

**PERSONALIST ECONOMICS:
UNORTHODOX AND COUNTER-CULTURAL**

by

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Abstract

There are two reasons why personalist economics lies outside the mainstream. Personalist economics (1) rejects the premises of mainstream economics, and (2) takes exception to certain dominant values of today's culture whereas the mainstream is much more at ease with contemporary Western culture. This paper addresses both reasons and is organized accordingly. In it the author argues that the individualism and the autonomous individual of mainstream economics have their roots in the 17-18th century Enlightenment, that is well before the development of electronic means of communication. Personalism and the acting person of personalist economics emerged during the electronic stage of communication and, the author argues, are much better suited to the 21st century. The author calls for a reconstruction of economics which would replace the autonomous individual with the acting person.

Keywords: individualism, personalism, autonomous individual, acting person, culture, human body and spirit, human individuality and sociality.

A new and changing conception of the nature of man, a new and changing conception of the very meaning of human existence -- that is what comes to light in the claims expressed in the modern notion of "work" and "worker." These great subterranean changes in our scale of values, and in the meaning of value, are never easy to detect and lay bare, and they can certainly not be seen at a glance. And if we are to succeed in our purpose and uncover this great change, an historical treatment of the subject will be altogether inadequate; it becomes necessary to dig down to the roots of the problem and so base our conclusions on a philosophical and theological conception of man (Pieper, pp. 22-23).

There are two notable reasons why personalist economics lies outside the mainstream. First, personalist economics rejects the premises of mainstream economics. Second, personalist economics takes exception to certain dominant values of today's culture whereas the mainstream is much more at ease with contemporary Western culture. This paper addresses both and is organized accordingly.

Before proceeding any further, however, I am obliged to recognize my indebtedness to several persons for opening my eyes to matters which I simply did not see nor comprehend at first glance. In the main, they include members of our Association: William Waters and Joseph Becker from whom I began to learn economics many years ago and whose teaching has been essential in my continuing education ever since; Heinrich Pesch whose efforts to construct what then was called "solidarism" and which continue to be most insightful 75-100 years later, and Richard Mulcahy and Bernard Dempsey who made Pesch available in English; George Rohrlich who stressed that economics is not about winning but about learning, and Walter Adams whose singular gift for presentation showed that economics need not be a subject which undergraduates typically dread; Peter Danner who firmly and graciously helps keep me on track whenever I do not get the essentials of personalism right; Giuseppe Gaburro who has accompanied me during critical stages of my development in personalist economics and has been a great source of support most recently; Lyndon Dawson who for many years has prodded me to articulate how personalist economics is different than the mainstream and why this difference matters in practical, everyday economic affairs; John O'Brien who has been an invaluable support for my work; and Walter Ong whose writings on culture are truly brilliant. Finally, there is John Paul II who more than anyone else has taught me the difference between the individual and the person, notably the *acting* person, and that culture and economic affairs are inextricably intertwined. It should be obvious that none of these persons are responsible for any errors or omissions in the following.

We are pleased to take note of Joseph Henrich's article in the September 2000 issue of the *American Economic Review* which raises the question as to whether culture matters in economic affairs because by raising that issue he opens the door to the premises which are foundational to economics, and in effect puts both issues directly before mainstream economics in a way which a heterodox journal could not. We turn now to the issue of premises.

PREMISES AND COROLLARIES

Waters (1988, pp. 115-117) identifies four premises which are essential to the hard core of mainstream economics. To paraphrase him they are: (1) the *individual* is the basic unit of the economy, (2) who acts freely, self-interestedly, and calculatedly in a self-regulating economy, (3) whose economic behavior is grounded in reason and, though it changes as economic conditions change, is predictable and knowable with mathematical certainty and empirical precision, and (4) whose ultimate worth is determined instrumentally. These premises have a direct bearing on how mainstream economists understand and describe economic affairs and put forward policy recommendations.

Waters also articulated the four premises of solidarist economics which over the past ten years has become known as personalist economics. To paraphrase him again the hard core premises of personalist economics are: (1) the *person* is the basic unit of the economy, (2) who acts freely but within certain limits, self-interestedly but often with regard for others, and calculatedly but at times impulsively, whimsically, or altruistically, in a self-regulating economy which from time to time must be constrained deliberately in order to serve the common good¹ and to protect the weak and the needy, (3) whose economic behavior is grounded in reason and in faith,² changing as economic conditions change but at times reflecting moral rules and principles, predictable and unforeseeable, and knowable with mathematical certainty and empirical precision but sometimes mysterious and beyond human understanding, and (4) whose worth at times may be construed instrumentally but finally is not reducible to economic calculus because it rests squarely on the conviction that humans have a worth and dignity beyond measure. Thus, the central differences between mainstream economics and personalist economics all originate in and are reducible to the differences between the individual and the person.

These premises help explain why personalist economics sees economic affairs differently and offers different policy suggestions than mainstream economics. To personalist economists, persons are moral agents which means that by virtue of intelligence and free will they are capable of making moral choices. In economic affairs, the moral choices they make are governed

¹ Defined by Dempsey (pp. 272-273) as the fulfillment of the needs of human beings which arise from their living together, as in the case of public health, instead of each one living alone. Two characteristics set these needs off: (1) they are common to all, and (2) they can be met only through the united efforts of all members of the community acting together. The fulfillment of these common needs depends critically on each person contributing to the community because the community by itself has nothing to contribute to its members apart from what its various members contribute to it (Dempsey, pp. 219-220). Thus is the common good dependent on contributive justice. See footnote 8 for more on the principle of contributive justice.

² Reason discovers truth from direct, personal experience; faith accepts truth on the word of another.

by justice and caring or charity. Their behavior, therefore, reflects those kinds of choices and must be judged according to the principles of economic justice and caring or charity. To mainstream economists, on the other hand, individuals are moral agents too, but it is necessary to prescind from making judgments about their behavior in economic affairs because to achieve and maintain the status of authentic science economics must be value-free. It remains for others such as policy makers to make ethical judgments regarding economic behavior.³ Many in social economics openly rebel against this view, taking the position that fact and value cannot be separated and that the goal of a completely positive economics is unattainable. However, as important as justice is in economics affairs and in economics, personalist economics is much more than mainstream economics with a veneer of justice and altruism.

Conventional economists characteristically are children of the 17-18th century Enlightenment (Waters 1988, p. 114).⁴ In contrast, personalist economists are children of the post-Enlightenment period in that, according to Walter Ong (1981, p. 200), only high-tech cultures give rise to personalist philosophies. The telephone, for instance, breaks through human isolation and autonomy, making human beings much more aware of others, of themselves, and of their interconnectedness to an extent which was nearly impossible before it was invented and put to such widespread use.

Man is a communicating being. Communication brings the human person himself not only to knowledge of things and other persons, but also to his own self-awareness. Although I myself am unique, and in a way closed in on myself -- for no other man knows what it feels like to be this "I" that I am -- nevertheless I become aware of myself as myself only through communication with others (Ong 1967, p. 1).

As technology improves and communication makes it more accessible and as economies of scale make it more affordable, humans become even more aware of who they are, what they are, and whose they are.

³ Confirming this lack of concern for and interest in ethics and economics, Hausman and McPherson (p. 671) in 1993 argued that "a moderate dose of reflection on the relations between economic and morality could help many economists work more effectively." They also stated that "Not only do moral principles bear on issues concerning evaluation and policy, but they also influence the questions positive economists ask and the answers they find plausible."

⁴ Richard Tarnas (pp. 282-290) explains the origins of individualism in the Enlightenment wherein Adam Smith is identified as one of a handful of writers and scholars responsible for articulating the new world view of society founded on the rational, newly self-conscious, autonomous individual. Tarnas connects the emergence of the modern mind to the Renaissance, the Reformation, and the Scientific Revolution, and enumerates the central tenets of this new world view the first of which asserts that the modern universe is "an impersonal phenomenon, governed by *regular natural laws*" (emphasis added).

Mainstream economics rests on the philosophy of individualism, whereas personalist economics gives expression to the more modern philosophy of personalism. Thus, the very heart of the hard core premises and therefore the very beginning of mainstream economics is the unique individual whose economic behavior is free of the influence of others. Similarly, the beginning of personalist economics is the irreplaceable person who acts with an awareness of others. As T.S. Eliot (pp. 123-129) put it “my beginning is my end ... and my end is my beginning.”

If one defines competition as the human disposition to undertake certain tasks individually for the individual reward associated with successful completion, it follows that competition is seen as the *only* activating force organizing economic affairs in any economics originating with the individual. If, however, one admits that human nature is at once two dimensional, social as well as individual, it follows that there is a second human disposition which undertakes certain tasks collectively because those tasks cannot be done so well or at all by individual action and, therefore, a second activating force -- cooperation -- which along with competition activates economic affairs. Waters (1988, pp. 114-120) refers to competition as the corollary to the four hard core premises of mainstream economics. It follows that cooperation along with competition are the corollaries to the hard core premises of personalist economics.

The problem of organizing society, Becker (1959, p. 1) asserts, is an aspect of the One-Many dichotomy. Putting the foregoing in the context of that dichotomy signifies that the individualism of mainstream economics leads to a reliance on markets to organize economic affairs wherein Many individuals are able to pursue their own self-interest and at the same time serve the common good without government intervention through “the invisible hand” of the market. Personalism, on the other hand, is far more accepting of human beings acting as the One in some economic matters through private groups or public bodies, and in other matters acting as the Many through a system of markets. Personalist economics leans on the principle of subsidiarity⁵ to sort out which of the two logical options -- the One or the Many -- best resolves the issues at hand and best protects the dignity of the persons involved. In that sense, there can be no “third-way” option.

Even so, there are more than these two premises to economics and economic affairs which originate in individualism and personalism. Three others come to mind, each originating in a different philosophy. A hedonistic utilitarian philosophy attributed to Jeremy Bentham begins from the premise that humans are essentially material objects who employ the pleasure-pain calculus to rationalize their economic behavior.⁶ A predatory and opportunistic philosophy

⁵ See Becker (1959, p. 4) for a definition of the principle of subsidiarity.

⁶ Haney (pp. 252-253) argues that Bentham’s underlying materialism which he used in support of his extreme individualism (the Many) could easily lead to the other extreme of societism (the One).

of the kind practiced extensively in the antebellum South begins with the premise that some humans are superior to others and for that reason those who are inferior may be enslaved even by violent means. Finally, a humanistic philosophy of the type traced to Immanuel Kant starts with the premise that all humans are real, existential actualities, all having the same dignity, and all therefore most fundamentally are equal.

The concepts slave, human, and person call for further consideration. We include slave for two reasons: (1) slavery is a part of human history and thus of economic history; and (2) the effects of slavery in the United States persist more than 130 years after the Emancipation Proclamation. Additionally, though the civilized world denies it and condemns it, slavery is an ongoing practice directly in the sense that slaves are being brought into many western countries and indirectly in that the goods produced by slaves are sold in the United States and elsewhere. Bales defines slavery as holding a person by violence or threat of violence for economic exploitation, and conservatively estimates that *27 million slaves worldwide* work in agriculture, brickmaking, mining or quarrying, prostitution, gem working and jewelry making, cloth and carpet making, and domestic services. In addition, slaves clear forests, make charcoal, and work in shops (Bales, pp. 1-33, 200). In the United States farmworkers have been locked inside barracks and have labored in the fields under armed guards; enslaved women from Thailand and the Philippines have been freed from brothels in New York, Los Angeles, and Seattle (Bales, p. 22). *Human* and *person* are alike in that both are real, living, breathing existential actualities. Neither one is an abstraction, a mere figure of speech. They are alike in that both affirm a dignity and ultimate worth which set them apart from all other living creatures,⁷ a dignity which minimally requires the faithful practice of the three principles of economic justice. Those three are the principles of commutative justice, distributive justice, and contributive justice.⁸ They are alike in that both affirm that more than the faithful practice of justice is necessary to safeguard dignity. At the same time they differ in that humanism requires caring and personalism calls for charity. John Paul II explains the difference.

