Chapter 2. On the need for personalist economics

2.1. Economic personalism

First attempts to build bridges between classical economics and the economic philosophy of personalists date back to the 1930s (Bouckaert 1999, p.24). Some representatives of personalism, such as Alexandre Marc, Jacques Maritain, or Emmanuel Mounier, tried then to find a third way between individualistic capitalism and collective socialism. Founded in 1933 by A. Marc, the magazine Ordre Nouveau, which was to serve as a stand promoting the ideas of French personalists, survived only five years, however, without attracting much interest from professional mainstream economists.

Further attempts to "humanize" economics are associated with such names as F. Perroux (the concept of "growth poles" initiated in the 1940s), K. Boulding (co-founder of the general theory of systems and initiator of evolutionary economics), E. F. Schumacher (author of the famous collection of essays entitled: "Small is beautiful. A Study of Economics As If People Mattered.", which was included by The Times Literary Supplement in the collection of one hundred most influential books published after World War II), or A. Sen (Nobel Prize winner, author of the theory of social choice). These authors, criticizing some of the standard assumptions of political economy, attempted to combine a personalistic vision of man with economic rationality. Their inspiration was later used to create various versions of normative economics, which are referred to as humanistic or humane economics (M.A. Lutz, 1988), socio-economics (A. Etzioni, 1988) or moral economics (A. Sen, 1987). The latter argues in his book Idea of Justice (Sen, 2009) that one of the greatest mistakes of economists is to consider economic processes only in terms of profits and efficiency, and to ignore the ethical and axiological determinants of economic decisions. According to Gronbacher (1999, p. 248), the term humane economy was also to be used by K. Marks, as well as by Catholic social philosophers as early as in the nineties of the nineteenth century, and later also by Wilhelm Roepke.

According to Bouckaert (1999, pp. 20-21), each of the above mentioned versions of normative economics differs in many respects from both pure positive economics and the Paretian economy of welfare. However, they have two elements in common (Bouckaert 1999, p. 23). The first of these common elements is the object of scientific reflection, which in each of these streams of economic science is the rational economic man "created" by J.S. Mill. However, unlike the positive approach, in which *homo oeconomicus* is essentially an automaton that reacts rationally and always in the same way to economic incentives, in the normative stream he is enriched by the feature of a reflective search for the sense of what he does. According to Bouckaert, the second element connecting the two normative approaches in question is the division of needs into two groups, namely basic needs and individual preferences. The satisfaction of basic needs is considered a fundamental right and a necessary condition for the functioning of every person in a community. Individual preferences, on the other hand, determine the general development of individual people. Despite these similarities and common elements, the two streams of normative economics do not form a coherent school of personalist economics.

In 1998 a new scientific discipline was formally announced, which was called economic personalism. This was due to the publication of G. Gronbacher's article "The need for economic personalism". In this article the author states (Gronbacher 1998, p. 1) that "economic personalism is a science of the morality of markets – an attempt to analyse the moral ramifications of economic activity in light of a theological vision of the human person. This includes a detailed exploration of economic theory, history, and methodology, as well as actual market practices, all viewed from the perspective of the Christian faith, particularly its recognition of the dignity of the human person and the concern for justice that stems from this recognition." He goes on to declare (ibidem, p. 2): "Economic personalists seek to provide a wholistic account of personal existence and thus supplement genuine economic science with a science of morality for the marketplace". In another article he supplements (Gronbacher 1999, pp. 248-249): "If by a humane economy is meant theoretical structures and economic models to be used as a blueprint for a hybrid economic model – in essence, a "third way" between socialism and capitalism – then I assert that we are sadly mistaken and chasing after illusions. There is no "third way" between capitalism and socialism. Our task is to humanize capitalism because it is the only serious economic model capable of raising human well being. (…) economic personalism is not contingent upon or subservient to any political or social philosophy (…) the genesis of economic personalism is rightfully understood as a synthesis of Christian social teaching and economic science that affirms the centrality of the free human person. Economic personalism avoids becoming an ideology precisely because Christian social teaching is properly non-ideological."

The origins of economic personalism were inspired by the 1991 encyclical "Centessimus annus" of John Paul II, published on the centenary of Leo XIII's publication of the encyclical "Rerum novarum", the Catholic Church's first official position in the discussion with Marxism on the so-called worker issue. In this encyclical John Paul II recalled the basic theses contained in "Rerum novarum", adding his own reflections. However, this was not the first speech of John Paul II on this matter, as he had already raised these issues in his encyclicals "Laborem exercens" from 1981 and "Solicitudo rei socialis" from 1987.

