

Orality, Literacy, and Economic Agency

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“More than any other single invention, writing has transformed human consciousness.”
[Ong 1982, p. 78].

The purpose of this working paper is twofold. First, to demonstrate why it is necessary to replace *homo economicus*. Second, to establish the *acting person* as a suitable replacement.

This paper is organized around seven sections. The first three sections relate to the need to replace *homo economicus*. The other four present arguments in defense of the *acting person* as a suitable replacement.

The need to replace *homo economicus* often is addressed today in terms of the autonomy or individuality of the economic agent versus his/her sociality or embeddedness in the social order. For many critics of *homo economicus*, the problem lies in the individualism that supports this conceptualization of the economic agent. Some of those critics offer socialism and *socialist man* as replacements. This paper does not accept the embeddedness argument on grounds that it offers no suitable substitute for individualism and rejects out of hand socialism and *socialist man* for its denial of the sacred dignity of all human beings.

We have addressed *homo economicus* and the *acting person* on several occasions. What we did not address properly is the role of human communication in human consciousness, most importantly the difference between orality and literacy, between the spoken word and the written word, and how that difference has shaped the way we think about and represent the economic agent.

Human communication, for sure, is mentioned from time to time as playing a role in economic affairs contributing along with other factors to the economic development of industrial nations. However, human communication is not addressed specifically in terms of the distinction between orality and literacy, and how that difference plays into the passive role of *homo economicus* in economic affairs as compared to the active role of the *acting person*.

In the following we use a strict representation of *homo economicus* that excludes any qualifiers such as enlightened self-interest, altruism, sympathy, benevolence, or generosity. This strict representation emphasizes the well-established characteristics of rationality and self-interest, and the objective of maximizing personal net advantage. With the exception of replacing maximum personal net advantage with human perfection as the objective for engaging in economic affairs, the *acting person* is very much a work in progress. In other words, we do not claim herein that our representation of the *acting person* is complete.

HOMO ECONOMICUS

We begin with a simple representation of the economic agent that has wide support among orthodox economists: autonomous, self-interested, rational in all decision-making, and committed to the objective of maximizing personal net advantage defined in terms of utility or profits. A few, including Blinder and Friedman, appear comfortable in explicitly characterizing the economic agent as something other than truly human. Blinder refers to the economic agent as a “rational, self-interested calculating *machine*.” [Blinder 2000, pp. 18, 24; emphasis added]. To Friedman individual economic agents are “pleasure machines.” [Friedman 1947, p. 411]. Knight, on the other hand, is uncomfortable with perfectly rational economic agents because, he

says, they treat others in economic affairs as “slot machines” or “vending machines.”[Knight 1939, p. 80; 1960, p. 73].

There is, however, in orthodox economics a comfort zone in which the economic agent is represented implicitly as having machine-like qualities. Notice how the machine-like nature of *homo economicus* is reinforced by the language used in orthodox economics regarding how markets work. Instead of underscoring the interaction between human beings by which they achieve agreement through the exchange process, orthodox economics refers to the *impersonal* forces of the market achieving equilibrium where the demand curve and the supply curve intersect thereby producing not an agreed price but an equilibrium price.

This characterization of *homo economicus* as machine-like eases the burden of demonstrating that economic behavior is predictable. A machine cannot be anything other than what it is. It cannot perform in any way other than the one for which it was designed. It follows that the behavior of a machine-like economic agent is known from the start, is never-changing, and therefore is entirely predictable. Predictability, in turn, leads to greater conviction and certainty regarding the findings from empirical studies that are grounded in orthodox economics.

Human capital does not alter the never-changing characteristic of *homo economicus* because it does not change behavior that remains riveted on maximum personal net advantage. What it does is enhance the capability of *homo economicus* to find and exploit additional ways to maximize personal net advantage.

How did *homo economicus* become so entrenched in orthodox economics? Schumpeter argues that utilitarianism and its regulatory principle of individual egoism won favor in economics in the 19th century *without* careful scrutiny.

Marshall’s comments at a meeting of the new Cambridge Economic Club in 1897 in which he expresses great admiration for physical science, pointing to the parallel paths taken by social science and physical science [pp. 120-121], can be taken loosely as support for the never-changing nature of the economic agent as represented by *homo economicus*.