⁷ See Lutz (1985, p. 167) for more on the Kantian ethics underlying his position on the dignity and worth of human beings, on their affinity to God, and his affirmation that humans must not be reduced to instrumental value.

⁸ Commutative justice involves the interaction between two parties in an exchange. For example, buyer and seller in the marketplace and worker and employer in the workplace. Commutative justice requires both parties to exchange things of equal economic value and impose equal burdens on one another. Distributive justice governs the interaction between the administrator or executive of a community and the members of that community in which the administrator is duty-bound to distribute the benefits and the burdens of the community among its members in some equitable or proportional manner, taking into account differences in the type and quality of the work performed, and differences in needs. The principle of contributive justice relates to the duty of a member of a group to the rest of the group. Specifically, in so far as a member receives benefits from belonging to a group, he/she has a duty to maintain and support the group. For more on the three principles of economic justice, see Dempsey (pp. 164-167).

Love for a person *excludes the possibility of treating him as an object of pleasure*. This is a principle of Kantian ethics and constitutes his so-called second imperative. This imperative, however, is negative in character and does not exhaust the entire content of the commandment of love. If Kant so strongly emphasized that the person cannot be treated as a object of pleasure, he did so in order to oppose Anglo-Saxon utilitarianism, and from this point of view, he achieved his goal. Nevertheless, Kant did not fully interpret the command of love. In fact, the commandment of love is not limited to excluding all behavior that reduces a person to a mere object of pleasure. It requires more; it requires the *affirmation of the person as a person* (John Paul 1994, p.201; emphasis in the original).

In summary, the five beginning premises upon which an economics can be constructed and economic affairs can be organized are slave, object/instrument, individual, human, and person. We do not include herein the human clone because at this time we do not know enough about the true nature of the clone. However, this question will come to the fore if and when the human clone is actually brought into existence. We differentiate slave from object/instrument in the sense that slave is a human who is held against his/her will to enrich someone else. An object/instrument to us means a human being who has been reduced to the status of a thing in the mind of another. The slave probably knows the slaveholder. The object/instrument may not know the objectifier.⁹

⁹ To illustrate, in a major inquiry regarding post mortem examinations conducted by the National Health Service in England in which thousands of body parts of dead children were removed and retained ostensibly for research purposes often without parental consent, it was discovered at the Institute of Child Health that entries had been made in the official documentation which referred to human fetal material as “Humpty-Dumpty” and “inflated monster.” The Retained Organs Commission which prepared a 524-page report in January 2001 characterized such practices as “shocking and disrespectful” (*Royal Liverpool Children’s Inquiry: Report*, p. 114). Until the publication of this report, virtually none of the nonconsenting parents knew that their unborn children had been rendered into instruments of clinical and basic science research. At Alder Hey Hospital in Liverpool, the lead pediatric pathologist from 1988 to 1995 “removed every organ in every case and retained every organ in every case” (*Report*, p. 155) often without the consent of the parents of the dead fetuses and children. The organs were to be used for research purposes. Many of them never were used for this purpose. Instead, they were stored for years in containers at Alder Hey Hospital. Another report which was prepared for this inquiry by the Department of Health’s chief medical officer stated that human tissue “are not sold to commercial companies although a ‘handling fee’ may be paid to the NHS Trusts” (*The Removal, Retention and Use of Human Organs and Tissue from Post-Mortem Examination*, p. 33).

CULTURE, ECONOMIC BEHAVIOR, AND THE FOUR AXES OF TENSION

Though he raises the issue of the influence of culture on economic behavior, Henrich's recent *American Economic Review* article does not define what culture means. Avery Dulles (p. 2), however, provides a definition which is suited to our purposes.

Culture almost defies definition because it is a pervasive atmosphere rather than an articulated system. It is a social force that encompasses individuals and welds them into communities. It shapes their prejudices, ideas, values, habits, attitudes, tastes, and priorities ... Whereas politics and economics are concerned with proximate and limited goods, culture has to do with the meaning of human existence as a whole. It inquires into what we are as human beings, and what reality is in its most comprehensive dimensions.

Culture is expressed, for example, through art, literature, and music, reflecting long-lasting social values such as equality, freedom, and community and such cherished traits of character as courage, fidelity, and truthfulness. Pop culture also finds expression in art, literature, and music, and with the passage of time may or may not endure. The music of Frank Sinatra has endured well beyond the stage of popular whim and fancy. The current sensation of the Harry Potter books may not. Walter Ong (1970, p. 17) who has written extensively on culture¹⁰ asserts that, in terms of the communication media, cultures can be divided into three successive stages: (1) oral or oral-aural, (2) script which originates with the invention of the alphabet and alphabetic movable types, and (3) electronic.

As stated previously, Henrich's article is especially valuable to social economists because in essence it articulates challenges which must be addressed to establish a clear linkage between culture and economic behavior. For that reason, the following is organized to address all three of his specific questions:

- (1) Where do people get the rules, expectations, or notions of fairness from?
- (2) Why do these rules, expectations, and notions affect real economic behavior?
- (3) How much can the varying rules, expectations, and notions affect real economic behavior? (Henrich, p. 978)

The answers to these questions, in turn, will either re-affirm the neo-classical assumption that humans share the same economic decision-making processes or overturn it (Henrich, p. 973).

Henrich's First Question.

Human beings develop their own set of rules, expectations, or notions of fairness by reflecting on their own life experiences (reason), by accepting them on the word of another

¹⁰ See the references section for four citations to Ong's work.

(faith), or both. The university is one institution which studies human behavior in order to understand it better for the purpose of setting down rules, expectations, and notions of fairness in the form of: (1) codes of ethical conduct for the professions; (2) statutory law governing criminal behavior; (3) tax codes specifying how the burden of supporting the government is to be distributed, and the like.¹¹ These rules, expectations, and notions of fairness may differ for the moral absolutist and the moral relativist even if they have attended the same university. Or they may be the same because the two share the same faith and frequent the same place of worship. In any case rules, expectations, and notions of fairness develop over years and are transmitted and reinforced at various times by the family, the school, the church-temple-synagogue, the judicial system, and other social institutions.

Kohlberg (pp. 347-480) identified six stages in a person's *cognitive moral development*: (1) avoidance of punishment; (2) desire for reward; (3) anticipated disapproval of others; (4) anticipated dishonor; (5) maintaining respect of equals and community; and (6) self-condemnation for departing from one's principles. Rest (pp. 1-2) then developed a test which allows one to classify a person accordingly. In general, a person progresses to higher stages of moral development with age, but there is no assurance that he/she will have progressed to the last stage upon reaching adulthood.

Drawing importantly but not entirely from Kohlberg and Rest, a *moral decision-making process* has been identified by O'Boyle et al. (pp. 100-105) to include six discrete steps: (1) perception, (2) discernment, (3) resolution, (4) assessment, (5) decision, and (6) action. Perception is the ability to recognize that a moral problem exists for which a person has some duty to address. Moral perceptivity requires the acting person to have some knowledge of the good. The second step requires that the acting person has some ability to state the problem clearly. Discernment obviously depends on the acting person's ability to think logically. Resolution is the third step which raises the issue of the acting person's ability to resolve the issue at hand, and requires him/her to think analytically. Assessment is the next step in the process and raises the question as to whether the person is free to act and requires that the acting person has the ability to assess his/her own personal freedom to act at the moment. The fifth step is decision which inquires as to whether the acting person is obliged to act and presumes knowledge of one's obligations. Action is the sixth and last step of a decision-making process wherein the acting person is challenged to address the question as to whether he/she is going to act and presumes a disposition and at that time the courage to follow one's convictions. This six-step process is *circular* rather than *linear*. A person's basic knowledge of the good is a prerequisite for sensing whether a moral problem is present and whether he/she has some

¹¹ John Henry Newman's comments (p. 7) on this matter are worth noting.

... A University training is the great ordinary means to a great but ordinary end; it aims at raising the intellectual tone of society, at cultivating the public mind, at purifying the national taste, at supplying true principles to popular enthusiasm and fixed aims to popular aspiration, at giving enlargement and sobriety to the ideas of the age, at facilitating the exercise of political power, and refining the intercourse of private life.

personal responsibility in the matter. It is determined as well by direct personal experience with the other steps, especially with the action step. That is, what is learned in the action step improves one's ability to more readily perceive other moral problems thereafter.

It follows that different persons likely are at different stages of their own cognitive moral development and therefore some are better prepared than others to handle ethical issues in economic affairs, and in fact may act differently in the same situation. Thus, *employers* following virtually the same decision-making process but at different stages in their cognitive moral development likely will behave differently. To illustrate, due to differences in cognitive moral development an employer at the avoid-punishment stage might take no action at all in a clear case of workplace discrimination especially if there is no punishment likely to befall him/her, whereas an employee in anticipated-dishonor stage might act promptly in order to avoid any dishonor. Some *senior managers* might be more prone to schemes which defraud their stockholders when the payoff is large enough, while others would not, whatever the size of the payoff, because the former have an underdeveloped conscience while the latter are much further along in their ethical development. Similarly, *workers* in the same firm may respond differently to defects in workmanship or unsafe work processes, one blowing the whistle while others remain silent. And for the same reason *consumers and employees* may respond quite differently to the same shoplifting and embezzling opportunities.

Ethicist Gerald Cavanagh in 1985 stated that "most of us have a child's notion of ethics and a graduate-school notion of finance, marketing, and management" (*U.S. News and World Report*, p. 58). Surely even today Cavanagh's indictment applies to many if not most students of economics who under the influence of logical positivism cling to positive economics and are ill-prepared to address ethical issues in economics with the possible exception of matters relating to distributive justice. In effect, justice in exchange (commutative justice) and justice in working with others in the community (contributive justice) are dismissed because all such matters are addressed by the free and informed interaction between economic agents in a market economy or are subsumed under the common good which is served through the "invisible hand." In other words, issues of conflict wherein ethics plays a role are sorted out by *homo economicus*, and the hard, concrete decisions are drained off into abstract rules.

Henrich's Second Question.

To answer Henrich's second question, rules, expectations, and notions of fairness affect economic behavior because they are the mechanisms used to bring economic behavior into compliance with the dominant social values of the culture. When there are changes in the values which are formalized by specific rules, expectations, and notions of fairness, the transmission mechanism must change as well in order to produce the desired economic behavior with as little disruption as possible. Insufficient attention was given to these mechanisms in guiding the transition of the former U.S.S.R. into a market economy. The chaos and gross injustices which have attended that transition were predictable.

Rules, expectations, and notions of fairness change as our insights into human action deepen. For example, in the Early Middle Ages and well into the Late Middle Ages charging interest on loans was regarded as sinful. After the Protestant Reformation, and with a better understanding of risk and waiting, Christian lenders no longer were guilty of sin by requiring that interest (within limits) be paid on their loans. Much more recently, we have come to understand the silent injustice of the gentlemen's agreement, the glass ceiling, redlining, and many other unjust practices and we are witnessing considerable efforts to condemn these practices as unacceptable behavior in economic affairs. As social values change or are ranked differently as to their importance, economic behavior changes too under the influence of new rules, expectations, and notions of fairness such as took place over a long period of time with regard to interest on loans.

