INNOVATION AND SOCIAL INTERESTS

Inovacija i društveni interesi

ABSTRACT The paper focuses on socially and historically structured circumstances surrounding and moral problems involved in the pragmatic definition of innovation as "novelty proven useful by its users". Contending conceptions and strategies of innovation of the organization of social relations in dialectical social systems are compared and socially and historically contextualized in the so-called “transition countries” on the new Eastern border of the European Union. The conclusion is that the cited pragmatic definition of innovation may be misused for an apology of morally dubious new ends and means in the narrow interest of particular groups of users, often at the expense and against the interest of a majority of other individuals and social groups.

KEY WORDS innovation, pragmatism, anti-pragmatism, social interests, conservation, reform, radical transformation

APSTRAKT Rad se bavi društveno i istorijski strukturisanim okolnostima i moralnim problemima pragmatične definicije inovacije kao “novine koja se za svoje korisnike pokazala korisnom”. Suprotstavljene koncepcije i strategije inovacije organizacije društvenih odnosa u dijalektičkim društvenim sistemima upoređene su i društveno-istorijski situirane u tzv. “zemlje tranzicije” na novoj istočnoj granici Evropske unije. U tekstu se zaključuje da se navedena pragmatična definicija inovacije može zloupotrebiti za apologiju moralno sumnjivih novih ciljeva i sredstava u uskom interesu određenih grupa korisnika, često na štetu i protivno interesima većine drugih pojedinaca i društvenih grupa.

KLJUČNE REČI inovacija, pragmatizam, antipragmatizam, društveni interesi, očuvanje, reforma, radikalni preobražaj

Theoretical and Methodological Framework

The main hypothesis of this paper is that contending conceptualizations, pragmatic and radical, of the goals of innovation of social relations and unequal distribution of a given invention’s application benefits, are both rooted in the contradictory interests of broad social groups to conserve, reform or radically

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transform dominant social relationships within dialectical social systems of class division of labor (Vratuša, 1995).

This hypothesis will be checked applying the method of historical and social comparative context analysis and symptomatic reading of conspicuously present or absent overt and covert messages of authors formulating conservative, reformist and radical conceptualizations and strategies of social relations’ innovation. Manifest statements of these wielders of expert power on the aims of their respective versions of innovation determination will be confronted with latent functions of their related policy recommendations to the wielders of economic and political power or to disowned classes.

The term “innovation”, the key concept in this paper, stems from the Latin word innovatio meaning renovation (Gaffiot, 1934), suggesting the restoration of something that already existed. In intensively changing historic, social and cultural context of the late Middle Ages, Enlightenment philosophers gave to this term the connotation of complete novelty. During the epistemological battle with theologians they began to use the term innovation in the sense of replacement of the old scholastic deductive method of elaborating the revealed religious truth by the new empiricist inductive method of discovering scientific truth (Bacon, 1620/1964). French Encyclopaedists used the term ‘innovation’ mostly within the realm of politics, in the sense of consciously inducing innovative reforms of conduct in the direction of solving social problems. They underlined that novelties are realized even against the will of some people as the result of Time, understood as “the greatest innovator”. They stressed however that the most honourable and gratifying are useful inventions by people endowed with a natural instinct for mechanics that are applied to improve the well-being of the entire human species. Such innovations are the common good of humanity, while political innovations are always accompanied by sorrow, tears and blood (Diderot, d’Alembert, 1773).

During Industrial Revolution, innovation began to be identified with bringing into being of technical & technological inventions of new materials, tools, products, markets and/or organization of production processes, insuring material progress and pecuniary rewards. Neo-classical economists like Schumpeter emphasize the most the aspect of instrumental rationality of the “creative destruction”. They quantitatively measure the usefulness of a new combination of production factors in terms of the increase in individual competitiveness of economic actors on the pluralistic markets in specific phases of constant economic cycles (Schumpeter, 1942/1950).

Marxist critics of political economy emphasize rather the qualitative aspect of substantive normative rationality reproaching the enslaving impact, at both individual and collective levels, of the class division of labour. They define the main social content of innovation as a transformation of the relations of production which
overcomes the alienating separation of commanding and executing labour functions and enabling all human beings to realize their latent potential of conscious, free and creative *praxis* of participation in strategic decision-making and managing their own lives.

**Pragmatic Definition of Innovation and its Critics**

There is a wide variety of ways of theorizing that have adopted the term ‘pragmatism’ for their label since its tagging and academic institutionalization by mostly American theoreticians such as the psychologist and philosopher William James (1907/1963). Common to them all (and their Utilitarian English predecessor Jeremy Bentham (1780/1982)) is a deliberate *avoidance of “metaphysical”* and, for them, unanswerable ontological questions about the essence of being, gnoseological questions about the ultimate truth, and ethical questions of unattainable ethical principles of justice and equity. They focus therefore on practical means to solve particular real life problems, equating truth with those intelligent actions that are *helpful in successful solution of problems* and attainment of goals humans set themselves in their struggle with the environment. Epistemological abstract individualism, empiricist rationalism and economic and political liberalism founding personal freedom in private property, are the remaining shared characteristics of pragmatist thinkers.

