

**THE ECONOMIC AGENT AS A PERSON: A RETROSPECTIVE OF
SELECTED PAPERS FROM THE *REVIEW OF SOCIAL ECONOMY*
A Working Paper**

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April 16, 2010

He who has never loved, has never felt the call of a heroic ethic -- to give and not to count the cost, to labor and not to ask for any reward -- has lived far below the peak levels of human experience. Economic man dwells in Limbo -- he is not good enough for Heaven or bad enough for Hell. His virtues are minor virtues: he is punctual, courteous, honest, truthful, painstakingly, thrifty, hardworking. His vices are minor vices -- niggardliness, parsimoniousness, chicanery. Even the covetousness of which he is often accused is a playful and innocent thing compared with the dreadful covetousness of the proud. On the whole he escapes the deadly sins, for his very vulgarity saves him from pride ... But he misses also the Great Virtue, and in that he is less than Man, for God has made man for himself, and he has an ineradicable hunger for the Divine, the heroic, the sanctified and the uneconomic (Boulding 1954: 7).

Economic agency is at the very core of our understanding of economic affairs because as Marshall suggested more than 100 years ago economic reality ultimately is what ordinary people do in the everyday conduct of their economic affairs (Marshall 1948: 1). There is, in other words, no single concept more significant to the economic way of thinking than economic agency.

Beginning, with *Wealth of Nations* the economic agent has been characterized as an individual being who is materialistic and driven by self-interest with a tendency toward utilitarianism. Earlier in his *Theory of Moral Sentiments* Smith presents a different economic agent, a social being who is benevolent, generous, and sympathetic and driven by duty and moral considerations. Smith never fully reconciled the materialism of *Wealth of Nations* and the idealism of *Theory of Moral Sentiments*. For that reason, we can state confidently that Smith himself was no economic man (Haney 1949: 232-235).

Once Bentham's principle of maximum net personal advantage as operationalized by a pleasure-pain calculus is added to the individuality, materialism, and self-interest of the economic agent of *Wealth of Nations*, economic man becomes a full-blown utilitarian. Idealism, sociality, and virtue succumb to materiality, individuality, and self-interest. By the mid-1800s economic man is firmly established in the economic way of thinking and, as if to given this description greater validity, economic man becomes Latinized as *homo economicus*.¹ Though Marshall for one rejected

¹ This writer has been able to trace *homo economicus* to Maffeo Pantaleoni who uses it several times (Pantaleoni 1889: 11, 30, 31, 53, 58, 67, 68, 106, 107, 120) but does not attribute the concept to anyone else.

economic man (Haney 1948: 650-651), *homo economicus* has remained largely unchallenged for the last 150 years, represents the single most important premise of mainstream economic theory today, while maximizing net personal advantage is the central objective function of the economic agent. The fact that *homo economicus* traces back to the very origins of economics as a separate discipline and today is taught and accepted almost universally across the discipline, often with no effort to examine and reflect on its content, is indicative of the grip that this concept has on those who teach and those who are taught the economic way of thinking.²

As a mainstream economics concept, *homo economicus*, rests on the silent premises that human communications 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 communications 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 twice 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: 25).

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: 685).

Nevertheless, for mainstream economics *homo economicus* is essentially the same now as it was in Smith's time and thus for the like-minded a firm foundation for the construction of economic theory and analysis. Thaler for one, however, predicts that "*homo economicus* will become more emotional, by which he means that economists will devote more attention to the study of emotions

Even so, because Pantaleoni uses it without elaborating on its specific meaning this writer suspects that it was already in use elsewhere and therefore originated sometime earlier.

² See Davis for more on the theory of the individual in economics.

(Thaler 2000: 139). Thaler's prediction appears to find support from Stigler who in his Nobel lecture indicted neoclassical economics for having construed the individual -- the basic unit of economic analysis -- too narrowly (Stigler 2002: 488). Stigler, however, provides no clue as to the specifics of any reconstruction of the economic agent.

Our retrospective calls attention to nine articles published in the *Review of Social Economy* over the 40-year period beginning in 1954 which indicate that the Association for Social Economics long has recognized the centrality of economic agency to our understanding of economic affairs and has attempted to demonstrate that *homo economicus* is inadequate as the basic unit of economic analysis.