Changes such as these originate in and are reinforced by changes taking place deep within the socioeconomic order and which are changing the very institutions which we rely upon to provide stability and continuity as to the rules, expectations, and notions of fairness governing economic behavior. At the moment, we are in the midst of two powerful revolutions. One is technological in origin -- the new economy -- and is affecting the five central economic processes of production, distribution, exchange, consumption, and investment. The other revolution originates in a shift along the four axes of tension underlying the social order and the basic institutions which express the fundamental values embodied in culture: (1) away from the sacral toward the secular; (2) away from the absolute toward the relative; (3) away from the objective toward the subjective; and (4) away from the group toward the individual. The shift toward individualism is being felt across all institutions including the family, the school, the state, the church, and the armed forces (see Becker 1992, pp. 353-355). Culture matters in economic behavior and becomes much more visible when economic institutions are shaken by revolutionary change. Furthermore, the movement toward individualism in effect validates the central philosophical underpinnings of mainstream economics.

At the present, these four shifts are slowly redefining our culture from one of life and hope to one of death and despair.¹² This cultural revolution, in turn, is further promoting the individual and dismissing the person by redefining how we perceive economic realities around us. The *freedom* of choice of individuals increasingly is regarded as more important than one's *duty* to others. To illustrate, tax relief for those with much is rationalized even when it leads to less assistance for those with little.

¹² In *Evangelium Vitae* John Paul II (p. 14) warns explicitly of the dangers to humankind originating from a culture of death. They include murder, genocide, abortion, euthanasia, willful self-destruction, mutilation, torments inflicted on body or mind, attempts to coerce the will itself, subhuman living conditions, arbitrary imprisonment, deportation, slavery, prostitution, the selling of women and children, disgraceful working conditions, where people are treated as mere instruments of gain rather than as free and responsible persons. On November 28, the Associated Press (p. 1) reported that "the Dutch parliament approved a bill ... to allow euthanasia and physician-assisted suicide, making it the first country to formally legalize the practice."

Notice how these two revolutions are linked by internet sales of pornography, by chat rooms which redirect human behavior from spouse and children to others through human imagination and fantasy, by video games, motion pictures, and cable television which are deliberately marketing adult materials to children which Senator Joseph Lieberman recently attacked as leading to a “culture of carnage” (p.1). And by day-trading over the internet which can distort the true risks involved in such practices, replacing them with the false promise of instant wealth and a lifetime of ease and comfort. Notice as well internet sales of powerful drugs without a prescription are raising false expectations that essentially uninformed self-medication will produce more favorable outcomes than better-informed prescribed medication.¹³ And take note of the huge and growing demand for illegal drugs in the United States alone¹⁴ which are taken ostensibly to meet the needs of the human body or human spirit but all too often lead to death and despair in addiction and homicides attributed to an overdose or a “deal which went bad.” Notice how suicide and mercy killing increasingly are rationalized by mainstream economics on cost-benefit (pleasure-pain) considerations. Conventional economics rationalizes a human life which is not worth living. Such a proposition is unthinkable in personalist economics.

Henrich's Third Question.

To answer Henrich's third question, culture itself and cultural change can and do affect real economic behavior profoundly. Note, for instance, the huge cultural change which occurred after the end of World War II and how the baby boom which followed is still affecting economic affairs. Much earlier the cultural affirmation of saving reflected in the old cliché “a penny saved is a penny earned” was widely affirmed and embraced in the United States. Today it has little practical relevance.¹⁵ Before the war, a woman's place was in the home. After the war, especially after the development of the birth control pill, women could pursue professional careers and, with the passage of time, have done so in even greater numbers and proportions with the approval of the rest of society.¹⁶

Figure 1 arranges the five starting-point premises -- slave, object/instrument, individual, human, and person -- in hierarchical order in keeping with John Paul's affirmation that person is

¹³ The Food and Drug Administration (p. 1) identifies five specific risks in purchasing medicines online including fake, unapproved, outdated, or sub-standard products.

¹⁴ Federal drug seizures in the United States climbed from 619 tons in 1990 to 1,897 tons in 1998 (*Statistical Abstract*, Table 36).

¹⁵ In 1998 personal saving as a percent of disposable personal income was 0.5 percent. In 1992, when the current economic expansions began, the saving rate was 6.5 percent (*Statistical Abstract*, Table 730).

¹⁶ In reviewing the growing number of comprehensive management studies Rochelle Sharp (pp. 75ff.) reported that women executives actually outperform men executives “on a wide variety of measures, from producing high quality work to goalsetting to mentoring employees.”

nearly divine (*Fides et Ratio*, § 7, 12), and with Ong's observation that only high-tech cultures give rise to personalist philosophies (Ong 1981, p. 200). Accordingly, slave hierarchically is the lowest starting point for thinking about economic affairs and person the highest with human, individual, and object/instrument between the two in that order.

Gender differences are recognized as significant with regard to person in that competition is the organizing principle favored more by the aggressive masculine gender trait and cooperation is the organizing principle favored more by the nurturing feminine gender trait (O'Boyle 1994, pp. 320-324). By embracing the individual as their starting point and given the overwhelming disposition in Western intellectual tradition to construe individual in masculine terms (Tarnas, p. 441), it follows that mainstream economists would represent competition as the only principle organizing economic affairs from the very beginnings of economics to the present day. Both competition and cooperation are affirmed as organizing principles by humanists such as Lutz (1990, p. 254) but we have not observed Lutz and Lux¹⁷ or any other advocate of humanist economics linking competition and cooperation to masculinity and femininity respectively. Nevertheless, we have done so in Figure 1 because of our deep conviction that Ong's argument in this matter (Ong 1981, pp 15-209) is compelling. For those whose way of thinking about economic affairs originates with object/instrument and utilitarianism or slave and what we call predatory opportunism, the matter of gender *per se* seems to be important only so far as it enters into instrumental valuation. Consistently in the six figures used in this article, masculine and feminine enter our thinking about economic affairs principally through the organizing principles of competition and cooperation.

Figure 1 brings together the philosophical foundations of the five points of departure with their philosophical foundations in the context of Becker's four axes of tension and the One-Many dichotomy in a way which relates to the only two systems for organizing economics affairs: the market economy and the ordered economy. Note that to activate economic affairs by means of competition in a market economy requires wide acceptance of the social value of freedom, and to employ cooperation in like manner in an ordered economy calls for the social value of community. Starting with the premise of person requires a culture which sustains a movement toward the sacral along the sacral/secular axis of tension, and toward the objective along the objective/subjective axis. Further, the same premise requires cultural support for moving toward the absolute and away from the relative along that axis of tension, and away from the individual and toward the group along that axis of tension. Thus Figure 1 shows some of the important ways in which personalist economics today is unorthodox and counter-cultural.

Maureen Maloney (pp. 529-534) argues correctly that my *Personalist Economics* bears an affinity to Smith's *Moral Sentiments* without embracing his *Wealth of Nations*. However, Smith's

¹⁷ For instance, in an extended commentary on gendered economics Lutz and Lux (1995, pp. 121-131) make no mention of any linkage between competition and masculinity or cooperation and femininity.

“invisible hand” and his strong suspicion that persons in the same trade tend to collude and conspire place him in the camp of the autonomous individual where the activating force of competition grounded in the social value of individual freedom -- the Many -- organizes economic affairs. On the other hand, his affirmation of sympathy, generosity, and justice in the conduct of human affairs locates Smith in the camp of the human. Smith in essence is conflicted as to where economics begins: Is it with the individual or the human? To the extent that they question at all the proper starting point for economics, mainstream economists hold fast to the individual of Smith's *Wealth of Nations* and see little reason to bother with the human of his *Moral Sentiments*. There is no such conflict in personalist economics because humans as social beings do not invariably turn to collusion and conspiracy. Positive-sum outcomes are possible when the persons in the same trade who meet together are willing to be sympathetic, generous, and fair to others who are affected by their decisions but are not present to voice their concerns. Consequently, there is a legitimate role for cooperation as a second activating force in economic affairs and while Smith admits of a strictly limited role in economic affairs for public-group decision making grounded in the social value of community -- the One which is *public* -- he makes no allowance for private-group decision making -- the One which is *private* -- grounded in the same social value of community. Personalist economics not only approves of the One which is private but actually prefers it to the One which is public because even though both are rooted in community, the One which is private typically is closer to persons, families, and business enterprises facing problems which cannot be addressed through individual action alone. More about Smith and private-group decision making appears later in our remarks.

Figure 2 narrows our focus to person, human, individual, and object/instrument in the same hierarchical order as in Figure 1 and indicates why the autonomous individual effectively splits economic theory in two, and why in principle human and even more so person bring unity to economic theory. By starting with the human being as a one-dimensional individual or object/instrument, conventional economics in essence twice denies any role for the social dimension of human nature. First, the routine interactions of the Many taking place in a market economy rest not on the social value of authentic community but on the social value of individual freedom. Second, notwithstanding the view of mainstream economists to the contrary, the One is more than simply the sum of the Many. The One, as seen from the perspective of personalist economics, is unified by being grounded in the social value of community. As stated previously, there are needs which arise when humans live together such as protection against communicable disease which are not present when they live alone. For personalist economics to replace neo-classical economics as the norm, it is necessary to expunge from mainstream economics the long-standing but erroneous assertion that cooperation invariably is collusion and to recognize competition and cooperation -- within defined limits and grounded in the twin social values of individual freedom and authentic community respectively -- as true partners in activating economic affairs. In other words, the neo-classical paradigm sees economic affairs leaning heavily toward the individual end along the individual/group axis of tension, and personalist economics sees the same affairs more nearly toward the center of that axis of tension, blending the two into a relationship which is neither strictly individualist nor wholly collectivist.

Replacing the individualism and utilitarianism of conventional economics with humanism or personalism opens the possibility of someday unifying economic theory which for many years has labored under the micro-macro split. That fracture can be healed when economic decision making is seen in terms of the One-Many dichotomy, as articulated by Becker, wherein person and human embrace both systems of economic decision making whereas conventional economics especially if it is tinged with the libertarian extreme of individualism embraces only one. Initial steps have been taken in this direction.¹⁸ What we have sketched in Figure 1 and Figure 2 are the bare bones of a new paradigm which we hope someday will deepen our understanding and description of economic behavior even if they are not as mathematically precise as promised by the mainstream.

MORE ON THE ROLE OF CULTURE IN ECONOMIC BEHAVIOR

Even though mainstream economics takes account of certain externalities in the economic order, it admits of no dysfunctional or addictive behavior in the human persons who are the existential actualities breathing life into economic affairs. To pursue this line of argumentation we begin with a simple schematic, Figure 3, which presents the four economic processes of production, distribution, exchange, and consumption in the context of our preceding remarks. Our central premise is the person who is infused with justice but not with caring or charity. At this point, no account is taken of the role of the entrepreneur in economic affairs.

All four processes respond to human needs and wants which we define as the things needed to sustain life and the things which are desired. Needs and wants are not always the same for men and women. In another sense, however, they are alike in that needs and wants inhere not in the goods and services themselves but in the person who uses them. Economic affairs are organized around these four processes by the activating forces of competition which is predominantly masculine and cooperation which is principally feminine. Limits often are required to keep competition and cooperation from spinning out of control and transforming into destructive practices such as suicidal price wars and dumping.¹⁹ Those limits may be imposed by private groups such as an entire industry agreeing to eliminate certain destructive tendencies (self-regulation) or by public bodies taking on that function (regulation). The principle of subsidiarity plays a key role here in personalist economics because it gives preference in such decision

¹⁸ See Edward O'Boyle 1998 and *Teaching the Social Economics Way of Thinking*.