Physical science is seeking her hidden unity in the forces that govern molecular movement: social science is seeking her unity in the forces of human character. [Marshall 1897, p. 121].

At the very same meeting Marshall takes a stance that embraces quite the opposite view: the ever-changing nature of the economic agent.

... the history of such [social reform] experiments throws light on the *dynamics* as well as on the *statics* of human nature: it tends to show not only what human nature was at any one time, but also *how it has developed*. [Marshall 1897, pp. 120-121; emphasis added].

Marshall’s strange flirtation with these different views of the economic agent helps us understand better why in recent years the deliberate removal of economic history and the history of economic thought from many university programs of study tends to reinforce the largely unexamined acceptance of *homo economicus* as never-changing that in turn allows economic analysts to posit economic behavior as predictable and to argue, as with physical science, that research based on

orthodox economics yields findings about which they are comfortably certain. Even, in the extreme, a certainty that is carried to three places past the decimal point.

Homo economicus also comes under attack from Boulding whose rhetoric originates in his religious background as a Quaker. He argues that the type of personality that emerges from market behavior and market institutions is devoid of the “richness of full human relationship,” and insists that economic man is more than the sum of certain minor virtues and vices such as honesty, thriftiness, industriousness, niggardliness, parsimoniousness, and chicanery. Because he/she misses the “Great Virtue” of love, economic man is less than the more fully human person who yearns for “the Divine, the heroic, the sanctified and the uneconomic.” [Boulding 1954, pp. 6-7].

Boulding warns against demanding too much from economic man on the one hand and living like economic man on the other.

... market behavior and market institutions ... frequently lead to the development of a type of personality which mistakes the abstractions of commerce for the realities of existence, and hence loses much of the richness of full human relationship...When we make a purchase from a store clerk we do not enter into a full and intimate relationship with him. Even the relationship of employee to employer, though it is richer and more complex than that of simple commodity exchange, is still exchange, and still falls far short of the richness and complexity, say of the marital relationship. And this is as it should be: the worker-employer relationship is not the same as the son-father relationship, and any attempt to make it so will create frustration and resentment on both sides. There must be economy in human relationship if *large* fabrics of society are to exist at all, because if we are to have relationships with *many* people these relationships must be limited and abstract rather than full. There is danger, however ... that people will take economic behavior as the measure of all things and will confine their relationships to those which can be conducted on the level of the commercial abstraction. To do this is to lose almost all richness or purpose in human life. [Boulding 1954, pp. 6-7; emphasis in the original].

Following years of criticizing its main tenets, Stiglitz in his 2001 Nobel address sharpened his attack on the following core theoretical constructs of orthodox economics: “seemingly precise models” which leave out information concerns; impossibility of involuntary unemployment; separation of equity and efficiency; continuous market clearing and equilibrium; Pareto-efficient markets; and reduction of economics to engineering. Included in his indictment are these central tenets as well: failure to differentiate types of markets; information efficiency of markets; separation of action, information, and behaviour; invisible hand leading to Pareto-efficient allocation of resources; privatization as welfare enhancing; supply and demand constituting the whole of economic analysis. [Stiglitz 2002, pp. 460-501].

The problem, as Stiglitz makes explicit, is that “the economists’ traditional model of the individual is too narrow.” [Stiglitz 2002, p. 488]. He does not point out, however, that the underlying philosophy of individualism is too shallow, nor does he offer a carefully articulated substitute for the individual or individualism.

Schumpeter had even further objections to *homo economicus* deriving importantly from his own thinking about the role of the entrepreneur in economic affairs.

... *Even our dubious friend, the economic man*, may render useful service in a field the main propositions of which can be reduced to maximum and minimum problems. But beyond this we need more than that if we are to see the true shape of our phenomena. *Entrepreneurs are certainly not economic men in the theoretical sense*. What they really are, how they really work, what it is that conditions their performance and their failures, how they in turn help to shape the conditions under which they work, and, above all, whether any significant generalizations may be made about this, can be gleaned from history alone. [Schumpeter 1940, p. 408; emphasis added].

