Distorted Views of the Person: Reductive Method and Ideology

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Debates about markets center on three sets of questions – let's call them the 'market questions' (sorry I don't have a snappier label):

1. How do markets allocate goods from scarce resources to human needs? What is the effect of free exchange? How is innovation brought to bear on production, distribution, design? What opportunities do markets offer their participants, particularly the poor ones?

2. To what extent can the operation of markets be improved upon or replaced by government?

3. What is the effect of market exchange on human character and community?

Before we can give a convincing account of markets, and of government's role in markets, we must offer clear answers to a set of questions about the nature of the individuals who, after all, are the beneficiaries or victims of market activity. Let's call these 'person questions'; they include :

1. What is happiness? What makes people flourish as human beings?

2. In what way does the happiness of an individual depend on the community that which shapes him and constrains him? How does the individual's pursuit of happiness affect the community?
3. What is the nature of man's relationship to God, or to the transcendent?
4. What is the nature of human action? What sort of information are human beings capable of collecting and processing? How competent are humans to direct themselves?

One need not answer all of the person questions to *analyze* markets, but all of the person questions are crucial to the *evaluation* of market operation and market outcomes. It may be desirable to base answers to market questions on incomplete answers to 'person questions', but if markets are *good*, they must be good for the sort of people *we actually are*, not for the stripped down persons who inhabit every sort of economic model. The person questions are foundational, and the answers given to them will color the evaluation of markets. It is important to get the answers to these questions right.

There is, of course, disagreement over the answers to the person questions, grounded in different philosophical and theological traditions. Even within the conservative tradition these sorts of disagreements persist. It is not my intention to address this source of disagreement here. Instead, I would like to point out two other sources of wrong answers to person questions. It has been my experience over the fifteen years I have been interested in individuals and markets, that many conservative thinkers are distracted from clear thinking about person questions by their overriding interest in answering market questions, and advocating for those answers.

By this I mean the following: although many profess an interest in getting right answers to person questions, most value the answers to those questions only insofar as the answers promote certain kinds of answers to the market questions. Economists are really interested in *markets*, and choose answers to person questions to make their analysis of markets tractable; when they ask evaluative questions, they forget to go back and ask whether the simple answers to the person questions were true. Others (call them *sophisters*) have an overriding interest in defending or attacking markets, and evaluate the answers to person questions based on the consequences of those answers for their market arguments. Both economists and the *sophisters* appraise the answers to person questions on their instrumental value, not their truth value. Both groups are at risk of adopting distorted views of the person, and consequently, of offering distorted defenses of and critiques of markets.

In order to get the right answers to any person question amid acrimonious and absorbing debates about markets, we must be interested in the answers to any person question without regard for the usefulness of those answers in the analysis of markets or for market advocacy. We need complete, truthful answers to person questions because human beings desire to know, and we especially desire and need to know about who we are and our place in the world. This is our challenge.

In my own academic discipline – economics – researchers adopt simplistic accounts of self-interested utilitarian decision-makers, in order to generate elegant mathematical theories of markets. They freely admit that these are incomplete theories, but quickly lose sight of these shortcomings when evaluating markets. Thus an economist will freely admit that the assumption that human beings always act in their own best interest is, strictly speaking, false; it is adopted as an assumption not because it is true, but because it makes economic models tractable. Economists pride themselves on getting clear results. I understand the need to simplify in this way, but one must not forget that that is what you are doing. Economists will advocate for markets based on these simplistic models, arguing that markets are good for people because they give people what they want, forgetting that people may want things that are bad for them, and that happiness is about more than things.

Friedrich Hayek, in his excellent article "Individualism, True and False," exemplifies this habit of looking beyond the truth or falsity of the account of the individual to the analysis of markets. He begins by taking pains to note that the "individualism" he is advocating is "primarily a theory of society," and not a complete description of what people are like. He is interested primarily in the implications of theories of individualism for social analysis, and to this end focuses on the limited but real knowledge the individual has of those things close to him, within a "narrow circle of which he is the center."

