

# Integral Human Development and the Maximization Principle

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This article examines: (1) the origins and meaning of integral human development in the sacred Scriptures and the writings of the ancient Greeks, the Doctors of the Church, and the founders and early contributors to economics; (2) why integral human development, not freedom, is the ultimate objective of the economy; and (3) how to operationalize integral human development as an economic concept. We do not address human development in the encyclicals because it requires more attention than we can give herein.

Nobel Laureate Amartya Sen argues that it is freedom, not the utility maximization principle of mainstream economics, which is the ultimate objective of the economy:

To Sen, freedom becomes an end of the economy, replacing the maximization of utility. To analyze social and economic effectiveness, it is better to use commitment to individual freedom than the utilitarian calculus of pleasure and pain as is done in mainstream economics.<sup>1</sup>

For Sen, freedom has two dimensions: positive and negative.<sup>2</sup> Freedom understood in a positive sense refers to a person's *capability* at any given moment to carry out some specific action, such as playing tennis or reading a book. A broken shoulder diminishes one's capability for playing tennis. An industrial accident that results in blindness impairs one's capability for reading a book. The broken shoulder and the blindness represent a loss of freedom in a positive sense. Positive freedom, in other words, refers to the *potential for acting* and

suggests the possibility for personal development. Thus, greater positive freedom may enhance personal development. Diminished positive freedom may reduce it.

Freedom in a negative sense refers to a person's freedom to act without interference from something or someone else. Turning a woman away from a tennis facility because the courts are being repaired restricts her freedom to play tennis. Taking library privileges away from a patron with overdue books restricts that patron's freedom to access and read the books in the library's collection. In both instances, it is the freedom to act that has been restricted but not the potential for acting. In both examples, the loss of freedom in a negative sense does not involve interference that is malicious in nature, though one can readily cite examples of interference that are intentionally malicious, such as a woman being denied access to a public tennis facility because women are barred from using the courts, or a patron who is driven out of the library by rowdy patrons who openly disregard the rule of silence.

Freedom to Milton Friedman is freedom in the negative sense, being free to act without interference from something or someone else. Freedom to Sen has negative and positive dimensions<sup>3</sup> that are alike in that both can free up action that has potential for personal development.

We agree with Sen that maximizing utility is not the end of the economy. Waters<sup>4</sup> and Danner also concur.

[I]t is hard to get convincing evidence that men and women make decisions as described in conventional theory.<sup>5</sup>

Economic efficiency without *ultimate* purpose and meaning is nothing more than technique; moral principles with no relevance to productive efficiency are unrealistic.<sup>6</sup>

However, we propose that it is not freedom in the positive sense but *maximizing integral human development* that is the proper end of the economy. Integral human development (IHD) is the end to which human beings are directed by both faith and reason, and economic activity is one means by which IHD is achieved. As to faith, for instance, IHD is mentioned twenty-one times by Pope Benedict XVI in *Caritas in Veritate*.<sup>7</sup>

Our article (1) examines the origins and meaning of integral human development found in the sacred scriptures and the writings of the ancient Greeks, the Doctors of the Church, and the founders and early contributors to economics; (2) argues following the social encyclicals that integral human development, not freedom, is the ultimate objective of the economy; and (3) sets forth a way

to operationalize integral human development as an economic concept using a standard formulation from conventional economics.

In keeping with Pope Paul VI's own comments that authentic development "must be well rounded ... [and] must foster the development of each man and of the whole man,"<sup>8</sup> integral human development for our purposes herein refers to the complete development of the human person according to that person's potential as a truly unique, one-of-a-kind human being. Integral human development involves that person as an individual being and a social being, a material being and a spiritual being, a rational being and an emotional being, a truly free being, a virtuous being with a dignity that is more than instrumental—that indeed is nearly divine. Following Divine and Dempsey, human perfection is the ultimate objective of economic institutions.<sup>9</sup> It is achieved, we argue below, by maximizing integral human development. More in this regard from Divine and Dempsey, the two American Jesuit economists who founded the Catholic Economic Association, is presented in the next two sections.

