Unlimited greed for gain is not in the least identical with capitalism, and is still less its spirit. Capitalism may even be identical with the restraint, or at least a rational tempering, of this irrational impulse.
(Weber, 1930: 17)

When observing the nature of contemporary capitalism, and particularly the version currently in evidence in those nations such as the USA and UK that have fully embraced and advanced neoliberalism, one could be forgiven for concluding that at first glance Max Weber’s statement appears somewhat naïve. Weber’s thesis presents us with a vision of capitalism that is measured, organised and driven by rational individuals whose work, business and dealings with others is underpinned by a strong sense of restraint and, to no little extent, a moral consciousness (1930). Even if one takes account of the remaining vestiges of mid 20th century ‘social’ capitalism still in evidence in various guises across continental Europe, however, it appears clear that the defenders of an orderly, constrained and, at least to some extent, ethically grounded approach to economic activity have been on the back foot for at least three decades, against the onslaught of the relatively unrestrained neoliberal ‘turbo-charged’ form of capitalism. It might be even argued, as suggested below, that the orderly trajectory of rational capitalist development which Weber imagined appears as merely a fleeting phenomenon at best; one that reached its zenith in the post-war era and which has been systematically unravelling in recent decades.

Weber himself, however, was well aware that capitalism could come in various guises, and was very well acquainted with a form that was licentious, irrational and avaricious, as he notes that ‘…the capitalist adventurer has existed everywhere. With the exception of trade and credit and banking transactions, their activities were predominantly of an irrational and speculative character, or directed to acquisition by force, above all the acquisition of booty, whether directly in war or in the form of continuous fiscal booty by exploitation of subjects’ (Weber, 1930: 20-21). For Weber, this form of irrational capitalism persisted at the margins of the ‘rational’ capitalist economy. As is implied above, however, in light of numerous events in the business world over the last few decades, culminating with the ‘credit crunch’ and its aftermath, it may be suggested that contemporary neoliberal capitalism has increasingly resembled the ‘irrational’ or ‘booty’ form as defined by Weber, as opposed to the more rational form of capitalism he believed had superseded it (Weber, 1930; Author).

The characterisation of neoliberal capitalism as ‘irrational’ is undoubtedly contentious. However, the term is applied here in at least three senses, that (a) neoliberal capitalism, in practice, is largely consistent with Weber’s definition of its ‘irrational’ form; (b) it appears highly disorderly and unstable as well as socially, economically and environmentally destructive and; (c) its adherents appear in thrall to an ‘irrational’ belief in the efficacy of free markets in spite of an abundance of contradictory evidence.

Similarly, the issue as to whether neoliberalism is amoral, or indeed has a discrete morality, might also be considered debatable dependent on one’s definition of the latter. However, the term is employed here in recognition that a key hallmark of the neoliberal outlook, as above, enshrines a lionising of indifference towards the interpersonal and wider consequences of one’s actions, where economic ends
largely justify the means. Moreover, it may be noted that the morality of the system this variant of capitalism has generated is the subject of longstanding debate (Sennett, 1998; Giddens, 1989; Beck, 2000; Stiglitz, 2010, Author)\(^1\). Thus, it is argued that, if neoliberal capitalism were considered to have a moral compass it would be rather narrow and pliable in form; a ‘regime of the self’ characterised by a somewhat aggressively anarchic outlook towards almost anything beyond a rigid belief in the market and the maximisation of profit (Rose, 1990). As Robert Bellah commenting on the capitalism of the early neoliberal era suggests; ‘(w)hat seems clear to me is that the unrestrained greed that capitalism at the moment seems to be propagating is the chief threat to our morality, traditional or otherwise, as well as being socially and even economically destructive. The structure of moral ecology in our society is badly torn’ (1983).

Critiques of contemporary capitalism of this nature are evidently ubiquitous, with many focusing on the degradation of ideas, practice, values and ethics associated with the neoliberal ascendancy. Nonetheless, it is the contention of this piece that the vast majority of these albeit worthy, necessary and intellectually rigorous accounts tend to offer what is in a sense a partial critique, focusing on the way in which neoliberal values and ideas have provided a platform for an assault on democracy, equality, well being, welfare and social justice across the globe (Giroux, 2002). With respect to the latter, it is generally implied that it is the normative features of neoliberalism - rampant individualism, self reliance, an antipathy towards collectivism and welfare and, crucially, a divorcing of economic activity from its wider social consequences - that have exerted a corrosive effect on ethical conduct. By contrast, the organisational features are, arguably, regarded as merely organisational epiphenomena of the free market credo. However, the argument presented here adopts a more dialectical approach, asserting that both the ideological perspective of neoliberalism, together with the deregulated organisational arrangements and structures that it has demanded and fostered, have coalesced to drive a process that de-socializes the human psyche, undermining civility and empathy within an increasingly disorderly and conscienceless socio-economic milieu.

