

## The Three Dimensional Economy and the Common Good Model An Alternative Approach to Mainstream Economic Theory

*Laura Sarolta Baritz*

### Abstract

*Purpose:* The aim of this paper is to present and support the idea that the anthropology and value order of Aristotelian and Thomistic virtue ethics provide the necessary prerequisites for furthering a sustainable and human-centred economic order. On this basis a macro- and micro level economic model called “The Three Dimensional Economy” is worked out that is in close relationship with Alford – Naughton’s [2001] Common Good Model, since the latter model is focused on the organizational level. Together these two models offer an alternative to current mainstream economic models.

*Approach:* The paper describes the characteristics of virtue ethics from humanistic and economic points of view and proceeds from the hypothesis that “different human value structures will involve different economic orders”. In the course of the exposition, the paper makes comparisons between issues seen from the point of view of mainstream economics and from that of virtue ethics, with the latter offered as an alternative paradigm to the mainstream one. The paper first introduces anthropological and then economic phenomena, illustrating that the economic order is built on a human base.

*Findings:* On the basis of the reasoning presented here, and according to the findings of a substantial body of academic literature, we come to the conclusion that Aristotelianism and Thomism can offer an anthropology that fits

into the requirements of a sustainable economic and worldly order. A second finding of the paper is that an anthropology and an economic order consistent with the virtue ethics fulfils the requirements of sustainability considerably better than those arising from the mainstream paradigm.

### Introducing the Frameworks of the Three Dimensional Economy and the Common Good Model

When we hear the expression “economic theory”, we tend to think of the Coasian theorem which describes it in terms of utility maximization, dominance of market power, competition, rational choice, and so on, that are, currently, the elements of the mainstream economics. However, reading the literature connected with sustainability, the environment, humanity or organization management, we can find the meaning of Coase’s theorem extended, including terms like the common good, human responsibility, collaboration, reciprocity, gratuitousness and spirituality, where these are understood within the frame of an alternative “economic theory” as well.

The present paper will proceed from the following hypothesis: *Different human value structures will involve different economic orders.* Here the notion of “human value structure” refers to the totality of the human being, that is, it is understood on an anthropological level, while “economic order”

means the outlook, place, order and role of the different elements of the economy on both macro and micro levels. (On the macro level, issues such as money, interest, profit and market will be considered, while on the micro level the paper briefly analyses organizational phenomena.) The hypothesis is maintained by various authors and their works, among whom we may mention: E.F. Schumacher, S. Zamagni, R.E. Freeman, A. Argandona, L. Bouckaert, A. K. Sen, A. Etzioni, J. J. Mansbridge, C. Perrow, A. Bandura, etc., and especially the following works: A. Tencati – L. Zsolnai (eds.) [2010], S. Kerekes – K. Wetzker [2007], I. Muzslay [1995], H.J. Alford - M.J. Naughton [2001]; L. Bruni - S. Zamagni [2007], M.A. Lutz-K. Lux [1988] and R. H. Frank [2004].

When focusing on the required sustainability of the economy, this paper deals with two economic paradigms. Against the utilitarian or utility-centred mainstream paradigm it offers an alternative, the virtue ethics paradigm, based on the virtue ethics of Aristotle and Thomas Aquinas<sup>1</sup>.

The two paradigms differ substantially in their perceptions of the human being that will be described in the first part of this paper.

The schools of economic thought known as “human-centred” and “personalist” share the intention behind our alternative paradigm: the economy is there for the human being and not the other way around. Therefore we use the idea of the “serving economy”, where economic processes, instead of maximising utility, serve and promote human existence and fulfilment, in other words, the common good.

In this logic, the economic order built on a human value structure can be described by its approach to profit, money and interest, by the role it assigns to the market, and by its organizational processes. These factors show substantial difference in the two paradigms.

This will be explained in the second part of the paper. Furthermore, the alternative “virtue ethics” paradigm suggests that it is not only the economic or market “laws” that decide the form of economic life but that it is human beings, with their values, behaviour and “character-orientation” (Fromm [1976]), who ultimately decide what kind of economic order will be exercised in a society. Of course, economic and social structures influence the individual as well, which can be clearly seen at the organizational level, or in group activities (See Forsight [[1983]; Bandura, Caprara, Zsolnai, [2002]; Bandura [2005], Pataki [1980]; Aronson [2012]), but at the end of the day, the key actor in social and economic events is the human being, the particular human person. This statement is of the utmost importance. It is based on the notion of human freedom, which is the foundation of the personality and of personal development. This argument is maintained by the “Self Determination Theory” (SDT), a trend in humanistic psychology represented by R.M. Ryan and E.L. Deci (Ryan & Deci [2000]), and by other humanistic psychologists like Carl Rogers and Abraham Maslow. These thinkers claim that the human person is basically a self-determined being, free and responsible for his/her deeds and fate. The SDT is critical of Freudian and behaviourist psychology.