ECONOMIC AGENCY AND THE ASSOCIATION FOR SOCIAL ECONOMICS

The antecedent organization to the Association for Social Economics (Catholic Economics Association) was founded in 1941 to pursue seven aims and objectives.³ The third objective is relevant to our concerns herein: "To clarify the relationships of economic science to the other social sciences and disciplines, particularly Christian social philosophy" (Aims 1944: 108). All nine articles are within the tradition of Catholic social economics.

Access to the full text of the nine articles is available through Informaworld (www.informaworld.com) which is the online platform for the Taylor & Francis Group that publishes the *Review of Social Economy*. A bibliography of materials in this tradition published in the *Review* and elsewhere during the period 1905-1999 is available from the author on request (edoboyle@earthlink.net).

The Association's two founding fathers, Jesuits Thomas Divine and Bernard Dempsey, did not share the same view as to how one ought to think about economic affairs. Divine embraced the mainstream perspective that economic affairs are organized around the activating principle of competition. Dempsey, on the other hand, held fast to the view that economic affairs or what he

³ The Catholic Economics Association became the Association for Social Economics in 1970.

called the “functional economy” rest on three pillars: competition, authority, and cooperation. Eventually, the Divine position became the dominant view among the Association membership (Waters 1990: 93). Four of the authors in this collection – Baerwald, Briefs, Danner, and O’Boyle, -- clearly take Dempsey’s position.

Using an analogy to the construction of a house, Dirksen is one of the first Association members to call attention in a very general way (in 1946) to the problem of the nature of the economic agent and the philosophy that for two centuries supplied its underpinnings.

The special role of the Catholic economist is, first, to lay [the] foundation, and then, secondly, to align the various segments of the economic structure in accordance with it. He is a builder who wishes to follow the architectural plans of a sound philosophy every economist accepts certain basic characteristics of human nature which is nothing else than accepting a certain philosophy of man. Whether he accepts one set of characteristics or another doesn’t matter; he is dependent upon some kind of philosophy of man ...

No one will deny that the dominant social philosophy of the past two hundred years has been a liberalistic, atomistic, materialistic concept of social organization (Dirksen 1946: 15, 19).⁴

Impressed with Schumpeter’s restoration of “the human *person* as the *dynamic* factor in the explanation of economic activity” (Waters 1952: 19; emphasis added), Association member Waters in the early 1950s called attention to the conflict between the passive nature of *homo economicus* and the active personality of Schumpeter’s entrepreneur (Waters 1952: 271). Waters was among the first to call for replacing the individual of mainstream economics -- *homo economicus* -- with the person who today in order to underscore its active character we prefer to call *the acting person* or *person in action*.⁵

Responding to Pope Pius XII’s 1952 Christmas message regarding a depersonalization that had penetrated and pervaded all of human life, the Association structured its annual meeting in

⁴ Over the years, other contributors to the *Review* have addressed the issue as to what it means to be a human being. Two (Hunt 1978 and Wible 1984) in particular come to mind because each one was selected for one of the twelve best articles published in the *Review* during the first 55-years (1944-1999) that the *Review* has been published.

⁵ For more from Waters on Schumpeter, see O’Boyle (2009).

December 1953 around the theme “the depersonalization of the economy” (Baerwald 1954: 10; Notes 1954: 83). Four of the articles commented on below -- by Baerwald (1954), Boulding, (1954), Dempsey (1954), and Hayes (1954) -- originated as papers that were presented at that meeting. Baerwald’s paper was his presidential address. The other five in this collection -- by Walker (1955), Froehlich (1966), Danner (1982), Briefs (1983), and O’Boyle (1994) -- were published later.

Our comments on the nine articles are arranged in two sets. The first set includes five that address personal responsibility (Boulding) depersonalization (Baerwald), economic man (Walker), person (Briefs), and personalism (Danner). The four articles in the second set focus on the person of the manager (Hayes), the businessman (Froehlich), the entrepreneur (O’Boyle), and the worker (Dempsey). In order to present the work of these nine authors to best advantage, it is necessary to quote directly from them at considerable length.