Heilbroner, himself a student of Schumpeter's, agrees. "[The innovator] is obviously not a "normal" businessman, following established routines." Rather, entrepreneurs are "revolutionists of production." [Heilbroner 1986, p. 296].

THE PASSIVITY OF *HOMO ECONOMICUS*

The often overlooked characteristic of the machine-like *homo economicus* is passivity as Schumpeter points out in the following.

For economic life most obviously is not the *passive* process, consisting in smooth and uniquely determined adaptation to changing data, which it should be according to that [static] schema. If we insist that it is and that the convulsions and revolutions which we actually observe are nothing but "transitional phenomena" and have no influence upon long-run results, we are obliterating problems rather than resolving them. Moreover, we are distorting the picture of the most ordinary business practice. For, in capitalist society, economic behavior is at every point of time dominated by the effects, actual or anticipated, of technological or commercial change and cannot be understood without it. Everyone would behave differently if the main consideration were adaptation to stable conditions. Planning a production schedule, figuring out costs, depreciating one's plant and equipment, pricing one's product, struggling to protect one's market – all these things would be different matters and have different meanings but for everyone's realization that he is standing on ground which is bound to give way before long. The consequences of overlooking the fact that revolution in existing industrial and commercial patterns is the permanent state of things – instead of being something that occasionally happens to disturb the "normal" flow of economic processes – carry over, on the one hand, into our attitudes toward practical problems and, on the other hand, into the conceptual apparatus of economic theory. [Schumpeter 1946, p. 407; emphasis added].

Schumpeter identified passivity in Walras' economic agent and rejected it out of hand.

[Walras] would have said ... that ... economic life is essentially passive and merely adapts itself to the natural and social influences which may be acting on it, so that the theory of the stationary process constitutes really the whole of theoretical economics ... *I felt very strongly that this was wrong*, and that there was a source of energy within the economic system which would of itself disrupt ... equilibrium. If this is so, then there must be a purely economic theory of economic change which does not merely rely on external factors ... (quoted in Haberler 1951, p. 41; emphasis added).

A hedonist of the Austrian School, according to Haney, tends to represent the economic agent as having a “*passive* mind, registering sensations *determined from without*, and grinding out calculations according to the laws of reason.” [Haney 1949, p. 625; emphasis added]. The passivity of *homo economicus* as represented by orthodox economics is reinforced by the invisible hand proposition wherein by pursuing their own good economic agents (magically) are guided toward the good of all almost as if they were incapable of acting on their own.

The individual, *homo economicus*, is passive because this concept of economy agency derived from a time and place -- 17th&18th century Enlightenment – which for academics and the intelligentsia was dominated not by the spoken word (orality) but the written word (literacy).

... the written word cannot defend itself as the natural spoken word can: real speech and thought always exist essentially in a context of give-and-take between real persons. Writing is *passive*, out of it, in an unreal, unnatural world.” [Ong 1982, p. 79].

With the written word the reader utilizes only one of the five human senses: not hearing, tasting, touching, smelling, but seeing only.

...a written text is basically unresponsive. If you ask a person to explain his or her statement, you can get an explanation; if you ask a text, you get back nothing except the same, often stupid, words which called for your question in the first place. [Ong 1982, p. 79].

Primary orality,¹ the spoken word used face-to-face with another human being, potentially uses all five. It has the potential for creating community that is not available through literacy. Notice the role of the book club: literacy followed by orality that can have the effect of drawing the participants together.

The passivity of the common teaching pedagogy influenced importantly by Peter Ramus in the 16th century,² along with the availability of mass-produced books due to the introduction of the printing press, encouraged students in the Enlightenment period to accept the written word as critical to the learning process. The spoken word that finds its expression in the Socratic method largely is set aside. For students of economics at that time the autonomy of *homo economicus* is akin to their own. Consistent with their own experience as students, *homo economicus* needs no community. Indeed, *homo economicus* is incapable of forming community. *Homo economicus* is a caricature of human nature focused relentlessly on the ultimate objective of maximizing personal net advantage. Nothing else matters. There is no real human communication in economic affairs because *every* economic agent is *homo economicus*. The strict individuality of *homo economicus* rules out any intersubjectivity.

