

## **Locke Showed the Way: Elite Patronage, Ethical Consulting, and Avoiding Reality**

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By the early nineteen eighties, traditional conceptions of Corporate Social Responsibility were falling out of fashion. While there were differences in the perspectives among the various academics, businessmen, and think tank scholars who had debated the topic, virtually all had endorsed some system of pluralism in which the business community would be held in check by the countervailing power of government, “responsible” unionism, and other institutions (E.g., Bowen, 1953; Dale, 1960; Davis, 1967; Dodd, 1954; Johnson, 1971; Levitt, 1958; Selekman, 1958). During the late 1970s, however, corporate management in the United States responded to the economic chaos of the time by uniting and mobilizing to rollback taxation, regulation and unionization (Clawson et al, 1998; Edsall, 1984; Ferguson, 1995), and so was no longer tolerant of being lectured on the need to share social power (Maloot, 1978). The purge of the mildly-Keynesian Center for Economic Development sent a warning to the rest of the field that they needed to find a more palatable way to talk to executives about their social responsibilities (Domhoff, 2001; Frederick, 1981).

Donaldson pointed to such a new way in his *Corporations and Morality* (1982). A philosopher by training, he took the first steps toward the ethical volunteerism that dominates the field today. He did not, however, swing all the way to pure voluntarism, keeping a veneer of constraint upon the autonomy upon managers by invoking the theory of the “social

contract”, which, according to Donaldson, had successfully promoted social change and reform in the past, though he made no effort to explain how a theory had accomplished these.

Donaldson mentions several thinkers as contributing to the social contract tradition, but he was only specific about Locke’s approach outlined in his *Two Treatises on Government*. Although he acknowledged that Locke’s account of the emergence of the social contract was a historical fantasy, he argues for its continued relevancy because “Locke wanted to discover the moral foundation for English government, not dig up the historical causes of the Sumerian or Egyptian kingdoms” (Donaldson, 1982: 41). Nonetheless, Donaldson made no attempt to show how Locke illuminated these moral foundations beyond offers the usual cliches about Whig attempts to end tyranny, bolster civil liberties and protect property rights, claims easily countered even at the time by Tory skeptics (Ashcraft, 1977).

Still, Donaldson’s choice of Locke proved to be an appropriate model for a new volunteeristic approach to corporate social responsibility in which ethicists could remind executives of their responsibilities while acknowledging their freedom to interpret this advice however they wish. Locke created a precedent when he had counseled property owners on their responsibility to use their assets productively and responsibly, while simultaneously defending their right to prevent others, whether Kings or the propertyless, from limiting their power to make such decisions. As Wood (1992) has suggested, he ruled out royal absolutism but in a way that would foreclose more democratic consent. For a generation, business ethicists have followed this Lockean model by lecturing corporate managers on the stakeholder interests they ought to respect, but without discussing the logical alternative that government or stakeholders should find ways to impose this respect upon managers. There

is little evidence that either early modern Whigs or modern corporate executives did much to discomfort themselves in response to these moral exhortations, but if Shaftsbury's generosity to Locke or the billion dollar ethical consulting business provides any guide (France, 1996), the economic elite has been quite willing to pay and listen as long the advice in question also legitimized their power.

In this short version of a longer paper, I focus on the historical roots of Locke's legitimization of the power of the propertied classes. The first section discusses why Locke needed to rewrite the history of the social contract among the propertied classes in order to justify their resistance to government policies. The second section argues that Locke had no intention of extending this right to those further down the social scale. I conclude by suggesting that business ethicists embraced this model over more realistic ethical systems precisely because it was not likely to offend their patrons.

#### CONTRACTING AGAINST THE "GOVERNMENT "OPPRESSION". . .

The best scholarship suggests that Locke's *Treatises on Government*, primarily written during the contentious 1680s, were designed to serve two purposes. The more general purpose was a justification of Whig political theory that argued for a political system dominated by the owners of economically productive property, a category that included both proprietors and commercial farmers. A more specific purpose for Locke was to defend his patron Ashley Cooper, the First Lord Shaftsbury, who took the more radical Whig position that permitted resistance to a government that posed a threat to property rights.

Locke's assertion that property rights were the product of voluntary agreements that predated government was a rationalization of the two English revolutions of the seventeenth century which were led largely by rentiers, people very much like himself in social and economic status (Cranston, 1957; N. Wood, 1984). In reality, modern property rights were a relatively recent phenomenon in Locke's time (Reid, 1995). Furthermore, they were produced by a series of political struggles and violent upheavals that included the confiscation of Catholic Church property (Hoskins, 1976), the abolition of the Church's clerical role, the passage of the earliest enclosure acts, the judicial usurpation of customary rights (in effect, partial property rights) held by many "commoners" (Lachmann, 1987; Neeson, 1996; Wood, 1999), as well as the overthrow of two Kings with absolutist pretensions. The creation of these property rights, were far from being the product of voluntary and mutually beneficial agreements among the entire citizenry of the commonwealth. They were generally imposed upon the peasantry, frequently producing massive suffering in their wake, as witnessed by Thomas More as early as the sixteenth century (Maynard, 1947) and the agronomist Arthur Young as late as the eighteenth (Neesen, 1996, Porter, 1982).

