

## Chapter 7

# Explanatory Critique, Capitalism and Feasible Alternatives: A Realist Assessment of Jacques' *Manufacturing the Employee*

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### Introduction

In general, the positive (descriptive and explanatory) and the normative (critical and evaluative) sides of critical social science are imbalanced: if critical social science is to become more successful, it must address normative theory (Sayer 1995). Jacques is not alone here. Historically, Marxism has explicitly eschewed normative theory. However, in his preface, Jacques refers to the metaphor of the invisible hand as 'one of the central icons used to defend the positive social value of corporate capitalism'. A paragraph or so later, he assumes - reasonably - that the main purpose of inquiry is to identify the little which can be changed, to assess the limits of the possible and to anticipate the consequences of various actions. He then argues that:

Societies are not voluntaristic in the sense that they can be rationally planned, but a central component of social action has to do with taking responsibility for one's choices and acting purposefully in relation to one's values [...] we must create a more comprehensive forum for discussing the problems of tomorrow by articulating the ways that today's problems are constrained by *yesterday's* ... (Jacques, 1995, pp. ii-ix).

Finally, he argues that the very point of explanatory critique is to facilitate useful action. By 'useful action', I take it that he means the aim of reducing illusion and freeing people from domination. I would not dispute any of this. That we may only be able to identify 'the little which can be changed [for the better]' shows that we cannot escape assessment of the feasible alternatives that derive from prior social, cultural and economic conditioning. Jacques is well aware of the untenability of rational planning, for example. He assures us that his critical account does not yield to prediction (presumably because he accepts that society is an open system). Furthermore, his account 'seeks to throw into relief the fault lines and points of leverage marking the points at which intentional action is most likely to have results' (1995, p. 14). Indeed, his book is *practical* 'because it seeks to

change work practices by changing the way we think about what can be changed and what possibilities exist for those involved in change' (*idem.*).

However, Jacques does not map out, even in general terms, the alternative social arrangements implied by his recognition of prior conditioning and generic critique of 'management knowledge' of *l'employé*. In essence, we are not dish up what is promised. Indubitably, his correct claim that advanced economies cannot be rationally planned underscores the problems of state socialist planning, for example. Here, reference to Hayek's 'epistemological problem' and to the allocational efficiency of market mechanisms would usefully serve to underscore the (dangerous) myopia of those crude Marxist approaches that dogmatically assert the feasibility of rational central planning. More crucially, it would also show that non-capitalist economies could not avoid *ex post* regulation. However, any assessment of feasibility depends crucially upon an adequate theoretical analysis of concrete socio-economic systems. In this regard, Jacques falls at the first hurdle, since, following Foucault, his analysis is (reductively) discursive, that is, it focuses solely on knowledge and language (see also Jacques 2000). Contrary to Jacques, language and knowledge are not exhaustive of the social.

In contradistinction to Jacques' Foucauldian reductionism, an adequate assessment of feasibility enjoins a realist social ontology. Accordingly, the first section of this article briefly delineates some of the basic tenets of a critical realist social ontology. The second section defines capitalism, which Jacques conspicuously fails to do. Here, following Hodgson (1999), it is argued, *inter alia*, that Marx ignored non-capitalist elements, thereby ignoring the problem of necessary impurities, which has important implications for alternative socio-economic systems. The third section explicates the nature of disaggregative analysis, which is predicated upon a realist ontology. The fourth section addresses the nature of division of labour, knowledge and Hayek. The fifth section discusses the range of plausible future scenarios proffered by Hodgson. The concluding section underscores the need for normative theory.

### **Critical Social Realism: Stratification and Emergence**

My own research (Archer 1999, 2000a, 2000b, 2001, 2002) utilizes the realist 'morphogenetic approach' as developed by Margaret Archer (1995). Morphogenesis is the methodological complement of transcendental realism (see Bhaskar 1975, 1989). However, for the purpose of this article, I do not wish to dwell upon all of the key features of critical social realism! This section will delineate the rudiments of a stratified social ontology, which forms the springboard of my critique and underpins disaggregative analysis of concrete socio-economic systems. In brief, critical realism is a philosophy of and for the social sciences. It is mainly concerned with ontology, with being, and has a relatively open stance towards epistemology (Sayer 2000). Critical realism distinguishes between the real, the actual and the empirical. As Sayer notes, when critical realists refer to the real, this is not in order to claim privileged knowledge of it but to note two things. Firstly, the real is whatever exists, be it natural or social, regardless of our fallible

epistemological grasp. Secondly, the real is the realm of objects, their structures and powers. Such (natural or social) objects 'like minerals or ... like bureaucracies ... have certain structures and causal powers, that is, capacities to behave in particular ways, and causal liabilities or passive powers, that is, susceptibilities to certain kinds of change' (Sayer, 2000, p. 11).