**PERSONAL RESPONSIBILITY, DEPERSONALIZATION, ECONOMIC MAN,
PERSON, AND PERSONALISM**

Boulding on Personal Responsibility. Boulding asserts 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: 6-7).

Boulding 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: 1-2).

Boulding warns us 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: 6-7; emphasis in the original).

Baerwald on Depersonalization. As with Froehlich (see below), Baerwald finds something seriously amiss with economic man in that human desires extend “beyond the satisfaction of materials wants,” encompassing the need to belong and the need for workplace opportunities to apply one’s creative talents and energies (Baerwald 1954: 13).

The current revival of interest in ... the individual in our contemporary system of large impersonal enterprises creates a challenge for economic theory. Economics ... is concerned with production of wealth, the satisfaction of wants through goods and services. The classical economists were interested primarily in factor analysis and the resulting pattern of distribution; the neo-classicists stressed consumer demand and the price mechanism. Both schools shared the assumption that the satisfaction of consumer demand is the purpose and end of economic activities. This concept may be entirely adequate within the scope of an economic theory which separates for purposes of analysis economic activities from their social context, without trying to relate them to these larger aspects again once the purely economic inquiry has been carried out. The question, however, arises now whether this scope of economic theory is not too narrow. Is it not significant that these widespread feelings of dissatisfaction as they are manifested in the word “depersonalization” come to the fore at a time when material standards of living are rising throughout the world but especially in the Western hemisphere? This condition can hardly be explained by the traditional economic definition of want-satisfaction which leads inevitably to the conclusion that people will feel increasingly content as they are supplied with more and more goods and services. In fact it seems that above a certain level of moderate comfort there is no discernible relation between increasing real income and over-all

satisfaction with the life situation. Other factors enter into the picture. Here the modern psychologist and sociologist can be helpful to the economic theorist. They tell him that the desires of the human person go beyond the satisfaction of material wants; that they comprise the whole field of social participation; that they include such things as the experience of useful function, of recognition of fellow workers, of self-expression in meaningful productive pursuits (Baerwald 1954: 12-13).

For Baerwald, maximizing net personal advantage is not an acceptable objective function because it presents an artificial definition of the economic agent. It seems Baerwald appreciates that conceptually individual and person are not one and the same but he does not proceed to the next step: suggesting an objective function that would more clearly differentiate the one from the other.

Walker on Economic Man. Walker finds fault in defining economic man strictly in terms of the pursuit of personal wealth, strictly according to human individuality. He argues instead that economic man is a person who in terms of his/her sociality seeks “the attainment of the goal of the political community”(Walker 1955: 76).

It has been argued that [the concept of economic man] is ... derived from the economist's conception of Economics. Because Economics is concerned with only a portion of human behavior, the concept of economic man can never be perfectly identified with reality. This is to say that no matter how we define Economics it can never study the “whole” man. With this limitation in mind, it should be the aim of Economics to develop a concept of economic man that is in close accord with reality.

The early concepts of economic man most seriously offended against this principle and it was briefly argued that the “social economy” concept of economic man corresponds most closely with reality. If the economic goal of the political community be accepted as really existing then a considerable real content can be given to the concept of economic man as a person who seeks the attainment of this goal. It also affords the advantage of providing a valuable welfare guide to economic behavior.

Although this “social economy” concept of economic man does enable Economics to embrace a wider scope of human actions it should not be identified with a concept of a “social man.” Social man relates to man behaving in society as such and so is more comprehensive than is economic man. Nevertheless this concept of economic man does appear to exhaust the field of economic behavior and thus is both a comprehensive tool of economic analysis and also a valuable device for use when economic behavior is integrated with social behavior in general (Walker 1955: 77).

Briefs on Person. Writing in German at roughly the same time as Boulding, Baerwald, and Walker, though his article was published in English in the *Review* more than 25 years later, Briefs holds a position about human nature that is not unlike theirs.

The uniqueness of this concept [of person] lies in the fact that the human person is an analog, an image, of the triune God who lives in community with himself. Augustine expressed the idea, and it reoccurs throughout European philosophical anthropology up to Max Scheler: man is created in the image of the triune, personal God. That is man's nature. This implies being oneself as a distinct and self-determining person in community with other persons; fundamentally, it also implies, as Scheler puts it, that the human person is neither "representable" nor "replaceable" by another.

