Comparing Personalist Economics to Mainstream Pluralism, Capability Approach, and Schumpeterian Evolutionary Economics

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Abstract: In this paper we compare personalist economics with mainstream pluralism. In section 1, we point out the principal methodological, theoretical, and practical differences between personalist economics, neoclassical economics, game theory, behavioral economics, experimental economics, and neuroeconomics. Those differences basically derive from diverse anthropological conceptions. In section 2, we stress the commonalities and the dissimilarities of personalist economics with Amartya Sen’s capability approach and Joseph Schumpeter's evolutionary economics. Personalist economics and the capability approach support the social nature and the spirituality of human agency. Personalist economics and Schumpeterian evolutionary economics highlight the dynamism of human action. In section 3, we point out that personalist economics promotes the integral development of each person and the whole human community. Integral human development is formally described by a function involving human capital, social capital, and “personalist capital.” In section 4, we analyze personalist capital because it constitutes the instrument to incorporate morality into objective functions. In particular, we address the personal consumption function by separating consumer goods according to human needs and human wants. While needs are objective and limited, wants are subjective and unlimited. We also examine the work function and leisure function on the basis of the application of the cardinal virtue of moderation. In the end, we argue that personalist economics challenges mainstream pluralism, capability approach, and Schumpeterian evolutionary economics on the explanation of human personality.

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In Individuals and Identity in Economics, John Davis (2011) carefully and instructively analyses the concepts of the human individual and human identity that recently have characterized economic mainstream pluralism. He points out the diverse modalities of individuation/aggregation of single beings and personal identity, and is able to demonstrate that the dominance of neoclassical economics in the professional literature has been reduced by developments in game theory, behavioral economics, experimental economics, and neuroeconomics. For Davis, this change from a self-referred to a more interdisciplinary idea of economic agency is due in large measure to various schools of thought considered heterodox some time ago but not to personalist economics. In the following, we advance the argument that personalist economics chiefly by re-constructing economic agency around the person and the philosophy of personalism is replacing the individual of mainstream economic thinking along with its philosophical foundation in individualism, and thereby is contributing to the development of a new paradigm for economic theory.

In section 1, we point out the main differences between personalist economics and mainstream pluralism. For personalist economics, mainstream pluralism is better than neoclassical economics

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because unlike neoclassical economics it is not grounded in excessive simplification of economic reality. However, the two often retain the same individualistic and materialistic anthropology.

In section 2, we stress the commonalities and dissimilarities between personalist economics, on the one hand, and Amartya Sen’s (1981; 1985) capability approach and Joseph Schumpeter’s (1911) evolutionary economics, on the other. In personalist economics man is perceived as an individual being constitutively endowed with a social nature. The individual and the social aspects are two dimensions of the human person. We cannot consider one without the other. This anthropology is called “dual unity” and is manifested in human behaviors. Every person acts individually and his/her actions always -- directly or indirectly -- involve other people.

In section 3, we point out the concept of integral development of each person and whole community. Integral human development represents a wider concept of human material and spiritual progress because it includes the valorisation of human personality. Simply put, whether it involves consumption, work, or leisure, acting in economic affairs changes the person who acts. The economic agent therefore no longer can be represented as an unchanging and thoroughly predictable utility-maximizing machine.

In section 4, we introduce the new concept of personalist capital as the distinctive mark of personalist economics. As with human capital, personalist capital is acquired through human action, in this case human action grounded in the practice of virtues such as courage and moderation and is squandered through action based on vices such as cowardice and gluttony. In this section, we highlight the personal consumption function by separating consumer goods in terms of human needs and human wants. While needs are objective and limited, wants are subjective and unlimited. Then, we apply the cardinal virtue of moderation in the identification of golden mean between a person’s work and leisure. We conclude by arguing that personalist economics challenges mainstream pluralism, capability approach, and Schumpeterian evolutionary economics mainly on the issue of human personality.

