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# Introduction to *The Social Economics of Human Material Need*

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## Introduction

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The concept of need, that is, human material need, is perhaps one of the most paradoxical of economic concepts. On the one hand, the idea of need seems an inescapable dimension of economic life. We can hardly begin to talk about the problems and concerns that drive economic thinking without speaking about those individuals, families, and communities whose needs go unmet and who are hoped to be the principal beneficiaries of economic growth and social policy. On the other hand, mainstream economic theory today—whose prominence and self-proclaimed scientific standing challenge the most dedicated of humanists—denies needs can be distinguished from wants and indeed denies that the concept of need has any legitimate standing in economics whatsoever. Need in the modern world, it thus results, is a matter of preeminent concern that nonetheless escapes formal recognition. Need is a real, inescapable dimension of contemporary economic life but is at the same time seemingly unworthy of the professional attentions of those who devote themselves to the systematic explanation of economic life. In short, the very concept of need escapes us, though in every day life we continually address our needs and respond to those of others in our ordinary practical affairs.

If nature abhors a vacuum, however, so we also seem ever driven to escape the paradoxes of the social world, if only because the social world is so much our own creation and responsibility. And though the paradox of need appears equally balanced upon the manifest reluctance of mainstream economists to ac-

knowledge the concept of need and the continued genuine expression of need by persons in all domains of life, in fact the direction in which this paradox will ultimately be resolved is clear. Need *will* receive formal expression, because its character must be understood in order that individuals' real needs be clearly understood. Need, as so strikingly represented in the 1990 World Bank annual report, *World Development 1990*, devoted entirely to the question of world poverty, will ultimately command systematic attention, because its central place in economic life is inescapably evident even in the face of its sweeping neglect by most professional economists.

The essays collected in this volume make a contribution to this future understanding of need. Written together to form an integrated account of need and capturing some of the best insights of individuals who have for many years made the concept of need a key focus of their thinking about economic life as social economics, they lay important methodological and philosophical foundations for explaining the nature and concept of need. This brief introduction seeks to answer a question preliminary in nature to their concerns. Why does mainstream economic thinking not only ignore the concept of need but indeed also declare it unworthy of serious consideration? It seeks to answer this question because answering it tells us something valuable about how we must go about explaining the concept of need. It also seeks to answer this question because the paradox of need is in considerable degree the consequence of mainstream economists' adherence to a set of unexamined assumptions about economic life and the nature of economic reasoning that themselves require exposure and critique if the concept of need is to achieve the standing that attention to individuals' real needs demands.

Why is it, then, that conventional economists feel entitled to disregard the concept of need? In essence, the answer is that mainstream economics takes the concept of need to be value-laden, therefore unscientific in nature, where that which is value-laden or in any way touches upon normative concerns is subjective and unworthy of serious consideration. Pure science, the aspiration of contemporary mainstream economics, is widely believed to be positive and value-free, thereby objective. Accord-

ingly, in place of the concept of need, conventional economists substitute the concept of individual wants, or tastes and preferences. Wants, it is assumed, may be identified, analyzed, and discussed without evaluation or judgment. They require no interpretation, are regarded as pure data, and are thought to be factual in nature. Moreover, wants manifestly exceed our means and as such are an important element in a science that seeks to understand itself as the scientific study of the allocation of scarce resources in the presence of unlimited wants.

From this perspective, the point of entry value judgments make in the characterization of need is straightforward to the mainstream economist. On the assumption that wants are the raw data of individual economic life, the identification of needs necessitates a ranking of wants that turns on comparing different individuals' wants. To say that such-and-such a want is in fact really a need requires saying that all individuals would have this want in certain standard circumstances, and that the general significance of this particular want then justifies our classifying it as a human need. Needs, that is, are not specific to any given individual but are generally shared by all individuals. In effect, needs are universal wants. However, in the eyes of the mainstream economist this comparability requirement—or, as it has been put in the utilitarian framework of mainstream economics, the requirement that we be able to make interpersonal comparisons of utility across individuals—simply lacks objective foundation. Since Lionel Robbins's influential *Essay on the Nature and Significance of Economic Science*, mainstream economists have insisted that interpersonal comparisons of utility are essentially value-laden and therefore subjective. How, it is typically argued, can one individual's wants be compared with another's without making value judgments about the relative importance of different wants to individuals generally? Since individuals are different from one another, each presumably has his or her own distinct scale or ranking of wants. Thus, from the neoclassical perspective, to say that some single ranking of wants applies across all individuals in order to identify a given need is to impose some single conception of this ranking out of the many possible such conceptions.

