Foucault's latter works, most notably *Discipline and Punish* and *A History of Sexuality – An Introduction*.<sup>152</sup> As such, their thinking was influenced by similar postmodernist understandings to those that characterised their counterparts in organisational studies. Where this particular school of accounting postmodernists differed, however, is in the extent to which their thinking was motivated by a number of interviews and lectures that Foucault gave in the late 1970s, most particularly his lecture on "Governmentality". In these, Foucault argued that the transition to modernity was associated with a shift from a "society of sovereignty"—that is, a social order that rested on externalised modes of control (police, courts, prisons etc.)—to a "disciplinary society". Central to this "disciplinary society", Foucault suggested, was the insertion of new forms of "governmentality" into every nook and cranny of human existence.<sup>153</sup>

From Hoskin and Macve's foundational enunciations in the 1980s to the present, Foucault's understandings of disciplinary power and "governmentality" have continued to inform a "hard" school of "critical thought" that depicts accounting's economic and social role in overwhelmingly bleak terms. In the view of this School—among whose notable members one can include (in addition to Hoskin and Macve) Peter Miller, Ted O'Leary, Christopher Grey, Edward Arrington, Tony Puxty, Paul Montagna, Michael Gaffikin, Aida Sy, and Tony Tinkler—accounting's role in modernity's operations makes it intellectually and morally "irredeemable".<sup>154</sup> Accounting, as "a child of the Enlightenment", Montagna suggests, can only ever speak "the language of capitalism".<sup>155</sup> Elsewhere, it is asserted that modern accounting is complicit in perpetuating an ethnocentric world view that demeans and obliterates understandings obtained from non-European cultures<sup>156</sup>; that the accounting "mainstream" is morally delinquent in not

<sup>152</sup> Hoskin and Macve, "Accounting and the examination", 106–07; Miller and O'Leary, "The governable person", 238.

<sup>153</sup> Michel Foucault, "Governmentality", in Michel Foucault (trans. Colin Gordon, Leo Marshall, John Mepham and Kate Soper), *Power / Knowledge: Selected Interviews and Other Writings, 1972–1977*, (New York, NY: Pantheon Books, 1980), 102, 100.

<sup>154</sup> Peter Armstrong, "The influence of Michel Foucault on accounting research", *Critical Perspectives in Accounting*, Vol. 5 (1994), 45.

<sup>155</sup> Paul Montagna, "Modernism vs postmodernism in management accounting", *Critical Perspectives in Accounting*, Vol. 8 (1997), 132.

<sup>156</sup> Aida Sy and Tony Tinkler, "Archival research and the lost worlds of accounting", *Accounting History*, Vol. 10, No. 1 (2005), 47–69.

challenging the “legitimacy” of modern power structures<sup>157</sup>; that accounting only serves the interests of privileged economic and political interests<sup>158</sup>; that accounting has been a partner in the pillaging of the “Earth’s energy and resources”, “causing business leaders and economists to believe in limitless economic growth”.<sup>159</sup> Like their counterparts elsewhere, this critical accounting school believes that the financial reports which they teach their students to interpret are mere social constructs, of no particular veracity; that the “line between truth and falsity” varies according to the “discourse” within which it is embedded.<sup>160</sup> Accordingly, “the very notion of an asset”, and of “value”, reflects not an objective financial reality, but is instead “constructed out of the communicative practice of accounting”.<sup>161</sup> As in management and organisational studies, various “truth” claims are seen as mere devices within the “rhetorical strategies” used by competing groups to justify their ideological viewpoint.<sup>162</sup>

Unsurprisingly, given the historically close ties between accounting and the worlds of business and finance, this radical school of postmodernist accounting has suffered more overt opposition than that experienced by its counterparts in management and organisational studies. Among accounting traditionalists, Rochester-based Tom Tyson has proved a sustained critic. In countering the Hoskin and Macve thesis that pioneering managerial practices at the Springfield Armory resulted from the importation of West Point’s disciplinary pedagogy, Tyson ascertained that Hoskin and Macve had altered the wording in source documents to strength their case.<sup>163</sup>

<sup>157</sup> C. Edward Arrington and Ann L Watkins, “Maintaining ‘critical intent’ within post-modern theoretical perspective on accounting research”, *Critical Perspectives in Accounting*, Vol. 13 (2002), 139–57.

<sup>158</sup> Miller and O’Leary, “Accounting and the construction of the governable person”, 236.

<sup>159</sup> H. Thomas Johnson, “The tragedy of modern economic growth: A call to business to radically change its purpose and practices”, *Accounting History*, Vol. 22, No. 2 (2017), 174–75.

<sup>160</sup> Montagna, “Modernism vs postmodernism in management accounting”, 130–31; Christopher Grey, “Debating Foucault: A critical reply to Neimark”, *Critical Perspectives in Accounting*, Vol. 5 (1994), 15; Michael Gaffikin, “What is (accounting) history?”, *Accounting History*, Vol. 16, No. 3 (2011), 235–51.

<sup>161</sup> C. Edward Arrington and Anthony G. Puxty, “Accounting, interests and rationality: A communicative relation”, *Critical Perspectives in Accounting*, Vol. 2 (1991), 52.

<sup>162</sup> Niamh M. Brennan and Doris M. Merkl-Davis, “Rhetoric and argument in social and environmental reporting: The dirty laundry case”, *Accounting, Auditing & Accountability Journal*, Vol. 27, No. 4 (192014), 602–33.

<sup>163</sup> Thomas Tyson, “Accounting for labor in the early 19th century: The U.S. arms making experience”, *Accounting Historians Journal*, Vol. 17, No. 1 (1990), 47–59. Also see: Thomas

Similarly, in an ensuing analysis, Tyson and Richard Fleischman declared the supposed seminal influence of West Point pedagogy at Springfield to be based upon “poetic licence” rather than “factual materials”.<sup>164</sup> Many of the revolutionary practices that Daniel Tyler supposedly brought with him from West Point were ascertained to have existed prior to his arrival. The changes he did introduce were of “no special importance”. Moreover, the novel “disciplinary” system that supposedly characterised the Springfield Armory already existed at textile mills in Lowell (Massachusetts) a decade before Tyler arrived at Springfield.<sup>165</sup> In a more recent critique, Tyson and David Oldroyd note the poor character of the empirical research that continues to typify radical postmodernist research in accounting. All too often, Tyson and Oldroyd lament, enthusiasm to bolster “a moral stance” results in research that tends to “wilfully distort or omit key factual information”.<sup>166</sup> Where inaccuracies are avoided, the authors continue, this typically results from postmodernist theorising without reference to “factual information”; a failing that they suggest creates an “irreconcilable” gulf between postmodern and “traditional” accounting academics.<sup>167</sup> In addition to attacks from “traditionalists”, postmodernist accounting academics have also suffered the sustained wrath of Marxists; an opposition first announced in a critique by Marilyn Neimark in the inaugural issue of *Critical Perspectives in Accounting*. Dismissing the emancipatory claims of postmodernist accounting researchers, Neimark suggested that their intentions were wholly destructive. “What they have in common”, she continued, was a desire “to tear down accounting from its foundations in modernist / Enlightenment” thought, substituting a “mystifying claim to value neutrality for … commitment to social change”.<sup>168</sup> Seven years later similar comments were made by

Tyson, “Keeping the record straight: Foucauldian revisionism and nineteenth century U.S. cost accounting history”, *Accounting, Auditing & Accountability Journal*, Vol. 6, No. 2 (1993), 4–16.

<sup>164</sup> Richard K. Fleischman and Thomas N. Tyson, “Developing expertise: Two episodes in early nineteenth century U.S. management accounting history”, *Business and Economic History*, Vol. 26, No. 2 (Winter 1997), 377.

<sup>165</sup> *Ibid.*, 375–76.

<sup>166</sup> Thomas N. Tyson and David Oldroyd, “The debate between postmodernism and historiography: An accounting historian’s manifesto”, *Accounting History*, Vol. 22, No. 1 (2017), 35. Note: This article was awarded the Robert W. Gibson Manuscript Award in 2018, having been deemed the best paper published in *Accounting History* in 2017.

<sup>167</sup> *Ibid.*, 35, 39.

<sup>168</sup> Marilyn Neimark, “The king is dead. Long live the king!”, *Critical Perspectives in Accounting*, Vol. 1 (1990), 105, 110. Also see: Marilyn Neimark, “Regicide revisited: Marx, Foucault and accounting”, *Critical Perspectives in Accounting*, Vol. 5 (1994), 87–108.

another Marxist, Christine Cooper, who compared many postmodernist ideas in accounting—hostility to bureaucracy, avoidance of discussions of class, an emphasis on individual consciousness and will—with those of the “New Right”.<sup>169</sup> There is a sense in which such rebuttals, however, are seemingly conducted by warriors fighting what they know to be a lost cause, with Cooper conceding “that postmodernism has been able to capture and express a popular mood of distrust” with modernity’s power structures.<sup>170</sup> The steady advance of postmodernist ideas among critical accounting research can be discerned in the fact that by 2012, even the noted British Marxist accounting researcher Rob Byrer was framing his critiques in understandings of ideology borrowed from Paul Ricoeur.<sup>171</sup>

If Foucault’s writings on disciplinary power and governmentality have inspired a radical postmodernist school of thought within accounting that depicts the discipline’s role in reprehensible terms, another—arguably more influential school—has preferred to draw on Foucault’s understandings of discourse. This “softer” postmodernist-informed tradition boasts a slightly older heritage in accounting research than its more radical counterpart, its birth being effectively heralded by an article, “Accounting in Its Social Context”, published in *Accounting, Organization and Society* in 1985. Authored by Stuart Burchell, Colin Clubb, and Anthony Hopwood, this study drew on explicitly Foucauldian formulations to argue that accounting was not a mere technical skill, but rather a social construct that reflected the changing needs and understandings of the society in which it operated; that particular accounting concepts such as “value” were the product of competing “accounting constellations” composed of institutions and economic and political processes; that organisations should not be perceived as “discreet” bodies with rigid boundaries, but instead as fluid entities engaged in constant interaction with their environment.<sup>172</sup> In reflecting on the emergence of this “second generation of Foucauldian studies”, the London School of Economics’ (LSE) Peter

<sup>169</sup> Christine Cooper, “Against postmodernism: Class oriented questions for critical accounting”, *Critical Perspectives in Accounting*, Vol. 8 (1997), 15–41.

<sup>170</sup> *Ibid.*, 32.

<sup>171</sup> Rob Byrer, “Americanism and financial accounting theory – Part 1: Was America born capitalist”, *Critical Perspectives in Accounting*, Vol. 23 (2012), 511–55.

<sup>172</sup> Stuart Burchell, Colin Clubb and Anthony G. Hopwood, “Accounting in its social context: Towards a history of value added in the United Kingdom”, *Accounting, Organizations, and Society*, Vol. 10, No. 4 (1985), 381, 399–400, 405.

Armstrong—a vocal critic of the more radical postmodernist genre—declared it to be “a decisive advance” for the accounting discipline.<sup>173</sup>

Central to the subsequent advance of this Foucauldian-informed school of critical accounting thought was Armstrong’s LSE colleague, and the third named author in the 1985 study, the late Anthony Hopwood. The founding editor of *Accounting, Organization and Society*, Hopwood—who, after leaving the LSE, also served as Dean of Oxford University’s Saïd Business School from 1999 to 2006—directed the journal’s efforts from 1976 until 2009, transforming it into one of accounting’s pre-eminent journal. Even before the release of the article he co-authored with Burchell and Clubb in 1985, Hopwood had already published two other articles in *Accounting, Organization and Society*, arguing that accounting could not be understood outside of its social context; that accounting occupied a socially “disputed terrain”; that accounting had to be understood not only in terms of its business objectives but also in relation to “the resistance which it engenders”.<sup>174</sup> Significantly, in pursuing these themes, Hopwood adopted the same “path of least resistance” trodden by many advocates of the “Historic Turn” in organisational studies. Neither of Hopwood’s pioneering efforts in *Accounting, Organization and Society* referenced Foucault or any other postmodernist thinker. Even in the 1985 study co-authored with Burchell and Clubb, there is only one direct reference to Foucault, albeit one that attributes their main theoretical framework to his conceptualisations.<sup>175</sup> That Hopwood was, in fact, profoundly influenced by Foucault’s thinking is, however, evidenced in a fourth article, “The Archaeology of Accounting Systems”, published in 1987. Nevertheless, even in this article, Foucault is directly referenced on only six occasions.<sup>176</sup> Instead, Hopwood’s intellectual debt to Foucault is acknowledged only in footnote, where he states that “the mobilization and structuring of the arguments in this and related articles … have been informed by an awareness of the powerful analytics proposed by

<sup>173</sup> Armstrong, “The influence of Michel Foucault”, 46.

<sup>174</sup> Anthony G. Hopwood, “On trying to study accounting in the contexts in which it operates”, *Accounting, Organizations, and Society*, Vol. 8, No. 2/3 (1983), 287, 298–99; Anthony G. Hopwood, “The tale of a committee that never reported: Disagreements on intertwining accounting with the social”, *Accounting, Organizations, and Society*, Vol. 10, No. 3 (1985), 361–77.

<sup>175</sup> Burchell, Clubb and Hopwood, “Accounting in its social context”, 399.

<sup>176</sup> Anthony G. Hopwood, “The archaeology of accounting systems”, *Accounting, Organizations, and Society*, Vol. 12, No. 3 (1987), 210, 229–31.

Foucault".<sup>177</sup> That Hopwood continued to believe that Foucault was the bedrock for critical analysis is also evidenced in a subsequent article by Armstrong, his one-time LSE colleague. In this, Armstrong recalled how Hopwood's key advice to him in revising an article for *Accounting, Organization and Society*—delivered in Hopwood's capacity as journal editor—was simply, "Read more Foucault".<sup>178</sup>

There is little gainsaying the fact that the critical tradition that Hopwood helped initiate now occupies commanding heights within accounting academia. Of the discipline's key journals, *Accounting, Organization and Society* has, as we have noted above, been edited by Hopwood for all but the eight most recent years of its existence. *Critical Perspectives in Accounting* has also long given voice to postmodernist-informed critiques, the journal giving over its first issue in 1990 to debate between Foucauldian postmodernists and their Marxist opponents. The *Accounting, Auditing & Accountability Journal*, established in 1988 by two Australian accounting academics, James Guthrie and Lee Parker, has also favoured a critical perspective from its inception; its inaugural editors declaring that its intended goal was one of encouraging research into how accounting existed "as a product of its environment and as a powerful influence which shapes its environment".<sup>179</sup> At the time of writing, Guthrie and Parker still remain at the journal's helm. *Accounting History*, re-established in 1996 by another Australian and close colleague of Parker, Garry Carnegie, also declared in its opening editorial that the journal sought to encourage "[c]ritical and interpretative research".<sup>180</sup> As with his counterparts in the *Accounting, Auditing & Accountability Journal*, Carnegie continues to serve at the helm of *Accounting History*.<sup>181</sup>

Among accounting traditionalists, the ascent of the critical school has created a more muted response than that received by the more radical postmodernist genre. Partly this reflects, as Armstrong observes, that

<sup>177</sup> *Ibid.*, 230, Footnote 17.

<sup>178</sup> Peter Armstrong, "The discourse of Michel Foucault: A sociological encounter", *Critical Perspectives in Accounting*, Vol. 27 (2015), 30.

<sup>179</sup> James Guthrie and Lee D. Parker, "Editorial", *Accounting, Auditing & Accountability Journal*, Vol. 1, No. 1 (1988), 3. At the time of the launch of the journal, Parker was employed at Griffith University, this author's current employer.

<sup>180</sup> Garry D. Carnegie, "Editorial", *Accounting History*, Vol. 1, No. 1 (1996), 6.

<sup>181</sup> Carnegie served as a highly effective Head of the Department of Accounting at RMIT University in Melbourne from 2010 until December 2017. He is currently Emeritus Professor at this institution.

postmodernist frameworks are often presented without “explicit references to Foucault”, with authors preferring to cite Foucauldian “proxies”—such as previous accounting research informed by postmodernist perspectives.<sup>182</sup> However, where critical accounting research has pointedly attacked “traditional” perspectives, it has on such occasion attracted a sharp response. Evidence of this can be seen in Fleischman and Tyson’s repudiation of an article by Peter Miller and Christopher Napier, “Genealogies of Calculation”; a critique that saw Fleischman and Tyson pointedly refer to the ways in which the article “assiduously avoided” using “Foucauldian rhetoric”—and even avoiding mention of Foucault in their reference list—while at the same time advancing a “Foucauldian” analysis hostile to “traditional accounting history”.<sup>183</sup> Conversely, where direct antagonisms are avoided, “traditionalists”—as with Marxists before them—seem resigned to the presence of postmodernist and/or critical perspectives. As Carnegie noted in a recent summary of debates within the accounting history field, “As time passes, the heat of conflicts and debates tends to dissipate, although underlying tensions may simmer beneath the surface.”<sup>184</sup>

The underlying unease of which Carnegie speaks is evidenced in the words of an anonymous reviewer, who, in commenting upon one of Carnegie’s own co-authored papers, expressed disquiet as to the consolidation of new critical perspectives within accounting. As is the case with “mainstream, capital market” research, the reviewer lamented, new accounting history perspectives and “the critical accounting community” had become associated with “dominant” groups, each acting as “gate keepers” for the publishing outlets associated with their particular perspectives.<sup>185</sup> Such comments—which would hold true for virtually every academic business domain—mirror similar remarks made by the Marxist accounting researcher Marilyn Neimark in 1990, when she observed that enthusiasm for Foucault within her discipline was “enthroning a new King

<sup>182</sup> Armstrong, “The discourse of Michel Foucault”, 30.

<sup>183</sup> Peter Miller and Chris Napier, “Genealogies of Calculation”, *Accounting, Organizations, and Society*, Vol. 18, No. 7/8 (1993), 631–48; Richard K. Fleischman and Thomas N. Tyson, “Archival researchers: An endangered species?”, *The Accounting Historians Journal*, Vol. 24, No. 2 (Dec. 1997), 92–93.

<sup>184</sup> Garry D. Carnegie, “Historiography for accounting: Methodological contributions, contributors and thought patterns from 1983 to 2012”, *Accounting, Auditing & Accountability Journal*, Vol. 27, No. 4 (2014), 734.

<sup>185</sup> *Ibid.*, 734–35.

with effects that are potentially as disempowering and constraining as under the old regime".<sup>186</sup> Certainly what is evident in accounting is bifurcation of research; a division that sees a range of well-regarded academic journals (*Accounting, Organization and Society*; *Critical Perspectives in Accounting*; *Accounting, Auditing & Accountability Journal*; *Accounting History*) promote critical perspectives, often informed by postmodernist ideas, while another assortment (the Chicago University-based *Journal of Accounting Research*, the *Journal of Accounting and Economics*, *The Accounting Review*) promote highly technical and largely acritical research on financial and business practices. It is hard to see how such an outcome assists either the accounting discipline or modernity's continued advance. As we noted in the introductory paragraphs to this section, modernity's economic and social ascent would scarcely have been possible without the assistance of accounting. Yet despite the increasingly complex world in which we live, accounting no longer occupies the central place it once commanded. If one looks to the index, and scours the pages, of *A New History of Management*, reference to accounting is conspicuous by its absence.<sup>187</sup> A similar search for mention of accounting in Niall Ferguson's *Civilization* is also fruitless.<sup>188</sup> Part of accounting's—and modernity's—problem is found in the fact that accounting has always occupied two economic worlds: a physical world that deals with observable costs and revenues, and another world associated with what Braudel referred to as "a twilight area of activities", the realm of financial movement and speculation.<sup>189</sup> In the past, it was the integration of both these domains into one, the marshalling of credit and pools of wealth into productive endeavours that helped see humanity through past crises such as the Great Depression of the 1930s. It is, however, self-evident that in our times, the "twilight" world of speculation has obtained not only unprecedented size, but also opaqueness; opaqueness that obscures both fraud and the resources of wealth available to us. To this world, and its potential, accounting continues to hold the key.

<sup>186</sup> Neimark, "The king is dead. Long live the king!", 220.

<sup>187</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 377–80.

<sup>188</sup> Niall Ferguson, *Civilization: The West and the Rest*, (London, UK: Allen Lane, 2011), 379–402.

<sup>189</sup> Braudel, *Civilization and Capitalism*, 22.