Whereas the real refers to the structures and powers of objects, the actual refers to what happens if and when those powers are activated, to what they do. Here, Sayer provides the example of the Marxist distinction between labour power and labour, where the capacity to work derives from irreducible physical and mental structures whilst labour involves the exercise of this capacity. The empirical is defined as the domain of experience. As Sayer argues:

In distinguishing the real, the actual and the empirical, critical realism proposes a 'stratified ontology' in contrast to other ontologies which have 'flat' ontologies populated by either the actual or the empirical, or a conflation of the two. Thus empirical realism assumes that what we can observe is all that exists, while 'actualism' assumes that what actually happens at the level of events exhausts the world, leaving no domain of the real, of powers which can be activated or remain dormant (Sayer 2000, p. 12).

Furthermore, Sayer notes that critical realism argues that the world is characterized by emergence, i.e., situations in which the conjunction of two or more features of aspects gives rise to new phenomena, which have properties that are irreducible to those of their constituents, despite their necessary dependence. Sayer refers to the standard (physical) example of water, whose emergent properties are quite different from those of its constituents, hydrogen and oxygen (see Archer 2000a, 2002, for social examples of emergent properties and an elucidation of the differentiation of the real, actual and empirical).

As Lawson notes, social systems involve 'dependencies or combinations [that] causally affect the elements or aspects, and the form and structure of the elements causally influence each other and so also the whole' (1997, p. 64). Equally, Hodgson takes Friedman to task for his 'conceptual blindness to emergent properties of the system that transcend individuals. These properties, furthermore, are necessary for the very survival of the capitalist system that he [Friedman] advocated' (Hodgson 1999, p. 69). Indeed, 'Where many market individualists go wrong is in seeing an atomistic subjectivism as a necessary theoretical foundation of any argument for markets' (ibid., p. 73). Hodgson explicitly adopts a stratified social ontology. Furthermore, he also provides a transcendental realist argument for what he calls the 'impurity principle', as we shall see shortly.

Finally, realism rejects the (Humean) 'successionist' view of causation, which views causation in terms of regularities among sequences of events. Social structures are composed of internally related elements, whose causal powers, when combined, are emergent from those of their constituents. Thus, hierarchical structures might enable delegation, division of tasks, surveillance and efficient throughput of work (Sayer 2000). For realists:

Causation is *not* understood on the model of regular successions of events, and hence explanation need not depend on finding them, or searching for putative social laws... What causes something to happen has nothing to do with the number of times we had observed it happening. Explanation depends instead on identifying causal mechanisms and how they work, and discovering if they have been activated and under what conditions... explaining why a certain mechanism exists involves discovering the nature of the structure or object which possesses that mechanism or power... the price mechanism depends on structures of competitive relations between profit-seeking firms producing for markets, and so on (Sayer 2000, p. 14).

Consistent regularities only occur in closed systems. The social world is intrinsically open, such that the same causal power can produce different outcomes and different causal mechanisms can produce the same result. Furthermore, it is precisely because society is an open system that the future is open. Indeed, it is on this basis that Hodgson is able to consider possible non-capitalist future developments (or what he terms long-term 'scenario planning'). As we shall see later, scenario building is not idle speculation, 'but the investigation of *plausible future causal chains*, stemming from the conditions and forces of the present' (Hodgson 1999, p. 180, original emphasis). Here, deterministic or probabilistic modelling is rejected because of the insurmountable difficulties in making forecasts in complex, adaptive open systems.

## Capitalism and Necessary Impurity

Recently, Jacques commented:

... I am again reminded that while my colleagues who are ... primarily interested in understanding from a radical perspective - that is, a willingness to return to the roots of knowledge and conceive of the good society *de novo* - I am less bold. Perhaps it is because I write from the USA, where alternatives to conservatism - let alone capitalism - are extremely marginal. Perhaps it is for other reasons. Nonetheless, I think it would be fair to say that my goals are more liberal than radical and, as a consequence, my assumptions incorporate certain capitalist relationships because I do not imagine any likely future outside of them (2000, p. 235).

