Greed: an interdisciplinary mind-map

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Abstract

Much corporate misconduct is blamed on greed, but even among those who agree greed is wrong there are misgivings as to whether it is useful if not necessary to economic activity. This paper sketches a mind-map that might be used to bring the insights of different social sciences to bear. Firstly, it connects our basic psychological drives, desires and satisfactions with the philosophical virtues and the social institutions that function to meet our physical and psychological needs. Such an ideal is however subject to temptations, which undermine personal and social virtues and a peaceful and prosperous society. Greed can be seen as chief amongst temptations, both in its addictive power over individuals and its corrosive effects on the fairness of the exchanges that are essential to the operation of social institutions. In addressing greed, we need to be cognizant of our bounded, and often blinded, rationality and the place of institutional narratives and structures that support the virtues rather than magnify the temptations. In particular, markets can be made more just and effective. Change is however ultimately dependent on personal initiative, which may well require the religious conversion of our dopaminergic desires - from greed to love.

Keywords: motivation, justice, markets, religion, psychology, economics, neo-liberal.

1 Introduction

This paper addresses greed in modern business where it results in one party intentionally obtaining unfair benefits from a transaction. It starts with a mind map of human motivation and decision-making, within the social sciences and religion, in which greed can be located. The broader perspective obtained is then contrasted with some influential conceptions of greed and some suggestions made as to how its harmful consequences can be prevented in the design of institutions.

Many agree with Burke (2010) that "greed underlies almost all acts of crime and corruption in organizations." He covers dozens of incidents in modern corporations. More incidents have been publicly exposed in Australia by the recent royal commission into financial services. The Commissioner, questioning the cause of misconduct in the finance sector, suggests that: "Too often, the answer seems to be greed – the pursuit of short-term profit at the expense of basic standards of honesty." (Hayne, 2018) On the other hand, Donaldson (2012) downplays the role of greed, which is a "persistent feature of the human condition" and so its manifestation "rather depends on opportunity and rationalization" than personal factors. Others believe, reluctantly, that some level of greed is economically useful. As Keynes (1930) had it at that time:

> *For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight.*

Identifying and responding to greed is therefore problematic in that it involves reconciling these alternative perspectives or repudiating one or other. And, given we are almost all continually transacting with others in business settings, our personal behaviour and beliefs are influenced by personal history and context and so are at

risk of bias if not partisanship. Moreover, addressing greed may require institutional changes that are unlikely to be spontaneous. This means that any opinions on the subject lead to some conclusion that the power to make changes resides somewhere in individuals – and thus also becomes a personal challenge.

Given the scope, the discussions in this paper are necessarily spare, skate around some debates, and undoubtedly entirely miss others. It will have served its purpose if it can be used to locate research and debates in a wider context.

2 A mind-map of human motivation

The objective of the mind-map is to categorise and situate the main characteristics of our basic drives, and the social institutions that function to meet our underlying needs. Healthy drives and institutions will be conformed to the virtues, but are subject to challenges and temptations, which undermine personal virtues and are inimical to flourishing and peaceful societies.

2.1 The drives and their domains

Table 1 provides the mind map to make these categorization and connections. The categories are of course, fuzzy, and the schema should be seen as preliminary. The reward mechanisms, which have only become apparent in the light of recent developments in neuroscience are at this stage somewhat speculative. The other columns, however, which give alternative perspectives from the domains of religion and the social sciences, seem to have common sense relationships and are not particularly novel in themselves.

2.1.1 Rows – the needs and their drives

The first column provides the main anchor for the rows and is based on Maslow's (1943) hierarchy of needs. The drives include cognition – "the desires to know and to understand" – which is not always included in diagrams of Maslow's hierarchy, probably because he is not clear where it fits in. His suggestion is that the lower level needs are primary and generally need to be satisfied before the higher-level needs become salient, but he admits that it is rare for any of the needs to be unmet for long. Time to think may be somewhat of a luxury, but it is not denied to the insecure, the lonely or the humiliated.

Putting cognition in the second row does allow a grouping of the drives into physical, social and higher drives. A row for distinctive religious institutions might be questioned for many people, but Fowler (1981) describes faith as "shared centers of value and power" that give meaning to life, which must be embodied , even if only in Anderson's "imagined communities" of nationalisms. This is in the spirit of Durkheim (1912), not a believer, who sees it similarly:

> *anyone who has truly practised a religion knows very well that it is the cult that stimulates the feelings of joy, inner peace, serenity and enthusiasm that, for the faithful, stand as experimental proof of their beliefs...religious belief rests on a definite experience, whose demonstrative value is, in a sense, not inferior to*

> *that of scientific experiments, though it is different. … In short, then, we can say that nearly all the great social institutions were born in religion. (420,1)*

Whether the religion is supernatural or secular, Pearce (2010) suggests that "shared rituals and understandings of social life" create "the ability of the society and its members to respond self-consciously and creatively to the unforeseen contingencies of societal development." (337)

2.1.2 Columns – the domains

The second and third column owe most to Shiota et al (2017), who review and summarise the "phylogenetic, neuroscience, and behavioral evidence" as to the mechanisms – largely in the brain – that generate happiness and other positive emotions. They admit that the evidence for the discrete emotional constructs they suggest is preliminary, but it does highlight that the physical satisfaction of our drives and appetites resides in the largely hormonal response that is triggered in different parts of our brains. The main driver, apparently, is dopamine, which is implicated in "wanting" rather than "liking" (Kringelbach and Berridge, 2010). The pleasures themselves arise from a variety of other hormones some listed in column three. Baskerville and Douglas (2010) suggest that the serotonin and oxytocin released by positive relationships ameliorate dopaminergic addictions. On the religious "appetite" Taylor (2007) explicitly takes issue with the idea that "the main point of religion is solving the human need for meaning" (718) and would perhaps be happier with "transformation" or "freedom" rather than "adventure". The latter is, however, intended to be interpreted more broadly – or perhaps more deeply – than Weber (2001) who considers outdoor adventure as self-actualization. These issues are somewhat expanded in part 3 below.