## Origins and Meaning of Integral Human Development

### Old Testament

While references to human development are found throughout the Old Testament, three are sufficient for our purposes. The first example is from Isaiah 25:4, 6, where it is written: "For you [the Lord] are a refuge to the poor, a refuge to the needy in distress ... on this mountain the Lord of Hosts will provide for all peoples a feast of rich food and choice wines."<sup>10</sup>

The second example, also about feeding the poor, is from Isaiah 55:1–3. Here it is written:

All you who are thirsty come to the water! You who have no money, come, receive grain and eat; come without paying and without cost, drink wine and milk! ... Heed me, and you shall eat well, you shall delight in rich fare. Come to me heedfully.... I will renew with you the everlasting covenant, the benefits assured to David.

In both of these writings, clear and positive references are made to human material need that one can readily identify as only partly compatible with human development because the focus is on this one dimension of the human condition with no specific reference to the larger dimension of being a person.

The third example, which goes beyond those who are impoverished, is also from Isaiah 60:1, 5–6:

Rise up in splendor! Your light has come, the glory of the Lord shines upon you.... [Y]ou shall be radiant at what you see, your heart shall throb and overflow, for the riches of the sea shall be emptied out before you, the wealth of nations shall be brought to you.... [A]ll from Sheba shall come bearing gold and frankincense, and proclaiming the praises of the Lord.

These writings from Isaiah raise two compelling questions regarding the material well-being dimension of human development. First, how can people's religious beliefs and values bring them closer to an active rather than passive concern for those in bodily need? Second, why are some persons with a deep commitment to their religious beliefs and values, along with adequate economic resources, more willing than others in the same circumstances to take positive actions to help those in bodily need? Again, the answers may take us back to the notion of integral human development: The person is not simply acting solely on the basis of his or her beliefs or economic resources. In this regard, and tying to integral human development, later in his writings Isaiah 56:1–2 held: "Thus says the Lord: Observe what is right, do what is just.... Happy is the man who does this."

## **New Testament**

References to human development are found throughout the New Testament as well. Four are sufficient for our purposes. However, in these four writings it is not the material well-being dimension of integral human development that is addressed. Rather it is the moral character dimension.

The first example is from Matthew 21:12–13, where Jesus casts buyers and sellers out of the temple, overthrows the money changers' tables, and then says to them, "It is written, *my household shall be called the house of prayer*; but you have made it a den of thieves."

By condemning this sacrilegious behavior, Jesus is teaching that strictly selfish economic behavior is detrimental to integral human development.

The second example is from Matthew 22:15–21. Here is described how the Pharisees, plotting to entrap Jesus, asked his opinion on whether it is lawful to pay a census tax to Caesar. Jesus asked to see a Roman coin. On seeing the coin, he asked the Pharisees whose image is on it, to which they said "Caesar." Hearing their reply Jesus said, "Render, therefore, to Caesar the things that are Caesar's, and to God the things that are God's."

Here Jesus teaches a lesson in the virtue of contributive justice<sup>11</sup> that enhances integral human development.

The third example is from James 2:1–4, where it is written,

My brethren, do not join faith in our glorious Lord Jesus Christ with partiality toward persons. For if a man in fine apparel, having a gold ring, enters your assembly, and a poor man in mean attire enters also, and you pay attention to him who is clothed in fine apparel and say, “Sit thou here in this good place”; but you say to the poor man, “Stand thou there,” or “Sit by my footstool”; are you not making distinctions among yourselves, and do you not become judges with evil thoughts?

Here the issue is one of distributive justice.<sup>12</sup> James warns us that selectiveness in treatment of those practicing faith based strictly on whether they are rich or poor is fundamentally unjust and undermines the integral human development of those making such distinctions.

The fourth example is from James 5:1–4, where it is written,

Come now, you rich, weep and howl over your miseries which will come upon you. Your riches have rotted, and your garments have become moth-eaten. Your gold and silver are rusted; and their rust will ... devour your flesh as fire does.... Behold the wages of the laborers ... which have been kept back by you unjustly, [they] cry out; and their cry has entered into the ears of the Lord of Hosts.

Here the lesson James teaches relates to the virtue of commutative justice,<sup>13</sup> a virtue relevant to human development.