... In this view of man-as-person, man is prior to all *polis*. Man does not become a person through the *polis*. On the contrary, he is who he is before any *polis*, even though his personhood is developed in the *polis*. That is one aspect. The other is that with this Christian concept of person, the idea of *mankind* as structured totality of all persons becomes possible. Mankind so understood is rooted in a transcendental relationship which ultimately leaves *polis* behind.

... absolute individualism and total collectivism must be rejected as contrary to man's nature. The being of man lies between the "Oneness" of Max Stirner and the forced collectivity of Stalin. In the historical dynamics of social forms the accent has moved from time to time; but the absolute individual or the absolute collective can never be more than an abstract hypothesis, or a limiting theoretical case (Briefs 1983: 229-230; emphasis in the original).

Danner on Personalism. Drawing importantly from Mounier, Danner sets forth the four tenets of the personalist vision clearly and concisely, in effect challenging the economics profession to rethink economic agency.⁶

Personalism ... enunciates some widely accepted tenets. 1) Man is both immersed in nature and matter and transcends them... 2) The person is not closed to but open to others; he goes out of self, understanding others, sharing their life, and giving his self to others. Thus, a person is poised in tension between affirming his own absoluteness and moving toward union with others. 3) In every person there is a secret part, an inwardness exclusively his, but this inwardness must turn outward. Every person is called to help others, to confront one's social and material history, and to a life of *acting, doing*, and of implementing Values and ideas... 4) Finally, a person is free, not from physical, social, and economic constraints, nor from biases and selfishness, but free to realize Values, for freedom, in Mounier's words, lies "in a progressive liberation to choose the good." The ultimate dignity of the person is the transpersonal movement toward community with others and the attainment of absolute Values (Danner 1982: 180-181; emphasis added).

⁶ Perhaps no one today understands the economic agent as person better than Danner in his *The Economic Person* (Danner 2002). For a review of Danner's book, see Welch (2003).

Personalism is not an entirely new philosophic vision. Danner describes it as “a current running through Western philosophic thought,” embodying the insights of Socrates and Aristotle down to Maritain and others. This vision constitutes a direct challenge to the economic agent defined as the individual and the individualism that forms the foundations of mainstream economics.

Even though modern philosophy became increasingly mired in individualism, solipsism, and idealism, personalism was enriched by the *Cogito* of Descartes, the dialectic of personality as developed by Kant and Leibnitz, and the Romanticism of Rousseau and Goethe. Both Kierkegaard’s absolute subjectivity and freedom of the human person and Marx’s materialism, wherein man fashions his destiny by the work of this heart and hand, though irreducibly divergent, are personalist affirmations. Even more so in this century, when individualism threatens to sink into anarchy and is, on the other side, menaced by collectivism, men have “begun to dispel these monstrous terrors by developing a richer notion of the personality of man.” Scheler, Buber, Maritain, Bergson, Berdyaev, Blondel are contributors – the list is long (Danner 1982: 180).

THE PERSON OF THE MANAGER, BUSINESSMAN, ENTREPRENEUR, WORKER

Hayes on the Manager. In his article on the manager as a person, Hayes represents the manager as more than just a self-interested individual. In the past, the manager as a person “... had a deep concern for the health and welfare of his workers ... because the short span of control in any business was highly personalized” (Hayes 1954: 39). Later “as specialization progressed [and], business grew, and the span of control increased in both breath and depth ... so grew the impersonal attitude of organization (Hayes 1954: 40).

Whatever the enterprise might ask of him/her, the busy manager as a person ... embodies such personal characteristics as “integrity, fairness, ability to inspire, teach and develop” (Hayes 1954: 47).

Quoting directly from a 1953 statement of the American Catholic bishops, Hayes identifies the root of the problem regarding the mainstream concept of the economic agent.

The practical social theory of the last century enthroned the individual not the person. An individual can be a thing: as for instance an individual tree; but in virtue of his rational soul, a person is more than a thing. Yet the depersonalized view of man gained ascendancy, and generated a society which was a crisscross of individual egotism, and in which each man sought his own (Hayes 1954: 38).