The fourth column is based on Aquinas's seven theological virtues, which include St Paul's faith, hope and love and the Greek philosophers' justice, wisdom, self-control and courage. Humility is added in its obvious place in the table and can be seen as a foundation for the other virtues. In this arrangement, the virtues describe the healthy development of our basic drives – and again the need for balance. Maslow calls it homeostasis and applies it to the physiological needs; the psychologists similarly refer to homeostasis of the neurological and hormonal balance. The fact that the virtues fit rather easily into the rows provides something of a riposte to Kohlberg's (1970) "bag of virtues" critique of virtue theory.

Table 1: A mind-map of motivation

1. Drivers	2. Dopaminergic Appetites	3. Mechanisms / Rewards	4. Virtues	5. Challenges	6. Temptations	7. Institutions
• Self-actualization • Transcendence	• Meaning • Adventure	• Awe • Joy, Cannabinoids	• Faith	• Anomie	• Cynicism	• Religion
• Cognition	• Curiosity	• Explanation • Classification	• Wisdom	• Confusion • Obstinacy	• Rationalization • fd	• Education
• Esteem	• Autonomy	• Serotonin, Recognition	• Humility	• Humiliation	• Arrogance	• Stratification • Authority
• Relationship	• Libido • Nurturing • Belonging • Empathy	• Testosterone, Oestrogen • Oxytocin • Gratitude	• Justice • Hope/Love	• Sadness • Indignation • Conflicts of loyalty	• Envy • Anger (Party Spirit)	• Family • Community
• Safety	• Fear, Flight • Disgust	• Adrenaline	• Courage	• Fear	• Despair	• Justice and Defence
• Physiological	• Hunger, Thirst • Work, Exercise	• Opioids • Endorphins	• Self-control	• Pain	• Greed, gluttony, lust	• Firms, markets • Medicine

Column five was initially prompted by Russell's (1994) findings that the recognition of the emotions portrayed by facial expressions are largely universal across cultures. Some, but not all are captured by positive emotions. On further investigation, Damasio (2006) in fact finds "that the brain handles positive and negative varieties of emotions with different systems" and there are "far more varieties of negative than positive emotions". He also notes that "it is the pain-related signal that steers us out of impending trouble" (267). Similarly, Adam Smith (1759) places significant weight on indignation: "Resentment seems to have been given us by nature for defence, and for defence only. It is the safeguard of justice and the security of innocence". The emotions listed in this column are thus warning signals that all is not right: the drives are not satisfied appropriately. While confusion will alert an individual to a lack of understanding, obstinacy may be easier for others to diagnose, and is intended to include a stubbornness to adhere to explanations in the face of evidence to the contrary. Anomie can be defined as "personal unrest, alienation, and uncertainty that comes from a lack of purpose or ideals".[i]

The sixth column is a derived from Evagrius's (1972 / c 390) eight temptations, which later became to be described as the seven deadly sins. He says "it is not in our power to determine whether we are disturbed by these thoughts, but it up to us to decide whether they linger with us or not" (17) and so his classification was intended as a diagnostic to resisting the temptations. His early monkish compansions seem particularly concerned with the physical temptations, perhaps because their vow of poverty meant that these drives were particularly salient, which would confirm Maslow's ordering. Evagrius (2009, c. 390) does not specifically mention rationalization or credulity as temptations, but his discussion of the temptations almost all involve resisting the rationalizations or unhelpful beliefs that would justify religious ascetics being deviated from their vocation. His list of temptations includes "sorrow" and the untranslatable "acedia", which were combined later by Pope Gregory into the sin of sloth. It is suggested that despair may be a better description of sorrow as a temptation to sin, as it is intended to represent a wallowing in misery, as opposed than the courage to live in the face of adversity. Acedia represents a range of temptations that at root seem to deny all goodness (Nault, 2015), which perhaps can be summarised and readily understood as cynicism. While retaining both despair and cynicism, column 5 follows Gregory in adding envy, and combining "vainglory" with arrogance. Envy goes further than greed in that it seeks to destroy others, without even the justification of self-interest and so would seem to be relevant as a cause of party spirit and war. Evagrius's vainglory is however a particularly monkish sin, being pride in humility and good deeds, and does not seem to justify a separate mention.

The final column is taken from Eisenstadt (2008). He lists five institutional spheres: economic, political, family, cultural and stratification, which can be taken as a "starting point" for the analysis of social institutions. These fit fairly well into the drives as set out in the table. He includes community institutions in the cultural sphere, which can be fitted in to the table if such institutions are divided into those involving functions of religion and education. Important for the discussion of greed later in this paper, Eisenstadt raises the "possibility of viewing processes of institutionalization as processes of exchange between different persons, groups, organizations, and spheres", saying that these processes differ within the different spheres. The institutional rows may have differing prominence in different people and their communities and vary in level of formality.

2.2 Decision making

To the extent that human motives span all the drives in the table, and are made within the context of all the columns, one might expect decisions to be potentially affected by all the cells. This seems to be confirmed by Singer (2005), who looked at neurological activity while decisions were being made, and concluded:

> *The feeling of having reached the right decision might, thus be associated with brain states that are distinguished by a particularly high coherence. ... such states are likely to emerge ... when agreement is reached among the "votes" of the various centers that contribute different aspects, such as innate incentives, early imprinted convictions and later acquired rational arguments.*

This obviously does not require all cells to be always implicated in decisions, but it does accord with the ancient view summarised by Cooper (1999):

> *Moral psychology, or the study of the psychological conditions required – the sorts of desires, the attitudes to self and others, the states of mind and feeling, the kind of knowledge and insight required – if one is to lead the best life that is humanly possible, occupied a central place for all the classical and Hellenistic philosophers. (x)*

This ancient view is affirmed by modern psychologists such as Damasio (2006) and Kahneman (2003), who says: "separation between belief and preference in analyses of decision making is psychologically unrealistic." (1470) It is also in accord with Haidt (2001), who is well known for his convincing arguments that "the reasoning process readily constructs justifications of intuitive judgments, causing the illusion of objective reasoning." All our judgements are thus potentially suspect, and so, while the decision-making process seems to incorporate a variety of drives, it is often inefficient, inconsistent and often perverse in its outcomes.

