

# **THE ACTING PERSON: RE-CONSTRUCTING ECONOMIC AGENCY AROUND A LIVING, BREATHING, EXISTENTIAL ACTUALITY**

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Joseph Berliner argues that four sets of arrangements constitute the core of an economic system and therefore of the Good Society: who gets what; who gets the available jobs; how economic activities are coordinated; and who owns capital (Berliner 1999, 17). Our understanding of economic affairs, however, inclines more towards William Waters who identifies the four parts of what now is called personalist economics: *person* as the basic unit of the economy; who acts freely but within certain limits; whose economic behavior is grounded in reason and faith; and who has a dignity beyond measure (Waters 1988, 114-20). Though not readily apparent, there is a powerful connection between these two perspectives. While Berliner is concerned about economic systems, Waters and this paper are concerned about economic agency. Simply put, it is the economic agent--the *acting person*--who sets the economic system in motion.

Our paper advances two propositions in support of a personalist reconstruction of the paradigm that informs our thinking about economic affairs. First, economic agency as represented in mainstream economics is outdated because it has oversimplified its representation of the economic agent as *homo economicus* in order to simplify economic analysis and produce empirical findings about which it can claim certitude. We propose instead the *acting person* who is more faithful to

contemporary understanding of human nature and better aligned with human activity in current economic affairs. The result is greater complexity in economic theory that in turn demands more judgment in economic analysis. This proposition rests on the premise that certitude purchased at the price of oversimplification is an illusion.

Our second proposition is that economic agency constructed by mainstream economics on utility/profit maximization also misrepresents human nature. We propose instead that human beings routinely maximize what we call personalist capital in which certain good habits or virtues such as justice and courage are learned, practiced, and acquired and by which human beings become more fully human persons. Further, as human beings develop more fully as human persons, they become more effective and more highly valued as economic agents. This second proposition rests on the premise that the economic agent is inseparable from the human person.

These two propositions, which are presented in five main parts, set the foundations for a good society by acknowledging that most fundamentally the good society is built and sustained by the *active* involvement of ordinary human beings in everyday affairs. Thus, the origin of the *acting person*. The first part addresses the meaning of humanness and personhood. The second examines the three levels of human action and what it means to *be* rather than to *become* a human person. In the third part the practice of virtues and vices that changes a human being into a *person in action* is examined. Personalist capital is taken up in the fourth part. The last part examines how human persons develop as economic agents --as *acting persons*--through consumption, work, and leisure.

Culture conditions how economic agents act and this paper briefly calls attention to work in the Cajun shipyards of Louisiana. However, we do not herein examine that issue at length.

Additionally, and most importantly, we do not address the critical role of the different modes of human communication--oral, script, and electronic--in the evolution of the economic agent from the passive *homo economicus* of mainstream economics to the active person of personalist economics (for more, see O'Boyle 2011, 91-118).

### ***Humanness and Personhood***

Fifty years ago, John Maurice Clark rejected the strict individuality of *homo economicus* as avowed by mainstream economics, affirming instead human duality.

Man [sic] has a dual nature, individual and social; and however much individuals differ in their relative emphasis on these two sides, none is a whole man in whom either side is completely repressed (Clark 1957, 118).

They are, as well, body and spirit, the one no less than the other. They are creatures whose nature demands that they be free to act, at times rationally, at other times emotionally. They are therefore self-determining, and remain persons as long as they live. Crosby combines both principles in the following:

... given the depth and intimacy of our embodiment, the only safe assumption is that a new human person begins to exist as soon as a new human body is formed, and continues in existence as long as the body is alive (Crosby 2004, 124).

If we regard any human being as an object with only instrumental value, his/her personhood in a certain sense is denied. To illustrate, prostitutes are not persons because they have been reduced to sexual objects for strictly commercial purposes. Suicide bombers are not persons because they have rendered themselves into instruments of death and destruction. Even so, both cling to their basic

personhood because as long as they are living they can be set free by human action. The prostitute can be convinced that sex is a gift not a commodity. The suicide bomber can be turned back by refusing to carry out the mission or by security forces.

Should humans be regarded as persons by virtue of who, what, and whose they are, that is in accordance with their nature, or by virtue of the value others attach to them, that is in accordance with the judgment of others? A norm of personhood and humanness that is based on human nature is an objective norm. On the other hand, a norm that is based on the value attached by others is a subjective norm. In the following, we propose that the proper norm of personhood and humanness is an objective norm.

