

# **REQUIEM FOR *HOMO ECONOMICUS***

by

**Edward J. O'Boyle, Ph.D.  
Mayo Research Institute**

---

This paper was published in the *Journal of Markets and Morality*,  
Volume 10, Number 2, Fall 2007.

For more information about the *Journal*, go to  
<http://www.acton.org/publications/mandm/102article04.php>

---

Questions and comments should be directed to:  
Edward J. O'Boyle, Ph.D.  
Mayo Research Institute  
1217 Dean Chapel Road, West Monroe, Louisiana 71291 USA  
Tel: 318/396-5779      E-mail: edoboyle@earthlink.net

## Abstract

*Homo economicus* rests on the silent premises that human communication today is no different than it was in Adam Smith's day and therefore human beings relate to each other and to themselves no differently than 225 years ago. In essence, the development of the telegraph followed by the telephone, radio, television, fax, email, and internet have had no bearing on the way we think about economic agency. *Homo economicus* never changes.

Proclaiming a requiem for *homo economicus* is more than just clever rhetoric. The call is grounded in an understanding of human nature that surfaced with the development of electronic communication which altered our awareness of others and of ourselves and gave birth to the philosophy of personalism. Burying *homo economicus* and substituting *homo socioeconomicus* bring the basic unit of economic analysis out of the individualism of the 17<sup>th</sup> and 18<sup>th</sup> centuries into the personalism of the 20<sup>th</sup> century.

There is a huge and steadily growing literature on the meaning of *homo economicus* which has been used widely and approvingly by mainstream economists for many years. At the same time, and in the same literature, there is some confusion regarding the origins of that expression. For instance, Sheasby [p. 2] attributes it to Adolph Lowe's *Economics and Sociology* published in 1935. With Zabieglik [pp. 3-4] concurring, Persky [p. 222] identifies the term as originating with Vilfredo Pareto's *Manual* in 1906 though he openly admits that he had not completed a thorough search of sources in Europe. Pareto [p. 12]<sup>1</sup> himself ascribes the expression to Vito Volterra in 1901.

#### ***HOMO ECONOMICUS: ORIGINS AND CHALLENGES***

For that reason a few years ago we asked several colleagues to suggest sources that we might search. We were startled to learn that no one knew for sure where the expression originated. They did, however, suggest numerous sources and leads including Menger, Veblen, Mill, and Comte. Even so, none of those sources proved to be older than the one we identified through our own detective work: Maffeo Pantaleoni's *Principii di Economia Pura* published in 1889.<sup>2</sup> Persky [p. 222] dates the origins of the expression *economic man* to Ingram's *A History of Political Economy* published (perhaps not coincidentally) in 1888.

Having said that, we found use of *oeconomicus* alone in the 1847 and 1826 editions of Karl Rau's *Grundsätze Volkswirtschaftslehre* suggesting that perhaps the full expression originated in the German-language economics literature well before Pantaleoni's use. In a private exchange of correspondence a colleague who has addressed the meaning of *homo economicus* extensively in the German-language economics literature volunteered that indeed it might be traced to an early or mid-nineteenth century German writer who initiated its use in order to add more weight to the underlying concept.

Though he never used the expression *economic man* in his writings, John Stuart Mill is credited with its underlying concepts starting with his 1836 essay “On the Definition of Political Economy; and on the Method of Investigation Proper to It.” Mill’s abstraction underscored these four human interests: accumulation, leisure, luxury, and procreation. Mill’s abstraction steered clear of complex human motivation on grounds that it made economic analysis indeterminate and did not encompass human rationality which today is centrally important to economic decision-making [Persky, pp. 222-223].<sup>3</sup>

Over the years there have been several efforts to displace, complement, mimic, poke fun at, or identify the antecedents of *homo economicus* as indicated in the following.

*homo reciprocans* [Gintis and Allen]  
*homo politicus* [Nyborg]  
*homo sociologicus* [Hirsch, Michaels, and Friedman; Weale]  
*homo socioeconomicus* [Nitsch; Lindenberg].  
*homo hobbesianus* and *homo darwinianus* [Wiker]  
*homo orthodox* [Dinello]  
*neo-homo economicus* and *paleo-homo economicus* [Doucouliagos; Pearson]  
*homo erroneous* and *homo gustibus* [Pearson].  
*homo sovieticus* [Josef Tischner]  
*homo sapiens* [Thaler]  
*homo religiosus* [Zabieglik]  
*homo heroicus* [Drucker]