Although the emergence of Christian economic personalism was formally announced in 1998, it is not a new phenomenon. It is only one of the elements of the Church's social teaching, which has its roots deep in the past, until the times of St. Ambrose (339-397) and St. Augustine (354-430), whose thought was continued by St. Thomas Aquinas (1225-1274) and the so-called later Scholastics from the School of Salamanca (XVI-XVII c.). The foundation of the Church's social teaching is the recognition of the superior position of the human person in the animated world because it was created by

God in His image and likeness. The novelty of economic personalism lies only in the attempt to incorporate into the Church's social doctrine certain achievements of some representatives of secular economic science. These are mainly representatives of the Austrian School, which is based on the approach of L. von Mises, as well as the Chicago School (mainly M. Friedman, but also G. Stigler, G.S. Becker, R.E. Lucas) and the Public Choice School of Virginia (J. Buchanan, G. Tullock, K. Arrow).

The centre gathering the supporters of economic personalism is the Lord Acton Institute founded by Father Robert A. Sirico in Grand Rapids, Michigan, USA, and the quarterly "Journal of Markets and Morality" published by this institute is a forum for the exchange of ideas.

Economic personalism is also being developed in many other centres, mainly in departments or institutes of Catholic universities and colleges, as well as by authors unrelated to universities.

As this brief description shows, economic personalism formulates demands for people acting in the economic sphere, that is, it teaches how to make economic relations compatible with Christian morality. It is therefore extremely normative in nature and is clearly situated in the area of ethics.

2.2. Other initiatives to humanize the economics

In the same vein of initiatives aimed at making the economics less focused on the problem of market prices and macroeconomic equilibrium, and more on people and their real needs and desires, there is also the so-called civil economy, developed in Italy since the second half of the 1990s, which is gaining more and more supporters. It was initiated by two Italian economists, Luigino Bruni and Stefano Zamagni, who are trying to refresh and develop the ideas of the 18th century Italian economic school. The focal point of interest of this school, which Bruni and Zamagni want to restore a proper place in contemporary discourse, are human relations. In the English version of their book, the authors define their approach as such (Bruni, Zamagni 2016, p. 7) "The civil economy, then, is an approach to the market and the economy in Europe – particularly the Europe of Latin and communal origins roots – that is not founded on the cornerstone of the individual and his freedom from the community. Differing from the political economy tradition, the civil economy is a relational and social economy, and 'catholic' in an etymological sense (...). The civil economy, an ancient, living tree - like a centuries-old olive tree – that is still capable of flouring and bearing fruit, also provides a way of critically evaluating our own time to improve it. (...) Today we lack many things because we lack a grand narrative of our roots and thus of our future (...). Europe, having lost contact with its humanist roots and the civil economy tree, is no longer innovating. Ultimately, the civil economy is a grand narrative on the vocation and destiny of our past, present and future. This vocation and destiny are the centre of the thoughts and actions of the authors of this book".

It is not easy to describe in a few sentences what civil economy is. According to Zamagni himself (Zamagni 2011, p. 277), it has no connection with either the so-called social economy or various non-profit institutions. Neither is it an opposition project to the so-called economy of solidarity, nor is it another, older version of political economics. What is it then? In the above-mentioned basic work (Bruni, Zamagni 2016) the authors write (p. 4): “Although [it] might lead some to think that we are about to define the civil economy as the true alternative to this form of capitalism, in reality the civil economy is not that alternative system, neither in thought nor practice. It is, however, a laboratory of thought and practice in which we can attempt to imagine it.” Bruni and Zamagni do not therefore distance themselves from either classical economics or modern schools of economics, but try to fill in the gaps in their approach.

In another text, the authors state the source of contemporary problems in such a way (Becchetti, Bruni, Zamagni 2015, p. 133): “At the root of the current problem lies three forms of reductionism: i) *anthropological reductionism* by which human beings are conceived as *hominess economici* (100% self-interested individuals) and not as *personae*, that is, human beings whose subjective well-being largely depends on the quality of their social life; ii) *corporate reductionism* by which all productive organizations need to be unfettered profit maximizers that prioritize the expectations of one category of stakeholders (shareholders) over all the others (customers, workers, suppliers, local communities); iii) *value reductionism* by which value is narrowly identified with GDP and not as the stock of economic, environmental, cultural, spiritual and relational goods that a community should enjoy.”