Taylor (2007) provides a clear description of the alternative views that can be taken:

> *Descartes thus develops a quite different theory of the passions from the Stoics. For the latter, the passions with false opinions. When we achieve wisdom, we free ourselves altogether from them. They disappear, like the illusions they are. Descartes understand the passions in a quite different register; not in terms of what they say, but in terms of their function. They are responses we are endowed with by the Creator to help us respond with appropriate vigour in certain, appropriate circumstances. The goal is not to do away with them, but to bring them under the instrumental control of reason. (131)*

Kahneman (2003), in debunking the separation view, calls it "traditional" but this is unhelpful: it does not really matter when an idea is ancient or modern, or even mainstream for a time, and it is not an argument for its validity or otherwise. This point is particularly relevant to the debate on greed to which we will come, especially in considering the undoubtedly influential, but debatably "mainstream", neo-liberal, ideas that are common in the thinking of some academics, business people and regulators. Because of its importance, and to make the long running differences between more holistic and reductionist views clearer, it may be helpful to identify a

straw man in the shape of the theory of human action set out in von Mises (1947, 1998). He argued that economics:

> *is the science of every kind of human action. Choosing determines all human decisions. In making his choice man chooses not only between various material things and services. All human values are offered for option. All ends and all means, both material and ideal issues, the sublime and the base, the noble and the ignoble, are ranged in a single row and subjected to a decision which picks out one thing and sets aside another. (3)*

While no one "is qualified to declare what would make another man happier or less discontented" (19), "only the human mind that directs action and production is creative" (117), and that mind is the calculating entrepreneur motivated by his or her version of "psychic profit." This elevation of reason leads to a denial of what he calls "mystic community", and any other drive but self-interest in the pursuit of such profit.

The neo-liberal view is associated with the assumption that behaviour, in economics at least, can be assumed to be perfectly rational. The inadequacies of this assumption in most circumstances have been copiously illustrated by behavioural economics, with its concepts of bounded rationality and satisficing, and the identification of different biases and heuristics (Kahneman, 2003).

More seriously, modern business appears to be replete with examples not just of bounded, but blinded, rationality. The events of the past decades have illustrated that people can ignore the perverse consequences of greed even at the risk of significant personal losses. Palazzo et al (2012) and de Klerk (1999) write of "moral blindness" that leads apparently good people to participate in illegal activities, and to develop apparently sub-conscious psychological shields for themselves in order to deny culpability. Again, this is not new and is implicit in Jesus's injunction: "You hypocrite, first take the plank out of your own eye, and then you will see clearly to remove the speck from another's eye." (Matt 7.5)

Possibly even worse than the denial of emotions is the denial of any morality in human motivation. Gouldner (1962) suggested it:

> *The only choice is between an expression of one's values, as open and honest as it can be . . . and a vain ritual of moral neutrality which, because it invites men to ignore the vulnerability of reason to bias, leaves it at the mercy of irrationality (212).*

The relevance of emotion, traditional virtues and the role of second-order decisions and their cognitive and institutional embodiments, implies that there are ways in which drives and emotional responses can be regulated. Ochsner et al (2012) report on studies that have tracked just such processes in the brain. The relevance of personal convictions is underscored by recent work on ego depletion, which had suggested that people's ability to resist temptations is a limited resource, reduced after being exercised. In contrast, experiments conducted by Job et al (2010) find that: "reduced self-control after a depleting task or during demanding periods may reflect people's beliefs about the availability of willpower rather than true resource depletion."

Similarly, Feldman et al (2014) find that belief in free will was related to the more spontaneous exercise of choices.

Relevant to ways in which poor decisions can be improved, Sunstein and Ullmann-Margalit (1999) trace out the "second-order decisions", which are made "about the appropriate strategy for reducing the problems associated with making a first-order decision."(7) As examples, they cover rules and standards, rebuttable presumptions, breaking larger decisions into small steps, random choosing, delegation, and of course heuristics – all of which are, or at least can be, examples of institutional structures. We return to the question of institutional structures and their embodiment of these second order decisions in part four.

3 Greed is a problem

This part mow now considers greed specifically; why it is regarded as a psychological disorder, a religious temptation, and socially and economically destructive.

3.1 Psychological

Nikelly (2006) identifies the personal problems created by greed and found in clinical experience:

> *The self becomes estranged, alienated, and "lost" as it focuses on the status their mere possession supposedly bestows. Without social connectedness, life degenerates into an unauthentic existence of isolation, narcissism, self-indulgence, and "neediness." (68)*

He goes on to describe psychoanalyst theories that relate greed to failure in accepting the limitations imposed when being weaned, or alternatively over-permissive parenting. Chen (2018), using student surveys and experiments, confirms the relationship between unpredictability and attachment in childhood. Strathearn (2011) makes some suggestions as to the hormonal pathways involved. Shover and Hochstetler (2006) suggest that white collar crime is a consequence of a class upbringing that encourage "normatively unbridled competition, a pervasive sense of arrogance, and an ethic of entitlement." (63) Nikelly is not unconscious of the structural elements that support greed, but does point out that personal motivation also needs to be addressed:

> *Because the economic structure is institutionalized, it requires, at one end, political initiative and social action to change the structural conditions that allow the perpetrators of economic greed to operate. At the other end, it is necessary to explore and change the subconscious motives of greed that were formed during early emotional development. (73)*

On a more mundane level, and perhaps more satisfying to those wanting experimental data, Lambie and Haugen (2019) provide a nice summary of recent psychological research that identifies greed with an insatiable desire for money or power at all costs. They find that materialism, self-interest and miserliness are related by distinct concepts, and that acquisitiveness may be motivated by fear rather than

greed. From them, it is still an open question as to whether greed is a stable disposition or determined by social context.