Our immediate interest, however, centers on two other variants: *homo heroicus* and *homo sovieticus*. They are alike for two principal reasons. First, and obviously, as with *homo economicus* each one is grounded in a philosophy that addresses the eternal questions regarding human nature: ‘who?’ ‘what?’ and ‘whose?’ Drucker [p. 137] juxtapositioned the heroic or noneconomic man of fascism, who functions entirely independently of any economic status, to the economic man of capitalism. According to Drucker, *homo heroicus* is a new conceptualization of the human being as self-sacrificing, self-disciplined, and self-abnegating. Weber [pp. 40-42] associated the fascist concept of the human being with the

medieval knight well-known for “sacrifice, abnegation, and entire devotion to the cause ... and the mystical idea of transcendence by expiation.” *Homo sovieticus* is a human being with no creativity, initiative, or responsibility who through a pact with the state tolerates lies, petty crimes, and poor morale in the workplace in exchange for security. The expression is attributed to Josef Tischner (see Goldfarb, p. 1, and Halik, p. 4, and Alakbarov, p. 2). We cannot agree with Persky that *homo sovieticus* is a close cousin of *homo economicus*. The one originates in nineteenth century Marxism, the other in seventeenth-eighteenth century individualism. We suggest that by subordinating human beings to the state or collective it is *homo heroicus* who is the close cousin of *homo sovieticus*.

Second, while *homo sovieticus* and *homo heroicus* have been buried with their failed political systems, we do not rule out the possibility that some day they may be brought back to life by other despotic regimes. But, more to the point herein, though less obviously so, *homo economicus* and the individualism upon which it based are dying of old age. For instance, in his 2001 Nobel lecture, Stiglitz observed that there is considerable evidence indicating that “the economists’ traditional model of the individual is too narrow” [Stiglitz, p. 488]. That evidence is found in part in attempts to re-make *homo economicus* as *homo reciprocans*, *homo politicus*, *homo sociologicus* and the other variants enumerated previously.

At approximately the same time, Thaler [pp. 133-141] predicts that *homo economicus* will evolve into *homo sapiens* due to developments in other disciplines notably psychology that increasingly will be incorporated into economics. Thaler argues for constructing economic models on the basis of an economic agent who better represents the

full range of human behavior in economic affairs. To him, economics must recognize the role of emotion in economic agency and integrate it with rationality in economic decision-making. In other words the never-changing *homo economicus* of mainstream economics no longer will do. We agree in general with what he says though we wish he had selected a different expression reflecting a newer philosophy as a replacement for the out-of-date individualism. It seems, however, that Thaler along with Stiglitz has nothing to offer that fleshes out the who, what, and whose of the new economic agent to replace *homo economicus*. Also at roughly the same time, three articles appeared in the *Journal of Economic Perspectives* that also asserted that something is missing in the way mainstream economics thinks about economic agency (see Fehr and Gächter, Ostrom, and Manski).

We argue in the following why the time has come to proclaim a requiem for *homo economicus*.

#### EARLIER OBJECTIONS TO *HOMO ECONOMICUS* FROM CHRISTIAN SOLIDARISM

The call to move past *homo economicus* was heard much earlier outside mainstream economics. Writing in the early twentieth century, Pesch much more clearly articulates the root of the problem with *homo economicus*.

When individualistic doctrine proclaims the proposition that each person knows his own interest better than an unkind and uncaring government, and that the interest of one is the interest of all, we must be careful not to see in that only a fallacy. Without a doubt, *the interest of the individual is the interest of all insofar as it is also held in bound by the interest of all.*

The fallacy of the individualist conception lies in the fact that, instead of assigning the guidance of the endeavors which serve one's own "best understood" self-interest to a well-ordered self-love, it entrusted this instead to the instinctive self-love that operates like a passion, in blind reliance on the "natural" goodness of man, and on the "natural order" as perceived by individualistic-rationalistic natural law theory; or it expected the right "selection" and progress to come from the unrestrained, competitive struggle.

For the masses of the people, however, self-love and one's own interest – if the state and the national and the economy are not to be destroyed – must find their effective restraints in the moral law, in that law which *justice* and *charity* call for, and which establishes the *moral sense of obligation* and *social responsibility*. This applies all the more so at a time when the immense complexity of the economic process, with its highly developed intensity of division of labor, specialization, combination, and its millions and millions of convoluted relationships, etc, makes persons dependent of one another to a degree which past ages could not begin to imagine [Pesch, p.29; emphasis in the original].