The first form of reductionism consists in the replacement in scientific deliberations of the human person by an egoistic economic man. The effect of the second form of reductionism is to attribute profit maximisation to all producers as the goal of their activities, and to corporations in the production sector - to care exclusively for the interests of shareholders at the expense of other stakeholders, i.e. consumers, employees, suppliers and local communities. Value reductionism, on the other hand, means reducing this notion in economics to what falls within the scope of GDP, excluding other goods, such as spiritual, cultural, environmental and relational values..

The main emphasis in the civil economy is on interpersonal relationships, which determine the possibility of achieving full satisfaction and public happiness. The authors state that one of the main reasons for the inability to go beyond the utility function, and to go beyond anthropological reductionism in economic considerations is the missing concept of relational goods. The idea of this concept is to attribute the status of a good (or evil) to relationships in themselves, since, as they state (Becchetti, Bruni, Zamagni 2015, p. 137): "(...) every human relationship is an infinitely “grater” fact than the economic dimension alone. (...) relational goods can be understood and described also as economic goods; that is as realities to which people attribute economic value alongside other non-economic values and from which they obtain well-being. With relational goods, among people (doing things together) are what increases utility and not the goods themselves.”

Among many of the themes discussed by the Authors in their work is a definitely negative assessment of unproductive pensions, i.e. the derivation of income not from active streams of capital but from previously obtained privileges and rights (Bruni, Zamagni 2016, p. 35). The reason for such an assessment is the fact that, in their opinion, the activity of the pensioners is detrimental to economic development and social production, as it hampers the activity of the entrepreneurs-producers. (ibid., p. 56).

P.H. Dembiński, director of the Observatoire de la Finance established in Geneva in 1996, and people operating within this think tank, show a slightly different approach in their publications. Here too, the emphasis is placed on ethical issues, but attention is mainly focused on the processes in the financial sector, because - as stated in the mission of the Foundation - "The economy is nowadays the heart of society, and at the heart of the economy is finance". In response to the financial crisis that broke out in the United States in 2007 and spread rapidly to the economies of most developed countries of the modern world, a special manifesto was published in several languages in 2008, whose English title is: "For finance that serves the common good." The manifesto states, among other things "The current crisis is not just economic or financial – it is system-wide. It is not simply a matter of the financial sector coming back into line with the "real" economy. The crisis is the outcome of years of unremitting pressure than has seriously weakened the material, social, intellectual and ethical foundations of the socio-economic system based on political and economic freedom. (...) Ever since the mid-1970s, finance has played an ever greater role not only in the economy, but also in the world views and aspirations of political, economic and social players. This rapid spread of financial practices and techniques, together with the attitudes and values they engender, has been termed financialization. Financialization has transformed both our economy and our society by increasingly organizing them around the pursuit of financial efficiency and a linear view of time that is peculiar to finance. Today's crisis has brought this system close to breaking point, and there are some who see it as 'the end of era'".

The subsequent diagnosis reveals the following processes that led to this:

- financialization has led to the almost total triumph of transactions over relationships;
- the 'efficiency ethos' has gradually worn down moral resistance and become the ultimate criterion of judgment;
- when separated from moral considerations, the 'efficiency ethos' has led to increasingly crude manifestations of greed,

with the result that "the free market based on players' sense of responsibility, is making way for a 'greed market' which will in turn require escalating controls, rules and procedures in both the public and the private sector. This will not only be very costly, but will make players even less willing to take responsibility for their actions."

The development and justification of the issues signalled in the manifesto, as well as a detailed description of the financialization process and its social consequences, are presented in two more works by P. Dembinski, whose Polish editions were published in 2011 and 2017 (Dembinski 2011 and Dembinski 2017). It is worth noting that whilst the first of these works still involves the real economy in some aspects, the second is devoted exclusively to the financial sector.