Drawing extensively on the Scriptures, Leightner criticizes Nobel Laureate Gary Becker and others in economics for extending the utility maximization principle from the secular world into the sacred world, reducing marriage, for example, to a market transaction in which the utility of being married is weighed against the utility of getting divorced.<sup>14</sup>

## **Ancient Greeks and Doctors of the Church**

Turning to the ancient Greeks, one finds reference to human development in Aristotle’s *Politics* (350 BC). Here Aristotle introduced a moral dimension to economic behavior that arguably has relevance to human development. Aristotle held that proper conduct in gain seeking through exchange is found in “household management,” which is necessary and honorable, self-sustaining, inner-directed, and limited. Alternatively, he saw “retail trade,” or accumulating wealth through

exchange with limitless intent as unnatural and justly censured.<sup>15</sup> For Aristotle, maximizing wealth was not the proper objective of economic activity. By underscoring the inner-directed nature of economic activity, Aristotle was likely suggesting that human development is the defining norm for what is natural and unnatural gain seeking. Also, and related to integral human development, Aristotle saw happiness not in the narrow sense of the word as in mere pleasure but in the broader sense of the word as in living a fulfilling, satisfying life as one's ultimate goal. Finally, and most tellingly, Aristotle held the view that true happiness is achieved "by fully realizing our natures, by actualizing to the highest degree our human capacities."<sup>16</sup>

Moving on to Augustine (AD 354–430) and Thomas Aquinas (AD 1225–1274), one finds additional references to human development. In *City of God*, which Augustine started writing in 410, wealth is seen as an "extrinsic" or relative good, not a "supreme good" that is to be sought for its own sake. His position was that seeking wealth is acceptable for good people, but not for the wicked, since perhaps for good people it might not be an ultimate end in itself. This may have helped open the real-world door toward acceptability of activity for economic gain by "good" people.<sup>17</sup>

Aquinas based his arguments regarding economic matters more on logic than moral rules. For example, in *Summa Theologica*, which he started writing in 1265,<sup>18</sup> Aquinas held that the taking of interest on loans is unjust because money is fungible, meaning that the money paid back by the borrower is not the money that was provided by the lender. However, given this stance, Aquinas later offered that lenders can ask for payment to compensate for the opportunity cost from lending their money—forsaking the use of that money to purchase a good or service—and for loans to businesses that are investment loans, not loans for consumption that may allow the borrower to subsist. Thus, with the exception of excessive interest as with loan sharking, charging interest on a loan is permitted under the virtue of commutative justice and therefore such lending practices are consistent with human development.

In *Redeeming Economics*, John Mueller also turns to Aristotle, Augustine, and Aquinas to develop neoscholastic economics that underscores what he calls the missing element in orthodox economics—the theory of distribution. Personalist economics turns in another direction, replacing *homo economicus* and individualism with the *acting person* and personalism. Our chief concern in this article is not how the goods produced are distributed but with the ultimate objective of economic affairs.<sup>19</sup>

## Founders and Early Contributors to Economics

The last examples to be considered are from the writings of Adam Smith and other highly regarded economists. One widely recognized argument Smith (1723–1790) put forward in *The Wealth of Nations* (1776) relates to the role and importance of self-interest and can be read as self-interest being an obstacle to integral human development. Smith wrote,

[M]an has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them.<sup>20</sup>

However, in *Theory of Moral Sentiments* (1759), Smith wrote that restraining selfishness and indulging benevolent affection for others is the perfection of human nature, and that loving one's neighbor as one loves one's self is the great law of Christianity.<sup>21</sup> We interpret this apparent inconsistency between his two great works as follows. Neither self-interest nor self-love are virtues but both can become vices when carried to an extreme. With restraints on excessive self-interest wherein selfishness—the viciousness of greed—is ruled out, Smith affirms that practicing the virtue of benevolence leads to human perfection.

John Stuart Mill (1806–1873), another highly respected economist and philosopher, authored *On Liberty* in 1859. This was a departure from more narrowly defined issues on which he built his reputation as an economist and a movement toward broader philosophical and religious issues. *On Liberty* addresses considerations that clearly tie to integral human development. For example, in keeping with the individualism that was dominant during his time, Mill underscored individuality as the key to human development when writing: “In ... the development of his individuality, each person becomes more valuable to himself, and is therefore capable of being more valuable to others. There is a greater fullness of life about his own existence. ... [I]t is only the cultivation of individuality which produces, or can produce, well-developed human beings.”<sup>22</sup>