The Ramist influence persists even today in the form of large lecture classrooms in which only the instructor is actively engaged. Students, by and large, are passive note takers who rarely

¹ Secondary orality is the word spoken not face-to-face but through a construct such as telephone, radio, and television. [Ong 1982, p. 11].

² See Ong 2004.

challenge the instructor or even ask for clarification. Indeed, they are expected to remain passive and are regarded as a nuisance when they do speak up.³ Notice how in human communication today texting competes with voice messaging.

The passivity and machine-like characteristics of *homo economicus* are related and necessary. If *homo economicus* is passive, he/she can be characterized as machine-like. If, on the other hand, *homo economicus* is active, he/she must be human, capable of acting and of changing. The behavior of an economic agent who is capable of acting and changing is not entirely predictable, thereby complicating economic analysis. *Homo economicus* cannot attain the status of a living, breathing, existential actuality. *Homo economicus* is capable of *having more* but not of *being more*. Since *homo economicus* is largely unexamined even today, that representation of the economic agent continues to be accepted because it contributes to the evolution of economics as a science in which economic behavior is predictable and economic findings are presented with confidence.

REPLACING *HOMO ECONOMICUS*

Neither Marshall, Boulding, nor Stiglitz offer a convincing replacement for *homo economicus*. Knight offered the following that falls short because it does not touch on the passivity or other behavioral dimensions of *homo economicus*.

Man is a physical-chemical mechanism ... a biological organism ... a plant as well as an animal. In addition he has spiritual and mental qualities ... which make him a highly unique being in the universe. [Knight 1960, p. 43].

Schumpeter, however, rejected the passivity of *homo economicus* on grounds that it does not comport with the active role of the entrepreneur but he did not connect this defect to the orality/literacy difference. His entrepreneur is as close as one gets to a real human being in economic affairs.

In 1951 several of Schumpeter's colleagues and former students at Harvard -- Harris, Smithies, Haberler, Samuelson, Tinbergen, Hansen, Machlup, Sweezy, and others -- prepared a collection of essays to honor his life's work (see Harris 1951a). In his introductory remarks editor Harris, who knew Schumpeter as a friend and colleague for 20 years, commented on his work-alone routine.

In view of his generous criticisms of the work of his students and colleagues, I could never understand his failure to ask counsel from his friends. *He never, to my knowledge, asked anyone to read his manuscripts*, though he sometimes would ask help on some particular problem. [Harris 1951b, p. 5; emphasis added].

It is remarkable that even though Stolper in that collection identified Schumpeter's intellectual ancestors as Plato, Aquinas, Augustine, and Thucydides [Stolper 1951; p. 108] there is barely a hint anywhere in that collection that Schumpeter rejected *homo economicus* and no mention at all that he was struggling to find a better representation of the economic agent. What is even more remarkable is that one year later Waters, still a graduate student, identified so clearly in

³ The small-enrollment seminar is quite different because it is based squarely on the expectation of active engagement through the spoken word.

Schumpeter “the great man who *restored the human person* as the dynamic factor in the explanation of economic activity.” [Waters 1952, p. 14; emphasis added].

Even though Schumpeter worked alone as confirmed by Harris and Smithies (see Harris 1951b, p. 5; Smithies 1951, p. 23), his writings both published and unpublished along with his ideas must have been well-known to his colleagues and friends at Harvard. Why, then, did they not see what Waters in 1952 saw so clearly? We suggest that the answer lies in their own unexamined acceptance of *homo economicus*.

THE *ACTING PERSON*: SUITABLE REPLACEMENT FOR *HOMO ECONOMICUS*

The *acting person* is an active economic agent, functioning as a living, breathing, existential actuality in a world of the written word and the spoken word -- in the real world. As Ong explains, “... the written world cannot defend itself as the natural spoken word can: real speech and thought always exist essentially in a context of give-and-take between *real persons*.” [Ong 1982, p. 79; emphasis added]. That give-and-take, that primary orality, is so essential to the conduct of economic affairs especially in a market system that even orthodox economists recognize it but then in the pursuit of hard-science status for economics contrive *homo economicus* who is passive and who like a machine effectively functions outside the world of the give-and-take of the spoken word.