From the former, a pessimistic overall picture of "a man in the grip of financialization" emerges; this is the title of one of the chapters. In this chapter we will find, among other things, statements that illustrate the dominance of the "efficiency ethos" and the "primacy of transactions over relationships". (Dembinski 2011, p. 171, the following quotations are our own translation from Polish): "In this situation, financialization affects the essence of humanity. A recent divorce court found that one of the spouses' medical diploma was a joint 'investment' and that the other party was therefore entitled to income from this investment. This is an extreme example of a vision of a man who is only a "portfolio of assets". His activity would therefore consist in the mobilization of his "intangible assets" consisting of technical or professional knowledge, contacts or networks of clients. This theoretical perspective fundamentally changes the importance of both labor relations and its remuneration. Remuneration can be interpreted as a return on investment or amortization of previous investments, i.e. a kind of ROE".

He goes on to write (ibid., p.172): "The traditional concept of cooperation between two production factors has been replaced by a state of confrontation aimed at seizing the fruit of the activity. This confrontation is all the more acute because it is multidimensional and because breaking the cooperation relationship (resignation or dismissal) is easy. (…). Each party (...) is waiting for the best moment to leave the relationship in spite of loyalty, but in the name of maximizing profit, by grasping the chance to take possession of new knowledge, new ideas, entire clientele segments, etc.".

Concluding a detailed analysis of the causes and course of the financialization process, the author writes (ibid., p. 192): "Today, economics and finance are not only free from metaphysical, social or political control, but in the absence of other equivalent forces they themselves begin to dominate the field of metaphysics, society or politics. Calls for political control over the world of economics to be re-established - given the power of financialization - are pious wishes or idealistic spells that have little chance of being implemented in the near future. And in the chapter entitled: "What to do?", the author states (ibid., p. 194): "Perhaps the most important of the processes analyzed here is the slow maturation of ideas. It took more than two centuries for the ethos of effectiveness to become the dominant and undisputed paradigm of today. Therefore, resistance must be directed primarily against the ambition of this paradigm to monopolize the issue of meaning - and for meaning, the most important thing is to define goals, only then the means to achieve them. It is not, therefore, a matter of making financialization more moral, but of subordinating it to objectives which include respect for human nature and dignity.

As already mentioned, the second of the above mentioned work of P.H. Dembinski is entirely devoted to ethical issues in finance. Introducing these issues, the author writes (Dembiski 2017, p. 11): "During this period (a period called 'euphoric thirty years', which ended with the 2007 crisis - RS), the public, business circles and governments (regardless of political coloring) blindly believed in financial techniques and institutions. It was only the crisis that brought a three-decade collective blindness to an end. The shocked world understood not only how unsustainable the financial development was, but also the fact that it occurred in a vacuum, outside political or ethical external control. During the 'euphoric thirty years', the natural human sense of prudent and sensible effort was suppressed and ethical issues were overshadowed.

Due to the fact that finance, or more precisely - financial markets and institutions - are linked by three groups of entities, in the main part of his work the author considers in the following chapters the ethical dilemmas of each of these groups separately. He starts with the owners of funds invested in various financial instruments, then goes to the users of these funds, and ends with intermediaries who facilitate the flow of funds between the first and second group. Each of these groups has "something on their conscience" about ethical issues in connection with their financial activities.

The book ends with a rather enigmatic conclusion (ibid., p. 133): "(...) taking ethics in finance seriously should lead to a reduction in their scale by reducing both supply and demand. This can be painful for this currently highly inflated sector. But that is the price to be paid for the necessary structural adjustment and the emergence of a renewed financial sector that can realistically and truly serve the highest aspirations of man and society".

The enigmatic nature of this conclusion consists in the fact that it is not known which of what is the subject of supply and demand on the financial markets should be reduced, nor how this would happen. Without going deeper into the matter of financial markets and instruments, which I am writing about elsewhere (see: Szewczyk 2016), it is only worth noting that the purpose and nature of basic financial instruments is different, and completely different - those of derivatives. Both are used by financial market participants. The former, however, are used to move loan funds from the original lenders to their end users. The latter are mainly used for risk management and speculation.

The three different, but at the same time similar approaches to the ethical side of human activity discussed above do not, of course, exhaust the list of people who deal with these matters. This is evidenced, for example, by the extensive lists of literature used in each of the above mentioned articles and books. It is not possible to include them all, nor to argue with them. However, this is not the purpose of this work.