¹⁹ The four economic processes of production, distribution, exchange, and consumption are "being" in the terminology of metaphysics because each though related to the other three has its own existential reality. They are *contingent* being because each is brought into existence by an efficient cause or agent, in this case by human beings. All contingent being is constituted by an activating principle and a limiting principle. See Renard (pp. 7-15) and Becker (1961, p. 11). Individualism and even more so libertarianism largely deny any limit to individual freedom of action, focusing overly much on freedom and not sufficiently on responsibility. Humans have a duty to serve the good of each and all, even when it imposes limits on human freedom, in order to protect human well-being. Notice the limit on employer freedom to pollute the environment in the name of profits and for the same reason the limit on the merchant's freedom to market products such as liquor and cigarettes which are known to be harmful.

making to the smallest unit or member of the society which is capable of managing such decisions and urges the larger units to offer assistance wherever it may be needed in order for the smaller member to function effectively. Thus the principle of subsidiarity makes for decision making which is shared as widely as possible (Becker 1959, p. 4), and which by being positioned closer to the person and the family seeking assistance is more likely to limit the twin abuses of providing help (1) to those who are not truly needy and (2) by program administrators who refuse to help those in need or do it in ways which are demeaning. While subsidiarity is necessary to sort out the issue as to where in the social order the intervention should originate, the social value of equality is necessary to assure “a level playing field” for all parties involved.

The principles of justice are necessary reinforcement for the three social values underlying the three organizing principles of competition, cooperation, and intervention. The principle of commutative justice is necessary to sustain individual freedom because no one is truly free who is exploited in routine transactions. Similarly, the principle of contributive justice is required to uphold the social value of community because, as mentioned previously, community exists only when its members contribute to its support. Finally, the principle of distributive justice is crucial to the social value of equality because without it the few who are powerful would dominate the many who are weak. Thus justice plays a cleansing or filtering role in that it helps remove those practices which threaten peace, tranquility, unity, and goodwill in economic affairs.

Figure 4 adds three significant details, one which is routine and two which are not.²⁰ First, resources are employed to produce, distribute, and exchange goods and services for use in the household, business, government, and foreign sectors in response to the needs and wants of those sectors. The role of the entrepreneur is especially critical in that he/she is the one who initiates change in economic affairs in these five ways: bringing new goods and services to the marketplace; penetrating new markets; innovating new processes of production; introducing new or different materials in the manufacturing process; and presenting new ideas as how best to organize and manage business enterprises. Access to financial resources, especially in the form of privately-created credit, long has been recognized as vital to implementing change in economic affairs. We have argued elsewhere (O’Boyle 1994, p. 323) that the first two which center on the marketplace draw on the masculinity of the entrepreneur, and the other three which center on the workplace draw on the femininity of the entrepreneur.

The principle of subsidiarity has a two-fold role in these matters in that subsidiarity is instructive as to (1) whether the enterprises directly engaged in the processes of production, distribution, and exchange are public or private, and (2) whether the institutions supplying

²⁰ Previously we identified a fifth process, investment, which in Figure 4 is subsumed under the entrepreneur who innovates in production, distribution, exchange, and consumption and who employs financial resources to carry through his/her innovational activities.

financial resources are public or private. Decisions as to the public/private mix of financial institutions no doubt have an important bearing on the public/private mix of other business enterprises due in part to the role of credit in financing different entrepreneurial schemes.

The second significant detail added in Figure 4 is the dual nature of needs and wants quite apart from our earlier distinction in which we defined needs as things required and wants as things desired. Personalist economics differs from the mainstream in that needs and wants are seen in the context of the human body *and* human spirit. As to consumption and leisure, the needs and wants of the body relate to food, shelter, clothing, medical care and the like, along with rest. The needs and wants of the human spirit relate to truth, goodness, and beauty which may be met or satisfied by universities and libraries where truth is discerned, museums and opera houses where beauty is displayed, and theaters and places of worship where goodness is engaged. Differences aside, the body and the spirit are alike in that both call on economic resources for fulfillment and thus any insufficiency may lead to a poverty of the body or spirit which can be devastating for the proper development of the person. John Paul has spoken of these matters on numerous occasions over the past 20 years or more.²¹ Citing data from the National Opinion Research Center, Conlin (p. 4) states that 78 percent of Americans feel a need for spiritual growth; in 1994 only 20 percent admitted to the same need.

The third and final detail added in Figure 4 relates to work, also in terms of the human body and human spirit. Plainly, work is necessary because it provides opportunities to earn the income to purchase the goods and services which are desired or required for human well-being. But work has an important impact on the person who works. First, work may address the human need to belong, to share in the company of others, and thus business enterprises often are referred to as “companies.” This need or desire originates in human sociality. Second, work may afford opportunities for using creative talents which otherwise might not be recognized. This need or desire originates in human individuality. John Paul underscores this need notably in *Laborem Exercens* (§§ 6, 25). Mitroff and Denton (p. 37) found in their study of workplace values, spirituality, and religion that workers said the most important factor giving meaning to their jobs is “the opportunity for each person to realize his or her full potential as a human being.”

As we noted at the start of this section, mainstream economics admits of no dysfunctional or addictive behavior in the human persons who are the existential actualities breathing life into economic affairs. Figure 5 shows what happens when in economic affairs there is no respect for justice, caring, or charity. Since most fundamentally there are just two resources which are used in production, distribution, and exchange, there are two types of undesirable consequences from their use. First, as to natural resources, one observes waste and depletion of those resources, along with environmental contamination. Second, as to human resources, there is waste and idling, in addition to low wages, long hours, and poor working conditions. These “bads” are widely documented even in the literature of mainstream economics, and for that reason we address them no further.

²¹ See, for example, his *Centesimus Annus*, § 36.

However, there are three types of dysfunctional or addictive behavior in economic affairs relating to the usual way in which economists think about the economic activities of consumption, work, and leisure. In the main, these types of behavior are not within the scope of mainstream economics. In the sense that human beings exceed any reasonable or normal limit on work, consumption, or leisure, and therefore inflict loss or punishment on themselves, their families, and others, shopaholics, workaholics, and compulsive gamblers do not conform to the norms of rational economic behavior as asserted by mainstream economics. To illustrate, in a study of college students published in 1998, James Roberts (p. 316) reported that six percent of the subjects displayed compulsive buying tendencies²² and that the enabling factor in compulsive buying is credit card use.²³ Seung-Hee Lee et al. (p. 477) found that among women who are television shoppers 10 percent were compulsive buyers and that this subgroup had more symptoms of binge eating than did the other women in the sample. In two studies by Ronald Faber et al. (p. 301), binge eaters were more likely to display compulsive buying tendencies, and compulsive buyers were more likely to have an eating disorder. This dual relationship is described as “comorbidity.” We dwell no further on other addictive behavior as to consumption, such as addiction to cigarettes, to alcohol, to over-the-counter medications and prescription drugs, and to illegal drugs, because those behaviors are very well known and recognized in the literatures of other disciplines.

However, mention should be made here that nearly two-thirds of adults in the United States do not get the recommended hours of sleep during the workweek. Many of them make up for this deficit by sleeping longer on the weekend. At work a lack of sleep results in diminished concentration and reductions in the amount of work performed and in the quality of that work (*2000 Omnibus Sleep in America Poll*, pp. 2, 11-21). Schor (1991, pp. 29-31) estimated that on average Americans in 1987 were working 163 hours more than in 1969, the equivalent of one more month a year. For women the estimated increase in annual hours of work was 305. The two principal factors contributing to longer hours, according to Schor, were moonlighting and overtime. Not surprisingly, Schor found that most employed Americans are experiencing less leisure time. According to her estimates, the loss of leisure time between 1969 and 1987 was 47 hours a year (Schor 1991, pp. 22, 36). Put differently, by underscoring the importance of work through such practices as forcing responsible welfare recipients to work or face the loss of welfare benefits, our culture reinforces the conflict between the time spent working and commuting and

²² Identified and defined first by Thomas O’Guinn and Ronald Faber in 1989 as “chronic, repetitive purchasing that becomes a primary response to *negative* events or feelings” (quoted in Faber and O’Guinn, p. 495; emphasis added).

²³ Credit card spending in current dollars increased from \$467 billion in 1990 to \$1.080 trillion in 1997; at the same time credit card debt rose from \$243 billion to \$560 billion. Nonbusiness bankruptcies in 1985 numbered 297,885; by 1998 such bankruptcies number 1,379,249 (*Statistical Abstract*, Tables 825 and 888). *Consumer Reports* (p. 50) states that 300,000 families or 25 percent of families who filed for bankruptcy in 1999 said that illness and injury were reasons for their seeking relief from their debts.

time needed for proper rest. Jacob and Gerson (p. 456) take a different view though their conclusion is similar to Schor's. They argue that it is families rather than individuals who increasingly are hard pressed due not to longer hours on the job but to a decline in the number of fulltime homemakers.

Barbara Killinger (p. 6) defines the workaholic as "a person who gradually becomes emotionally *crippled* and addicted to control and power in a compulsive drive to gain approval and success" (emphasis added). Bryan Robinson (p. 66) states that work addiction is a *learned addictive response to a dysfunctional family of origin* and when that child becomes an adult workaholic the family lives according to rules dictated by the career and work habits of the workaholic. Workaholics are anxiety-ridden, cannot handle intimacy, experience marital problems, *substitute work for leisure*, get "high" on work, deny their addiction to work, and exhibit serious long-run damage from their addiction (Killinger, pp. 6-8). Robinson (p. 65) suggests that workaholism can have adverse mental health consequences for other family members. Ronald Burke (p. 353) adds that students of workaholic behavior have not reached agreement as to whether there are different types of workaholic behavior patterns.

Beth Sawi (p. 4) asserts that setting *limits* on work is essential for personal well-being. Judith Sprankle and Henry Ebel (p. 79) agree and, significantly for mainstream economics, see *homo economicus* as having "... a life without limits in which anxiety-levels increase rather than diminish as financial involvements multiply." Diane Fassel (pp. 51, 107-108) traces the linkage between workaholism and performance in the workplace. Workaholics have difficulty sleeping, are physically worn out, and because they are tired make mistakes on the job which can lead to costly re-work. Additionally, they are accident-prone.

Compulsive gambling is defined by the American Psychiatric Association as a "progressive psychological disorder characterized by emotional dependence, loss of control, and accompanying *negative* consequences for the gambler's school, social, or vocational life" (McCown and Chamberlain, p. 14; emphasis added). We prefer to call it a disordered use of one's leisure in that used properly leisure has *positive* or healing effects on the human body and human spirit.

The numbers and proportions of persons who gamble are staggering. Robert Ramsay in 1995 (p. 6) suggests that as many as 80 percent of American adults gamble and that 10 percent of those who gamble become *pathological* gamblers. Gerry Fulcher (p. 13) stated in 1991 that 80 to 90 million gamble every year and that 8 to 9 million are compulsive gamblers. Peggy Stuart in 1991 (p. 103) said that from 4 to 20 other persons are adversely affected by the compulsive gambler; an admitted compulsive gambler put the number at 24 (in McCown and Chamberlain, p. vii). William McCown and Linda Chamberlain (p. 14) report that 10-14 percent of adolescents are at risk for developing or returning to compulsive gambling behavior and that 4-7 percent of adolescents exhibit *adverse* compulsive or pathological patterns of gambling. In addition to stealing from their employers to support their habits, compulsive gamblers contribute to the following types of workplace problems: a drop in employee morale, sloppy work, unfinished projects, missed deadlines, and lower productivity (Ramsay, p. 7).

Persons who are dysfunctional in the ways indicated above can be reinforced in that economic behavior by employers, merchants, and casinos operators who turn a blind eye to the harm that is being done. For example, the change in slot machines from mechanical to microprocessor-controlled devices encouraged rapid play, allowed the casinos to reduce the number of jackpot payoffs, making tremendous payoffs possible. As a consequence, many former low-stakes players lost control of their gambling behavior (McCown and Chamberlain, p. 11).

Compulsive buying can be reinforced by credit card marketing strategies such as higher credit limits, low introductory interest rates, cash loans on credit cards, and other options (Roberts, pp. 312-313). What one culture may tolerate, for example, by approving the practice of requiring long hours at work in order to qualify for promotion, by the easy availability of credit cards and legal relief of indebtedness, or by gratuities offered gamblers to entice them into the casino, another culture may condemn.