Nevertheless, one ought not to assume that Mill saw individualism as the only route to integral human development. Elsewhere in *On Liberty* he wrote that “Human nature is not a machine ... but a tree which requires to grow and develop itself on *all sides*,”<sup>23</sup> thereby suggesting that there is more to a human being than the individualistic dimension. Also in *On Liberty* he wrote that it is “... by cultivating [individualism] ... and calling it forth, *within the limits imposed by the rights and interests of others*, that human beings become a noble and beautiful object of contemplation,”<sup>24</sup> thereby hinting that humans are driven by

more than strict self-interest. There is also evidence that Mill did indeed recognize and acknowledge nonindividualistic behavior as in the following from *On Liberty*: “There is a different type of human excellence from the Calvinistic; a conception of humanity as having its nature bestowed on it for other purposes than merely to be abnegated [i.e., denied].”<sup>25</sup> In other words, there is more to human excellence than one finds in individualism.

Alfred Marshall, one of the founders of neoclassical economics, wrote the following about the human character in his widely acknowledged *Principles of Economics*, first published in 1890:

[M]an’s *character* has been moulded by his every-day work, and the material resources which he thereby procures, more than by any other influence unless it be that of his religious ideals; and the two great forming agencies of the world’s history have been the religious and the economic.... [R]eligious and economic influences have nowhere been displaced from the front rank even for a time; and they have nearly always been more important than all others put together.<sup>26</sup>

Human development, in other words and according to Marshall, depends most importantly on work and faith.

## **Integral Human Development as the Ultimate Objective of the Economy<sup>27</sup>**

In *Rerum Novarum*, Pope Leo XIII asserted that the material goods of this world are intended for human perfection.<sup>28</sup> In *Populorum Progressio*, Paul VI asserted that “every man is born to seek self-fulfillment ... [he] is the chief architect of his own success or failure ... and that by utilizing only his talent and willpower ... perfect[s] himself.”<sup>29</sup>

In *Laborem Exercens*, Pope John Paul II taught that the subjective dimension of work, the effect of work on the worker, is more important than the objective dimension, the effect of work on the goods produced.<sup>30</sup> Borrowing language from Aristotle, Dempsey asserted that human beings are both the efficient cause of the entire economic process and its final cause.<sup>31</sup> Given that the economic process begins with production and work, it follows that the preferred workplace is one in which work contributes to the perfection of the person who works. Put differently, the primary purpose of work is human perfection.

Part 4 of *Sollicitudo Rei Socialis* addresses authentic human development. In that section, and citing *Populorum Progressio*, John Paul II warned about subordinating “being more” to “having more”: “... the mere accumulation of



goods and services, even for the benefit of the majority, is not enough for the realization of human happiness.”<sup>32</sup> Because man is called to be more rather than to have more it follows that his primary purpose is his own human perfection.<sup>33</sup> Years later, and quoting from Paul VI’s *Populorum Progressio*, Benedict XVI in *Caritas in Veritate* connected human perfection and integral human development: “Integral human development on the natural plane, as a response to a vocation from God the Creator, demands self-fulfilment in a ‘transcendent humanism which gives [to man] his greatest possible perfection: this is the highest goal of personal development.’”<sup>34</sup>

The immediate problem for personalist economics is how to square integral human development and human perfection with personal advantage in the form of utility or profit—the central objective of the economic agent according to mainstream economics. The Jesuit social economist Bernard Dempsey provided an answer: human material development, which is achieved by maximizing human economic efficiency, is a *condition* for integral human development.<sup>35</sup> Years later he added 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.”<sup>36</sup>

Peter Danner’s language is less direct than Dempsey’s or Benedict’s, but he unmistakably embraces integral human development as the ultimate end of economic activity. Thus Danner writes,

Belief in a Supreme Being and a personal final destiny, implying a moral mandate to do what is good and right for people, espouses justice, moderation, and charity as values in seeking and sharing wealth. A philosophic view of humanity, by espousing personhood as an individual’s ultimate dignity and worth, *judges economic actions according to how they enhance or degrade people as persons.*<sup>37</sup>

Human perfection in economic affairs refers to the maximization of integral human development through engagement in economic affairs. At first glance, one might object that human perfection is humanly unattainable. However, we see examples in everyday life of persons’ striving for perfection in the work they do, and we express great admiration for the likes of Michelangelo and Rembrandt, Beethoven and the Beach Boys, Joan Sutherland and Maria Callas, Michael Schumacher and Richard Petty. That which characterizes personalist economics is a focus on the practice of virtues and avoidance of vices as the pathway to human perfection.