2.3. Common roots and similar diagnoses

There is undoubtedly a great deal to be done in social and economic life in order to have relations in line with the personalistic vision of man. The point is, however, that even the most correct ideas and postulates aimed at healing human relations in the socio-economic sphere will be of no use if the diagnosis underlying the recommended therapy does not identify the real causes of the situation. And this is precisely the situation we have been dealing with in this sphere at least since the time of Aristotle, i.e. since the first scientific reflection on the mechanisms of monetary economy. It was then that the foundations of the paradigm of the mainstream economics were laid. And all varieties of economic personalism are also based on this paradigm.

The axiom of mainstream economic theory with regard to entrepreneurship and money therefore sounds the same as that which Aristotle formulated 24 centuries ago with regard to merchants and usurers. According to this axiom the aim of an entrepreneur is to make money with money. The money must be "at the entrance" because it is not possible to establish a company if you do not have sufficient capital. And the money is "at the exit" because the company was founded for this purpose[1]. What changes in the subsequent stages of development are only slogans with which this axiom is "wrapped".

The second of the axioms of political economy, accepted both by the proponents of economic personalism and by other schools of thought aimed at the humanization of economics, is the one that recognizes the so-called labour force, which is today referred to as a more elegant and politically correct term "human capital", as one of the production factors. As a consequence, the "bearer" of this force, i.e. the worker, is treated in theory as a tool used in the production process to allow the owners of means of production to maximize their profits. That is why personalists call to complement economics with a moral science in order to ensure that people are not treated only as a tool in the hands of entrepreneurs.

The third axiom is that value is created in the production process by the capitalist's combination of three factors of production, namely capital, labor and land. Each of them is necessary for the production process, but the factor that creates new value is, according to the mainstream economic theory, the work of employees. The other two only transfer part or all of their value to the goods produced in each production cycle. This thesis was also taken up by other social sciences.

The Aristotelian division of people into those who act for money, i.e. entrepreneurs, and those who act to satisfy needs, i.e. households, has been fully taken over by social sciences. As a result, the picture of social relations in a market economy is presented in this way more or less: Entrepreneurs gain profits from capital, taking over part of the value generated in the production process. As a result, labor providers, i.e. households, receive only part of the value they create in the production process. Thus it seems logical to conclude that the interests of these two groups are in conflict; for the greater

[1] That's what Marx made clear when he wrote (2004, II.IV.19): “The restless never-ending process of profit-making alone is what he aims at. This boundless greed after riches, this passionate chase after exchange-value, is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser.”

part of the value is taken over by the owners of capital in the form of profits, the less is left for the wages of employees.

The thesis about the conflict of interests of entrepreneurs and workers has become the basis of the Marxist theory of exploitation of the working class, but it is also accepted by all non-Marxist schools of political economy. Here are two quotes showing the reasoning of the supporters of this thesis.

The first quotation comes from one of the protoplasts of the Austrian School, E. Boehm-Bawerk, who already in 1884 wrote: (Boehm-Bawerk 2005, p.76, free translation from the Polish edition): "The example of machines particularly demonstrated how sharply the interests of capital and labor can stand in contrast: the same machines that have brought golden mountains to the entrepreneur-capitalist, with their appearance thousands of workers deprived bread. And even when these first disasters were overcome, the opposition remained. The capitalist and the worker share the product of the enterprise: but they share so that the worker usually receives little, or very little, and the entrepreneur receives much. Dissatisfaction with the small part received is not tempered, as in the case of the former journeyman, by the hope of once having a lion's share, because the worker of a large enterprise has no such hope; on the contrary, this dissatisfaction is even exacerbated by the awareness that for this miserable payment he has to give hard work, when the entrepreneur has a rich share for the lighter effort, and often without any effort. And when this contrast of fates and interests was accompanied by the idea that, in fact, the workers had produced products from which the entrepreneur drew his income - a thought which Smith has often highlighted in his widespread system - there was soon to be a "fourth state" defender who would ask the same question, which several hundred years earlier had already been posed in the debtor's favour as to the interest: is the return on capital justified? Is it fair that a capitalist entrepreneur receives, even if he does not sneer a finger, a substantial part of what workers have produced with their work, and is it not the whole product that should rather be given to them?