Pesch set forth a new way of thinking about economic affairs that he called Christian Solidarism and in which he proposed *solidarist man* who incorporates the social dimension to human nature that is missing in *homo economicus*. To our knowledge Pesch never latinized this different conceptualization of the economic agent. However, in sharp contrast to Thaler and Stiglitz, he embraced the Scholasticism of Thomas Aquinas and applied it to modern economic affairs unlike anyone before or since. Though Pesch's body of work is truly impressive, it never won favor except among a small circle of Catholic social economists in the mid-1900s.

#### MORE RECENT OBJECTIONS FROM CATHOLIC SOCIAL ECONOMICS

Some 50 years ago Walker [pp. 69-77] called attention to the evolutionary process already underway. He argues that the economic agent has evolved from the *accumulator* of wealth, a concept that was widely embraced until well into the twentieth century, to the *allocator* of economic means between various material ends in order to enhance his/her own well-being. The allocator concept was introduced more recently by Robbins and his followers and is dominant within contemporary mainstream economics. Though clearly different, these two concepts are alike in that both are based on an inward-directed economic agent. Both underscore human individuality. Walker points to two other concepts neither of which has replaced the allocator concept: the *supporter* of socially endorsed ethical standards; and the *co-operator* in provisioning human material and

cultural wants and needs. Both are alike in that they are based on an outward-directed economic agent. Both emphasize human sociality.

By confining economic agency to the role of the allocator whose behavior is strictly optimizing mainstream economics is able to greatly simplify economic analysis and to achieve the appearance of greater certainty in its findings. By including all four roles -- allocator, accumulator, supporter, and co-operator – a new economics encompasses a wider range of fundamental human action in economic affairs in which human beings from time to time switch from one role to another role, sometimes acting in accord with one role only, and at times in keeping with two or more roles as their own personal circumstances require. Human beings are complex creatures, often torn between the demands placed on them by these different roles, and therefore not always able to act as optimizing allocators. By making the economic agent more complex, the new economics renders economic analysis more problematical, calling for more hands-on experience in the details of the specific economic affairs under investigation and leading to less certainty with regard to specific empirical findings.

Pesch and Walker were not alone in voicing their concern about the adequacy of the mainstream conceptualization of the economic agent. A small band of critics who called themselves Catholic social economists and that included Walker found an important outlet in the *Review of Social Economy*. Using an analogy to the construction of a house, Dirksen points in a very general way (in 1946) to the philosophy that for two centuries supplied the underpinnings for *homo economicus*.

The special role of the Catholic economist is, first, to lay [the] foundation, and then, secondly, to align the various segments of the economic structure in accordance with it. He is a builder who wishes to follow the architectural plans of a sound philosophy. .

..

... every economist accepts certain basic characteristics of human nature which is nothing else than accepting a certain philosophy of man. Whether he accepts one set of characteristics or another doesn't matter; he is dependent upon some kind of philosophy of man. . . .

No one will deny that the dominant social philosophy of the past two hundred years has been a liberalistic, atomistic, materialistic concept of social organization [Dirksen, pp. 15, 19].

Boulding [pp. 6-7] asserts that the type of personality which emerges from market behavior and market institutions is devoid of the "richness of full human relationship," and insists that economic man is more than the sum of certain minor virtues and vices such as honesty, thriftiness, industriousness, niggardliness, parsimoniousness, and chicanery. Because he/she misses the "Great Virtue" of love, economic man is less than the more fully human person who yearns for "the Divine, the heroic, the sanctified and the uneconomic."

Baerwald [p. 13] too finds something seriously amiss with economic man in that human desires extend "beyond the satisfaction of materials wants," encompassing the need to belong and the need for workplace opportunities to apply one's creative talents and energies.

Writing in German originally, though his article was published in English in the *Review* more than 25 years later, Briefs holds a similar position that centers economic agency around the person instead of the individual.

Man as a person lived in communal structures that nurtured and elevated his personhood. As a person, therefore, man is irreplaceable and thus more than a mere individual [Briefs, p. 233].

Inspired by Mounier's personalist philosophy that clearly differentiates person, Danner demonstrates that the means-Value utility -- defined as what is useful -- is the linkage between philosophic Value and economic value [Danner 1982: 179-181, 195-198]. Perhaps no one today understands the economic agent as person better than Danner in his *The Economic Person*.<sup>4</sup>

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

In his article on the manager as a person, Hayes [pp. 38-47] represents the manager as more than just a self-interested individual. The manager as a person is mindful of the dignity of others "with a deep concern for the health and welfare of his workers ..., develop[s] insofar as his efforts will permit the talents of those who are responsible to him ... and [is committed] to reasonably continuous employment once a person is placed on the payroll." Whatever the enterprise might ask of him/her, the busy manager as a person retains certain rights including the right to marry and to a family life and the right to know how well he/she is performing as a manager, and embodies such personal characteristics as "integrity, fairness, ability to inspire, teach and develop."