What are the main characteristics of the alternative virtue ethics paradigm? Alasdair MacIntyre (MacIntyre [2007]) argues that utilitarianism and its consequences continue to be influential even today, and that they have had a formative influence on many social roles and institutions, even after the classical utilitarianism of Mill and Bentham had lost its philosophical significance at the end of the twentieth century. Thanks to the survival of the utilitarian way of thinking in mainstream economics, the goal of economic activity is summed up as follows: “The Social Responsibility of Business is to Increase its Profits.” (Friedman [1970]) or: “...the primary

goal of the manager of the organization is to maximize the company's profit" (Carlton & Perloff [2006], 40). Behind the propositions such as these ones mentioned now, stands the "post-utilitarian"<sup>2</sup> idea of the human being, with utility maximization functioning not only on the general level but also on the individual level as well. (Kirzner [1976], Mansbridge [1990], Sen [1978], Etzioni [1994]).

While, as we see, the main feature of the mainstream paradigm is to maximize utility, virtue ethics offers a different logic. Here the main goal of the human being is fulfilment (Maslow's hierarchy of needs outlines a theoretical frame<sup>3</sup> to this), a kind of perfection with the help of the virtues, striving to an Ultimate Goal that is spiritual<sup>4</sup>. The key point is that human striving is most fundamentally towards "becoming more human", realising the potentialities of one's humanity including, ultimately, transcending oneself in a relationship of love with others and with God. The person is defined here rather by state of existing, in relation with his/her environment, than by the possession of goods (Fromm [1976]). He/she can be grasped and understood in his/her relationships with others. He/she is rather a person, meaning a rational, self-possessed being that is in part constituted by his or her relationships, than an individual. Both utilitarianism and virtue ethics place great emphasis on the happiness of the human being as his/her goal in life, but, while mainstream thinking links happiness to hedonism and utility, virtue ethics refers to "eudaimonia" and the "visio beatifica" as human fulfilment, to the ability and readiness to work and live for others in the community, rather than focusing on the self only, that is, to work for the common good. In the virtue ethics paradigm, happiness means to live a spiritual life<sup>5</sup>. In his book entitled "Politics", Aristotle claims that the goal of the state and of the economic activity (oikonomia) is the realization of the common good, which is none other than human fulfilment on the level of both the individual and the community. This goal involves achieving happiness (eudaimonia)

as well. In the idea of the Civil Economy (Bruni & Zamagni [2007]), originating in the context of Italian civil humanism between the 16<sup>th</sup> and 18<sup>th</sup> centuries, economists and other theoreticians (Antonio Genovesi, Cesare Beccaria, L.A. Muratori, A. Rosmini, Leonardo Bruni, etc.) claimed the same, that the common good and happiness (in the meaning of eudaimonia and visio beatifica) are the ultimate goals of the economy.

In order to be able to explain the substantial differences between the two economic goals in these two approaches (utility maximization or common good), let us deal with the idea of the human being in our two paradigms.

### **The Human Being as the Subject of the Economic Order**

We can observe that thinking in the virtue ethics tradition runs like a continuous thread through human history from the beginnings of philosophical reflection as we know it. Starting from Aristotle and Cicero, through the Middle Ages, mainly in the scholastics in Europe and in the Italian Civil Economy, and in the Catholic social teaching and Christian social teaching of the 19<sup>th</sup>- 21<sup>th</sup> century up to the today's ethical and sustainable organizations, we can find the influence of the way of thinking based on virtue ethics and of its value structure on human social and economic life. Now we will analyse the ideas about the human being found in Aristotle, Aquinas and in the modern forms of Aristotelian thought, demonstrating that agreement on the basic elements of human wholeness has not changed through times.

The first key aspect of the idea of the human being in virtue ethics is the importance of the virtues in human endeavour; without them, we would not be able to develop or to find fulfilment. Aristotle and Thomas make a difference between the moral and intellectual virtues, and describe the cardinal virtues

(prudence, justice, fortitude and temperance) as the basis for further groups of virtues. Thomas introduces the theological virtues as well: faith, hope and love.

In the idea of the human person described by Aquinas the role of reason (*ratio*) is substantial: the human mind recognizes and understands different laws and various phenomena in the world. Reflecting on these, it provides reasons to the will to act in this way or that. Rationality plays a substantial role in contemporary Aristotelian thinking as well.

When speaking of basics, we cannot avoid the question of the “good”, as the initial point of morality. While for the utilitarian relativist, the “good” is subjective, that is, it can be anything that fulfils my interests, in the value system of virtue ethics the “good” has an objective character: it is determined by the Ultimate Good and by His laws, and by the norms deriving from them. The “good”s (basically the values) here have a hierarchical character and they point to the Ultimate Good. In this way we can differentiate between “real” and “apparent” “good”s (McInerny [1997]), according to the question, which “good” satisfies my fulfilment really or which one just apparently does so? (We can think here of smoking or of using drugs.) Goal orientation and striving for fulfilment can be observed in modern Aristotelian positive psychology as well (Szondy [2010]), Ryff [1989], Ryan & Deci [2001]), where, as in antiquity and in the works of Thomas Aquinas, human freedom (free will, quality freedom) is emphasised substantially. Freedom plays a fundamental role in the development of the human person. (cf. Self Determination Theory.)