In this regard, notice how CNC (computer numerically controlled) machines are programmed to “read” a set of instructions written in code and complete the tasks specified therein. The machine does not, indeed cannot, engage in any real give-and-take with the human operator who with the proper training can read and write those instructions. *Homo economicus* is the equivalent of a CNC machine. The *acting person* is in all actuality the human operator. *Homo economicus* is a concept conceived in literacy. The *acting person* is a concept constructed on both literacy and orality.

Video games utilize both the written word and the spoken word and unlike CNC machines are interactive. Even so, the human images on the screen are not real persons and appearances aside the interaction is between a human being and a machine. With Skype, the interaction involves mainly the spoken word and takes place between two or more human beings but nevertheless is secondary orality. *Homo economicus* is as contrived as one of the human images in a video game. Outcomes are entirely in the hands of the human beings playing the game. The *acting person* is as real as the parties on Skype and as unpredictable as their content of their conversation because as human beings they are not programmed like video games.

To reject the passive nature of the economic agent is to confess that economic man is an *ever-changing human person* and accept the fact that transforming economics into a hard-science means dealing with the dynamics of economic affairs as articulated by Marshall and Schumpeter. [Marshall 1897, p. 120; Waters 1952, p. 14].

Instructed by Mournier, Danner identifies the human person as follows.

The human person as self-knowing ... is indeed wholly spirit. But since ... a person cannot know without being or be without body, the body is essential ... Bodies are the

instruments by which persons express themselves and the only way they can act, whether jackhammering concrete or composing a concerto...

Second, every person is unique but related to all other persons ... Individuality and sociality are not contradictories but polarities of the same person's continuum... personhood must be distinguished from selfhood ... Selfhood is self-regarding and narcissistic; personhood is open to needs and inviting of others.

Third, personhood ... is shared by all. Persons are equal by nature. But they are differentiated and individuated ... [implying] a process of continuous change in place and over time.

Persons, however, are not defined by when or where they are... the basic unity of every person, as each grows and unfolds from diverse experiences over time, bestows both sight and hindsight, which together produce foresight. This ability to foresee what consequences a set of events and facts is likely to produce helps persons steer around undesirable inevitabilities a course of action might impose ... foresight is essential to the human person's moral freedom.[Danner 2002, p. 50-51].

Danner's rendering of the human person is a close match to Wojtyla's.

The acting person is ... first of all self-[possessed who] ... knows that he is the author of his own actions, a center of activity. Second, the person is self-governing ... who imposes order on his actions ... including ... life-orienting decisions. Third, the person in action is self-determining ... Fourth ... the person transcends his circumstances [is transcendent in action] ... only when he is grounded in the truth of moral goodness... Faithful to the demands of each [of these characteristics], the person forms himself into a free and responsible actor. [Rourke and Rourke 2005, p. 11].

Engaging actively in work, consumption, or leisure necessarily changes the person engaged. *Homo economicus* never changes in orthodox economic thought or economic affairs. Further, the *acting person* develops further as a human being by acting virtuously whereby personalist capital is acquired and diminishes as a human being by acting viciously whereby personalist capital is lost. The *acting person* is a real person who is focused on the ultimate objective of achieving human perfection by maximizing integral human development. Virtuous action leads toward human perfection. Vicious action leads away from human perfection.

There is a huge difference between using a pleasure-pain calculus to select from a set of established options and engaging in entrepreneurial activity that changes that set of options often by eliminating some as obsolete. The *acting person* is comfortable with entrepreneurial activity. *Homo economicus* is not. Thus the problem over the years with incorporating Schumpeter into orthodox economics.

ECONOMIC AGENCY AND HUMAN COMMUNICATION

Homo economicus as represented in orthodox economics rests on the silent premises that human communication today is no different than it was in Smith's day and therefore human beings relate to each other and to themselves no differently than 225 years ago. In essence, it matters not that with the development of the telegraph roughly 150 years ago, followed by the telephone, radio, television, fax, internet, and email, human communication has emerged from the script

stage into the electronic stage and has dramatically changed human awareness of others and of self. Marshall touched on this development at least three times in his *magnum opus*:

...the growing power of the telegraph, the press, and other means of communication are ever widening the scope of collective action for the public good. [Marshall 1948, p. 25].