Froehlich [pp. 129-130] calls attention to two theories of the firm that he refers to as (1) organizational analysis and (2) decision-making under conditions of uncertainty in which he speculates that the businessman is represented as a person "... more fully open to all kinds of moral, pseudo-moral, traditional and other influences, and more fully a human being than the pale figure traditional theory has let us surmise."

O'Boyle [p. 335] represents the person of the entrepreneur as a fusion of individuality and sociality, of masculinity and femininity. As to individuality, the entrepreneur is a human being with a need to utilize his/her own unique creative talents through competition. As to sociality, the entrepreneur has a need to belong that is expressed through cooperation. The entrepreneur with a predominantly masculine personality likely is more successful in the competitive milieu of the marketplace. In contrast, the entrepreneur with a largely feminine personality likely is more successful in the cooperative environment of the workplace.

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

#### FROM *HOMO ECONOMICUS* TO *HOMO SOCIOECONOMICUS*:

#### LINKAGE TO DEVELOPMENTS IN HUMAN COMMUNICATION

Ong is the one who reveals the connecting linkage between human communication and philosophy from which we argue that the individualism which originated in the seventeenth and eighteenth centuries and gave us the individual, *homo economicus*, as the basic unit of economic analysis is giving way to personalism which emerged in the twentieth century and gives us instead the person, *homo socioeconomicus*.

Briefly, human communication has passed through three distinct stages: the oral stage, the script stage, and the electronic stage. In the oral stage, communication was strictly face to face thereby drawing humans closer together and requiring economic agents to interact face to face. Their sociality as human beings was underscored in this stage. In

the script stage, especially after the invention of the printing press, interaction between economic agents could occur at great distances over an extended period of time without their ever meeting face to face. Their individuality as humans was accentuated in this stage while their sociality was subdued because they had to be more self-reliant in economic affairs. In the electronic stage which was launched by the invention of the telegraph economic agents interact over very long distances but in a very short period of time, in effect making them more other-reliant in day-to-day economic affairs without suppressing their individuality. The economic agent in the electronic stage is both an individual being and a social being, no longer just an individual but a person. Ong asserts that personalism emerged in the electronic stage.<sup>5</sup> We in turn assert the following principle: where powerful means of human communication are inexpensive and readily available, reliance on others in economic affairs is inevitable.

*Homo economicus* is the creature born from the individualism of the script stage. *Homo socioeconomicus* is the new human being conceived by the personalism that emerged in the electronic stage. There is no holding on to *homo economicus* with confidence unless one is prepared to deny the influence of the telegraph, telephone, radio, television, fax, e-mail, and Internet. Probably without fully appreciating his own insight, Marshall confirms human communication as the driving force behind the evolutionary process that compels us to call for interring *homo economicus*.

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

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

## ***HOMO SOCIOECONOMICUS: CONSUMER AND WORKER***

In the following we compare and contrast script-stage *homo economicus* who is totally an individual human being and electronic-stage *homo socioeconomicus* who is a fusion of individuality and sociality along two centrally important economic activities: consumption and work.

### **The Consumer**

Characterized as *homo economicus*, the consumer is unique, solitary, autonomous, self-centered, and self-made, traits that accent the consumer's individuality. For example, the practice of power dressing and the popularity of health foods, along with cosmetic surgery and liposuction, give evidence of the consumer who is self-made. Self-centered and self-interested consumers properly purchase goods and services for their own use without necessarily becoming selfish unless moderation has been entirely cast aside.

The consumer behaves predictably in ways that are described as utility-maximizing, privacy-protecting, and commodity-acquiring. In American culture acquiring and accumulating goods are perceived as a sign of success. As *homo economicus* the consumer is free to choose whatever he/she is able to afford, makes those choices informed strictly by reason for the purpose of satisfying some want, and takes into account not only experiences in the past but also hopes and plans for the future. Adults, for instance, typically plan years ahead for their retirement, carefully budgeting -- rationally planning income and expenses -- to achieve that goal.

Comparisons are made but they are rigorously intra-personal or inward-looking, wherein consumers evaluate their own needs and wants over time without any regard for others. Our language points to specific instances of the consumer acting mainly according

to human individuality. The trendsetter and the traditionalist are consumers with much individuality. The conformist is one with little individuality.

