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Human Reason in the Age of Economic Unreason

Teleology and Reason in Economic and Social Affairs
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Problems

- (1) Which are the main failures of economic rationality today?**
- (2) What does reason require in relation to nature, future generations, and society?**
- (3) How can the requirements of reason be realized in the world of economic unreason?**

In his Apostolic Exhortation „EVANGELII GAUDIUM” **Pope Francis** heavily criticizes the **idolization of money** and the **excesses of global capitalism** including the „widespread preoccupation with profits and today’s throwaway culture, that enslave the heart and mind of all of us”.

The doctrine of **mainstream economics** is greatly responsible for the development of the **economics-dominated** world where - as **John Maynard Keynes** said - „fair is foul and foul is fair” because „foul is useful and fair is not”.

Rationality

The rational choice model states that the agent **should maximize** her or his **utility function** to be considered rational.

Agents are considered rational if their **preferences** are **transitive** and **complete** and they **choose** what they **most prefer** among the available alternatives.

Homo Oeconomicus



In economics the assumptions of **self-interest** and **perfect knowledge** are added to the formal criteria of rationality.

Criticism of economic rationality

**Herbert Simon: bounded rationality,
Daniel Kahneman : myopic and deficient
choices**

Amartya Sen: rational fools

**Robert Frank: the strategic role of
emotions**

Jon Elster: social norms

Criticism of economic rationality

**Charles Taylor: the liberal conception of
the self**

**Alasdair MacIntyre: the role of moral
communities**

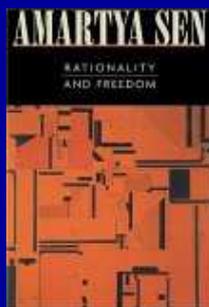
**Julie Nelson: male-biased conception of the
human person**

**Jane J. Mansbridge: duty, self-interest and
love**

The concept of **economic rationality** propagated by mainstream economics is **empirically misleading** and **normatively inadequate**.

Materialistic self-interest maximization inevitably leads to **ecological destruction**, **human deprivation** and **disregard** for the **interest of future generations**.

Reason versus Rationality



**Rationality
and Freedom**



Amartya Sen
Harvard University

Reason is the discipline of subjecting one's choice of action - as well as objectives, values and priorities - to reasoned scrutiny. Reason requires that an action is based on right motivation, executed by fair processes, and leads to desirable outcomes.

Nature, Future Generations and Society

Economic activities should pass the test of ecology, future generations and pro-socialness to be qualified as reasonable.

Ecology

Economic activities should be **ecological**, i.e. should contribute to the **preservation** and **restoration** of the **natural world**.



Future Generations

Economic activities should be **future respecting**, i.e. should not decrease the **freedom** of **future generations**.



Pro-socialness



Economic activities should be **pro-social**, i.e. should contribute to the **development of capabilities of people**.

Human reason

requires actions which **achieve economic goals** of individuals, organizations and communities in **ecological, future respecting and pro-social ways**.

Practical examples



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The main goal of economic activities is not profit-making but providing **right livelihood** for those who are involved. Reason requires that this is achieved in **ecological, future respecting, and pro-social** ways. **Intrinsically motivated** economic agents who **serve the common good** show the viability of reason in the present “rationally foolish” economic world.

Thank you!