1. Mainstream pluralism

In the 1980s economics turned from neoclassical dominance to mainstream pluralism (Davis, 2006). In the post-war period neoclassicism had promoted an economic imperialism by exporting its contents and instruments to other social sciences, such as rational choice analysis, quantitative methods, and market metaphors. The new mainstream pluralism, on the other hand, imported notions and methods from other fields: game theory from mathematics, behavioral economics from social psychology, experimental economics from trial and error procedure, neuroeconomics from psychiatric laboratory practice. Personalist economics also imported from other fields: the assertions of Aristotelian tradition, moral natural law approach (Thomas Aquinas, 1265-1274; Taparelli, 1839; Liberatore, 1891), communitarianism (Mounier, 1935; Maritain, 1936) and phenomenological personalist philosophy (Wojtyla, 1969; Balthasar, 1978).

Personalist economics differs from all mainstream schools chiefly with regard to economic agency. It is constructed around an active, dynamic, creative human person who is at once a social being and an individual being, who differentiates human material needs from wants, and who has a dignity above and beyond instrumental value. Personalist economics thus radically rejects the neoclassical homo economicus paradigm. For Chicago scholars Milton Friedman (1953), Ronald Coase (1988), Gary Becker (1993, 1996), George Akerlof and Rachel Kranton (2000) the economic agent is an a-emotional, a-moral, perfectly informed and fully rational being who passively makes economic decisions on the basis of cost-benefit calculations and whose worth is determined instrumentally. The value-laden concept of human material need is buried in the value-free concept of human wants. Neoclassical microeconomics, in other words, rejects the idea of unmet human
material need, even though neoclassical macroeconomics routinely addresses that need under the heading of poverty.

To construct a general economic equilibrium model where marginal utilities weighted by prices are equal, neoclassical economics assumes means and ends as data outside the social framework of reference, expresses all decisions in terms of money by calculating shadow prices, determines the discount rates to obtain net present values, assumes the stability of preferences over time, cultivates the idea that the future is a repetition of the past, quantifies time without any reference to the historicity of man, and excludes any possibility of error. In other words, neoclassical economics transforms economics into a hard science by neglecting the fallibility of human nature.

Personalist economics stands in contrast to John Nash’s (1950), Robert Auman’s (1985), and John Harsanyi’s (1997) game theory approaches for their inherent atomist and fragmented anthropology. Their vision of humanity is deployed in all types of games: cooperative vs. non cooperative, symmetric vs. asymmetric, zero-sum vs. non zero-sum, simultaneous vs. sequential, perfect vs. imperfect information, and the like. Game theory assumes that every player always knows his own preferences and takes decisions on the basis of his utility payoffs. This set of player strategies basically fragments economic agency in a series of multiple selves and renders almost impossible the player’s re-unification as a fully-integrated human person. Their framework becomes active because each player must take into account the other players’ behaviors by estimating utilities and probabilities of their different options. In this sense we are back to neoclassical subjective expected utility theory and we do not capture how interactions affect human beings personally. Even so, game theory points out the interconnection and the interdependency of human choices by recognizing the dynamism and sociality of the economic agent.

Personalist economics is open to the claims of the “old” behavioral economics. The psychologist Herbert Simon (1955; 1956) rejected the atomist conception of man, considered information risk, proved human bounded rationality, supported an ecological and feed-back based vision of personality, and highlighted the relevance of decision-makers’ cultural, social and ethical context. However, personalist economics does not completely embrace the perspectives of Vernon Smith’s (1976) experimental economics that tries to apply Simon’s arguments to economic science. Just as economic agency and institutions are constantly changing, experimental economics emphasizes the continuous microeconomic process of learning-adjustment-adaptation to achieve purpose in the new reality. The application of cybernetics to human behaviors means re-introducing a deterministic way of thinking about economic affairs (Mirowski, 2002). Personalist economics objects to any such deterministic representation of economic agency on grounds that the economic agent always is endowed with an irreducible freedom of action.