Lea and Webley (2006) and the detailed peer responses, provides what seems to be the most thorough coverage of alternative views of the nature of "the biological psychology of a strong incentive". They make a convincing case that money is an incentive not just because of what it can buy, but that the behaviour it creates resembles drug addiction. They also suggest that the acquisition of money may be attractive because it allows for "reciprocal altruism" (and is self-preserving from the long term perspective of communal prosperity) or satisfies some instinct to play. The responses to their paper list of other reasons why money appears to provide such a strong motivation. Foremost of these is that it confers status; reflects aggression; is an instinct for hoarding that is observed in many animals and is necessary for those who face seasonal food supplies; and is a, not always, rational heuristic. In summary though, greed is personally dysfunctional.

3.2 In religion

Greed seems to be viewed as a significant sin in all major religions; this section takes a largely Christian perspective as being more accessible to the author.

The Ten Commandments begin with the three[ii] that are summarised as "Love the Lord your God with all your heart, soul, mind and strength" and the rest as "Love your neighbour as yourself". (Mark 12:30/1) As with many biblical passages, the commandments can be better understood with a chiastic structure, where in this case the first and last commandments resonate because they address attitudes, while the rest address actions directly. The first is to "have no other Gods" and the last is that you shall not covet your neighbour's house, wife or possessions. Paul links these (indirectly through the second) when he describes covetousness as idolatry (Eph 5:5).

This is entirely consistent with the psychological observations in Shiota et al (2017) that greed undermines relationships, and that positive relationships help prevent the addiction of greed. To speculate a little, if we allow that feelings of awe and an appreciation of the love of God are aspects of obedience to the first two commandments, one might expect that these would address the parental inadequacies in our childhood. Paulin-Campbell's (2010) description of the experience of 19 women undergoing the long Ignatian retreat provides some confirmation that a positive self-image and a virtuous life needs to start at the top of the table.

Covetousness includes inordinate desires other than for money, so the prominence of the love of money in the New Testament needs some explanation. Paul says that the love of money is the root of all evil (1Tim 6:10), and there are obvious links to murder, theft and lies – but not adultery. There are slightly less obvious links to the fourth and fifth commandments. Honouring the sabbath requires work to cease to break the addiction to greed; honouring one's parents certainly includes providing for them in old age, where the Pharisees (lovers of money) are particularly criticised. (Mat 15:4). Paul's attribution of all evil to greed may however be a reference be a common saying, and not a categorical statement. Bauer (1957) refer to very similar sentiments in Hippocrates, Democritus and Bion, and almost identical wording can be found in

the Hindu Mahabharata (book 12), all of which would have pre-dated him by some centuries. Even if this is so, however, Jesus's "One cannot serve God and Money" (Mat 6:24) similarly places emphasis on money.

One potential explanation is that the other temptations – to lust and gluttony – and perhaps the blind loyalty that can be described as party spirit, can go with some love of neighbour, while greed is necessarily exploitative. Another explanation is that there are physical limits to the scope of the other temptations to covet. If the neuro-psychologists bove are correct and dopamine drives wants and not satisfactions, there is no limit to how much money one might want, no hormone to give satisfaction, no point of satiation. From the perspective of evolution, the neat explanation is that humans have not had the opportunity to develop a mechanism for satiation given the recent development of money. From the Judeo-Christian perspective, it is that the greedy are idol worshippers. Our many wants can only be satisfied in relationship with God:

> *Come, all of you who thirst, come to the waters; and you without money, come, buy, and eat! ... Why spend money on that which is not bread, and your labour on that which does not satisfy? Listen carefully to Me, and eat what is good, and your soul will delight in the richest of foods. (Isaiah 5:1, 2)*

There do however appear to be differences with Buddhism and Hinduism in that they regard the antidote as the extinction of desire and the loss of individuality rather than finding full individuality in the love of God. There are branches of the monotheistic religions that also seem to ascribe to the view that true religion requires the extinction of desire. Evagrius's (1972/c. 390) views on this topic would not be far from those of Ghose (2004), who argues that it is a misunderstanding to see Buddhism as advocating detachment from all desires, but rather from those that are based on possessiveness. He points out that compassion and love for others represents some form of attachment.

Of course, one does not have to believe in the supernatural to appreciate the possibility that we have a need for self-actualization, nor that virtue is commitment to the good and the opposite of a cynical rejection of aspirations to do good. The kingdom of God can be seen as a "totemic" metaphor fulfilling the role of creating social coherence, as suggested by Durkheim (1912). As in the projection of shadows in Plato's cave, the question that cannot be answered here is whether religion is a projection of our needs, or our physical reality "a shadow of what is to come." (Col 2:7) An exhortation that may well be universal, comes from Moses's call to the Israelites as they approached the Promised Land:

> *For this commandment which I command you this day is not too hard for you, neither is it far off. ... I have set before you life and death, blessing and curse; therefore choose life, that you and your descendants may live. (Deuteronomy 30, 11,19)*

3.3 In the economy

This section moves on to address the common view – expressed by Keynes above – that greed drives the economy. The counter to this view is that it fails to distinguish

between human motivations to work hard, creatively and in a positive social environment, from motivations to overcharge and over-service, rationalising greed and undermining justice. Greed, defined this way, creates problems in that it distorts transactions, creating deadweight losses, disadvantage and conflict.