For personalists the economic agent is conceived as an *irreducible being*. He or she is *somebody*, not *something* produced by a combination of biological, psychological, and affective elements. Personal identity is *unique* because

the economic agent is not an abstract and hypothetical concept, as with *homo economicus*. Rather, he or she is a real, living, breathing, existential actuality. Human personality is basically *relational* because economic agents develop and unfold as human beings within a network of interactive social relationships.

Human development is called “integral” to indicate that development encompasses the *entire range* of human materiality, spirituality, and personality, as suggested by Thomas Divine:

[I]n 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 fulfilment 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.<sup>38</sup>

Personalist economics asserts that economic systems should provide humans with the goods necessary for acts of virtue, and economic institutions should offer “opportunities for, and habituation in, *the practice of virtue itself*.”<sup>39</sup> Personalist economics focuses on the decision-making process wherein the economic agent develops further as a human person by acting virtuously or deteriorates as a human person by acting viciously.

## **Operationalizing Integral Human Development as an Economic Concept**

Integral human development is operationalized as an economic concept in the following standard formulation:

$$\text{IHD} = f(\text{HC}, \text{SC}, \text{PerC}, \text{MWB})$$

where IHD is integral human development and personalist capital (PerC) is paired with its logical counterparts in economics: human capital (HC), social capital (SC), and material well-being (MWB). Simply put, HC involves investments in,

for example, one's education and health; SC refers to developing one's social networks; and MWB addresses the extent to which human material need is met. PerC is addressed in greater detail below. We have chosen this formulation to challenge our mainstream colleagues (1) to rethink human capital, social capital, and material well-being in terms of their effects not only on wages, productivity, employment, and the like but also on the integral development of human beings as persons; and (2) to see how at least theoretically integral human development is determined, allowing us thereby to advance the argument that maximizing integral human development is the ultimate objective of economic affairs.

We are aware of the problems involved in quantifying personalist capital and integral human development, concepts that are essentially abstract in nature. Nevertheless, such practices are commonplace in economics and we are encouraged that progress will be made only when our colleagues are challenged to make the effort.

Personalist capital indicates that the degree of a person's moral development is tied to three levels of action. The first level refers to reflexive or instinctive action that humans have in common with animals: The cat being chased by the dog runs 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. Third-level action produces a change in the person who engages in that action: A financial adviser who devises a scheme to defraud his clients is exposed and convicted as a felon.

Action at the first level is associated with physical freedom; both humans and lower animals are capable of engaging in first-level action. At the second level, action is associated with unrestricted freedom and is the way in which mainstream economics represents economic agency. Only humans are capable of action at the second level. 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 action at the third level.

Personalist capital in a specific time is given by the stock of virtues ( $vir_t$ ) acquired by a person from birth ( $t = 0$ ) through that specific time ( $t = n$ ) minus his or her stock of vices ( $vic_t$ ). Thus the following function:

$$\text{PerC} = \sum_{t=0}^n [vir_t - vic_t]$$

Personalist capital is acquired or destroyed in accordance with action in economic affairs that is virtuous or vicious. Thus the following function:

$$\text{PerC} = f(\text{C}, \text{W}, \text{L})$$

where C is consumption, W is work, and L is leisure.<sup>40</sup>

Of the four cardinal virtues—justice, moderation, prudence, and fortitude—personalist economics emphasizes moderation because that virtue provides the needed limits to consumption, work, and leisure to assure integral human development. As Danner observed, “*unlimited economic gaining is self-defeating*” (emphasis in the original). At the same time, he also stated,

Moderation is not especially fashionable.... [B]y 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.

[J]ust as moderation urges the right use of material things for self, justice directs their use for what is right for others.<sup>41</sup>

One of the inconsistencies in mainstream 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 is defined and measured mainly in terms of a comparison of the consumer's income to (a) the money required to purchase a basket of items objectively identified as essential or (b) the income of others, that is, an absolute or a relative standard of poverty, respectively.<sup>42</sup>

Another inconsistency, according to Mueller, is that the prevailing neoclassical approach to distribution is either “... superfluous or else empirically false” because it rests on the presumption that people make choices for their sole benefit while ignoring the choices that are made for the benefit of others for whom they care.<sup>43</sup>

The *unmet need* for work is defined and measured in terms of unemployment. We have not proceeded to the point where unmet leisure is recognized as a problem in conventional economic theory. However, anecdotally we know of persons who are terribly in need of rest. Further, and most importantly for our purposes, limits on the number of allowable 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 plays an important role.