The second quotation, which comes from an article by one of the most important contemporary representatives of the liberal stream, Anthony de Jasay, confirms that nothing has changed in this matter since Smith's time. This author states (Jasay 2012, p. 283-4) that the defining feature of capitalism "(...) is a clear distinction between the interests of workers and those of capital. In the conditions of pre-capitalist production, which takes place on a small scale, these two factors converge in one person, who also has an added value. (...) In a capitalist enterprise, on the other hand, work and capital are provided by two different teams of people. Together they produce added value, and the greater share of one of them is made at the expense of the other, and an infinite number of relations between these shares is possible."

The Austrian School, initiated by K. Menger (2007 [1871]) and developed by L. Mises (1996 [1949]) and F. Hayek (2007), also did not contribute sufficiently to a proper understanding of the essence of human economic activity. The representatives of this school are interested in the real person as a subject acting and making rational choices, that is homo agens. This is how they differ from the supporters of the classical theory in which the subject is homo oeconomicus - an abstract individual who always reacts thoughtlessly and exactly the same to a particular kind of incentive. Despite these differences in the approach to the subject of investigation, these two trends are linked by the thesis that the motive for both economic activity and market exchange is the increase in value. The fact that for "Austrians" value is a subjective category, while for "classics" it is an objective category, is of little importance here.

The founders of the Austrian school, K. Menger and L. Mises, distinguish three types of value: use value, exchange value and economic value, treating each of them as a subjective assessment of the importance of a given good in terms of the needs that can be satisfied by it. The economic value becomes that which is subjectively greater. If we value more the need that can be satisfied by using the properties of a good, we use it directly to satisfy that need, and then its economic value becomes its use value. If we value more the need that can be satisfied with goods obtained through market exchange, then the economic value becomes the exchange value of the good (Menger 2007, pp. 230-231). Each of these values, however, means for "Austrians" - let us repeat - the subjective feelings of whoever owns the goods. The same subjective character has for them profit made from the market exchange and for this very reason, they claim, it cannot be assessed by third parties.

In some studies by representatives of economic personalism, who’s concepts are based on the Austrian approach, a change in the interpretation of the category of value can be observed. The subjective character is given a use value, while the exchange value becomes something objective. Here, for example, O'Boyle (2008, p.18): “Exchange value is an objective piece of information. Use value, on the other hand, is a subjective human experience. For every one of the persons involved, use value (what is gotten) must be greater than exchange value (what is given up). Without that gain, the exchange cannot be carried out. However, without a limit to the extent of that gain and its origins, some persons in the exchange process are able to take more than their due while others are left with less.”

O'Boyle's approach to value leads to serious logical problems. If we agree that the use value is subjective and the exchange value is objective, then from the point of view of logic it is not clear how to come to the profit, which is to be the result of an exchange act. It is not possible to subtract a non-measurable subjective quantity from a measurable objective quantity to determine that profit. There is therefore no basis for comparing the profits made by the parties of the transaction, and thus the assessment of the transaction in ethical terms becomes pointless.

Another problem arising from O'Boyle's approach to market exchanges using a subjective use value and an objective exchange value is the misappraisal of the participants' motives. Let us again use a quote from the same work (O'Boyle 2008, p.18,): " In the workplace, for example, when the baker hires a sales clerk to tend to his/her customers, there is gain for both parties. The baker gets the clerk's labor services that are more useful to him/her than the wages that must be paid, thereby adding to the baker's profits. Without that gain, the baker could not afford to hire the sales clerk. At the same time, the clerk contributes his/her labor services because the wages paid are more useful than the time and effort involved in working. Without that gain (known among economists as economic rent) the clerk would not accept the job."

Apart from the above mentioned objection concerning the impossibility of determining the amount of profit achieved by the parties to the transaction in this approach, the above mentioned argument leads to the somewhat absurd conclusion that the sales clerk takes up a job with the baker not so that he can spend the money he has earned on his subsistence, but does so for profit. One could therefore sarcastically state that if it were not for this profit, he would probably be lying upside down, regardless of the fact that he is hungry and naked, as this would give him more satisfaction. This example shows how the attachment to the theory of exchange based on the axiom of values as a motive for exchange can lead astray.