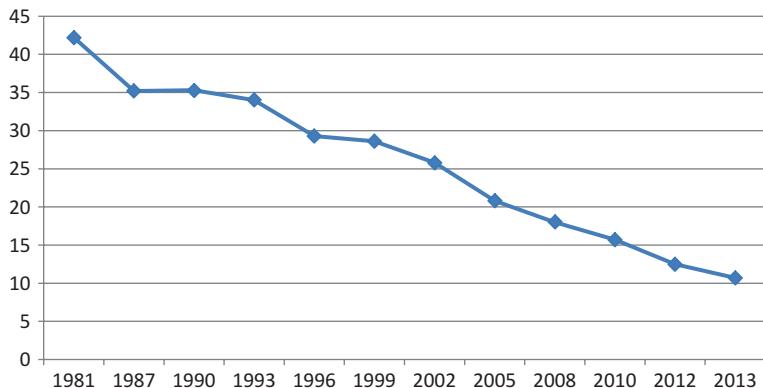
## CONCLUSION

In August 2017, in my capacity as Chair of the MHD of the Academy of Management, I attended a session of the Academy's Annual Meeting in Atlanta on the ways in which beer is marketed. An interesting, if not particularly ground-breaking, area of inquiry one would suspect. In the course of the presentation, delivered by two leading members of what we have referred to as the Rhetorical School, one of the paper's authors declared, "As a postmodernist, I of course do not believe in the concept of truth." Although there was little in the actual paper to indicate support for such a radical position, it is nevertheless the case that this view—Informed not just by personal whim but rather by long traditions of thought hostile to the Enlightenment traditions of reason, rationality, verifiable evidence, and material progress—is endemic among postmodernist-informed research in business schools today. Often, such radical opinion is expressed openly. More commonly, as in the written paper on beer that was presented at Atlanta, it is implicit rather than explicit. That this is so is, as we have noted, easily evidenced. In praising the introduction of "cultural theory" into business research, for example, Rowlinson and Hassard note its role in "undermining the acceptance of class, gender, and 'race' as fixed categories".<sup>190</sup> Elsewhere we are told that "possible worlds are real, even though relativised to our actual world".<sup>191</sup>

If postmodernist ideas in business academia have advanced as much through stealth as open combat, the epistemological relativism that underpins the whole genre exposes it—and to the extent that it gains general acceptance, the rest of us—to two broad problems. First, without reference to empirically verifiable frameworks, there is an inevitable tendency for theorising to occur without any possibility for resolution. Evidence of this is found in the theoretical mishmash that characterises postmodernist thought in business academia; a mishmash that, as we have noted, sees postmodernist frameworks cited with little apparent awareness of the fundamental differences that exist between Derrida and Foucault, or between Hayden White and Paul Ricoeur. A second, even more evident failing, is found in theoretically informed enunciations that have little correspondence to fact. Thus, we are informed in Cummings, Bridgman, Hassard, and Rowlinson's recent *A New History of Management* that the "present

<sup>190</sup> Rowlinson and John Hassard, "History and the cultural turn", 6.

<sup>191</sup> Booth, Rowlinson, Clark, Delahaye and Proctor, "Scenarios", 88.



**Fig. 7.3** Index of extreme global poverty (percentage of population with less than US\$1.90 per day—2011 purchasing power equivalent), 1981–2013 (*Source:* Calculated from World Bank, On-line Database: Indicators—Agricultural and Rural Development)

time” faces “unprecedented economic, social and environmental crises”.<sup>192</sup> As with Burns and Cooke’s assertion that “the world is running out of food”, such hyperbole creates misunderstanding rather than intellectual enlightenment. Yes, modernity does have problems; problems that include a decline in workforce participation and increased household indebtedness in many advanced economies. But we need to put this in perspective. Despite the odd terrorist attack, most Western societies enjoy unprecedented peace and security. As Figs. 7.1 and 7.2 indicate, the world’s population has never been better supplied with food. In recent decades, as Fig. 7.3 demonstrates, extreme global poverty—defined by the World Bank as those receiving an income of less than US\$1.90 per day—has also retreated at unequalled speed.<sup>193</sup> Postmodernists’ penchant for getting their facts wrong is of no mean importance. Instead, it casts into doubt the very utility and relevance of business research and education, reminding the author of a passage in *The Philosophy of Auditing*, where the study cites the findings of a British inquiry from 1942 that concluded, “[T]here is

<sup>192</sup> Cummings, Bridgman, Hassard and Rowlinson, *New History of Management*, 177.

<sup>193</sup> World Bank, *On-line Database: Indicators – Agricultural and Rural Development*, <https://data.worldbank.org/indicator/SI.POV.DDAY?end=2016&start=1981&view=chart> [Accessed 8 November 2017].

little or no evidence during the last twenty or twenty-five years to show that the professional accountant ... has produced a single idea of value to industry or the State.”<sup>194</sup> Given the advance of postmodernism within business academia, one fears that such comments will become a more generalised complaint.

## PART II: SUMMARY

Postmodernism is steeped in the traditions of European philosophic idealism, with all the strengths, difficulties, and limitations which that entails. As an idealist school of thought, postmodernism—in its various hues—is on comparatively firm ground when it sticks to matters pertaining to epistemology, that is, the processes through which we perceive the world and obtain knowledge. Whereas distrust of abstract theorising often leads researchers (most particularly in business-related disciplines) to rely on what Thucydides referred to as “the plainest evidence”<sup>195</sup>—that is, evidence obtained directly from the senses, from “eye-witnesses”, experience, and verifiable observation and experiment—postmodernist theories constantly dispute the veracity and reliability of our perceptions and understandings. Of the various postmodernist theoretical frameworks, the most radical is that put forward by Jacques Derrida. Influenced by the earlier work of Martin Heidegger, Emmanuel Levinas, and Roland Barthes, Derrida argued two radical propositions. First, in countering the “structural” linguistics of Ferdinand de Saussure, Derrida argued that the whole structure of Western language and thought—because it expressed meaning through writing that was based on sounds rather than images—was restrictive, constraining, and oppressive.<sup>196</sup> Consequently, any written record must entail a conscious or (more likely) unconscious process of exclusion as well as inclusion. Derrida’s second key point, which followed on logically from the first, was that any “reading” had to be perceptive to

<sup>194</sup> R.K. Mautz and Hussein A. Sharaf, *The Philosophy of Auditing*, (Sarasota, FL: American Accounting Association, 1961), 2.

<sup>195</sup> Thucydides (trans. Rex Warner), *History of the Peloponnesian War*, (Harmondsworth, UK: Penguin Books, 1954), 47–48.

<sup>196</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 1–35; Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 3–14.

the hidden “traces” and “residues” of the excluded; a viewpoint that revealed the influence of Levinas and, more particularly, Heidegger.<sup>197</sup> Among postmodernism’s foundational figures, Foucault’s claims to theoretical innovation and novelty are also primarily epistemological. As with Jean-Francois Lyotard, Foucault saw knowledge and power as being intertwined. Not only was knowledge typically shaped by the powerful, but also used to perpetuate their interests.<sup>198</sup> In *The Order of Things*, Foucault argued that the views of a society’s members were always circumscribed by the prevailing *episteme* (body of knowledge). However, in subsequent studies, he saw societal and group “discourses” as the principal mechanism through which power was entrenched, maintained, and—through dissident discourses—challenged.<sup>199</sup>

If postmodernists occupy a defensible—if disputable—position when they focus on epistemological issues and the veracity of evidence and knowledge, they are poorly situated when they attempt to construct rather than deconstruct. Although various postmodernists and *amodernists* declare an interest in “empirical” research and “primary” evidence, what they invariably have in mind when they make such a declaration is archival evidence, that is, written records collected in textual form by particular individuals or organisations.<sup>200</sup> Such “primary” evidence is, however, invariably treated as if it was a “secondary” source, being regarded—like any other social “discourse”—as a “social construct”; a literary and/or

<sup>197</sup> Derrida, *Writing and Difference*, 97–192, 284–85; Emmanuel Levinas, “Meaning and sense”, in Emmanuel Levinas (trans. Alphonso Lingis), *Collected Philosophical Papers*, (Dordrecht, Netherlands: Martinus Nijhoff Publishers, 1987), 102–3; Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (London, UK: Blackwell Publishing, 1962), 9, 35, 45.

<sup>198</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1978), 100; Jean-Francois Lyotard (trans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1986), 47.

<sup>199</sup> Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon Books, 1972), 76–79; Foucault, *The History of Sexuality*, 101.

<sup>200</sup> Michael Rowlinson, John Hassard and Stephanie Decker, “Research strategies for organizational history: A Dialogue between historical theory and organization theory”, *Academy of Management Review*, Vol. 39, No. 3 (Jul. 2014), 250–74; Michael Rowlinson and John S. Hassard, “Historical neo-institutionalism or neo-institutional history? Historical research in management and organization studies”, *Management & Organizational History*, Vol. 8, No. 2 (2013), 111–26; Gabrielle A.T. Durepos and Albert J. Mills, *ANTi-History: Theorizing the Past, History, and Historiography in Management and Organization Studies*, (Charlotte, NC: Information Age Publishing, 2012), 64.

textual device through which a particular social group articulates and perpetuates its interests.<sup>201</sup> By contrast, postmodernists avoid non-textual forms of evidence, most particularly those relating to economics: sales figures, profits, job numbers, demographic records, census returns. The reasons behind this avoidance are twofold. Firstly, non-textual evidence—typically based upon numbers—is only useful when it is collated into statistical series; series that traces commonalities and differences over time. For Foucault, any usage of such time series was anathema, perpetuating meta-narratives that suggest that societies are highly “stable”; an image at odds with his perspective that research and theory should focus instead on “radical discontinuities”.<sup>202</sup> Secondly, as adherents of Foucault in the disciplines of organisational studies and management history declare, use of statistical series betrays interest in the “imperialism of economics”; something that no person with a proper moral compass would reveal.<sup>203</sup>

The epistemology within which postmodernists operate also constrains. In terms of research and inquiry, their focus can only be “horizontal” (i.e. critiquing what others have written), rather than “vertical” (i.e. exploring anew some problem or issue in the outside world). Such failings expose as hollow the constant claims by postmodernists to theoretical novelty and brilliance: claims that see postmodernist-aligned academics in the various business disciplines declare that their work will “inspire thinking innovatively in our field”<sup>204</sup>; that it involves “an interpretative, philosophically informed approach”<sup>205</sup>; that it encourages “theoretical boldness in the spirit of pluralistic understandings”.<sup>206</sup> In fact, as the one-time French

<sup>201</sup> Durepos and Mills, *ANTI-History*, 87–88.

<sup>202</sup> Foucault, *The Archaeology of Knowledge*, 5.

<sup>203</sup> Paul C. Godfrey, John Hassard, Ellen S. O’Connor, Michael Rowlinson and Martin Ruf, “What is organizational history? Toward a creative synthesis of history and organization studies – introduction to special topic”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 595; Peter Clark and Michael Rowlinson, “The treatment in organisation studies: Towards an ‘historic turn?’” *Business History*, Vol. 46, No. 3, (Jul. 2004), 335–42.

<sup>204</sup> Stephen Cummings, Todd Bridgman, John Hassard and Michael Rowlinson, *A New History of Management*, (Cambridge, UK: Cambridge University Press, 2017), 42.

<sup>205</sup> Godfrey, Hassard, O’Connor, Rowlinson and Ruf, “What is organizational history?”, 591.

<sup>206</sup> Mairi Maclean, Charles Harvey and Stewart R. Clegg, “Conceptualizing historical organization studies”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 621.

*a*modernist philosopher Bruno Latour observes, postmodernist study can never do more than debunk.<sup>207</sup>

Among postmodernist-inclined business academics, the inherent failings of their approach are magnified due to the tendency to advance viewpoints via a “soft-postmodernism”, whereby postmodernist perspectives are often articulated without direct attribution as to intellectual source. This sees, for example, Hayden White described as “a leading philosopher of history”, rather than as what he is: the leading exponent of a Foucauldian perspective within the Anglosphere.<sup>208</sup> Although this disingenuous approach smooths the path for the advance of postmodernist perspectives (and publications), it also means that the authors involved normally circumvent the requirement for enunciating the strengths and limitations of their theoretical framework. The consequence of this, as we noted in Chap. 6, is often found in works characterised by a theoretical mishmash, whereby often-contradictory postmodernist perspectives (Paul Ricoeur/ Hayden White; Derrida/Foucault) are thrown together with little in the way of assessment or discernment.

<sup>207</sup> Bruno Latour, “Why has critique run out of steam? From matters of fact to matters of concern”, *Critical Inquiry*, Vol. 30 (Winter 2004), 246.

<sup>208</sup> Rowlinson, Hassard and Decker, “Research strategies for organizational history”, 254.

## PART III

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# Sociology and Reflections

It is in the nature of things that dissident intellectual traditions, such as postmodernism, benefit from failings in the *status quo* as much as from any inadequacies mounted by defenders. In this final part to this book, therefore, we explore both the economic and sociological circumstances that prevail within modernity and the weaknesses of prevailing empiricist (positivist) traditions of thought, most particularly those associated with Karl Popper.

In examining the sociology of both postmodernism and modernity in Chap. 8, this study emphasises three key developments. The first is a positive news story, namely that on a per capita basis, the world has never been richer. Globally, despite the marked slowdown following the Global Financial Crisis of 2007–08, per capita GDP (measured in terms of purchasing power parity, that is, what a local currency buys in the domestic economy) was 61.2 per cent higher in 2016 than what it was in 1991, with the fastest growth occurring in the developing world. Among the world's developed regions, the rate of growth varied between 28.1 per cent (the Euro zone) and 46.6 per cent (the United States).<sup>1</sup> The second noteworthy trend is the sharp economic and social divide provided by the Global Financial Crisis. Before the crisis, per capita increases in GDP typically averaged 4–5 per cent per annum. Since the Global Financial Crisis they have been half that, or less. Even China, despite a massive increase in corporate debt since 2008, has not been immune. In 2016 the increase in per

<sup>1</sup> Calculated from: World Bank, *On-line Database: World Development Indicators*, <https://data.worldbank.org/indicator> [Accessed 29 November 2017].

capita Chinese wealth was less than half that achieved in 2007.<sup>2</sup> Such problems, Chaps. 8 and 9 argue, exacerbated problems that were already apparent before the Global Financial Crisis; problems associated with declining investment, falling productivity, and decreased labour force participation. In part, it is suggested, such problems stemmed from a reliance on monetary policy and credit expansion as the major public policy economic tool; a policy that has seen a misdirection of investment into non-productive areas of the economy. In part, it also reflected the growing willingness of firms in the advanced economies to outsource manufacturing to developing nations. The scale of this is indicated in Fig. 8.2 (Chap. 9), which reveals that US imports are increasingly associated with “intra-firm” transfers rather than with traditional “open” trade.<sup>3</sup> The only hope of redressing such outcomes, it is argued, is not to be found in a return to tariff protection, but rather in a reinvigoration of innovation, participation, and representation within private-sector businesses. The third sociological trend that Part 3 highlights is one that runs contrary to the adverse trends we have just noted, but which arguably provides a special benefit to postmodernism: the emergence of a large class of university-educated professionals, many of whom are employed in sectors of the economy that are at least partially sheltered by market forces (the public sector, education, health etc.). Whereas in 1970 the percentage of the adult population boasting a university degree in the world’s advanced economies (the United States, France, Britain etc.) was in the 5–10 per cent range, by 2015, it exceeded a quarter of the total. Reflective of this, by October 2017, those areas of the US economy predominately associated with professional employment—education and health, professional and business services, financial services, government work, information services—amounted to 52.8 per cent of the total.<sup>4</sup> For this professional group, as Michael Lamont remarked in relation to the initial French constituency for postmodernism, the consumption of postmodernist theories repre-

<sup>2</sup>World Bank Group, *Global Economic Prospects, June 2017: A Fragile Recovery*, (Washington, DC: World Bank Group, 2017), 29, Figure 1.18; 8, Figure 1.5.C.

<sup>3</sup>*Ibid.*, 61, Figure SF2.1.

<sup>4</sup>United States Bureau of Labor Statistics, *Current Employment Statistics – National, October 2017*, <https://www.bls.gov/web/empstat/ceseebl1a.htm> [Accessed 4 December 2017].

sents a “cultural *produit de luxe*” [luxury product] that highlights one’s university training.<sup>5</sup>

If postmodernism has arguably benefited from both the positive and negative shifts in employment—gaining more recruits from the university educated while mounting critiques of modernity’s failures—we also suggest it has benefited from the fact that those unsympathetic to postmodernism have largely remained wedded to various forms of empiricist or positivist thought. This plays into postmodernism’s hand given that the intellectual strengths of this school of thought are inward looking, directed towards epistemology and the nature of knowledge, rather than being outward focused on the problems of the material world. Accordingly, postmodernists have little difficulty in demonstrating that many empiricist assumptions, based as they are on “common sense”, are inherently flawed. Not only do the senses often deceive, but it is also the case that the knowledge directed from observation is seldom complete or replicable in its entirety. As with most things, this final part suggests that there is a “middle way” between empiricism and philosophic idealism; a half-way house associated with Immanuel Kant’s embrace of inductive logic, which holds that although we understand the world through mental images or representations, there is nevertheless a “Reality” that exists independent of us and which we can understand and interpret through the use of reason.<sup>6</sup>

<sup>5</sup> Michael Lamont, “How to become a dominant French philosopher: The case of Jacques Derrida”, *American Journal of Sociology*, Vol. 93, No. 3 (Nov. 1987), 595.

<sup>6</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 283.



## CHAPTER 8

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# Work, Wealth, and the Sociology of Postmodernism

## INTRODUCTION

Postmodernism, like Marxism before it, is a dissident intellectual tradition. If, unlike Marxism, postmodernism has no clear programmatic strategy for societal reform, its advocates nevertheless urge resistance to existing structures of authority; a resistance which begins with rejection of ways of thinking that emphasise science, rationality, and material progress. As Jean-Francois Lyotard indicated in *The Inhuman*, the modern capitalist world is “an economy regulated by an Idea – infinite wealth or power”.<sup>1</sup> Modernity is also, according to postmodernist canon, an economic failure, the source of “unprecedented” crises and sufferings.<sup>2</sup> As we have noted in the previous two chapters, many such postmodernist assertions are based on false premises. Contrary to the claims made by Derrida in 1993, modernity is not associated with previously unequalled levels of “violence” and “famine”.<sup>3</sup> Nor is it the case that the “world is running out of natural resources and food”.<sup>4</sup> However, one does not need to be a postmodernist

<sup>1</sup> Jean-Francois Lyotard (trans. Geoffrey Bennington and Rachel Bowlby), *The Inhuman*, (Stanford, CA: Stanford University Press, 1988), 105.

<sup>2</sup> Stephen Cummings, Todd Bridgman, John Hassard and Michael Rowlinson, *A New History of Management*, (Cambridge, UK: Cambridge University Press, 2017), 177; Jacques Derrida (trans. Peggy Kamuf), *Specters of Marx: The State of the Debt, the Work of Mourning and the New International*, (New York and London: Routledge Classics, 2006), 106.

<sup>3</sup> Derrida, *Specters of Marx*, 106.

<sup>4</sup> Bernard Burnes and Bill Cooke, “Review article: The past, present and future of organization development – taking the long view”, *Human Relations*, Vol. 65, No. 11 (2012), 1416.

to realise that something is amiss in the current global order. As the IMF—not a body likely to be accused of postmodernist tendencies—lamented in October 2017, economies in both the developing and advanced world are now characterised by “stagnant median wages, rising income inequality”, and a “job polarization” that condemns increasing numbers to insecurity and needless want.<sup>5</sup> A sense of deep malaise is also indicated in recent reflections by Francis Fukuyama, an author who once famously predicted the “end of history” following the apparent victory of “liberal democracy” at the end of the Cold War.<sup>6</sup> Pessimistically, Fukuyama now believes that the principles upon which modernity’s success has been built—market economies, democracy, and legal systems that protect individual rights—are confronting existential threats.<sup>7</sup>

Understandings of modernity’s current circumstances are often shrouded in conceptual and methodological confusion. In his much read *Capital in the Twenty-First Century*, Thomas Piketty opened his book by stating, “The distribution of wealth is one of today’s most widely discussed and controversial issues.”<sup>8</sup> He then, however, proceeded to an elementary error, confusing “wealth”—most particularly real estate—for “capital”; an error that betrayed the influence of the eighteenth-century French *physiocrat* Richard Cantillon, who believed, “Land is the source or matter from which all wealth is drawn.”<sup>9</sup> Elsewhere, we find much misunderstanding of the ideas of Adam Smith, who—in contradiction to Cantillon—argued that “labour” is “the only universal, as well as only accurate measure of value”.<sup>10</sup> As we discussed in Chap. 3, many wrongly believe that Smith specifically spoke of “the invisible hand of the market”. Others, most notably the authors of *A New History of Management*,

<sup>5</sup> International Monetary Fund, *World Economic Outlook, October 2017*, (Washington, DC: International Monetary Fund, 2017), xiii.

<sup>6</sup> Francis Fukuyama, *The End of History and the Last Man*, (New York, NY: Free Press, 1992); Francis Fukuyama, “The end of history?”, *The National Interest*, Vol. 16 (1989), 3–18.

<sup>7</sup> Francis Fukuyama, *Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy*, (New York, NY: Farrer, Straus and Giroux, 2014), 545–46.

<sup>8</sup> Thomas Piketty (trans. Arthur Goldhammer), *Capital in the Twenty-First Century*, (Cambridge, MA: Belknap Press, 2014), 1.

<sup>9</sup> Richard Cantillon (trans. Chantal Saucier), *An Essay on Economic Theory*, (Auburn, AL: Ludwig von Mises Institute, 2010), 21.

<sup>10</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I, Chap. V, para. 17.

fancifully suggest that *laissez faire* economics and advocacy of the division of labour were not seminal to Smith's formulations.<sup>11</sup> Such confusions highlight the need for care as we confront two questions that are central to this study, namely: firstly, what are the key economic and societal failings of modernity that have caused evident public and scholarly feelings of malaise, and, secondly, are there changes in the sociology of the modern world that help explain the rise and continuing impact of postmodernism? Although these questions are related, it being difficult to explain the historical existence of any dissident tradition in the absence of some material cause for complaint, they are also necessarily separate. For it is the case that the truck-driver or factory hand dissatisfied with their lot is even less likely to read Michel Foucault's *The Archaeology of Knowledge* than they are chance to peruse Karl Marx's *Capital*.