All these characteristics are present in the pragmatic approach to innovation, as it focuses on the practical question of quantitative *instrumental rationality*: how to select the most efficient means to gainfully apply an invention or “novelty accepted as useful by customers and granting the suppliers a suitable profit” (Mulej, Ženko, s.a.). Innovation in short presents therefore “novelty proven useful by its users”. This definition is extracted from the relevant official OECD and EU documents that often identify users with buyers acting in the environment of “competitive pluralistic markets”. Thus the OECD document while defining technological product innovation in the Oslo 1995 Manual as “implemented technologically new products … and significant technological improvements in products”, stresses as well that technological product “innovation has been implemented if it has been introduced on the market” (OECD, 1995).

Those partisans of the pragmatic approach to innovation as a new useful *problem solving mechanism that “works in practice”* who do include innovation of social relations beside the technological one within the realm of their interest, typically endorse evolutionist, consensual functionalist and constructivist versions of the sociocybernetic system-theoretical and methodological framework. They point to the unpredictability of new and unintended side-effects of innovation due to the insufficiently known causal network between complex social systems, composed of
differentiated, complementarily interacting and interdependent dynamically emerging components, and their environment (see for example Hornung, 1988).

Pragmatism met from its inception with criticism coming from two perspectives. The first perspective taken by what we can call moralists, criticizes primarily the assumed indifference of pragmatists to moral question about universal criteria of distinction between good and evil and consequentially furnishing tools for attainment of any goal. The second perspective taken by what we will call radicals, acknowledge that some pragmatists hold certain moral assumptions (“the greatest happiness of the greatest number”), but go on to expose the ideological character of these assumptions in the work of both pragmatists and moralists.

In accordance with the radical perspective in criticizing pragmatism, it can be reproached to the authors of the above cited OECD definition that they a-historically assume the “natural” eternal and universal character of the merchandised form of organization of social reproduction, ruling out the entire sphere of possible innovation of extant commoditized competitive social relations institutionalization, as if these relations were not a product of human interaction, subject to transformation.

The main objection of critics to the partisans of the pragmatic, “outcome”-definition of innovation is that they tend to avoid the prior critical question of qualitative substantial rationality: why apply a given new concept or method of accomplishing a goal in the first place, especially in view of the empirically based high probability that commercialized application of a given invention will reproduce a narrow circle of potential beneficiaries and a larger circle of deprived within the presently dominant exploitative and exclusionist social relations. Critics reproach to partisans of the pragmatic approach to defining innovation that they tend to lose from sight contradictory relations and interests of the interacting components within dialectical social system, concerning the selection of reference problems to be resolved and goals to be realized in a more efficient way. Since terms like class conflict and unequal distribution of decision making power do not exist on their key word list, critics argue, it comes as no surprise that promoters of the pragmatic approach to innovation rarely undertake the evaluation of the highly probable differential distribution of a given invention's application costs and benefits in conditions of monopolistic concentration and centralization of capital. Pragmatic problem-functionalist approach to encouraging and controlling inventions thus contributes, unintentionally or intentionally, to the conservation and deferring justification of the existing dominant social relations (Vratuša, 2004).
Two Variants of Pragmatic Constructivist Definition of the Innovation of Social Relations

The conservative neo-liberal version of the pragmatic approach to defining innovation of social relations

Ideological representatives of control package owners and managers of 200 biggest transnational corporations (Anderson, Cavanagh, 2001) in mid-20th century used to label what in their perspective was a desirable “innovation” of social relations - “the politics of modernization” (e.g. Apter, 1965). In the century’s last decade however they reinvented the label “economic and social transition” (e.g. Madžar, 1996). The content of both labels boils down to the institutionalization of privatization of all forms of collective, public and communal property, free capitalist market competition of private producers of products and ideas, highly qualified professional management, formal rule of law, apparent representative multiparty parliamentary democracy and "the civic culture".

Only those innovations of social relations that are Western-modernization oriented, steering entrepreneurial spirit and democratic “civil society” (see for example Benderly, Kraft /eds./, 1994) are evaluated as progressive and democratic. All alternative conceptions and strategies of societal transformation are denigrated as traditionalistic, Oriental, conservative, state authoritarian, dictatorial, militaristic, repressively centralized and wastefully redistributive in favor of less developed regions and less qualified labor for the sake of full employment.

