

Eudaimonia and the Passion Economy: New Ideas Repurposed

The library was quiet as the few remaining students poured over their books before their final exams. Exhausted from studying for her macroeconomics final, the young woman in the back-most alcove rubs her tired red eyes and decides to rest her head on her dog-eared textbook for just a moment. Frustrated by the graphs, she thinks wistfully of her undergraduate degree in philosophy, why did she decide to study happiness economics in grad school? As her eyes close, a scene begins to play behind her throbbing eyelids... Walking barefoot towards her is a man dressed in an old robe with a mass of white hair and a snub nose... The man approaches, our young woman realises this is Socrates, and they greet each other. Socrates asks what she is studying till exhaustion. They begin to converse.

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Socrates: What drew you to the study of happiness economics?

Interlocutor: We're at a turning point in the future of work and the management of the firm. There has never been a moment in history in which people have had as much possibility to do what they like whilst finding a way of sustaining themselves and their families.¹ Historically, people were constrained to do what their parents had done: continue farming the land, become a blacksmith, a teacher, or perhaps even a doctor. Those lucky enough to be able to afford an education could pursue their interests but even then, there were limits. Recent technology like the internet and global communications systems have made possible a plethora of work in which people can find meaning. This is the passion economy.

Socrates: I profess myself ignorant on the subject. You suggest that the opportunities of the present allow new forms of work that were hitherto impossible? By the passion economy, you are implying a means of making a living that the doer is passionate about? By "passionate" you understand the standard current definition of a "strong and barely controllable emotion" and not the Latin root *pati* "to suffer"?²

¹ Esteban Ortiz-Ospina and Max Roser (2013), "Happiness and Life Satisfaction". *Published online at OurWorldInData.org*. Retrieved from: <https://ourworldindata.org/happiness-and-life-satisfaction>.

² Oxford Language Dictionary. *Retrieved online*.

Interlocutor: Exactly so. It is the idea that people enjoy and get satisfaction out of something, and that they turn that passion into their work. Measuring such a subjective variable is difficult, but this is exactly the work of the economics of happiness.³ Although “passion” is not currently measured directly, I believe it plays into happiness; it may lead to a sense of fulfilment with one's work or perhaps the belief that there is a deeper meaning behind working. Further, I think there must be an aspect of the passion economy that is niche, and so differentiates the passion economy from someone who is passionate about their job.

Socrates: I see. I am curious how you would objectively differentiate between satisfaction and enjoyment, but I want to ask you something else. You said before that there was never a moment in history that people had as much possibility to find a way of doing what they enjoyed and making a living from it as there is now. You further suggested that for something to be considered part of this passion economy, that they had to be engaged in a niche occupation, that being passionate about being a doctor or a lawyer isn't enough. That passion should be driven by a creative instinct, rather than simple desire. Consider the European Renaissance, was that not too a time in which people with passion, training and patronage could put their talents to niche work? I cannot believe Michelangelo was passionless as he painted the Sistine Chapel, nor could we say many did as he has done...

Interlocutor: You're right of course that some people must have been passionate about what they did, but I don't think the Renaissance can be compared to the present. For one thing, since the Renaissance, the theories of work have changed completely. The Industrial Revolution led to people working in factories and I don't think you could argue people were or are passionate about that.

Socrates: Maybe they were passionate about the fact that factories often meant they were part of a community, had money to buy food and the opportunity to send their children to school? The Industrial Revolution led to an increase in life prosperity and for people to organise their lives around the factory, rather than the Church, thus creating a new hierarchy in people's lives.⁴ Does this not count as the passion economy?

Interlocutor: I'm not sure... I suppose people could be passionate about those things, but then they are passionate about what work can *give* them, not about what the work *is*. There was little autonomy of choice throughout the Industrial Revolution. The Internet and digitization make this

³ Carol Graham, “The Economics of Happiness, insights on globalization from a novel approach,” *World Economics*, Vol 6, no. 3 (July-September 2005): 41-55, <https://www.brookings.edu/wp-content/uploads/2016/06/200509.pdf>.

⁴ A.J. Scott. “Industrialization and Urbanization: A Geographical Agenda.” *Annals of the Association of American Geographers*, 76(1), (1986): 25–37. doi:10.1111/j.1467-8306.1986.tb00101.x .

new flexible work mode possible...And anyways, my point was that if the Renaissance *had* been a passion economy, how can we explain how it ended, and why people went back to doing work that was so much more alienating?⁵

Socrates: You're suggesting things must always improve?