#### **Economic Agents are Persons: First Proposition.**

Our argument that all economic agents are persons rests on two propositions. First, humanness and personhood are inseparably one. Second, *becoming* a person is not the same as *being* a person. As to the first proposition, humanness and personhood are one because they originate in a contingent being at the very first moment when that being is brought into existence. This is not to say that they are fully developed human persons when humanness and personhood first are present. Fullness comes later through the normal process of growth and development. Thus, even though economic agents are individuals and objects in the sense that economics views them in the workplace as inputs or human resources, they are first and foremost human persons.

#### **Economic Agents are Persons: Second Proposition.**

The second proposition in defense of the personhood of the economic agent is that *becoming* a person is not the same as *being* a person. To illustrate, psychotherapist Rogers asserted repeatedly

in *On Becoming a Person* that a human being literally becomes a person, implying that he/she though fully a human being at times might not be a person. Giavanola also seems to be caught in some confusion as well in using similar language though her intent is to flesh out the meaning of personhood by adding “human richness” – “... an internal multidimensionality and plurality which intrinsically characterizes each person and that every society should guarantee or at least promote” (Giavanola 2005, 250). Notice the similarities in their language.

... a person is a fluid process, not a fixed and static entity; a flowing river of change, not a block of solid material; a continually changing constellation of potentialities, not a fixed quantity of traits (Rogers 1961, 122).

Such an anthropological richness ... allows us to think of human beings in a dynamic frame in which they are constantly involved in the process of ‘becoming’ themselves and realizing themselves (Giavanola 2005, 215).

Grisez and Shaw on the other hand understand personhood not as a matter of *becoming* a person but one of *being* a person and insist on the distinction. To appreciate their argument one must first examine what they mean by the three levels of action and how each level is associated with a different type of freedom.

### ***Human Action and Being a Human Person***

At the first level, which is associated with physical freedom, the action taken leads naturally to a specific outcome provided there is no physical constraint in place. The retriever has been trained and predictably fetches the downed duck unless the dog is physically restrained. The newborn baby naturally takes to its mother’s breast provided it is not physically separated from her. At the first

level, the action undertaken is very simple. For that reason, both animals and humans are capable of action at this level.

At the second level, which is associated with freedom to do as one pleases, the action is undertaken to achieve a specific end. At this level, two conditions must be in place: (1) the end must be desired and (2) the means employed must be sufficient to achieve the desired end. Thus, a farmer plants corn in order to feed to his cows and when it is harvested the corn becomes available to feed them. Often the kind of freedom involved in action at the second level clashes with a requirement imposed by society that limits the freedom to do as one pleases. A woman is free to marry whomever she pleases but not someone who is a close relative. A man is free to marry whomever he pleases but not to beat his wife or abuse his children. Human beings are free to do as they please, provided they act responsibly. Because intentionality is required, only humans are capable of action at the second level.

At the third level, which is associated with self-determination, the significance of the action derives from the good that it produces in the person participating in the action. Fishing for the purpose of catching fish for dinner is purposeful and foresighted and therefore is action on the second level. Fishing with another person in order to enjoy and strengthen a friendship is action at the third level.

Persons are persons; the question for them is how to be what they already are. If the problem were how to *become* a person, it would mean that “personhood” was some sort of definite goal or objective toward which one could work by action at the second level. But this is clearly not the case. We already possess personhood. We are

not working toward the goal of becoming persons; we are instead coping constantly with the difficult but fascinating problem of how to *be persons* (Grisez and Shaw 1974, 14; emphasis in the original).

... persons are faced with the constant necessity of making choices and, in doing so, of determining themselves. How to use their freedom of self-determination-how, in other words, to *be persons*-is the challenge which continually confronts them (Grisez and Shaw 1974, 14; emphasis in the original).

How then does a human being grow and develop more fully as the person he/she already is?

The answer is that growth and development take place through the choices made at the third level of action in which the actor does not achieve the good or purpose intended but instead participates in it and this participation occurs over the entire period the action is undertaken. Action at the second level means looking into the future. Action at the third level means acting in a consequential way in the present. It is action at this level that affords the opportunity to grow and develop more fully as a human person (Grisez and Shaw 1974,17, 21).

The child grows and develops as a person according to the potentialities present from the very beginning that empower him/her to act and by acting the child unfolds as a unique person. To illustrate, some are endowed with special mental faculties, and years later become teachers, inventors, researchers. Others with physical talents become athletes, structural iron workers, ballet dancers. Still others have a gift for evoking what is best in others, and become orchestra conductors, supervisors, coaches. Others are endowed with a caring nature, and become nurses, ministers, nannies. Every human being, every economic agent, is different, but all are alike in that all are

persons.