Personalist economics does not accept the “new” behavioral economics elaborated by Daniel Kahneman and Amos Tversky (1979; 2000) who draw attention to every individual’s own preferences but assume that they are given and unchanging and should be maximized. Human perceptions, emotions, sentiments, and moral values thus matter in the decision-making process but they are conceived as static and instrumental factors for increasing the preferences set. From an antithetical perspective Sarah Lichtenstein and Paul Slovic (2006) attempted to describe how personal preferences are little by little constructed within human community. However, they were not able to maintain distinct human individuality or explain why “preference reversals” occur. Personalist economics argues instead that these “preference reversals” are connected to a person’s answer to the question of the meaning of human existence.

As personalist economics does not have an obscurantist character, the new scientific discoveries in human behavior are seen positively. Don Ross, one of the major exponents of neuroeconomics, defined his research as “behavioral economics in the scanner” (2008, p. 374). Neuroscientists study how the different regions of the brain work together by using the advanced techniques, strict procedures, and fair testing methods typical of medical science. Personalist economics approves the
illustration of concrete choices of humans from an internal perspective but advises that neuroscience and neuroeconomics substantially disaggregate the human person into multiple neurons that interact in coordination games internal to that person. In this way the ontological unity of person’s nature is somehow weakened because the re-unification is not so obvious. Everything is the product of the combination of its material antecedents but it is more than that. Consider a clock - it is a collection of hands, rollers, striking mechanisms, and other parts. If you have at your disposal all these elements you still need an idea, a blueprint, in order to construct it, and an idea is an irreducible category to neurons determinism. An idea proceeds through neurons mechanisms but originates from person’s interaction with reality.

For personalist economics, the human person is a combination of her material elements but she is ultimately an absolutely unique creature with a sacred dignity. For sure we now have artificial insemination and test-tube babies, with human cloning on the horizon, and we are able to choose the child’s physical characteristics, but we cannot pre-determine his personality. In fact, personality is at the beginning influenced by a lot of unpredictable factors, which cannot be manipulated, and successively matures in conformity to person’s experience with reality. Neuroscience and neuroeconomics refer to “third-person” human representations. They conceive human behaviors according to their assonance or dissonance to statistical normality. In this way they do not capture every person’s originality in her neurons management.

Finally, personalist economics discusses the universality of the application of econometric models (Zambelli, 2011). Quantifying inputs and outputs of tangible economic assets constitutes an important instrument for policy makers. Therefore, personalist economics argues that the employment of econometric software can provide statistical evidences useful for policy decisions. This does not mean that all economic behavior is quantifiable through a model because we cannot treat qualitative data the same way we treat quantitative data. Consider the impact of human capital on GDP. Human capital has some quantitative components, such as the years of schooling, health status, and training. But it also has some qualitative components, such as personal commitment, diligence, cultivation of cooperative relations, attitude/aversion to risk, creativity, and moral conduct. Personalist economics thus believes that algorithms can contribute to a better understanding of economic reality but necessarily requires an additional theoretical understanding of the humanity of the economic agent.

2. Capability approach and Schumpeterian evolutionary economics

Personalist economics has some commonalities with the capability approach and Schumpeterian evolutionary economics. Capability approach substantially consists in the application of Aristotelian philosophy to social issues (Nussbaum, 1988), while Schumpeterian evolutionary economics applies phenomenological arguments to economic dynamics (Kirzner, 1997). Personalist economists do not view the capability approach as a “panacea” but are convinced that it represents one of the best platforms to demonstrate the relevance of personalist concepts, such as reciprocity, solidarity, fraternity, friendship, and trust (Bruni, 2010; Gui, Stanca, 2010). They also argue that William Waters’ (1952) interpretation of Schumpeterian evolutionary economics supports the construction of a good free market society founded on subsidiarity and solidarity (O’Boyle, 2010). In this way the workings of the economy can be addressed at the service of whole humankind. Nevertheless, personalist economics no longer is divorced from its own connection with moral natural law (Marangoni, Solari, 2010). In fact, Robert Sugden states that “our sense of morality may sometimes motivate us to follow the dictates of natural law even when it is contrary to our interest to do so.” (2006, p. 165).