Yet we are not told what such capitalist relationships consist of; in fact, in *Manufacturing the Employee* no definition of capitalism is provided. This is a pity, since a rejection of capitalism does not enjoin conceiving of the good society *de novo*. However, following Hodgson, capitalism is essentially a type of market system involving extensive private property, capital markets and employment contracts. For Marx, it is generalized commodity production:

It is generalized in a double sense, first because under capitalism most goods and services are destined for sale on the market, that is, they are commodities ... Second, because under capitalism one type of item is importantly a commodity: labour power, or the capacity for work. In other words, an important feature of capitalism is the existence of a labour market in which labour is hired by an employer and put to work according to

the terms of the contract. Within capitalism, there are markets for both capital and labour power, and these have crucial regulatory functions for the system as a whole. However, markets and private property are necessary but not sufficient features of capitalism: not all market systems are capitalist systems (Hodgson 1999, p. 121).

Marx ignored all the non-capitalist elements when analysing the capitalist system. This, Hodgson points out, was because he believed that commodity exchange and the hiring of labour power in a capitalist firm would become increasingly widespread, displacing all other forms of economic co-ordination and productive organization. As he puts it:

Confidence in the all-consuming power of capitalist markets was Marx's justification for ignoring impurities in his analysis of the alleged essentials of the capitalist system. Such impurities were regarded as doomed and extraneous hangovers of the feudal past, eventually to be pulverized by the ever-expanding market. Just as capitalism and commodity-exchange were assumed to become all-powerful, the Marxian theoretical system was built on these structures and relations alone (Hodgson 1999, p. 125).

Now, Hodgson argues that 'impurity' *necessarily* characterizes all socio-economic systems. In other words, every socio-economic system must rely on at least one structurally dissimilar subsystem to function. As he puts it:

There must always be a co-existent plurality of modes of production, so that the social formation as a whole has the requisite structural variety to cope with change. Thus if one type of structure is to prevail (e.g. central planning), other structures (e.g. markets, private corporations) are necessary to enable the system as a whole to work effectively ... In particular, neither planning nor markets can become all-embracing systems of socio-economic regulation. In general, it is not feasible for one mode of production to become so comprehensive that it drives out all the others (Hodgson 1999, p. 126).

Thus, the utopias of both the traditional (radical) left and of the neo-liberal right are unfeasible partly because they do not incorporate the fundamental importance of structural variety in any complex socio-economic system. For Hodgson, the impurity principle is a theoretical guideline, predicated upon ontological considerations. Whilst he does not make use of such phraseology as transcendental realism, Hodgson's impurity principle is quintessentially transcendentially realist. As he argues, the impurity principle 'concerns much more than the empirical existence of impurities. Above all it concerns their functional necessity for the system as a whole. [This recognition] .. is entirely absent from the writings of Marx and his followers ...' (Hodgson 1999, p. 127). *Crucially, a corollary of the impurity principle is that an immense variety of forms of any given socio-economic system can exist: an infinite variety of forms of capitalism is possible* (Hodgson 1999, p. 130).

The above would help Jacques clarify what precisely alternative (non-capitalist) social relationships might comprise. The salient point here is that radical views that demand abolition of markets and private property fail to understand that some elements of private commodity exchange are necessary to sustain innovation and

diversity. In sum, (feasible) alternative scenarios enjoin that we spell out the nature of capitalism in order to assess which elements can be changed, attenuated, replaced or expunged. Non-capitalist social relations should not be confused with unfeasible radical-left programmes that decry market regulation and the price mechanism. Indeed, as we shall see in a moment, advanced division of labour necessarily results in inequalities that are independent of class. In other words, market socialism cannot avoid the power imbalances and inequalities that derive from division of labour.

### **Disaggregative Analysis and Counterfactuals**

One needs to stick to the distinction between immanent possibilities for change (feasibility) and their contingent realization (that is, mobilization). If one plays down the former, the slide towards fatalism is inexorable. However, in light of Jacques' pessimism above, I want to reaffirm that even if enough people are willing to try to realize certain desired end-states, viz. non-capitalist social relations, such end-states are feasible. As Sayer (1995) argues, there are some promising alternatives. One would be naive not to agree with Alvensson and Willmott's point that 'While critical reflection is rarely a sufficient condition of [emancipatory progress], it is generally a necessary element ...' (1996, p. 14). I am not (implicitly) reproving Jacques for not having provided us with a 'blueprint'. Instead, the aim is to think through the likely tendencies or mechanisms of different forms of political-economic organization. This does not mean conceiving of the society *de novo*. On the contrary, the materiality of the past provides us with a delimited range of possibilities (as Jacques also acknowledges). The crucial task is to disaggregate socio-cultural conditioning in order to consider whether particular elements of political-economic systems can exist only in combination with one set of other elements or whether they can also coexist with other sets. It thus assesses the validity of abstractions.