As explained below, this perspective is informed in no small part by new understandings of the social emerging from the fledgling sub-discipline of neurosociology, which synthesises sociological concepts and analysis with empirical understandings of the human mind/brain advanced by the neurosciences. A key aim of this approach is to illuminate and illustrate some of the currently unrecognised features of social processes, in this case as they relate to some of the more abstruse but important ramifications of contemporary economic organisation.

\(^1\) A distinction might be drawn here between neoliberalism and neoconservatism in that, while the latter ascribes to the economic principles of neoliberalism, this is augmented by a strident ‘morality’ focused on nationalism, Christian fundamentalism, ‘family values’ and so on (Harvey, 2005). It might also be noted, however, that this is also a morality that favours unfettered capital accumulation, inequality, low taxes for the rich and reduced state support for the poor, militarism, the death penalty and a punitive penal system, all which may be seen to sit uneasily with its avowed religious and ‘moral’ foundations.
Relevant to the policy considerations of various economies across the globe, this paper seeks to argue that ongoing pro free market lobbying of governments, citing both the moral and economic imperative of reducing the ‘burden’ of business regulations, is deepening our immersion in an economic system where amorality and instability are enshrined in its very ‘structures’. Thus, as is argued below, in the economic milieu, as with every other sphere of human experience, it is only the internalisation of both formal and informal limitations that generate the cognitive and emotional preconditions for discomfiting and dissonant self transgression, the roots of conscience, and hence moral, measured and constrained conduct. Such conditions, as Weber, and indeed Durkheim and many others since have observed, provides the foundations for both a relatively stable and ethical economic system as well as a modicum of social stability (Weber, 1930; Durkheim, 1960; Elias, 1939; Freud, 1961; Author).

As addressed in more detail below, by systematically dismantling the formal and informal framework of regulations that governed and restrained business in the pre-neoliberal era, contemporary policymakers have created conditions that desocialize both business practice and the very conscience of its practitioners. Moreover, as the increasingly dominant values, normative and regulatory flexibility of contemporary business have permeated the common sense worldview, where the hard-nosed and cavalier ‘entrepreneur’ has been raised to iconic status, this shift can arguably be seen to have exerted a corrosive influence on our societal culture as a whole.

This has occurred as the narrow value system, instrumentalism and imperatives of the neoliberal economic sphere have colonised the wider culture, to the extent that has arguably devalued non-economic aspects within public discourse and, thus, the wider value system (Habermas, 1984; 1987). Thus, it has been argued, wider human concerns, values and pursuits beyond narrow economic ends and vapid consumption can only be revived by liberating the public via the containment and regulation of the pervasive marketisation of society (Gorz, 1994).

**Rational and Irrational Capitalism**

The rapid capitalist and industrial expansion from the 18th century onwards, despite the introduction of a good deal of rational instrumental calculation in a narrow technical sense, was not particularly marked by a concomitant extension of rational or ethical behaviour in the economic sphere. For example, as Hobsbawm observed, the unregulated form of capitalism found in the United States of the times was marked by ‘the total absence of any kind of control over business dealings, however ruthless and crooked and the really spectacular possibilities of corruption both national and local’ (Hobsbawm, 1975: 174).

Throughout the ‘gilded age’ in the United States, and the Victorian era in Britain, ‘controlled’ only by the ethos of laissez faire, capitalist enterprise was regarded as being dominated by greed, short termism, rampant speculation, corruption and exploitation. Far from tending towards orderliness and stability the capitalism of this era was also notable for its successive periods of economic upheaval. The booms and busts that proliferated from the latter half of the 19th century to the 1929 crash and 1930’s depression tend to demonstrate that the dominant laissez faire form of capitalism appeared to be consistently afflicted by instability across many
developed economies and societies throughout Europe, North America and beyond (Hobsbawm, 1975; Cashman, 1984). Moreover, despite the wealth generated during this period, its highly unequal distribution and the insecurities generated for the working population were highly socially destabilising (Hobsbawm, 1975; Polanyi, 1944).

Overall, referring once more to Weber’s thesis, the notion that the legacy of religious developments of the 16th and 17th century had set capitalist enterprise on a more orderly and ethical course were not well supported by the circumstances prevalent during this period. In effect, it appeared that ‘irrational’ capitalism retained a prominent role, and not least in the leading financial centres (Weber, 1930). With respect to the latter, as Keynes observed, the proper role of finance in rationally and efficiently channelling investment to the most profitable and productive sectors of the ‘real economy’ had been significantly eclipsed in the period the prior to the ‘great crash’ by short termist and destabilising speculative activity (Keynes, 1936).

