COMMENTARY - VIRTUES ARE NOT A LUXURY
TO INVEST IN THE WORLD OF ECONOMY
BEYOND THE IDEOLOGY OF INCENTIVES

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One of the paradoxes at the heart of our economic and social system is the peaceful coexistence between the radical rejection of masters and controls in the political sphere and the equally radical acceptance of other masters and controls in businesses and organizations. We started and still lead many fights and revolutions against tyrants and dictators, but as soon as we leave the square and pass the gates of the company we place our dress of democratic citizens on the hanger and meekly wear the clothes of the regulated and controlled subject.

This paradox derives in large part from misconceptions of the term incentive, which is becoming the main tool of the capitalist cult, a magic word that many rely on, and at all levels, to the point of being able to talk about a real “ideology of incentives” that is invading our lives.

 ‘Incentive’ is actually an ancient word. During the Middle Ages incentivus (from incinere, sing and enchant) was a wind instrument, the flute in general, to which the voices of the choir had to be adjusted. The flute is also the tool of the snake-charmer whose snake gets bewitched by its sweet sound and goes obediently where the sound leads it. The use of the incentivus was then extended from the flute to the trumpet and the dictating the pace of running for the soldiers in battle. The incentive, therefore, is something that spurs us, makes eager or urges us to bold action, something that enchants us with its sound and makes us go where the one who is playing the instrument wants to take us. The incentive presents itself as a free contract, and this is why it is fascinating. The capitalist company proposes a pay or career scheme, and we, workers “freely” accept it. The aim, as the ancient root suggests, is to harmonize the various members of the company, i.e. to make sure that the employee’s behaviour aligns with the set goal of the owners, and in the absence of this agreement, the objectives and actions would naturally become divergent, discordant and forgotten.

To understand the nature of the ideology of incentives it is necessary, however, to look at its history that does not originate from the tradition of economic sciences but emerged from among the scientific theories of management. These started to develop in the U.S. around the twenties, that is, between the two world wars and in the presence of fascism, totalitarianism and collectivism. A phase of civil and anthropological pessimism similar to the one Machiavelli and Hobbes lived in, generated a theory based on a pessimistic and thrifty way of thinking about human nature. The logic of incentives was first received with strong controversy and heated ethical debates which, however, soon fell silent. During the Cold War the control of people by incentives appeared in fact as a vaccine against a disease that appeared to be much more serious. Control and planning within organizations were the small dose of poison ingested for protection from the possibly deadly virus of totalitarian planning and control by an illiberal system that was establishing itself in the other part of the world. So it was considered a necessary evil to make sacrifices of freedom and equality inside companies in order to keep up the capitalist system and democracy. Political democracy was defended by sacrificing economic democracy. Freedom in society, but central planning inside enterprises. Today collectivist systems are history, yet their vaccine continues to be injected into our bodies, and it works well beyond the scope of the largest industrial enterprises for which it was originally invented.
The main, large and harmful side effect of the ideology of incentives is that it created a realm of human relations in which there is nothing anymore that has an intrinsic value, something that shows as valuable before the cost-benefit calculation. There is a second crucial element called power. The alignment produced by incentives is not reciprocal. It is the powerful party that sets out the objectives and designs the incentive scheme, while the weaker party is only required to align with the magical singing of the charmer. Incentives are therefore offered by those in power to those who do not have the power to control their actions, motivations and freedom. It is the nature of incentives to provide unilateral power for the management and no reciprocity between equals; and its function is control, not freedom. Unions, for example, cannot understand a lot of the reasons for their current crisis and they will not be able to rediscover their vocation unless they interpret the world of work within the framework of this new ideology.

Finally, the culture of incentives reduces the anthropological and spiritual complexity of the person. The great classical culture knew that there are many human motivations and they cannot be traced back to a single measuring means, let alone money. It also knew that using money to motivate people inevitably tends to reduce intrinsic motivation after some time, and thus it greatly impoverishes organizations, society and people who have an infinite value because they know how to find more forms of value in things and in themselves. In fact, it would take many instruments to tune people well within organizations and to bring them into agreement with each other, including, of course, the flute of incentives, but only in harmony with the violin of respect, the oboe of philia, the viola of gratitude. Because if there is only one instrument to play, then biodiversity, creativity, generosity, and freedom will be lost in the workplaces, and you end up forcing your people to produce less beautiful sounds and boring, sad melodies.

Regarding the everyday lives of families and civil society we know how necessary the multidimensionality of incentives is and the same is true for the even more important awards (which, unlike incentives, recognize the virtue, not create it artificially or control it). But we make the mistake of thinking that other values do not count in businesses, because they are too high to waste them in the vulgar world of economy. If that was the case, it would be impossible to explain the history and present of so much of cooperative, social and civil economics, or the impact of the many Italian and European entrepreneurs and workers who are sons and daughters of another economic, spiritual and civil culture. In fact, they are still going their way, they react instinctively to the logic of incentives and they still resist consultants, banks and institutions that look at them through the glasses of the ideology of incentives, and would like to treat them so.

Throughout life we have all made choices, from small and ordinary to decisive ones, going beyond and against the logic of incentives, opting for less money and career to gain what is more expressed in other values. We have done it and many continue to do so, not for heroism but for dignity and loyalty to the not-for-sale part that lives deep within us all. In the pages of every person's and every organisation's book of life there are many words written with invisible ink - the cold logic of incentives cannot see this because it lacks the heat of some other relational registers that would be necessary for that. But if these sentences remain invisible, we will not be able to either tell what really happens in the world of work or to improve it.

Translated by Eszter Kató