Mainstream economic theory has not come to grips with the limits on work that derive sensibly from moderation because conventional economics defines *leisure* as “time spent not working.” Personalist economics, in sharp contrast, sees leisure as critically important to integral human development and human perfection *wherein maximizing IHD leads to human perfection*.

## Final Remarks

Amartya Sen comes closest to our understanding of the ultimate objective of human activity, but aside from Divine, Dempsey, and Danner, no one in economics to our knowledge has suggested that integral human development is the most important purpose of any economic system. In this regard, we have suggested that *maximizing* integral human development—human perfection—can be incorporated into economic theory through a function that presents human capital, social capital, personalist capital, and material well-being as the independent factors driving integral human development.

More remains to be said about the exact determinants of integral human development that for the moment is best left to other sources<sup>44</sup> and to another article.

We are fully aware of the problems of quantifying abstract concepts such as personalist capital and integral human development. However, in contemporary economics quantification is routine and necessary. There will likely be no acceptance of either concept and no serious challenge to maximum net personal advantage in the form of utility or profit as the ultimate objective of economic affairs until personalist capital and integral human development are quantified.

We agree with Sen that the end of economic activity is not contained in the maximization principle of mainstream economics. However, we disagree with him regarding positive freedom as a replacement for utility maximization for three fundamental reasons.

First, Sen’s capability approach is a broadening of *homo economicus*, the atomistic, fragmented economic agent grounded in the individualism of the seventeenth- and eighteenth-centuries Enlightenment in which the value of that individual is determined instrumentally and therefore varies from individual to individual. Specifically, although Sen expands the concept *homo economicus* to include sympathy (following Adam Smith), commitment,<sup>45</sup> and identity,<sup>46</sup> he does not reject the concept.

Integral human development is grounded in the philosophy of personalism and involves, as Divine suggests, the human person across the entire range of human materiality, spirituality, and personality. Danner, in a radical departure from the economic agent of mainstream economics, characterized the economic

person as an “embodied spirit.”<sup>47</sup> In personalist economics, instrumental value is replaced by the sacred, inviolate dignity of every human person, and therefore does not vary from one person to the next.<sup>48</sup> There is, in other words, an unchanging, fundamental, God-given equality of all human beings that is missing in Sen’s capability approach that he attempts to correct by expanding positive freedom but falls short.

Second, just as the U.S. Naval Observatory Master Clock is a more nearly ultimate measure of the correct time than an ordinary wrist watch, human perfection as defined in terms of maximizing integral human development clearly is a more nearly ultimate end of economic activity than the positive freedom that is underscored in Sen’s capability approach. Nowhere in his approach do we find any reference linking capability to the avoidance of vice, which is at the core of personalist capital that is included functionally as one of the determinants of integral human development.

Third, Sen’s positive freedom refers to the *potential for acting*, and suggests the possibility for personal development. For us integral human development, on the other hand, refers to the *acting person* who by truly acting virtuously in economic affairs—consumption, work, and leisure—actually enhances personal development and by acting viciously diminishes personal development. However, whether a person acts in a way that enhances personal development or diminishes it, that person remains, as John Paul II asserted and personalist economics affirms, very nearly divine.<sup>49</sup>

Human development, as we have seen in our brief review of the Old and New Testaments; the ancient Greeks; the Doctors of the Church; the Holy Fathers, starting with Leo XIII; and three specialists in Catholic social economics is *the* ultimate objective of human existence. Until rather recently, it even had a place in economics. Nevertheless, it has no place in contemporary mainstream economics. Much of this displacement traces to the universal acceptance by conventional economists of the utility maximization principle as the ultimate end of economic activity that originates with a narrow conceptualization of the economic agent as a utility-maximizing machine and is not seriously reexamined. It is taught to students of economics as a given, essentially as an article of faith. It is time in economics to return to the wisdom of the ages and admit that we should be applying the maximization principle not to utility but to integral human development wherein true human perfection resides.

## Notes

We are pleased to recognize the helpful comments of two anonymous referees.