Hayek makes good use of this simplified account of the person and his knowledge – it undergirds a powerful informational critique of theories of central planning: the information on which efficient decisions ought to be made cannot be collected in one place, but it can be coordinated through prices.

The problem with the stripped down theory of the person Hayek employs is that it is taken too far. To his credit, Hayek goes to great lengths to reassure the reader that he does not assume that individuals are atomized, asocial, and egotistical. Nevertheless, because the nature of the person is never fully spelled out, it becomes all too easy to treat the theory of limited personal information sets as a theory of morality. Hayek's analysis shows us that government cannot make economic decisions on behalf of the individual in a way that will improve that individual's material lot; the person knows best. This all too easily becomes a general theory that *whatever* the person wants is best—and who is anyone else to say? Hayek opens the way to this conclusion when he associates the exercise of conscience in moral matters with the exercise of economic judgment in the market. The analogy between moral judgment and economic decision making with limited information requires a lot of unpacking. There are important distinctions to be made, and if they are not, we are easily led to relativist conclusions about what is good for persons.

Who is to say what is good for the person? Well, someone who knows the nature of the human *person* can say, can evaluate a range of actions. Not all of the information relevant to moral judgment is context dependent and known only to the individual – some of the relevant knowledge concerns the nature of human happiness, of justice, of wisdom. The Individualism which Hayek claims to be the 'true' one is not a complete theory of the person, and even though Hayek does not claim it is, it is all too easy to treat it as if it is – after all, he calls it a 'true' individualism.

A second example of the ways in which debates about markets can distract us from focusing on person questions is drawn from my own experience. Several years ago I gave a talk on a new class of economic models which were able to incorporate internal conflict into decision-making. In these models, a person might fail to choose goods which he thinks are good for him, and he might choose goods which he thinks are bad, either through shortsightedness or habit. These models open up the possibility that the individual can be made better off by external constraints on his passions, and open up the possibility of an economic treatment of virtue and vice.

A couple of people in the audience vocally objected to the paper. One of the objectors was an upwardly mobile conservative public intellectual. The gist of their objection was that a paper which incorporated internal conflicts into decision making opened up the door to a raft of arguments for the oppressive nanny state. If we could not make decisions for ourselves, others would end up making them for us.

I was a bit taken aback by this vehement argument, since it was not an argument against the model, or against the presence of virtue and vice in human decisions, but it was an argument against the uses to which such a model might be put by enemies of markets. The objection does not negate the truth that people are flawed and subject to self-control problems. If they are in reality imperfect, then arguments for or against markets ought to take these imperfections into account!

These objectors, in their solicitude for markets, willfully blind themselves to one of Russell Kirk's conservative tenets – human imperfection. It is not enough to make the case that markets are good for perfect, morally competent individuals – markets must be good for the imperfect people we are.

So what do we see when we look at the person through conservative lenses? What is the conservative lens? It is not the lens of rationalism – the nature of individuals is not discovered in a laboratory; neither is it posited like the axioms of a proof; neither is the human constitution an invention of romantic fantasizing about the state of nature. The conservative conception of the individual comes down to us through culture and tradition, rooted in a religious conception of man which is also historically rooted.

Man is created in the Image and likeness of God. He comes into being in relationship to the transcendent. He is material, but also spiritual, animated by the the very breath of God. Like God, we are persons, having reason and will. Like God, we are makers, planners, free agents. Liberty, religion, and work are natural to us.

Also natural to man is community. We do not spring full blown from the head of God. We are born into families, and formed as persons in communities which we do not choose. We are born not as libertarians, but as persons who will realize their freedom as part of society, in which we find friendship, in which we find goods which can only be produced in concert – a society whose common good is a natural outlet for our agency.

Because we are both matter and spirit, we are materially needy – our knowledge is limited, as is our productive power. At the same time we are oriented to the spirit, in which we find context and meaning for our material striving. We are oriented to the Godlike in us and in others.