Hayes, unlike Baerwald, seems to have a grip on the importance of replacing the maximization of net personal advantage as the objective function of the economic agent, though he does not lay down specifics.

Every manager should direct his efforts to surveying those working with him and continuously revising his [organization] chart to obtain the maximum benefits, *while developing the maximum potential of those responsible to him*. He need not make a managerial position for those with no ability or potential and thereby bankrupt the firm; but recognized potential should allow for organization changes from which no injustice will follow (Hayes 1954: 42; emphasis added).

Froehlich on the Businessman. Froehlich's article addresses the problematic nature of the principle of net personal advantage.

... in an uncertain world the businessman does not look at the "best" outcome of all; he could hardly do so if he wanted to because of the incompleteness of information in most cases. He looks at satisfying or "satisficing" outcomes, somewhat less than the best outcomes. "Satisfactory" profits or profit rates are determined in a somewhat arbitrary manner. If these levels of profits are reached one might consider the goal of that specific enterprise achieved. Of course, no rationale is provided to show where this level is (Froehlich 1966: 128-129).

Like Stigler years later, Froehlich is not able to provide much guidance other than to assert with some confidence that progress in economic theory will depend on articulating a more robust vision of economic agency.

The new models ... will be more intricate than traditional textbook economics have assumed. Up to the time such theory is developed and tested, traditional analysis with all its shortcomings remains the best approximation and best introduction to a very complex subject. But it seems not too farfetched to state that behind some modern theories of the firm and of decision-making lurks the acknowledgment of the businessman (the decision-making person in a social structure) as a human person much more variegated, much more fully open to all kinds of moral, pseudo-moral, traditional and other influences, and more fully a human being than the pale figure traditional theory has let us surmise (Froehlich 1966: 129-130).

O'Boyle on the Entrepreneur. This article by O'Boyle represents the person of the entrepreneur as a fusion of individuality and sociality, of masculinity and femininity. As to individuality, the entrepreneur is a human being with a need to utilize his/her own unique creative talents through competition. As to sociality, the entrepreneur has a need to belong that is expressed through cooperation. The entrepreneur with a predominantly masculine personality likely is more

successful in the competitive milieu of the marketplace. In contrast, the entrepreneur with a largely feminine personality likely is more successful in the cooperative environment of the workplace (O'Boyle 1994: 335).

Departing from the mainstream way of thinking which centers on physical objects rather than human beings, Schumpeter helps us understand more fully the role of the entrepreneur in the macro-economy.

Schumpeter represented the economic life in terms of real persons -- the butcher, the tailor, the shoemaker -- rather than things or abstractions. In Aristotelian fashion, he argues that economy does "not change 'of itself'." Clearly, what he has in mind is that things may be formal causes or material causes, but never efficient causes. Furthermore, what he means is that economy is not a static system continuously in equilibrium as represented by the circular flow but rather a dynamic set of processes and functions tipped into disequilibrium by the efficient cause, a human being (O'Boyle 1994: 319).

Schumpeter's insights help us see the need to put aside the ever-predictable *homo economicus* and re-construct economic agency around the hard-to-predict *acting person*.

... entrepreneurs are powerfully driven to act by such powerful forces as financial ruin and the seemingly impossible complexities of the task at hand in a way that is reminiscent of Newton's third law of motion: for every action there is an equal and opposite reaction... (O'Boyle 1994: 336).

... for better or worse these forces are likely to leave two distinct imprints: one on the innovation itself and the other on the innovator. The overall importance of entrepreneurship in economic affairs and in human terms suggests that the imprints left on the innovator from entrepreneurial activity are far more significant than the imprints left from routine work. Entrepreneurship, therefore, is one means by which a human being becomes more fully a human person (O'Boyle 1994: 337).

Dempsey on the Worker. Dempsey's indictment of American society relates not so much to what depersonalization does to human beings that keeps them from realizing their full potential, but to what it does not do to help every human being become more fully a human person. While admitting that "discuss[ing] the Worker as Person is not easy" Dempsey asserts that "if we are to be realistic in America we must discuss the person working" (Dempsey 1954: 21-23). For Americans, in other words, work is a major contributing or detracting factor in a human being's realization of his/her full potentiality as a human person.