Personhood can be affirmed or denied, granted or taken away, conditional or unconditional. By representing the economic agent as an instrumentality, as a means to an end with a fundamental worth that derives from the contribution made to economic affairs, mainstream economics in effect makes the personhood of the economic agent conditional. In sharp contrast, while acknowledging that different economic agents make different contributions to economic affairs, personalist economics insists that every human being is endowed with a sacred dignity that is separate and distinct from his/her instrumentality, a dignity that cannot be denied, taken away, or rendered subordinate to instrumental value. The personhood of the economic agent is unconditional.

### ***Virtues, Vices, and the Acting Person***

As long as the child acts only at the first or second level, he/she remains an *innocent* person. Once he/she begins acting at the third-level the child becomes a *person in action*. This unfolding of one's own personhood is a continuous process that takes place throughout one's lifetime. The child may become an evil person or a good person according to how he/she acts over a lifetime. The child becomes an evil person by embracing vices (acting unjustly, maliciously), a good person by acquiring virtues (acting courageously, justly).

The Good of man is the active exercise of his soul's faculties in conformity with excellence or virtue, or if there be several human excellences or virtues, in conformity with the best and most perfect among them (Rackham 1934, 33).

The Noble is that which is both desirable for its own sake and also worthy of praise; or what is both good and also pleasant because it is good. If this is a true definition of



the Noble, it follows that virtue must be noble, since it is both a good thing and also praiseworthy (Roberts 2007, Chapter 9).

Moral excellence comes about as a result of habit. We become just by doing just acts, temperate by doing temperate acts, brave by doing brave acts (Aristotle, unsourced).<sup>1</sup>

A child becomes a weak or indifferent person by doing little or nothing, by not acting. Whether the child acts righteously, wickedly, or indifferently he/she remains a person throughout, just as changes in weight and height, cognitive abilities, and other human skills and talents over the child's development as a teenager and later as an adult do not alter the essential reality that he/she is a person from the beginning of life to the end. Development from an *innocent* person to an *acting person* is a two-stage process.

All free males are born with the potential to become ethically virtuous and practically wise, but to achieve these goals they must go through two stages: during their childhood, they must develop the proper habits; and then, when their reason is fully developed, they must acquire practical reason (*phronêsis*) (Kraut 2001, 4-5).

Although we must be fortunate enough to have parents and fellow citizens who help us become virtuous, we ourselves share much of the responsibility for acquiring and exercising the virtues (Kraut 2001, 3)

The rate at which this transformation from *innocent* person to *acting person* varies from person to person because each one is unique with a unique disposition to acquire this virtue or that vice (Rickaby 1918, 2).

Our attention is drawn to the four virtues commonly referred to as cardinal or practical

virtues: justice, courage, moderation, and prudence. Justice is rendering to others that which is owed. Courage is firmness in the face of difficulty and constancy in the pursuit of the good. Moderation restricts the attractiveness of pleasures and provides balance in the use of created goods. Prudence prompts one to select the best means to achieve a good end.

Following Aristotle, justice is the mid-ground between rendering too much to others and rendering too little, between favoritism for example and ripping off. Courage is the golden mean between the vices of cowardice (too little) and rashness or recklessness (too much). Moderation is the mean between gluttony and extreme self-denial, between workaholism and sloth. Prudence helps us discern excess and deficiency in other areas, enabling us to locate the mean though not activating us toward that mean. Thus, prudence is fundamental to the other virtues (Rickaby 1918, 5-8; Kraut 2001, 5-7).

We refer to the four as *practical* virtues because they relate not to thought or truth but to practical human action. Moderation and courage are always inward-directed, toward self; justice is outward-directed, toward others (Schall 2004, 410, 414-5). Prudence is not rational self-interest unless it is tempered by justice and friendship or love (Finnis 2005, 20). It involves both the end sought and the means to attain that end, calls for reason rather than impulse, and takes counsel from others in the selection process (Elmendorf 1892, 4). Prudence therefore is both inward- and outward-directed.

Justice is “a very cold virtue,” “the most terrible of the virtues.” Strictly speaking, justice results in a condition wherein no one *owes* anything to anyone else. Schall describes this condition as an “isolated hell” (Schall 2004, 409, 412, 419). The remedy is found in the virtues of gratitude,

benevolence, and charity.

... relationships of justice, by themselves, are quintessentially impersonal. We get what is due-no more, no less. This indifference to the person to whom we are just or who is unjust to us is what I meant earlier in suggesting that gratitude, benevolence, and charity are needed in addition to justice. We must be just even to our enemies, to those who hate us, to those we do not know or care to know (Schall 2004, 419).