For conventional economists, wants and their rankings are

unique to each and every individual. This reflects their status as basic uninterpreted data, and as such is captured in conventional economists' customary insistence on characterizing wants or preferences as exogenous. Further, because each and every individual's wants, preferences, or tastes must be unique to the individual to whom they belong, it follows that each individual is a separate, autonomous identity with tastes known only to him or herself. Each individual, that is, is an atomistic being for whom the wants, preferences, or tastes of others are an impossible object of understanding and whose socioeconomic relations to others are necessarily secondary in significance to their own status as solitary individuals. Self-interest, it then follows, is necessarily the sole foundation for behavior in the economic world, since individuals' own wants and tastes can alone define their interest. All this, it should be emphasized, follows from the simple assertion that the concept of need lacks any place whatsoever in economics, since to allow the existence of an objective basis for comparing wants across individuals in society is tantamount to rejecting the notion that individuals are isolated atomistic beings who make their own wants their sole object of concern.

Unfortunately, in a world in which need is real, though in which economic science discourages its discussion, there are costs to those truly in need that might largely be avoided were the concept of need given formal recognition. In saying, as does mainstream economics, that wants alone explain the material transactions between people, one makes the ability to pay central to any explanation of demand and conceals the dilemma that those individuals in the marketplace who have the least ability to pay have the most unmet needs. The market understood solely in terms of wants, that is, effectively disguises one set of economic relations between people with another, since market exchange is said to reflect an agreement and harmony of interests between free and equal persons, though beneath the surface individuals in need are actually at risk and vulnerable as human beings. Worse than the concealment of this important reality, however, is the response of the market to the unacknowledged vulnerability of those in need. Since those whose needs have been fulfilled and who pursue inessential wants enjoy the luxury



of being able to postpone their market transactions, while those in need are compelled to transact for their needs in the market in as short a time as possible, the former are able to exercise a bargaining power vis-à-vis the latter that puts the latter at an even greater disadvantage. When those trading for luxuries can wait to purchase and those trading for necessities cannot, market prices tend to be lower for luxuries and higher for necessities than would be the case were need given the sort of formal expression that would justify support for those genuinely in need. Moreover, because those in need lack the financial and material resources to express their needs in the marketplace, while those in pursuit of luxuries typically possess an abundance of such resources, the market tends to underproduce those goods that satisfy needs and overproduce luxury goods relative to what would likely be the case were need given formal expression and the reality of need to become widely apparent. These perverse results—which are at odds with the ordinary morality of our society—are the real costs of a science that rigidly defends itself as positive and value-free.

Yet is mainstream economics itself really free of value judgments, as it continually claims itself to be? Close examination of conventional economics' critique of the concept of need, it turns out, reveals important unexamined assumptions at the heart of the idea that interpersonal comparisons are value-laden and subjective. On the line of reasoning that flows from Robbins's argument, interpersonal comparisons of utility presuppose value judgments because they impose a common ranking or scale of wants upon the distinct rankings and scales of wants possessed by different individuals. Yet if one insists that ranking wants across individuals presupposes value judgments, doesn't it also (as Terence Hutchison wondered shortly after the appearance of Robbins's famous *Essay*) involve value judgments to say that single individuals can rank and scale their wants across different and distinct episodes of their lives? That is, if interpersonal comparisons of utility and well-being presuppose value judgments, don't intrapersonal comparisons of utility and well-being presuppose them as well? And, if the latter are objective by the standards of mainstream economics, might it not be the case that interpersonal comparisons are also objective by those

very same standards? Indeed, might it not even be possible that the very reason intrapersonal comparisons are objective is because interpersonal ones are?