In exploring both the sources of societal malaise and the sociological factors associated with postmodernism's success, this chapter argues in favour of four theses. First, it is suggested that the focus by postmodernists and others (such as Piketty) on inequality pays insufficient heed to the factors behind a sustained slowdown in the global engines of wealth and job creation; a slowdown that is now evident in China as well as in the West. Between 1991 and the Global Financial Crisis of 2007–08, the populace of the United States and the Euro zone benefited from growth rates in per capita GDP that were almost always in the region of 4–5 per cent per annum. Since the Global Financial Crisis, by contrast, increases have typically been half of those previously obtained. Such declines have exacerbated a number of adverse trends—falling rates of male and (to a lesser degree) female labour force participation, declining wage growth, decreased hours of work—that were evident in nearly all advanced economies prior to the financial crisis.<sup>12</sup> In commodity-producing regions of the global economy, the slowdown in the major engines of global growth have contributed to sharp falls in commodity prices and investment, triggering recessions and deteriorating fiscal positions. In the case of Latin America and the Caribbean, this manifested itself in a collapse in industrial production in 2015–16, with output declining by almost 9 per cent.<sup>13</sup> Behind this

<sup>11</sup> Cummings, Bridgman, Hassard, and Rowlinson, *New History of Management*, 314. Although it is true that Smith did not use the term *laissez faire*, it is nevertheless the case that his concepts were premised on free market exchanges.

<sup>12</sup> World Bank Group, *Global Economic Prospects, June 2017: A Fragile Recovery*, (Washington, DC: World Bank Group, 2017), 7.

<sup>13</sup> *Ibid.*, 51–55.

global deterioration, it is suggested, are failings in terms of investment. In the Euro zone in 2017, capital investment was still 8.3 per cent below the 2007 peak. During previous recessions in 1974, 1980–88, and 1991–92, the earlier investment peak was surpassed within 3–7 years. Across the gambit of advanced economies, a similar pattern is discernible.<sup>14</sup> In 2016, Chinese private-sector investment growth stood at 2.1 per cent, a fraction of the 23.4 per cent recorded in 2013.<sup>15</sup>

Behind falling levels of labour force participation, investment, and economic growth is not a failed model of modernity or even of capitalism. Rather, this chapter suggests, there lies a flawed public policy model; a model that has relied on monetary policy and debt as a primary tool for economic expansion. The negative consequences of this are evident on many fronts. Across the world's advanced economies, household debt is now equivalent to 63.9 per cent of GDP, a higher level than that attained on the eve of the Global Financial Crisis (61.1 per cent). Government and corporate credit positions have also deteriorated. The reliance on debt as the primary engine of economic growth has been particularly evident in China since 2007. Whereas in 2006, Chinese net debt equated to 142 per cent of GDP—well below the comparable US figure (225 per cent)—by 2017, it was a near-identical 254 per cent, with the United States total having risen to 259 per cent in the interim. Most additional Chinese debt was assumed by non-financial corporations whose credit-fuelled expansion contributed to global overcapacity in a range of semi-finished goods (steel, aluminium etc.). By 2016, in consequence, Chinese corporate debt equated to 165 per cent of GDP. The comparable US figure was 72 per cent.<sup>16</sup> Everywhere, there is evidence that debt has become a drag on consumption and investment. Easy credit has instead fuelled increased asset prices. As the IMF's report on *Global Financial Stability* observed in late 2017, "There is too much money chasing too few yielding assets."<sup>17</sup> Much money has gone into real estate speculation; a tendency that diminishes investment in more productive realms (i.e. machinery, new technologies, and the like), which hold the key to future

<sup>14</sup> *Ibid.*, 8.

<sup>15</sup> *Ibid.*, 75.

<sup>16</sup> International Monetary Fund, *Global Financial Report, October 2017*, (Washington, DC: World Bank Group, 2017), Fig. 1.23, <http://www.imf.org/en/publications/gfsr/issues/2017/09/27/global-financial-stability-report-october-2017> [Accessed November 2017].

<sup>17</sup> *Ibid.*, x.

economic capacity. Increased real estate prices and rents also constrain future consumption, with the IMF estimating that household debt has a negative net effect on economic growth when it “exceeds 30 per cent of GDP”.<sup>18</sup>

Postmodernism’s stance in relation to such woes is one of spectator and indirect beneficiary. Unlike Marxism, postmodernism is effectively mute when it comes to economics. As a spectator rather than a participant in debates central to our world, postmodernist theorists show open disdain for matters relating to economics, lamenting “the imperialism of economics” within the social sciences.<sup>19</sup> Despite such disdain, postmodernism has benefited from the transformations of the last few decades in two ways. First, as noted above, modernity’s woes—although hardly fatal—has provided grist for the mill of would-be complainants, be they postmodernist or populist. More significantly, in a labour market which is becoming polarised between university-educated professionals enjoying comparative job security on the one hand and increasingly marginalised blue-collar and service sector workers on the other, postmodernism gains from the expansion of the better-heeled cohort. In France, the university-educated elite to which Foucault, Lyotard, and Derrida directed their writings in the late 1960s and early 1970s was still a small fraction of the whole. In 1970, only 5.9 per cent of French adults (those over 15 years) boasted a degree. By 2015, the comparative figure was 26.3 per cent. Near-identical trajectories are discernible in other advanced societies.<sup>20</sup> For this group, education provides the intellectual tools to embrace postmodernist ideas. The fact that postmodernism is concerned with what Foucault referred to as micro-power, power “exercised from innumerable points”,<sup>21</sup> also gives it a relevance in a world where the collectivist social divisions of the past—between capital and labour, between employers and their unionised workforce—

<sup>18</sup> *Ibid.*, 63.

<sup>19</sup> Paul C. Godfrey, John Hassard, Ellen S. O’Connor, Michael Rowlinson, and Martin Ruf, “What is organizational history? Toward a creative synthesis of history and organization studies: introduction to special topic forum”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 595.

<sup>20</sup> Our World in Data, *Tertiary Education*, <https://ourworldindata.org/tertiary-education/#the-historical-perspective-religion-and-higher-education> [Accessed 29 November 2017]. *Our World in Data* is a joint Oxford University and Massachusetts Institute of Technology project.

<sup>21</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1978), 94.

have lost their past meaning. Increasingly, we are seeing a shift from what postmodernists define as “metanarratives”—the state of the economy, national productivity—to how the exercise of power manifests itself at the personal level. What counts, as Gibson Burrell has explained, is not the oppression of one social class by another, but rather the ways in which “the despotic character” of the modern world “affects the body of the individual, of whatever class, at the minutest levels”.<sup>22</sup>

Across the remainder of this chapter we will tease out in detail the themes explored in this introduction, considering in turn the current constraints on wealth creation, transformations in work and labour force participation, and, finally, the sociological changes that have underpinned postmodernism’s growing intellectual and social influence.

## WEALTH

Modernity—which we have associated with societies based upon market exchanges, free labour forces, and legal systems that respect private property and individual rights—has historically excelled in creating wealth and material plenty. In any discussion of wealth it is, however, useful to remind ourselves of the distinctions that demarcate wealth, capital, and consumption; concepts that caused much confusion for Piketty in his deeply flawed *Capital in the Twenty-First Century*.

In engaging in a business endeavour or, in the absence of our own business, in labouring for another person’s business, most of us are involved in the pursuit of personal “wealth”, understood as the capacity to afford various consumables: housing, furniture, durables (fridges, televisions etc.), clothing, food, health care, and various luxuries (jewellery, art, high-quality alcohol). However, in order to be able to consume such items of production, most of us understand that investments need to occur. At a personal level this involves foregoing expenditure on consumables in favour of education and (less frequently) specialised tools and equipment. If one owns a business, the investment expenses are invariably larger, requiring expenditure on “stock” or “capital” (plant, machinery, transport equipment etc.). Such investments can only come from savings; savings that can come either from within the business itself or from “savings” borrowed from another

<sup>22</sup> Gibson Burrell, “Modernism, postmodernism and organizational analysis: The contribution of Michel Foucault”, in Alan McKinlay and Ken Starkey (Eds.), *Foucault, Management and Organization Theory*, (London, UK: Sage, 1998), 21.

person or entity. As Keynes defined it, economic saving “means the excess of income over expenditure”.<sup>23</sup> A business will also need premises from which to operate, which the person(s) may either buy or rent. If they buy the premises, the economic and accounting convention is to include a sum equivalent to the commercial rent as a cost of production, just as one includes a price for the capital or stock that is used. Such outcomes mean, as Adam Smith explained in *The Wealth of Nations*, that there are three basic cost items incurred in the production of goods and services: rent, wages for labour, and the costs associated with the use of capital/stock (i.e. wear and tear, maintenance etc.).<sup>24</sup> To this formula we may add a number of other variable costs (i.e. electricity, fuel etc.) as well as a host of taxes and charges (insurance, workers compensation charges, superannuation, and pension payments).

At any given point in time, therefore, a society has to economically choose between production geared towards consumption, which adds to the immediate material “wealth” of its citizens, and “saving”—production geared towards capital goods and other forms of investment—that adds to future productive capacity. In measuring “wealth” the most common current measure is GDP, which—through a number of alternative methods of calculation—is an estimate of the value of goods and services produced over a particular period of time. By this measure, it is a society’s *productive capacity* that determines its wealth, and the wealth of its citizens, not the society’s store of gold, silver, diamonds, and monetary currency. Accordingly, a house or apartment will only figure in GDP in the year in which it is constructed, with further appearances being restricted to the value attached to repairs or additions incurred in future years. Using GDP as a measure of wealth, a prosperous society that witnessed the destruction of all of its houses but none of its capital investment would be considered to be still well-to-do. By comparison, a society that suffered the loss of all its capital but none of its houses would be regarded as destitute.

The basic distinction between “wealth” and “capital” is one that escapes Piketty and his erstwhile supporters.<sup>25</sup> Instead, wealth and capital are

<sup>23</sup> John Maynard Keynes, *The General Theory of Employment, Interest and Money*, (London and Basingstoke, UK: Macmillan, 1973), 61.

<sup>24</sup> Smith, *Wealth of Nations*, Book I, Chap. VII, para. 3.

<sup>25</sup> See, for example: Kathryn Moeller and Rebecca Tarlau, “Thomas Piketty’s relevance for the study of education: reflections on the political economy of education”, *British Journal of Sociology of Education*, Vol. 37, No. 6 (2016), 805–09; Karen Ho, “Supermanagers, inequality and finance”, *Journal of Ethnographic Theory*, Vol. 5, No. 1 (2015), 481–88; Paul

perceived as being synonymous, Piketty defining “‘national wealth’ or ‘national capital’ as the total value of everything owned by the residents and government”.<sup>26</sup> In justifying the inclusion of land and real estate as “capital”—including that used for residential purposes—Piketty declares that there is nothing “more natural to ask of a capital asset than that it produce a reliable and steady income”.<sup>27</sup> Without wishing to cause offence to the French nation, it is difficult not to conclude that Piketty’s formulations are a peculiarly French way of looking at wealth. As Fernand Braudel—arguably the most insightful of French historians—noted in his final book, “France was never consumed by the necessary passions for the capitalist model, by that unbridled thirst for profits.”<sup>28</sup> Piketty’s understandings of wealth, as we have noted previously, also harks back to Cantillon’s *An Essay on Economic Theory*, which concluded that a good’s “intrinsic value” is determined to be “double the product of the land used to maintain … the work of the cheapest peasant or laborer”; a calculation which meant that if a labourer worked for a day to produce a good than it was worth the value of the landed produce which the peasant consumed over 2 days.<sup>29</sup> Unlike Smith’s subsequent views on value, this is an essentially feudal understanding of wealth creation, as is Piketty’s view that there is nothing “more natural” than desire for “a reliable and steady income”; a view that stands in contradiction to the profit maximisation instincts of the capitalist entrepreneur. Piketty’s equating of “accumulated wealth” with “capital” also leads him to pessimistic conclusions about future global growth potential. In his view, the overhang of past capital/wealth acts as an inevitable brake on expansion, there being—in Piketty’s view—“no historical example of a country at the world technological frontier whose growth in per capita income exceeded 1.5 percent over a lengthy period of time”.<sup>30</sup> In evidence, Piketty points to the fact that per

Krugman, “Why we’re in a New Gilded Age”, *New York Review of Books*, 8 May 2014, <http://www.nybooks.com/articles/2014/05/08/thomas-piketty-new-gilded-age/> [Accessed 29 November 2017]; Robert Solow, “Thomas Piketty is right”, *New Republic*, 22 April 2014, <https://newrepublic.com/article/117429/capital-twenty-first-century-thomas-piketty-reviewed> [Accessed 29 November 2017].

<sup>26</sup> Piketty, *Capital in the Twenty-First Century*, 48.

<sup>27</sup> *Ibid.*, 114.

<sup>28</sup> Fernand Braudel (trans. Sian Reynolds), *The Identity of France: People and Production*, (London, UK: Fontana Press, 1991), 666.

<sup>29</sup> Cantillon, *Essay on Economic Theory*, 62.

<sup>30</sup> *Ibid.*, 93.

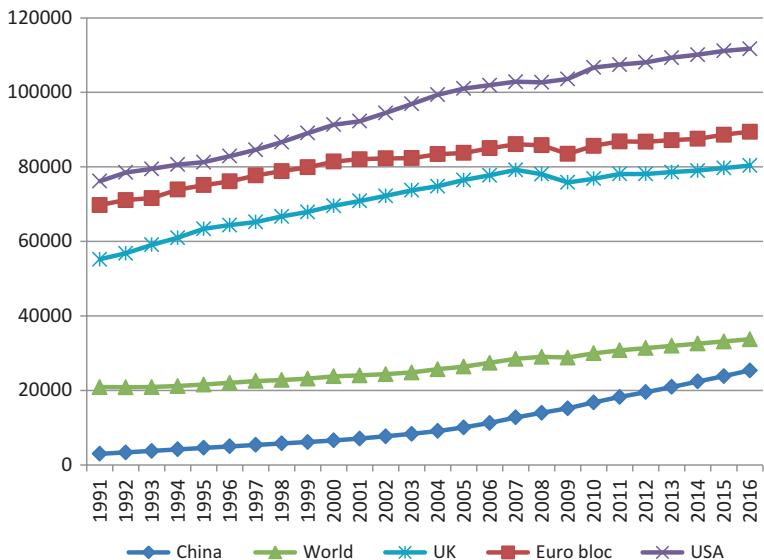


Fig. 8.1 GDP per capita (purchasing power parity), 1991–2016—United States, United Kingdom, Euro zone, China, and world (Source: Calculated from World Bank, *On-line Database: Indicators—GDP per Capita*, in US\$)

capita GDP growth in the United States and the Euro zone between 1991 and 2012 amounted to 1.6 per cent and 1.4 per cent, respectively. In Japan, he calculates, it was a mere 0.7 per cent.<sup>31</sup>

Piketty's estimates of global growth potential are part fact, part miscalculation. The first point to be emphasised, as is indicated in Fig. 8.1, is a positive one. If we look at the changes in per capita GDP—measured in purchasing power parity (i.e. what is purchasable in local currency)—it is evident that the world's population has never had more per capita wealth at its disposal than at the present. Everywhere, the current situation is much improved on that which prevailed in 1991. Globally, per capita GDP rose by 61.2 per cent between 1991 and 2016. Although growth rates across the period were slower in the Euro zone (28.1 per cent), the United States (46.6 per cent), and the United Kingdom (45.5 per cent),

<sup>31</sup> *Ibid.*

the citizens of these countries, nevertheless, enjoy comparatively privileged status.<sup>32</sup>

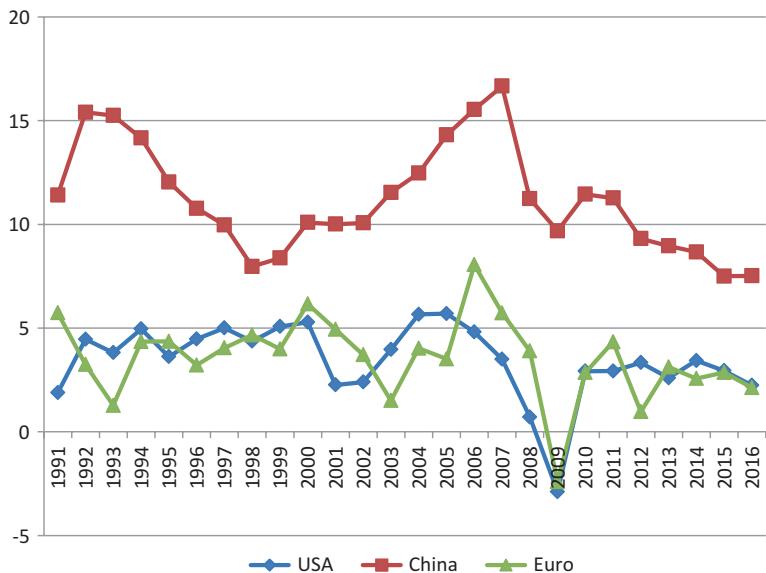
If Fig. 8.1 is a cause for evident satisfaction, it nevertheless tells us little about the *future* potential of the world's economies. On this score the citing of averages can hinder rather than help understanding. If, for example, Piketty had calculated his averages for the post-1991 period of economic growth for the years between 1991 and 2007—rather than for the period between 1991 and 2012—he would have discovered growth rates typically double to those he cited (2.8 per cent rather than 1.4 per cent in the United States; 2.4 per cent instead of 1.6 per cent in Western Europe; 1.4 per cent in Japan rather than 0.7 per cent).<sup>33</sup> The reason for this marked discrepancy, as is apparent when we consider Fig. 8.2, is that the Global Financial Crisis of 2007–08 represents a fundamental divide in the post-1991 era of cheap money and readily available credit. Before the crisis, growth rates in the United States and the Euro zone were typically in the 4–6 per cent range. Since the crisis a growth rate around 2.5 per cent has been the norm. Also evident is the marked variance in Chinese per capita economic expansion. After falling sharply between 1993 and 1998, Chinese growth entered into a new era of corporate debt-fuelled expansion in the wake of the Asian Financial Crisis of 1997–98; expansion which saw Chinese corporate debt reach 105 per cent of GDP in 2006, well above the US figure of 65 per cent.<sup>34</sup> As is evident in Fig. 8.2, this period (1999–2007) of accelerating per capita Chinese growth also fell victim to the deteriorating global conditions that followed the Global Financial Crisis. Despite an extraordinary further expansion of Chinese corporate debt, which rose from 105 per cent of GDP in 2006 to 165 per cent a decade later, Chinese per capita growth is now lower than it was at the time of the Asian Financial Crisis.<sup>35</sup>

<sup>32</sup> Calculated from: World Bank, *On-line Database: World Development Indicators*, [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year_high_desc=true) [Accessed 29 November 2017].

<sup>33</sup> Piketty, *Capital in the Twenty-First Century*, 93–94; Calculated from, World Bank, *On-line Database: GDP per Capita Indicators*, [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?year_high_desc=true) [Accessed 30 November 2017].

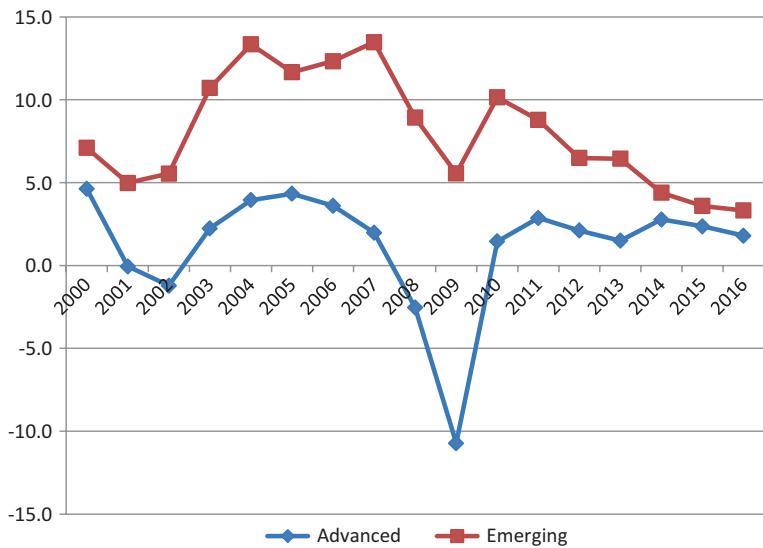
<sup>34</sup> Calculated from, World Bank, *GDP per Capita Indicators*, [https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?year_high_desc=true) [Accessed 30 November 2017].

<sup>35</sup> Calculated from, World Bank, *GDP per Capita Indicators*, [https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?year\\_high\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?year_high_desc=true) [Accessed 30 November 2017].