The spirituality of virtue ethics stands on the ground of the theorem of “natural law” as described by Thomas Aquinas (S.Th. I.-II. q.94., a.2.). This argues that human nature is given in its basics: the human is created after the image of God and in his/her original set up

he or she is disposed to the “good”. (The human nature has five inclinations<sup>6</sup>, among which the inclination to life in common, or community life, is important here). Thomas’s argues that human reason recognizes the norms of his/her nature and actuates the human will to “do the good and avoid the bad”, remembering here the objective character of the “good”<sup>7</sup>. Today, in our area of our inquiry, the phenomena of the primacy of intrinsic motivations over extrinsic ones<sup>8</sup>, the readiness to work for the common good, to be able to act according to reciprocity and the existence of the relational goods,<sup>9</sup> even the examples of the readiness of people for prosocial behaviour and collaboration (Frank [2004], Tencati-Zsolnai [2010]) can refer to the relevance of the natural law.

When speaking of the idea of the human being, and relating it to the economic order through spirituality, we cannot omit the topic of motivation. This is important because, since Adam Smith, a central question in economics has been: what motivates the human person to enter into an economic action? Why does anybody do business? Adam Smith’s answer is none other than the self-interest. In order to deal with the self-interest of the human actor both in economics and in everyday life, we begin our inquiry with the description of the human act [McInerny [1997] in both the utilitarian and the virtue ethics paradigms. The utilitarian structure of the human act is consequentialist (Mill [2012]), where the determinants of the value of an act are its purpose/intention (what the actor wants) and its outcome, independently of the reason for doing it, or the “why” (the motivation) of the actor. According to Mill, the value of rescuing a drowning man from the river is the same whether we did it because we hoped for a reward from it (like fame or money) or whether we did it out of pure love and compassion. Contrary to this logic, in virtue (Thomistic) ethics, the structure of the human act involves five elements: the value of the act is determined by its purpose/intention, by its reason or motivation, (so the question “why”

counts here), by its object, by its circumstances and by its concrete goal. The logic of the objective “good” appears here, taking into account all the constituents of the human act it will emerge whether the action was good or bad. The act has a value only if it is “good”. If we think of the goal setting of “traditional” companies and the ethical, or social entrepreneurs, where sustainability counts, we can observe the difference between a goal of pure profit maximization and the sophisticated goals that create value: practising economic activity for social purposes, for environmental purposes, for the sake of human beings and/or for the environment, in other words, practising a real (not apparent!) CSR. In this approach to organizational thinking, profit has the role of a tool that furthers the realization of values and valuable goals.

This reasoning raises the question of self-interest. Erich Fromm (Fromm [1975]) differentiates between two types of self-interest: “subjectivist” and “objectivist”. Subjectivist self interest appears in the mainstream paradigm, where striving for individual or even organization-level utility maximization means striving for anything that can satisfy my own interest, and only my interest counts. Objectivist self-interest refers to the natural law and to virtue ethics: based on the objectivity of human nature, “man has only one real interest, which is his/her entire fulfilment” (Fromm [1975]). Beside this formulation, we can add to the definition one more idea, namely, that the objectivist self-interest and the real needs of the human being involve the well-being of others as well. We see that the virtue ethics tradition of economic thinking does not contradict basic economics, as described by Adam Smith, because it still argues that the main motivator in the economic process is the self-interest. However, compared to mainstream economic thinking, it modifies the content of the self-interest according to the idea of the human being in the virtue ethics paradigm. The alternative economic theory, based on virtue

ethics, holds that the main motivator of the economic activity is “objectivist self interest.”

In order to go further in understanding the human basis of the economic order, we need to deal with the hierarchical ordering of the “goods” (values), a key phenomenon in virtue ethics. With the help of this thinking, we will be able to construct the foundations of the “three dimensional economy” and the common good model.

### Hierarchy of “Goods”

In classical Greek philosophy, thinkers explored the different values within human existence and within the world, ranking them into an order or into a hierarchy. They described a value system, where they recognized the grades of the values, following the logic of the order of being (being, living being, intellectual and moral living being). The value system they developed is as follows. At the bottom there is inanimate material, then follows vegetative values, than sensitive values and, at the top, intellectual and moral values. In classical philosophy and in virtue ethics the order of the values points to an ultimate value (“good”) as well. It is worth mentioning here that human fulfilment, which is the basic constituent of happiness in virtue ethics, follows this order. On the lowest level of happiness/fulfilment, there are the material goods, and on the highest, the intellectual/moral “goods”. The order among the various values can be observed in the works of some contemporary scholars as well. We see it in the material value-ethics of Max Scheler, in the sociological and economic writings of Arjo Klammer and in the categorization of the mathematician Rokeach, not to mention Maslow’s hierarchy of needs from this point of view.