This black-and-white presentation of opposing strategies of innovating or transforming social relations in the period after the symbolic Fall of the Berlin Wall, came to the fullest expression during the disintegration of former Yugoslavia caused by closely interrelated endogenous and exogenous social forces and factors (Vratuša, 1997) . “Entrepreneurial and innovative” use of the constellation of these endogenous and exogenous factors is epitomized in the metamorphosis of the former leader of Slovenian youth “civil society” antimilitaristic movement against the former Yugoslav people’s army and its “death trade”, first into a political leader co-responsible for Slovenia’s unilateral armed secession that started the war (Zimmermann, 1995), then defense minister organizing illicit and profitable arms smuggling (Marinkovic, 1994) and finally into a prime minister sending the new generation of Slovenian youth to fight in Iraq as part of NATO occupation troops (Franco, 2006).

Promoters of the conservative neo-liberal version of pragmatic designation of societal innovation that in practice contributes to the conservation of TNC interests, tend to see the main and perhaps the only historical source of “richness” of the West in the innovation of social relations in the late medieval period which
abolished feudal guild and Catholic Church monopolies that had prevented competition of producers and appearance of excessive supply of commodities, stimulating thus innovations that reduce production costs (Rosenberg, Birdzell, 1986). They are inclined to ignore the historical processes of violent separation of direct producers from the life reproduction means and colonization, together with accompanying worldwide monopolistic centralization and concentration of capital (Marx, 1867/1999). In short, the nowhere really existing system of the “free” market competition distribution mechanism is being imposed as the only viable and desirable blueprint for innovating the management of social relations. In the world of allegedly scarce resources and overpopulation, free competition according to conservative neo-liberal pragmatists should ensure the survival of the fittest to adapt to such hostile natural and presumably unalterable environment. Luckily for the Slovenian people, partisans of the neo-liberal interpretation of social innovation were curbed by the partisans of a specific variant of inherited self-managing neo-Keynesianism who refused to implement models of privatization recommended by foreign experts (Mencinger, 2001).

In periods of cyclical systemic crises of depression (Amin, Gunder-Frank, Arrighi, Wallerstein, 1983) there regularly reappear violent waves of social conservation or re-imposition of peripheral capitalist social relations through crime against peace, military aggression and use of forbidden weapons of mass destruction like agent Orange in Vietnam and Cambodia, or radioactive shells in former Yugoslavia, Iraq, Afghanistan… At such times transnational corporate and financial capital attempts to find the way out of the systemic accumulation of capital crisis through war mobilization, destruction of people, capital and commodities that cannot be gainfully employed or sold on the market and through global expansion or regaining control over global human and natural resources (Vratuša, 1993, 2002).

In the battle of ideological labels, these factual processes are cynically masked and legitimized as “humanitarian interventions” against “dictators” or “terrorism” in favor of “peace” or “democratization” (see for example Holbrooke, 1998). Such contra-factual and amoral manipulation of labels hides the fact that military occupation and recolonization entails violent reduction of existing production and social innovation capacity, including autonomous local scientific research and development and international communication in the occupied societies.

The reformist etatistic version of the pragmatic approach to innovation of social relations

The farthest that partisans of the reformist version of the pragmatic approach to steering and controlling dominant capitalist social relations’ “innovation” are ready to go, is the neo-Keynesian suggestion to societal “elites” to realize their
enlightened self-interest and redistribute part of their profits in order to boost paying-capable demand and thus attenuate depression crisis (Evans, Rueschemeyer, Skocpol, 1985).

Keenly aware of systemic crisis production and morally unacceptable unequal distribution of benefits within actual conservative pragmatic conception of innovation of dominant social relations, the partisans of its reformist version insist on wider spreading of benefits from innovation to all coworkers and managers cooperating in the commercialization of the invention. Toning down the competition part in Adam Smith’s notion of the hidden hand of the market transforming individual selfishness into general good and rehabilitating its cooperative and moral elements, reformist partisans of social relations’ innovation may additionally plead for the “ethics of interdependence” between humans and “social responsibility” of private corporations. They argue that humans have more in common than differences, being all parts of the same nature and having mutually complementary specializations in social division of labor, as well as that rights of enterprise owners to make efficient business decisions must not be divorced from their concern for their social effects within and outside the corporation (Freeman, 1984; Petzinger, 2000; Mulej, Potočan, 2004; Hrast, Mulej, Knez-Riedl /ur./, 2006). These ideas found their way as well in the official documents of the European Union, attempting to preserve elements of »social Europe« in the face of neo-liberal onslaught (EU, 2001). While attempting to win over enterprise owners to practice social responsibility and accountability, promoters of this social innovation point to the benefits that can be derived from increased employee engagement (i.e. more loyalty, improved recruitment, increased retention, higher productivity, and so on), as well as improved relationships with external stakeholders such as customers, consumers, investors (particularly institutional investors), regulators, academics, and the media (Fombrun, 2000).