There are, however, several dissimilarities between personalist economics, on the one hand, and capability approach and Schumpeterian evolutionary economics, on the other. We know that Sen (2005) thinks that the economics task is to enlarge everyone’s capabilities set. The economic agent is then free to choose his functionings. Capability approach recognizes the subjective value of
human choice, takes account of meta-economic factors determining human action, links human freedom with cultural tradition, social interactive relationships, and ecological environment. The economic agent is path-dependent in the selection of courses of action, although he is capable of revision of his beliefs and habits (Livet, 2006). In other words, capability approach proposes an economic agent who is socially embedded because his motivations and values are significantly derived from his history and social relations but also individually free because he maintains his own identity that communicates to others through self-narratives. If capability framework can be accepted in large part by personalist economics for its emphasis on the sociality and spirituality of human nature, it implicitly opens some possibilities worthy of further discussion. For Sen, man is also legitimated to take decisions contrary to moral natural law, such as abortion and euthanasia, as long as he is not externally forced to do so. Subjective human conscience is elevated so much that it can ultimately violate the principle of human dignity.

In contrast, personalist economics assumes that the economic agent must increase his capabilities as much as ethically possible and must exploit exclusively functionings in line with natural morality to augment his and others human dignity for the simple reason that personalist economic science is subordinated to objective moral values. The adjective “objective” clearly indicates the universal validity of what is morally right and morally wrong, independently from individual subjective evaluations. As personalist economists we embrace the argument that human liberty is really free only when it is exercised in conformity with the moral truth. Acting in economic affairs is possible only within ethical and moral patterns, and within those patterns enhances human personality (Tondini, 1998). Acting outside these patterns diminishes the human personality.

Schumpeterian evolutionary economics is based on the economy moving from static general equilibrium by challenging the existing structures and by setting industrial dynamics and economic developments into motion. Entrepreneurship consists in the person’s alertness in discovering concealed opportunities, which are “just round the corner,” and identifies new worthwhile goals (Koppl, 2002). However, we must not confuse the figure of the “inventor” and that of the “entrepreneur.” The former is the one who discovers new resources or new ways to do things. The latter is the one who perceives what action is needed in order to render profitable those new resources or those new ways of doing things. Schumpeter’s “creative destruction” involves an economic innovation introduced by an entrepreneur. Every person is thus an entrepreneur because everyone manages dispersed, imperfect, and tacit information to choose the means and the ends of his actions (Hoppe, 1993).

For personalist economics this view is interesting because it emphasizes intelligence and creativity. Indeed, human behaviors are examined in relation to personal characteristics, knowledge limits, and error possibilities. The flow of time also significantly influences personal consistency. Personal history contributes to current consistency, while future personal perspectives tend to modify the economic agent in order to achieve the realization of her projects. But personalist economics criticizes Schumpeterian evolutionary economics because is aimed not at the common good but selfishly to the good of single individuals (Rothbard, 1998). In fact, Schumpeterian evolutionary economics does not recognize intermediate bodies as entities irreducible to the sum of their components. Personalist economics believes that families, groups, associations, schools, and churches play an active role in economic dynamics by limiting the influence of more powerful, coercive elements in the decision-making of the economic agent.