Aristotle explores this hierarchy. He says that the human body is the tool of the soul; he speaks of the order of the “external goods, bodily goods and spiritual goods”, where the external goods, at the bottom of the order, mean

the material and material-like goods that are tools and the spiritual goods are rated the highest (Aristotle [1999]).

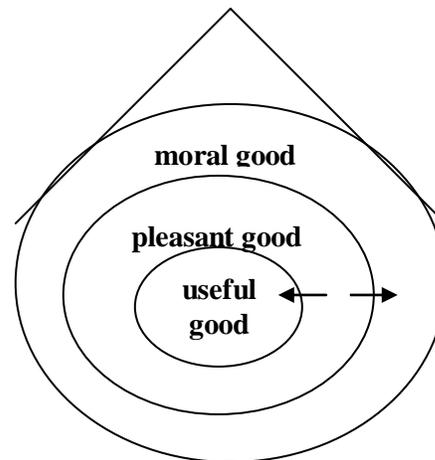
Thomas Aquinas describes the order of the “goods” in a similar way. In his *Summa Theologica* he unfolds the analogical relation and order between the three categories of “goods”: the useful “good”, the pleasant “good” and the moral “good” (S.Th. I. q.5. a.6., II-II. q 145.). Moral “goods” have preference over the other two, and the useful “goods”, referring to the material and material like goods, are *tools*, having no intrinsic value; they are there to further the realization of the moral and pleasant “goods” (like bitter medicine, which does not have a value in itself but which just promotes the higher values of health and life, S.Th. I. q.5. a.6.) The pleasant “good”, in contrast to its meaning in the hedonist way of thinking where it is a goal, just accompanies the other two “goods”. (To do a morally good thing can be pleasant, the smell of the medicine can be pleasant.)

The logic of this idea suggests that moral “goods” are the substantial and “higher” part of the human fulfilment.

### Order of the „goods”

S.Th. I. q5. a6.

Ultimate Goal



As we see, morality is reckoned among the most important “goods”, for it is a substantial constituent of human existence and of the human activity that is described here by the notion of the “goods”, implying that existence and activity are originally good. We can observe, also, that this way of thinking, this ordering of the “goods”, seems to be just the opposite of the mainstream value-order, where useful “goods” have preference over moral ones and they fulfil the role of goals. They are decisive factors for human existence and activity as it appears in the consumer society.

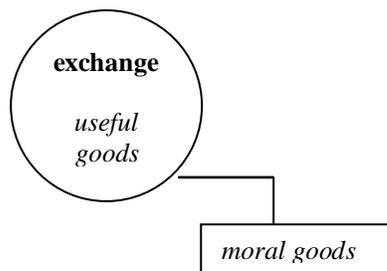
### Homo oeconomicus, homo reciprocans

With the help of the above description we can now point to the difference between the mainstream paradigm and the paradigm of virtue ethics regarding the idea of the human being. Adam Smith represents a radical change in the economic theory of the 18<sup>th</sup> century, which, up to that time, could be characterized by the logic of the Civil economy (16<sup>th</sup>- 18<sup>th</sup> century). Morality, spirituality, sentiments had their place in the market here, and reciprocity, relational goods, gratuitousness, fraternity and trust were not alien to it. Similarly, Adam

Smith, in his book “The Theory of Moral Sentiments”, stands on the ground of human wholeness, since he confirms that the abovementioned phenomena have the right to exist in economic life. However, he changed his view in his next book, “An Inquiry into the Nature and Causes of The Wealth of Nations”, where he works out his thesis regarding (subjectivist) self-interest and adopts a reductionist idea of the human being in the economy. He and his followers in the 18<sup>th</sup> - 21<sup>th</sup> century reduce economic actions to the exchange of equivalents characterized by contracts, and at the same time reciprocity, relational goods, moral and spiritual goods and trust are out of the picture; they are no longer part of the economic life. This change can be characterized by the names of Ockham, Hobbes, Locke, Mandeville at the beginning of the period of modernity and by the influence of

human sentiments, moral considerations cannot be present within the economic transactions, is just the opposite of the tuism of the Civil economy and of economic thinking in the tradition of virtue ethics. The original and personalist I-You connection between human beings changes into the I-It tool-like connection (Martin Buber [1962]) in modern times, even within the business. The difference between the I-You and I-It relation between people is noted by Aristotle as well when he speaks about friendship. He says that a friendship can be “useful”, “pleasant” or “moral”, where the moral friendship involves the appreciation of the friend for his/her own sake. In the useful friendship, the friends enter into connection with each other in order to get some utility, some advantage from each other (Aristotle [1999]).