To recapitulate, the social ontology adopted here is a stratified one, where structure and culture are held to be emergent properties irreducible to agency yet causally efficacious. Both external (contingent) and internal irreducible social and cultural relations and forms constitute the social world. Abstract analysis is used to establish whether relations are external or internal. Marxists such as Bertell Ollman (1971, 1990) have argued that the social totality is internally related. This immediately forfeits analysis of parts of capitalist economies that may operate in similar fashion in post-capitalist ones. However, the contingency of sexism and racism underscores the untenability of the universal internal social relations ontology. As Sayer (1995, p. 27) points out, a realist approach is open to the possibility that features found within capitalism, such as markets or an advanced division of labour, could exist outside capitalism, and possess causal powers irreducible to those of the unique powers of capitalism, such as minority private ownership of the means of production.

For Alvensson and Willmott:

... emancipation is not a gift to be bestowed upon employees but, rather, is an existentially painful process of confronting and overcoming socially and psychologically unnecessary restrictions. The latter include a broad range of phenomena extending from sexual and racial discrimination to dependency on a consumerist lifestyle for self-esteem (1996, p. 162).

In the abstract, capitalism does not presuppose sexism and racism and vice versa. This points towards the immanent possibility for capitalist economic organization along non-sexist and non-racist lines, since race ideologies and sexist beliefs are contingently related. Indeed, sexist practices can be expensive. Careful abstraction from concrete social reality is clearly immensely useful in this respect. Despite the tendency for radical theorists to abstract the exploitative internal capital/labour relation, capitalism in the inclusive sense is much more than this as we have seen above in our discussion of the impurity principle and thus caution needs to be exercised. In discussing contingent and necessary relations, we can say that some relations are asymmetric. For example, money can exist without capitalism but not vice versa; markets can be considered separately from capitalism but not vice versa. As we have seen, the capital/labour relation is symmetric, since each presupposes the other and cannot exist without the other. As Sayer puts it:

A disaggregative approach ... requires particular care over how we abstract. Abstractions may leave out that which is only contingently related to the phenomena under consideration [e.g. capitalism and sexism], but if they leave out essential features which make a significant difference to the process of interest then serious misunderstanding may result (1995, p. 31).

One of the key failings of past radical political economy approaches is the reduction of concrete reality to the capital/labour relation, thereby ignoring the intractability of an advanced division of labour. As Sayer argues, the explanations offered by radical political economy can be further assessed by considering the counterfactuals that they imply. If we say  $x$  was responsible for  $y$  then we imply that in the absence of  $x$ ,  $y$  would not have existed or happened. If this is the case then we know something is wrong with the explanation. Counterfactual questions may help us see that mechanisms or conditions other than  $x$  could have been responsible for  $y$  or at least could have been jointly responsible, with  $x$ , for  $y$ .

Thus, if it were claimed or assumed that the hierarchical organization of large-scale production were purely a function of its capitalist social character, then asking whether non-capitalist large industry could be organised non-hierarchically would help to support Marx's view that hierarchy and supervision in such industry are also, in part, technically unavoidable (*idem.*).

It is by asking counterfactual questions that we can establish what is contingent or necessary. Sexism and racism exemplify contingency vis-a-vis capitalism. Indeed, in comparison with the United Kingdom, the existence of better anti-discrimination laws in the United States underscores the fact that its capitalist organization *qua* capitalist operates efficiently. Furthermore, the fact that both capitalism and market socialism generate macro-economic problems shows that

their social relations of production are irrelevant and that they share some other feature that generates such problems (market regulation, for example).