Even so, there is more to the consumer than even this expanded perspective from mainstream economics. Characterized as *homo socioeconomicus*, the consumer is a social being as well as an individual being, and as such is both unique and alike, solitary and communal, autonomous and dependent, self-centered and other-centered, self-made and culture bound. Soul food and Cajun cuisine originate in specific cultures and appeal especially to persons born and raised in those cultural environments. Pre-teens are persons who are dependent on their parents for the things they need and want. Similarly, the elderly may become dependent on their children because of some debilitating condition.

Additionally, as *homo socioeconomicus* the consumer behaves in ways that are described as at once utility-maximizing and utility-satisficing, privacy-protecting and company-seeking, and commodity-acquiring and gift-giving. At times, a person will take less in terms of the maximum utility available at the moment so that a friend might have more. Or both may decide to share what they have, each one taking less than the maximum available if he/she were to exclude the other, in order that the other might have more, thereby affirming and strengthening their friendship.

As *homo socioeconomicus* the consumer is free to choose whatever he/she is able to afford, but is morally accountable for the choices made, makes those choices informed by reason and emotion, both by mind and heart, for the purpose of satisfying some want or meeting some need. Fear drives some consumer choices, as at times with handguns and security systems. Some persons known as compulsive consumers or shopaholics are addicted to shopping. Their choices are not rationally determined, nor are they freely

made. As with *homo economicus*, *homo socioeconomicus* is not only hindsighted but also foresighted as when parents have to reduce their current consumption for years in order to set aside sufficient funds for their children's future education.

Human individuality prompts the consumer to make comparisons that are intra-personal, but his/her human sociality encourages regard for others. Here as well our language informs us about the consumer whose behavior reflects human sociality. The free-rider or deadbeat is a person with little sociality. The caring neighbor and the philanthropist are consumers with much sociality.

Because humans are at once individual beings and social beings, conflict is a regular element in human affairs. Thus, consumers often are called on to resolve conflicts between self and other as, for example, between the teenager who wants a car and the parents who have to pay insurance on that car but really want to upgrade to a digital television, between saving for the children's education or for one's own retirement, between traveling to a friend's funeral and supporting his widow or attending a high school reunion. By recognizing the issue of conflict resolution in consumer choice, it follows that the behavior of *homo socioeconomicus* is more difficult to predict than the conduct of *homo economicus* who encounters no such conflicts. Thus the reluctance in mainstream economics to put aside *homo economicus* even in the face of overwhelming evidence that economic man no longer accurately represents the economic agent in the global economy.

Further, humans need more than the goods and services required for physical well-being. The human spirit seeks Goodness, Truth, and Beauty in various forms such as music, art, drama, nature, literature, dance, and sports. In searching for the Good, the True, and the Beautiful in whatever form they might take it is necessary to purchase goods

and services. To attend a concert, it is necessary to pay an admission fee. To enjoy the beauty of seashore or the mountains, certain travel expenses are necessary. In other words, one cannot experience Goodness, Truth, and Beauty without purchasing certain goods and services such as airline tickets, hotel accommodations, restaurant meals, and thus an important dimension of consumption is to meet the needs of the human spirit.

It could be argued that *homo economicus* addresses the needs of the spirit through leisure activities. However, mainstream economics assigns leisure a negative formulation -- time spent not working -- and in that sense skirts the issue of those kinds of needs. An economics that defines the economic agent in terms of person rather than individual, a personalist economics, gives leisure a positive formulation -- time spent in activities that meet the needs of the spirit -- and thereby construes leisure as contributing to personal development.

### The Worker

Work has two principal effects: on the goods and services that are produced and on the person who does the work. Personalist economics presents the person who works as *homo socioeconomicus* for the same reason it characterizes the consumer as *homo socioeconomicus*. The worker is two-dimensional, at once an individual being and a social being, capable of competing with co-workers and cooperating with them. Further, the worker is a real, living, breathing person engaged in economic affairs and not merely a resource to be used in the production process. The worker, in other words, has dignity well beyond and apart from the instrumental value that attaches to his/her contribution to economic affairs.

**Human beings work in order to earn the income to purchase the goods and services that meet human physical need and satisfy human physical wants both of which originate in the human body. The amount of income earned through work depends in principle on the significance of the worker's total contribution to the production of goods and services. Thus, earnings are linked to the first main effect of work, and therefore are an implicit affirmation of the principle of private property that asserts the simple truth that whatever is produced belongs to the person who produces it.**

**Humans also work to meet the need for work as such that originates in the human spirit. The need for work as such is linked to the second main effect of work and is two-dimensional conforming to the duality of human nature.**

**Because he/she is an individual being, the worker has a need for work that provides on-the-job opportunities for the utilization of his/her own special gifts and talents. This is done by incorporating into the worker's job description specific tasks that require the use of those gifts and talents. The uniqueness of the worker is underscored here.**