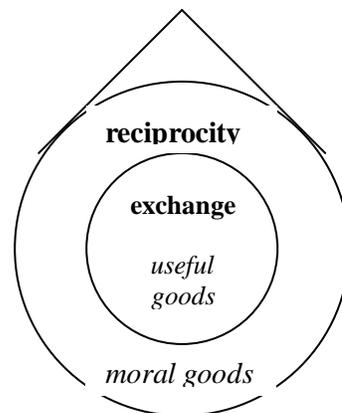
### **Homo Oeconomicus**



**reduced man (2 dimensions)**  
**exchange of equivalents**  
**non-tuism, (I-IT), friendship for utility**  
**extrinsic motivation**  
**consequentialism**  
**subjectivist self-interest**

utilitarianism. The non-tuism, identified by Wicksteed, that has influenced economic transactions so seriously throughout centuries, according to which a business partner is just a tool for reaching one’s own purposes and

### **Homo Reciprocans**



**whole man (3 dimensions)**  
**exchange of equivalents + relational goods,**  
**trust, gratuitousness, fraternity,...**  
**tuism, (I-YOU), moral friendship**  
**intrinsic motivation**  
**thomistic structure of the human act**  
**objectivist self-interest**

We see that the reductionism in the idea of the human being in modernity changes the order of the “goods” described by Aquinas. It emphasizes the realm of the “useful goods” and deletes the sphere of the moral “goods”, or it

treats the moral “good” as an annex to the useful “good” so that it does not constitute substantial part of human existence and acts. It cuts off the Ultimate End from human wholeness as well.

Based on the points mentioned above we can draw a summary picture about the two ideas of the human being that we may call “homo oeconomicus” in the mainstream paradigm and “homo reciprocans” (Bruni & Zamagni [2007]) in the paradigm of virtue ethics.

In addition to the figure we can realize the following observations, as well: The homo oeconomicus is unhappy and misses his/her goal. He/she is unhappy because seeks happiness

In addition to the figure we can make the following observations: homo oeconomicus is unhappy and misses his/her goal because he/she seeks happiness in the realm of the useful goods and misses his/her entire fulfilment and ultimate goal which would make him/her really happy (in the logic of the “real” good). He/she chases temporary and particular goals instead of striving for ultimate fulfilment in the order of the “goods.”

### **The “Three Dimensional” Economic Order and the Common Good Model**

After having introduced some characteristics of the “human base” of the economic order from a virtue ethics point of view, let us turn our attention to some elements of the economy on both macro and micro levels, as was promised in the introduction. The purpose of this paper is to describe an economic model that is built on the idea of the human being in virtue ethics. As we will see, it differs substantially from the mainstream economic model. We begin our introduction with some macro level observations.

Aristotle, in his book “Politics”, outlines two basic ways of running the economy in a city-state: the way of “oikonomy” and the way of “chrematistics”. (See also in Daly, Cobb [1989]). Oikonomy (from which the name of economy derives) means works in and around the household, all of which are basically done for satisfying the needs of the house, family, city, state. The producer or manufacturer thinks in terms of use-value; the activity has limits (they work up to the point when the needs are satisfied), and the economic activity has a concrete goal (e.g. enough shoes for the family). In contrast to oikonomy, chrematistics is not bound to the household and its needs, since its aim is to make as much money as possible. Its characteristics can be described as infinite accumulation, exchange value and a non-concrete goal. This explains why trading activity and banking (usury) was condemned in antiquity and in the early Middle Ages. The banks received legitimacy in the 15<sup>th</sup> century thanks to the activities of the *Montes Pietatis*, the Franciscan “banks” for the poor that gave loans to poor people for a modest/low rate of interest. This way, lending money was not aimed at the limitless accumulation for the lender, but it had use value and a limited, concrete goal. In contrast to the high rates of interest of the usurers, these “banks” used low rates of interest deliberately. It is said that they are the antecedents of today’s ethical banks.

Bede Jarrett OP argues that “the whole justification of trade lies in the intention of the trader.” (Jarrett [2007], 155). With this statement we arrive at the revelation that the way we understand the structure of human acts and their motivation, introduced in the previous section, makes a great difference at the level of economic models, creating quite different features of economic paradigms as well. Chrematistics is based on consequentialism, while oikonomy builds on the thomistic structure of human acts, whereby one can judge whether a business model, decision or goal is “good” or not. The intention or motivation will

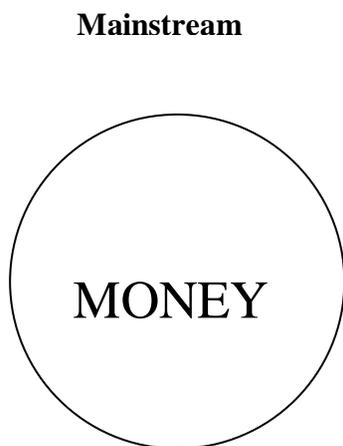
decide the goal of the business, which is most important from a sustainability point of view. A decision from a sustainability point of view must be “good”, carrying forward the “real” interest and fulfilment of the human beings and the environment that it represents.<sup>10</sup>

The most important element of the different economic orders outlined here is the question of profit and money. Aristotle and Thomas dealt with them. Aquinas, for instance, touches on these topics, among others, in his *Summa Theologica* II-II. We will summarize their thoughts with the help of the theory of the order of the “goods”, so that we may see the difference between their approach and the logic of the mainstream paradigm.