3.3.1 Working hard and enterprise

Greed goes beyond wanting more and being prepared to work for it. Working hard may be an addiction, a personal fault and a problem for family and relationships. The addiction can be forgiven – or at least passed over – where the work is for some good cause even when family relationships suffer. The cause may be artistic, social or even economic if it gives rise to new products and services that have a social benefit.

One would expect that the motivations described in the first four columns of table1 would be always be in some type of balance, with plenty of scope for focus on one at the expense of others for periods. Such may be particularly necessary in times of famine or when family members require more care, but the growth in lifespan and population suggests that we are currently in a state of unusual peace and prosperity, and scarcity is relatively rare. We can aim for more balance.

Given this common propensity to hard work, it is difficult to understand why Keynes (1930) believed that greed was necessary. Given his view that "animal spirits" drove the investment decision, it is possible that he was thinking that investment depended on the greed of entrepreneurs. Certainly, the heroes of Ayn Rand and von Mises are entrepreneurs as the greatest exponents of rational egoism. Their views however are not even mentioned in Drucker (1985) and Shane and Venkataraman (2000), the most cited of entrepreneurial texts, who emphasise creativity and other personality traits in addition to greed. Entrepreneurial activity that creates new value for its customers is quite distinct from greed. Academic research in recent years continues to provide evidence that it is the nature of the work that provides the motivation (Herzberg, 1987), and that cooperation is more productive than competition in many circumstances (De Dreu, 2007).

3.3.2 Zero and negative sum games

Greed on the other hand is extractive and wasteful. The drive to obtain more money becomes a social problem when it pits people against each other in their exchanges with each other. As Weber (1978/1922) put it, prices in general "are the product of conflicts of interest and of compromises" (108) and "expressions of struggle" between people. The battleground may be in markets, within companies and in all organizations where there is competition for resources. It becomes a widespread social problem when it leads to significant overcharging, over-servicing or the creating of externalities (e.g. pollution) that unfairly burden others. A further problem arises if it leads to exclusion of others from goods in limited supply, of which land is the primary example: "Woe to you who add house to house and join field to field till no space is left and you live alone in the land." (Isaiah 5:8)

The determination of a fair price and its identification with the market price has always been a debate within by economics (de Roover, 1958). Unfairness arises when one party exercises some form of collateral power to extract a benefit at the expense of

the other, or perhaps arguably when one party loses as a consequence of ignorance. Not only is such a price unfair but there are likely to be deadweight losses as people unnecessarily invest energy to ensure they are getting a fair deal, or if one party withholds their goods or services as part of their bargaining strategy. One's meat becomes another's poison. The case can also be made that greed creates inflation as different parties increase their prices in attempting to gain a larger share of the pie (Iversen, 1999).

One grain of truth in the notion that greed can be good is that over-servicing will lead to more economic activity, but it destroys value in doing so. There are many potential examples: some of the more egregious are doctors performing unnecessary operations (McGinnis et al, 2013); lawyers leading clients into unnecessary disputes (Corbin, 2005), and investment managers churning their clients' money (Heacock et al, 1987). These involve exploitation by wealthy and powerful parties, but the critique may apply with less force to jobs created in order to provide employment to those without other opportunities. Value destruction may also include negative externalities such as pollution, including contributions to global warming, and the too rapid exhaustion of natural resources.

3.3.3 Fairness and neo-liberal economics

It is not possible to fully discuss greed in the current economic and political environment without critiquing neo-liberal economics. It may indeed be difficult for those who have not had their education blinkered by "standard economic theory" to believe Kahneman et al (1986), when they begin:

> *The absence of considerations of fairness and loyalty from standard economic theory is one of the most striking contrasts between this body of theory and other social sciences - and also between economic theory and lay intuitions about human behavior.*

Their paper introduced the dictator game, where one player must divide a sum of money with the other player, but both will get the money only if the second player accepts the offer. Economists can claim that it is irrational for the second player to refuse any positive offer, even if it is small. The challenge to the economists is that they often do refuse: people value justice and are prepared to suffer loss in order to punish the unjust. The challenge to ethicists however is to give a coherent account of fairness; Kahneman et al (1986) show that intuitions as to what is fair can vary substantially.

Verburg (2012) goes back several centuries to "understand how human greed was able to develop from one of the most reprehensible vices to an almost indispensable building block of human welfare." (516). He suggests that there has been a "gradual substitution of the idea of a positive sum game for that of a zero-sum game." On this view, the question of managing the zero-sum game of bargaining has therefore faded into the background – as being largely irrelevant in a free and competitive market. Verburg suggests that "debate on the serviceability of greed was more or less settled" by the time of Adam Smith, whose quote on the self-interest of his butcher serving the needs of society has been taken to mean that he is the fore-runner of "standard economics". McClosky (2008) argues, in detail, that this entirely misreads

Smith's work, which on occasion drips with indignation at the "absurd tax upon the rest of their fellow-citizens" that is imposed by those who charge excessive prices.

As with the debate about rationality and emotion, alternative views on the history of an idea can obscure and are often used tendentiously. The relatively cynical: "All labour and achievement spring from envy of neighbour" in Ecclesiastes 4:4 may go back 3 millennia, and Verburg refers to Bracciolini's *De Avaritia* (1428) (see Lang, 1973), which is a sophisticated debate on whether greed has redeeming features. It may however be helpful to consider the origins of "standard economic theory" after the middle of last century. One reading is that a business funded and favoured campaign has been waged in a few, largely American, universities to define the mainstream of what constitutes economics. Jones (2010) reviews two recent books centred on the role of the University of Chicago. His review is clearly partisan, but so is Cockett (1995) from the other side, who writes favourably of the "fifty people", mainly well-known economists, and their success in turning the intellectual tide against "collectivism". They are reported to have changed their views from traditional liberalism, which looked to the limitation of monopolies, to arguing that private monopolies were not only more benign than government ones, but that their over-pricing was in any event held in check in modern economies (Van Horn, 2009, 210).