The errors noted in the quoted excerpts from O'Boyle's work have too great weight to be put on the back burst of linguistic awkwardness and put them in order. These excerpts are used by the author to demonstrate the need for some judge to interfere in the processes of market exchange, to assess which side of the exchange act and to what extent has gained "more than it should have gained", and to make - according to this assessment - binding decisions to correct the effects of the "invisible hand of the market". According to O'Boyle (ibidem): "Conventional economics brushes aside the problem of exploitation and victimization with the invisible hand argument. Every economic agent in the pursuit of his/her own self-interest serves the good of all through the invisible hand of the market. Introducing justice into economic affairs is unnecessary and threatens the value-free nature of conventional economic science. Personalist economics rejects the invisible hand on grounds that its appeal to magic and rhetoric is no substitute for the call of justice to reason and substance. Personalist economics accepts a value-laden economics as the price for aligning the study of economics more closely with economic reality."

As the above examples show, the view about the conflict of interests of entrepreneurs and employees is shared by both mainstream economists and economic personalists relying on the Austrian school approach. This view seems to be supported by the fact that corporations are the dominant type of business ownership today. Therefore, the role of an entrepreneur has been taken over by an abstract entity, created precisely for the purpose of making profit. Thus, the division of economic entities into companies "making money" and persons "working for profit" became almost obvious and unquestionable. And since wages are an element of the company's costs on which the level of profit depends, the thesis about the conflict of interests of these two entities seems unquestionable[2].

2.4. Aim, subject matter and axioms of the personalist economics

By initiating my version of the personalist economics, I want to demonstrate that human relations based on principles of the genuine free market are fully compatible with Christian morality, and that all the pathologies that the world has been struggling with in the sphere of social and economic relations almost since the dawn of time are due solely to a failure to observe two fundamental moral norms. The first prohibits the taking away by force or deception of what someone has gained through his own work and efforts and what has therefore become his property. The second prohibits harming the good name of others by attributing to them acts which they did not commit, or accusing them of intentions which they were not guided by. Since no one can have knowledge of the aims of another person's actions without his or her true declaration, the second norm in fact prohibits rushing to judge other people.

The personalist economics is the science of the laws and regularities governing those social relations that result from people's decisions on how to obtain goods and services to satisfy their needs. These laws and regularities will be discovered by way of deduction based on certain facts with the use of simplifying assumptions allowed in such considerations.

The starting point for the considerations of the personalist economics is the fact that man is the only subject of the material living world, who by his nature is a person. Therefore, the subject of interest in personalist economics is man, understood here as a person who is aware of his existence, who has reason and will, and who uses it in such a way that his knowledge and experience as well as his emotional state at the moment of making decisions allow him to do so. However, it does not assume any traits or abilities of a human being that would make him or her a superhuman, e.g. that he or she has full knowledge and information about anything. It is also not assumed that people have a constant scale of values, constant preferences or any constant feelings. Nor is it assumed that people always act according to commonly accepted moral norms, even if they claim that they fully accept them and consider them as their own. In short, the personalist economics treats a human being as the one who makes decisions and puts them into action. This work makes only one exception to this principle. Well, at the first stage of model deliberations, it turned out to be helpful to assume that the people making up the

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[2] This dogma in the Marxist version is referred to as the exploitation of the working class by the capitalist class. Since Marx's time, the only thing that has changed in the mainstream theory is that the working class has been renamed human capital and considered the most important asset of a company (corporation), and the dogma of exploitation has been replaced by theories that are to objectify wage levels, such as the theory of the effective wage linking wage levels to productivity (see, for example, Golnau 2012). This in turn makes it possible to "measure" this component by discounting the expenditures incurred for its "production". The wages are then derived from the incremental cost of the additional unit of that capital.

analyzed fictional community are absolutely honest. Later, this assumption will be repealed.

The exposition of the human person as an object of interest in the personalist economics shows unequivocally that methodological individualism has been chosen as a way to reach the knowledge of the laws and mechanisms governing social relations in the sphere of production and exchange of goods and services. However, this does not mean that I am claiming that man is independent of the community, nor that he is original in relation to it. There is no doubt that every person is born as a member of the basic community of his father and mother, and that he is raised by that community. There is also no doubt that this process is usually influenced by communities larger than the family. The personalist economics therefore recognizes the social character of man and the influence of upbringing in the system of social norms. It recognizes, however, as an undeniable fact, proven countless times over, that every human being can both observe moral and legal norms that have been instilled in him or her during his or her upbringing, and break these norms either permanently or ad hoc, depending on the circumstances in which he or she makes a sovereign choice. This results from the very essence of the act of choice, which is dealt with in one of the first chapters of this work. If a person acts in accordance with the norms in force in a given community, he contributes to its duration and development. If, on the other hand, he acts against these norms, he disintegrates and destroys the community. In both cases, however, despite being entangled in different dependencies on the other members of a given community and the resulting different consequences of his or her behavior, a person does not cease to be an autonomous individual who in his actions can, but does not have to, take into account other members of the community in which he lives or only temporarily stays.