As is widely acknowledged, however, by the mid 20th century increasing business organisation and the ‘corralling’ of big finance, together with improvements in employment practices, appeared to herald an overall trend towards a more orderly, stable and, in some respects, relatively more ethical and socially responsible form of capitalism. This is broadly consistent with Polanyi’s observation that the aforementioned social fragmentations and instabilities imposed by the 19th century marketisation of economy and society had instigated a range of mitigating pro-social ‘defensive’ measures (1944).

The observation by both governments and increasingly powerful mass producers that consistent demand and the control of wider economic conditions ensured both economic stability, continuous and predictable profits, and was, thus, in their own interest, together with political pressure from an increasingly disenchanted and restive populace against the backdrop of communist revolution in the East, could all be considered as collective movers in tempering the excesses of the laissez faire system.

The somewhat more consensual and socially oriented revision of modern capitalism that emerged ushered in a new common sense, asserting that business probity, democracy, social stability and the wider public good could only be sustained through the oversight and active intervention of the state to curb market excesses and imbalances. The old view of the infallibility of markets was rejected, while the collective provision of basic needs and management of life’s great risks led to the emergence and/or expansion of state provision of education, welfare and a range of other services. In short, the prevailing view emerged that the unrestrained invisible hand needed to be controlled and guided in both the commercial and wider public interest (Galbraith, 1973; McQuaid, 1978; Hutton, 1995; Harvey, 2005).

The ‘reformation’ of capitalism during this period, while far from being unequivocally embraced by all of its practitioners, nonetheless extended a business ethos that maintained that economic activity must be engaged with some sensitivity to wider public responsibility. As Epstein (1998) notes, the values of many corporate leaders shifted in the post WWII era, in line with a growing public mood...
that no longer accepted the ‘old’ arrangements where business had been free to act without heed to ethical concerns and its social obligations to its workforce, customers and society in general.

Business as Usual

The steps towards the dissolution of this relatively ‘constrained’ and ‘mixed’ form of capitalism are equally well documented and exhaustively debated, in terms of the (re)turn to neoliberal free market orthodoxy and the manner in which it was installed as the new economic ‘common sense’ across much of the global economy, as well as within the politico-economic institutions (such the IMF and World Bank) charged with global economic oversight (Stiglitz, 2003). As is broadly recognised, integral to the form of capitalism that emerged from the neoliberal counter-revolution was that capitalism should once again operate as freely from regulation and constraint, political or otherwise, as possible and, crucially, that profit maximisation and the enhancement of shareholder value should supersede all other considerations, including the wider social impact of business practice. As one of the principal intellectual architects of the new credo, Milton Friedman, notably observed:

> When I hear businessmen speak eloquently about the "social responsibilities of business in a free-enterprise system," I am reminded of the wonderful line about the Frenchman who discovered at the age of 70 that he had been speaking prose all his life. The businessmen believe that they are defending free enterprise when they declaim that business is not concerned "merely" with profit but also with promoting desirable "social" ends; that business has a "social conscience" and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers. In fact they are—or would be if they or anyone else took them seriously—preaching pure and unadulterated socialism. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades….But the doctrine of "social responsibility" taken seriously would extend the scope of the political mechanism to every human activity. It does not differ in philosophy from the most explicitly collectivist doctrine. It differs only by professing to believe that collectivist ends can be attained without collectivist means. That is why, in my book *Capitalism and Freedom*, I have called it a "fundamentally subversive doctrine" in a free society, and have said that in such a society, "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970).

While there are several issues of debate that might be gleaned from this statement, including questions relating to environmental externalities, with respect to the argument at hand there is the obvious question as to how such single-minded disregard for externalities and lack of pro-social constraint can be reconciled with ethical and moral behaviour towards others as this is generally understood⁴. Thus, if there is to be no duty in the economic sphere other than profit maximisation, and

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⁴ Desmond and Crane (2004) refer to Friedman’s statement as being emblematic of the ‘egoism’ that prevalent within contemporary business cultures.
few socially imposed limitations regarding its pursuit, then how can societies ensure that economic behaviour does not descend towards amoral predation?

The question must also be raised as to how can it be ensured that, in free market societies, business ‘stays within the rules of the game’ and ‘engages in open and free competition without deception or fraud’ if it has no ‘social conscience’ and, as advocated by Professor Friedman, there is no effective governmental referee to curb its excesses and ensure that its profit accumulation does not involve the wholesale destruction of whatever impedes its ambitions?