Champions of reform-oriented innovation pragmatism however do not demonstrate convincingly how the moralizing invocation of interdependence ethics and social responsibility of private owners can prevent or even just diminish the real-world reproduction of imminent effects of the existing system of dominant social relations of capital accumulation, namely a growing number of unemployed and employed poor unable to access commercialized innovation. In the system of life reproduction run by the profit motive and private appropriation of socially produced wealth, the externalization of social costs to employees, community ecosystem, consumers and other stakeholders, is an important mechanism of profit making. Every attempt at curbing this mechanism, therefore, soon hits against the limits posed by profit-making itself. Did not Enron, for instance, file its yearly "Corporate Responsibility Annual Reports", before its managers brought it to bankruptcy through socially irresponsible speculative investment and accounting practices?
Two Variants of Anti-Pragmatic, Critical Realist Definitions of Innovation of Social Relations

In the ideological class fight for the recognition of anti-capitalist conceptions and strategies of the innovation of social relations, organic intellectuals or at least self-proclaimed ideological representatives of the exploited and oppressed, ever since the Communist Manifesto (Marx, Engels, 1848/1987), have proposed alternative, anti-capitalist models of radical transformation of dominant social relations.

The revolutionary communist version of critical realist approach to the transformation of social relations

The heirs of the Leninist tradition insist on radical, if necessary revolutionary transformation of social property relations and dictatorial political measures against the counterrevolutionary reaction of former ruling classes (Lenjin, 1917/1993). Due to the fetishist reifying effect on the empirical trade-unionist class consciousness of the proletariat of the apparent personal freedom and equality before the law of the private owners contracting and exchanging different commodities on the market, some of Lenin’s disciples at least in one period of their lives insisted that vanguard revolutionary party had to bring the revolutionary consciousness and organization from without the sphere of everyday economic struggle between the employers and the employed (Lukacs, 1919-23).

The reformist socialist version of critical realist approach to the transformation of social relations

Armed with the experience of transformation of dictatorship of the alleged proletarian majority over bourgeois minority into the dictatorship of the minority party nomenclature over the majority of “working people”, many partisans of anti-pragmatic radical realist version of social relations’ transformation insist rather on the need to overcome both individually and collectively alienating and enslaving class division of labor. They see the antagonistic separation of commanding and executing labor functions, making the former the monopoly of the ruling class, as the main source of conflicting instead of synergic interdependence of dialectical social system’s component elements.

Institutional innovations they propose are balanced job complexes and self-management councils of producers and consumers as mechanisms for the allocation of resources that provide everybody with direct democratic participation in decision making on the basis of values like equity, solidarity and diversity (Albert, 2003).
Conclusion

Admittedly, both versions of anti-pragmatic, critical realist approach to the innovation of social relations still have many theoretical and practical flaws. This makes it even more imperative to keep on searching for inventive and adequate solutions to problems like the self-organization and self-emancipation of the exploited and excluded, and allocation mechanism for participatory planning and decision making concerning the organization of life-reproduction and satisfaction of human needs.

Until the recent, 2008 explosive manifestation of the global accumulation of capital systemic crisis, the conservative neo-liberal version of pragmatic conception of social relations’ innovation was dominant. Especially in former colonies and former countries of really existing socialism, the neo-liberal strategy of innovating social relations is still being applied in the narrow unaccountable and imperialist interest of TNC financial plutocracy, exacerbating further the systemic crisis and possibly precipitating “preemptive” nuclear war and annihilation of humanity (Vratuša, 2010).

Failure to theoretically and practically confront the conservative neo-liberal pragmatic approach to definition of social innovation in the interest of TNC plutocracy, would maybe please those who claim that there is no such thing as human progress and that according to the thermodynamic trends towards entropy, ‘heat death’ is unavoidable anyway. One of such deniers of human progress is the ambitious general-systems theoretician Niklas Luhman: ”We have to come to terms, once and for all, with a society without human happiness and, of course, without taste, without solidarity, without similarity of living conditions… the very success of the (operationally closed, functionally differentiated) function systems depends upon neglect (of functionally excluded)…” (Luhmann, 1997).

Should we agree with Luhmann? Or should we counter the metaphor of inevitable death with a life-facilitating metaphor and at the least attempt to reduce human suffering and postpone death through experimentation with innovation and transformation of existing private ownership social relations which reproduce exploitation and exclusion, with social ownership and right of associated producers and consumers to use and control, but not abuse, the means and conditions of reproduction for the satisfaction of human needs and development of human capacities?
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