Mainstream economics, not surprisingly, ignores these issues with the standard textbook declaration that economic science assumes that individuals can always identify and rank their own preferences. Perhaps the problem here is that mainstream economists, long wedded to the notion of the atomistic individual, cannot conceive of any other way of talking about preference and taste. This then becomes the natural way of understanding the matter, and any discussion of taste and preference across individuals, which requires the exercise of judgment and introduces the values of the analyst, by contrast appears arbitrary and subjective. As we will see, however, it is not difficult to demonstrate that value judgments are also involved in saying that individuals can make intrapersonal comparisons of utility. The real issues, rather, appear to concern the kinds of judgments and values we employ in making both interpersonal and intrapersonal comparisons of utility, and how these different kinds of judgments and values are related to one another.

Social economists, of course, do not deny that individuals identify and rank their own preferences and wants. Their argument is that in doing so we reason in much the same way and make much the same sorts of value judgments that speaking about a socially shared scale and ranking of preferences and wants requires. Their reasoning, moreover, begins with an implicit sensitivity to one of the traditionally overlooked presuppositions of discussing rational economic agents as real beings, namely, that since economic agents are thought capable of ranking their preferences and wants on any given occasion, then they must also be thought able to do this consistently over time. Real economic agents, that is, must be thought of as beings that survive through time and changes of experience, while carrying out programs of economic activity reflecting choices that are consistent through time and changes of experience. For this to be the case, individuals must be said to sustain personal identities amidst change in themselves and their surroundings, and this, social economists argue, necessarily presupposes a reliance on

value judgments that permit us to explain what constitutes personal identity and what it means to be a person. From this perspective, intrapersonal comparisons of utility, because they presuppose an individual's personal identity, must themselves involve value judgments. Moreover, because our understanding of personal identity arguably depends in important respects upon our understanding of individuals as social beings, it is fair to suppose that those value judgments we make in speaking of intrapersonal utility comparisons are somehow linked to value judgments we make in speaking of interpersonal utility comparisons. Mainstream economics, however, ignores these manifest linkages between personal identity and social identity, and in the process fails to investigate the nature of the related value judgments underlying each.

Social economists accordingly argue that a dynamic view of intrapersonal comparisons of wants and preferences is bound up with the interpersonal comparison of wants and preferences. At the most rudimentary level this is manifest in an individual's linguistic system, in that an individual's own language of valuation is socially learned, so that the terms in which one keeps track of one's own preference rankings over time draw upon a public discourse concerning the ranking of wants and preferences. In the thinking of the philosopher Ludwig Wittgenstein, there is no such thing as a truly "private language," since individuals must always express their own thoughts, however private, in a shared language. On this understanding, the linguistic standards that individuals develop to rank their tastes and preferences are inevitably social standards. Peter Winch, in his influential extension of Wittgenstein's thinking to the social sciences, has argued that social standards operate in the sciences in establishing the accepted use of concepts and language to settle fundamental issues between scientists. Mainstream economists, we might then conclude, regard preferences as "like" only when they belong to the same individual, because the standards for preference analysis implicit in their discourse rule out judging different individuals' preferences as "like." In contrast, social economists, because they recognize the inevitable role value judgments play in science, are prepared to investigate



how different individuals' preferences are "like" one another in the hope of making some progress toward explaining those shared wants we call needs.