To this group of requisites for a civilized life, derived from coal on the one hand, and modern means of transport on the other, we must add ... the cheap and thorough means of communication of news and thought by steam-presses, by steam-carried letters and steam-made facilities for travel. [Marshall 1948, pp. 677-678].

The causes of [the rise in earnings of exceptional genius] are chiefly two; firstly, the general growth of wealth; and secondly, the development of new facilities for communication, by which men, who have once attained a commanding position, are enabled to apply their constructive or speculative genius to undertakings vaster, and extending over a wider area, than ever before [Marshall 1948, p.685].

Boulding too comments on how improved communications have made possible contact with others outside one's circle of personal contacts and the problems inherent in relating as economic agents professing Christian beliefs to "the blank faces" of those "we neither see nor know."

Today the world has become a neighborhood, thanks to improvements in communications; but in very consequence of this the simple ethics of neighborhoodliness have become less adequate to deal with its problems. We affect, and are affected by, the actions of people we neither see nor know. Under these circumstances not only is it difficult to *feel* love for these blank faces; but even if we persuaded ourselves to feel, what *difference* would this feeling make to our actions? This is a critical and indeed an embarrassing question for those of us who profess to be moved by Christian love, for if there is no way of expressing this love in action, and if it makes no difference to our behavior, then it is a false emotion hardly removed from self-deception. [Boulding 1954, pp.1-2].

By calling attention to the difference between the fruitful relationship of one human being to another ("I" to "thou") and the sterile relationship between a human being and a machine ("I" to "it"), Ong helps us understand why "machine-like" is not a proper descriptor of the economic agent.

To be present to himself, man must find the presence of another or others. Man's life-world is the opposite of the solipsist: it is a world not of presence but of presences. In presences we mature. Each individual I finds himself by dealing with a thou, and another thou, and another. The presence of other persons fills man's consciousness, as objects cannot. Situated among objects, a person may indeed find them interesting, but he responds only to other persons, other presences, who are not objects. In a whole universe filled with countless objects and occupied only by one other man alone, it would be to the man alone that I could present myself, establish a relationship of presence. [Ong 1967, p. 295].

Unlike Boulding or Marshall and perhaps anyone else in the economics profession, Ong enlightens us on the role of orality in human sociality and literacy in human individuality and further connects *homo economicus* to the written word.

The interaction between the oral word that all human beings are born into and the technology of writing, which no one is born into, touches the depth of the psyche... it is the oral word that first illuminates consciousness with articulate language, that first divides subject and predicate and then relates them to one another, and that *ties human beings to one another in society*. Writing introduces division and alienation, but a higher unity as well. It intensifies the sense of self and fosters more conscious interaction between persons. Writing is consciousness-raising. [Ong 1982, p. 179; emphasis added].

It is incumbent on all economists, whether orthodox or heterodox, to recognize that the written word is a technological innovation that more so than another other invention has transformed human consciousness [Ong 1982, p. 78] and produced *homo economicus* as an acceptable representation of the economic agent. It follows that as long as economics holds fast to *homo economicus* it not only embraces self-interest and the invisible hand but in effect rejects the spoken word and human sociality.

ECONOMIC AGENTS AS CONTINGENT BEINGS ENDOWED WITH EQUALITY AND SACRED DIGNITY

As contingent beings economic agents are constituted of an actuating principle that defines them for who/what/whose they are and a limiting principle for who/what/whose they are not. A contingent being is one who is brought into existence through the action of other human beings.

In accordance with the limiting principle, economic agents are not any other living creature such as a camel or cabbage, nor are they any nonliving thing such as a machine. If a human being is regarded as an object, a machine, with only instrumental value, his/her personhood in a certain sense is denied. Slaves, for instance, are not considered persons because they have been reduced by others to material objects that can be bought, sold, traded, or taken. Prostitutes are not thought of as persons because they have been reduced to sexual objects for strictly commercial purposes. Nevertheless, both still cling to their basic personhood because as long as they are living they can be freed by human action. The slave can be emancipated; the prostitute can be convinced that sex is a gift not a commodity.