Interlocutor: They should always be getting better, shouldn't they? Isn't that the idea of progress?

Socrates: One of the features of capitalism is what Schumpeter called "creative destruction."⁶ The idea that as things are created, they destroy other, previous creations. Peter Drucker had a similar idea when he talked about how the firm should evolve and how management must play an active role. Talking about the theory of business he said that it:

...has to be tested constantly. It is not graven on tablets of stone. It is a hypothesis. And it is a hypothesis about things that are in constant flux—society, markets, customers, technology. And so, built into the theory of the business must be the ability to change itself.⁷

Therefore, it is logical to surmise that given both these assumptions, the economy creatively destroys parts of itself; it is in essence alive, and constantly morphing. Kondratiev suggested that it passes through 60-year waves in which new technologies push the frontiers. The nature of work changes in tandem with the innovative technology and after the peak of the wave, things decline until the next technological innovation.⁸

Interlocutor: I'm familiar with both Schumpeter and Kondratiev. And you make a good point Socrates, we could very well argue that both the current moment and the Renaissance share features in terms of the structure of work: the Renaissance was characterised by an excess amount of capital that was used to commission new works of art and science, similarly the huge amounts of capital available today have been funnelled into the creation of technology that allows individual creativity to once again flourish in ways that the firm of the 20th century did not permit due to its rigid structure.⁹ Drucker's point is well taken and is at the heart of the issue, there is a "constant flux" in innovation and the current iteration of that flux is allowing people to

⁵ Karl Marx, *Estranged Labour*, Economic and Philosophic Manuscripts (1844), <https://www.marxists.org/archive/marx/works/1844/manuscripts/labour.htm>.

⁶ Joseph Schumpeter, *Capitalism, Socialism, and Democracy*. 3d ed. (1942).

⁷ Peter Drucker, "The Theory of Business," *Harvard Business Review*, (September-October 1994): 11.

⁸ Nikolai Kondratiev wrote about this idea in his book *The Major Economic Cycles* (1925), and in 1939 Joseph Schumpeter suggested naming the phenomena after Kondratiev.

⁹ According to this article from the Financial Times, there was \$172 trillion in global liquidity at the end of 2021 Michael Howell, "The liquidity threat looming over markets in 2022," *Financial Times* (December 16, 2021), <https://www.ft.com/content/0604481e-6a33-450d-823a-7d86c40785e3>.

work in ways they couldn't before. If businesses don't change their theory to reflect this, they will become obsolete and be replaced by a new atomised structure. This was exactly Drucker's point when he called it a hypothesis.

Socrates: So, we have come to an agreement, and I can now define what the passion economy *isn't*, in relation to what came before it. I still wonder, is everyone who is passionate about their work, a part of the passion economy? There seems to me a difference between taking what you're passionate about and turning that into a means of subsistence as compared to entering the labour market and finding a job that is fulfilling and that you can be passionate about. There are doctors who are passionate about being a doctor, but it does not seem you would classify them as part of the passion economy, am I correct?

Interlocutor: You are. I think there is a fundamental difference between being passionate about your work and being part of the passion economy. Where the two diverge, is that the passion economy is characterised by the ability of people to monetize previously non-monetizable skills and interests and find a consumer base that is willing to engage in market transactions with them. So our doctor, however passionate they may be, cannot be a part of this definition of the passion economy. Drucker wrote in the early 1990s that we were living through a period of transformation which would culminate around 2010 or 2020, and become a new way of doing business, not simply an extension of an old system.¹⁰ We should not be hampered by previous systems; this is the divergence he foresaw.

Socrates: You say non-monetizable skills and interests, so I wonder, could we postulate that at one time, being a doctor may indeed have been part of the passion economy (as you've already agreed that the Renaissance can also be characterised as a passion economy in some ways)?

Interlocutor: Yes, I think you're also right. You already talked about Schumpeter and Kondratiev. Both notions suggest a cycle in our economic system. What was impossible before becomes possible with new cycles of technological innovation.

Socrates: So the passion economy could have existed at any point?

Interlocutor: I suppose it could have... but if we define it like that, we miss the crucial point that there is a divergence from centralisation that I think is sufficiently different from past changes that it merits its own term. If we imagine the economy of the pre-Industrial Revolution to be made up of individuals who managed themselves for the most part, the Industrial Revolution created a centralization in work and in the hierarchical structures that most businesses adopted. Now we are beginning to see the atomization of work as people are once again able to become

¹⁰ Peter Drucker, "The New Society of Organizations," *Harvard Business Review*, (September-October 1992): 2-3.

their own managers and find meaningful employment in their passions.¹¹ They are choosing to be self-employed as this has been shown to increase job satisfaction, albeit not uniformly across professions.¹²

Socrates: This makes me wonder whether it is the job itself, or the style of management... but to move on, we keep talking about technological innovation, is it the rapid spread of the Internet to which you refer?