According to Killinger (p. 14) the roots of workaholism lie in the Calvinistic tenet that self-indulgence is destructive and work is redemptive. She identifies two other sources: the dysfunctional family wherein work itself is one member's drug of choice; and the materialism, consumerism, technological growth, and competition within which workaholism has flourished (Killinger, pp. 8-17).

Workaholism can be imbedded in the very culture of a company. To illustrate, Kevin Maney (pp. 266-271) calls Compaq "Workaholic, Inc." and describes the company's culture as one in which stress is everywhere, no one complains, and employees seem to enjoy working late into the night. Maney asserts that this "tireless, go-go, change-is-good culture" is shared by many other media companies.

Figure 5 displays the three types of disordered behavior as addiction to work, addiction to consumption, and addiction to leisure. These real-world disorders undermine the credibility of the central premise of the mainstream which asserts that the typical individual acts freely, self-interestedly, and calculatedly in a self-regulating economy, and whose economic behavior is grounded in reason and an unchanging calculus, is predictable and knowable with mathematical certainty and empirical precision. Also drawn into question are the mainstream's understanding and description of economic affairs and any policy recommendations which follow.

Figure 5 also shows the specific fallout in human terms where there is no regard for justice, caring, and charity. Disregarding the principle of commutative justice as well as caring and charity by such destructive practices as sweatshop, price gouging, and featherbedding are describable as "ripping off" and result in the real business liability of ill will.²⁴ Widespread failure to adhere to the duties enumerated under the principle of contributive justice such as price fixing, dumping, and insider trading when coupled with disregard for caring or charity, lead to a community polarized and torn asunder. Finally, discrimination and favoritism are the payoff from

²⁴ In accounting ill will would be reckoned as a negative value for the asset goodwill.

dismissing the demands set forth in the principle of distributive justice along with caring or charity.

Figure 6 represents an economic system directed by persons who are ever mindful of their duties under the three principles of justice, especially contributive justice, and who attempt to be faithful to the virtues of caring or even more so charity. Waste and depletion of natural resources are reduced by efforts such as recycling and reprocessing waste materials and restoring renewable resources and conserving nonrenewable resources. In this regard, it is naive to expect complete success. Limits on waste and depletion are more practical and more feasible. The same applies as well to labor resources where for some time lower limits have been imposed to improve wages and working conditions, and upper limits have been applied to hours of work. For business enterprises the payback for reducing waste in natural and labor resources is improved productivity which opens opportunities for higher wages, lower prices, and greater profits. It is more than mere coincidence, we suggest, that at the Container Store -- the company which according to *Fortune* is regarded as the best in the United States to work for -- 97 percent of the employees say the "people care about one another here" (100 Best Companies to Work For, p. 1).

Three pressing global issues emphasize the importance of a clear understanding of justice and caring or charity. First, crimes such as terrorism are attacks on the entire group. At times such crimes have wounded national unity so severely that punishment *per se* may not restore that unity. Under certain circumstances, it may be necessary to grant amnesty thereby suspending the duty in contributive justice in order to heal the divisions within the nation. Such relief has been publicly established in South Africa to heal the wounds of apartheid by encouraging the guilty parties to confess their crimes openly and to beg forgiveness from the aggrieved parties and their survivors through this kind of process. Only then can trust which is necessary for cooperation in all human affairs including economic affairs be restored. Without trust, provisioning human need becomes much more difficult. In other words, setting aside the demands of justice at times may be required to enable the economic order to meet the needs of each and all more effectively. Caring or charity likely are necessary to begin and sustain the amnesty process.

Second, forgiving the debts of poor nations should be judged by the ethical standard embedded in commutative justice and is used widely in forgiving the debts of destitute persons. That standard requires the imposing of *equal* burdens on both parties to credit transactions. Whenever the burden on the person-borrower becomes excessive, relief is sought through bankruptcy and debt restructuring. Under the same conditions, the nation-borrower should be forgiven or should have its debts restructured. In this instance, the principle of commutative justice is suspended because the burden imposed on the borrowing nation greatly exceeds the burden imposed on the lending institutions or nations. The key issue is to determine when the burden on the borrowing nation is excessive.

Third, in allocating the small supply of human organs among a vastly larger number of patients needing transplants, mainstream economics argues for an allocation determined by cost-benefit analysis which essentially says that not all persons are equal. Personalist economics insists that all human beings are equal because everyone is a member of the same human family. Accordingly, personalist economics argues for a process which allocates organs first to those in

greatest need -- least likely to survive without a transplant in the short term -- according to their prospects for survival and, if necessary, among those with the same need and prognosis by lottery. Under no circumstances should ability to pay enter the decision process because personhood and equality are not properly determined by a person's net worth, income, or income prospects.

Christian charity enters the process by urging every healthy person to explicitly indicate a willingness to donate his/her healthy organs in the event of a sudden, unexpected death. Similarly, the surviving family members should agree to donate the healthy organs of a loved one. This kind of decision making reflects and reinforces a culture of life and hope. Notice the differences in the results of decision making which by harvesting the tissue of aborted fetuses for research or experimental medical procedures denies the personhood of the unborn, further rationalizes abortion, and reflects and reinforces a culture of death and despair. Such a culture stimulates a demand for certain goods and services which is substantially different than the demand which originates in a culture of life and hope.

Justice in conjunction with caring or charity has other important and real benefits in economic affairs. Taken together and practiced with courage, they result in goodwill in place of ill will, unity rather than fragmented community, and peace and tranquility instead of discrimination and favoritism.²⁵ Our legal system assures some minimum adherence to the demands of justice. Justice and caring are alike in that both require some reciprocation or else they become depleted in use. Charity, or more precisely Christian charity, while difficult to put into action and often seen as too idealistic for the rough and tumble world of commerce, has one absolutely unique characteristic setting it apart from the other two virtues, and for that matter all other economic resources. Christian charity -- the commandment to love one another as Christ loved His people -- is an authentic economic resource which never is depleted in the using, and never has value in the hoarding. Charity, in other words, is a self-renewing resource.²⁶ It requires only an act of the will and heart to bring it into play. Those who are faithful to its demands, as with Mother Teresa,²⁷ are themselves better persons in the giving as are those to whom the gifts are offered in Christian charity, and thereby are better able and more likely to give again and again. This virtue, for

²⁵ Pesch referred to charity as the guardian of justice and both virtues together as the twin bulwark of human welfare (Mulcahy, p. 68).

²⁶ Halal (p. 3) sees knowledge as an infinite resource "because it represents a boundless supply of boundless power to manage a world of boundless potential." We tend to disagree because knowledge when it is embodied in a product or service which is commercially successful is protected by the business enterprise in order to capture the profits originating in that success. In this regard, notice the controversy surrounding the patenting of human genes. We tend to agree with Halal whenever knowledge is freely shared even when it is not profitable to do so as, for example, we have seen in visiting specific business enterprises where professional engineers in other companies have been willing to share information in order to resolve problems in the production process.

²⁷ An earlier version of this address referenced Dorothy Day along with Mother Teresa. We have removed that reference because Day's personalism propelled her and the Catholic Worker movement in specific directions beginning in the 1930s which though we find compelling do not constitute *ipso facto* the core of a personalist activism for all persons, times, and places.

personalist economics, breathes life and hope into the “invisible hand” which even in a culture of death and despair maintains the pretense that self-interest alone is sufficient for peace, order, and tranquility, and transforms it into a loving hand which unmask this pretense and as we stated previously affirms others as persons, as nearly divine.

RECONSTRUCTING ECONOMICS TO INCORPORATE CULTURE

We conclude that Henrich’s question Does culture influence economic behavior? must be answered in the affirmative. Indeed, even in the matter of deciding to invest in one place rather than another which mainstream economics represents in terms of opportunity cost, personalist economics holds to John Paul II’s (1991, § 36) position that this decision is *always a moral and cultural choice* (emphasis in the original). We also conclude that mainstream economics must be reconstructed to put right its various flaws. We are by no means the first in economics to call for reconstructing the way we think about economic affairs. Our Association has been calling for a renewal of economics since its founding at these very meetings in December 1941. In 1985 Nobel Laureate James Buchanan (p.15) took the profession to task in language which hardly can be misunderstood: “Our graduate schools are producing highly trained, highly intelligent technicians who are blissfully ignorant of the whole purpose of their alleged discipline.” Fifty years earlier, John M. Keynes (pp. 16-17) offered a similar criticism: “The classical theorists resemble Euclidean geometers in a non-Euclidean world who, discovering that in experience straight lines apparently parallel often meet, rebuke the lines for not keeping straight -- as the only remedy for the unfortunate collisions which are occurring.” In 1963 Jacob Viner (p. 6) stated that “It was only in its choice of premises and in its mode of reaching its conclusions that the (classical) school was vulnerable to the charge of undue and arbitrary abstraction.” We would be much more encouraged by Viner’s remarks were it not for his “only.”

Others more recently have been calling attention to the errors of omission and commission in contemporary economics. For instance, last year James Galbraith (p. 1) fired a broadside at the American Economic Association for its meetings in Boston at which “the great issues of economic policy -- inflation and unemployment, economic growth and stabilization, the government’s budget, inequalities of income and wealth -- were missing.” This omission, we suggest, is a natural reflection of the individualism and the strong preference for the *Many* in the One-Many dichotomy which underlies our culture, our economy, and our economics. Notice that the issues which Galbraith enumerates as missing from the program are macroeconomic issues in which the *One* in the One-Many dichotomy is critical. Mika Pantzar (pp. 16-17) in 1996 argued that the very premises of rational choice theory -- stability and homogeneity of consumer preferences -- are being challenged by those who see a link between culture and economic behavior and he calls for a re-thinking of mainstream theory regarding food choices. Schor in 1999 asserted that what is missing in the neoclassical theory of consumer behavior are the social and symbolic functions of spending such as one finds in anthropology, sociology, and literature and which challenge the neoclassical premise that tastes and preferences are randomly distributed. This critical view also argues that understanding consumer behavior requires more than the

standard variables of family structure, income, and the like which neoclassical economists use in modeling that behavior (Schor 1999, p. 38).²⁸

Sources outside economics have exposed some of the weaknesses in the basics of economic science as affirmed by mainstream economics. A *Business Week/Harris Poll* last year indicated that fully 95 percent of the adult respondents said that:

U.S. corporations should have more than one purpose. They also owe something to their workers and the communities in which they operate, and they should sometimes sacrifice some profit for the sake of making things better for their workers and communities (Arndt et al. p. 149).

In their systematic study of the beliefs and practices of high-level managers and executives with regard to spirituality in the workplace, Mitroff and Denton (p. 10) found that “profits follow directly from being ethical, not the other way around.” In his address to Harvard University in 1978, Solzhenitsyn (p. 841) stated that the real crisis in the West is that “commercial interests tend to suffocate [our spiritual life].” Louise Witt (p. 25) calls attention to the “illusion of validity” which describes the cognitive errors made by stock market investors who “assume they are thinking and acting rationally when they’re not.” Sparks (p. 106) says that in the years ahead instead of pitting one company against another competition will involve groups of companies confronting one another through alliances, joint ventures, and partnerships. She reports, for example, that Oracle has more than 15,000 business alliances.