**Fig. 8.2** Growth rates in GDP per capita (purchasing power parity), 1991–2016—United States, Euro zone, and China (*Source:* World Bank, *On-line Database: Indicators—GDP per Capita*, in per cent)

Evidence that the global economy now suffers significant obstacles to growth is indicated by the marked slowing in investment that has characterised both advanced and developing economies since the mid-2000s. In advanced economies, the strong investment growth that followed the so-called Tech wreck (the bursting of the bubble of technology share prices) of 2001–02 began to flag in 2006, before falling precipitously in 2008–09. Postrecession investment has been anaemic, averaging 2.1 per cent, a decline of more than 50 per cent on the 2003–07 average. As is obvious from Fig. 8.3, investment in the developing world has also slowed markedly since the Global Financial Crisis, with additions to investment averaging 3.3 per cent in 2016. By contrast, in 2007—on the eve of the crisis—the developing world averaged investment growth rates of 13.3 per cent. The paucity of post-2008 investment has been particularly marked in the Euro zone, where annual investment has ranged between 84.7 per cent (2014)

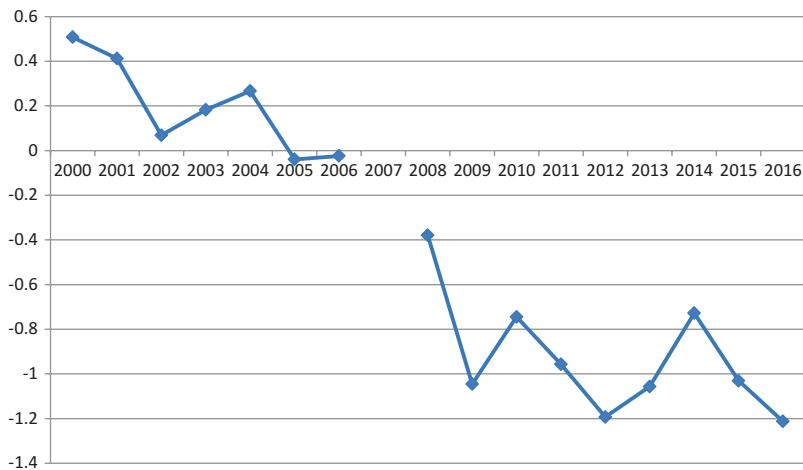


**Fig. 8.3** Annual investment growth rates, 2000–16: advanced and emerging economies (*Source: World Bank Group, Global Economic Prospects, Fig. 1.17, in per cent*)

and 91.7 per cent (2017) of that obtained in 2007.<sup>36</sup> This synchronised slowing means that the advanced world cannot receive a significant boost to its prospects from growth in the developing world, just as the developing world cannot expect benefit from accelerating expansion in advanced economies.

Unsurprisingly, the post–Global Financial Crisis decline in investment is associated with a collapse in productivity; a collapse that does much to explain the wage stagnation that has become the new global norm. Among advanced economies, a pronounced slowdown in total factor productivity was evident even before the Global Financial Crisis. Between 2000 and the onset of the Global Financial Crisis, annual productivity growth averaged a mere 0.8 per cent per annum, compared with 1.5 per cent in the decade to 2000. As is evident in Fig. 8.4—which compares the annual variance in productivity growth with that obtained in 2007—productivity gains since the Global Financial Crisis have fallen well short of those secured at the dawn of the twenty-first century. The world’s developing

<sup>36</sup>World Bank Group, *Global Economic Prospects*, 29, Fig. 1.17; 8, Fig. 1.5.C.



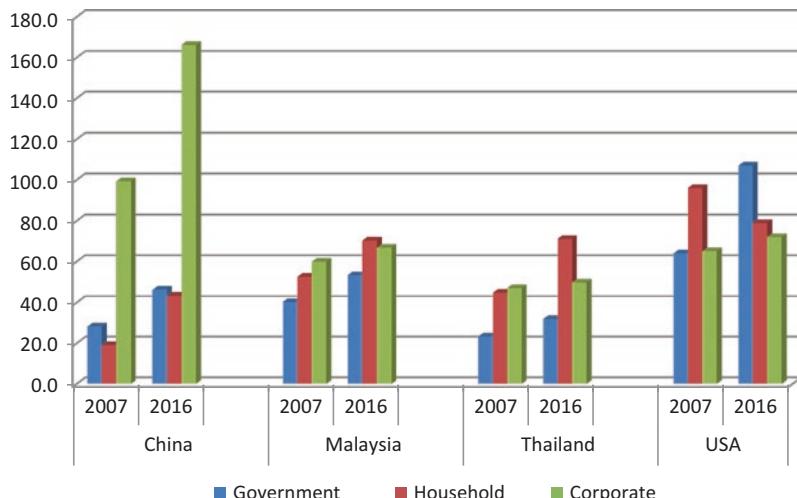
**Fig. 8.4** Annual total factor productivity growth: advanced economies, 2000–16 (2007 = index of 100) (*Source:* IMF, *World Economic Outlook*, Annex Fig. 2.2.3, in per cent)

economies have also suffered, with productivity increases averaging 0.7 per cent between 2010 and 2014. Before the Global Financial Crisis, between 2001 and 2008, annual productivity growth in this sector of the global economy averaged 1.7 per cent.<sup>37</sup>

It is now obvious that much of the pre–Global Financial Crisis strength of the global economy rested on an expansion of credit that effectively “brought forward demand”, thereby constraining subsequent household consumption and corporate investment capacity. Among advanced economies the most rapid period of credit expansion occurred between 2000 and 2009; years that saw outstanding net debt rise by 22.8 per cent to a total that equated to 256 per cent of GDP. Such levels of credit expansion, however, pale into insignificance when compared with that which occurred in China between 2008 and 2016, where outstanding debt rose by 80.4 per cent, thereby saddling the nation with debts that amounted to 254 per cent of GDP.<sup>38</sup> Using the United States as a comparator, it is also evident

<sup>37</sup> International Monetary Fund, *World Economic Outlook*, October 2017, (Washington, DC: International Monetary Fund, 2017), 100, Annex Fig. 2.2.3, <https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017> [Accessed 5 December 2017].

<sup>38</sup> IMF, *Global Financial Report*, Fig. 1.23.



**Fig. 8.5** Debt to GDP ratios: China, United States, Thailand, and Malaysia, 2006 and 2016 (*Source:* IMF, *Global Financial Report*, Fig. 1.23, in percentage)

that there are marked differences in the structural concentrations of Chinese and Western debt. As Fig. 8.5 indicates, debt in the United States has been primarily associated with households and, more recently, government. This is indicative of consumption-fuelled expansion. By contrast, Chinese debt has been primarily associated with corporate investment, underpinning the massive expansion of its manufacturing sector; a sector whose output of US\$4.434 trillion in 2016—as we noted in Chap. 4—exceeded the combined output of the United States (US\$3.25 trillion) and Germany (US\$1.04 trillion). Given that Chinese manufacturing remains export dependent, this has had the undoubted effect of draining factory orders and employment from other sectors of the global economy, thereby contributing to the generalised decline in consumptive and investment capacity. Although the level of Chinese corporate debt has no equal, it would be a mistake to believe that problems related to indebtedness are confined to China and the world’s most advanced economies. Malaysia and Thailand, for example—each of which now boasts an increasingly urbanised population and a growing industrial sector—have levels of household indebtedness similar to that found in the United States. In the case of Malaysia, the ratio of corporate debt to GDP is also similar to that

found in the United States.<sup>39</sup> Similar trends can be found in virtually every developing economy.

In his *The General Theory of Employment, Interest and Money*, Keynes argued that the best strategy, when an economy is confronted with constraints imposed by a population's financial incapacity to consume the full potential of industry, is for government to encourage investment in additional infrastructure and capital; investment which—through an economic “multiplier effect”—will cause both increased community spending power and scope for even further investment.<sup>40</sup> The current state of the global economy, however, appears to deny solution on every front. Consumption is restricted by not only stagnant wages, but household indebtedness, which, even in China, now equates to 43.2 per cent of GDP. Meanwhile, low levels of productivity restrict business's capacity to award wage increases. Anaemic investment limits the possibility for productivity improvements. Public and corporate indebtedness and, in the case of China, overcapacity produced by past investment constrain capacity and opportunity for future investment. The latter problem is currently most clearly evidenced in China, where an extraordinary level of fixed investment drove both the rebound in Chinese per capita GDP we observed in Fig. 8.2 and the massive increase in corporate debt that we recorded in Fig. 8.5. The unravelling of this extraordinary pattern of Chinese fixed-capital investment is indicated in Fig. 8.6, which records the virtual total collapse of Chinese private-sector investment between 2013 and 2016.<sup>41</sup> Although this collapse was partly offset in late 2016 by a sharp increase in public sector investment, this public policy initiative appears primarily directed towards creating a favourable environment for the Chinese Communist Party's Nineteenth Party Congress, held in October 2017. By mid-2017, as Fig. 8.4 indicates, this too appeared to be in the process of unravelling. Everywhere one looks, in short, ones finds evidence of multiple constraints on future wealth creation.

<sup>39</sup> *Ibid.*

<sup>40</sup> Keynes, *General Theory*, 126–27.

<sup>41</sup> World Bank Group, *Global Economic Prospects*, Fig. 2.1.2.B.

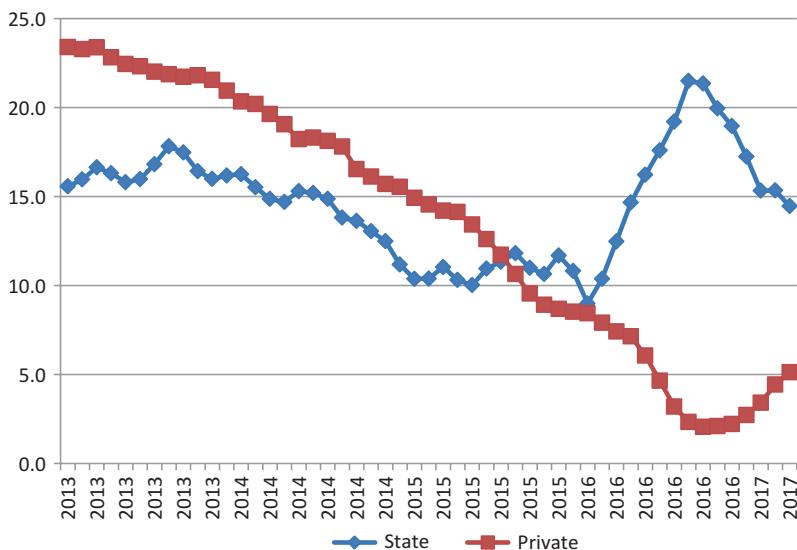


Fig. 8.6 Chinese fixed-capital investment: GDP share, 2013–16 (*Source:* World Bank Group, *Global Economic Prospects*, 2017, Fig. 2.1.2.B, in percentage)

### ECONOMIC TRANSFORMATION AND WORK IN ADVANCED ECONOMIES

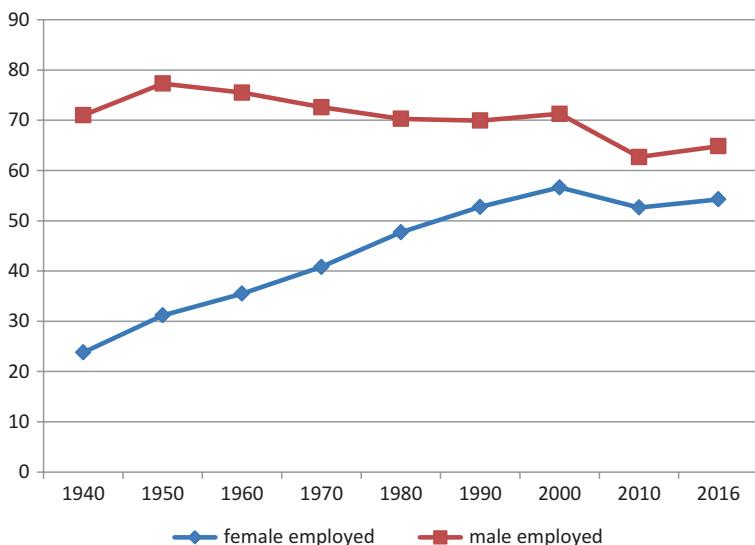
Changing patterns of work and a series of revolutionary technologies (steam power, the internal combustion engine, electrification, computerisation) have, since the late eighteenth century, imposed far-reaching and often-traumatic changes on global workforces. As a “baby-boomer” born in the 1950s, I am old enough to remember my grandfather’s tales, told to him by his grandparents, of the family flight from Ireland in the wake of the Great Famine. My father’s generation lived through the Great Depression and the Second World War. By comparison with such experiences, the problems confronting businesses and their employees in the advanced world today are modest in nature. In advanced countries the benefits enjoyed by workers are much superior to those of their forebears. In the late nineteenth century, a 10-hour working day, 6 days per week, was the norm for skilled craft workers. Unskilled labourers typically worked much longer. Today, depending where you live, the nominal working week varies between 35 hours (France), 38 (Australia), and 40 hours

(United States). Protective legislation—in the form of workplace health and safety provisions, minimum wages, and compensation schemes in case of occupational injury—is also much improved. Discrimination on the basis of race, religion, or gender has long been outlawed.

Among the most significant effects of industrialisation and modernisation in the world's advanced economies has been a transformation in the role of women. As we noted in the introduction to this book, it was the Industrial Revolution that first gave a significant proportion of the female population an independent income and workplace identity; a role that brought with it an increased emphasis on female literacy and education. Such changes underpinned the revolutionary transformation of women's role outside the workforce, leading to female participation in the political process as both voters and legislators. In tracing the origins of this transformation, E.P. Thompson, the pre-eminent British labour historian, observes that “it was in the textile districts that the changing economic status of women gave rise to the earliest widespread participation by working women in political and social agitation”.<sup>42</sup> Prior to the Second World War in the advanced world, however, female involvement in the paid workforce remained secondary to male employment, both numerically and financially. Female workforce engagement was typically the domain of the unmarried, or those whose husbands were ill, injured, unemployed, or absent (whether temporarily or permanently). Most skilled trades (printing and dress-making being the major exceptions) denied women opportunity of an apprenticeship. Where women did the same work as a man, they were invariably paid a wage that was a fraction of the male equivalent. The outbreak of the Second World War, however, heralded the beginning of a new era for female participation in advanced economies. Replacing absent men in wartime factories and offices, females found that postwar changes—declining employment in agriculture and manufacture, an increasing emphasis on formal education, the growth of employment in education, health, and retail—also favoured them.

The ascent of female employment and participation in advanced economies is clearly indicated in Fig. 8.7, which traces the percentage of working-age men and women who were employed in the US economy between 1940 and 2016; figures that demonstrate how the percentage of working-age women in paid work rose from 23.8 per cent in 1940 to a

<sup>42</sup> E.P. Thompson, *The Making of the English Working Class*, (Harmondsworth, UK: Penguin, 1963), 453–54.



**Fig. 8.7** Percentage of US females and males in work, 1940–2016\* (Sources: World Bank, *On-line Database: Gender*; United States Census Bureau, *Historical Abstracts*, 1954, 1961, 1971, 1981; \*Calculated as share of population over 10 years of age 1940–50; percentage aged over 16 years 1960–2016; Note: Excludes those engaged in armed forces)

peak of 56.6 per cent in 2000. In presenting such figures—which from 1960 correspond to a steady decline in the percentage of males in work—a number of caveats and methodological explanations need to be provided. First, the figures provided relate to the percentage of men and women in *actual employment*. They therefore differ from those relating to *labour force participation*, the latter figures including not only those in work but also those unemployed members of society listed as jobless but who are in active search of employment. In times of high unemployment, the difference between labour force participation rates and the actual employment ratio can be significant.<sup>43</sup> In 2010, for example, the US female labour force

<sup>43</sup> In calculating the employment rate, the unemployment rate is first reduced to a percentage of the total male or female population. So, for example, if the participation rate was 90 per cent and the unemployment rate was 10 per cent, the percentage of the population in work is 81 per cent. This adjustment is necessary due to unemployment being expressed as a percentage of the *labour force* rather than the total population.

participation rate of 57.58 per cent was higher than it was 20 years earlier in 1990 (56.35 per cent). However, the percentage of females in actual work was marginally higher at the earlier date (52.75 per cent) than in 2010 (52.65 per cent). This is due to the fact that female unemployment was significantly higher in 2010 (8.57 per cent) than in 1990 (6.38 per cent).<sup>44</sup> It should also be noted that in 1940 and 1950, those listed as “gainfully” employed were calculated as a percentage of the population aged 10 years or more, whereas more recent figures represent percentages of those aged 16 years or more. Despite such caveats, there is no gainsaying the overall trend. Until 2000, prospects for female employment in the United States looked ever brighter.

If the story of female participation in the United States and other advanced economies was until 2010 one of uninterrupted ascent, since 2010, we have witnessed an ebb time for both female and male employment. Writing in 2002 of “A Century of Change” in the American labour force, the statistician Mira Toossi confidently predicted that—given demographic changes—US female labour force participation was “projected to attain its highest level in 2010, at 62 percent”.<sup>45</sup> As it transpired, the female participation actually recorded in 2010 was only 57.58. With a female unemployment rate of 8.57 per cent, only 52.65 per cent of working-age females actually boasted employment.<sup>46</sup> Many of those who did would have been in part-time, casual, or insecure employment. For American males the ebb tide of employment since 2000 has had even more pronounced consequences, adding to the declining engagement with the workforce that has been discernible since 1950. With each subsequent recession, more and more males give up the search for work. By 2016, in consequence, despite a jobs rebound from the depths of the Global Financial Crisis, only 64.9 per cent of American males were in

<sup>44</sup> Employment figures from 1990 are drawn from: World Bank, *On-line Database: Gender Indicators*, <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?view=chart> [Accessed 1 December 2017]. Figures prior to 1990 were calculated from the labour force figures in the US Census Bureau’s *Statistical Abstracts*, [https://www.census.gov/library/publications/time-series/statistical\\_abstracts.html](https://www.census.gov/library/publications/time-series/statistical_abstracts.html) [Accessed 1 December 2017].

<sup>45</sup> Mira Toossi, “A century of change: the U.S. labor force, 1950–2050”, *Monthly Labor Review*, (May 2002), 18.

<sup>46</sup> Adjusted for population, the 8.6 per cent unemployment rate equates to 4.95 per cent of the working-age female population being out of work. In 1990, the unemployment rate of 6.38 per cent meant that 3.59 per cent of working-age females were officially unemployed.

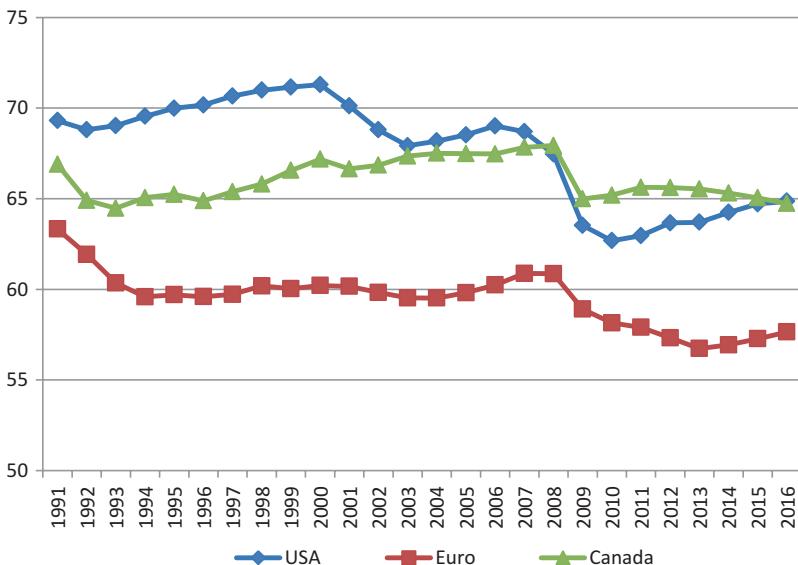
actual paid employment. This is a lower percentage than that recorded in 1940 (71 per cent), a year when the official unemployment rate (14.3 per cent) was much higher than in 2016 (5.03 per cent). The statistical—if not the economic—cause for this discrepancy is found in declining “participation”. Thus, whereas 82.8 per cent of American males were recorded as working or looking for work in 1940, by 2016, the comparable figure was 68.28 per cent.<sup>47</sup>

With some national variation, the employment participation trends that have characterised the United States are also discernible in other advanced economies. Indeed, as Fig. 8.8 indicates, for most of the post-1991 period, the employment rate for American males has typically been superior to that found in either Canada or the Euro zone. Indeed, circumstances are currently most dire in the Euro zone, where in 2016, more than 40 per cent of the working-age male population lacked any form of paid employment. In Australia, as well, the percentage of working-age males in actual employment (67 per cent) was lower in 2015—when the official unemployment rate was 5.7 per cent—than it was in 1990 (68.3 per cent), when 9.9 per cent was registered as out of work. As elsewhere, falling “participation” explains the decline, with the Australian male labour force participation rate having declined from 75.7 per cent in 1990 to 70.8 per cent in 2016.<sup>48</sup>

Since the Global Financial Crisis the pattern of decline that has characterised male employment in advanced economies has also become entrenched in female job markets. As Fig. 8.9 indicates, the percentage of American females in work has been declining since 2000. As of 2016, barely half the American female population worked. Although the decline in female employment occurred later in Canada and the Euro zone than in the United States, in both nations, the percentage of females engaged in paid work remains significantly below the prerecession peaks. In the Euro zone the chance of a female finding employment is far worse than in the United States, with almost 55 per cent disengaged from formal

<sup>47</sup> Calculated from Work Bank, *On-line Database: Gender Indicators*; United States Census Bureau, *Statistical Abstract of the United States, 1961*, (Washington, DC: United States Census Bureau, 1954), 203. The 1940 figures for “employed” are those from the *Statistical Abstract*.