Interlocutor: Exactly so Socrates! The Internet is the great new equaliser.¹³

Socrates: I may again be ignorant, but I was under the impression that despite the widespread existence of the Internet, that connectivity still was most prevalent in Western Europe and North America while some parts of Sub-Saharan Africa are woefully under-connected...?¹⁴

Interlocutor: You're not wrong, but not everyone can participate in the passion economy. Enough people have enough access that there is a new efficiency in pursuing the niche opportunities that we categorise as part of the passion economy, but it will not replace the more traditional systems entirely just yet.

Socrates: ah hah! Now that is interesting. You do not believe everyone can or should be a part of this economy. Why so, is some people's access to happiness more valuable than others? We've said what we mean by the passion economy, we've decided that technological innovations lead to the changes that allow people to do what they're passionate about. We've also said what technologies permit it, but who is doing it? What, if any, are the defining characteristics of people who are part of the passion economy (or perhaps those who *aren't*)?

Interlocutor: Creative, passionate people with the ability to turn their passions into their work... They may come from anywhere, but certainly the conditions for them to arise are not equally present. I am not arguing some people's access to happiness is more valuable than others, simply that it is unreasonable in our world to assume that everyone will have the same opportunities at the same moment. Before we can attend to choosing what type of work we do,

¹¹ Adam Davidson, *The Passion Economy: The New Rules for Thriving in the 21st Century*, (Vintage, 2020), ISBN 9780804172776.

¹² Martin Binder, Ann-Kathrin Blankenberg (2021): Self-employment and Subjective Well-Being, GLO Discussion Paper, No. 744, Global Labor Organization (GLO), Essen, <https://www.econstor.eu/bitstream/10419/228453/1/GLO-DP-0744.pdf>.

¹³ The choice to capitalise the I in internet is a stylistic one. It implies the wider communication infrastructure created by the internet and the ramifications thereof. See Jovan Kurbalija, *An Introduction to Internet Governance*, 7th ed. (DiploFoundation, 2016).

¹⁴ Eastern and Middle Africa had 25% and 26% respective internet penetration rates in 2022. This is compared to penetration rates above 90% in Northern and Western Europe and North America. See "Global internet penetration rate as of April 2022, by region," *Statista*, retrieved online at: <https://www.statista.com/statistics/269329/penetration-rate-of-the-internet-by-region/>.

we must first be able to have enough to eat and to care for our basic needs. The current system has led to a rise in income inequality across the world.¹⁵ The ability to enter the passion economy is naturally unequal now as an offshoot of this deeper issue, but the great hope of this new decentralised economy is that it will allow more people to access it as the barriers to entry become lower.¹⁶

Socrates: Ah you are a student of Maslow. I applaud you for seeing that access is indeed a problem with all new innovations. What exactly, may I ask makes *this* new technological change different from all those that came before and failed to create equal living standards?

Interlocutor: To your first point, yes of course there are problems, but that doesn't mean that change shouldn't be pursued. Who are these people you asked? Drucker had the idea of the "knowledge worker," who, unlike unskilled labour or traditional capital, has specialised knowledge that allows them to do complex tasks. It also meant that it became far harder to supervise workers as they were more specialised than their supervisors.¹⁷ So no, not everyone can be part of the passion economy, but that does not make it unimportant, rather the reverse. It is a growing sector that more people can choose to pursue. It means some people can have their work as their end rather than their means. Your second question is more difficult, each new leap forwards has heralded the potential for better standards, and yet the increases of the 20th century have stagnated, and the causes are unclear.¹⁸

Socrates: So, in the end perhaps the passion economy is not a panacea. It provides some people, those who are equipped with the skill set and the technological tools, to take part, while others are left behind.

Interlocutor: That may in part be so, but no innovation is ever felt by everyone all at once. Life has been steadily improving for people by all major metrics since the 1800s, and part of this is the increase in individual possibilities including continuing improvements in work environments.¹⁹ I feel justified in saying the passion economy is the latest in a protracted line of iterations of work. Things have changed dramatically with the increase in connectivity. Drucker said "Every few hundred years throughout Western history, a sharp transformation has

¹⁵ Joe Myers "These charts show the growing income inequality between the world's richest and poorest," World Economic Forum, Dec 10, 2021, <https://www.weforum.org/agenda/2021/12/global-income-inequality-gap-report-rich-poor/>.