These three things – our created nature, our social nature, and our nature as matter-spirit composite – are not a complete picture. We are fallen – we recognize something in ourselves that is bent and broken, not just limited. We are often the protagonists of our own misery, as well as of our own development, and we do the very things we hate. We can improve ourselves, but this improvement is arduous, and never completed in this life; faced with the difficult task of moral improvement, many choose instead brutish intemperance.

This is the person who acts in markets. This is the person markets are supposed to be good for. When we evaluate markets, or defend them, we must defend them on the grounds that they are good for the sort of persons we are.

Because I am an economist, I find myself in a world where the account of the individual is valued mostly for its implications for analysis. Economists are after tractable models, clear formal accounts of the consequences of market interactions. Sophists are interested in defending or attacking markets. It is difficult to get either of these groups to candidly answer questions about the nature of the person. This leads to some serious errors in evaluation.

Let me give an example. Economists usually assume that people are very simple: they have wants, they face constraints, and they act to satisfy those wants as best they can. Moreover, the important thing is to satisfy the wants. Complicating factors - the difficult evaluation of wants, internal conflict about wants, the value of satisfying your needs yourself versus having someone else provide them for you – are all assumed away. Press an economist on this and he will tell you that he knows human beings are more than simply want-satisfying machines, but that he is interested in explaining markets, not people.

If economists never made arguments in favor of or against markets, but contented themselves with positivistic accounts of market interactions between want-satisfying robots, we might accept this simplistic account of the person. However, economists never stop there. They cannot, because they are human, and human beings appraise the world around them, judging institutions and outcomes as good or bad. But when economists begin arguing for or against markets, they often forget that they have adopted an incomplete view of the persons for whom markets are supposed to be good or bad.

As a result, economists and others argue that markets are good for people primarily because they allow people to get lots of things, to satisfy whatever wants happen to be driving them. This inevitably leads to errors of materialistic evaluation, pointed out so ably by the late John Paul II in his reflection on markets in *Centesimus Annus*. The Pope noted that many attributed the fall of communism to its inability to deliver the goods – those suffering under communism when confronted with the mountains of goods available in market societies, demanded capitalism. This was a mistake; material poverty in the communist world was a symptom of the real poverty of spirit generated in statist cultures. He writes "The fundamental error of socialism was anthropological in nature." Communism was based on a false account of the human person; it failed to recognize what John Paul II called the "subjectivity of society;" at the same time it destroyed the wellsprings of community. Communism was bad for people because it destroyed human initiative and solidarity. Material poverty was a symptom of spiritual deprivation.

John Paul II evaluated markets on more than material output. He did not reject the importance of material goods and the reduction of poverty, but he placed these things in the context of the full good of the human person. It is not enough to defend or promote markets solely on the grounds that they "deliver the goods." What about our fallen nature? Material goods can paradoxically become a snare, a distraction from our transcendent ends. What about community? Do markets corrode the bonds of solidarity? What about religion? Psalm 49 contains the warning "In his riches man lacks wisdom; he is like the beasts that are destroyed."

By raising these questions I am not claiming that markets are bad for fallen human beings, or for community, or for religion. Perhaps they are good in some ways and bad in others. Nevertheless, I insist that, since these questions are essential to human happiness, markets are only good insofar as they promote, or at least do not harm, real human goods – virtue, religion, and community, in addition to material well-being. Markets generate previously unheard-of levels of material wealth. If at the same time they harm religion, community, and virtue, then to hell with markets.

Perhaps by raising these questions, by asking whether or not markets are good for actual people as they actually exist, and not for the axiomatic persons of economic models, I am raising the hackles of some in this audience. Good. It doesn't mean I want to undermine public support for markets, or justify greater government involvement in them. Maybe I do; so what? My position on these issues should not be your overriding concern. All too often I find that honest questions about the nature of the human person and his behavior in community are taken as assaults on markets. This habitual reaction should be resisted. It is unscholarly. A disciplined scholar is willing to consider a question on its own merits, and not for its consequences for debates on other questions. This requires courage, a cardinal virtue, and hope, a theological virtue. Conservatives must seek honest answers to what I have called person questions if they are to have any hope of appraising markets by the true standard – whether or not they promote the good of real persons.