<sup>48</sup> Calculated from Work Bank, *On-line Database: Gender Indicators*.



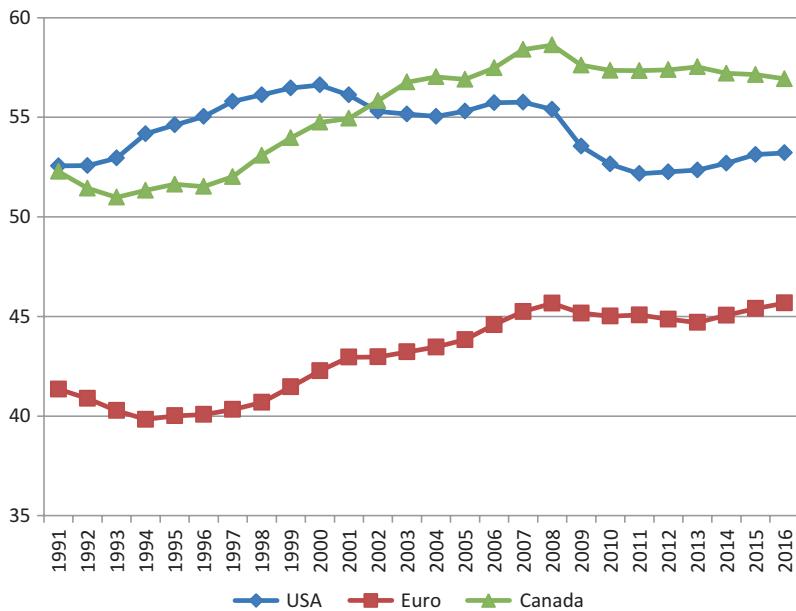
**Fig. 8.8** Percentage of US, Euro zone, and Canadian working-age males in work, 1991–2016\* (*Sources:* World Bank, *On-line Database: Gender*; \*Calculated as share of population aged over 15 years)

involvement in work and wealth creation.<sup>49</sup> In Australia, similar patterns are evident. In 2016, the percentage of working-age females in employment was 52.7 per cent: a significant decrease from the peak (54.1 per cent) obtained in 2008.<sup>50</sup>

To have a situation such as now exists in the Euro zone—and which threatens in other advanced societies such as the United States—where approximately half the adult population is outside the paid labour market is a worrying and now seemingly entrenched trend. There can be little doubting that diminished employment prospects are contributing significantly to the rising levels of income inequality that Piketty and others bemoan. The decline in investment and productivity that has characterised the global economy since 2007 is also exacerbating the negative income

<sup>49</sup> Calculated from Work Bank, *On-line Database: Gender Indicators*.

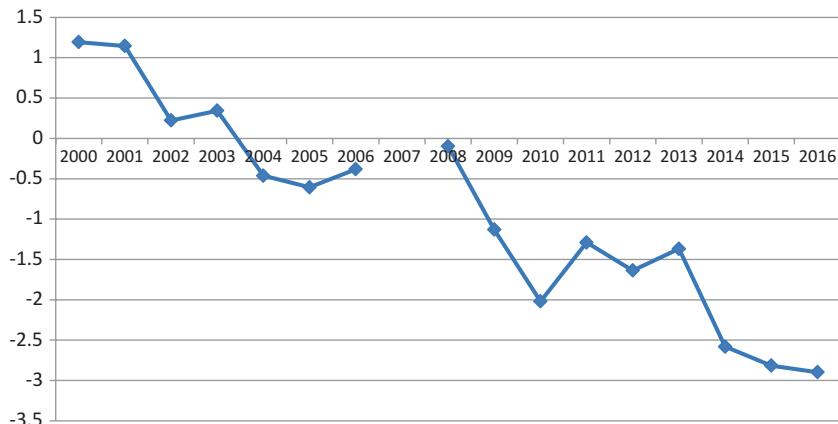
<sup>50</sup> Calculated from *Ibid.*



**Fig. 8.9** Percentage of US, Euro zone, and Canadian working-age females in work, 1991–2016\* (Source: World Bank, *On-line Database: Gender*; \*Calculated as share of population aged over 15 years)

effects of decreased employment. As Fig. 8.10 indicates, median wage growth in the world's advanced economies has been in decline since 2000. The growth in total hours worked has—as Fig. 8.11 demonstrates—followed a near-identical pattern. At the same time, the level of household indebtedness—measured as a share of GDP—has risen markedly. Whereas in 2000, household indebtedness in the world's advanced economies equated on average to 45.37 per cent of national GDP, in December 2016, such debt equated to 63.93 per cent of GDP.<sup>51</sup> This leaves many households in increasingly dire circumstances: indebted, suffering lower wage growth and working hours, and facing either temporary or permanent exclusion from the paid workforce.

<sup>51</sup> IMF, *Global Financial Stability Report*, Fig. 2.1.



**Fig. 8.10** Changes in median wage growth, advanced economies, 2000–16 (2007 = index of 100) (Source: International Monetary Fund, *World Economic Outlook, October 2017*, Fig. 2.2, in per cent)



**Fig. 8.11** Changes in median hours worked, advanced economies, 2000–16 (2007 = index of 100) (Source: International Monetary Fund, *World Economic Outlook, October 2017*, Fig. 2.5)

## THE SOCIOLOGY OF POSTMODERNISM

Ideas and intellectual traditions emerge, flourish, and survive to the extent that they provide meanings that have relevance to particular social groups or societies. In the past, most intellectual traditions have emphasised commonalities in the human condition. If we own a business, we will read Adam Smith and Alfred Marshall because we are looking for economic laws and principles that affect our business as well as our competitors. Marxism long had mass appeal because individual workers believed that their personal circumstance resembled that of their co-workers, all of whom were exposed to employer exploitation in the pursuit of excessive profits.

Postmodernism is different from previous critical intellectual traditions in that it is not interested in collective social experiences and outcomes, or rather, to be more exact, it is interested in only one: how we as individuals are influenced by the structures of power, authority, and predetermined knowledge that pervade every pore of our existence. As Maclean, Harvey, and Clegg explain it in a recent article in the *Academy of Management Review*, “Power is the pivotal notion in the study of human society.”<sup>52</sup> Where past theorising of the human condition has erred, they continue, is in ignoring “microhistory”; “the importance of the daily encounters that sustain a social reality and the power relations these engender”. What counts, in short, are the occurrences that happen “at the grassroots”.<sup>53</sup> Accordingly, rather than emphasising organisational and social commonalities, research and analysis should provide “a bottom-up, pluralistic antidote to hegemonic narratives”—most particularly those inspired by “the imperialism of economics”.<sup>54</sup>

In part, therefore, the success of postmodernism can be seen in the universality of its message. Anarchistic in philosophic orientation, it is opposed to the exercise of power everywhere. Like other dissident intellectual traditions, it also gains advantage through its claims to speak on behalf of those oppressed by “elites”, constantly threatening to expose “new configurations of power … largely hidden from view”.<sup>55</sup>

<sup>52</sup> Mairi Maclean, Charles Harvey and Stewart R. Clegg, “Conceptualizing historical organization studies”, *Academy of Management Review*, Vol. 41, No. 4 (2016), 623.

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*, 627; Godfrey, Hassard, O’Connor, Rowlinson, and Ruf, “What is organizational history?”, 595.

<sup>55</sup> Maclean, Harvey, and Clegg, “Conceptualizing historical organization studies”, 623.

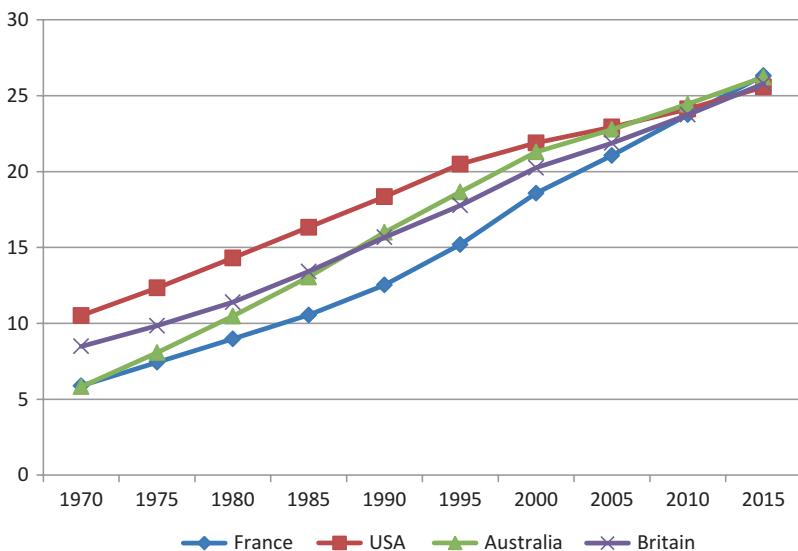
Postmodernism, being a critical tradition that offers no objective solutions to any of society's ills, also benefits—unlike Marxism—from being untarnished by the corrupting influences of political office.

If postmodernism profits from its individualistic focus—an emphasis that draws on Friedrich Nietzsche's emphasis on individual will, spirit, and feeling—its increasing popularity also benefits from the declining resonance of collectivist social theories and remedies. Everywhere in the advanced world, the industrial working class that was the focus for generations of Marxists has become a distinctly minority force. In the United States, when manufacturing employment reached its absolute peak of 17.2 million in 1953, an estimated 50.2 per cent of the non-agricultural workforce found work in industrial and transport occupations (mining, construction, manufacturing, utilities, transport, and warehousing).<sup>56</sup> By October 2017, only 17.5 per cent of the non-agricultural workforce found jobs in such occupations.<sup>57</sup> As the industrial working class declined, so too did the collectivist institutions that were once integral to its existence inside and outside the workplace: trade unions, Social Democratic and Labor parties inspired by socialist and/or redistributive philosophies, friendly societies, retail cooperatives, and various Church-based charities. In Australia the effects of the disintegration of the old industrial working class on trade union membership and collective bargaining have been particularly stark. In 1954, the Australian trade union movement claimed 62 per cent of the workforce as members. At this time, 61.1 per cent of Australian workers laboured in industrial jobs. As industrial jobs drained away, so too did support for unionism. Although union membership increased in the public sector in the 1960s and 1970s, this growth failed to compensate for the continued haemorrhaging of private-sector industrial workers. By August 2016, with barely one-fifth of Australian workers in an industrial occupation, only 14.5 per cent of the workforce held a union ticket.<sup>58</sup>

<sup>56</sup> United States Census Bureau, *Statistical Abstract, 1961*, 207.

<sup>57</sup> United States Bureau of Labor Statistics, *Current Employment Statistics – National, October 2017*, <https://www.bls.gov/web/empstat/ceseeb1a.htm> [Accessed 4 December 2017].

<sup>58</sup> Bradly Bowden, "The rise and decline of Australian unionism: a history of industrial labour from the 1820s to 2010", *Labour History*, No. 100 (May 2011), 51–82; Australian Bureau of Statistics, *Characteristics of Employment, Australia, August 2016*, (Canberra, AUS: Australian Bureau of Statistics, 2017), <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6333.0August%202016?OpenDocument> [Accessed 26 June 2017].



**Fig. 8.12** Percentage of adult population with university degree, 1970–2012: France, United States, Australia, and Britain (*Source*: Calculated from Roser and Ortiz-Ospina, “Tertiary education”, *Our World in Data*, <https://ourworldindata.org/tertiary-education/#data-sources>)

If the decline of the old industrial working class undercut ideologies and intellectual traditions that were collectivist in outlook, a countervailing sociological trend massively increased the potential readership for postmodernist texts. In 1970, when Foucault’s works had only recently been translated into English, the percentage of the population boasting a university degree was minuscule, amounting to barely 10 per cent in the United States and much less in other advanced economies such as France, the United Kingdom, and Australia. By 2012, however, as Fig. 8.12 indicates, more than a quarter of the adult population (those aged 15 years or more) of the United States, France, Australia, and the United Kingdom possessed a university degree, with many of these completing postgraduate education.<sup>59</sup> Among those under 40 years of age, the percentage of the population with a degree would be much higher. The degree-holding

<sup>59</sup> Max Roser and Esteban Ortiz-Ospina, “Tertiary education”, *Our World in Data*, <https://ourworldindata.org/tertiary-education/#data-sources> [Accessed 3 December 2017].

population is, moreover, expanding at an exponential rate. In 1970, the United States was unusual in having a large percentage of successful secondary school students (47.3 per cent) going on to a college education. In Britain, Australia, France, and the wider Euro zone, the comparable figure ranged between 14.6 per cent (United Kingdom) and 18.5 per cent (France). By 2012, the rate of progression from secondary to tertiary education was an extraordinary 86.5 per cent and 88.8 per cent in Australia and the United States, respectively. In France, 66.7 progressed; a figure only slightly higher than the Euro zone norm (64.4 per cent). Even in Britain, a comparative laggard, 56.5 per cent of those who managed to complete a secondary education progressed on to a tertiary institution.<sup>60</sup> In short, most students in advanced societies who make it to the end of a secondary education also complete tertiary studies.

The sociological transformation that has underpinned the ascent of postmodernism is correlated with a profound alteration in the ways in which a growing proportion of the workforce relates to the economy. Until the 1950s most workers were engaged in the production of what Adam Smith referred to as a “vendible commodity” (i.e. a physical output that is offered for commercial sale).<sup>61</sup> For such workers, and their employers, concepts such as “productivity” and “supply and demand” had a direct and personal meaning. A farmer realised that improved productivity meant that he or she had more wheat or potatoes for sale. In the case of industrial workers, it was often the case that their wages were tied, directly or indirectly, to physical outputs. The fact that prices, and hence potentially wages, fluctuated up and down was something that had more than an abstract meaning. This direct and immediate relationship to the economy and what Smith called the “higgling of the market”<sup>62</sup> is not something that characterises the experiences of many among the growing numbers of university-trained professionals in education, health care, and public administration. If you are, for example, a secondary school teacher, or a medical professional at a hospital, it is probable that your employment is determined by political factors rather than by market forces. This is particularly the case if your school or hospital is owned by one or other level of government, or receives state funding. In such circumstances, the employer is likely to be amenable to political and/or industrial pressure.

<sup>60</sup> *Ibid.*

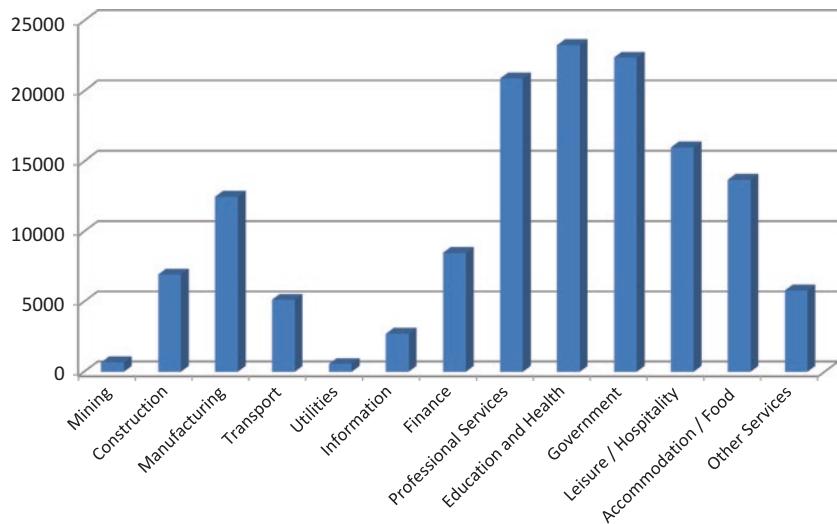
<sup>61</sup> Smith, *Wealth of Nations*, Book III, Chap. III, para. 1.

<sup>62</sup> *Ibid.*, Book I, Chap. V, para. 4.

Fearing an electoral, parental, or patient backlash among those dissatisfied with a reduction in services, an employer in this situation will often decide that increased taxes and fees is a preferable option. For the workers in such circumstances, “productivity”—in the form of more students in your class or more patients to tend for—will also have different meaning than it does for a farmer or factory worker. It is certainly easier to convince the voting or paying public that having a nurse tend for more patients is an undesirable outcome rather than proof of improved productivity. For workers directly employed by government, the view that employment and wages are tied to politics, rather than to the efficiency of the “market”, is an even more logical deduction. Rather than lay workers off or deny a wage increase when confronted with financial losses, a public employer can—as recent historical experiences demonstrate—either increase taxes or engage in more financial borrowings. If you are a worker in a hospital or university, it is also logical to conclude that your workload is determined not by “economic” factors, but rather by the personal whim of your direct superiors. In such circumstances, the messages from Foucault about the oppressive nature of systems of micro-power are likely to appear more meaningful than either Adam Smith or Karl Marx.

In most advanced societies being in a job that has a direct and immediate tie to the market is becoming a minority experience. This is evident in our final graph in Fig. 8.13, which records the current—as of October 2017—distribution of the US workforce according to the Bureau of Labor Statistics’ current industry classifications. As is evident, the largest areas of employment—education and health, government, and professional and business services—are all industries where having a university degree is a likely prerequisite for many jobs.<sup>63</sup> For those in comparatively well-paid professional jobs, the old collectivist ethos that favoured class solidarity, labour market regulation, and higher minimum wages also has much less meaning than it does for those employed in manufacturing or the low-paid service sectors. Indeed, the well remunerated (such as myself) gain material advantage from the existence of a low-waged hospitality sector; a sector whose low wages increases the real spending power of those with comparatively high income. This is not to say that many professionals do not feel sympathy for the less well remunerated. But sympathy is different to a shared sense of collective interest. Postmodernism, in short—with its emphasis on micro-power, its abhorrence of economics, and its legitimisa-

<sup>63</sup> United States Bureau of Labor Statistics, *Current Employment Statistics – National, October 2017*.



**Fig. 8.13** Employment by industry sector, United States—October 2017 (employment in thousands)\* (Source: United States Bureau of Labor Statistics, “*Current Employment Statistics—National, October 2017*, <https://www.bls.gov/web/empstat/ceseebl1a.htm>; \*Note: Of non-agricultural workforce)

tion of resistance to authority—well suits its role as an ideology for university-trained professionals who feel dissatisfied with their historically privileged position. The problem with embracing this dissident movement is that it does nothing to enrich anyone. Our society has great potential. Those among us, such as myself, who benefit from university training, are intellectual heirs to intellectual traditions that have transformed the world for the better, enriching the lives of billions. In debt to such traditions, we should seek to strengthen them rather than undermine them.

## CONCLUSION

In one of his more recent tomes, Francis Fukuyama notes that “all societies, authoritarian and democratic, are subject to decay over time”.<sup>64</sup> This undoubtedly accurate observation begs the question: is the social and economic order that emerged in Western Europe during the Industrial

<sup>64</sup> Fukuyama, *Political Order and Political Decay*, 546.

Revolution—and built around market economics, liberal democracy, and respect for individual rights—in its death throes? Certainly, there are many who not only argue the case, but also suggest that we are well rid of it. Over the last few decades, a series of postmodernist theorists have made the case that there is nothing “progressive” about modern management<sup>65</sup>; that “ideologies” that favour modern capitalism represent “distortion, false consciousness, and the concealment of real interests”,<sup>66</sup> that “large and important sections of our economies seem to have decided that ethics, morality and laws do not apply to them”<sup>67</sup>; that the organisations that most of us work in are “boring and shitty”.<sup>68</sup> Others, such as Piketty, inform us that the heyday of capitalist material progress is well and truly in the past, and that we now live “in a quasi-stagnant society”.<sup>69</sup> Such conclusions downplay both the achievements and the unlimited potential of modern democratic societies. Compared with the experiences of past generations, the organisations and social structures of the modern world are far more open, and less subject to discriminatory or abusive employment practices. Materially, in terms of GDP per capita, we have never been richer. Over the past three generations, our world has seen off worse crises—global wars, the Great Depression, the threat from totalitarian regimes—than those we face today.

Despite the boundless potential of modernity, this author—like many others—is fearful of the future. What concerns most is not the reliance on debt to fuel economic growth and household consumption; a failed public policy that will, no doubt, deliver more disasters (stock market crashes, real estate price collapses, banking failures etc.) before it fully unravels. Nor I am overly concerned about weak investment, dismal global produc-

<sup>65</sup> Roy Jacques and Gabrielle Durepos, “A history of management histories: Does the story of our past and the way we tell it matter”, in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 104.

<sup>66</sup> Bert Spector, “Capitalist ideologies and the Cold War ‘struggle for men’s minds’”, in Patricia Genoe McLaren, Albert J. Mills, and Terrance Weatherbee (Eds.), *The Routledge Companion to Management and Organizational History*, (London and New York: Routledge, 2015), 297.

<sup>67</sup> Bernard Burnes and Bill Cooke, “Review article: The past, present and future of organization development – taking the long view”, *Human Relations*, Vol. 65, No. 11 (2012), 1417.

<sup>68</sup> Michael Rowlinson and Chris Carter, “Foucault and history in organization studies”, *Organization*, Vol. 9, No. 4 (2002), 540.