¹⁶ Benjamin Vaughan "The Rise of the Passion Economy-And Why You Should Care" Forbes, July 17, 2020, <https://www.forbes.com/sites/benjaminvaughan/2020/07/17/the-rise-of-the-passion-economyand-why-you-should-care/?sh=ba6bd6117b9d>.

¹⁷ Peter Drucker, "The New Society of Organisations" *Harvard Business Review*, (September-October 1992): 14.

¹⁸ Max Roser (2013) - "Global Economic Inequality". *Published online at OurWorldInData.org*. Retrieved from: <https://ourworldindata.org/global-economic-inequality>.

¹⁹ Max Roser, (2020) - "The short history of global living conditions," *Published online at OurWorldInData.org*. Retrieved from: <https://ourworldindata.org/a-history-of-global-living-conditions-in-5-charts>.

occurred... And the people born into that world cannot even imagine the world in which their grandparents lived and into which their own parents were born.”²⁰ This is, I think, a sharp transformation.

Socrates: Very well, I will take your word on that, but I have another question. What are the social ramifications of this new group—let's call them passion workers—who decide for themselves how to work. Adam Smith might justify such a system with the invisible hand and vertical corrections only when market failures appear.²¹ Mandeville argued that “private vice leads to public benefit,” absolving the individual of the need to think about the public good.²² They both lived and wrote about a system with more centralisation than the passion economy, do individuals now have an obligation to consider the social impact of their work as they are the ultimate decision makers? Should they choose their work out of duty rather than desire, as Kant argued was morally^{23,24}

Interlocutor: I think it does matter whether our work is socially beneficial, but I don't believe being in the passion economy changes that. The opposite argument can be made: increased satisfaction leads to better social outcomes.²⁵ It is a false dichotomy to assume we must choose between desire and duty. Whether this implies that private vice leads to public benefit, or rather that each person pursuing their own maximisation of utility is inherently beneficial, is irrelevant. Where the passion economy differs from previous types of work, is that it is an end itself rather than the means. We can work passionately rather than work and seek passion outside work, or as a separate end from our work.

Socrates: You are seeking eudaimonia in the passion economy. I am unsure whether we should be seeking to live for our work rather than working in order to live, and indeed if one part of life can ever satisfy this greatest of all human desires.

²⁰ Peter Drucker, “The New Society of Organisations,” *Harvard Business Review*, (September-October 1992): 1.

²¹ Adam Smith, *The Wealth of Nations* (1776).

²² Bernard de Mandeville, *The Grumbling Hive or Knave Turn'd Honest* (1705). The subtitle of the poem is “Private Vices / Publick Benefits,” and the choice of the words, “vice” and “benefits” is interesting, as “vice” is more often paired with “virtue” in philosophy and “benefits” is more associated with the vocabulary of economics. This ties together the two disciplines in intriguing ways. See Muceni, Elena, “Mandeville and France: The Reception of The Fable of the Bees in France and its Influence on the French Enlightenment,” *French Studies*. 69. (2015), 10.1093/fs/knv153.

²⁴ “An action, to have moral worth, must be done from duty.” Immanuel Kant, *Groundwork of the Metaphysics of Morals*, Book IV, Part 1, Section 1, (1785).

²⁵ Litchfield, Paul, Cary Cooper, Christine Hancock, and Patrick Watt. “Work and Wellbeing in the 21st Century” *International Journal of Environmental Research and Public Health* 13, no. 11: 1065. (2016) <https://doi.org/10.3390/ijerph13111065>.

Interlocutor: There are no easy answers to these questions Socrates, what I have tried to argue is that the search for happiness in life and the management of the economy are the same issue, they go hand in hand in trying to untangle the factors that lead us to be both satisfied with our lives and efficient in the production of the economy, this is the end capitalism seeks. I also think that this is borne out in each new iteration of the way we live and work, the passion economy is a new way to maximise utility that prioritises the individual. Whether it will be successful or not is unknown, but it exists and must be managed accordingly.

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At this the young student wakes from her doze. How strange she thinks, Socrates and the Internet combined with Drucker and Schumpeter... I really do need a good night's sleep, but maybe there was something to it... old ideas repurposed may be just the thing to understand new systems.