The virtue of forgiveness is another remedy for what is lacking in the virtue of justice. In economic affairs, forgiveness is the golden mean between enabling irresponsible financial behavior and crushing the human spirit under an unbearable load of debt. Forgiveness by definition must be given freely by the one who holds the debt claim. The physician who does not charge an impoverished patient for care that is rendered and the landlord who allows a single mother who has lost her job and cannot pay the rent to remain in her apartment with her children exemplify the true meaning of forgiveness. In every instance, forgiveness involves a need that otherwise would not be met.

In economic affairs, justice, courage, moderation, and prudence operate in the limiting mode. Justice limits ill-gotten gain (in a routine exchange one agent gets too little because the other agent takes too much). Courage limits evil from occurring when a person knows what to do in a difficult situation and is willing to confront that difficulty. Moderation limits excess in work, consumption, and leisure. Prudence limits recklessness in allocating resources toward some given good. All four virtues are learned either from others or on one's own and therefore can be taught to others.

We conclude this part with some extended remarks on the virtue of justice because it plays

such an important role in economic affairs. Every exchange between economic agents necessarily involves economic gain for both parties. What is gotten must be greater than what is given up. Otherwise, exchange collapses. However, limits on the amount of economic gain are necessary to prevent one party from taking advantage of another and to assure that market exchange serves everyone fairly and effectively. Those limits derive from the duties that economic agents owe one another under the principles of equivalence, distributive justice, and contributive justice.

The principle of equivalence limits ill-gotten or excessive gain because what is gotten and what is given up in the exchange are what were freely and openly agreed to before the exchange took place. For example, the ill-gotten gain for the employer who operates a sweatshop is the added profits from denying his/her workers what is due them.

The principle of distributive justice limits ill-gotten gain because the superior assures that what is gotten and what is given up are the same for everyone in the same or similar circumstances. To illustrate, the ill-gotten gain for the employer who pays some workers less than others for the same work is the added profits gotten through discrimination.

The principle of contributive justice limits excessive gain because each member gives up (contributes) what is necessary to maintain the group provided what is gotten by that member is the same or similar to what is gotten by the other members of the group. The ill-gotten gain for the inside trader comes at the expense of persons who sell shares that the inside trader knows are undervalued or who buy shares that the insider knows are overvalued.

Justice, courage, moderation, and prudence are essential to an efficient, orderly, and peaceful economy. Mainstream economics asserts that these matters are addressed through the “invisible hand

of the market.” Personalist economics argues that the “invisible hand” fails whenever economic agents have not learned and acquired the practical human virtues and do not practice them faithfully. Clark among others asserted a similar view.

... in a modern economy it has become impossible to trust an “invisible hand” to turn crude self-interest into an efficient engine for meeting every social need. We must have a sensitive awareness of what our social needs are, and what the economic machine is doing to them; and we must work with conscious purpose to make that economy meet those needs (Clark 1957, 180-81).

### *Personalist and Other Forms of Capital*

Forms of capital other than physical, financial, and human are being recognized at least at the margins of mainstream economics. Most notable among them is social capital that commonly is defined in terms of human networks, human interactions, and human sociality and that contributes to economic development.

Because the very concept of social capital is controversial and lacking in clear specificity (Knorringa and van Staveren 2007, 1-9), we prefer in the following to use “personalist capital,” which though it has greater specificity, should not be taken as either radically different than social capital on the one hand or its replacement on the other.

Personalist capital refers to a human development process in which certain good habits or virtues are learned, practiced, and acquired and by which a human being becomes more fully a human person. Similarly, personalist capital can depreciate and human development can be arrested and even reversed through the learning, practicing, and acquiring of certain bad habits or vices by

which a human being deteriorates as a human person. The virtuous person accumulates personalist capital in a way that parallels the accumulation of physical and human capital—by investing in good habits. The wicked person destroys personalist capital by investing in bad habits.

The *person in action* refers to a human being who chooses to act either virtuously or viciously, who is functioning at the third level of action. In economic affairs the *person in action* by definition is the economic agent who accumulates personalist capital by acting virtuously and who destroys it by acting viciously.<sup>2</sup> The *innocent* person refers to a human being who has not yet begun to engage in action at the third level and therefore has no stock of personalist capital.