A study prepared by the Conference Board and cited recently in *Business Week* (Koretz 2000a, p. 42) indicates that even though unemployment stands at a 30-year low, real incomes have been rising, and consumer confidence is high, over the past five years the proportion of workers who are satisfied with their jobs has fallen from 59 percent to 51 percent. A National Bureau of Economic Research study, also cited in *Business Week* (Koretz 2000b, p. 40), indicates that there has been a steady decline in the proportion of Americans who are “very happy” -- from 34 percent in 1972 to 30 percent in 1998 -- and that for women the decline has been even greater notwithstanding improvements in educational attainment and employment. In a study published by Nova Southwestern University and cited very recently in *On Investing* (Ambrosio, p. 8) in which the authors studied 26 male stockbrokers who were selected from seven of Wall Street’s most prestigious firms and who had average annual income of nearly \$140,000, fully 23 percent met the criteria for a clinical diagnosis of major depression which is three times the national average for all males. The authors also found that depression, anxiety, emotional exhaustion, and difficulty in coping were greatest among those who were most successful financially. James Fallows in a 1993 article in *The Atlantic Monthly* (p. 62) attacked neoclassical economists for excluding virtually everything which is not Anglo-American, for asserting that their premises are the only ones possible for addressing economic affairs, and for

²⁸ For more on consumption by Schor see the references section.

rebuking those students of economics such as Friedrich List who would propose any other premises.

If we agree that economics must be reconstructed and if we have the energy to overcome the inevitable resistance to “new things,” how do we proceed? If the problem originates in our premises, it follows that we must begin there. Accordingly, we propose five points of departure.

First, we must examine much more carefully the idea that economic affairs are best understood and economics is best taught in terms of the autonomous, self-interested, thoroughly rational (in economic decision making), utility calculating and maximizing individual. Buchanan’s remarks (p. 26) are instructive and are not easily dismissed: “I suggest that the mathematical perspective takes hold once we so much as define *persons* as utility or preference functions and implicitly presume that these functions exist independently of the processes within which *persons* make actual choices” (emphasis added). To insist that the autonomous individual is absolutely essential to the way in which one thinks about economic affairs requires one to absolutely reject the cultural environment as informing economic behavior, all the while clinging to the logical inconsistency that the physical environment is a factor in economic decision making.

Fortunately, it is not necessary to cast aside *homo economicus* which construes human nature in terms of the human body and intellect. What is required is to add the social dimension to the individual dimension in a way that can be represented as *homo socio-economicus* which construes human nature in terms of body, intellect, and spirit. In brief, mainstream economics puts the *individual* at the center of economics. We propose replacing the individual with the *person*.²⁹ This revision would acknowledge that economic behavior of consumers, for instance, is at times other-centered, utility-satisficing, dependent, and driven by such powerful emotions as fear and love, and that poverty, for example, is a problem of insufficient resources to meet minimal material *needs* and should be fully integrated into our treatment of consumer behavior.

Mark Lutz and Kenneth Lux (pp. 1-32) propose a new economics -- humanistic economics -- which argues that *homo economicus* is not an accurate representation of human behavior in economic affairs, that economic science cannot any longer ignore the insights from psychology to the effect that human needs are hierarchical in that consumers proceed to higher-level needs such as the need to belong after lower-level needs such as food, shelter, and clothing have been met. In addition, needs are not reducible to wants, and that notwithstanding the mainstream view that all wants are commensurable, human needs are incommensurable. In other words, a strictly utility-or wants-based economics will not do. As do we, Lutz and Lux (pp.15-18) argue that there are two dimensions to human beings which they call “the dual self.”

Second, we must again emphasize the importance of literary skills both in terms of presenting our premises as well as describing economic affairs and proposing policy

²⁹ For more on person see Karol Wojtyla.

recommendations. Some concepts and ideas are better rendered in literary form than in the mathematical form. For example, what mathematical expressions adequately substitute for such enduring expressions as “the invisible hand,” “the Protestant ethic,” “the euthanasia of the rentier,” “there is no such thing as a free lunch,” “the tragedy of the commons,” “the prisoner’s dilemma,” “in the long run we are all dead,” “creative destruction,” and “the reserve army of the unemployed”? Helping students acquire literary skills means that it is necessary to reverse the systematic purging from the economics curriculum of the courses on history of economic thought, comparative systems, and economic history, not to mention ethics and metaphysics where mainstream economics is woefully inadequate.

Analogies such as the one which Alfred Marshall employed to answer the question What determines price? can be most helpful if economists are ever-mindful that analogies are pedagogical devices which are truly useful when they are modified properly to take into account the human persons who are being represented. In that regard, human behavior in markets is not accurately described by “equilibrium/disequilibrium.” Thoughtlessly reducing human beings to the status of things by such easy and routine use of “equilibrium and disequilibrium,” not to mention “human capital,” and such conceptualizations of humans as economic resources *which* (not *who*) are no different than natural resources diminish the personhood of the human being. There is more to human beings than instruments of production which must be fed, clothed, sheltered, educated, and restored to physical well-being for the sake of the economy. Humans are and always must be treated as persons who are endowed with a sacred dignity which no other living creature or thing can claim. Thus the way to use the scissors diagram which respects that dignity is by describing the human behavior which it represents not as “equilibrium/disequilibrium” which suggests that economics is a physical science but as “agreement/disagreement” which indicates a science centered on human behavior.

We have in mind something like the following which draws on Schumpeter.³⁰ The economy is like a twin-engine aircraft in which competition and cooperation supply the power for lift, and intervention and regulation function as the aircraft’s control surfaces which the pilot uses to give the craft guidance and direction. Admittedly the economy can operate successfully on one engine alone, but it performs much better on two engines functioning together. Credit creation fuels both engines, and caring for one another supplies the engine oil. Christian charity is a higher grade oil which affords greater protection of human well-being. Justice operates like the oil filter removing such dangerous deposits as ill will, discrimination, and disunity which originate in violations of commutative justice, distributive justice, and contributive justice respectively. The central banking authority is charged with the responsibility of assuring the availability of sufficient fuel supplies, and along with several public agencies such as the Anti-Trust Division of the Justice Department, the Federal Trade Commission, and the Securities and Exchange Commission, in addition to the United States Congress, are accountable for

³⁰ Röpke (pp. 255-261) used a similar analogy which sees the entrepreneur as the navigator well before we did. Ours evolved with no knowledge of Röpke’s and, we submit, offers better links to the present in terms of such expressions as “soft landing,” “crash,” and “golden parachute.”

maintaining the aircraft to assure that a serious malfunction beyond the control of the pilot results in a “soft landing” rather than “crash.” The entrepreneur is the pilot who charts the destination and course for the aircraft, employing as his/her flight plan one of the five basic types of innovation mentioned previously, and who bears the immediate responsibility if anything untoward happens. Bankruptcy is the parachute which saves the pilot’s life in an extreme emergency and lets him/her survive to fly again. Culture is to the economy what weather is to the aircraft. A culture of death and despair is bad weather for flying; a culture of life and hope is favorable weather. Just as meteorologists help us recognize different weather systems, philosophers, writers, and other wise men and women offer a deeper understanding of our culture, and how, when, and why it changes. Ignoring their warning signals can be fatal.

Third, in bringing greater understanding to economic affairs, some modeling less exact and mechanical than econometric models but more deeply probing of the person and therefore at once more accurate and more personalistic is necessary. Mathematical models use reductionism to deliver more precision and detail to our description of economic realities, and thus more *superficial* certainty. What we need, even more so, is greater accuracy and understanding of the very same economic realities, even when it means less *authentic* certainty. We have in mind the exhaustive study of experience rating in unemployment insurance by Joseph Becker who at that time (1972) arguably was the most-respected researcher on unemployment insurance in the United States. His final remarks are a model of pushing the data and information as far as the limit of authentic certainty permits.

... The further we move in the direction of the undifferentiated demogrant, available to everyone who belongs to the “demos,” the less sense experience rating will make. On the other hand, if we choose to maintain a set of income maintenance programs that are closely geared to the market and operate like deferred wages, with benefits proportioned to wages and with taxes levied solely on payrolls and employers, unemployment insurance as presently constituted will be a necessary part of such a system and experience rating is likely to be considered a desirable part of unemployment insurance (Becker 1972, p. 325).

We also point to diagrammatic and schematic renderings as an alternative to econometric models.³¹ Our business in economics is to search for the truth ever mindful that the precise findings from econometrics at times are not the whole truth because the human spirit is not entirely within our understanding. The human person is and more than likely always will be part mystery: a doer in economic affairs who is observable, and an analyzer of those affairs who is

³¹ Joseph McKenna’s 1955 intermediate macro-economic text is an excellent example. His representation of the components of aggregate demand and aggregate supply (p. 211) is especially noteworthy. In his edition published in 1969 (p. 217) his representation is largely unchanged. See also Becker and Boman (p. 113) for a schematic which links supplemental unemployment benefits to other private programs to meet the problem of irregular income due to irregular employment.

hidden from view. In these circumstances, the researcher cannot achieve the kind of *authentic* certainty with econometric models which mainstream economics promises.

Fourth, we must re-examine the philosophical foundations of economics beginning with the recognition that individualism which emerged in the script stage -- well before the introduction and diffusion of such means of communication as telephone, telegraph, radio, television, fax, e-mail, cell phone, and internet, all of which have broken down the isolation of the autonomous individual -- no longer serves us well in the electronic stage. Taking seriously Ong's (1981, p. 200) observation that only high-tech cultures "have given rise to personalist philosophies," it is entirely reasonable to argue that for the 21st century personalism is a better foundation for thinking about human behavior in economic affairs than is individualism. One may object to Ong's assertion as disregarding the personalism of Aquinas and Augustine. Our view is that their personalism relies more on faith and abstract thinking in an age of human isolation which precedes the development of alphabetic movable types, whereas Ong's draws on faith and reason supported by direct experience in an age when telephone conversations with persons at great distances are commonplace.

Very recent times have activated concern with the human person as person to a degree of explicitation unknown before, and that at many levels of awareness. At the highest level of speculative thinking such philosophers as Martin Buber and Gabriel Marcel and many phenomenologists have worked out self-consciously personalist philosophies. Such theologians as Hans Urs von Balthasar have pointed out that in the past, when nature overshadowed humanity, human beings had approached God through nature, whereas today, when technology has reduced nature's dominance and put human beings over nature, philosophy has become anthropologized and tends to approach God through the human lifeworld and the human person. Existentialism is a by-product of the technological scenario ... Earlier cultures, less able to analyze themselves than is a high-technology culture infused by thought processes made possible by the technologies of writing and print (and now electronics),³² were less explicit about both depersonalization and the personal problems of the human person (Ong 1981, pp. 200-201).

Fifth, and very much related to the first point of departure, it is necessary to replace the premise that an individual has value only in instrumental terms with the premise that all persons are precious quite apart from any instrumental value and are properly considered an *end* and not just a *means* (of production). Thus, following John Paul II (1981, pp.15-17), the effect of work on the person who works is more important than the things which are produced through work. Clearly, these contrasting views which are importantly shaped by faith and reason are fundamental to cultural development. In this regard, note that such enduring works of art and music as Michelangelo's ceiling in the Sistine chapel and Handel's *Messiah* are inspired by faith

³² Even more so today than in 1981, when Ong's remarks were published, due to the development and diffusion of e-mail and the internet.

and revelation, and such magnificent structures as the Gateway Arch on the St. Louis riverfront and Golden Gate Bridge in San Francisco Bay spring from the human mind and spirit.³³

CONCLUDING COMMENTS

Our concluding remarks begin with two observations. First, as Henrich suggests, culture influences economic behavior in all three areas of that behavior: work, consumption, and leisure. Second, the proof lies not so much in replicating Henrich's experimental results, but in documenting in real-world circumstances how culture influences economic behavior.

Attention to the role of culture in economic affairs acknowledges that humans are more than the one-dimensional, autonomous individuals, as premised in mainstream economics, whose very existence is temporal, whose role in economic affairs is strictly instrumental, and whose behavior is entirely rational and virtually the same across cultures. Though living in different cultures, humans according to mainstream economics are not influenced by those differences when it comes to economic affairs. In the mainstream way of thinking, the individual to quote again from Waters (1988, pp. 115-117) is the basic unit of the economy, who acts freely, self-interestedly, and calculatedly in a self-regulating economy, whose behavior is knowable with mathematical certainty and empirical precision, and whose worth is determined instrumentally.