Among the nine authors covered in this retrospective, Dempsey comes closest to suggesting an objective function to replace the maximum net personal advantage of mainstream economics.

... “depersonalization of society” ... is a mortal evil that cuts to the very heart of human associations and make it impossible for them to attain their ends. Any society in which “depersonalization” is far advanced, not only fails of the purpose of that society, but also strips that society of all meaning and all good. Such a society not only fails *to aid men to practice virtue and to develop into more perfect persons*, but also places positive obstacles in the way of the development of virtue and perverts man’s normal inclination to good by directing them to wrong objects. A depersonalized society not only fails to do good, it does bad; and what good it attempts to do it does badly (Dempsey 1954: 16; emphasis added).

A FINAL WORD

Association members continue to work on the problem of economy agency though the connection to Catholic social economics in general has been broken in the pages of the *Review*. This outcome perhaps is the inevitable consequence of opening membership to colleagues not of the Catholic faith and redefining the aims of the Association. In recent years Altman (1999: 427-449) and Runde (2002: 183-208), for instance, have contributed their perspectives on the economic agent, as has the Catholic-leaning Welch (2005: 537-545). Davis (2007: 203-208; 2009: 71-94) more than anyone else publishing in the *Review* of late has addressed this issue with great insight. His *The Theory of the Individual in Economics: Identity and Value* (2003) is highly recommended reading for anyone struggling to make sense of the economic agent as represented in mainstream economics.

Much remains to be done. The central task at hand is to answer this question. What difference does it make in the way principles of economics is taught? What is needed is a textbook like Samuelson’s *Economics* that set the standard for teaching a new economics in what became the golden age of Keynesian economics. Until that task is successfully completed, the work is essentially unfinished.

In the late 1980s Waters pointed the way to finishing the work by identifying the four hard-core premises of mainstream economics: a self-regulating economy based on the law of nature; the individual as the basic unit of economic analysis; certainty in the findings of economic analysis; and

contractual behavior and valuation of economic agents. All four derive from the Enlightenment's replacement of Medieval Christian social thought with individualism. Reacting to these premises, and braced with a different philosophy, solidarist economics emerged in the early 1900s with four competing hard-core premises: decision-making grounded in institutions constrained by the principle of subsidiarity; the person as the basic unit of economic analysis; uncertainty in economic analysis due to the freedom of the economic agent; the person has a sacred dignity quite apart from any contractual valuation (Waters 1988: 114-120). Personalist economics is the 21st century adaptation of solidarism to the global economy and the information-communication-technology revolution.

As stated earlier, the Association from its very beginnings was split between Dempsey's solidarist camp and Divine's mainstream camp, and even though Divine's troops prevailed Dempsey's never surrendered. What we have in the Association and in the economics profession is a stalemate between the two forces. The mainstream along with its hard-core premises will continue to prevail as long as individualism is accepted. In other words, there is no way to replace the individual in economic analysis without replacing the individualism that serves as the foundation of mainstream economics.

On a strictly personal note, we have been working on a reconstruction of economics, replacing individualism with personalism, in order to take account of an economic agent who due to improved communications has evolved from the atomistic individual of the Enlightenment period to the global person of the 21st century. As part of this work, we have argued that it is necessary to reconstruct the objective function around the concept of the economic agent developing into a more perfect person through the practice of the four practical virtues of justice, moderation, courage, and prudence in economic affairs. Indeed, we have argued elsewhere⁷ that a human being becomes a more perfect human person, acquires what we refer to as personalist capital, by faithfully *acting*

⁷ "The Acting Person: Re-Constructing Economic Agency Around a Living, Breathing, Existential Actuality" unpublished. Available from the author on request.

in accordance with the demands of the four practical virtues. The *acting person*, our replacement for *homo economicus*, maximizes personalist capital and thereby becomes a more perfect human person, a more effective, more valuable and valued agent in economic affairs. Finally, our work over the years in teaching principles of economics to more than 7000 students has resulted in a textbook (go to www.mayoresearch.org/personalist.html and click on *Principles of Personalist Economics*). The textbook is very much a work in progress.

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