At risk of belabouring the point, the partisan nature of the current debate is nothing new, nor is the motivation to manipulate governments. Adam Smith again waxes indignant on the topic:

> *The member of parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation for understanding trade, but great popularity and influence with an order to men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public service, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.*

Where the neo-liberal economics does achieve dominance within universities, it seems to have the further effect of encouraging economics students to be more selfish. Frank et al (1996) and Wang et al (2011) find evidence of this at some US universities, but Frey and Meier (2005) find that while their Swiss business economics students are more selfish to begin with, they do not become more so over the period of his study. Ahmed (2008) also finds no tendency to selfishness in his sample of Swedish students, on the contrary finding that students in the police academy become more willing to collaborate over the course of their studies.

Neo-liberal economics is thus often a partisan shield for opportunist monopolists.

3.3.4 Fair markets

Addressing greed thus comes down to working towards institutional exchanges in general, and economic markets in particular, that are substantially fair. The virtue of such exchanges is one of commutative justice (as distinct from the distributive justice

of the tax system) and depends on whether the parties are equally well informed and have acceptable alternatives to the exchange (Gunnemann, 1985).

Lucas (1980) suggests that feelings of indignation provide a useful guide to defining justice. Unjust markets can create indignation in participants who feel exploited. Kahneman and Sunstein (2005) apply their two-system model of the mind (a short term intuitive and more rational longer perspective) to show such indignation often develops intuitively at both real and perceived injustices. Even perceptions of injustice can have harmful consequences to society, to the extent that it can lead to war (Arnson and Zartman, 2005). Tyler and Smith (1995) put it:

> *People's actual behavior is also strongly linked to views about justice and injustice. A wide variety of studies link justice judgments to positive behaviors such as willingness to accept third-party decisions...; willingness to help the group ...; and willingness to empower group authorities... Conversely, other studies link the lack of justice to sabotage, theft, and on a collective level, to the willingness to rebel or protest. ... In other words, how people feel and behave in social settings is strongly shaped by judgments about justice and injustice.*

Kahneman and Sunstein (2005) show how different framing of situations can lead to different intuitions, illustrating the difficulty we have in coming to consistent decisions. Thompson and Loewenstein (1992) report on studies that show that the weight people put on equal distributions and those proportional to effort differed significantly depending on their interests in a bargaining position. Those with vested interests are frequently biased, even if they view themselves to be honest (Gino et al, 2009). Rationalizations of greed to protect the interests of the powerful have potential to distort theory as well as practice.

It would therefore be surprising if free – spontaneously organized – markets were fair and efficient. Olson (1965) writes about the "anarchistic fallacy": the "illusion that mutually useful relationships will spontaneously evolve in a free society". North (1991) describes the traditional *Suq* markets of the middle-east, which provide a useful illustration:

> *Haggling over terms with respect to any aspect or condition of exchange is pervasive, strenuous, and unremitting. ... In essence, the name of the game is to raise the costs of transacting to the other party to exchange. One makes money by having better information than one's adversary.*

He underlines the inefficiency, but there is also the likelihood that the weak and irresolute are exploited when trading. Some people are loath to bargain, others keen, and yet others greedy, depending in large measure to what Rubin and Brown (1975) call "interpersonal orientation." While few will openly defend dishonesty in commercial dealings, an element of deception is implicit, if not inherent, in many bargaining situations. In their studies of ethical views of bargaining strategies Lewicki and Robinson (1998) say: "those who have written about effective negotiation strategies have often suggested that some types of dishonest behavior may be appropriate or even necessary to be an effective negotiator." Most of their

respondents think it acceptable, for instance, to "make an opening demand far greater than what one really hopes to settle for."

Perhaps we should ask: is this really necessary? Socially speaking, the most efficient and effective markets will be those that involve the least energy in seeking information and negotiating. They will be transparent as to price and quality and offer people alternatives to trading so there is no compulsion to accept unreasonable prices, and little occasion for indignation. Richardson (2007) makes a case that perceptions of fairness depend to a large extent on reference points: partly on the "big three" principles of desert, equality and need, and partly on a range of comparative prices. He is considering the question of how negotiators can obtain favourable prices that do not lead their counterparties to feel indignant, but the same analysis could be applied to the more fruitful objective of developing better markets.

Such markets will not be Pareto efficient because they will reduce the opportunities of the greedy. They therefore need to be actively constructed by at least some of the participants. North (1991) emphasises the role of path dependence and resource availability, but ultimately the rules are changed by people – and not necessarily those in governments. Some stock exchanges provide an example of privately organised markets. Roth (2008) makes some interesting points about how markets can break down without appropriate rules, and shows how creative collaboration led to a better allocation of medical graduates to positions. But perhaps the best example of market innovation is that of the Quakers, who espoused fixed prices in retail for ethical and social reasons for over two centuries, and which we now take for granted. (Kent, 1983)

4 Institutions

We now return to the institutional structures and their embodiment of the second order decisions of Sunstein and Ullmann-Margalit (1999). As Donaldson (2012), Hansen and Movahedi (2010) argue that the current problems in business are not personal, but structural:

> *In sum, the environmental pressures and competition, the culture and ideology of Wall Street, the formal and informal structure or corporations, the executive and employee compensation structures, all operating with the broader regulatory system, are responsible for some of the scandals we are witnessing. Any analysis of the present condition from the standpoint of explanation, prediction, or prevention should be focussed on the macro- and micro-structural condition. Psychological explanations in terms of character, personality, or traits such as greed are totally inadequate. (373)*

This part provides a brief sketch of how the structures they list have contributed to the scandals they refer to, and then how alternative structures can support virtue.

4.1 Corrupted institutions

Some institutional structures permit, even encourage, greed.

4.1.1 Culture and ideology

Ashforth and Anand (2003) describe "rationalization, where self-serving ideologies develop to justify and perhaps even valorize corruption; and ... socialization, where naive newcomers are induced to view corruption as permissible if not desirable."