This emphasis on the role of virtue in economic affairs is not new. In his *Moral Sentiments* Smith repeatedly calls attention to the importance of sympathy, generosity, and benevolence. Notice as well that the virtues of thrift and diligence are accepted in mainstream economics though perhaps not with the same emphasis. In the following we restrict ourselves mainly to the four practical virtues and the vices, the extremes, which those virtues seek to avoid.

Personalist capital and person are constructed around the central concept of limit. Plainly, no employer wants a worker who cannot limit his drinking or one who steals. No one wants to work for an employer who sweats his labor or with others who shirk their responsibilities. No consumer respects a merchant who deliberately misrepresents the quality of the goods for sale or does not fully disclose interest charges on credit purchases. No merchant wants a customer who promises to pay the balance owed later but doesn't follow through or insists on being served before everyone else.

As with physical capital and human capital, there is a distinct return to personalist capital. In general, employers prefer the diligent worker to the lazy worker. Buyers favor the merchant who is

always honest to one who is devious. These preferences are expressed and the personalist capital of a specific economic agent is rewarded (imperfectly because economic agents are not perfect human persons) through routine exchanges in the product market and the resource market. Notice, for example, the employment difficulties encountered by convicts following their release from prison, public announcements from the Better Business Bureau and Federal Trade Commission identifying business practices and in some cases specific enterprises that are scamming the public, the complete collapse of Arthur Anderson following the public disclosure that it had been “cooking the books” for Enron. Malthus appears to be saying that personalist capital is more important than human capital.

Talents, indeed, though undoubtedly a very prominent and fine feature of mind, can by no means be considered as constituting the whole of it. There are many minds which have not been exposed to those excitements that usually form talents, that have yet been vivified to a high degree by the excitements of social sympathy. In every rank of life, in the lowest as frequently as in the highest, characters are to be found overflowing with the milk of human kindness, breathing love towards God and man, and though without those peculiar powers of mind called talents, evidently holding a higher rank in the scale of beings than many who possess them. Evangelical charity, meekness, piety, and all that class of virtues distinguished particularly by the name of Christian virtues do not seem necessarily to include abilities, yet a soul possessed of those amiable qualities, a soul awakened and vivified by these delightful sympathies, seems to hold a higher commerce with the skies than mere acuteness of intellect (Malthus 1959, 131).

Personalist capital is not transferable in the same sense that physical capital, which is a thing that is distinct and separate from its owner and therefore can be bought and sold, is transferable. As with human capital, personalist capital is embedded in a human being, cannot be detached from that human being, and therefore cannot be bought or sold. There is nothing inappropriate in referring to acts of virtue or vice as contributing to the accumulation or loss of personalist capital just because this kind of capital is lacking in materiality. Materiality has everything to do with physical capital, it has nothing to do with personalist capital. However, both are real assets in economic affairs insofar as both are valued in the market system. Physical capital that has no value is junk. Personalist capital that has no value is inconsequential.

Personalist capital also resides in communities of persons as social beings, but it must first reside in persons as distinct individuals. To illustrate, “Cajun engineering” refers to a pride of workmanship in certain Louisiana shipyards where Cajuns with limited formal educational backgrounds assert with pride that “if you can draw it, we can build it.” Cajun engineering is a form of personalist capital that is embedded in the culture and is passed from person to person, from generation to generation. If all of the children of the Cajuns working in these shipyards were to seek their fortunes in other lines of work, the shipyard might survive with workers drawn from different cultural backgrounds, but Cajun engineering would not.

These two aspects of personalist capital--embedded in persons (the individual dimension) and residing in communities of persons (the social dimension)--approximate in a very real sense the relationship between physical capital and the public infrastructure in that physical capital is owned by individual beings and the infrastructure belongs to the community. Put differently, there is no



personalist capital in its social dimension and no public infrastructure when human beings act strictly as individual beings.

In the mid-1990s Becker used “personal capital”<sup>3</sup> that along with social capital he sees as forming part of human capital. Using a utility-function approach, Becker argues that utility maximization depends not only on preferences based on current consumption activity but also on past and future consumption activity. He recommends expanding the concept of individual preferences to include “personal habits and addictions, peer pressure, parental influences on the tastes of children, advertising, love and sympathy, and other neglected behavior” (Becker 1996, 3-12).

By personal capital (P) Becker refers to the impact of the agent’s own experiences and past consumption on current and future utilities. By social capital (S) he refers to the impact on the agent’s preferences from actions undertaken by others in the past. Becker’s expanded utility function is:  $u_t = (x_t, y_t, z_t, P_t, S_t)$  where  $x$ ,  $y$ , and  $z$  refer to different goods consumed. Utility maximization remains the rule.