### **But Managers are Employees! Division of Labour, Knowledge and Hayek**

I have referred to the materiality and intractability of an advanced division of labour. This is often played down or ignored in radical political economy. Jacques discusses the increase in division of labour, specifically the rise of the 'professional' as part of the 'manufacture of *l'employé*'. He emphasizes the fact that managers were (and are) generically employees. This seems to be something of a conundrum for him. Whatever the reason, he does not address the implications of the growing division of labour and associated dispersal of knowledge vis-a-vis feasible alternatives to capitalist relations. What needs to be recognized is the materiality and intractability of division of labour, which is irreducible to private ownership. It seems that Jacques is unhappy with the inequalities generated by the growth of *l'employé*. But he also (rightly) recognizes that central planning is not the answer. Given his concern with epistemology, it is a pity that we are not offered an analysis of the material and informational properties of an advanced division of labour. He does, of course, deal with knowledge in the 'World Three' sense (Popper 1979) - especially management textbooks and their ideological import. But we are not offered even a brief discussion of Hayek's 'epistemological problem', planning, markets and the intractability of division of labour. (It is not unreasonable to expect this, since Jacques introduces political economy and the issue of rational planning in his preface.)

#### *Planning and the Materiality of Division of Labour*

The latter are crucial for assessing feasible alternative social arrangements to capitalism. If we take as our starting point the long debate between socialism and capitalism, it is often characterized as one of planning versus markets. As Hodgson (1999) notes, this is misleading: planning in some form exists in all socio-economic systems. At the same time, this is not to suggest that the market always encourages creativity or enterprise. 'However, its capacity to reconcile conflicting plans and maintain a degree of diversity should not be overlooked' (Hodgson 1999, p. 32). As Jacques would agree, we must refrain from an excessive faith in the power and scope of human reason. A prominent element in much socialist thinking is the Enlightenment view that it is possible for people under the right conditions to act in harmony and rational agreement to design and construct a better society. Unless we want to return to a romanticized agrarian past, we have to accept that at present the hierarchy and inequalities associated with an advanced division of labour cannot be transcended.<sup>2</sup> The crucial point, then, is to assess to what extent inequalities and hierarchy can be attenuated, not that they can be transcended. Thus, to Alvensson and Willmott:



Even *within* the constraints of capital accumulation and the domination of instrumental rationality, the contradictory dynamics of modern organizations are capable of accommodating - and indeed promoting - some degree of increase employee responsibility and autonomy... (1996, p. 163).

As Sayer (1995) has convincingly argued, the irreducible causal properties of division of labour are irreducible to forms of ownership. This has been consistently played down in Marxism. Indeed, so-called 'class theory' conflates class and division of labour, thereby obscuring at a stroke the power relations and inequalities that derive from division of labour. It is worth quoting Sayer at length here:

That class and division of labour characteristics are separate and relatively autonomous can be seen by considering the situation in non-capitalist enterprises, for these represent practical demonstrations of the relative autonomy of divisions of labour from class. Thus a cooperative could have managers and workers, manual and non-manual workers, skilled and unskilled workers, it could have variations in the amount of autonomy and discretion over work, and yet every individual could be equal in terms of ownership. To be sure, a cooperative might very well try to limit these division of labour differences, precisely to stop them overriding its members' equality in terms of ownership or class. Although power deriving from class and division of labour can interact, they are still distinct... Divisions of labour really do divide labour, though not in the same way that class does (1995, pp. 51-52).

Whether formal ownership yields actual control over property and activities depends upon the material and informational qualities of their objects. Thus, Sayer points out that the token character of 'social ownership' derives not merely from contingent forms of organization but from the fact that millions of people cannot hope to control and co-ordinate the products of property that is diverse and often dependent on arcane specialisms and information.

Thus, *pace* Jacques (2000), there are alternatives to capitalism, but they have to confront the intractability of an advanced division of labour and the varying degrees of inequality that derive from it. At the same time, we need to acknowledge, *contra* state socialist planning, the importance of the market. In brief, Hayek's distinction between 'catallaxy' and 'economy' is crucial here. However, Hayek's social ontology is individualist and whose right-wing policy implications are well documented (e.g. Archer, 2002). Consequently, whilst recognizing the practical import of Hayek's (partially flawed) analysis of the nature of knowledge and its relation to the future, we must never lose sight of the transcendental need for state regulation and, moreover, state intervention. Indeed, any emancipatory programme enjoins assessing the extent of, and limits to, state intervention in order to offset the inequalities of (non-)capitalist economic organization.