<sup>69</sup> Piketty, *Capital in the Twenty-First Century*, 48.

tivity performances, and the sad story of stagnant real wages. If history is any guide, such problems will be progressively overcome. Rather, what concerns most is the fact that so many are disengaged not only from debates about wealth creation, but also from any meaningful participation in those sectors of the economy that produce material wealth; sectors that the rest of us rely on, be it in the form of the goods we purchase or the taxes that fund hospitals, schools, and government jobs. Sadly, in advanced economies, an increasing proportion of both the male and the female population has no involvement in the paid workforce at all. Among those that do, an ever-increasing number are in sectors where we can delude ourselves that concepts such as national productivity and market forces have no meaning for us. In every past era of human history, such delusions would have been impossible to hold. Their spread within the modern world threatens to act like a wasting disease, paralysing the intellectual and economic vibrancy that has long been the hallmark of modernity.



## CHAPTER 9

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# Reflections

## INTRODUCTION

Surrounded as we are by novel gadgets and devices, it is easy to assume that the success of modernity—which we have associated with societies based on market economies, respect for private property and individual rights, and legally free labour forces—is primarily attributable to technology. It is, however, to critical inquiry in both the natural and social sciences that modernity owes its greatest debt. Without such inquiries, any substantive innovations, whether in the scientific or social domains, would scarcely have been possible. Central to the Western traditions of intellectual thought that emerged from the European Enlightenment is a tension between empiricist and idealist schools of thought. Whereas the former gives precedence to direct sensory perception, experience, and experimentation, philosophic idealism is inherently distrustful of such evidence, preferring to instead give primacy to individual consciousness; a primacy that sees each individual regarded first and foremost as what René Descartes referred to as “a thinking thing”.<sup>1</sup> In this intellectual tussle between empiricism (or, to give it its philosophical title, “positivism”) and philosophic idealism, there is a human tendency—particularly manifest in “applied” disciplines such as economics and management—to follow the

<sup>1</sup> René Descartes (trans. Elizabeth Haldane), *Mediations on First Philosophy*, (Internet Encyclopaedia, 1991), <http://selfpace.uconn.edu/class/percep/DescartesMeditations.pdf>, Section 1, 8.

advice that David Hume offered in 1738 in his *A Treatise on Human Nature*, where he recommended the avoidance of “pretensions” and reliance on “common sense”.<sup>2</sup> In unadulterated empiricism, “facts” are based on sensory perceptions of an objective reality that is, as Thomas Hobbes declared, not only real but also “irrevocable”, with knowledge and science being built upon the “dependence of one fact upon another”.<sup>3</sup>

Superficially attractive, the empiricist/positivist approach nevertheless remains vulnerable to idealist critiques. First, as we have noted several times previously, the senses often deceive, telling us that the moon is of variable rather than a constant shape, and that the sun moves in the sky while we stand still. Experiences are always highly variable, and unlikely to be subject to universal replication. More fundamentally, as Popper observes in his *The Logic of Scientific Discovery*, the world conveyed by “experience” is only a “possible world”<sup>4</sup>; a world which exists for us through our consciousness, through mental representations and memories that are inherently unstable and—as Paul Ricoeur noted—subject to manipulation.<sup>5</sup> Human behaviour is also, as David Hume noted in the second volume of his *Treatise on Human Nature*, subject to “passion”, emotion, feelings of envy, and a willingness to place self-interest before any rational common good.<sup>6</sup> If, however, the empiricist/positivist viewpoint has been subject to constant idealist critiques, an embrace of pure philosophic idealism—and belief that “[a]ll things that exist, exist only in the mind”<sup>7</sup>—is even more debilitating, denying us the capacity to either comprehend the material world or change it.

As an idealist school of thought, postmodernism’s claim to fame cannot rest on its epistemological credentials and the novelty of its criticisms of the empiricist/positivist tradition. Others, most notably George Berkeley, long ago provided far more profound critiques; critiques that still challenge our assumptions about evidence, proof, and the nature of being. On

<sup>2</sup>David Hume, *A Treatise on Human Nature*, (Oxford, UK: Clarendon Press, 1896), Vol. 3, 288–89.

<sup>3</sup>Thomas Hobbes (Ed. A.P. Martinich), *Leviathan*, (Broadway Press: Peterborough, Canada, 2002), 38.

<sup>4</sup>Karl Popper, *The Logic of Scientific Discovery*, (London and New York: Routledge Classics, 2002), 17.

<sup>5</sup>Paul Ricoeur (trans. Kathleen Blamey and David Pellaeur), *Memory, History and Forgetting*, (Chicago, IL: University of Chicago Press, 2004), 448.

<sup>6</sup>Hume, *A Treatise on Human Nature*, Vol. 2, 241.

<sup>7</sup>George Berkeley, “The principles of human knowledge”, in George Berkeley (ed. Howard Robinson), *Principles of Human Knowledge and Three Dialogues*, (Oxford, UK: Oxford University Press, 1996), 38.

this front, we can never reject with total certainty Berkeley's claim that our belief in material (rather than spiritual) existence is due solely to the fact that "ideas of sense are more strong, lively, and distinct than those of the imagination".<sup>8</sup> Even the work of Jacques Derrida, responsible for the most logical and far-reaching postmodernist critiques of modernity—attacking as they did the whole "Greco-European adventure" of language and philosophy—hardly bears comparison with Immanuel Kant's criticisms of both idealist and empiricist/positivist thought.<sup>9</sup> As Popper observed, Kant was not only "the first to realize that the objectivity of scientific statements is closely connected with the construction of theories", but also a pioneer in emphasising the need for researchers to justify the validity of their evidence.<sup>10</sup> Overshadowed by earlier philosophers when it comes to epistemology, postmodernism's historic novelty is found in its role as modernity's pre-eminent social critic. That postmodernism currently fulfils such a role is self-evident. That it is singularly unsuited for such a role—given its philosophic scepticism as to the nature of evidence and its noted hostility to economic frameworks—is also easily ascertained. Historically, idealist philosophies—concerned as they are with the nature of being—were typically either religiously inspired or saw a divine influence in humanity's progress; a viewpoint emphasised in Georg Hegel's observation that as "God governs the world", the prime goal of human intellectual effort must be one of striving "to comprehend" the divine "plan".<sup>11</sup> Only with Friedrich Nietzsche, who declared in *The Anti-Christ* that not only is there "no God, either in history or in nature" but also that worship of God is "a crime against life", do we witness a strand of philosophic idealism that has irrevocably cut its ties with religious faith; a strand of thought that provided direct inspiration for postmodernism.<sup>12</sup>

If postmodernism is a secularist form of idealism, it nevertheless resembles its religiously inspired kin in having none of the methodological and conceptual tools—command of statistics, interest in sociological and

<sup>8</sup> Berkeley, "The principles of human knowledge", 36.

<sup>9</sup> Jacques Derrida (trans. Alan Bass), *Writing and Difference*, (London and New York: Routledge Classics, 2001), 100; Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 116–17, 130–31, 348, 424–25.

<sup>10</sup> Popper, *Logic of Scientific Discovery*, 23.

<sup>11</sup> Georg Hegel (trans. J. Sibree), *Philosophy of History*, (New York, NY: Dover Publications, 1956), 36.

<sup>12</sup> Friedrich Nietzsche, "The Anti-Christ", in Friedrich Nietzsche (trans. R.J. Hollingdale), *Twilight of the Idols/The Anti-Christ*, (London, UK: Penguin Classics, 1990), 174–75.

demographic trends, and concern for issues such as productivity, economic growth, and economic efficiency—that have long characterised more materialistic strands of inquiry: classical and neoclassical economics, Marxism, Keynesianism, scientific management, industrial psychology, and the like. Given such limitations, postmodernist critiques are necessarily confined, as we have noted in the course of this book, to literary analysis of texts and/or discourses and to critiques of authority and power in all their manifestations. Despite such limitations, there can be no gainsaying the success of the postmodernist campaign to delegitimise the whole process of modernity, depicting it variously as a system of far-reaching “economic oppression”<sup>13</sup>; of “powerful ethnocentrism”<sup>14</sup>; of “infinitesimal surveillances”<sup>15</sup>; a system witnessing a “computerization of society” that is leaving individuals increasingly powerless.<sup>16</sup>

At the end of this book, as at the beginning, we are therefore left with two fundamental questions: how do we best obtain understanding and knowledge (i.e. a problem of epistemology), and how do we best use that knowledge for societal and organisational advancement (i.e. a problem of purpose); questions that postmodernism has brought to the fore, but which have nevertheless presented themselves since the dawn of time.

On both counts, we suggest, postmodernism in its various guises should be rejected as a guide. In terms of epistemology, the various strands of postmodernist thought suffer—in addition to the failings noted above that are endemic to all forms of philosophic idealism—from a common defect. Rather than seeing a literature in a given field as a “debate” in which the theoretical or practical problem is central, postmodernists invariably see all texts and discourse as a social construct, as a form of language that empowers one societal view at the expense of another. Accordingly, discussions of knowledge are inevitably couched in terms of power; a formulation that accords with Michel Foucault’s precept “that knowledge and power are

<sup>13</sup> Jacques Derrida (trans. Peggy Kamuf), *Specters of Marx: The State of the Debt, the Work of Mourning and the New International*, (London and New York: Routledge Classics, 2006), 106.

<sup>14</sup> Jacques Derrida (trans. Gayatri Spivak), *Of Grammatology*, (Baltimore, MD: John Hopkins University Press, 1976), 3.

<sup>15</sup> Michel Foucault (trans. Robert Hurley), *The History of Sexuality – An Introduction*, (New York, NY: Pantheon Books, 1977), 145.

<sup>16</sup> Jean-Francois Lyotard (trans. Geoff Bennington and Brian Massumi), *The Postmodern Condition: A Report on Knowledge*, (Manchester, UK: Manchester University Press, 1986), 7.

joined together”, but which does little to resolve the matters central to the actual intellectual debate.<sup>17</sup> On this front, we suggest, a better path is an embrace of *both* Popper’s methodological framework—which he referred to as a “technological social science”, hinged as it was on a combination of theory testing, empirical evidence, and logical deduction<sup>18</sup>—and the “inductive” logic that Kant championed. Whereas Popper’s approach is—as Popper himself enunciated—well-suited to “piecemeal tinkering” with organisational and societal structures, inductive logic is suited for more complex issues relating to public policy and economic strategy. There is also need for a *genuine* Historic Turn in the social sciences (most particularly in the business-related disciplines) in lieu of the *faux* Historic Turn that Clark and Rowlinson called for in 2004; a suggested “turn” that was in truth—as we noted in Chap. 7—postmodernist and cultural rather than historical in focus.<sup>19</sup> Need for a genuine Historic Turn is evident on many fronts. As we have noted throughout this book, the intellectual heritage of both modernity and postmodernism goes back not decades, or even centuries, but across the millennia to Plato and the ancient Greeks. The social and economic institutions that underpin modernity also result not only from a complex process of historical development, but also from the interweaving of different national and cultural experiences. As Fernand Braudel accurately observed in 1958 in an article published in the French journal *Annales*, “Each ‘current reality’ is the conjoining of movements with different origins and rhythms. The time of today is composed simultaneously of the time of yesterday, of the day before yesterday, and of bygone days.”<sup>20</sup>

If we turn from matters of epistemology to matters of social and economic purpose, we can but conclude that postmodernism is a poor guide on this front as well. The very factors that have made it such a powerful critic of modernity—its willingness to depict unequal and inequitable exercise of power in every aspect of human existence (language, discourse, knowledge, gender relations, work)—cripple its utility as a theoretical

<sup>17</sup> Foucault, *The History of Sexuality*, 100.

<sup>18</sup> Karl Popper, “The poverty of historicism, I”, *Economica*, Vol. 11, No. 42 (May 1944), 100.

<sup>19</sup> Peter Clark and Michael Rowlinson, “The treatment of history in organisation studies: Towards an ‘historic turn?’” *Business History*, Vol. 46, No. 3, (Jul. 2004), 331–52.

<sup>20</sup> Fernand Braudel (trans. Immanuel Wallerstein), “History and the social sciences: The *Longue Duree*”, *Review*, Vol. 32, No. 2 (2009), 182. This article was originally published in: *Annales*, Vol. 13, No. 4 (Dec. 1958), 725–53.

model for social reform. While it is true that Foucault held up the promise of “Heterotopias”, rather than the single “utopia” offered up by earlier prophets, he provided no guidelines as to either how these promised lands would be reached or what they would look like, other than being characterised by “myths”, “sexuality”, “desire”.<sup>21</sup>

In looking at better paths forward for modernity, it is useful to begin by reminding ourselves of the extraordinary success that has been achieved since the dawn of the Industrial Revolution. Yes, many cultures and families (including my own) have suffered terribly along the way, witnessing the destruction of their language and historic culture. Nevertheless, humanity’s current state is almost everywhere—as we noted in Chap. 8—infinitely superior to that found at any previous point in human history. Per capita economic wealth has never been higher. Whereas even a few generations ago, relatively few women could anticipate either a career or a postelementary school education, in most Western societies, today a female is more likely to complete university than a male. In the developing world, literacy and attendance at school—rather than endless toil—are now the norm for preadolescents. Even in Sub-Saharan Africa, historically a laggard, 80 per cent of children were attending school in 2015.<sup>22</sup> To the extent that there are social and economic problems as we have suggested consistently throughout this study, they primarily relate to problems of participation and representation; problems brought about by a combination of falling labour force participation and declining avenues for employee workplace representation given the near extinction of trade unions in most Western societies. On these fronts (i.e. participation and representation) we suggest that it is now timely for us to return to a concept that Hobbes enunciated at the dawn of the Enlightenment, and which can be traced back through Hobbes to Thucydides’ and Pericles’ Athens: the concept of a “covenant” between rulers and ruled, between the duties of a citizen and the obligations of a society to its citizens.<sup>23</sup> Whereas the generalised acceptance since 1945 of a social-democratic welfare state has been mainly associated with various mechanisms for household income support (unemployment benefits, sick-

<sup>21</sup> Michel Foucault, *The Order of Things: An Archaeology of the Human Sciences*, (New York: Vintage Books, 1994), xviii; Michel Foucault (trans. A.M. Sheridan Smith), *The Archaeology of Knowledge*, (New York, NY: Pantheon Books, 1972), 14.

<sup>22</sup> Antonio Guterres, *Report of the Secretary-General on the Work of the Organization, 2017*, (New York, NY: United Nations, 2017), 23.

<sup>23</sup> Hobbes, *Leviathan*, 1, 66; Thucydides (trans. Rex Warner), *History of the Peloponnesian War*, (Harmondsworth, UK: Penguin Books, 1954), 66, 145.

ness and disability benefits, old-age pensions), there is clearly greater need for programmes that bolster greater workforce participation. In terms of employee representation the void left by trade union demise calls for a reinvigoration of company-based systems of employee representation. In this context, John D. Rockefeller, Jr.'s enunciation of an "Industrial Constitution" is worthy of reconsideration and revival; a Constitution that declared—as we noted in Chap. 4—that, "the soundest industrial policy is that which has constantly in mind the welfare of the employees as well as the making of profits".<sup>24</sup>

## KNOWLEDGE

As an idealist philosophy, postmodernism's primary epistemological concern is not with the "object" (i.e. the external, material world), but rather with the "subject" (i.e. individual perception, feeling, and being). As a secularist philosophy, its understanding of the relationship between the object and the subject is—unlike earlier idealist philosophers, who saw a divine hand in both existence and human behaviour (George Berkeley, Gottfried Leibniz, Georg Hegel)—influenced by the ways in which the outside world is perceived as affecting spirit and thought. Invariably, the idealist precursors of postmodernism—most particularly Giambattista Vico, Friedrich Nietzsche, and Martin Heidegger—perceived the spiritual and intellectual effects of the advancing modernity in overwhelmingly negative terms. In Vico's view, "the nature of our civilized minds is so detached from the senses" that we have lost the capacity to be inspired by the "Sympathetic Nature" with which our preindustrial ancestors engaged.<sup>25</sup> Heidegger also saw little of benefit in the advance of Western philosophy and material progress, associating it instead with suppression, a "covering-up" of the essential nature of *Dasein* or "Being".<sup>26</sup> It was, however, Nietzsche who most fully captured the idealist distrust of advancing modernity, declaring that "[p]rogress" is "a false idea"<sup>27</sup>; that "there is

<sup>24</sup> John D. Rockefeller, Jr., "Labor and capital – partners", *The Atlantic Monthly*, (July 1916), 19.

<sup>25</sup> Giambattista Vico (trans. Thomas Goddard Bergin and Max Harold Fisch), *The New Science*, third edition of 1744 (Ithaca, NY: Cornell University Press, 1968), 118.

<sup>26</sup> Martin Heidegger (trans. John Macquarie and Edward Robinson), *Being and Time*, (London, UK: Blackwell Publishing, 1962), 2, 29, 36–37.

<sup>27</sup> Nietzsche, "The Anti-Christ", 127.

nothing more thoroughly harmful to freedom than liberal institutions”<sup>28</sup>; that the creative “animal” within us can only reach its potential if it can “go back to the wilderness”<sup>29</sup>; that the citizens of modern society are “the faded shoots of more powerful and more happily courageous generations”.<sup>30</sup> From such sources, postmodernism in its various hues has inherited a total opposition to modernity, viewing it not through critical eyes, but instead through a completely hostile lens. When combined with postmodernism’s aversion to economics and statistical analysis, such unremitting hostility buttresses the creed’s oppositional stance at the cost of leaving it a mute spectator when it comes to public policy debates about economic direction and strategy. The fact that postmodernism’s advance has often occurred, as we noted in Chap. 7, through “soft” means—whereby adherents espouse postmodernist concepts without direct reference to the texts from which they are derived—also hinders its theoretical coherence due to the intermingling of contradictory precepts from Derrida, Foucault, Ricoeur, and the like.

In dismissing postmodernism as a credible methodological and conceptual tool, it is suggested that more serviceable epistemologies require thoughtful reconsideration of the fundamental premises upon which Western thought has been built: logical deduction, logical induction, and the methodological issue that must always be central to any research, time.

If Popper is, as we noted in the introduction to this chapter, best remembered for his opposition to “historicism” (i.e. explaining historical development through reference to universal laws), he nevertheless also made it clear that he was opposed to both “dogmatic positivism” and “inductive logic”. In dismissing the view of the British empiricist school (most notably David Hume) that “common sense” is our best epistemological judge, Popper concluded instead that “the most important and most exciting problems of epistemology must remain completely invisible to those who confine themselves to analysing ordinary and common-sense

<sup>28</sup> Friedrich Nietzsche, “Twilight of the idols”, in Friedrich Nietzsche (trans. R.J. Hollingdale), *Twilight of the Idols/The Anti-Christ*, (London, UK: Penguin Classics, 1990), 103.

<sup>29</sup> Friedrich Nietzsche, “On the genealogy of morals”, in Friedrich Nietzsche (trans. R.J. Hollingdale), *On the Genealogy of Morals/Ecce Homo*, (New York, NY: Vintage Books, 1989), 41.

<sup>30</sup> Friedrich Nietzsche, *On the Use and Abuse of History for Life*, 30, <http://la.utexas.edu/users/hcleaver/330T/350kPEENietzscheAbuseTableAll.pdf>.

knowledge”.<sup>31</sup> With regard to inductive reasoning, Popper likewise declared the problems associated with its use to be “insurmountable”, given that its postulates could only provide “probabilities”; that inductive suppositions could not be subject to indisputable falsification; that inductive logic can lead to different conclusions to those conferred by deductive reasoning.<sup>32</sup> In putting forward his own “distinctive method”, Popper also argued that “inductive” logic was simply “not needed; that it does not help us”.<sup>33</sup> In justifying this radical conclusion, Popper provided two interrelated rationales. Firstly, he argued, his recommended approach—based upon a constant process of theory testing and logical deduction based upon verifiable evidence—made inductive methods redundant.<sup>34</sup> Secondly, and more fundamentally, Popper believed that both research endeavours and social practice should themselves be constrained to “piece-meal tinkering”, “piecemeal experiments”, and “piecemeal social engineering”<sup>35</sup>; an intellectual conservatism that reflected Popper’s observations as to the totalitarian effects of European communism and fascism during the 1930s and 1940s.

While Popper’s exposition of the methodological processes involved in logical deduction and theory testing is exemplary, we are nonetheless in error if we endorse his rejection of inductive reasoning. As Henri Poincare observed in his *La Science et L’hypothèse* (Science and Hypothesis) in 1902—and as Popper conceded in his *The Logic of Scientific Discovery*—“The method of the physical sciences is based upon the induction [method] which leads us to expect the recurrence of a phenomena when the circumstances that give rise to it are repeated.”<sup>36</sup> The key benefit of inductive logic, Poincare continued, is found not in any certainties that stem from its use—given that variance in outcome during research replications are typically the norm rather than the exception—but rather in the generation of hypotheses that can then be subject to scrutiny and

<sup>31</sup> Popper, *Logic of Scientific Discovery*, xxii.

<sup>32</sup> *Ibid.*, 6, 23.

<sup>33</sup> *Ibid.*, 31.

<sup>34</sup> *Ibid.*

<sup>35</sup> Karl Popper, “The poverty of historicism, II”, *Economica*, Vol. 11, No. 43 (Aug. 1944), 120, 130, 123.