The human person is moreover the only subject aware of his or her existence that can be directly observed. In this matter, Hayek (2002, pp. 34-35) is right when he writes: "The ideas that the common mind has shaped itself about such collective entities as society or the economic system, capitalism or imperialism and the like, the social scientist must consider at most temporary theories, popular abstractions, and must not confuse them with facts. Constantly refraining from taking these pseudo-objectives as facts, and systematically departing in the analysis from the notions that guide individuals in their actions and not from the results of their theorizing about their actions, is a characteristic feature of methodological individualism, closely related to subjectivity in social sciences. The scientist's approach, on the other hand, because he is afraid to depart from the subjective concepts that determine individual actions, constantly makes the very mistake he tries to avoid, namely the mistake of taking as facts those collective entities that are nothing more than popular generalizations. In an attempt to not take as input the concepts nourished by individuals, when they are clearly recognizable and openly introduced as such, people brought up in scientistic views often and naively take popular speculative concepts as specific facts of a known kind.

The second axiom of personalist economics is the thesis that every kind of conscious human behavior, i.e. both acting and refraining from acting, must be preceded by an act of choice. For this reason, in personalist economics, an elementary phenomenon, i.e. one that cannot be traced back to its causes and which should be analyzed in its own right is the act of choice[3]. Treating the act of choice as an ultimate given, personalist economics builds on it the theory of choice.

The third axiom is related to human nature and states that no one is willing to constantly give fruits of their effort to strangers.

The very name "personalist economics" has been functioning for some time now in at least two English versions, namely as "personalist economics" or "personalistic economics" in the above quoted works of O'Boyle (2008) and Bouckaert (1999), and as "humane economy" in the work of Gronbacher (1999). In each of these works, however, these terms refer in essence to economic personalism, which has been described above.

As the explanations given above show, personalist economics is different from both mainstream economics and economic personalism. The mainstream economics focuses on the problem of equilibrium prices in the market economy, and - treating them as an incentive - examines alleged behavior of a homo oeconomicus, an abstract economic entity. Then, applying various formal procedures, this science tries to discover the laws governing behavior of communities consisting of such entities and transfers these laws to real human communities. The result of such an approach is a picture of social relations, which in many ways contradicts the elementary sense of logic, and often raises moral objections to the assessments made and to proposed solutions.

What distinguishes personalist economics from economic personalism, on the other hand, is its attitude to one of the elements of the paradigm of economics. This element is the thesis that some people provide other people - entrepreneurs - with a production factor, which is human labor, in Marxism called labor power. Suppliers of this production factor - workers - are thus regarded as a tool for achieving the goals of the owners the second production factor – maney-capital. Since wages and profits come from the distribution of the so-called surplus-value (added value) which, according to economics, is created in the production process, the interests of workers and capitalists are considered to be opposites. Economic personalism assumes tacitly the rightness of such an approach and only postulates that economic theory should take into account the fact that this specific tool, which is the worker, also has the dignity owed to the person, believing that such an approach will make this theory more human. For this reason, economic personalism can be considered a kind of hybrid whose creators try to combine the positive science of economics with the normative science of morality. The personalist economics considers this approach to be wrong. There is no point in renovating a building whose foundations are rotten. Finally, it is worth adding one more

[3] Mises (1996, p.18) considered action to be what he called an ultimate given, claiming that:” Human action is one of the agencies bringing about change. It is an element of cosmic activity and becoming. Therefore it is a legitimate object of scientific investigation. As—at least under present conditions—it cannot be traced back to its causes, it must be considered as an ultimate given and must be studied as such.”

reservation. The personalist economics takes from personalism as a school of philosophy only what concerns the person as a subject who satisfies his needs of body and spirit with goods and services. Thus, beyond the sphere of interest of the study of personalist economics, there remain all other aspects of both the existence and activities of human person, as well as his or her relations with other people. In this sense, the personalist economics does not usurp the right to either the completeness or the exclusivity of the truths about men which it seeks to reach. However, the obvious intention of the author is to enrich the knowledge about man as a person

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