By defining personal capital and social capital as he does, Becker in effect affirms that humans are both individual beings and social beings, and rejects the strictly autonomous individual dimension of *homo economicus*. Our conceptualization of personalist capital and Becker’s conceptualization of personal capital are alike in that both incorporate good habits and bad habits. Becker, for example, extends economic analysis to include such good habits as honesty, sympathy, and caring, and bad habits such as lying, envying, and drinking or smoking excessively (Becker 1996, 7-12).

However, the differences between Becker's personal capital and ours are more significant than the similarities. First, we do not accept the utility-function approach<sup>4</sup> because Becker's personal capital is based on second-level action--consumption is undertaken for the utility that is gotten--whereas personalist capital is based on third-level action. Second, Becker defines a good habit as one in which greater current consumption increases future utility. With a bad habit, on the other hand, greater current consumption decreases future utility. Third, though affirming the duality of human nature, Becker does not differentiate person from individual or personalism from individualism, and does not argue that good habits and bad habits make a human being more fully or less fully a human person and thereby more effective, more highly valued or alternatively less effective, less highly valued as an economic agent (Becker 1996,119).

Fourth, Becker in substance rejects Aristotle's golden mean to the effect that certain good habits such as moderation *limit* consumption in order to protect human well-being. It is necessary for Becker to do this in order to preserve the utility-maximization rule. Fifth, Becker says the individual acquires social capital by the impact on his/her own preferences through action taken by others. We argue instead that action taken by others influences action taken by the individual, thereby influencing his/her own personalist capital, for better or worse.

As with all mainstream economists, Becker in the end asserts that an economy functions best when it maximizes utility, when it achieves Pareto optimality. Libertarians are likely to argue that an economy functions best when it maximizes human freedom. *Personalist economics, in contrast, claims that an economy functions best when it maximizes personalist capital thereby enhancing a human being as a human person and rendering that person more effective and more highly valued as*

*an economic agent.*

The personalist perspective for sure is a major departure from the mainstream economics way of thinking. In 2003, however, John Deere CEO Robert Land affirmed these ideas.

The remarkable, although imperfect, performance of vigorous pro-market capitalism is one that can and must be expanded. This will permit great corporations, large and small, *those which practice the four cardinal virtues*, to create value on an enduring basis, to be utilized as the means they can be in solving global problems, and to contribute to the greater good of human flourishing (Lane 2003, 4; emphasis added).

### ***Consumption, Work, and Leisure:***

#### ***Personalist Economics vs. Mainstream Economics***

Mainstream economics regards consumption as satisfying human wants and the prudent consumer as one who maximizes the utility gotten from the available income. The concept of need is disregarded except when poverty is addressed and only when it is separated from consumer behavior. Whatever the consumer does with the goods and services purchased is strictly his/her own business because no one knows better than the consumer what will best satisfy his/her wants. For that reason, even when the food bought and consumed is virtually the same, there is no difference between having Thanksgiving dinner alone or spending it with family and friends. No difference between shopping for a suit, dress, or pair of shoes alone or in the company of another. No concept in the mainstream way of thinking that alone may mean loneliness and loneliness in turn can have a negative effect on the human spirit.

This disregard for the human spirit derives from the premise of mainstream economics that

the economic agent is an autonomous, utility-maximizing individual functioning mechanically as an embodied creature in a material, physical world where pleasure and pain are measured and compared in a decision-making process that is essentially passive. Anything relating to the human spirit is not economics even when it is tied closely to working or consuming.

Personalist economics holds fast to the view that consumers are beings with a body and a spirit and that they meet the needs and satisfy the wants of the body and spirit through the goods and services they buy and consume in a decision-making process that is essentially active precisely because they are living, breathing, existential actualities, not utility-calculating machines. They truly are *acting persons*. For better or worse, the action undertaken often changes the person who acts. Routinely eating too much diminishes a person who in the extreme becomes a glutton. Regularly sharing the same food with others enhances a person who becomes a friend. Though personalist economics admits there are many difficulties in measuring the effects of consumption on the human spirit those effects are every bit as real as the effects on the human body.

Personalist economics does not dismiss human need and separate poverty from consumer behavior. Rather, consumption not only satisfies human wants but also meets human needs. Since need is a normative concept, meeting need through consumption invariably involves judgments as to what constitutes need. Thus there will be differences between researchers regarding how to define and measure the specific dimensions of need and for that reason researchers are well advised to state their specifics as clearly as possible. The disadvantage in doing economic analysis is that these differences make for differences in empirical findings and therefore some uncertainty in the conclusions drawn from those findings. The advantage is that consumer behavior is construed in a

way that makes sense to the typical consumer who instinctively knows the difference between his/her own personal needs and wants and factors both into the decision-making process. Further, combining needs and wants links consumer behavior to poverty by raising the question as to what society should do for those without sufficient income to meet their material needs.