1. William Waters, "A Review of the Troops: Social Economics in the Twentieth Century," *Review of Social Economy* 51, no. 3 (Fall 1993): 274.
2. Though others such as Berlin and Benson explore "internal" and "external," we do not consider those concepts helpful in differentiating between positive freedom and negative freedom.
3. Waters, "A Review of the Troops," 262–86.
4. See Waters's extended comments on the differences between conventional economics and solidarist economics, including several references in which he openly discredits the utility maximization rule. William Waters, "Social Economics: A Solidarist Perspective," *Review of Social Economy* 46, no. 2 (October 1988): 113–43.
5. Waters, "Social Economics," 118.
6. Peter Danner, "Affluence and the Christian Conscience," *Thought* 42, no. 2 (Summer 1967): 223.
7. Benedict XVI, encyclical letter *Caritas in Veritate* (June 29, 2009). The full title of Benedict's encyclical letter is "Caritas in Veritate of the Supreme Pontiff Benedict XVI to the Bishops, Priests and Deacons, Men and Women Religious, the Lay Faithful, and All People of Good Will on Integral Human Development in Charity and Truth" (emphasis added). Including all people of good will in the title indicates that Benedict intended his remarks for persons both within the Church and beyond.
8. Paul VI, encyclical letter *Populorum Progressio* (March 26, 1967), 14.
9. See Thomas Divine, *Economic Principles and Social Policy* (Unpublished 1960), chaps. 24–35; and Bernard Dempsey, *The Functional Economy* (Englewood Cliffs: Prentice-Hall, 1958), 273.
10. All biblical quotations are taken from the *Saint Joseph New Catholic Edition of the Holy Bible* (New York: Catholic Book Publishing, 1962).
11. Contributive justice teaches that insofar as a member of a group receives benefits from belonging to that group, he or she has a duty to maintain and support the group. Paying one's taxes, provided they are fair and reasonable, is a requirement of citizenship under contributive justice. It follows that tax evasion is a violation of contributive justice.

12. Distributive justice asserts that persons with greater responsibilities in managing the affairs of a group may not single out some in that group for different treatment based solely on insubstantial or inconsequential distinctions as, in this instance, according to their attire. Such treatment is discriminatory.
13. Commutative justice refers to exchanges between parties who ostensibly are or should be equals: buyer and seller, worker and employer, borrower and lender. It asserts that in order to honor that equality the parties to any exchange are obliged to (1) exchange things of equal value and (2) impose equal burdens on one another. The value involved here is *exchange* value, not *use* value, because without some difference in *use* value between the parties there would not be an economic gain for both and the exchange could not take place. Holding back wages is unjust because it violates commutative justice: the employer imposes the burden of work on the laborers and then rejects the personal burden of paying them for their labor.
14. Jonathan E. Leightner, “‘Stop Turning My Father’s House into a Market’: Secular Models and Sacred Spaces,” *Journal of Markets and Morality* 16, no. 2 (Fall 2013): 429–40.
15. Aristotle, *Aristotle’s Politics and Poetics* (New York: Viking Press, 1957), 14–18.
16. Christopher Shields, “Aristotle,” *The Stanford Encyclopedia of Philosophy*, ed. Edward N. Zalta (Spring 2014 Edition), 12.
17. Augustine, *City of God* (Garden City: Image Books, 1958), 155–56. For the date when Augustine began writing *City of God*, see “Fordham University, Medieval Sourcebook: Augustine (354–430): The City of God: excerpts in the Two Cities,” [www.fordham.edu/halsall/source/aug-city2.asp](http://www.fordham.edu/halsall/source/aug-city2.asp).
18. Aquinas, *Summa Theologica* (New York: Benziger Brothers, 1947), 1519–1520. For the date when Aquinas began writing *Summa Theologica*, see “Christian Classics Ethereal Library,” <http://www.ccel.org/ccel/aquinas/summa>.
19. John D. Mueller, *Redeeming Economics* (Wilmington: ISI Books, 2010), 22–24, 26–28.
20. Adam Smith, *The Wealth of Nations* (New York: The Modern Library, 1937), 14.
21. Adam Smith, *The Theory of Moral Sentiments* (Indianapolis: Bobbs-Merrill, 1964), 279.
22. John Stuart Mill, *On Liberty* (London: John W. Parker and Son, 1859), 113–14.
23. Mill, *On Liberty*, 107.
24. Mill, *On Liberty*, 113.
25. Mill, *On Liberty*, 112.