Like any other political grouping, English "Whiggism" encompassed a variety of viewpoints, and Locke's friend and patron, Ashley Cooper, First Earl of Shaftsbury, held some of this party's most extreme positions. Shaftsbury was heir to two important new families that had risen to prominence under the Tudors in the usual manner: service to the monarchs, agricultural improvements, and acquisition of Church lands (Haley, 1968), and he himself became one of the largest commercial farmers in England (N. Wood, 1984). Although not a particularly pious Protestant, he was well-known for his rabid anti-clericalism, an attitude he shared with Locke, and he proved willing to suffer imprisonment and exile for

his efforts to organize opposition to the succession of the future James II (Haley, 1968; Miller, 1973). What these apparently contradictory attitudes suggest is that his opposition to James was socially, not theologically, based. As a first generation lord and scion of families that had arisen in part on a wave of anti-Catholic and anti-Absolutist policies, he might well have perceived a threat to his social and economic position, and so he willingly believed the most paranoid Whig fears concerning the ascension of James, including his supposed intention to return confiscated land to his beloved church (Ashcraft, 1977). Locke, therefore rationalized this strident opposition in his *Second Treatise* in particular, creating the historical fiction that since property owners had voluntarily come together in order to create government to protect their rights, any government that actually threatened these could be legitimately abolished. Similarly, modern executives and their ethical advisors appear to have forgotten that legislators made the corporate form possible in the first place (Dodd, 1954), and therefore view regulation as an imposition on some pre-existing state of voluntary business organization.

### . . . WHILE LIMITING LIBERTY

Locke's social contract argument, however, would not have proven influential if it did not contain an important kernel of truth. One could indeed summarize English politics of the seventeenth century as the de facto formation of an implicit social contract regarding the political rights of the English, but it was a contracting process that included only the propertied classes. Becker (1992) argues that the "freemen" whom Locke granted membership in his political commonwealth included only those who owned productive assets,

a group Becker estimates as encompassing between one and two fifths of the adult male population. One could argue that this represents a progressive step from the political dominance of the court and a handful of aristocratic families, but as Fabian Philipps, a Tory contemporary of Locke pointed out, Whigs were quite willing to exercise their own small-scale tyranny over employees and consumers (Ashcraft, 1977), and there is evidence that royal and clerical justices had traditionally offered had far more protection to humbler groups than the agricultural “improvers” that Locke lionized (Lachmann, 1987). Locke’s view of political liberty resonates with those of the modern American corporate executive who demand freedom from government interference while simultaneously working to effectively disenfranchise unionists, consumers, and environmentalists (Clawson et al, 1998; Domhoff, 2001).

Locke may simply have failed to see the need to even consider expanding political rights, given the political assumptions of his social milieu (Seliger, 1968). It is easy to believe that the economic needs and political aspirations of the nascent English working class were invisible to a man who could right “Thus the grass my horse has bit, the turf *my Servant* (italics mine) has cut; and the Ore I have digg’d in any place where I have a right to them in common with others, become my Property.” And when called upon to reform the Poor Laws, Locke displayed only contempt for those even further down the social scale, blaming their poverty on “nothing else but the relaxation of discipline and corruption of manners; virtue and industry being as constant companions on the one side as vice and idleness are on the other” (Locke, 1697: 380). Modern business ethics follow Locke in their inability to see the disempowerment of workers and other “stakeholders”, avoiding any discussion of

powersharing, even through such ostensibly stakeholder-oriented institutions such as German-style works councils or labor-management “jointness” programs.

## CONCLUSION

If social contract theory actually influenced reform, as Donaldson claims, it did not so directly. The mere reading of Rousseau, for example, would not have led to the abolishment of Feudal restrictions in France. Locke’s enshrinement of property rights may or may not have contributed to economic growth but it did nothing to promote justice for the vast majority of his countrymen. Many reforms have appeared since Locke’s time, but not simply because of a willingness of commercial elites to voluntarily assume responsibilities for the welfare of those less powerful. As the English economy grew, it did, indeed, create the conditions necessary for a more egalitarian economic and political system, but it still required centuries of further violence and political strife to achieve a degree of economic fairness (Calhoun, 1982; Rule, 1986). If, then, forging the English “social contract” required a level of compulsion and suffering that Locke either refused to concede or simply did not notice -- since his concern for the non-propertied was marginal at best (McPherson, 1961) -- then there was little empirical reason to suppose that inducing executives to assume some modern social contract would be any more likely to lead to a peaceful, mutually beneficial result. A vast array of evidence concerning the treatment of employees (Brofenbrenner, 1994; Farber, 2001), the distribution of income and wealth (Mishel & Bernstein, 2001; Wolff, 2002), the subversion of democracy (Clawson et al, 1998; Domhoff, 2001) the erosion of customer service (Brady, 2003), and the militarization of the economy (Melman, 2002) all

suggest that American business executives has actually become less sensitive to the needs of others since Donaldson's book first appeared.

There is, in fact, a tradition of ethics that acknowledges realistic limits to volunteerism, and, without rejecting the legitimacy of business, empathizes with the circumstances of workers while recognizing that government regulation is often necessary to achieve justice. This tradition was built by those who lived through the upheavals surrounding industrialization, including Mill (1864), Ketteler (Fichter, 1939), and even Ashley Cooper's descendent, the Seventh Lord Shaftsbury, a lifelong advocate of child labor legislation (D.C. Johnson, 1968). Yet, despite the lip-service paid to Mill and utilitarianism in every Business Ethics textbook, the authors of these same texts neglect Mill in their "serious" work. American executives have shown no interest in sacrificing either decision-making autonomy or personal privileges. As a result, those we wish to win consulting business or simply the recognition of these same executives can offer are not likely to insist on these in the foreseeable future.

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