**Because he/she is a social being as well, the worker has a need for a job that makes him/her a respected partner in the work being done by the company that employs him/her. A real sense of belonging follows when the company has made an effective effort to integrate the worker into the organization such that whenever the worker is absent he/she is genuinely missed by others who work for the company. The worker's need for acceptance and inclusion is underscored here.**

**It follows that work is an opportunity for *homo socioeconomicus* to develop more fully as a person by (1) meeting the need for self-expression through his/her own individual contributions, and (2) meeting the need to belong through the formation of integrated and**

inclusive teams in the workplace. Self-expression proceeds from and enhances the individual contribution of the worker that flows from authentic self-interest that is necessary for human survival. Belonging proceeds from and enhances teamwork that flows from caring for others that is rooted in a person's moral perceptivity, the ability to sense or to be aware of the needs of others.

Thus, whether we are talking about consumption, leisure, or work, *homo economicus* and *homo socioeconomicus* differ in two critical ways. First, *homo economicus* is strictly an individual human being; *homo socioeconomicus* is at once an individual being and a social being. Second, *homo economicus* is an embodied creature; *homo socioeconomicus* is both body and spirit who more properly is characterized as an embodied spirit.

#### REQUIEM FOR *HOMO ECONOMICUS*: CLOSING REMARKS

Economic agency is at the very core of our understanding of economic affairs because as Marshall [p. 1] suggested more than 100 years ago economic reality ultimately is what ordinary people do in the everyday conduct of their economic affairs. There is, in other words, no single concept more significant to the economic way of thinking than *homo economicus*. The fact that as a concept *homo economicus* traces back to the very origins of economics as a separate discipline and today is taught and accepted so widely across economics, often with no effort to examine and reflect on its meaning, is indicative of the grip that this concept has on those who teach and those who are taught the economic way of thinking.

As a mainstream economics concept, *homo economicus* rests on the silent premises that human communication today is no different than it was in Smith's day and therefore

human beings relate to each other and to themselves no differently than 225 years ago. In essence, the development of the telegraph roughly 150 years ago, followed by the telephone, radio, television, fax, email, and internet human communication have had no bearing on the way we think about economic agency. *Homo economicus* never changes.

Declaring a requiem for *homo economicus* is more than just clever rhetoric. It is based on more than just terms and expressions borrowed from other disciplines and is grounded in an understanding of human nature that surfaced with the development of the electronic stage of human communication which altered our awareness of others and of ourselves and gave birth to the philosophy of personalism. Burying *homo economicus* and substituting *homo socioeconomicus* bring the basic unit of economic analysis out of the individualism of the seventeenth and eighteenth centuries into the personalism of the twentieth century.

#### POSTSCRIPT

*Homo socioeconomicus* has been used throughout in part to underscore it as a replacement for the outdated *homo economicus* and in part to emphasize that we mean for the economic agent to retain the human individuality expressed in *homo economicus* all the while incorporating the human sociality that so clearly characterizes all human beings. Of late, however, we have begun to use instead the *acting person* or the *person in action* in part because it upholds *person* as a replacement for *individual* and in part because it highlights *acting* or *action* in economic affairs – producing, distributing, exchanging, consuming, investing, credit-creating, lending, borrowing, innovating, developing, and (re-)vitalizing -- as critical to economic agency and to the development of the human being as a person. In

that sense the *acting person* or *person in action* inserts Christian existentialism into economic agency.

#### ENDNOTES

1. In the English text; p. 14 in the Italian text.
2. Pantaleoni used it on pages 11, 30-31, 53, 58, 67, 68,106-107, and 120.
3. Persky overlooks Smith's contributions in identifying the characteristics of economic man. See, for example, *Wealth of Nations* on the role of self-interest in the exchange process [p.13], on unlimited wants [164], on the gain necessary in order to motivate the farmer to feed his cattle [p. 232], on the interest of dealers in widening the market and narrowing the competition [p.250], on frugality as a predominating principle in human nature [pp. 324-325]. In his introduction to The Modern Library edition of *Wealth of Nations*, Max Lerner states that "What [Smith] wrote was the expression of forces which were working, at the very time he wrote it, to fashion that strange and terrible new species – *homo oeconomicus* - - or the economic man of the modern world." Lerner goes on to say that Smith's economic man is not "the lifeless abstraction which economic theorists have invented to slay any proposals for social change, and which has in turn slain them" [Lerner, p. v].
4. For a review of Danner's book, see Welch [pp. 551-555].
5. See Ong 1967 for more on the three stages of human communication.