Driving Without Lights: Neoliberalism as an Irrational Belief System

Despite the multifarious negative consequences of the return to ‘free markets’, in terms of economic (and social) instability, highly questionable conduct and growing inequity, the notion that any interference in markets, and hence limits being placed on business practices and activity, are inherently inefficient and ultimately undesirable is upheld as an article of faith by the advocates of neoliberalism. As Galbraith (2006) notes, ‘the doctrines of the “law and economics” movement, now ascendant in our courts, hold that if people are rational, if markets can be “contested,” if memory is good and information adequate, then firms will adhere on their own to norms of honourable conduct. Any public presence in the economy undermines this’... *all works for the best when thought and planning do not interfere* (my italics).

As the reference to ‘thought and planning’ above exemplifies, the fatalistic standpoint underpinning the efficient market hypothesis embraced by free marketeers implies, as suggested, that the belief in the ‘invisible hand’ might be regarded as being akin to an irrational quasi-religious faith in unseen forces.

Moreover, this view that neoliberalism operates to some extent as an irrational belief system is further supported by the observation that, in spite of the damning evidence surrounding the events of the ‘credit crunch’ and its aftermath, belief in self regulating markets has remained largely unshaken amongst the faithful, while some have even cited ‘big government’ as opposed to fatefully unbalanced economies and a lack of regulation for the crisis. This counter argument asserts that the financial crisis, as with other crises of the free market era, arose through government interference in the otherwise smooth running of deregulated markets (Taylor, 2009). It might be suggested that such sentiments have resonances with the ‘rationalisations’ extended by religious groups when faced with challenging knowledge or failed prediction.

Evidently, however, the maintenance of a neoliberal standpoint might clearly be viewed as at least boundedly rational with respect to individual self interest, given that some of its more wily exponents are likely fully aware of the irrationality at its core as well as its often deleterious consequences. For the latter, the rhetoric of free markets might be viewed as merely a cynical ideological device, affording and concealing the exercise of economic and political power while deflecting attention from what is, in effect, a rigged, inherently unstable, unjust and largely uncompetitive system (Stiglitz, 2003; Gounari, 2006).
An Orderly and ‘Moral’ Capitalism?

We have created a society in which materialism overwhelms moral commitment, in which the rapid growth that we have achieved is not sustainable environmentally or socially, in which we do not act together to address our common needs. Market fundamentalism has eroded any sense of community and has led to rampant exploitation of unwary and unprotected individuals. There has been an erosion of trust—and not just in our financial institutions (Stiglitz, 2010).

The above encapsulates the sentiments of a substantial seam of academic and public discourse in the post credit crisis era, and is emblematic of a growing feeling of disquiet concerning the activities, wider social utility and ethical compass associated with contemporary capitalism, not least due to the evident concerns arising in the current era of global economic turbulence.

With respect to the impact of business on the environment and public health, there have been a multitude of broadly established instances where corporations have pursued particular strategies in full knowledge of their potential detrimental environmental impacts. Pernicious employment practices have also been ubiquitous as the power and reach of global corporations has expanded (Kalleberg et al. 2000). What is notable with respect to both capitalism’s ethically questionable environmental and employment practices is that, consistent with the main thrust of this piece, their prevalence is often largely consistent with the degree to which protective regulations are in place or enforced and, with respect to the latter, the extent to which the authorities remain independent of corporate influence. Thus, the ethics and morality of organisations and their agents, appears to be a function of the regulatory limits that are imposed on their activities; the fewer the constraints the looser the ethics.

One case that is often offered as an exemplar of underegulated capitalism’s potential expediency and amorality is the ‘Ford Pinto’ case of the late 1970s. Briefly summarising the key aspects of the case, the Ford motor company in the 1970’s, under competitive pressures, brought a car to market with insufficient safety testing. The car, while meeting with legal safety standards, was subsequently shown to have a potentially hazardous defect that could lead to petrol combustion in minor collisions. The company subsequently ran an internal cost benefit analysis, concluding that rectifying the fault (cc $11 per car) was more expensive than dealing with potential lawsuits resulting from likely deaths and injuries due to the defect. The case attracted considerable public attention when the company’s actions were revealed, following several deaths and very serious injuries. Ford received punitive damages, while the circumstances of the case contributed to a tightening of safety legislation; regulations that the company had vociferously lobbied against.