We have argued instead that each human being is two-dimensional twice over. First, humans at once are individual beings and social beings: solitary *and* communal, self-made *and* culture-bound, autonomous *and* dependent, rational *and* emotional, self-centered *and* other-centered. In that regard, our argument conforms to the judgment that human development depends on both nature and nurture.

Second, humans at once are both matter (the visible outwardness) and spirit (the invisible inwardness): not a spirit inside a body which suggests that the spirit is subordinate to the body, but a body inside a spirit -- an embodied spirit -- which underscores both as essential, and differentiates a human person from a pure spirit. Following John Paul II (1998, § 28), the human being is the one who pursues the truth, and whose body is the medium whereby a person expresses him/herself (Wojtyla, p. 204). Anton Pegis (pp. xxiii-xiv) asserts that in order to pursue knowledge adequately, the human must be material. Accordingly, we represent a human being as a "materialized spirit," not a dualism in which the body is subordinated to and separable from the spirit, but a fusion of body and spirit, or as Pegis (p. xxii) puts it in line with the philosophy of Thomas Aquinas, "the body that is in the soul, and not the soul in the body."

The individuality and sociality of the human person afford an opportunity to unify economic theory wherein individuality (the Many) is the focus of microeconomics and sociality (the One) is the center of macroeconomics. Putting the isolated individual at the very heart of

³³ As with art, music, and literature, a bridge is a tangible expression of culture in that it reflects the fundamental human need to form a community.

economics and assuming that economic laws are the sole measure of human activity close down that opportunity and assure that mainstream economic theory will remain truncated indefinitely. At times, it is difficult to determine where in economic affairs human individuality ends and human sociality begins. It is clear, however, that in both the marketplace and the workplace a one-time interaction with another human being is not the same as a personal relationship. Following Ong (1967, pp. 1-2), the determining factor is whether there is contact between the two or communication. Contact is superficial. Communication, whether it takes the form of touch, taste, smell, sight, or sound, is at the very core of human existence, and it is communication through sound which is paramount. We begin to know one another and ourselves more fully when we speak to one another. Ong (1967, p. 16) argues forcefully that developments in communication have imposed a critical problem on humankind today: How are we to manage the tension between a growing interiorization of human consciousness and a growing exteriorization? In our terminology, How are we to deal with the tension between a growing human individuality and a growing human sociality?

Three examples drawn from ordinary economic affairs help make this point. A newly hired worker begins as an isolated individual but with the passage of time may become a full participant in the company, like one of the family. A person buying and selling shares of stock in publicly traded corporations over the telephone or by internet may never experience any oneness with his/her broker or other traders. Enterprises which rely on repeat business, such as the corner grocer or neighborhood pharmacy, may be operated by a proprietor who understands that in order to forge a long-term relationship it is necessary to *know* one's customers beyond the perfunctory "have a nice day." These examples underscore the artificiality of dividing economic theory in two, and the uneasiness which mainstream economists clinging to the autonomous individual sometimes experience in teaching macroeconomics. Economic theory is one because the human person is one. It is our task to unify the two divisions of theory into an undivided whole.

Ong (1967, p. 181) regards the human being as a "bridge connecting the material and spiritual, which means, under grace, the material and the divine." In *Fides et Ratio* (§§ 7, 12) John Paul II puts the person between the human and the divine, quoting directly from a Vatican II document, and asserts it a second time, citing the *New Testament*. Three years earlier in *Evangelium Vitae*, John Paul professed the sacred dignity of the human person three times (pp. 63, 129, and 134). The last is the most telling in that he references the *Old Testament* (8th Psalm) making his appeal Judaeo-Christian: "... 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 the divine."

Ong (1981, p. 198) points to the role of human communication in either affirming personhood or reducing humans to things. Indeed, *all* such communication displays some regard for the other human being as a *person* and when communication comes to a halt the person is reducible to a thing. In an impassioned address to the two houses of the Irish parliament on the occasion of the commemoration of the Famine of 1845-1850, President of the Republic Mary Robinson voiced these sentiments in her simple but eloquent "part of cherishing must be communication" (Robinson, p. 6).

By avowing the isolated individual and denying the role of culture in economic behavior, mainstream economists tend to see humans as instrumentalities, as *things*. This objectification of humans is *necessary* because culture, as Dulles (p. 2) observes, is inseparable from religion. It is essential, therefore, to exclude culture and the values associated with it through its inseparability from religion and thereby cling fast to the claim that economics must be value-free in order to have any authenticity as a discipline. This exclusion reflects as well as helps fortify the shift away from the sacral toward the secular mentioned previously, and serves an additional purpose as well. Reducing humans to objects gives the appearance that economics can be constructed strictly in terms of things and since only humans can be moral agents thereby excludes any need to examine economic affairs in terms of justice.

Human beings are made male and female, masculine and feminine. Economics must recognize those differences and the inevitable relation between the two when they relate to economic affairs. Even so, more fundamentally true is that all humans are persons which means that economics does not end with one economics for men and another for women. Key to a proper understanding of such matters is a personalist economics which includes and respects the masculine dimensions of human nature as well as the feminine dimensions, and the special needs of women as well as the special needs of men in the context of family and society. Tarnas asserts that

the crisis for *modern man is an essentially masculine crisis*, and I believe that its resolution is already now occurring in the tremendous emergence of the feminine in our culture: visible not only in the rise of feminism, the growing empowerment of women, and the widespread opening up to feminine values by both men and women, and not only in the rapid burgeoning of women's scholarship and gender-sensitive perspectives in virtually every intellectual discipline, but also in the increasing sense of unity with the planet and all forms of nature on it, awareness of the ecological and the growing reaction against political and corporate policies supporting the domination and exploitation of the environment, in the growing embrace of the human community, in the accelerating collapse of long-standing political and ideological barriers separating the world's peoples, in the deepening recognition of the value and necessity of partnership, pluralism, and the interplay of many perspectives ...Man is something to be overcome – and fulfilled in the embrace of the feminine (Tarnas, pp. 442-443, 445; emphasis in the original).

The needs of the environment originate in human need which never can be subordinated to environmental needs without diminishing the person. The needs of the environment are additional evidence of human sociality, this time in relation to the entire ecosystem. We require an economics to better provision human need and protect human well-being. Protecting the environment is necessary for human survival but it is not the final purpose of human earthly existence. Respecting the person is the best way to protect the environment. In this regard, limits imposed on production, distribution, exchange, and consumption by public or private groups can be helpful. Leaving the provisioning of human need to the market and the "invisible hand" is rhetoric more so than theory and analysis which misconstrues human nature and disrespects every person's essential equality and dignity.

Though mainstream economics departs from a culture of life and hope, ironically it converges with a culture of death and despair. Humans as seen by the mainstream are not ends in themselves but only a means whose value depends on their usefulness and who have no value whatsoever once they no longer are useful. This development, in turn, destroys the very foundation of the democratic state, John Paul II warns (1995 p. 38), because once the inviolate dignity of every human being is denied, the personhood and the rights of the weak also are denied, allowing the strong to dispose of them freely and to claim that what they do reinforces individual freedom and therefore is good and just.³⁴ Because the powerful claim rights which they deny to the powerless, the principle of equality is dismantled and the inevitable outcome is a transformation from democracy to tyranny, as occurred so tragically in a Germany which embraced the teachings of Nietzsche and where National Socialism toppled the Weimar Republic.

Turning mainstream economics away from its current premises is a difficult task because it entails carefully re-examining what has been taken as given, what indeed is thought to be immutable. But the task is not impossible. Students of economics in Europe are openly rebelling against an “excessive mathematical formalisation.”³⁵ A growing number of professional organizations in economics are attracting new members to institutional economics, feminist economics, humanist economics, environmental economics, socio-economics, radical economics, and personalist (formerly solidarist) economics all of which hold one position in common: there is something fundamentally flawed or missing in neo-classical economics. A number of respected academics including James Buchanan, Geoffrey Harcourt, Walter Adams, Tony Lawson, Wallace Peterson, John Elliott, Warren Samuels, Ingrid Rima, Nicolas Georgescu-Roegen, Amitai Etzioni, Severyn Bruyn, and many other lesser-known professionals,³⁶ in various ways have voiced their criticism of mainstream economics, offering other descriptions of economic affairs, and advocating other policy positions proceeding from different premises.

Media outlets such as CNBC in its day-long programming of financial news rarely invite academic economists to comment on economic affairs. The president’s Council of Economic Advisers is not nearly as visible to the public as it once was under Presidents Truman, Eisenhower, and Kennedy. More and more United States universities are eliminating economic history, comparative systems, and history of economic thought, the courses most likely to require

³⁴ To illustrate, in its 1973 decision in *Roe v. Wade* the United States Supreme Court ruled that “the word ‘person’ as used in the Fourteenth Amendment does not include the unborn” (§ IX) and that “This right of privacy, whether it be founded in the Fourteenth Amendment’s concept of personal liberty ... or ... the Ninth Amendment’s reservations of rights to the people, is broad enough to encompass a woman’s decision whether or not to terminate her pregnancy” (§ VIII).

³⁵ See the *Post-Autistic Economics Newsletter* (p. 1), which began publication in September 2000, for information on several important developments relating to student unrest over excessive mathematical formalization.

³⁶ See Waters (1993, pp. 262-286) for a listing of the twentieth-century social economists who in Waters’ own words “best contributed to supplying the building blocks of a realistic and personalist economy.”

students of economics to re-examine the premises used in mainstream economics, thereby assuring that criticism of mainstream economics will continue to increase and that future generations of doctoral-degree graduates will be less able to defend their descriptions of economic affairs and their policy recommendations.

Because it deals most fundamentally with human well-being, economics is not a physical science. Accordingly, mainstream mathematical modeling which regards all human behavior as self-interested and strictly rational is constrained by its own dated premises. Human behavior cannot be completely represented by a logic and method drawn from the physical sciences, where Einstein's $E=MC^2$ is an awesome insight, because humans are informed by both faith and reason. In economics, notice Schumpeter's "creative destruction" is more widely and frequently referenced than any mathematical expression.³⁷ There is no economics which is value-free through the complete separation of fact and value. Economics, all economics, is normative because human behavior can no more be separated from the values inhering in human nature than economics can be divorced from its premises.

The makeover of economics will take much time because the mainstream way of thinking about economic affairs is deeply entrenched. To illustrate, the notion that economics is more nearly akin to physics than to natural history originates with J.B. Say in the early nineteenth century (Gide and Rist, p. 126). The makeover will take place once neo-classical economists acknowledge the confusion regarding ends and means in their way of thinking. That is, once they accept that the ultimate *end* of economic systems and therefore economics itself relates to provisioning human material needs wherein mathematical modeling, powerful though it may be, is merely one means to achieving that end and useful only when the user knows his/her premises well enough to articulate and defend them effectively, as was recommended by Young (p. 656) in 1990. Thirty years before Young, Becker (1961, p. 10) put it simply and directly.

This monograph is a partial appraisal of benefit adequacy in unemployment insurance ... The body of data was provided by a number of studies recently conducted by some of the states in co-operation with the federal Bureau of Employment Security ... The aim of this monograph is to present the findings of these studies in relation to meaningful norms of benefit adequacy. To do this involves first the development of norms and then their application ... the process of selection of norms serves the additional purpose of revealing my personal value judgments (they have probably influenced my selection and arrangement of the data) so that anyone who disagrees with my judgments can the more easily pinpoint the disagreement and substitute his own set of values (Becker 1961, pp. 9-10).

Finally, we close as we opened, with two reasons why personalist economics lies outside the mainstream. The one relates to premises; the other to culture. The good news is that changing

³⁷ *Business Week* recently published a commentary on Schumpeter entitled "Today's Hottest Economist Died 50 Years Ago" (see Whalen, p. 70).

the premises requires acceptance by orthodox economists that individualism which was conceived by Adam Smith in the Enlightenment of the 17th and 18th centuries is a worn and tattered philosophy for the 21st century. Ong (1970, p. 99) characterizes the father of economics as follows.

