CARLOS HOEVEL

THE ECONOMY OF RECOGNITION
PERSON MARKET AND SOCIETY
IN ANTONIO ROSMINI

The fruit of unprecedented and systematic research on Rosmini’s economic ideas, this volume is an accessible introduction to Antonio Rosmini’s economic thought showing its amplitude and connection to the history of economic ideas and giving an original interpretation of Rosmini’s economic ideas different from the ones proposed by some other Rosminian scholars. Introducing an alternative philosophical foundation to the study of economics, this book explains and adopts Rosmini’s perspective whose interpretation of economic action was fundamentally at odds with the prevailing and all-conquering utilitarianism of modernity. Besides, it also offers a detailed conceptual framework to guide alternative approaches to conventional neoclassical economics. In fact, the contemporary case is made by the author for adopting Rosmini’s principles in order to change an economic paradigm widely held to be unassailable. In that sense the author tries to persuade the reader about the relevance of Rosmini’s economic conception and public policies’ proposals in relation to contemporary economic debate showing how Rosmini’s higher wisdom could be useful to build a non-rationalist, personalist and ethical economic science.

The first chapter presents the outlines of the contemporary debate in economics and the relevance of bringing up Rosmini’s economic philosophy to illuminate this debate. The main assumptions and current critiques of the neoclassical paradigm in economics are presented. In addition, the analysis about contemporary economics is put under the light of the crisis of modernity and of the shift from the modern rationalist-utilitarian paradigm to a new, although still uncertain, paradigm. In the third place, a series of philosophical works by authors – inspired mainly by Hegel- who interpret the said shift as a transition from what they call the «Machiavellian and Hobbesian» paradigm of self-conservation to a new «recognition» para-

digm are also presented. In the fourth place, the author shows possible flaws of Hegelian arguments in order to ground a paradigm of recognition in economics. Finally, he introduces some arguments to suggest that Rosmini’s conception of recognition based on a personalist idea of the human being can be a far better philosophical foundation for economics than the one held by authors inspired by Hegel.

Chapter II presents a general view of Rosmini’s economic ideas and main works in the context of his biographical and intellectual itinerary. The chapter shows how Rosmini’s economic thought is deeply influenced by the economic ideas of his times, represented especially by classical economists, Italian civil economists and other authors such as Ludwig von Haller, Simonde de Sismondi and the utopian socialists. Finally three different interpretations of Rosmini’s economic philosophy are presented while the author proposes a fourth one based on the thesis of Rosmini’s having the project of replacing the utilitarian bases of economic thinking by a personalist conception of human and economic action.

After introducing the fundamentals of Rosmini’s thought, Hoevel offers details about the theoretical and institutional features of utilitarian economics, tracing their influence on the economic field. The book’s third chapter thus presents an extensive revision of the utilitarian assumptions that are implicit in economic science – in the socialist and statist version as well as in the liberal and individualist one. According to the author, Rosmini’s approach is based on the idea that this implicit utilitarian conception is not due to political economy as a science but to the philosophical influence of utilitarian theories suffered by many economists. The heart of the utilitarian influence in modern economic science lies, according to Rosmini, on the conception of human action as a behavior always oriented towards maximization of utility or interest. Presenting Rosmini’s detailed description of three main different versions of utilitarianism - empiricist or sensist, sentimentalist and eudemonist- the author also shows the consequences that these different versions of utilitarianism bring to the conception of society, law, politics and economic science.

After having made explicit and analyzed the utilitarian assumptions of economic science, chapter IV presents Rosmini’s critical arguments on the former and, at the same time, tries to show the author’s own positive formulation of human action. Rosmini’s main criticism points at the anthropological core of utilitarianism, which conceives human action as a behavior always oriented towards some kind of «maximization of utility». According to the Italian philosopher, the problem of this utilitarian formulation lies on it being based on a partial and distorted observation of human nature. In order to refute it, Rosmini adopts a phenomenological point of view that leads him to carry out a meticulous observation of the phenomena observable in the different stages of human development from childhood to adulthood. The chapter presents part of this phenomenological description and the different arguments raised by Rosmini to support his conviction of the existence in human beings of «personal» capacities for free objective value judgments, moral recognition and happiness different from «natural» capacities limited to satisfy physical or psychical subjective and utilitarian needs or pleasures.

Chapter V shows how, according to Rosmini, any economic satisfaction or «utility» is always enlightened or obscured by the personal faculties of reasoning and freedom, which are included in a wider framework constituted by «human desire or capacity». Eventually, this can be explained by the predominance of the personal principle that governs human beings and in-
tegrates the subjective faculties – without them losing their nature – to the personal faculties, which results in the economic action being a type of complex action both natural and personal. The chapter describes how economic goods, which are primarily subjective and relative, turn into objective and moral goods through the dynamics of contentment or happiness. According to the author, Rosmini maintains that the central problem of the economy is not technical or political but ethical. In fact, it is in the personal spirit where economic valuation and action are born.

Rosmini’s notion of human and economic action, based on human beings’ personal capacities for objective knowledge, freedom, truth recognition, moral goodness and happiness, deeply transform, according to Hoevel, the meaning of central economic activities such as labour, wealth creation and consumption, and become crucial factors in any analysis of the operation of the economy. Chapter VI presents the application of Rosmini’s conception of a personalized economic action to three basic economic activities: labour, wealth-creation and consumption. In the first place, the chapter shows how, according to Rosmini, the entire structure of labour and business collapses if the motivation to work falls outside the scope of moral contentment and ethics, and if it is based on pure subjective utility as its only principle. In the second place, the chapter presents some Rosminian arguments in favor of labour as the proximate means for wealth-creation and against the idea that any use of an object, provided it can offer a subjective utility, necessarily implies the creation of economic value or wealth increase. Finally, in the third place, Rosmini’s basic «grammar of consumption» is presented. According to Rosmini, the concept of economic need is always relative to the valuation of the person, who is constantly changing and evolving as time goes by and different circumstances emerge, just like his or her needs. The problem is therefore not the complexity and spring of new needs, but rather their quality and their relationship to the parallel evolution of moral and economic capacities to satisfy them.