3. Integral human development

Personalist economics centers attention on human beings as ends in themselves and not merely as the means that activate economic affairs as suggested by mainstream economic theory. Following Bernard Dempsey [1958, p. 273], personalist economists affirm that the “basic purpose of the
society cannot be other than the basic purpose of the real persons who compose it, that is, their perfection.” For our purposes as economists, human perfection relates to human perfection in economic affairs and refers to the maximization of integral human development through activity in economic affairs. In other words, the integral human development and human perfection of the acting person. Thus the following function:

\[ \text{IHD} = f \left( \text{HC, SC, PerC} \right) \]

where IHD is integral human development, HC is human capital, SC is social capital, and PerC is personalist capital. For our purposes and speaking theoretically, maximizing IHD results in human perfection. At first glance, we might object to the very concept of human perfection as humanly unattainable. Even so, we see examples in everyday life of persons striving for perfection in the work they do: in art, music, wine making, sports, bridge and monument designs, racing cars, and the like. Thus we have much admiration for the likes of Michelangelo and Chagall, Beethoven and the Beatles, the vineyards and wineries of Valpolicella and Napa Valley, Leo Messi and Michael Jordan, the designers of the Gateway Arch in St. Louis and the Eiffel Tower in Paris, Michael Schumacher and Richard Petty. What characterizes personalist economics is the focus on the practice of virtues and avoidance of vices as the pathway to human perfection, i.e. personalist capital maximization (Sandonà, 2011a).

Personalist capital indicates the degree of a person’s moral development that is linked to three levels of human action. The first level refers to reflexive or instinctive action that humans have in common with animals: the dog chases the cat up the tree; the basketball player leaps to grab a rebound. Second-level action is purposeful or intentional: the farmer plants seeds in the spring in order to harvest a crop in the fall. Only humans are capable of action at the second level. Third-level action produces a change in the person who engages in that action: a loving mother donates one of her kidneys to save her child’s life: a greedy financial adviser devises a scheme to defraud his clients. Action at the first level is associated with physical freedom. Second-level action is associated with unrestricted freedom and is the way in which mainstream economics represents economic agency. Third-level action is associated with self-determination -- the freedom to shape one’s personhood by the choices one makes -- and is critical to the way in which personalist economics represents the economic agent and accounts for the acquisition or loss of personalist capital.

Personalist capital is formed by actions at the third level and is influenced by personal ideals and interactive social relations. In fact, behavioral economics has proved that personal beliefs, habits and values matter in economic decisions-making and game theory has showed the importance of personal interactions. Personalist economics adds that questions regarding the meaning of human existence cannot be set aside from economic analysis. That is, one acts in a certain way instead of another in consequence of his responses to innate questions such as who has created him, why he is in the world, what he will become after his death, why evil exists, and the like. We cannot reduce these questions to temporary psychological sentiments because unavoidably they persist along the entire span of one’s life. We cannot exclude them from economic discourse -- as mainstream pluralism, capability approach, and Schumpeterian evolutionary economics do -- because they are central to the way in which human persons approach economic issues.

For personalists the economic agent is constitutively conceived as an irreducible being. He is somebody and not something obtained by the combination of his biological, psychological, and affective elements. Personal identity is unique because the economic agent is not an abstract and hypothetical concept but instead is “this” or “that” real, living, breathing, existential actuality. Human personality is basically relational because the economic agent achieves development within a network of interactive social relationships.
Hence, human development is called “integral” to indicate a whole man’s materiality, spirituality, and personality. While human life’s material aspects are successfully treated by mainstream pluralism and her spiritual dimensions by capability approach, personalist economics also studies her moral traits, as stated years ago by Thomas Divine.