This case, of itself, is relevant in terms of the need to protect the public against the externalities that can arise via unrestrained corporate profit accumulation. Of particular note, however, is the experience and testimony of Dennis Gioia, who was a Ford employee party to the decision to ignore the identified problems with the vehicle in question. It seems clear from both Gioia’s early biography as “an "activist,“ engaged in protests concerned with social injustice and the social irresponsibility of business”, and his subsequent reflections on this case, that he is not someone who might be readily described as being of inherently amoral
character. Yet, by his own volition, he acted in a manner that could be considered as amoral or unethical as a consequence of the sub-cultural milieu and mores that he experienced as a Ford employee at this time (Gioia, 1992). This notion, that a lack of clear boundaries for business produces a structure and culture that corrupts the personal sensibilities, goes to the heart of the argument at hand.3

Corporation Scandals and the Credit Crisis: Individual Malefactors or Products of the ‘System’

One need not look very far to find examples of questionable business practices since that period. The roll call of well publicised corporate and financial misdemeanours, and the alleged guilty parties, is well known and by no means exhaustive - from WorldCom’s Bernie Ebbers, Enron’s Ken Lay, Baring’s Nick Leeson to contemporary figures such as Société Générale’s Jerome Kerviel (Washington Post [Special Reports, Corporate Ethics]; New York Times, 5th October 2010).

Notably, however, the hyper-individualism at the heart of neoliberal ideology also provides a convenient mechanism by which the corporate world can denounce its alleged ‘villains’ as being individual malefactors, as opposed to products of a system that normalises a culture of impunity and amorality amongst many of its practitioners, and where the much lauded cases are merely the heads of an ever replicating hydra.

Global marketplace conditions combined on the eve of the financial crisis to create what Alan Greenspan [former chairman of the US federal reserve] has since called a “fundamental flaw in the edifice of market economics”.

While Alan had thought that the risk of reputation damage would ensure that bank executives retained some sense of business ethics, he later admitted that he was thinking back to the old world of business partnerships. He, like the rest of us, had not fully appreciated that moral norms were not constraining the behaviour of those competing across complex and interlocked global entities that covered both shadow and formal banking systems (Former UK PM Gordon Brown as cited in the Guardian 7th December 2010).

The ubiquity of such problems have also been widely documented in relation to the activities that fostered the latest financial crisis, where a culture of greed, excess and egregious risk taking was seen to have pervaded the worlds of finance, property and investment throughout the developed world (Elliott & Atkinson, 2008) Tett’s Fool’s Gold, in particular, provides an incisive account of how the practices across the financial sector progressed within a culture where many of the practitioners, focused on short term gain, had highly limited understanding of the financial derivative products they created, the potential consequences of their development, and the concomitant explosion of credit they permitted (Tett, 2009).

3 Desmond and Crane (2004) also refer briefly to the ‘Ford Pinto Case’ in their discussion of morality in marketing theory.
The Sociogenesis of Amoral Conduct

As stated at the outset, critiques of the moral dimension of neoliberalism tend to focus solely on its cultural aspects. However, it is contended here that the consistent anti-regulatory stance of the neoliberal model is not only an outcome of a self-interested culture, but that its consequences, in terms of eradicating and undermining formal and informal socially protective rules and procedures, feeds back to nurture the aforementioned climate of amorality within the business community.

One of the principle arguments with respect to the generation of moral conduct, and concomitantly, the development of conscience lies in the observation that ethical behaviour is cultivated through the internalisation of constraints on individual autonomy, by and in the interests of the collective. While Freud’s ‘hydraulic’ conception of the id as an inherently unrestrained libidinous force may be questionable, the notion that the ‘moral’ conscience is moulded by internalised social constraints appears consistent, not only with logic and a vast diversity of historical and contemporary experience, but also with a diverse range of theoretical and empirical writings (1961). Thus, within sociology, from Durkheim, Weber, Elias and their numerous successors, a longstanding consensus coalesces around a recognition that the moral and civilised individual, and in turn the development of the ethical and civilised society, depends on the acceptance and internalisation of socially defined limits upon individual licence and a concern for the wider consequences of one’s actions (Durkheim, 1965; Weber, 1930; Elias, 1939). Moreover, such injunctions of individual conduct rely on more than merely the fear of public approbation or punishment but also exist within the core of individual mental processes, as a cognitively engrained and emotionally charged framework of rules, values and norms that are experienced as conscience.

For Durkheim, the idea that social stability and individual well being necessitated the curbing of potentially unlimited wants was an essential aspect in avoiding the personally and socially destructive state of anomie – his condition of normlessness and social disintegration. For the moral society to be produced and reproduced its inhabitants must be socialised in such a way as to internalise the collective conscience of the community, consisting of ‘limiting’ norms, values and rules of conduct that, where breached, would have the potential to invoke internal negative emotions and/or public approbation. In short, it is only the broad acceptance and internalisation of regulation in the interests of the wider collective that supports moral conduct, social cohesion and social stability, a situation which, as is addressed below, diminishes as deregulation occurs and where inequalities of wealth, power and influence increase. (Durkheim, 1925; Durkheim, 1960; 1965).