Coser (1967) described greedy organisations as those that demanded total loyalty from their members. While he did not have the modern corporation in mind, there are organizations that are greedy in this sense, but also in the sense that they have valorised greed and act it out in their strategic behaviour. As an active partisan of neo-liberalism, perhaps the most famous articulation of the view is that of Friedman (1970): "The social responsibility of business is to increase its profits." This leads to what Giacalone and Promislo (2013) refer to as the "stigmatisation of goodness" as the virtues in table 1 are replaced by a single duty of loyalty to shareholders to maximise profits, which is too frequently interpreted as to make the organization greedy. But just as individual greed is dysfunctional, so is corporate greed. Shareholders are entitled to a fair profit, but no economic or social purpose is achieved by overcharging or over-servicing to give them more. As Drucker (1954) pointed out, although even archangels would need to make a profit if they were responsible for a business, the social purpose must be found in its function in society.

Roe (2000) notes that the objective of shareholder maximization is cultural:

> *The rhetorical pressure goes beyond law. Norms in American business circles, starting with business school education, emphasize the value, appropriateness, and indeed the justice of maximizing shareholder wealth (which will trickle down, or raise the tide that will raise all boats, etc.). In France and Germany, shareholder wealth maximization is demeaned and seen as at odds with social values. And in Japan, senior managers rank shareholder profit maximization (more precisely: return on investment and stock price) much lower than do American managers. (2063)*

It cannot be argued that German and Japanese companies are free of greed and corruption, but the arguments are made in Ashforth and Anand (p6) confirm that the narrative of profit maximization can crowd out ethical concerns.

4.1.2 Structures

Perhaps the most corrosive of structures relates to incentive pay, which encourages greed at every level – as identified in Hayne (2018). This found its way into the practice of management remuneration through an influential paper by Jensen and Meckling (1976). They suggested that "agency risk" – that managers would not diligently and honestly promote the financial interests of shareholders – could be addressed by giving managers a significant share in the profits. Heath (2014) suggests that the problematic assumption that executives need material incentives to perform their jobs diligently not only flies in the face of the evidence, but:

> *… even a well-designed system of external incentives has the potential to undermine moral motivation, and thus to create agency costs where previously none existed … People may be active cooperatively merely*

> *because they consider it the right thing to do. When they are subsequently offered an external incentive, it may have the effect of changing their perspective, so that they no longer consider the question from a moral point of view, but rather examine it from the standpoint of their self-interest. …Sophisticated practitioners of agency theory are familiar with these limitations, but a large number of enthusiast are not. Because of this agency theory can serve as a source of considerable inadvertant mischief when treated as an accurate representation of reality. (283)*

He then goes on to suggest that managements have consequently begun to work on the assumption that people are only interested in their own material interests, and:

> *… it would be no surprise to discover that a social environment in which the dominant assumption is that "it's every man for himself" is one that would not only encourage unethical behavior, but could become positively criminogenic.*

There is evidence that agency theory also distorts the power structure within organizations through the explosion in CEO pay – at which even Jensen himself is unhappy (Jensen et al, 2004). The increase in CEO compensation has created a significant differential between CEOs and their reports, which is accompanied by increased differentials in power and thus less collaboration (Paredes, 2014; Plöckinger et al, 2016). In turn, Desai et al (2009) report: "[S]ystematic research has also found power to be related to a variety of negative effects such as selfish and corrupt behaviour … reduced empathy … tendency to objectify and stereotype others."

Apart from exercises in personal power and in framing the culture, corporate leaders can encourage participation in greedy organisational behaviour by manipulating any number of the rewards identified in the mind-map: organizing work so that it gives a sense of achievement; threatening security; exploiting the need to belong, as well as providing real material benefits.

4.1.3 Regulation

The continued existence and activity of competition and consumer protection regulators indicates that it is widely accepted that markets do not necessarily work without regulation. Regulators are, however, vulnerable to capture. Regulatory capture can involve the creation of barriers to entry through restrictive licensing and excessively complex and burdensome regulation. Alternatively it may involve deregulation of harmful practices, which can be explicit, secret and corrupt, or implicit through failures to enforce arising from complacency or "intellectual capture". (Carpenter and Moss, 2014; Kay, 2012; Pagliari, 2012).

Such regulation is however not enough, because all structures, including markets, are governed by personal attitudes as well as rules and norms. Not ideology, structure nor regulation are personally determinative. Whyte (1998) make the point that personal choices need to be made:

> *Yet if we do give up our personal desires and passions hoping to get above it all, we almost always find ourselves substituting the passions and desires of*

someone more charismatic for our own and wake up later to find ourselves in their thrall. (75)

4.2 Supportive institutions

A second mind-map of social institutions that would support virtue is set out in table 2. The top three rows deal with issues related to culture and ideology. The rest deal with organizational structure, with regulation effectively spanning both.

4.2.1 Culture and ideology

Necessary here is a full range of virtues – particularly justice. Any ideology that is missing one or more virtue is reductionist and inadequate for what we know about human nature. It is however to be expected that the disciplines of psychology and economics and the practice of regulation will focus on what is important in their field.

The interpretation of the processes of the first two rows are also culturally defined to some extent. Economists can take either a psychological or religious normatively critical diagnosis of greed; otherwise they justify it, with pernicious effects.

4.2.2 Structures

Subsidiarity is a principle of Roman Catholic social thought that is ostensibly at heart of European Union organization (MacCormick, 1997). It accords with, and may derive from, St Paul's description of equality in the body of believers in 1 Corinthians 12, which would be consistent with the more Protestant view of individual enlightenment. It does not, however, characterise many religious institutions that are very authoritative. This is not the place to debate the issue, but to note the problems created by institutionalising greed by overpaying senior management and encouraging greed without restraints on its negative effects.