In addition to these [individual needs] there are certain social needs which arise from his living in community with others, such as a sense of security and of status, a sense of belonging in his group, a sense of competence and of attention resulting from such competence, and a sense of importance and of participation with others in the job he is performing. But as the fulfillment of those social needs must be found for the most part in that area in which man spends the greater part of his social life, i.e. economic activity, it follows that the final and ultimate goal of economic life is the development and perfection of human personality in so far as that lies within the sphere of economic activity. In other words the individual is not only, as co-producer of goods and services, the efficient cause of economic activity, he is, as consumer and social being, the final cause as well. (1960, Chapter 24, 7-8)

Personalist economics asserts that economic systems should provide man with the goods necessary for acts of virtue, and economic institutions should offer “opportunities for, and habituation in, the practice of virtue itself.” (Worland, 1959, 11). Personalist economics focuses on the decision-making process (O’Boyle, Sandonà, 2012) wherein the economic agent develops further as a human person by acting virtuously (for instance, through integrity and generosity) or as a human person by acting viciously (for example, through villainy and stinginess).

4. Personalist capital

As personal intangible assets can be captured only indirectly through a praxeological examination of human actions (Mises, 1949), we list the sequential postulates that determine personalist capital. First, morally good and evil values are respectively attested by morally good and evil actions. Second, every action has a different weight. Consider, the difference between a simple act of giving directions to a tourist versus a courageous and hazardous attempt to save another’s life. Third, every human action is influenced by personal history but not necessarily predetermined by it. Consider the success that Alcoholics Anonymous has had in helping alcoholics overcome their addiction. Fourth, an occasional action typically has only a small effect on human habits, whereas repeated action often shapes those habits powerfully. Fifth, following Aristotle, we define the morally good habits as “virtues” and the morally evil as “vices.”

Personalist capital in a specific time is given by the stock of virtues \( V_i^P \) acquired by a person from birth \((t=0)\) through that specific time \((t=i)\) net her stock of vices \( v_i^P \). Thus the following function:

\[
\text{II. PerC} = \sum_{t=0}^{i} V_i^P - v_i^P
\]

A virtue is a balance point between a deficiency and an excess of a trait. However, the greatest virtue lies not in the exact middle, but at a “golden mean” sometimes closer to one extreme than the other in relation to the actual situation. Personalist capital is formed/destroyed always and everywhere in accordance with action in economic affairs that is virtuous or vicious (O’Boyle, 2011; Sandonà, 2011b). Thus the following function:

\[
\text{III. PerC} = f (C, W, L)
\]
where C is consumption, W work, and L leisure. Among the four cardinal virtues of justice, fortitude, prudence, and moderation, personalist economics emphasises moderation because that virtue provides the needed limits to consumption, work, and leisure to assure proper integral human development. As Peter Danner observed, “unlimited economic gaining is self-defeating.” (2002, 122, emphasis in the original). He also stated:

> Moderation is not especially fashionable. ... by braking the tendency to seek pleasures for oneself and, instead changing one’s preferences toward goods of higher values and away from baser sensual values, moderation is simply the rationale of a person’s fostering the right use of material goods. Moderation, by thus linking guiding and braking functions, achieves Aristotle’s principle that all true virtues steer between excess and deficiency. (2002, 124).

> ... just as moderation urges the right use of material things for self, justice directs their use for what is right for others. (2002, 125).

Moderation can be represented in our understanding of personal consumption function in terms of human wants and human needs. In Figure 1 the budget of a typical consumer is represented by B; B’ represents a smaller budget; x₁ a consumer good; x₂ another consumer good. Neoclassical economic theory tells us that the optimal outcomes for the consumer are clearly identified with the points of tangency. When the two items mapped on the axes are human wants, an important life event such as a heart attack, pregnancy, or crippling injury wherein the consumer is advised to change his/her behavior, a new indifference map replaces the one above (shifts to the left, see Figure 2) provided one or both items on the axes are included among those things that this consumer is to avoid or take in moderation.

Under these circumstances budget B and budget B’ also may change, as suggested in Figure 2, though this change strictly speaking is not necessary. With that shift in the indifference map, a new demand curve emerges, whether the budget constraints have changed or not. This new demand curve, which has shifted to the left, reflects the influence of the cardinal virtue of moderation on consumption (less is demanded at the same price).