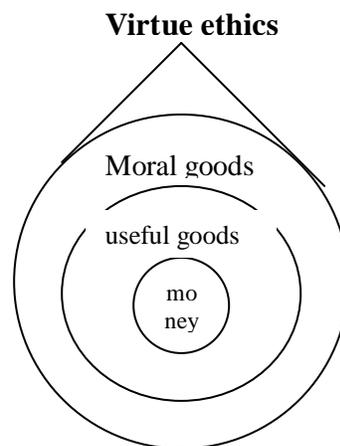
As we discussed in the first section, in the mainstream paradigm profit is the ultimate goal of economic activity; its nature is unlimited accumulation; it rules the economic process, which is subordinated to its maximization. Money is viewed in a similar way.

Aristotle and Thomas view money and profit differently. In the first place, they argue that money and profit are *tools* and not goals and that their accumulation is subordinated to

their use (money accumulation is on the lower level than its use) (Jarrett [2007], 154), and “[t]hose, therefore, that abound in what is strictly speaking necessary for life are richer than those that abound in mere money” (Jarrett [2007], 154). Money and profit, therefore, are on the lowest level within the material (useful) “goods”; they are the lowest among the “goods” in the virtue ethics paradigm (but they are still good!) Considering the idea of the order of the “goods”, we can ask, where is the place of profit and money? Since money and profit are material “goods” and, according to Aristotle and Thomas, they are tools, we can decide their natural place: they belong to the useful “goods” and they are the lowest among them. Like bitter medicine, they further the realization of the other “goods”: namely the realization of moral “goods”. Here profit and money are tools while moral “goods” are goals. Among the moral “goods” we can see the phenomena of reciprocity, the relational “goods”, trust, gratuitousness, fraternity, and even more, the notions of collaboration, solidarity, justice, fulfilment, and so on. Profit and money serve their realization as useful servants. Furthermore, when speaking of profit and money as useful “goods”, we can tie the logic of oikonomy to them and the thomistic structure of the act,



**Ultimate goal  
2 dimensions**



**Servant of the servants  
3 dimensions**

because their goal here is concrete, limited and good (serving values, like collaboration, fulfilment, and so on).

While in the mainstream paradigm profit and money are goals and are bound to the notion of utility, in the virtue ethics paradigm they become a tool and are bound to the notion of usefulness, meaning that they serve other “goods”. While the mainstream way of thinking considers moral issues and virtues to be tools that serve the interests of profit and profitability<sup>11</sup>, the value order of virtue ethics places them at the level of goals.

Mainstream thought about profit and money is similar to chrematistic thinking and, as has often been mentioned in articles regarding the financial crises in 2009, can easily be associated to the notion of “greed” in this way of thinking. However, in the virtue ethics tradition, money and profit can often walk alongside the virtues of gratuitousness and generosity.

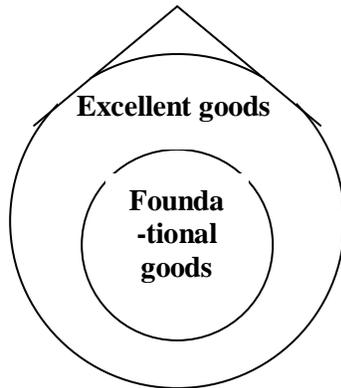
Finally, we can place profit and money in the two paradigms: in the mainstream economic order they are *ultimate goals*, while in the virtue ethics economic paradigm they are the “*servants of the servants*”, referring to their last place among the useful (material) “goods” that serve.<sup>12</sup>

We have arrived at the point when we have reviewed all the elements that are necessary to describe our “three dimensional economic model”, based on virtue ethics. In contrast to the mainstream, two dimensional economic logic that is limited to the circle of the useful goods, the three dimensional economy’s third dimension, the moral goods and all the values that belong here, produces a complete system that represents the wholeness of the economy and the human beings who set it up and make it work. This logic, however, can be applied both on macro and micro levels, since not only organizations, but also governments,

international bodies, and any other actor at any level, can act in a way that is based on morality.