## REFERENCES

- Alakbarov, Farid. "Reader's Forum: Homo Sovieticus," Summer 2002, <[http://www.hajibeyov.com/research/alakbarov/alakbarov\\_2.html](http://www.hajibeyov.com/research/alakbarov/alakbarov_2.html)> (May 21, 2003).
- Baerwald, Friedrich. "Some Reflections on the Economic Aspects of 'Depersonalization'," *Review of Social Economy*, Vol. XII, No. 1, 1954, pp. 9-15.
- Boulding, Kenneth E. "The Principle of Personal Responsibility," *Review of Social Economy*, Vol. XII, No. 1, 1954, pp. 1-8.
- Briefs, Goetz. "Person and Ethos: Person and Individual in European Thought," *Review of Social Economy*, Vol. XLI, No. 3, 1983, pp. 228-234.
- Danner, Peter. *The Economic Person: Acting and Analyzing*, Lanham, Md., Rowman and Littlefield, 2002.
- Danner, Peter. "Personalism, Values and Economic Values," *Review of Social Economy*, Vol. XL, No. 2, 1982, pp. 178-198.
- Dempsey, Bernard W. "The Worker as a Person," *Review of Social Economy*, Vol. XII, No. 1, 1954, pp. 16-24.
- Dinello, Natalia. "Russian Religious Rejections of Money and 'Homo Economicus': The Self-Identification of the 'Pioneers of a Money Economy' in Post-Soviet Russia," *Sociology of Religion*, Spring 1998, <[http://www.findarticles.com/cf\\_dls/m0sOR/nl\\_v59/20576006/print.jhtml](http://www.findarticles.com/cf_dls/m0sOR/nl_v59/20576006/print.jhtml)> February 27, 2004).
- Dirksen, Cletus F. "The Catholic Philosopher and the Catholic Economist," *Review of Social Economy*, Vol. IV, No. 1, 1946, pp. 14-20.
- Doucoulagos, Chris. "A Note on the Evolution of Homo Economicus," *Journal of Economic Issues*, September 1994, <<http://proquest.umi.com/>> (April 29, 2003).
- Drucker, Peter F. *The End of Economic Man: A Study of the New Totalitarianism*, New York, N.Y., The John Day Company, 1939.
- Fehr, Ernst and Simon Gächter. "Fairness and Retaliation: The Economics of Reciprocity," *Journal of Economic Perspectives*, Vol. 14, No. 3, Summer 2000, pp. 159-181.
- Froehlich, Walter. "The Businessman as a Person: Some Aspects of Newer Theories of the Firm," *Review of Social Economy*, Vol. XXIV, No. 2, 1966, pp. 122-131.

- Gintis, Herbert and H. Allen Orr. "Why Do We Cooperate?" *Boston Review*, Michigan State University Press Online, <<http://bostonreview.mit.edu/bostonreview/BR23.1/Gintis.html>> (April 18, 2001).
- Goldfarb, David A. "'Polish Theatre: From the Shadows of the Communist Past to the Challenges of the Democratic Future' a Lecture by Kazimierz Braun, April 28, 1994, Bruno Walter Auditorium, Lincoln Center," <<http://www.echonyc.com/~golbfarb/kbraun.htm>> (May 21, 2003).
- Halik, Tomas. "The Shadow of a Dead God?" SVU, Czechoslovak Society of Arts and Sciences, no date, <<http://www.svu2000.org/issues/halik2.htm>> (May 21, 2003).
- Hayes, James L. "The Manager as a Person," *Review of Social Economy*, Vol. XII, No. 1, 1954, pp. 37-49.
- Hirsch, Paul, Stuart Michaels, and Ray Friedman. "Clean Models vs. Dirty Hands: Why Economics is Different From Sociology," in *Structures of Capital: The Social Organization of the Economy*, edited by Sharon Zukin and Paul DiMaggio, Cambridge, U.K., Cambridge University Press, 1990, pp. 39-56.
- Hunt, E.K. "Normative Foundations of Social Theory: An Essay on the Criteria Defining Social Economics," *Review of Social Economy*, Vol. XXXVI, No. 3, 1978, pp. 285-310.
- Lerner, Max. "Introduction," in *An Inquiry into the Nature and Causes of the Wealth of Nations*, New York, N.Y., The Modern Library, Random House, 1937.
- Lindenberg, Siegwart. "Homo Socio-oeconomicus: The Emergence of a General Model of Man in the Social Sciences," *Journal of Institutional and Theoretical Economics*, Vol. 146, 1990, pp. 727-748.
- Manski, Charles F. "Economic Analysis of Social Interactions," *Journal of Economic Perspectives*, Vol. 14, No. 3, Summer 2000, pp. 115-136.
- Marshall, Alfred. *Principles of Economics: An Introductory Volume*, New York, N.Y., The MacMillan Company, 1948.
- Nitsch, Thomas. "Homo Oeconomicus and Homo Socioeconomicus," *Midsouth Journal of Economics*, Vol. 7, No. 1, May 1983.
- Nyborg, Karine. "Homo Economicus and Homo Politicus: Interpretation and Aggregation of Environmental Values," *Journal of Economic Behavior and Organization*, Vol. 42, 2000, pp. 305-322.
- O'Boyle, Edward. "On the Person and the Work of the Entrepreneur," *Review of Social Economy*, Vol. LII, No. 4, 1994, pp. 315-337.