## Hayek's Catallaxy: The Denial of Social Structure

The key thinker used by neo-liberals in their drive towards quasi-marketization of the public sector in the UK context is Hayek. I have already discussed the materiality of the division of labour, which is autonomous of capitalist social relations. Hayek lends support to the *sui generis* properties of division of labour. He distinguishes between 'catallaxy' and 'economy'. His conception of economy is a restricted one, referring to clusters of economic activities that are organized for a specific purpose and have a unitary hierarchy of ends, in which knowledge of how to achieve ends is shared. A catallaxy, on the other hand, has no unitary hierarchy of ends, but a mass of innumerable economies without a specific purpose. As Hayek has famously pointed out, it is the product of *spontaneous* growth as opposed to design. One of Hayek's central arguments, *contra* state socialism, is that the catallaxy eludes regulation by central control. This is due to the extraordinary division of knowledge immanent to any advanced industrial economy. Thus *the* fundamental economic problem is not calculational but epistemological, namely how to co-ordinate the actions of innumerable agents without the possibility of any adequate centralized knowledge of their needs and resources. Consequently, competition operates as a discovery procedure and the main role of markets is in generating information, through the price mechanism, as to how economic agents who are ignorant of each other may best attain their equally unknown purposes.

The salient point, then, is that the complex and evolutionary nature of the catallaxy makes its qualities unknowable to any single mind or organization. Hayek correctly takes to task the socialist vision of a collectively controlled and planned advanced economy - a 'fatal conceit', which he terms 'constructivism'. As Sayer points out, many Marxist positions have failed to acknowledge the fundamental difference between running a technical division of labour for producing a particular type of commodity and co-ordinating a social division of labour involving millions of different commodities, thousands of enterprises and billions of customers. This is not to license chaos, for although catallaxies are unplanned they are ordered. Yet, for Marx, the only good order 'must be the product of conscious collective purpose, a Hegelian legacy of humanity rising to consciousness and control over itself... Marx is resistant not only to actions having bad unintended consequences, but to unintended consequences *per se*' (Sayer 1995, p. 76). However, Hayek adopts the extreme counter-position to Marx. In brief, he reasons that because unintended consequences of actions are central to the functioning of catallaxies, one must not intervene. This is a *non sequitur* and, *inter alia*, excuses problems that can - and should - be confronted and removed (ecological problems, poverty, discrimination...). More crucially, Hayek denies that catallaxies possess emergent properties.

Absent from Hayek's image of capitalism as an unimaginably complex mass of individuals responding to one another through markets is any notion of major social structures ... while modern societies and advanced economies are indeed catallaxies, they are *also* systems with grand structures... his celebration of the miracle of the market simply ignores the temporal and spatial upheavals associated

with the creative destruction of capitalism. Hayek's exaggeration of 'order' is the complement of Marxism's exaggeration of 'anarchy' (Sayer, 1995, pp. 77-78).

Hayek was wrong to presume that no central planning was useful or viable. Whilst some knowledge is tacit and dispersed and cannot therefore be gathered together and processed at the centre, particular types of knowledge are usefully centralized so that they can be obtained by all (telephone directory; internet...). In brief, we should reject the planned socialism versus market individualism dichotomy in assessing feasible alternatives to capitalism. As Hodgson puts it, 'Neither the individual nor the state can be omniscient. What is remarkable about both socialism and market individualism is that they both presume a high degree of capability and enlightenment on behalf of one or the other' (1999, p. 79).

To return to Jacques' not envisioning anything outside of capitalist social relations, it is worth stressing that markets and private property are necessary but insufficient features of capitalism: not all market systems are capitalist. However, of course, such systems cannot be rationally planned. Capitalist economic systems are, as Jacques rightly points out, becoming knowledge-intensive. 'One could argue that what is emerging is the *learning worker*, one whose value does not lie with what s/he knows but in the combination of discretion and skill that permit one to change what one knows' (Jacques 1995, p. 181). Current management education typically undercuts and implicitly denigrates the experiential learning that is crucial in today's fast-changing world. Thus, to Jacques:

High value is placed on standardized curricula centered on the *textbook* - learning of others that has been frozen and packaged. Instructors know that summarizing the 'key points' of the text will generate less resistance... The experiential movement has challenged this norm, but has remained fairly marginal... Open-ended learning, as espoused by those such as Dewey or Montessori, remains uncommon (Jacques 1995, p. 184).