26. Alfred Marshall, *Principles of Economics* (London: Macmillan, 1930), 1 (emphasis added).
27. In this section and the one that follows, we draw from a paper presented in Glasgow in May 2012 by Sandonà and O'Boyle.
28. Leo XIII, encyclical letter *Rerum Novarum* (May 15, 1891), 22.
29. Paul VI, *Populorum Progressio*, 15.
30. John Paul II, encyclical letter *Laborum Exercens* (September 14, 1981), 7.
31. Bernard Dempsey, *The Functional Economy*, 20.
32. John Paul II, encyclical letter *Sollicitudo Rei Socialis* (December 30, 1987), 28.
33. For more on being more versus having more, see Raquel Lázaro, "What Does It Mean 'To Be More'?" *Integral Human Development: Truth and Freedom, Journal of Markets and Morality* 16, no. 1 (Spring 2013): 101–12.
34. Benedict XVI, *Caritas in Veritate*, 18. For more on integral human development in the papal encyclicals see especially 8–20. Also Jean-Yves Naudet, "There Is Now Only One Question: The Development of 'The Whole Person in Every Single Dimension,'" *Journal of Markets and Morality* 16, no. 1 (Spring 2013): 69–83; and Manfred Spieker, "Development of the Whole Man and of All Men," *Journal of Markets and Morality* 13, no. 2 (Fall 2010): 263–78.
35. Bernard Dempsey, "Economics Implicit in the Social Encyclicals," *Review of Social Economy* 1, no. 1 (December 1942): 12–18.
36. Dempsey, *The Functional Economy*, 273.
37. Peter Danner, *The Economic Person: Acting and Analyzing* (Lanham: Rowman and Littlefield, 2002), 35.
38. Divine, *Economic Principles and Social Policy*, chap. 24. Pagination of each chapter of Divine's draft manuscript begins with number 1.
39. Stephen Worland, "Justice and Welfare Economics," *Review of Social Economy* 17, no. 2 (Spring 1959): 111 (emphasis added).
40. For more on personalist capital and consumption, work, and leisure, see Edward O'Boyle, "Meeting Human Need through Consumption, Work, and Leisure," *International Journal of Social Economics* 38, no. 3 (March 2011): 262–72; and Luca Sandonà, "Personalist Microeconomics: Re-thinking Economic Agency," *Il Risparmio Review* 59, no. 3 (September 2011): 91–108.
41. Danner, *The Economic Person*, 122–25.

42. For more on poverty from a Christian perspective, see Clive Beed and Cara Beed. "Christian Interpretation of Material Poverty and Inequality in the Developed World," *Journal of Markets and Morality* 16, no. 2 (Fall 2013): 407–27.
43. Mueller, 173.
44. See generally *Journal of Markets and Morality* 16, no. 1 (Spring 2013). See also the Kellogg Institute, University of Notre Dame, <http://kellogg.nd.edu/about/StratPlan.pdf>; the United Nations, [http://hdr.undp.org/en/reports/global/hdr2010/papers/HDRP\\_2010\\_01.pdf](http://hdr.undp.org/en/reports/global/hdr2010/papers/HDRP_2010_01.pdf); and Catholic Relief Services, <http://www.crsprogramquality.org/IHD/>.
45. Commitment to Sen is "recognizing the goals of another ... regardless of whether or not one internalizes those goals ... and letting them impact on how one behaves." Philip Pettit, "Construing Sen on Commitment," *Economics and Philosophy* 21, no. 1 (April 2005): 15.
46. Identity to Sen means "social identity ... the idea of identifying *with others*" (emphasis original). John Davis, "Identity and Commitment: Sen's Conception of the Individual," Workshop on Rationality and Commitment, University of Gallen (May 13–15, 2004), 5, <http://dare.uva.nl/document/227807>.
47. Danner, *The Economic Person*, viii.
48. Waters argues that the significant difference between the individual of conventional economics and the person of solidarist (now called personalist) economics is that the person is sacred "... and as such each person must respect the sacred status of every other person and in turn may expect respect." Waters, "Social Economics," 118.
49. John Paul II, encyclical letter *Fides et Ratio* (October 10, 1998), 7.