Broadly consistent with the above, Norbert Elias drew on a range of historical observations to propose that what he termed the sociogenesis of restrictions on socially approved conduct, while commencing as externally imposed sanctions, became internalised over time in a process of psychogenesis, where formal sanctions become integral features of the psychology, emotional responses and, thus, self regulation of conduct. In particular, his observations concerning the development of manners and modern attitudes to violence and modesty illustrate the way in which formal rules become ‘second nature’ to us as our cultivated
emotional responses become almost instinctual, and how once commonplace modes of thinking and behaviour could over time provoke revulsion and disgust as social prohibitions were internalised (Elias, 1939).

Neuroscience & Morality

This sociological understanding of the nature and malleability of human emotion and moral conduct is now supported by developments in contemporary neuroscience, that underscore the impact of social learning and the manner in which behavioural rules, norms, values, habits and injunctions are neurologically internalised and mediated by the emotions (Verplaetse et al, 2009; Raine and Yang 2006).

Broadly speaking, our memory formation has at its core a process whereby we internalise a representation of the ‘normal’ conditions of our social world; where the rules and norms of society (together with our semantic knowledge and episodic memories) become ‘engrained’ in our neural circuitry as features of an internalised ‘topography’ of our society (Author).

As we have a very limited capacity to deal with ‘conscious’ processing of information, due to the constraints imposed by our working memory (associated with the pre-frontal cortex [pfc]), the ability to deeply internalise well established modes of thought, feeling and action affords us the capacity to respond in a routinised manner, at the edge of conscious awareness, when confronted with familiar stimuli or circumstances. By contrast, unfamiliar or contradictory stimuli elicit a response from the emotional system alerting us to the fact that ‘something is up’, stimulating and focusing our attention (LeDoux, 1998).

In instances where a disturbance to our internalised expectations is considered minor, benign or perceived positively – as an interesting or entertaining diversion - the resultant experience may self evidently be one of mere interest or even positive excitement. Conversely, significant negatively perceived transgression of our socially acquired framework, by one’s self or others, is likely to provoke a process of negative emotional arousal. As above, this occurs through an interaction between the cortical regions involved in appraisal, perception and memory and the ‘fear system’ (centred on the amygdala), reacting to breaches in normal conditions that require potential resolution (Goffman, 1971; LeDoux, 1998; Damasio, 1994; Verplaetse et al, 2009; Raine and Yang, 2006).

Relevant to the argument at hand, the latter response would logically be the likely outcome of the transgressing of deeply engrained prohibitions. In short, via this process, what we refer to as morality or ‘conscience’ may be viewed as a product of the human perceptual, appraisal and fear system responding to the breeching of habituated social rules and values, providing an internal deterrent to anti-social conduct. As Raine and Yang suggest, ‘...it is predominantly the feeling of what is moral that is deficient in antisocial groups, rather than the knowing of what is moral. This moral feeling, centered on the PFC and amygdala, is the engine that translates the cognitive recognition that an act is immoral into behavioral inhibition...while intact moral emotions may normally place a brake on rule-breaking behavior, the lack of a sense of responsibility may move the individual
more in an immoral direction if the rewards are sufficient’ (Raine and Yang, 2006: 209).

Moreover, as Blair indicates, ‘the amygdala enables the individual to learn the goodness and badness of objects and actions’ (2007: 389). It is, thus, the emotional cues from the latter that influence the manner in which we respond to moral questions and situations as these are processed in conjunction with the PFC.

On this point, it may be noted that damage and abnormalities associated with the PFC has been observed to have a significant impact on its functioning in terms of higher level processing, including its central role in mediating and inhibiting anti-social and impulsive behaviour (Raine and Yang, 2006; Blair, 2007; Glenn, et al, 2009). Moreover, it has also been suggested that persistent stress (as is prevalent in numerous contemporary business settings) may also disrupt PFC functioning with various implications for understanding both rational and moral conduct, albeit that fuller exploration of this relationship is beyond the scope of this piece (Liston, et al, 2009). Nonetheless, as above, the presence or absence of significant emotional arousal, principally associated with the amygdala, appears to be a crucial component with respect to the socialization, instigation and expression of rational, ethical and moral conduct (Blair, 2007; Immordino-Yang & Damasio, 2007; Glenn, et al, 2009).

From the above, it logically follows that the undermining or eradication of formal rules, regulations, values and moral standards greatly reduces the potential for eliciting the internal emotional injunctions that focus attention and prompt reflection on the consequences of one’s actions, a situation likely to be greatly compounded by the concomitant internalisation of a licentious culture fostering the notion that limitations, rules and prohibitions are generally to be challenged or manipulated (Author).