The late typographic age is the age of empire building and of laissez-faire economics; Adam Smith had begun his academic career at Edinburgh as professor of rhetoric and belles lettres, a typographic communications man with lingering oral commitments (rhetoric).

Once individualism has been displaced by a philosophy which acknowledges that human beings are social beings as well as individual beings, that they have become more social due to the development of electronic means of communication which emerged well after Smith's time, the premises which derive from script-stage individualism will fall apart.

Just as we have argued herein that individualism is a product of 17-18th century Enlightenment and for that reason is not well suited to economic affairs in the 21st century, Alfred Chandler in 1977 presented substantial historical evidence that Adam Smith's "invisible hand" is outdated.

The visible hand of management replaced the invisible hand of market forces where and when new technology and expanded markets permitted a historically unprecedented high volume and speed of materials through the process of production and distribution. Modern business enterprise was thus the institutional response to the rapid pace of technological innovation and increasing consumer demand in the United States during the second half of the nineteenth century (Chandler, p. 12)

The bad news is that the individualism of orthodox economics finds nothing inherently objectionable in the contemporary culture of death and despair. Indeed individualism tends to reinforce it and rationalize it. First, if the costs of continuing to support human life -- say through relief for starving peoples or medical assistance for AIDS-stricken populations -- are greater than the benefits, who in the mainstream would approve such expenditures? Second, if a deeply depressed worker or a terminally-ill patient wants to end it all, shouldn't that individual be free to make that choice? If we truly embraced the conviction that all humans indeed are precious quite apart from their instrumental value and their own self-valuation, we could not so easily ignore or dismiss their most fundamental unmet human needs.

Replacing a culture of death and despair with one of life and hope is an extraordinarily difficult but not impossible task. Those who join in that work will continue to be marginalized and at times even ridiculed by their mainstream colleagues. The professional resistance and personal risk entrepreneurs typically encounter -- which in this instance would destroy the old ways of doing economics based strictly on human materiality -- constitute our daily burden in creating a vision for the 21st century which begins with the premise that every human being is a

materialized spirit, an embodied spirit, and ends with a human being who has become a more fully developed person.

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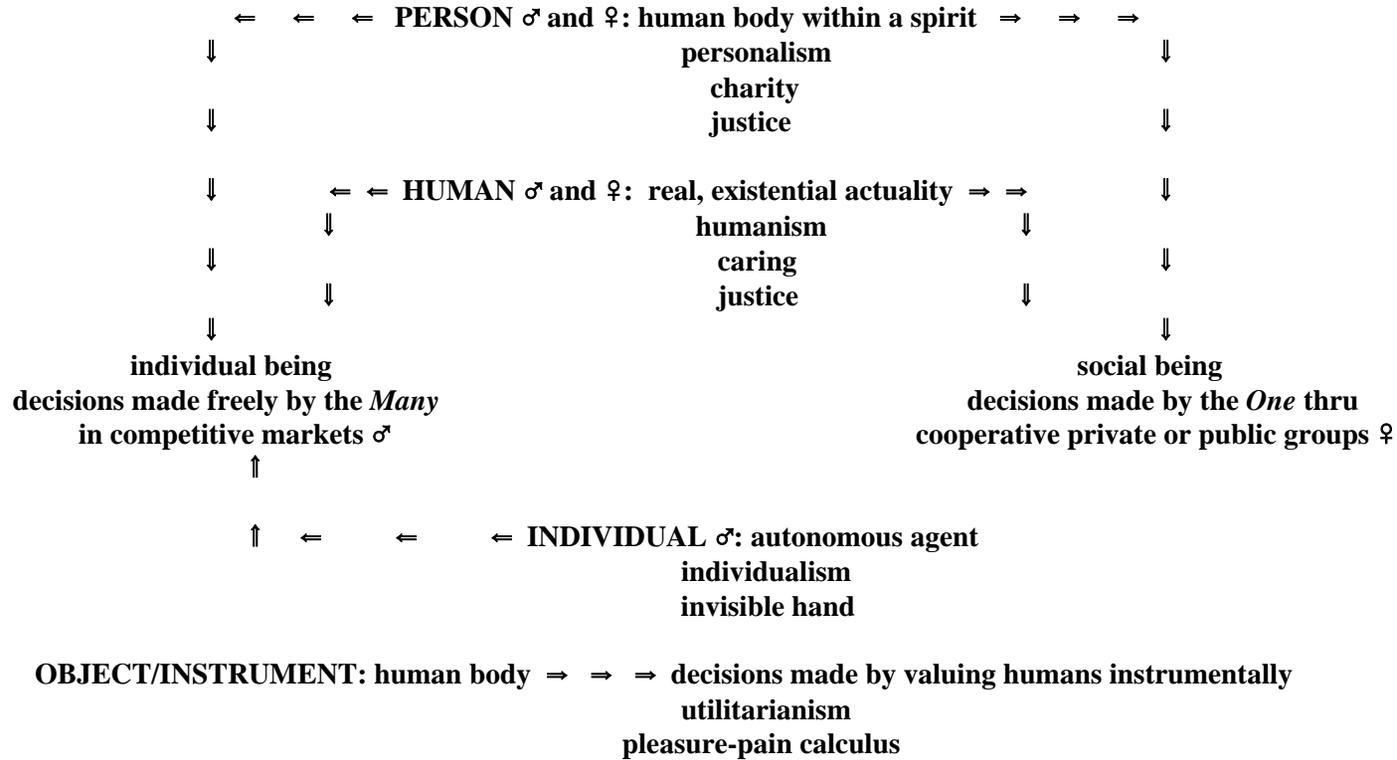
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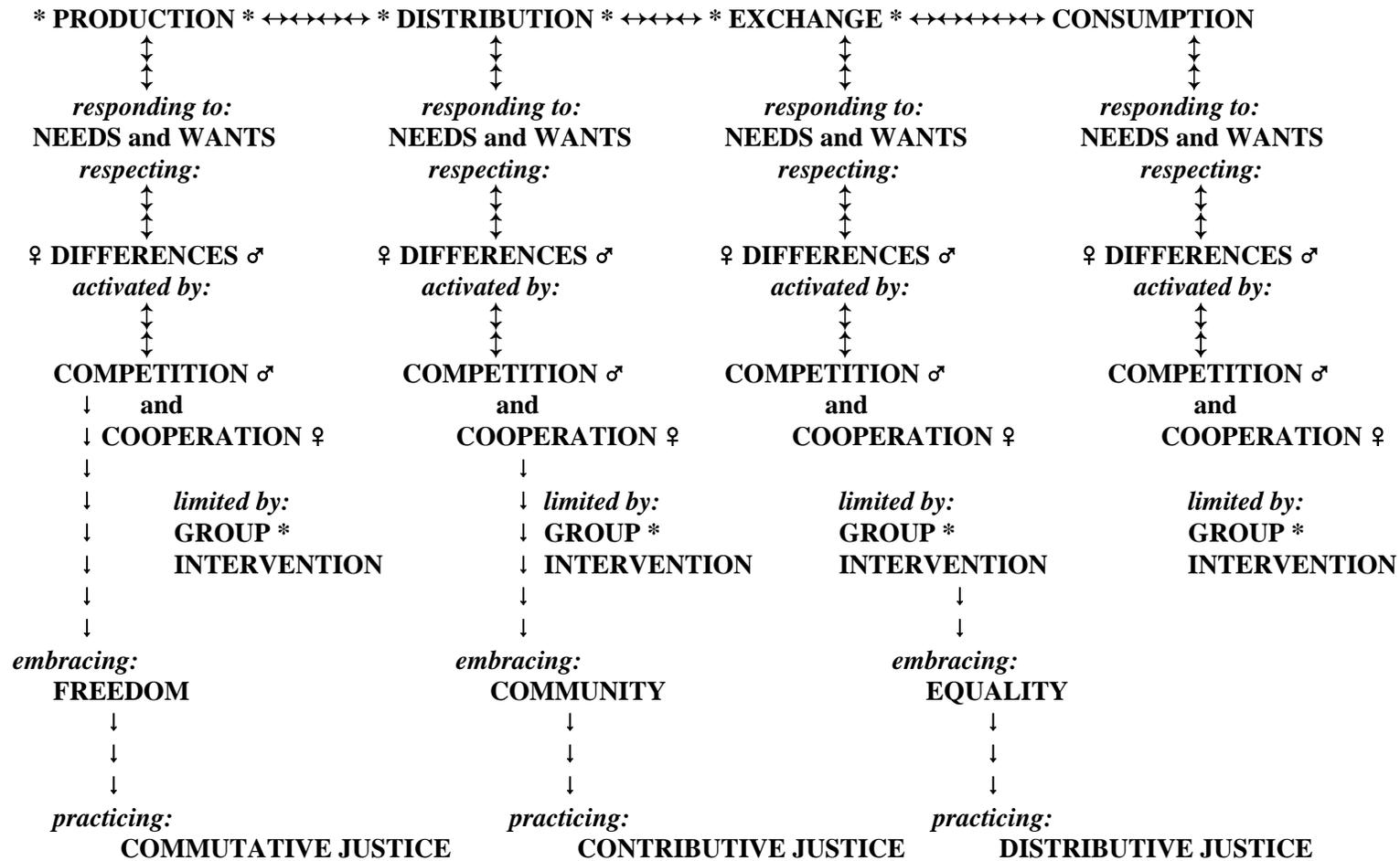
FIGURE 2. FROM OBJECT TO PERSON: CONNECTION TO ECONOMIC THEORY

*Microeconomics and Macroeconomics Fused into a Unified Theory Because
Both Personalism and Humanism Rest on the Premise that Humans are at once Individual Beings and Social Beings*



*Microeconomics and Macroeconomics Split Apart Because
Individualism Rejects Human Sociality and Socialism Rejects Human Individuality*

FIGURE 3. PROCESSES, NEEDS/WANTS, GENDER, ORGANIZING PRINCIPLES, VALUES, & JUSTICE



*: either private or public as determined by the principle of subsidiarity

FIGURE 4. NEEDS AND WANTS OF THE HUMAN BODY AND HUMAN SPIRIT

* PRODUCER/WORKER/ENTREPRENEUR * use NATURAL, LABOR,
FINANCIAL, and OTHER RESOURCES



* PRODUCTION * ↔↔↔↔ * DISTRIBUTION * ↔↔↔↔ * EXCHANGE * ↔↔↔↔↔↔↔ CONSUMPTION



responding to:
NEEDS and WANTS



responding to:
NEEDS and WANTS



responding to:
NEEDS and WANTS



responding to:
NEEDS and WANTS

of BODY and SPIRIT for:

INCOME BELONGING

CREATIVE WORK OPPORTUNITIES

of BODY and SPIRIT for:

SUSTENANCE ... REST

TRUTH ... GOODNESS ... BEAUTY

RESPECTING ♂ DIFFERENCES ♀ *activated by ...*

COMPETITION ♂

COMPETITION ♂

COMPETITION ♂

COMPETITION ♂

↓ and

and

and

and

↓ COOPERATION ♀

COOPERATION ♀

COOPERATION ♀

COOPERATION ♀



↓ *limited by:*

↓ *limited by:*

limited by:

limited by:

↓ GROUP *

↓ GROUP *

GROUP *

GROUP *

↓ INTERVENTION

↓ INTERVENTION

INTERVENTION

INTERVENTION



embracing:

embracing:

embracing:

FREEDOM

COMMUNITY

EQUALITY



practicing:

practicing:

practicing:

COMMUTATIVE JUSTICE

CONTRIBUTIVE JUSTICE

DISTRIBUTIVE JUSTICE

*: either private or public as determined by the principle of subsidiarity