It is a pity that Jacques does not tease out the implications of the nature of learning vis-à-vis the impossibility of socialist central planning *and* the role of the state in developing and maintaining the 'learning economy'. Whether tacit knowledge is held individually or by a team, it cannot be widely dispersed and fully appreciated throughout the economy: there are limits to the amount of shared or widely accessible knowledge. Learning depends on ingrained familiarity, obtained through repeated routine. It is precisely for this reason that in any complex society, people have to be specialists. 'Technical knowledge is highly contextual. It is often difficult to understand the nature or value of an innovation without intimate knowledge of the situation to which it relates' (Hodgson 1999, p. 57). Consequently, the complexity and inaccessibility of dispersed tacit knowledge means that neither worker nor *manager* can know fully what is going on. This reality is not borne out in management textbooks. The increasing complexity of the global economies means that workers require more intensive training. If we are to avoid an increase in the number of what Hodgson refers to as 'McJobs', that is, low-paid, part-time and insecure, then the state, *contra* Hayek and the New Right liberals, must intervene to provide adequate levels of funding in order to meet the

increasing need for knowledge-intensive workers. People have to learn how to learn and to adapt and create anew. However, such intervention is not wishful, woolly thinking, but an immanent possibility.

In tum, this means that we have to temper emancipatory demands for increased democratic participation. If we want to retain current high levels of development that derive from the diversity and immense complexity of extant socio-economic reality, then we have to assess the feasibility of increased participative democracy. As Sayer (1995) notes, democracy is recently enjoying renewed popularity on the Left. 'It is hard to resist the conclusion that democracy is often seen as an unqualified good' (1995, p. 239). For Alvesson and Willmott, 'Integral to the emancipatory intent of CT [Critical Theory] is a vision of a qualitatively different form of management: one that is more democratically accountable to those whose lives are affected in so many ways by management decisions...' (1996, p. 40). The extent of democratic accountability cannot be determined *a priori*. In a highly complex world, it is not feasible for everyone to gain the requisite specialist knowledge to be involved in many aspects of decision-making. However, this is not to suggest that we do not look for feasible ways of extending democracy wherever possible. The first-past-the-post system in the United Kingdom can be feasibly changed, for instance.

In essence, it is feasible to conceive of a post-capitalist, non-state socialist, advanced society. However, this would not concomitantly involve a considerable reduction in hierarchy and reliance on *ex post* regulation of the wider economy. In other words, there are contradictions immanent in economic organization that cannot be wished away. Indeed, it may be that in our on-going assessment of feasible socio-economic organizational forms that improvements might not be realized without creating new problems. The positing of feasible alternatives is unavoidably complex, messy and provisional.

## Hodgson's Alternative Future Scenarios

However, Hodgson has proffered some plausible future causal chains, which I shall briefly delineate.

### *The Omega Scenario*

This scenario remains within capitalism. Basically, if the growth of knowledge is thwarted, a technologically sophisticated economy may evolve in which, however, human learning and innovation have stagnated. Here, technology would be used extensively to replace humans as much as possible. Economic growth would result largely from a growing output of physical goods and automated services. The population 'would generally occupy a life of leisure, with some of them lucky (or unfortunate) enough to have a few hours' work a week in the restaurant or retail sector, serving customers who value human interaction (Hodgson 1999, p. 189).

*The Epsilon Scenario*

For Hodgson, the epsilon scenario could be described as beyond capitalism. Here, a form of employment contract remains, but it is a mere shell of its former capitalist self. In the work process, the degree of control by the employer over the employee is minimal. However, it is still a contract between employer and worker, but the employee retains much control of the process of work. It is an economy still dominated by private property relations and largely regulated by the market. Whilst it is not capitalist it is not socialist either.

Capitalism means more than private property and markets. The system outlined above is not capitalism, even if it may contain capitalist 'impurities'.

'Market knowledgism' or 'market cognitivism' ... are some of the best labels for this system that I can come up with ... such a system requires a high social valuation of trust-based and extra-contractual relationships. A capitalist society with an ideological history of individualism ... will find it difficult to accommodate these embryonic, non-contractual forms ... The epsilon scenario may thus be blocked. Such a system could remain locked into capitalism, possibly with a relapse into the omega scenario [above]  
... (Hodgson 1999, p. 213).