In accordance with the actuating principle, economic agents are persons who are made in the image and likeness of God, and therefore very nearly divine. They are fully individual beings and at the very same time fully social beings, neither one being diminished by nor subordinated to the other. They are body and spirit, the one no less than the other. They are creatures whose very nature demands that they be free to act, at times rationally, at other times emotionally. They are self-determining and retain their personhood as long as they live.

Nothing in economics informs us as to the exact moment in the life cycle when humanness and personhood first are present or prepares us to sort through that pressing issue. Nor is there any compelling reason to belabor that issue if one is willing to accept humanness and personhood as givens and assert that every economic agent is a human person. We, however, are not prepared to rest our case on an assertion that orthodox economics, by valuing human beings strictly as economic instrumentalities, in effect rejects humanness and personhood out of hand. Instead, we insist that quite apart from their value as economic instruments every economic agent has an inherent sacred dignity that cannot be denied.

The sacred dignity of all human beings is asserted in the Old Testament.

What is man that you should be mindful of him, or the son of man that you should care for him? You have made him little less than the angels, and crowned him with glory and honor. [*The New American Bible*, 1970, Psalm 8, Verses 5-6].

And confirmed by John Paul II.

Man is called to a fullness of life which far exceeds the dimensions of his earthly existence, because it consists in sharing the very life of God. The loftiness of this supernatural vocation reveals the greatness and the inestimable value of human life. [John Paul 1995, §2].

... man and his life appear to us not only as one of the greatest marvels of creation; for God has granted to man a dignity which is near to divine (Ps. 8:5-6). [John Paul 1995, §84].

If, however, that sacred dignity is denied for one human being it can be denied for any human being, and with that denial basic human equality is rejected. With human equality set aside, personhood can be denied to anyone who does not measure up to whatever critical value sets the standard for acceptance as a person. In the end that means that personhood is defined by those who claim to be smart enough to set the standard so precisely as to include some and exclude others, and are powerful enough and willing to enforce that standard.

The instrumental worth argument of orthodox economics versus the inestimable worth argument of personalist economics are reconcilable. Personalist economics finds no conflict between the two because in economic affairs such as wage determination the instrumental worth attaches not to the economic agent but to the work performed by that agent. That clear distinction allows personalist economics to (a) acknowledge that some tasks are more productive than others and therefore justify different wage rates, and (b) still hold fast to the inestimable worth of the economic agent *per se* and to insist that any rejection of the sacred dignity of all human beings undermines the proposition that everyone is created equal. For, if some are more equal than others, those who are less equal cannot be of inestimable worth.

ECONOMIC AGENTS AND HUMAN PERFECTION

Our argument that all economic agents are persons rests on another proposition to the effect that even though some human beings are more fully perfected as persons than others, from the very beginning all are persons by their very nature. A newborn baby is a person though clearly not as fully developed as his/her parents but will evolve more fully as a person through the growth and development process. Personhood is an objective, not a subjective, norm. No one *becomes* a person. No one can have his/her personhood taken away. Personhood is not a matter of *becoming* but a matter of *being*. Most fundamentally, the personhood of economic agents is unconditional.

The challenge of being a person is ... by no means the same thing as becoming a person. 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 ... at 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 person*.

... 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, p. 14; emphasis in the original].

As self-determining creatures, human beings are more nearly perfect as human persons according to their own conduct. As economic agents they are more fully human persons by how they conduct themselves when they engage in work, consumption, and leisure. When they act virtuously they acquire personalist capital and enhance themselves as human beings. For example, instructed and guided by the practical virtues of justice, prudence, moderation, and courage, economic agents grow and develop as human persons and often are recognized and admired for their goodness. When, however, they act viciously they relinquish personalist capital and diminish themselves as human beings. Instructed and guided by the parallel vices of injustice, foolishness, excess, cowardice, their growth and development is reversed and they often become known publicly for their wickedness.