Personalist economics views work as having two effects on the working person. First, it provides income to purchase the goods and services that are needed or desired. Second, it provides opportunities to (a) associate with others and develop a sense of belonging to a group with shared aims, and (b) apply and enhance creative talents and energies. Mainstream economics regards the first but not the second as within the domain of the discipline because the first effect is objective in nature representing what the worker contributes to the production of goods and services whereas the second effect is subjective representing what the work itself does to the person of the one who works.

The objective side of work demands a human body. Put differently, virtually no work can be accomplished by anyone other than an embodied human. In that regard there is little to choose between mainstream economics and personalist economics. The subjective side of work responds to the needs of the human spirit but the spirit first must be embodied because without the body no work can be done and therefore no subjective effect can be brought forth. Here personalist economics departs from mainstream economics.

The second effect can be positive or negative. To illustrate, discriminating in pay and promotion and assigning a person to work for which he/she is overqualified turn the subjective effect negative. Designing and implementing a pay and promotion scheme based on performance and finding the best match between the work to be done and the skills and talents of the worker turn the

subjective effect positive. The objective effect of work is tied ultimately to the goods and services produced. The subjective effect is linked to the human spirit and for that reason has an impact on the development of the worker as a person. Anyone who works knows the difference between a good day at work and a bad day, and that difference often is reflected in their performance and physical appearance.

Mainstream economics sees leisure as time spent not working as outside the domain of economics. This unfortunate definition tells us nothing about leisure. Personalist economics, on the other hand, sees leisure in terms of both the human body and human spirit and as crucial to personal development. A coffee break and a power-nap at work re-energize the body. Similarly, a good night's sleep allows the body to handle the demands of the following day. A week in the mountains or at the seashore can infuse the human spirit with the beauty of the natural environment. An afternoon at a professional baseball game with grandfather can instill in a youngster dreams of one day succeeding on the same field of play.

Leisure can be taken quite seriously as the continuation into adulthood of the play activity that is so vital to the development of children and what they are urged to do every day. In the end, leisure means setting aside time to care for the human body and spirit in ways other than the ones that are available through work and consumption.

Consumption, work, and leisure can be separated analytically but in practice they frequently are intertwined as three sets of pairs and a fourth set involving all three activities at once. The working lunch combines work and consumption. The three-day holiday weekend mingles consumption and leisure. Working after hours at home and at the same time watching a college

football game merges working and re-creating. The working vacation brings together all three. These three economic activities have two things in common: (a) they involve both the human body and the human spirit and (b) they are subject to limits.

Certain limits inhere in economic affairs and others must be imposed because humans are embodied spirits. Human materiality assures certain physical limits regarding consumption and work. The human body can consume only so much in one sitting, and can work continuously only for some fixed number of hours without rest. Further, without other limits on what and how much we consume, on how long and how hard we work, and how much we allow for or indulge in re-vitalizing leisure activities, limits deriving from moderation that reside quietly in the human spirit, our development as human persons is arrested or misdirected. Disregard those limits, and consumption becomes gluttony and obesity, work transforms into obsession and exhaustion, and leisure changes into escape and boredom. The practical virtues, especially moderation, provide useful and effective limits on consumption, work, and leisure, and their faithful practice contributes to the realization of the full potential of the human person.

To John Paul materiality matters importantly to human nature, and material means are necessary to meet human material needs. To a large extent, mainstream economics and modern culture agree. However, John Paul warns that material means will not satisfy the nonmaterial needs of humans, and condemns the “consumerism” of western economies for perpetuating that false and dangerous value. Consumption is good, he says, unless it leads to a life spent in the enjoyment of material things as ends in themselves (John Paul 1991, §36). In mainstream economics, human wants are regarded as unlimited and *having more* is taken as essentially good. In personalist economics,

*having more* matters less than *being more*. Acquiring more of the goods of the world is less important than developing more fully as a human person.

The subjective dimension of human work, according to John Paul and affirmed by personalist economics, is more important than the objective dimension. Further, human work to John Paul is the continuation of God's Act of Creation that lasted six days and was followed by a day of rest (John Paul 1981, §25). In like fashion, humans require a seventh day of rest to consider what they have done and what they ought to be doing. In other words, humans require both work and leisure to become more fully the person they were meant to be and leisure has the positive connotation of input to that development. To the modern world of mainstream economics, leisure has only the negative connotation of time spent not working.