While under the utilitarian paradigm the economy is seen as an aggregate of utility-maximizing subjects, the recognition paradigm held by Rosmini conceives it as formed by subjects capable of recognizing each other and establishing free and reciprocal bonds among them. From this new perspective chapter VII analyzes juridical relationships amongst the individuals involved in a market. The author attempts to show a first aspect of Rosmini’s juridical conception of the market, especially through the analysis of the natural rights of the individuals –or «rational rights» as Rosmini prefers to call them. Against utilitarians, Rosmini states that, neither rights in general nor economic rights in particular, may be rooted in utility alone, this being either social or individual; instead, they should be based on that superior reason which he calls «the idea of justice». Besides, his conception of economic rights implies that they must always be the result of the personal activity of the rights’ holder. In that sense, there can be no rights as a result of merely material or physical activities. For a right to exist, the subject of right must be a person, endowed with intelligence and free will. In addition, the chapter presents Rosmini’s arguments in favor of a personalist conception of the right of ownership, the right of economic freedom and contracts, in controversy especially with utilitarians and socialists. Finally, apart from this analysis of individual rights, the chapter considers other non-juridical moral duties and moral virtues not strictly obligatory but essential for the functioning of markets.
Once the author has presented the Rosminian conception of interpersonal economic relationships governed by ethics and rational right, he arrives at the crucial issue of the social and political dimension of the economy. Chapter VIII presents Rosmini’s arguments against three versions of political utilitarianism such as conservative patrimonialism, extreme liberalism and totalitarian socialism. With respect to the first, Hoevel shows how, according to Rosmini, conservative patrimonialism neglects the right of all citizens to compete for the access to ownership and leads to a moral degradation of society. In relation to ultra-liberalism, the chapter presents Rosmini’s critiques of the reduction of society to market relationships and of the negative effects of excessive competition. Finally, the author shows Rosmini’s objections against statism, utopian socialism and social utilitarianism based on the idea that social rights can never reach the point of being maintained at the cost of the rights of the individuals («extra-social rights»), top-down leveling and irrational planning.

In Chapter IX Hoevel describes the main principles that, according to Rosmini, should regulate the social organization of the economy. In the first place, the principle of social justice that, together with Luigi Taparelli D’Azeglio, was proposed for the first time by Rosmini in Europe as the main road through which political economy should run in order to break with the different forms of social utilitarianism and create an economy of recognition. In the second place, the Rosminian conception of the common good and its relation with private and public goods is presented. In addition, the chapter includes the criteria for the social regulation of ownership and freedom, the Rosminian conception of distributive justice, economic equity and equal opportunities and the role of other factors such as population, culture and happiness in economic policy-making. Finally, the chapter proposes Rosmini’s version of the subsidiarity principle as the main basis to organize a personalist economic public policy.

Chapter X is focused on a detailed description of concrete economic instruments in the areas of production (industrial policies), labour (work flexibility, subsidies, education), taxes (kinds of taxes, ways of collection) social assistance (legitimacy and limits of the Welfare State) and commercial policies (regulations for a gradual opening up of the economy) that Rosmini proposes as practical applications of his recognition paradigm for economic science. Rosmini is indeed a harsh critic of economic policies based on regimes of privilege, monopolies and special subsidies. However, and despite the clear definitions that bring Rosmini close to liberal economic thought, the author believes that his recommendations of public economic policies also point to a clear subsidiary role of the State in all those economic activities that private individuals cannot undertake, a gradual and never sudden opening up of the economy and an impulse to education and help of the needy by the State, civil society and religious associations.

Chapter XI presents Rosmini’s proposal of the set of institutions necessary in order to build an economy where all interests and rights are recognized, expressed and openly discussed. In the first place, the economic functions of the Parliament, the Political Tribunal and other political institutions of the State are presented. Secondly, the chapter describes the Rosminian conception and appreciation of the economic importance of civil society, the role of regional and central governance and the civil dimension of businesses. In the third place, the chapter takes into account Rosmini’s conception of the role of the family in the economy. Finally, the role of religion and of the Catholic Church is analyzed with respect to the evolution of economic ideas and the possibilities of a sustainable global economy and society.
The conclusion of the book is mainly epistemological. It presents Rosmini’s description of the problems of fragmentation, excess of abstraction, rationalist reductionism and utilitarianism as typical of modern sciences that should also be taken into account when analyzing the problems of economic science. Besides, as it is shown throughout the book, the conclusion presents the two risks of isolating economics, mainly due to the obsession with the creation and accumulation of wealth, but also of wrongly integrating it with ethics and with eudemonological sciences. Finally, the conclusion stresses the importance of Rosmini’s epistemological distinctions in order to differentiate economic science from ethics in a proper way, subordinating the former to the latter but, at the same time, allowing their mutual influence.

Having criticized subjectivism and individualism at the core of the utilitarian theses assumed by economic science, Rosmini prefigures today’s critique of «autistic economics». In fact, with his assertion that micro-economic formulae consecrating the maximization of utility derive not from scientific principles or even hypotheses, but from uncritically adopted philosophical ideas, he has shown the way in order to detect and explain the main problem of contemporary economic science. In that sense, this book shows how Rosmini’s original assault on the utilitarianism he perceived as the fatal flaw in accepted economic theory and his ambitious «personalist» alternative proposal are still a relevant contribution to the contemporary social and economic debate.

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