In this work we concentrate on the micro level, since we can observe our message more clearly here. On the organizational level the logic of the order of the “goods” works as well. Alford & Naughton, Argandona, Kennedy, Shionoya, Perez Lopez, Zamagni, Bruni, Sision, Fontrodona, Yuengert all think that this logic is applicable to an ethical organization. They all differentiate between “goods” within an ethical organization, namely they distinguish between instrumental/ external/proximate goods and final/intrinsic/inherent goods within the operation of an organization. As we see, these goods can be linked to the useful “goods” (the first group of the “goods”) and to the moral “goods” (second group). These authors stress that the first group of the “goods” are tools in order to help and further the second group of the “goods” that are goals. Alford & Naughton [2001] use the categories of the foundational “goods” and excellent “goods” in the same manner, and they detail their content as well: the foundational “goods” include capital goods, financial means, marketing strategies, documentation, profit, and so on, meaning the material and material-like “goods”, while to the excellent “goods” belong social responsibility, trust, justice, solidarity, reciprocity, relational “goods”, temperance, collaboration, fulfilment, etc.

### Common good model – Alford-Naughton



We can see the moral theological background of the foundational and excellent “goods” that reflects the structure of the useful and moral “goods”. According to Amartya Sen, Karl Polányi, Tibor Scitovsky, market mechanisms are valid in the realm of useful “goods”, or of the foundational “goods.” Sen says the market functions with regard to private goods, like apples and shirts (Sen [1999]). This means that the values of the moral “goods” cannot be measured by the logic of the market.

We have already clarified that the goal of the macro economy or of the organization described in our model is not profit maximization, because profit is in its natural place in this system (in the realm of the useful or foundational goods that are tools), but the goal of the macro economy and the organization can be expressed by the promotion of the common good, that is, to work for the fulfilment of the human being, both on individual and community/society levels. This endeavour involves the organization’s personnel and its

stakeholders or the needy of the state, as well. (We can think of the social entrepreneurs, the ethical companies, or a just and equitable government.)

When we concentrate on the organisation level, we can find different notions in the literature regarding the logic of the three dimensional economic model. They emphasize that the stakeholders of the company gain importance. Tencati & Zsolnai [2010] call this the “extended relational view of the firm” (12) and Boda [2010] stresses the importance of the common good in the model of the collaborative enterprise as well. Alford-Naughton call the above mentioned organizational model the “common good model.”

Argandona [2008] describes a three dimensional approach to a common good model of an organization according to the same logic we have outlined in this paper: he says the basic dimension of an organization that promotes the common good is the “economic dimension” meaning efficiency, resource usage, financial planning, profit, etc. then follows the “sociological dimension” which involves learning, ability development, self actualization, fulfilment of the human beings in the organization and among the stakeholders, and, the last and highest dimension is the “ethical dimension”, which involves respect for the other, trust, unity, virtuousness.

Let us highlight the main characteristics of the common good model with the help of the information we have so far:

**Economic order on micro level  
The common good model**

*Alford-Naughton, Argandona,  
Kennedy, Shionoya, Perez Lopez,  
Zamagni, Bruni, Sison,  
Fontrodona, Yuengert*

<b>Dimensions</b>	<b>Goods</b>	<b>Motivations</b>	<b>Organizational dimensions</b>	<b>Self-interest</b>
<b>1st, 2nd dimensions</b> <b>Useful “goods”</b>	<b>Foundational “goods”</b> (instrumental, external, proximate “goods”) <b>Tools</b>	<b>Extrinsic</b>	<b>Economic dimension</b> (efficiency, financial plan, <i>profit</i> )	<b>Utilitarianism</b>
<b>3<sup>rd</sup> dimension</b> <b>Moral “goods”</b>	<b>Excellent “goods”</b> (final, intrinsic, inherent “goods”) <b>Goals</b>	<b>Intrinsic</b>	<b>Sociological dimension</b> (learning, self actualization, fulfilment) <b>Ethical dim.</b> (respect for the others, trust, unity, virtuousness)	<b>Objective self-interest</b>

As we see from the chart, the utilitarian way of thinking is not alien on the level of the useful goods, it just needs to be included into a virtue ethics approach, so as to become a part of it, surrounded by the third dimension, resulting in a complete approach to a sustainable economic value system.

From the graphs we drew in this work it can be seen that the classical economic thinking can be integrated with the virtue ethical one providing a completion to it. Exchange of equivalents and contracts are completed with reciprocity and trust or useful / foundational goods are integrated with moral / excellent goods when they are at their natural place.

At the end of this section, we can summarize the features of our economic model, as follows:

“The Three Dimensional Economy” is an economic order where:

- the moral “goods” are goals;
- the useful (material and material-like) “goods” serve these “goods” as tools;

- profit is a useful “good” and serves the values that are in relation with the moral “goods”;
- the motivator behind economic decisions is, or should be the objectivist self-interest;
- in the judgement of an economic action, its moral value plays a substantial role;
- the ultimate goal of economic action is the realization of the “common good”.