It is also crucial to note here, as implied above, that such a response would not be restricted to breeches of ‘higher’ social values, manners and so on, as Durkheim and others suggest, but would also apply to the formal regulations, such as those found in business organisations, given that all prohibitory boundaries experienced over long periods of time would be ‘internalised’ and ‘normalised’ such that their transgression would automatically provoke an ‘alarm’ response (Durkheim, 1925; 1960; 1965; Author).

Given the above, it is therefore not much of a stretch of the imagination to come to the conclusion that the consistent assault on regulation and restraint by the financial and wider business community over the last few decades - supported by the type of sort of sentiments expressed by Professor Friedman – may have greatly weakened the deeper internalised personal brakes on socially and economically undesirable practices. Put simply, the fewer the rules and the lower emphasis placed on abiding by them, the lesser the potential for transgression and, thus, the eliciting of either external or internal sanctions.
Bidding Down the Soul

In a predatory economy, the rules imagined by the law and economics crowd don’t apply. There’s no market discipline. Predators compete not by following the rules but by breaking them. They take the business-school view of law: Rules are not designed to guide behaviour but laid down to define the limits of unpunished conduct. Once one gets close to the line, stepping over it is easy. A predatory economy is criminogenic: It fosters and rewards criminal behaviour (Galbraith, 2006).

The above appears clearly consistent with the hypothesis presented in the previous section. In short, deregulation, as opposed to being a moral position promoting individual autonomy and economic vitality, sows the seeds of licentious conduct. Moreover, it can be argued that, once set in train, several factors may coalesce to extend and exacerbate this trend.

Firstly, it appears evident that within such a climate that, where individuals within organisations find themselves in competition with each other, the temptation to bend regulations ever further may promote a moral and regulatory race to the bottom. Thus, each movement towards questionable behaviour by a market participant provides both a rationale and legitimation for others to ‘dilute’ their own rational and ethical practices in the quest for advancement, with an eye on personal advantage, the stock price, shareholder value and the sentiment of the markets. Moreover, when considering those individuals that might otherwise feel tempted to resist compromising their own ethical standards, evidence regarding the influence of the group and authority figures in subverting personal resolve and behavioural standards is manifest (Sherif, 1936; Milgram, 1974).

It might also be noted that, in conditions of collective or personal economic insecurity, as are generated under this precarious system, probity in the anxious pursuit of large profits - that might provide security in unsettling circumstances - is much more readily compromised and risky behaviour is encouraged (Author). This feature of contemporary business, where potentially catastrophic activities continued to be vigorously pursued, was emblematically illustrated during the credit crisis by the former CEO of Citigroup, Chuck Prince, with his statement that ‘as long as the music is playing, you’ve got to get up and dance. We’re still dancing’ (2007).

These factors, taken together, provide an understanding of the manner in which ideology and the undermining of formal regulations, as these are expressed through corporate cultures and practices, together with the insecurities and potential high rewards that have emerged in neoliberal economies, can account for risk taking behaviour and corporate malfeasance from the gilded age to the excesses that produced the credit crisis.

Deregulation that began in 2000 …encouraged hyper-speculative activities by market players who had no interest in the underlying physical commodities being traded. This produced severe price swings for both oil and food in 2008-09 that destabilized business and household budgets in the US and throughout the world. (Letter from 18 US economists to the US Congress). Source: World Development Movement, 2010
Perhaps one of the starkest examples of neoliberalism’s nurturing of amorality rests with a recent development, referred to as ‘the great hunger lottery’, where financial sector speculation in food derivatives is considered to be producing hunger, malnutrition and death across the developing world (World Development Movement, 2010).

‘Freedom’: The Paradox of Deregulation

In addition to the psycho-social effects of deregulation and the worldview that this supports it must be noted that, as briefly alluded to above, there is a profound contradiction at the heart of the neoliberal credo; that is the tendency for its exponents to cite ‘freedom and liberty’ as the justification for pursuing their own interests free from constraint, to employ their market power with impunity, while exhorting governmental authorities to ameliorate the consequences and costs of its own risky practices and, more importantly, to restrict the freedom of others that might impede the activities and aims of the economically powerful.

The drive to deregulate propelled by the oligarchical relationship between neoliberal business and the neoliberal state is at the root of this process. This has some resonances with Habermas’ notion of a ‘rationality crisis’, arising where the administration of the state is substantially captured by competing, and potentially inconsistent, economic and technocratic interests, with a concomitant reduction in its efficacy and attention to wider human needs and values. Such a failure of ‘regulation’ may lead to a ‘legitimation crisis’, where the subordinated segment of the populace no longer views the state as acting rationally and/or ethically in the wider public interest, undermining notions of democracy, shared morality, trust and common purpose (Habermas, 1976; Lipietz, 1992).