The structures address questions of prevention and response. Failure to meet the relevant virtues leads to structure of punishment, where both its purpose and nature are relevant.

Table 2 Addressing greed

	Religion	Psychology	Economics	Regulation
Culture and ideology	• Transcendence • Virtues	• Homeostasis	• Efficiency	• Consistency
Having the thought	• Temptation	• Inadequacy	• Either temptation or inadequacy	• Private
Acting	• Injustice • Idolatry	• Dysfunction	• Market failure	• Unfair contracts • Bad faith
Organizational structure	• Subsidiarity • Authority	• Inclusiveness	• Efficiency	• Compliance
Prophylaxis	• Commandments • Conversion • Habituation • Education	• Better parenting • Habituation • Education	• Competition • Signalling agencies • Aligning incentives	• Auditing • Governance rules • Proscription of conflicts • Supervision
Purpose of punishment	• Denunciation • Deterrence • Reconciliation	• Not appropriate	• Deterrence	• Denunciation • Deterrence • Restitution • Restriction
Nature of punishment	• Exclusion • Damnation	• None	• Loss of reputation & profits	• Disgorgement, fines, disqualification & gaol
Reform	• Prophecy	• Therapy	• Innovation	• Political process • Judicial review

4.2.3 Regulation

Two items in the legal column may need additional emphasis because they are honoured in the breach.

The first is the prohibition on conflicts of interest, explained by James (1874) in a legal judgment:

> *"no agent in the course of his agency, in the matter of his agency, can be allowed to make any profit without the knowledge and consent of his principal; ... that rule is an inflexible rule, and must be applied inexorably by this Court, which is not entitled ... to receive evidence .. as to whether the principal did or did not suffer any injury ..; for the safety of mankind requires that no agent shall be able to put his principal to the danger of such inquiry as that.*

Modern corporations frequently contract out of these provisions, and the question should be asked as to whether accepting such arrangements places too great a strain on fallible human nature. A further question is whether there should not be stronger legislation against such contracting out.

The second is the response to misconduct occasioned by greed. Misconduct often calls for harsher retribution, but this can be an overreaction without consideration of the implications. Tatum (2012) suggests that punishment of financial crimes should be seen as much more than deterrence, but rather as in the (Canadian) Criminal Code in having broader and more humane aims: "denounce unlawful conduct, deter the offender and community from committing offences, assist in rehabilitating offenders, provide reparation for harm done to victims, and promote a sense of responsibility in offenders." As Confucius has it Analects II/3: "If people be led by laws, and uniformity is sought to be given them by punishments, they will try to avoid punishments but have no sense of shame."

Braithwaite (1989, 2012) is a leading exponent of restorative justice, where the emphasis is on shaming unethical behaviour and reincorporating offenders rather than stigmatising them. It Braithwaite (2012), he also suggests the use of *Qui tam,* where whistleblowing is encouraged by their sharing in the proceeds – which may be seen as using greed as a motivation but may simply be seen as a way to protect them from the inevitable difficulty of reincorporating them in the communities they may be seen to have betrayed.

5 Discussion and conclusion

Views on greed have been polarised for millennia, and go to our deepest human desires. Wang and Murnighan (2011) provide an overview of greed from a range of perspectives that appear to have widespread appeal, but which are in conflict with the more holistic picture that is developed in this paper. They seem to miss the point by accepting at the start that the "negative consequences of greed focus primarily on its uneven distribution of resources" without adding the qualification that this may only be a problem in zero or negative sum negotiations. They therefore see the problem of greed as one of "drawing a line between ethicality and profitability" or

between self-interest and social morality, rather than of developing virtue and fair markets.

A similar and common view is that greed is a passion that needs to be controlled – by reason or perhaps social morality. It is suggested rather that it is more helpful to see greed is a pathology, stemming from addictive imbalances, that is often supported by unhelpful narratives fostered by vested interests. Healthy motivation needs to be restored in relationships with appropriate narratives. The structure of the mind-map emphasises that virtue is not an alternative to emotion and reason but a measure of their health.

Keynes's (1930) even more positive view of greed as necessary for economic prosperity is similarly not helpful. Many seem to believe that this understanding is the result of recent developments in scientific economics – perhaps starting with Adam Smith. On the contrary, the justification of greed by vested interests is an ancient phenomenon and Adam Smith was emphatically against such justification. Economic prosperity requires creativity, hard work and collaboration. Greed destroys collaboration and is destructive. In a similar vein, it should not be argued that all inequality is the result of greed. Inequality can arise by chance, by differences in personal effort, or by exploitation. Only the latter is reprehensible.

There are economists who believe standards of justice and indignation at injustice are irrational emotions, with indignation being socially destructive. The mind-map suggests, on the contrary, that indignation, like pain, is a warning of dysfunction, and that justice is the primary social virtue, the foundation of collaboration and perfectly rational.

In conclusion, it seems that the roots of greed lie in underlying drives necessary for our survival and flourishing. In order to develop appropriately, these drives need institutions – families, schools and workplaces – that scaffold the development of the virtues, and a faith (perhaps not necessarily religious) that chooses to pursue goodness and the love of neighbour. When these institutions fail to provide appropriate narratives and structures, people are more likely to succumb to temptations – of which greed is perhaps primary. This seems to arise because the love of money can be addictive, and lead to personal disintegration and social dislocation. Most important of the institutions are markets where exchange takes place, and there is a risk that some parties are exploited. There are also possibilities that the markets can be made more effective by being made more just. The implications are left to further research, but the personal antidote suggested in this paper is the necessity of inverting the hierarchy of needs proposed by Maslow: "seek first the kingdom of God, and these others will be added."

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[i] https://www.merriam-webster.com/dictionary/anomie

[ii] Using the numbering of the Septuagint. See https://en.wikipedia.org/wiki/Ten_Commandments for alternative numbering