The purpose of this paper has been to introduce and confirm that the tradition of virtue ethics and its value system can support the sustainability requirements of our world, as well as promoting a spirituality that fits into sustainable economic thinking, making it human-centred and furthering environmental considerations as well. It offers a system that promotes life, and human and environmental fulfilment. Encouragement for this position can be found in Robert H. Frank’s work (Frank, R.H. [2004]), where the author both theoretically and empirically proves that the pro-social and cooperative behaviour of the human being is not alien to his/her nature: “Based on both empirical and theoretical results, Frank shows the emergence of pro-

social behaviour, independent of external rewards and sanctions” [Tencati, A., Zsolnai, L. [2010], 9).

The reason why Aristotle and Thomas Aquinas have been brought in to deal with 21<sup>st</sup> century economics, and its sustainability issues, is to demonstrate that the roots of our current economic, social and global crises can be found at an anthropological level and that, in order to be able to deal with them, we have to focus on the human being. If we include the common good model way of thinking and the logic of the three dimensional economy among the concepts of used in economic (and organization) theory, the theory itself starts to look different. Let us refer to Antonio Argandoña’s words, as follows:

“The theory of the firm has been subjected to criticism in recent years that call for a revision of its anthropological assumptions (Ferraro et al [2005]; Ghoshal [2005]; Melé [2008]; Rocha and Ghoshal [2006]). The philosophy that originates in Aristotle and Thomas Aquinas is an excellent candidate for conducting that revision on account of the breadth of its conception of man and its implications for organization theory” (Argandoña [2009], 16).

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<sup>1</sup> In this paper we refer to the virtue ethics which is built upon metaphysics and which is grounded in ontology and the finality principle, that is, the Aristotelian, Thomistic ethics, represented by Aristotle, Cicero, Thomas Aquinas, Antonio Genovesi, Jacques Maritain, Etienne Gilson, Alasdair MacIntyre and the communitarians. We do not involve in our disquisition the virtue ethics of Philippa Foot and Stanley Hauerwas.

<sup>2</sup> In classical eighteenth century utilitarianism, described by J.S. Mill and J. Bentham, the main idea was to bring about the greatest possible happiness to the greatest number of people. This did not require individual utility maximization, and moreover, the person practicing this ethic could well behave in a non-egoistic and self-sacrificing way. Individualistic utility maximization and egoism came into economic thinking later, connected to the appearance of subjective economics and non-tuism in the nineteenth and twentieth centuries.

<sup>3</sup> We must pay attention to the fact that Maslow's model of the basic needs is not a complex one, since spiritual goods, from a certain point of view, are more fundamental than the physiological ones. (A starving believer is, at least in some ways, more fulfilled than a well-fed materialist.)

<sup>4</sup> In Aristotle's system the ultimate goal of human fulfillment is the contemplation of the truth, while for Thomas Aquinas, the human being's final fulfillment is the unity with, and the rational knowledge of the Ultimate End, that is, of God.

<sup>5</sup> The "visio beatifica" in Christian theology refers to the personal contemplation of God in the eternal life.

<sup>6</sup> Inclination 1. to the good, 2. to self-preservation, 3. to sexual union and the reproduction and education of offspring, 4. to knowing the truth, and, 5. to community life

<sup>7</sup> The idea of the natural law can also be explored in Aristotle's writings, since he mentions the notions of "natural order" and "natural inclinations" in connection with the "Zoon politikon" of the city-states (Aristotle [2007]). Roman law is based on natural law; the scholastic period builds upon its teaching; John Locke

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and Voltaire refer to it, and the Declaration of Independence of the United States in 1776 stands on the logic of the natural law. Edmund Burke, a contemporary of Adam Smith, was one of the promoters of this theorem. Today the Thomists and Aristotelians profess its content.

<sup>8</sup> This is the result of an empirical research in SDT and motivation (See Komlósi et al.[2006], Martos et al..[2006]): the human being is rather motivated by inner impulses (love for the job, fulfillment through an activity, responsibility, self-actualization, etc) than external factors (like money, reward, bonus, etc.) (Cf. Bruni & Zamagni [2007]).

<sup>9</sup> All those rather non-material, spiritual "goods" that promote connection, relatedness among people. According to research (Bruni [2008], Kasser [2002]), these "goods" further the happiness of the human being better than material goods.

<sup>10</sup> Thinking this way we can differentiate between real and apparent CSR, and we can challenge the pure profit motive: is it a proper way to satisfy sustainability goals that involve the interest of human beings and the environment?

<sup>11</sup> Covey [1989] discusses the logic of welcoming a manager's virtues because they raise effectiveness and, in this way, increase the profits of the company. This is the motivation behind the CSR activity of most companies, aimed at improving the organization's image and, through this, its profits. The problem is not with the idea of increasing profits, which is a good tool in itself, but rather with the relation between being socially responsible and increasing profits. Which is the goal and which the tool to achieve it?

<sup>12</sup> We see the difference between the mainstream and the virtue ethics paradigm: while in virtue ethics the ultimate goal is a spiritual substance, either contemplation of the truth according to Aristotle, or God for Aquinas, the mainstream paradigm puts a material value in this place, money, which is the last among the goods for virtue ethics.