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3 Deirdre McCloskey (2006, 154) also takes account of the three theological virtues of faith, hope, and charity because she argues that a person who believes in the existence of an after-death world is more motivated to act according to an upright conscience.
If, instead, the vice of gluttony has intervened in the life of this consumer, both the indifference curve and the demand curve would shift to the right (more is demanded at the same price). Because the items mapped in Figures 1 and 2 are human wants, personalist economics has nothing further to say about the possibility of unsatisfied human wants. In that regard, personalist economics does not depart from neoclassical economic theory: demand = f (price).

**Figure 2**

When it comes to human needs, however, the indifference map is of no use because the consumer clearly is not indifferent with regard to one human need versus another. Even so, a human need can be represented simply and successfully by a demand curve that is perfectly inelastic at the precise quantity that is associated with basic or minimum need. Any amount less than that results in unmet need, any amount more than that is unnecessary: demand = f (need).

In the case of unmet need that derives from not being able to afford the needed item, intervention may be required provided the consumer involved is not squandering his/her income on human wants. Intervention to address that unmet need might take the form of a transfer payment to make additional income available to the consumer or a mandate imposed on the producers of that item to make it available to the needy consumer at a lower or no price.

The impact of moderation on work and leisure can be handled through indifference curve analysis where leisure hours per week (L) are plotted along the horizontal axis with a maximum limit of 168 (24 hours x 7 days). Weekly income (Y) is plotted along the vertical axis, and different wage rates (w₁ < w₂ < w₃) are represented as different opportunity lines. This kind of analysis produces both a demand curve for leisure and a supply curve for labor because any weekly hours not spent in leisure are spent in work. Put differently, every additional hour of work makes for one less hour of leisure. See Figure 3.

A higher wage is represented by a steeper opportunity line. In general, a worker supplies more hours of work and demands fewer hours of leisure when the wage rate is higher. However, when the wage rate is sufficiently higher, the worker demands more hours of leisure and supplies fewer hours of work but still enjoys a higher weekly income. The result is the backward bending supply curve of labor. See Figure 4 where Yₜ represents the hourly wage and Wₜ represents the number of hours of work. Its shape depends on the income and substitution effects related to changes in the wage rate.
Moderation with regard to leisure -- the supply curve of labor shifts to the right where more hours of work are supplied at any given wage rate (see Figure 4) -- can be represented by a new indifference map (see again Figure 3). Thus, at any given wage rate, fewer hours of leisure are demanded.

Moderation regarding labor can be represented in similar fashion using a different indifference map. Accordingly, the supply curve of labor shifts to the left where at any given wage rate fewer hours of labor are supplied and more hours of leisure are demanded. Moderation, in other words, involves finding the *golden mean* between too much work/too little leisure and too little work/too much leisure.

With the usual full-time workweek defined as anywhere from 35 to 48 hours, more than half of the week’s 168 hours are taken up with leisure activities. What goes into those hours depends very much on the unique circumstances of every human person. Leisure could include activities as varied

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**Figure 3**

![Figure 3](image)


**Figure 4**

![Figure 4](image)
as hobbies, entertainment, child care, rest, participation in community organizations, prayer and worship services, health care appointments, social networking. At times it is difficult to differentiate between activities that are properly regarded as consumption versus leisure. Work, too, differs from person to person, including activities such as commuting, on-the-job training, volunteering, business travel, conferences, mentoring.

As we stated earlier, one of the important logical inconsistencies in neoclassical economic theory is that there is no place for human needs in microeconomics even though unmet need is examined in macroeconomics as poverty. To explain, unmet need regarding consumption -- poverty -- is defined and measured mainly in terms of a comparison of the consumer’s income and (a) the money required to purchase a basket of items objectively identified as basic needs, or (b) the income of others, with the former being identified as absolute standard of poverty and the latter as a relative standard.