*Alternative Scenarios*

*The alpha scenario* for Hodgson is about the 'brave new world of McJobs, unemployment and robots'. *The beta scenario* relates to many of the actually-existing developments in the advanced, knowledge-intensive capitalism of the late twentieth century. *The gamma scenario* is, loosely speaking, 'state socialism', i.e. a centrally planned economy under public ownership, with the machine-intensive technology of the second half of the nineteenth, and first half of the twentieth, centuries. *The delta scenario*, with machine-intensive production and worker co-operatives, is genuine 'market socialism', found more or less in the former Yugoslavia from the 1950s to the 1980s and Mondragon in Spain.

However, Hodgson spells out in much more detail the *zeta scenario*, which is a *further* post-capitalist development of the epsilon scenario, involving further increases in the knowledge intensity of production, of human skills, in the economic power of the workforce and in the broadening of share ownership. In this scenario, there is not necessarily common, complete and exclusive ownership of the corporation by the workforce. Knowledge is more sophisticated and enhanced. For Hodgson, the outcome of the zeta scenario would be described as 'market cognitivism' or 'market socio-cognitivism'. It is worth quoting Hodgson at length here:

Despite the lack of complete common ownership, it is not necessarily less co-operative than idealized socialism ... nor necessarily any less egalitarian in its economic outcomes ... compared with the epsilon scenario, in the zeta scenario the balance of ownership of the corporation shifts crucially from the shareholders to the workers and managers ... It is not market socialism in a strict sense, nor is it any form of state

socialism ... However, such a system is socialistic and co-operative in its dominant ethos, and close in structure to ... market socialism (Hodgson 1999, p. 217).

However, Hodgson adds that markets and commodity exchange retain a crucial co-ordinating role in the system: radical theorists often ignore this.

### Concluding Remarks: The Need for Normative Theory

Radical political economy has assumed (often implicitly) that contradictions and dilemmas could be successively eliminated without creating new ones. As Sayer argues, this is a modernist myth:

There are always going to be trade-offs, though not necessarily zero-sum games, and gloomy though this may sound, we stand more chance of success being aware of this than we do imagining that they don't exist. But there is a further problem with critical social science's confident view of emancipation. This is its assumption that emancipation comes about solely or largely through removal of obstacles - be they illusions held by people ... relations of domination or material deprivation. Apparently, once we have eliminated these and people can relate to one another freely and as equals, people will be emancipated (1995, p. 236).

Sayer delineates several problems with this. One key problem is the impression of the 'good society' as a space cleared of illusions and oppressive relations, in which individuals or groups will somehow 'naturally' find liberation. The point here is that we need alternative frameworks. There is no point in changing society if we have no idea of what such a changed society could be like. Hence the need for counterfactual analysis and assessment of feasible alternatives. As Jacques reminds us, we cannot envision the 'good society' *de novo*. The problem that continues to bedevil critical social science is the lack of normative analysis, that is, critical evaluation. Given that Marxism has not developed any feasible alternatives, it is hardly surprising that critical writers like Jacques find it difficult to conceive of non-capitalist social arrangements. Sayer draws attention to political philosophy as the normative theory most relevant to political economy. As he notes, political philosophy is concerned with defining or interpreting concepts of the political good. Among others, what kinds of social practice and organization are good and why? What ought the role of the state to be? What are our responsibilities? Political theory, however, is less abstract and deals with institutions such as markets and explores their character, preconditions and consequences. In turn, this aids normative judgements of social practices. If we return to the issue of increased democracy, political theory shows here that democracy is good *and* bad: it has limitations and is vulnerable to abuses. As Sayer argues, this helps us to think about alternatives. Indeed, the nature of dispersed tacit knowledge associated with increasing specialization and the material properties of what is organized delimits the extent of democratization.

This article has maintained the need (a) for a disaggregative analysis, which is grounded in social realism, and (b) normative theory about future possibilities.

This will aid tentative assessment of feasible alternatives, which Hodgson has admirably set about doing. To reiterate, it is not being suggested that we can start afresh. There are limits to what can be changed for the better, and any immanent potentialities can be identified and debated via disaggregation and normative analysis. The latter is only possible if we recognize the stratified material nature of social reality. In other words, transcendently the social world is composed of internal and external social relations; disaggregative analysis enables thought experiments about alternative social arrangements.

## Notes

- <sup>1</sup> In the field of organization and management studies, critical realism has had a limited impact. Notable exceptions include Clark (2000), Mutch (1999), Reed (2000), and Tsoukas (2000).
- <sup>2</sup> As Rowlinson (1997) points out, the critique of 'tall' organizations and the call for flatter managerial hierarchies should not be confused with radical attacks upon the very existence of hierarchy.

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