The burgeoning inequality that is associated with unfettered capitalism further exacerbates this process. Thus, the market power, political and social influence of the ‘winners’ - exercised through the media, political lobbying, regulatory and democratic capture - allows them to further break free of and manipulate the potential constraints on their own conduct while restricting the choices and opportunities open to others, amplifying this socio-economically destructive cycle. The development of the neoliberal state and its privileging of the needs and values of capital and the corporate sector can be clearly understood in these terms (Galbraith, 2006).

There was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course. ... Laissez-faire itself was enforced by the state. (Polanyi, [1944] 1957: 139)

Moreover, as implied above, the imbalances of power and influence that increasing inequities of wealth and power confer also entail that the favoured begin to operate in a different political, social, cultural, moral, as well as economic, universe from the rest of society and, to a large extent, beyond the reach of the societal influences and necessary constraints that allow for the development of a strong social conscience. This has several consequences.

Firstly, as Durkheim observed, the ability to act with relative impunity is both individually as well as socially corrosive (Durkheim, 1925; 1960; 1965).
Compounding this situation, the mutual social estrangement that occurs with increasing social polarisation diminishes the extent to which actors on both sides of the divide identify with each other as, raising the potential for stereotyping, distrust, prejudice and stigma (Goffman, 1963; Aronson, 1995; Author). This process can evidently produce a situation where an exclusive elite begin to view the masses as ‘other’ which, in turn, leads to demonization and reduced empathy, legitimating a hardening of attitudes to the plight of those negatively affected by the actions of the powerful, a situation that has arguably been much at play during the neoliberal era. Once more, as has been identified throughout our history, psycho-social estrangement and the concomitant negative stereotyping and prejudice that it cultivates, further enhances the capacity for unempathic and amoral conduct, with potentially fateful outcomes, particularly where this can occur with few constraints. It may even be the case, as has been argued, that social arrangements and values such as those prevalent in contemporary capitalism not only disinhibit anti-social behaviours but actually undermine an otherwise natural predisposition towards pro-social and empathic conduct (Olson, 2005).

Conclusion

As above, the much promulgated notion that deregulated economies promote freedom, wealth and the greater good can be regarded as a touchstone of late 20th and early 21st century capitalist societies, as was the case a century before. Thus, the notion of competitive, rational and deregulated markets, operating by the rational laws and governed by the ‘invisible hand’, are once more presented as being the best vehicle providing economic efficiency and the wider public good, with any restraint merely operating to the detriment of the latter.

From this standpoint, the brief intervening period of managed capitalism, or ‘embedded liberalism’, appears as a minor detour, as opposed to the sea change that it was once assumed to represent within major developed Western societies (Ruggie, 1982; Harvey, 2005). It has been extensively argued, however, that the return to the economics of the past has revived capitalism’s worst irrationalities and instabilities, culminating in the credit crisis, as well as its capacity to generate profound inequities (Krugman, 2009).

This paper asserts that, in their contribution to the above, the deregulatory features of neoliberal capitalism imply more than mere structural adjustments to economic organisation, but might also be understood as impacting upon the aspects of individual neurological functioning that are correlated with inhibiting anti-social self gratifying behaviour. Thus, without a deeply neurologically ‘engrained’ set of formal and informal rules, together with a concomitant commitment to their adherence, the habituated emotional ‘stop’ signs that routinely inhibit socially and economically destructive conduct dissolve, as firm injunctions become pliable obstacles to be ‘negotiated’ or simply ignored.

Overall, by undermining or even eradicating the regulatory walls that guide individual conscience - and, in turn, socially and economically rational and responsible conduct, - licentiousness, self interest and short term expediency flourish, raising the potential for further ‘irrational’ destabilisation of society and economy and the generation of continuing crises. In this way deregulation, of itself,
compounds the deleterious effects of the value system which drives it. From this perspective, the 'spirit' of contemporary neoliberal capitalism and its organisational 'form' appears as almost the inverse of the rational, measured and moral credo that Weber once imagined (1930).

As to the prospects for capitalism in general, the question as to the extent it can be reformed or contained to meet the wider public interest goes well beyond the scope of this piece. However, it is clear that its current 'unfettered' form is unsustainable in terms of its economic, social and, indeed, psycho-social consequences, while a reinstatement of something more closely resembling its former embedded, planned and regulated form, while perhaps falling some way short of a wholesale resolution of modern capitalism’s ills, would be at least return us to the point of curbing its more destructive excesses.

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