- Ong, Walter, J. S.J. *In the Human Grain: Further Explorations of Contemporary Culture*, New York, N.Y., The MacMillan Company, 1967.
- Ostrom, Elinor. "Collective Action and the Evolution of Social Norms," *Journal of Economic Perspectives*, Vol. 14, No. 3, Summer 2000, pp. 137-158.
- Pareto, Vilfredo. *Manuale di Economic Politica*, Milano, Italia, Società Editrice Libreria, 1906.
- Pareto, Vilfredo. *Manual of Political Economy*, translated by Ann S. Schwier, edited by Ann S. Schwier and Alfred N. Page, New York, N.Y., Augustus M. Kelley, 1971.
- Pantaleoni, Maffeo. *Principii di Economia Pura*, Firenze, Italia, G. Barbèra, editore, 1889.
- Pearson, Heath. "Homo Economicus Goes Native. 1859-1945: The Rise and Fall of Primitive Economics," *History of Political Economy*, Vol.32, No, 4, Winter 2000, pp. 933-989.
- Persky, Joseph. "The Ethology of *Homo Economicus*," *Journal of Economic Perspectives*, Vol. 9, No. 2, Spring 1995, pp. 221-231.
- Pesch, Heinrich. *Lehrbuch der Nationalökonomie/Teaching Guide to Economics*, Vol. III, Bk. 1, translated by Rupert J. Ederer, Lewiston, N.Y., The Edwin Mellen Press, 2002.
- Rau, Karl Heinrich. *Grundsätze Volkswirtschaftslehre*, Heidelberg, Germany, Universitäts-Buchhanklung von C.F. Winter, 1847 and 1826.
- Sheasby, Walt Contreras. "Corporation Capitalism: How the System Hid for a Hundred Years," no date,  
<<http://www.greeninformation.com/CORPORATIONCAPITALISM.htm>>  
(February 17, 2004).
- Stiglitz, Joseph. "Information and the Change in the Paradigm in Economics," *American Economic Review*, Vol. 92, No. 3, June 2002, pp. 460-501.
- Thaler, Richard H. "From Homo Economicus to Homo Sapiens," *Journal of Economic Perspectives*, Vol. 14, No. 1, Winter 2000, pp. 133-141.
- Volterra, Vito. "Sui Tentativi di Applicazione delle Matematiche alle Scienze Biologiche e Sociali," *Giornale Degli Economisti e Annali di Economia*, November 1901, pp. 436-458.
- Walker, K.E. "The Development of the Concept of Economic Man," *Review of Social Economy*, Vol. XIII, No. 1, March 1955, pp. 69-77.

- Weale, Albert. "Homo Economicus, Homo Sociologicus," in *The Theory of Choice: A Critical Guide*, edited by Shaun Hargreaves Heap et al., Oxford, U.K., Blackwell, 1992, pp. 62-72.
- Weber, Eugen *Varieties of Fascism: Doctrines of Revolution in the Twentieth Century*, Malabar, Fla., Robert E. Krieger Publishing Company, 1964.
- Welch, Patrick J. *The Economic Person: Acting and Analyzing*, a book review, *Review of Social Economy*, Vol. LXI, No. 4, 2003, pp. 551-555.
- Wible, James R. "Toward a Process-Conception of Rationality in Economics and Science," *Review of Social Economy*, Vol. XLII, No. 2, 1984, pp. 89-104.
- Wiker, Benjamin. "Playing Games with Good & Evil: The Failure of Darwinism to Explain Morality," *Crisis: Politics, Culture & the Church*, May 1, 2002, <<http://www.crisismagazine.com/may2002/feature3.htm>> (February 17, 2004).
- Zabieglik, Stefan. "The Origins of the Term *Homo Oeconomicus*," no date, <<http://www.zie.pg.gra.pl/~szab/>> (February 6, 2006).