How, then, might we properly look upon the concept of need in our theoretically more self-conscious investigation of wants and preferences? As a first caution, one would not want to say that, because individuals share a common language and discourse, there is but one system of ranking wants across individuals in society, and that all individuals implicitly make use of that same system of evaluation and analysis. Society clearly gives abundant evidence of competing and even incompatible views of wants and needs, and thus our investigation of need will not produce the overly neat and determinate results that often seem to be the goal of positive science. Indeed, an important message of the analysis developed in the essays collected here is that the necessary involvement of value judgments in any serious discussion of need requires that we address a variety of issues and considerations that relate to the nature of persons and their relations to one another in economic life. This inevitably makes the explanation of need complex and many-sided. Nonetheless, the essays collected here still share a common understanding of the nature of human material need. Need may be defined as *a condition of individual deprivation that threatens a person's livelihood and integrity as a human being*. Of course, the specific ways in which this might be true for different individuals vary across time and societies. But that needs are different at different times and different places does not change the fact that individuals find their very survival as human beings jeopardized when their needs go unmet. Recognizing that debates about the specific historical character of human material need are inevitable, this collection focuses on this single salient fact.

Warren J. Samuels, in "Need as a Mode of Discourse," opens the collection by arguing that because the economy is an institutional complex continually in a process of change, it is important to investigate the changing place and nature of the concept of need in Western civilization and the forces involved in and responsible for this changing conception. For Samuels, the meaning, role, and specific content of the concept of need

are worked out in the total socioeconomic process in such a way as to make one or another particular normative argument in society at any one time. This constitutes what he terms the social construction of economic and social reality and is something that must generally defy sharp statement, being an ongoing matter. Accordingly, Samuels emphasizes need as a mode of discourse, in order to represent its conceptual framework in terms of the socioeconomic reality in which need is continually debated. Need as a mode of discourse, moreover, stands beside and interacts with other modes of discourse (e.g., those concerning rights, self-interest, divine will, and so on) and must thus also be understood in relation to the competing claims each of these modes makes upon us. Samuels's essay brings out complexities of the concept of need in a historically dynamic environment and in this way throws light on many of the debates over the nature of need.

Peter L. Danner's "The Person and the Social Economy: Needs, Values and Principles" begins by approaching need from the most basic perspective of the human person in economic life. Each of us has individual needs bound up with our physical, spiritual, and emotional requirements, yet each of us also possesses distinctively social needs that arise out of our personal, political, and economic relations to others. How these different dimensions of life get expressed and ordered in economic life is essentially a matter of the values people espouse, and here Danner investigates the three social values that dominate contemporary social thinking: liberty (or freedom), equality (or sharing), and fraternity (or community). These three fundamental social values themselves underlie and coordinate three main principles of organization in economic life, respectively, competitive self-interest, government involvement and intervention, and cooperative collaboration. Danner's portrayal well brings out the conflicts and harmonies in society's value structure, together with their impact on the dilemmas for decision making faced by both individuals and groups.

Edward J. O'Boyle, in "Human Physical Need: A Concept That Is Both Absolute and Relative," differentiates need and wants by approaching need from the perspective of a duality in human nature as both individual and social. In this line of

reasoning, the *Homo economicus* of conventional economics is replaced by a *Homo socioeconomicus* of social economics, and the economist's investigation of instrumental rationality is replaced by an investigation of a rationality of ends. For O'Boyle, unmet material need undermines the very foundations of human dignity, and social economics and the social economy center principally on questions regarding the fulfillment of our material needs. He insists that there is no social economics or social economy without the principle of subsidiarity. The greater part of his discussion is devoted to careful technical definition and explanation of the problems associated with defining and measuring unmet physical needs. Distinguishing absolute and relative standards of physical needs in current social policy approaches to need, O'Boyle points out that the absolute standard approach implicitly defines human beings in only individual terms, while the relative standard approach implicitly defines human beings in only social terms. A comprehensive approach, which he then develops in detail, combines both approaches on the grounds that human beings are both individual and social. This entails a classification of unmet needs in terms of both income distribution and minimal living standards and permits an exhaustive treatment of need that is correlated with existing empirical evidence on need.