FINAL COMMENTS

Homo economicus is autonomous, self-interested, rational in all decision-making, and committed to maximizing personal net advantage. A few orthodox economists are comfortable in characterizing the economic agent as machine-like. Most are not. Even so, the machine-like character of *homo economicus* has its advantages. As with a machine, the economic agent is never-changing and therefore entirely predictable producing greater certainty in the findings from empirical research.

Human capital does not alter this never-changing characteristic because it does not change behavior that is riveted on maximum personal net advantage. Human capital enhances the capability of *homo economicus* to find and exploit additional ways to maximize personal net advantage. Lack of careful scrutiny over the years keeps *homo economicus* entrenched in orthodox thinking. Granted, it has been attacked by the Marshall, Schumpeter, Knight, Boulding, Stiglitz, and others, but without agreement as to a proper replacement.

Schumpeter was not among those who overlooked one crucially important characteristic of the machine-like *homo economicus*: its passivity. As expected, Schumpeter tied his criticism to the profoundly active nature of the entrepreneur who fosters change in products, processes, and the structure of enterprise governance. According to Ong, this passivity derives from the 17th - 18th century Enlightenment that was dominated not by the spoken word, which is based on face-to-face communication and thereby helps create community, but on the written word where there is no such give-and-take possible between author and reader. Further, this passivity derives from the common teaching pedagogy influenced importantly by Peter Ramus in the 16th century that emphasizes even today the active role of the instructor and the passivity of students notably in large lecture classes.

The passivity and machine-like characteristics of *homo economicus* are related and necessary. If *homo economicus* is passive, he/she can be characterized as machine-like. If, however, *homo*

economicus is active, he/she must be human, capable of acting and of changing. The behavior of an economic agent who is capable of acting and changing is not entirely predictable, thereby complicating economic analysis.

The *acting person* is an active economic agent who functions in a world of the written word and the spoken word. The give-and-take that is grounded in the spoken word is so essential to the conduct of economic affairs that even orthodox economists recognize it but then insist on *homo economicus* who is conceived in the written word and therefore is passive. The *acting person* is constructed on both literacy and orality.

Danner and Wojtyla identify the human person as self-knowing, self-governing, self-determining, unique, equal, foresighted, and transcendent in action.

The *acting person* develops as a human being by acting virtuously whereby personalist capital is acquired and diminishes as a human being by acting viciously whereby personalist capital is lost. Virtuous action leads toward human perfection, vicious action leads away.

As contingent beings economic agents are constituted of an actuating principle that defines them for who/what/whose they are and a limiting principle for who/what/whose they are not. In accordance with the limiting principle, economic agents are not any other living creature such as a camel or cabbage, nor are they any nonliving thing such as a machine. If a human being is regarded as an object, a machine, with only instrumental value, his/her personhood is denied. In accordance with the actuating principle, economic agents are persons because they are living, breathing existential actualities, made in the image and likeness of God, and therefore very nearly divine. Quite apart from their value as economic instruments every economic agent has an inherent sacred dignity that cannot be denied. Their sacred dignity is asserted in the Old Testament (Psalm 8, verses 5-6) and confirmed most recently by John Paul II. If that sacred dignity is denied for one human being it can be denied for any human being, and with that denial basic human equality is rejected.

Personalist economics finds no conflict between instrumental worth versus inestimable worth because in economic affairs such as wage determination instrumental worth attaches not to the economic agent but to the work performed by that agent. That distinction allows personalist economics to (a) acknowledge that some tasks are more productive than others justifying different wage rates, and (b) hold fast to the inestimable worth of the economic agent and to insist that any rejection of the sacred dignity of all human beings undermines human equality.

No one *becomes* a person. No one can have his/her personhood taken away. Personhood is not a matter of *becoming* but a matter of *being*. Most fundamentally, the personhood of economic agents is unconditional.

As self-determining creatures, economic agents are more nearly perfect as human persons according to their own conduct as they engage in work, consumption, and leisure. Acting virtuously as guided by the justice, prudence, moderation, and courage, they acquire personalist capital and enhance themselves as human beings and are known for their goodness. Acting viciously as instructed by injustice, foolishness, excess, and cowardice they relinquish personalist capital and diminish themselves as human beings and are known for their wickedness. Economic systems cannot long endure such wickedness.

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