Because in personalist economics human beings are more important than mere things, labor is more important than capital. Indeed, humans alone have rights because they are persons, because they are endowed with an intelligence and free will that differentiate them from all other creatures. In the world of economic affairs and mainstream economics, intentionally and otherwise humans often are reduced from persons to things, objectified more and more in both the workplace and the marketplace.

Human beings are "embodied spirits" and as workers are resources to be applied to the production of goods and services. However, humans have worth not because they are useful toward some economic purpose though this kind of valuing has its own practical application in wage and salary administration and for that reason cannot be dismissed out of hand. Rather, each one has a dignity and worth beyond human measure. In mainstream economics and modern economic affairs,



human value commonly is determined instrumentally. One's own worth is determined by the value attached to one's work. In personalist economics, this kind of valuing is superseded by the sacred dignity of every living, breathing human person.

Workers have rights in order to assure the preservation of their fundamental dignity as human persons and access to the means necessary for their material survival, such as the right to associate, to strike, to a safe workplace, to a day of rest. To some extent, mainstream economics and others engaged in economic affairs also affirm these rights but as *legal* rights, as flowing from the hand of government and therefore contingent. Personalist economics sees them as *natural* rights flowing from the hand of the Creator, and therefore inalienable.

Humans are more than the one-dimensional self-interested, self-absorbed, and passive individuals of mainstream economics and contemporary western culture. They are the two-dimensional, active persons of personalist economics with an identity as separate and unique human beings never to be taken simply as a cog in a machine or as totally subordinate to the whole, and at the same time united in solidarity with family, company, neighborhood, region, nation, and all humankind. Human existence *always* is coexistence.

### ***In Conclusion***

In mainstream thinking, *homo economicus* is subject to change in that the economic agent is capable of acquiring or losing the human capital that is embedded in his/her nature. Further, mainstream economics acknowledges that at times *homo economicus* acts altruistically, in accordance with the needs and desires of others. Mainstream economics reconciles this kind of behavior with the self-centeredness of *homo economicus* by labeling it "enlightened self-interest."

Even so, *homo economicus* overwhelmingly is never changing because that (over-) simplifying proposition assures a predictability of behavior in economic affairs and in turn empirical findings from economic analysis about which there is greater (apparent) certainty.

For some time we referred to the economic agent of personalist economics as *homo socioeconomicus* (O'Boyle 1994, 286-313). We are replacing that term with the *acting person--the person in action--*for two reasons. First, the literature has become cluttered with similar terms such as *homo reciprocans*, *homo politicus*, *homo sociologicus*, *homo darwinianus* and others that mainstream economics has not taken seriously. Using *the acting person*, we hope, avoids the problem of being thrown together with those terms and then being thrown out with them. Second, *the acting person/person in action* connects economic agency to human action in economic affairs, notably work, consumption, and leisure, that unmistakably changes the economic agent who in acting virtuously or viciously accumulates or depletes personalist capital, and thereby is more effective and more highly valued as an agent or less effective and less highly valued.

Finally, mainstream economics asserts that in the end *homo economicus*, maximizes utility and profit and the economy functions best when it reaches Pareto optimality. Maximizing utility and profit are based on the proposition that the good invariably consists in *having* more. Personalist economics, in contrast, claims that most fundamentally the economy functions best when the *acting person* maximizes personalist capital thereby enhancing him/herself as a human person and rendering him/herself more effective and more highly valued as an economic agent. Maximizing personalist capital rests on the assertion that the good always inheres in *being* more.

The mainstream paradigm claims that the good society consists in everyone having more of

the good things that the economy produces. The personalist paradigm replies that it consists in everyone becoming better persons by the good they do in everyday economic affairs.

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## *Notes*

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<sup>1</sup> See *Aristotle*, <http://en.wikiquote.org/wiki/Aristotle>, p. 9 (September 18, 2007).

<sup>2</sup> Elmendorf (1892, 1-2) claims that “as habits [virtues and vices] are generated and increased by acts, so ceasing from action diminishes them and sometimes totally destroys them.”

<sup>3</sup> In 1888 Ingram used “personal capital” to mean that “... in agriculture nature labours along with man, whilst in manufactures nature does nothing, man does all ...” (Ingram 1888, 105).

<sup>4</sup> Van Staveren and Knorringa (2007, 109) state that the utility-function approach is one of three ways in which social capital is integrated into economic analysis.