Anthony E. Scaperlanda's "Government Participation to Address Human Material Need" investigates whether government should address the material needs of individuals in society, what this participation might amount to, and how much of this participation might be required. Arguing that there is already a consensus in our society concerning the variety and level of unmet need in the United States and noting that the private sector is unable to fully alleviate this unmet need, Scaperlanda proposes a model of government participation in the economy in meeting minimal human material needs that is sensitive to the conventions of the American politico-economic process. Based on theoretical foundations influenced by Thorstein Veblen and Clarence Ayres, his analysis takes into account the historical interaction between technology and society's institutions and serves as a guide to a pragmatic policy making that is capable of combining the best from opposed viewpoints concerning the

role of government in the economy. This is an especially valuable achievement in regard to any discussion of government policy aimed at reducing poverty, since recent studies have demonstrated a considerable diversity of reasons for poverty. Indeed, the importance of an imaginative and flexible approach to policy is especially clear in connection with the intractability of "underclass" poverty, which arguably demands a variety of strategies on different levels. Scaperlanda closes with a set of six general guidelines concerning the kind and extent of government participation in meeting human material need.

Edward J. O'Boyle's "The Need for Work as Such: Self-Expression and Belonging" extends the investigation of need in an often unappreciated direction by noting that physical need and the need for work are two equally fundamental dimensions of human material need. For O'Boyle, work is organized and performed through two main modes or channels, individual contribution and teamwork, that reflect the duality of human nature as both individual and social. Work also provides persons two main opportunities in life that also conform to the duality of human nature, namely, the opportunity for self-expression through individual contribution and the opportunity for belonging through one's involvement in work teams or groups. Within this framework, O'Boyle examines the character and significance of the need for work, providing in the process a large number of examples from actual work settings to illustrate the nature of work in the contemporary workplace. Allowing that there are special risks associated with the needs for self-expression and belonging, O'Boyle nonetheless emphasizes that these risks only demonstrate the great challenges the workplace presents in providing opportunities for personal development.

Severyn T. Bruyn, in "Social Management and the Self-Managed Firm," sees a long-range trend in the organization of corporations away from systems of command management and toward systems of mutual governance that enhance each worker's capacity for self-management. This transition, Bruyn argues, has most recently manifested itself in the emergence of increasing employee participation in managing work teams and in overseeing work systems. While early on corporations found these changes led to greater productivity and profits, social manage-



ment in recent decades has also come to recognize the role of employee participation in making possible greater individual self-development. Bruyn provides an extensive and detailed account of the patterns of growth of self-managed firms and suggests that employee ownership and management are likely to become an integral part of corporate life in future years. He then speculates on new, more democratic forms of worker cooperatives and addresses arguments critical of cooperatives from conventional economists. On balance, it appears that worker self-managed firms are likely to experience fewer problems than traditional command management firms in future years.

In the concluding "Reconstruction of Mainstream Economics and the Market Economy," John B. Davis and Edward J. O'Boyle summarize the arguments of the previous chapters by arguing that a rethinking of market economics entails a rethinking of human nature and that the reconstruction of the market economy as a social economy involves devising strategies to help workers and consumers achieve greater personal security. In mainstream economics, the individual side of human nature is emphasized to the exclusion of our social side. Giving this latter dimension adequate emphasis changes our vision of the market economy and transforms our conception of the most basic objectives of economic science. Unmet human material need in the workplace and household manifests itself in the insecurity experienced by workers and consumers. Yet while mainstream economics gives little attention to these needs, the social forces afoot that do address them deserve study. Examples of private-sector and government initiatives to reform the workplace are presented. Also, special emphasis is placed on new concepts of the neighborhood in today's American cities that are beginning to play an important role in identifying and addressing the unmet needs of the household.

An understanding of the social economics of human material need involves a fundamental reorientation in thinking about economic life away from the accepted and customary approaches that characterize mainstream economics. That the magnitude of this task is only beginning to be appreciated by professional economists is disappointing. Yet at the same time, that significant progress has been made to reconstitute the foundations of

an economic science cognizant of need gives us good reason to be optimistic. The essays in this book review and investigate these systematic foundations, elaborating upon their rationales and detailing their principles of analysis. We hope they will provide the impetus for further serious study of human material need in all its manifestations.

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