<sup>36</sup> Henri Poincare (trans. William John Greenstreet), *Science and Hypothesis*, (New York, NY: Walter Scott Publishing, 1905), xxi. Poincare’s *Science and Hypothesis* was first published in French in 1902.

experimentation.<sup>37</sup> By contrast, as Popper explained, “the deductive method of testing cannot establish or justify the statements which are being tested”.<sup>38</sup> Instead, testing occurs through the scrutiny of subsidiary statements. What is left in abeyance in this process of logical deduction is how we generated our original thesis. It is hard to see how this can primarily occur (if we exclude a secondary source of information such as a textbook) other than through observation and inductive logic. In others words, our inductive line of thinking goes not from thesis to scrutiny and logical deduction, but rather from observation to thesis. It is this process of inductive theory generation that is the main driver of new research and innovation. Empirical testing is secondary. As Kant expressed it in his *Critique of Pure Reason*, “all knowledge requires a concept, however obscure and imperfect that concept may be; and a concept is always ... something that is general and that can serve as a rule”.<sup>39</sup>

As we noted in the introduction to this chapter, the bigger the research problem we are confronting—for example, how to we determine the “real value” of a commodity or good—the less amenable it is to logical deduction and empirical testing, thereby escaping Popper’s stated goal of making the research “mesh ever finer and finer” to avoid such messy problems.<sup>40</sup> As Max Weber expressed it in 1904 in an article entitled *Objectivity of Social Science and Social Policy*, “one thing is certain under all circumstances, namely, the more ‘general’ the problem involved ... the less subject it is to a single unambiguous answer on the basis of the data of empirical sciences”.<sup>41</sup> This is particularly the case, Weber argued, with matters relating to culture, leadership, personal charisma, and the factors behind national and regional variation. In dealing with such problems the best we can hope for, Weber concluded, is evidence that a hypothesis or outcome is “objectively possible” rather than being empirically verifiable.<sup>42</sup> Such conclusions, however, did not cause Weber to conclude—as postmodernists are wont to do—that everything is subjective, that we can derive no fixed

<sup>37</sup> *Ibid.*, xxi, 167.

<sup>38</sup> Popper, *Logic of Scientific Discovery*, 25–26.

<sup>39</sup> Immanuel Kant (trans. Marcus Weigelt), *Critique of Pure Reason*, (London, UK: Penguin Classics, 2007), 137.

<sup>40</sup> Popper, *Logic of Scientific Discovery*, 37–38.

<sup>41</sup> Max Weber, “Objectivity of social science and social policy”, in Max Weber (trans. Edward A. Shils and Henry A. Finch), *The Methodology of the Social Sciences*, (Glencoe, IL: The Free Press, 1949), 56.

<sup>42</sup> *Ibid.*, 92.

patterns or theoretical frameworks from social observation. In countering the proposal that “the attempt to formulate laws” has “no scientific justification in the cultural sciences”, Weber declared: “[T]he construction of a system of abstract and therefore purely formal propositions analogous to those of the exact natural sciences, is the only means of analysing and intellectually mastering the complexity of social life.”<sup>43</sup> As anyone with a passing knowledge of Weber’s work would be aware, Weber’s solution to the methodological problem of applying inductive rather than deductive logic to research problems was to develop “ideal” types; typologies that captured none of the unique qualities of the particular individual or institution, but which nevertheless revealed commonalities in how they related to the wider society. In dealing with the historical uniqueness of “charismatic” individuals, for example, Weber found social meaning for this phenomenon in the fact that charismatic domination is “the opposite, of bureaucracy … charisma is by nature not a continuous institution, but in its pure type the very opposite … In its pure form charisma is never a source of private income; it is neither utilized for the exchange of services nor is it exercised for pay.”<sup>44</sup> In other words, people follow charismatic leaders not for material gain—or even for rationally discernible purposes—but rather for psychological and/or spiritual reasons.

If the uniqueness of individuals, groups, or institutions does not exclude them from theoretical explanation, we also need to avoid the postmodernist call to treat each event in time as exceptional, a “sudden irruption” characterised by temporal and social “discontinuities”.<sup>45</sup> For in contradiction to “modernist” schools of thought and philosophies of various hues—liberalism, Marxism, classical economics—the core assumption of Foucauldian postmodernism is that we live totally in the present, bound and constrained only by “discourses” about the past. As the Dutch postmodernist Frank Ankersmit explains it, “the essence of postmodernism is precisely that we should avoid pointing out essentialist patterns in the past”.<sup>46</sup> Elsewhere we are informed, “Written history is always more than mere innocent story-telling, it is the primary vehicles for the distribution

<sup>43</sup> *Ibid.*, 79, 87.

<sup>44</sup> Max Weber (Ed. Guenther Roth and Claus Wittich), *Economy and Society*, Vol. 2 (Berkeley, CA: University of California Press, 1978), 1113.

<sup>45</sup> Foucault, *The Archaeology of Knowledge*, 25, 13–14.

<sup>46</sup> F.R. Ankersmit, “Historiography and postmodernism”, *History and Theory*, Vol. 28, No. 2 (May 1989), 151.

and use of power.”<sup>47</sup> It is this essentialist opposition that makes the so-called postmodernist call for a “Historic Turn” in management and organisational studies so disingenuous. More than anything else, it is also this essentialist opposition that exposes postmodernism’s intellectual shallowness given that all thought—all perception—must be framed in terms of time and space. And, of the two, time alone is—in terms of human experience—immutable. For although we can shape and alter space, time is remorseless, constantly transforming us and holding us in an iron grip from which there is no escape. Our handling of time is, in short, *the* most important methodological issue that we confront. In addition to the problems of periodisation (i.e. the reasons for choosing one period of time for study rather than another), the other key methodological decision that time demands of us is whether we choose to focus on “change” or “continuum”. Typically, it is the former that captures our attention, with the British empiricist G.R. Elton declaring history to be the study of “the transformation of things … from one state into another”.<sup>48</sup> Accordingly, the social scientist generally cuts time into slices that reflect some particular change theme. If we are looking at organisational history, the theme will most commonly be associated with the leadership of a particular individual or how the organisation responded to some new circumstance. If we are looking at societal change this thematic-based periodization will reflect some more general theme: the Renaissance (intellectual and artistic transformations), the Reformation (religious and social change), the Age of Discovery (1492–1850), the Age of Revolutions (1789–1848), the Industrial Revolution (1750–1860). In each case, thematic-based periodization necessarily involves the selection of one set of facts to the exclusion of others. It also tends to lead away from an issue that is at least as important as change: continuum. For although it is easier to tell a captivating narrative about change than continuity, it is nevertheless the case, as the *Annales* historian, Marc Bloch observed, that any society willing to embrace constant change and transformation “would have to have a structure so malleable as to be virtually invertebrate”.<sup>49</sup>

<sup>47</sup> Alun Munslow, *Deconstructing History*, second edition (Abingdon, UK: Routledge, 1997), 15.

<sup>48</sup> G.R. Elton, *The Practice of History*, (Sydney, AUS: Collins Fontana, 1969), 22.

<sup>49</sup> Marc Bloch (trans. Peter Putman), *The Historian’s Craft*, (Manchester, UK: Manchester University Press, 1954), 40.

Periodisation is decisive in determining not only the causal relationships that any given research study will ascertain, but also whether it can come to any generalisable conclusions at all. In choosing to focus on the “event” (political and organisational crises, wars, the rise and fall of governments), it will almost certainly appear the case that individual and group action is decisive. Paradoxically, despite the empiricist (positivist) and the postmodernist having very different views as to the nature of evidence—the former believing that evidence has a “reality, independent of the inquiry”<sup>50</sup> and the latter believing it to be the construct of some particular social group—their focus on the event causes both to deny the possibility of generalisable laws. As Elton, the British positivist, observed in his highly influential *The Practice of History*, “to suppose that causal relationships are the main content of history is an error ... Few practicing historians would probably nowadays fall victim to the search for laws.”<sup>51</sup> It was the empiricist’s hostility to generalisable conclusions that caused Braudel and the French *Annales* School to view with disdain any research that confined itself to such narrow time spans, with Braudel dismissing historical “events” as mere “surface disturbances, crests of foam that the tides of history carry on their back”.<sup>52</sup> In economics as well, the choice of time frame profoundly influences our conclusions as to the prime motive forces shaping price, value, and wealth. For, on any given day, the forces of “demand” generated by consumers confronts a finite amount of “supply”, meaning that prices appear to result from a market-driven, supply–demand ratio. If we take a longer perspective, however, we can observe how prices are determined by an economy’s productive capacity and efficiency. As the neoclassical economist Alfred Marshall expressed it, “[T]he shorter the period we are considering”, the more important is “the influence of demand on value; and the longer the period, the more important will be the influence of the cost of production on value”.<sup>53</sup>

Although there are many ways in which we can consider time—both in terms of theme and in terms of period—if we are primarily concerned, as this study is, with work and wealth creation, then perhaps the most useful approach is one where we organise our thinking around the world of

<sup>50</sup> Elton, *Practice of History*, 73.

<sup>51</sup> Elton, *The Practice of History*, 23, 42.

<sup>52</sup> Fernand Braudel, “Preface to the first edition”, in Fernand Braudel (trans. Sian Reynolds), *The Mediterranean and the Mediterranean World in the Age of Phillip II*, Vol. 1 (New York, NY: Harper Torchbooks, 1975), 21.

<sup>53</sup> Alfred Marshall, *Principles of Economics*, (London, UK: Macmillan Publishers, 1920), 291.

consumption on the one hand and—more importantly—the realm of production and investment on the other.<sup>54</sup> Whereas the former corresponds to the time frames that historians (and postmodernists) associate with the “event”, the latter resembles what Braudel called the *conjuncture*; a time frame typically lasting 12–25 years and associated with “the expansion and contraction of material conditions”.<sup>55</sup> Beyond the conjuncture, Braudel and the *Annales* School postulated, was an even longer time frame, what Braudel famously referred to as the *longue durée* (long movement), an “inexhaustible history of structures” that extended over “vast tracts of time without changing”; a continuity that gave cultures and civilisations their enduring characteristics.<sup>56</sup>

The reasons for focusing on the period of production, investment, and *conjuncture* are primarily practical. On any given day (or week), there is not much we can do to shape the supply–demand balance that results from the productive forces at our disposal. Nor is there much we can do to alter the deep social structures and values of our culture. Across a generation (20–25 years), however, our analysis and actions can have an effect. “For” it is the case, as Marshall observed in his *Principles of Economics*, that “the whole structure of production is modified ... from one generation to another”.<sup>57</sup> Across a generation, machinery is worn out. Technology is made redundant. One generation leaves the world of work for retirement and the grave. Another enters in their place, having first undergone schooling and training. In the process, as Marshall observed, both “the nature of [market] equilibrium” and “the causes by which it is determined” are profoundly altered.<sup>58</sup> In this generational, or “conjunctural”, transformation of market equilibrium, only the naïve would attribute new patterns of investment and production solely to “market forces”. Instead, a whole range of factors are at play: public policy, infrastructure investment and capacity, taxation rates, education, and training. By locating our debates within these “conjunctures”—and the efficacy of earlier public policy initiatives and investment strategies—we can hope for meaningful redress of

<sup>54</sup> Marshall’s views on time are enunciated in: *Ibid.*, 274–75.

<sup>55</sup> Braudel, “History and the social sciences”, 178; Fernand Braudel (trans. Sarah Mathews), *On History*, (Chicago, IL: Chicago University Press, 1980), 74.

<sup>56</sup> Braudel, *On History*, 74.

<sup>57</sup> Marshall, *Principles of Economics*, 291.

<sup>58</sup> *Ibid.*, 274.

modernity's evident shortcomings, rather than simply engage in the empty "rhetorical discourse" that postmodernists and their kin advocate.<sup>59</sup>

## COVENANTS

Matters of participation and representation have been seminal to the advance of modernity. As the growth of commerce and industry from the sixteenth century created new classes of entrepreneurs, financers, and trades who obtained their wealth and property away from the land and agriculture, so there also grew demands for political representation and freedom from the arbitrary rule of kings and aristocrats. Initially, as we have noted several times before, these demands found expression in Hobbes' thesis that a "commonwealth or state" was an "artificial man" whose authority rested solely on a "covenant" or "contract" between rulers and ruled; a theme subsequently taken up by John Locke, David Hume, and, most famously, Jean-Jacques Rousseau.<sup>60</sup> Although for Hobbes, the form of government was immaterial as long as it fulfilled its "covenant" with its people, in Locke's *Two Treatises on Government*, first published in 1680, a revolutionary new formulation was advocated: that social covenants and contracts required not only the "consent of the people", but also the voice of their representatives in their drafting and amendment.<sup>61</sup> As Locke expressed it:

*For the people having reserved to themselves the choice of their representatives as the fence to their properties, could do it for no other end but that they might always be freely chosen, and so chosen, freely act and advise as the necessity of the commonwealth and the public good should, upon examination and mature debate, be judged to require.*<sup>62</sup>

<sup>59</sup> Paul C. Godfrey, John Hassard, Ellen S. O'Connor, Michael Rowlinson and Martin Ruf, "What is organizational history? Toward a creative synthesis of history and organization studies – introduction to special topic", *Academy of Management Review*, Vol. 41, No. 4 (2016), 599.

<sup>60</sup> Hobbes, *Leviathan*, 1, 85, 66; Jean-Jacques Rousseau, "The social contract", in Jean-Jacques Rousseau (trans. C.D.H. Cole), *The Social Contract and Discourses*, (London, UK, J.M. Dent and Sons, 1950), 1–141.

<sup>61</sup> John Locke, *Two Treatise on Government*, (Toronto, CAN: McMaster Archive of the History of Economic Thought, no date), 5–6.

<sup>62</sup> *Ibid.*, 202.

Originally published anonymously to protect Locke from royal persecution, the concept of political representation subsequently advanced through an ocean of blood; blood spilt in the American War of Independence and the European revolutions of 1789–92, 1830, and 1848. In the realm of work the issues of participation and representation were arguably even more fraught. As Karl Marx put it, entire “peoples” had to be dragged towards “progress … through blood and dirt, through misery and degradation”.<sup>63</sup> In the early stages of the Industrial Revolution, British factory owners—unable to find willing adult workers for their machines—scoured the orphanages and Poor Houses for children left unprotected by the loss of their parents.<sup>64</sup> As the effects of the Industrial Revolution spread around the globe, whole populations—including my maternal ancestors—were forced to abandon their traditional rural lifestyles and make their peace with the advancing modernity as best they could. In the new factories the gulf between master and servant—hitherto slight—grew exponentially, raising new problems relating to supervision, motivation, and involvement; problems that brought forth three solutions. First, governments redefined the covenants that they had with their citizens, extending legal protections to embrace conditions of workplace employment. First evidenced in the British *Factory Act 1833*—which both restricted the employment of children and created the world’s first professional factory inspectorate—the state’s protective framework was gradually extended to embrace adult employment, a minimum wage, hours of work, and bargaining rights. Globally, this protective framework finds embodiment in the International Labour Organisation’s (ILO) employment standards, most particularly the *Hours of Work (Industry) Convention, 1919*; the *Hours of Work (Commerce and Offices), 1930*; the *Collectively Agreed Minimum Wages and Convention No. 131*; the *Forty-Hour Week Convention, 1935*; the *Freedom of Association and Protection of the Right to Organise Convention, 1948*; and the *Occupational Safety and Health Convention, 1981*. The second solution to the problems associated with representation and involvement stemmed from employees in the form of trade union formation and collection bargaining. As we noted in Chap. 4, the heyday for union representation occurred in the 1940s and 1950s.

<sup>63</sup> Karl Marx, “The British rule in India”, in Karl Marx and Frederick Engels, *Selected Works*, Vol. 1 (Moscow, USSR: Foreign Languages Publishing House, 1951), 323.

<sup>64</sup> Sidney Pollard, *The Genesis of Modern Management: A Study of the Industrial Revolution in Great Britain*, (London, UK: Edward Arnold, 1965), 160–66.

Today, in most advanced societies, unions no longer have any meaningful presence among private-sector workforces.

A third solution to the problem of employee participation and collective involvement stemmed from management; a solution associated with what came to be known as “welfare capitalism”. At one level, the emergence of management-driven benefit and employee representation schemes was driven by genuine social conscience. At another, it revolved around a hard-headed belief that improved worker welfare and participation would reduce conflict, cut employee turnover, and improve efficiency. Reflecting on Robert Owen’s famed initiative at New Lanark’s lace mills at the dawn of the nineteenth century—an initiative that saw employees and their families provided with company housing and schooling—Pollard concluded that Owen’s “competitive advantage … arose out of his ability to win the co-operation of his workers while paying no more than competitive wages”.<sup>65</sup> In his own analysis—written in 1813, but subsequently published as *A New View of Society* in 1827—Owen declared that by expending as much time on his “living machines” (i.e. his employees) as those made of “wood, brass, or iron”, he had produced “the greatest pecuniary gain to the proprietors”.<sup>66</sup> While Owen’s claims of a 100 per cent increase in profits are more than a little suspect given the failure of his subsequent ventures, it is nevertheless evident that Owen, like many reforming employers of the nineteenth century, was guided as much by understanding of his own social responsibilities as by profit. In Owen’s view, to allow oppressive and degrading relationships at work could only lead to an accumulation of “evils” that perpetuated social “plagues”.<sup>67</sup>

If Owen helped pioneer managerial interest in employee welfare, it is nevertheless evident that welfare capitalism found its fullest expression during the American Progressive Era (1890–1920s). In summing up this phenomenon, Bruce Kaufman notes that the employers who embraced

<sup>65</sup> *Ibid.*, 252.

<sup>66</sup> Robert Owen, *A New View of Society and Other Writings*, (New York, NY: Dutton, 1927), 2–3, <https://pdfs.semanticscholar.org/0597/72b61b68c3efb89e67cf889d235cb09ae4cb.pdf> [Accessed 27 December 2017].

<sup>67</sup> *Ibid.*, 2, 7. For a critical discussion of Owen’s cooperative schemes, see: John H. Humphreys, Milorad M. Novicevic, Mario Hayek, Jane Whitney Gibson, Stephanie S. Pane Haden, Wallace A. Williams, Jr., “Disharmony in New Harmony: Insights from the narcissistic leadership of Robert Owen”, *Journal of Management History*, Vol. 22, No. 2 (2016), 146–70.

the concept “sought to achieve greater efficiency and profit by eliciting labour’s cooperation through above-market wages, job security, various welfare benefits (pensions, vacations, etc.), humanized supervision, and formal employee voice through a shop council or employee representation plan”.<sup>68</sup> Among the first to embrace welfare capitalism were the large US railway companies, fearful of a replication of the Pullman Boycott, a long and bitter industrial dispute that affected 27 states in the summer of 1894. By the 1890s many railroads had established internal grievance procedures, employee insurance and pension schemes, reading rooms, and mechanisms to arbitrate employer–employee differences as to wages and conditions.<sup>69</sup> It was however, as we have noted previously, Rockefeller’s endorsement of employee representation and welfare capitalism through his article in *The Atlantic Monthly* that provided these reforming precepts with intellectual and business legitimacy; an endorsement that saw Rockefeller declare the fundamental need for “some mutual relationship between Labor and Capital which would afford to Labor the protection it needs against oppression and exploitation, while at the same time promoting its efficiency as an instrument of economic production”.<sup>70</sup> In the course of the 1920s, Rockefeller’s cooperative model of labour relations—embracing security of employment, internal grievance procedures, internal bargaining, and the election of worker representatives through secret ballot—achieved increasing support as companies such as General Electric and International Harvester became active participants in Rockefeller’s scheme. International delegations visited the United States to observe and better understand the new “industrial relations” model.<sup>71</sup> The seeming promise of welfare capitalism and its associated system of employee representation was, however, summarily curtailed in the United States with the passage of the *National Labor Relations Act, 1935*; legislation that made trade unions the sole bargaining agents for workers. Yet, as we also noted in Chap. 4, the model that the *National Labor Relations Act* endorsed—

<sup>68</sup> Bruce Kaufman, “The core principle and fundamental theorem of industrial relations”, *Internal Journal of Comparative Labour Law and Industrial Relations*, Vol. 23, No. 1 (Spring 2007), 12.

<sup>69</sup> Shelton Stromquist, *A Generation of Boomers: The Pattern of Railroad Labor Conflict in Nineteenth-Century America*, (Urbana and Chicago, IL: University of Illinois Press, 1987), 244–50.

<sup>70</sup> Rockefeller, “Labor and capital – partners”, 47.