The unmet need for work is defined and measured in terms of the lack of work or simply unemployment. We have not proceeded to the point where unmet leisure is recognized as a problem in neoclassical economic theory. However, anecdotally we know of persons who are exhausted and terribly in need of rest. Further, and most importantly for our purposes, limits on the number of weekly hours of work reinforce the need for days of rest, and vacation leave confirms the need for longer periods of rest. In this matter, moderation must play an important role.

Neoclassical economic theory has not come to grips with the limits on work that derive sensibly from moderation because neoclassical economics defines leisure as “time spent not working.”

5. Conclusion

In personalist economics the economic agent is an active, dynamic, creative, human person who is at once a social being and an individual being, who differentiates human material needs from wants, and who has a dignity above and beyond instrumental value. This anthropological conception radially contrasts with the neoclassical homo economicus as well as the atomized and fragmented individual of game theory, behavioral economics, experimental economics, and neuroeconomics. Personalist economics and capability approach agree on multi-dimensional and social characteristics of the economic agent, while personalist economics and Schumpeterian evolutionary economics concur on the agent’s active, dynamic, and creative features. However, personalist economics remains absolutely original in the explanation of human personality.

Human personality is described as an evolutionary and interactive process from birth through death. This process is connected with a person’s understanding of the ultimate meaning of human existence. That is, human personality is related to a person’s response to innate questions, such as who has created her, why she is in the world, what she will become after her death, why evil exists, and so forth. In personalist economics, these meta-economic questions determine the specific approach one takes in all human activities. Hence, natural morality is intertwined with integral human development. If one behaves virtuously, he develops more fully as a person, and becomes more esteemed by human community. If one behaves viciously, his development as a person falls short of its full potential and he becomes less esteemed by human community. Although a virtuous action may not always achieve its intended purpose, it can contribute to human happiness because it comes from the “inner voice” of the conscience that recognizes moral right from wrong in the decision-making process. Although free-rider and vicious actions may at times achieve their intended purpose, they basically lead to a person’s unhappiness because they limit actions to apparent and immanent satisfaction without regard to any transcendentental values.
Personalist economics treats the moral significance of human actions as *endogenous* elements of economic analysis. Consumption, work, and leisure are not conceived as morally neutral activities. One consumer good may have different effects on personalist capital than another and, thus, on integral human development. A consumer good can satisfy a human want or meet a human need. A consumer good used to meet a human need has an opportunity-cost set at zero because it is strictly connected to elementary human rights. A consumer good that addresses a human want can improve or diminish integral human development. A person can acquire consumer goods that enhance IHD, such as nutritious food, cultural trips, educational courses. Conversely, a person can acquire consumer goods that diminish IHD, such as cocaine, adult sex toys, pornographic movies.

Likewise, a person can spend leisure time in re-energizing and re-empowering activities that increase IHD, such as charitable work, participation in community’s organizations, rest. But she can also spend leisure time in stressful or useless activities that reduce IHD, such as participating in life-threatening sports, engaging in idle gossip, bullying or harassing others.

Finally, work too has an impact on IHD. It has a positive effect, for example, whenever the worker reports to work on time, is prepared for the work at hand, performs the work assigned cheerfully and efficiently, and offers suggestions that lead to new and better products and production processes. Work has a negative effect on IHD, for instance, whenever the worker reports to work late, is not prepared for the work at hand, performs the work assigned grudgingly and inefficiently, and makes no suggestions on how to improve the product or work process or, worse yet, sabotages the production process.

Personalist economics states that there are consumer goods, along with work and leisure activities, that are always morally good, others that always morally evil, and still others that depend on the circumstances or situation in which the economic agent finds himself. What, then, is the instrument to distinguish the morally good from the morally evil in economic affairs, thereby contributing to the enhanced or diminished IHD of the economic agent? It is the properly formed human conscience, “inner voice,” that most fundamentally affirms the absolute and transcendental value of every human person and of all people.
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