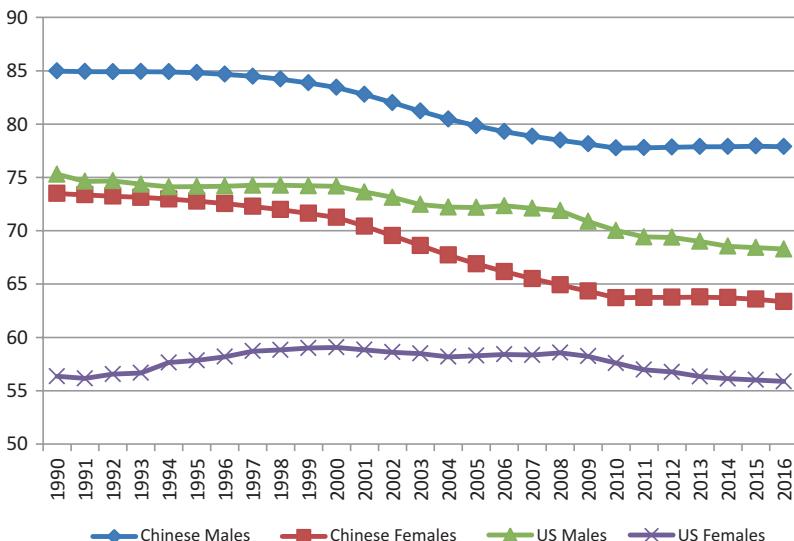
<sup>71</sup> Bruce E. Kaufman, “Paradigms in industrial relations: Original, modern and version in-between”, *British Journal of Industrial Relations*, Vo. 46, No. 2 (Jun. 2008), 328.

based on unionised bargaining—also appears to have run its course; an outcome that demands a renewed reassessment of the ideas that Rockefeller and his fellow business leaders advocated during the 1920s.<sup>72</sup>

Although there has never been a single, commonly accepted solution to problems of employee representation, it is also evident that employee labour force participation—most particularly for females—has had a chequered history. As we noted in the Introduction to this book, employment in the new mechanised factories provided a significant percentage of the population with an independent income for the first time. As the nineteenth century progressed, however, industrial employment was increasingly a male preserve; an outcome that partly reflected male domination (via trade unions) of apprenticeship training. At the same time an increased focus on literacy and productivity drove children out of most workplaces. By 1850, as Hugh Cunningham observes, management was “seeing the advantages in an intensive rather than an extensive use of labour … In this kind of environment children were more of a hindrance than a help.”<sup>73</sup> In consequence, by the latter half of the nineteenth century, most British and North American children were in the schoolroom rather than in the factory or workshop. Increased work intensity also helped drive the aged and the disabled from the workplace; a transformation which caused a further alteration in the social covenants between governments and citizens. Unable to find gainful work either in the household economy or in the external labour market, the aged and the infirm were instead increasingly supported by government pensions and allowances. It is evident therefore that one of the *benefits* of industrialisation and modernisation has been a *decline* in the labour force participation rate. Due to schooling and education, people enter the workforce later. Due to a combination of pension schemes and reduced workforce need, older citizens no longer work until incapacity or death. This beneficial trend is evident in Fig. 9.1, which

<sup>72</sup> See, for example: Raymond Markey and Keith Townsend, “Contemporary trends in employee involvement and participation”, *Journal of Industrial Relations*, Vol. 55, No. 4 (2013), 475–487; Peter Wirtz and Pierre-Yves Gomez, “Successfully mobilizing for employee board representation: lessons to be learned from post-war Germany”, *Journal of Management History*, Vol. 24, No. 3 (2018), forthcoming; Raymond Hogler, “From Ludlow to Chattanooga: a century of employee representation plans and the future of the American labor movement”, *Journal of Management History*, Vol. 22, No. 2 (2016), 130–45.

<sup>73</sup> Hugh Cunningham, “Child labour’s global past 1650–2000”, in Kristoffel Lieten and Elise van Nederveen Meerkerk (Eds.), *Child Labour’s Global Past, 1650–2000*, (Bern, Switz: Peter Lang, 2011), 68.



**Fig. 9.1** Male and female labour force participation rates, China and United States, 1990–2016 (Source: World Bank, *On-line Database: Gender*; Calculated as share of population aged over 15 years)

traces the Chinese labour force participation rates for males and females—and as a point of comparison, those for the United States—since 1990. As is evident, the decline in Chinese female employment has been particularly steep, falling from 73.49 per cent in 1990 to 63.35 per cent in 2016.<sup>74</sup>

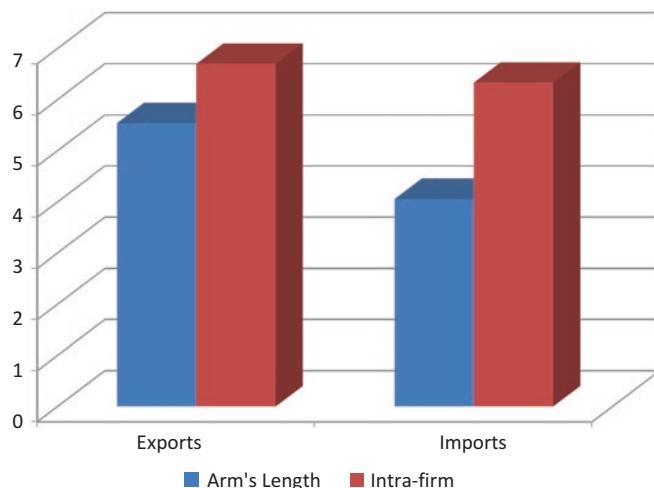
While a decline in the labour force participation rate can be seen as a beneficial effect of industrialisation and modernisation, there is nonetheless reason for concern at the rate of decline that has occurred among both males and females in virtually all advanced countries over the last decade. Whereas the decline in labour force participation in China can be attributed to industrialisation, that which is occurring in the West is associated with the reverse: with deindustrialisation, or, to be more exact, industrial stagnation. As we noted in Chap. 4, since 2000, the value of

<sup>74</sup>Work Bank, *On-line Database: Gender Indicators*, <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?view=chart> [Accessed 1 December 2017]. The lower unemployment rate in China—typically 4–5 per cent—means that gap between “employed” workers in China and the United States is higher than indicated by participation rates.

manufacturing output in the world's major industrial democracies—the United States, Germany, and Japan—has remained almost stationary. By contrast, the value of Chinese manufacturing output between 2000 and 2016 increased more than fourfold and now exceeds the combined value of United States and German factory production. Unsurprisingly, as we observed in Chap. 8, this has been associated with a host of detrimental outcomes. The number of US males in paid work fell from 71.3 per cent to 64.85 per cent between 2000 and 2016. US female employment fell from 56.6 per cent to 54.25 per cent during the same period. In the Euro zone, in 2016, only 57.6 per cent of working-age males and 45.7 per cent of eligible females were recipients of paid income. Deprived of the motor of industrial expansion, historically the main driver of scientific and social innovation, total factor productivity in the world's advanced economies has also collapsed (see Fig. 8.4).

If it was simply the case that Chinese success was based on innovation and a successful adaptation of the process of modernity—which we have associated with market economies, individual rights, respect for private property, and free labour forces—few would find reason for complaint. In such circumstances, other nations could replicate Chinese innovation, just as countless Western firms replicated Japanese innovations in “just-in-time” inventory and “quality control” in the 1970s and 1980s. Chinese success has, however, been built on totalitarianism, centralised state direction of the economy, insecure private property rights, an absence of individual rights and labour forces whose movements are still controlled by an internal passport system.

It is also evident—as a recent World Bank study indicates—that the stagnation of manufacturing in the world's advanced economies has not simply occurred as a result of global market forces and consumer choice, that is, consumers simply choosing a cheaper imported good over a locally produced alternative. Instead, Western firms have consistently chosen to consciously replace domestic-based logistic and supply chains with intra-firm global trade networks. As Fig. 9.2 (based on the World Bank's analysis of US customs' figures) indicates, the amount of US trade that is carried out through intra-firm transfers is growing much faster than that for traditional “arms-length” trade (i.e. where a firm imports or exports to or from a foreign supplier/importer). This is most apparent for US imports. In the period 2010–14 the rate of “intra-firm” imports grew 55.9 per cent faster



**Fig. 9.2** Percentage growth in US “intra-firm” and “arm’s length” trade, 2010–14 (Source: World Bank Group, *Global Economic Prospects*, June 2017, 61, Fig. SF2.1)

than that for “arm’s length” imports.<sup>75</sup> Much of the US infra-firm exports involve sending semi-finished products offshore for final processing. Conversely, intra-firm imports are mainly composed of products that have undergone offshore processing.<sup>76</sup> Of course, the tendency of firms to outsource to overseas-based production systems based on unfree or semi-free labour is hardly new. As Max Weber noted in his discussions of what he called “booty capitalism”, this economic tendency—which at the dawn of the Industrial Revolution saw many British and Western European firms grow rich through their control of logistics chains based on cotton, sugar, and tobacco slave plantations—always “offered by far the greatest opportunities for profit”.<sup>77</sup> The difference, of course, is that in the eighteenth and early nineteenth centuries, intra-firm imports were based on agricultural goods, whereas now they are based on finished and semi-finished products.

<sup>75</sup>World Bank Group, *Global Economic Prospects*, June 2017: *A Fragile Recovery*, (Washington, DC: World Bank Group, 2017), 61, Figure SF2.1.

<sup>76</sup>*Ibid.*, 61–69.

<sup>77</sup>Weber, *Economy and Society*, Vol. 2, 918.

How is it possible for the world's advanced economies to rise to the challenge posed by China and similar societies in ways that enhance labour force participation, productivity, and national wealth without damaging global trade and economic expansion? It is this question—rather than the problems of household income distribution and inequality that Thomas Piketty and others highlight<sup>78</sup>—that is the central issue of our time; for a public policy focus directed towards providing financial succour to the able-bodied pushed out of employment can only have detrimental long-term consequences. Not only does such an approach do little for the long-term assistance of those excluded from paid employment, but it also necessarily involves a diversion of resources from productive to unproductive areas of the economy; an outcome that can only exacerbate problems associated with investment and productivity. A reversion to a system of tariff protection is also likely to be a mere short-term salve and a long-term hindrance, impairing world trade and doing nothing to address problems relating to innovation, efficiency, and productivity. There is modest benefit—most particularly for those working under oppressive regimes—in greater enforcement of the ILO's labour standards. If, however, there is to be fundamental redress of modernity's problems relating to investment, productivity, and labour force participation, it will necessarily involve a profound reassessment of the social and industrial covenants that exist between citizens and governments on the one hand and employers and their workers on the other. For governments, this must entail a public policy shift away from a reliance on monetary policy—a policy that has created unproductive asset bubbles and left households and corporations saddled with large-scale debt—towards fiscal policies that stimulate investment, productivity, and employment. Admittedly, recent state-funded endeavours in this direction do not do much to inspire confidence. As noted previously, so-called Keynesian policies are often little more than debt-funded pork-barrelling exercises directed towards particular electoral constituencies. Consequently, government fiscal policy can only be effective if it is directed towards the *productive* needs of the private sector rather than towards the immediate needs of consumers; an outcome that is unlikely to occur without initiatives for greater private-sector involvement in infrastructure investment. It is, however, to the workplace—to the realm of production—that we must primarily look for solutions. On this

<sup>78</sup>Thomas Piketty, *Capitalism in the Twenty-First Century*, (Cambridge, Mass: Belknap Press, 2014), 1, 15, 22.

front, it is up to management—an occupation and social institution that we have argued has played a fundamentally progressive role over the last quarter millennium—to forge new systems of representation and engagement with its employees. Without this, without a reinvigoration of modernity's productive dynamism, all will gradually be lost.

## CONCLUSION

Postmodernism, as an idealist philosophy, is poorly equipped for its role of social critic. The use of statistics, understandings of economics and demography, and the study of long-term historical and social trends are largely alien to it. Its *forte* is not looking outwards at the material world and searching for causal links and patterns, but rather looking inwards, at epistemology and the nature of knowledge. It is by fighting battles on this ground that postmodernism manages to bamboozle its foes, most of whom are conscious or (more likely) unconscious empiricists and positivists. As an intellectual tradition, empiricism—like philosophic idealism—has deep historical roots; roots that stretch back through the founding figures of British empiricism (Hobbes, Locke, Hume) to Thucydides and an associated belief that research should be based on observation and scrutiny of “the plainest evidence”.<sup>79</sup> Methodologically, empiricists have long been suspicious of abstract theorising, Hobbes declaring in his *Leviathan* that “metaphors and senseless and ambiguous words are like *ignes fatue* [foolish fires]; and reasoning upon them is wandering among innumerable absurdities”.<sup>80</sup> It is, however, this hostility to abstraction—and a reliance on “common sense” in determining the veracity of evidence and conceptual arguments<sup>81</sup>—that both circumscribes empiricism and leaves it vulnerable to idealist critiques such as those made by postmodernism.

The most notable attempt to overcome the limitations of empiricism/positivism, we have suggested, is that made by Karl Popper. In seeking to overcome the limitations of what he referred to as “positivist dogmatism” through a greater emphasis on the framing and testing of theories, however, Popper’s thinking was clearly formulated with a mind to refuting the dominant critical tradition of his time: Marxism. Unfortunately, this, and Popper’s own intellectual caution and emphasis on “piecemeal tinkering”,

<sup>79</sup> Thucydides (trans. Rex Warner), *History of the Peloponnesian War*, (Harmondsworth: Penguin Books, 1972), 47.

<sup>80</sup> Hobbes, *Leviathan*, 22.

<sup>81</sup> Hume, *A Treatise on Human Nature*, Vol. 3, 288–89.

caused him to declare hostility to logical induction; an invaluable tool in the generation of theoretical questions. As a result, Popper's version of positivism—for all its very laudable and commendable strengths in terms of theory testing and logical deduction—strips us of a key intellectual tool. Accordingly, this study has argued that a better platform for our own reasoning—and for refuting postmodernism—requires an acceptance that we do perceive the world through abstractions; and that inductive logic has a place alongside deductive logic in formulating answers to the world's practical problems. Now, the author will concede, such neo-Platonism or (to be more exact) Kantian logic may well lead to positivist accusations that any such thinking places one on a slippery slope towards idealism. However, the fact that I recognise that I perceive a tree differently at night than during the day—and that I rely on my reason to tell me that it is the same tree—does not cause me to deny the material existence of the tree. Nor does it cause me to believe—as postmodernists argue—that we cannot construct objective accounts of present and past social realities. For, as Kant concluded, “[r]eality is something”, existing in “space actually and independently of all fancy”.<sup>82</sup>

### PART III: FINAL REFLECTIONS

Australia boasts an indigenous, Aboriginal population with a long and proud cultural heritage; a heritage that can be traced back through at least 40,000 years of continuous connection with the Australian landscape. As with other New World peoples, the Aboriginal population suffered terribly from the advance of modernity. Although figures are rubbery and much disputed, it is almost certain that a majority of the pre-1788 population died from either European violence or disease. As with the First Nations peoples of the Americas, many resisted European incursions through long and bitter guerrilla wars. As with the First Nations peoples of the Americas, many survivors ended up in specially administrated missions or reserves. Others maintained their ancestral connection to the land by working for the vast pastoral stations (ranches) that covered most of Australia's northern “Top End”. Over time, many of those who had been confined to missions or reservations also opted, either voluntarily or at official instigation, to spend most of their time on pastoral properties. For Aboriginals on pastoral properties, the work was long and hard. Men and boys typically

<sup>82</sup> Kant, *Critique of Pure Reason*, 283, 348.

worked 6 or 7 days a week mustering cattle and building pastoral infrastructure (dams, fences etc.). Many females worked as domestic servants. For such work, even in the early 1960s, Aboriginals received a wage that was two-thirds (and often less) of that paid to the much rarer breed of pastoral worker who claimed a European heritage.<sup>83</sup>

By the mid-1960s the practice of paying Aboriginal pastoral workers a wage that was a fraction of that paid to other Australians was increasingly (and justifiably) viewed as a national disgrace. Among those who campaigned for equal wages for Aboriginal workers were this author's parents, both of whom were active trade unionists. I remember as a child the satisfaction around the family dinner table when Aboriginal workers finally obtained equal pay in 1967.

Well-meaning, the granting of the Aboriginal equal pay in one fell swoop is now regarded by many as the worst employment relations disaster in Australian history. Recollections by Aboriginal pastoral workers speak of "devastating" effects.<sup>84</sup> For in introducing equal wages, few gave thought to the business circumstances of the pastoral properties that were affected. To the extent that most people did, it was usually with little feeling of sympathy given that larger properties were typically owned by British or US firms. Unfortunately, however, the granting of equal pay came at a particularly inopportune time for the pastoral industry. Most properties operated under 99-year leases, many of which (reflecting initial settlement) expired around 1967. When leases expired, Australian state governments invariably issued new leases at much higher rents. Faced with the double whammy of higher rents and increased wages, pastoral management responded by moving *en masse* to helicopter mustering. Now it is almost certain that the pastoral industry would have eventually adopted helicopter mustering anyway. In the absence of the 1967 wage increase, however, it is likely that helicopter mustering would have been imple-

<sup>83</sup> For details, see: Henry Reynolds, *With the White People*, (Ringwood, AUS: Penguin, 1990); Dawn May, *From Bush to Station: Aboriginal Labour in the North Queensland Pastoral Industry 1861–1897*, (Townsville, AUS: James Cook University, 1983).

<sup>84</sup> Fiona Skyring, "Low wages, low rents, and pension cheques: The introduction of equal wages in the Kimberley, 1968–1969", in Natasha Fijn, Ian Keen, Christopher Lloyd and Michael Pickering (Eds.), *Indigenous Participation in Australian Economies II: Historical Engagements and Current Enterprises*, (Canberra, AUS: Australian National University ePress, 2012), 153. Also, Bill Bunbury, *It's Not the Money, It's the Land: Aboriginal Stockmen and the Equal Wages Case – Talking History with Bill Bunbury*, (North Fremantle, AUS: Fremantle Arts Centre Press, 2002).

mented over many years, if not decades, thereby giving the Aboriginal workforce a chance to adjust. As it transpired, the introduction of helicopter mustering was compressed into an 18-month to 2-year period, leading to wholesale evictions of Aboriginal pastoral workers. Recalling the experience, one former Aboriginal stockman observed:

*Hundreds of people were forced to leave the stations they'd grown up on, and to live under appalling conditions in town reserves. Those station managers just came out and said, "We can't afford to pay you the basic wage, and we can't afford to keep feeding you. The Welfare mob have a lot of money for you to live on in the town. So pack up your camp and start walking."*<sup>85</sup>

Half a century on from the equal-wage case, the Aboriginal population in the Australian interior is still living with the devastating effects of their eviction from gainful employment. Hard at work one day, dependent on welfare the next, the Aboriginal population in the various camps and “Top End” towns slid into a social abyss that blights the Australian democracy. In the vast pastoral interior, Aboriginal disengagement from paid employment remains the norm rather than the exception. According to Australian census records, in 2016, the percentage of working-age Aboriginal females in paid employment in the Northern Territory “outback”—an area almost twice as big as Texas—was 20.7 per cent. Among Aboriginal working-age males, the percentage in gainful work was marginally lower (20.1 per cent). Of those who did work, approximately 50 per cent were part time.<sup>86</sup> As Jacinta Nampijinpa Price, an Aboriginal councillor for Alice Springs—the gateway to the iconic Uluru (Ayres Rock)—noted in December 2017, both drug addiction and alcoholism are rampant in the Aboriginal townships. Violence is perpetuated against women and children as a matter of course.<sup>87</sup> Although Aboriginals comprise less than 3 per cent of the Australian population, in 2015, the indigenous made up more than a third

<sup>85</sup> John Watson, former Chair of the Kimberley Aboriginal Land Council, cited in, Paul Marshall (Ed.). *Raparapa Kularr Martuwarra: All Right, Now We Go 'Side the River, Along that Sundown Way – Stories from the Fitzroy River Drovers*, (Broome, AUS: Magabala Books, 1989), 208.

<sup>86</sup> Australian Bureau of Statistics, *Australian Commonwealth Census, 2016: Community Profiles – Northern Territory Outback*.

[http://www.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/communityprofile/702?opendocument](http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/communityprofile/702?opendocument) [Accessed 31 December 2017].

<sup>87</sup> Jacinta Nampijinpa Price, “Debit cards protect Aboriginal women and children”, *Australian*, 26 December 2017, 10.

of all children placed into institutional care in Australia to protect them from abuse in the family home.<sup>88</sup> In 2012–13, Aboriginals were also responsible for 45 per cent of national hospital admissions for chronic kidney disease; the hospital admission rate for this disease equating to 251 cases per 1000 per annum. By the age of 55, 40 per cent of Aboriginals have developed diabetes. By age 40, 10 per cent are partially or completely blind.<sup>89</sup>

The experiences of the Australian Aboriginal population, most particularly those inhabiting the vast “Top End”, is proof of the tragedies that follow on from disengagement from modernity’s systems of employment and wealth creation. To the extent that the Aboriginal people enjoyed a life that resembled Jean-Jacques Rousseau’s romanticised imaginings about the life of the “noble savage”, such experiences now belong to the distant past. Like the rest of us, Australia’s Aboriginal people have to find their place in the modern world while preserving their culture as best they can; a task that many—such as Jacinta Price and numerous other Aboriginal leaders—have successfully done. To follow instead the path of postmodernism, to believe that all accounts are mere “rhetoric”, “narratives”, and “discourses” perpetuated by some social group for some ulterior motive of their own is not only fanciful, but does great disservice to those suffering social and economic disadvantage. The problem of those Australian Aboriginals yet to rediscover a gainful place in modernity is not subjective discourse. It is objective reality; a reality that can be observed in any “Top End” hospital ward.

<sup>88</sup> Australian Institute of Health and Welfare, *Child Protection Australia 2014–15*, (Canberra, AUS: Australian Government/Australian Institute of Health and Welfare, 2016), 54.

<sup>89</sup> Australian Institute of Health and Welfare, *The Health and Welfare of Australia’s Aboriginal and Torres Strait Islander Peoples, 2015*, (Canberra, AUS: Australian Government/Australian Institute of Health and Welfare, 2016), 92–94, 103.

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