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John Tomer's Reconceptualization of the Concept of Human Capital

By

John B. Davis

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John B. Davis, Marquette University and University of Amsterdam

Abstract: This chapter examines John Tomer's contributions to our understanding of the concept of human capital. Tomer criticized the standard mainstream view of the concept as narrowly focused on education and training and as seeing investments in human capital as having "an individual, cognitive, and machine-like nature." A broader concept included attention to the people's noncognitive development, and employed both social capital and personal capital concepts. This produces a more expansive view of human development, allows for a humanistic psychological perspective, and supports a multi-dimensional, Maslovian understanding of the hierarchy of human needs. Tomer framed his policy thinking regarding investments in human capital in terms of the goal of helping people become 'smart' persons. He recognized that a barrier to accomplishing this is high levels of economic inequality. The chapter thus goes on to discuss how socially stratified societies generate economic inequality in regard to human capital investments, and how thinking in terms of people's capabilities can help us advance progressive economic and social policies agendas.

Keywords: human capital, human development, social capital, personal capital, inequality, capabilities

JEL codes: A12, A13, B31, B55, J24

i. Introduction: John Tomer as a scholar, humanist, and critical thinker

John F. Tomer was an active scholar and researcher, a critic of standard neoclassical economic thinking, a socioeconomist and social economist, a behavioral economist, and a caring person who spent a life dedicated to improving people's well-being through his efforts to broaden and humanize economic theory. He made many contributions to current progressive thinking across his long career. His central focus and the principle theme in his work was the concept of human capital. His organizing frame was human development. In this chapter, I review and discuss the nature and breadth of John's contributions, and comment on further possible paths forward his work might inspire.

From the beginning of his career John was committed to investigating and extending the concept of human capital. His PhD thesis at Rutgers University examined how the human capital concept could be applied to the ways in which businesses organized themselves and how this influenced overall economic growth (Tomer, 1973). His first book made popular a new concept of organizational capital seen as a special type of human capital (Tomer, 1987). Whereas traditionally economists had believed that firms only produced more goods and services when they increased their labor and capital, John demonstrated that output could also be increased without addition of labor and capital when firms improved how they were organized. From this it followed that across all firms in an economy increases in organizational capital contributed to countries' annual rate of economic growth (Tomer, 1981). John's perspective, he recognized, is embedded in Harvey Leibenstein's x-efficiency theory (Leibenstein 1966), wherein how the firm is organized and the preferences of all firm members affect firm productivity.

John went on to develop a broad understanding of human capital that included the concept of social capital and a new concept of personal capital. In his last book, he brought together his thinking on these subjects over many years, and applied it in a wide-ranging way to the problem of human development, including the problem of human obesity (Tomer, 2016). The human capital concept, he argued, possessed many under-appreciated dimensions whose understanding and investigation could improve our understanding of the economy and the social dimensions of the economic process. Seeing what they involved, he argued, required that one go beyond the boundaries of standard mainstream economics and its inadequate conception of people and society. Consider, then, how a critique of this thinking began with rethinking what the standard human capital concept involved.

ii. 'Standard Human Capital: A Critical View'

The title of this section is one Tomer used in his last book. It signals that his contributions to our thinking about the human capital concept began with a critical evaluation of the traditional, mainstream formulation. At the very beginning of his studies in his PhD. Dissertation, the stimulus for John's thinking about what economics needed was Gary Becker's highly influential *Human Capital* book (Becker, 1964). Becker's book when it first appeared had a revolutionary effect on economists' thinking, because he applied the capital concept, thought then to only to be embodied in physical things such as machinery and equipment, to human beings, and also because initially many commentators saw the application of the concept of capital to human beings to violate something fundamental about what people were thought to be. Becker's argument, however, was more modest than it seemed, since all he had argued in applying the capital concept to people was that people acquired education, experience, and skills, something everyone accepted, and since this raised their earnings, doing so functioned like businesses adding machinery and equipment to improve their earnings. The idea that capital could be 'embodied' in people soon was taken to be only metaphorical, and accordingly ceased to be objectionable to most commentators.

Yet while Tomer accepted the idea that capital be embodied in people, he also thought that the standard human capital concept did not do justice to the many ways in which people could be changed by different kinds of investments in them. Becker's basic idea was an important innovation, but its formulation in conventional neoclassical terms meant that conveyed a narrow conception of human development. He began by explaining this in terms of the difference between cognitive and noncognitive types of human capital.

> Insofar as standard HC [human capital] is concerned with education and training, it implies that HC investment has an individual, cognitive, and machine-like nature. That is, HC investment is a process that involves putting cognitive inputs into individual humans in order to raise individual outputs. Standard HC theory ignores for the most part the possibility that HC investment might contribute to noncognitive human development or changes in human relationships. It also ignores the importance of human relationships as a factor that might contribute to capacity increasing HC formation (Tomer, 2016, p. 5).

The chief problem with the standard HC concept, then, is that it is based on a narrow view of individuals as socially isolated beings and a limited understanding of human development that associates it strictly with cognitive development. Consequently, what was instead needed was a broad, social theory of HC investment that also included attention to the importance of noncognitive human development and all that this involved. People's noncognitive development derived from their interaction with others and their social relationships and also from people's personal psychological development.

One pathway forward in developing a broader theory, then, was to add a social capital concept to HC theory. The social capital (SC) concept had been proposed relatively soon after Becker's human capital concept, and was soon an important subject of investigation in sociology. Some economists thought it a meaningful extension of the HC concept, but most did not (e.g., Solow, 2000), and it never became widely accepted in economics. However, Tomer's early thinking about organizational capital involved a form of social capital. Social capital is understood to reside in trust relationships characteristic of different forms of social interaction – in businesses, families, communities, and institutions (see Bourdieu, 1986; Putnam, 2000). Organizational relationships in firms also depend on trust. Social capital also functions like HC in that investments in it increase the fruits of economic activity. Nonetheless, the emphasis on trust and social relationships does not fit well with standard theory's explanation of individuals as always engaged in self-regarding calculation and reasoning.

Another pathway forward in developing a broader theory of HC was to add a concept of personal capital (PC), a concept not systematically developed in economics and often confused with HC. For Tomer, however, personal capital like HC is embodied in the individual, but is noncognitive in nature. "Personal capital relates to an individual's basic personal qualities and reflects the quality of an individual's psychological, physical, and spiritual functioning" (Tomer, 2008, p. 19). A person's personal capital certainly interacts with their cognitive HC as it is embodied in learned skills and experience, but it also refers to a distinctive capacity people develop associated with what kind of person one is. Thus, a person's emotional intelligence is an important aspect of their personal capital, and like HC in the standard sense contributes to their success in whatever activities they undertake (Tomer, 2003). Other forms are a person's moral capital, or what others see as their moral character, and a person's emotional and intellectual capital, following the work of Daniel Goleman (see 1995).

If we then contrast these SC and PC concepts with Becker's more limited HC concept, an important difference between them is that the former can be seen to be forms of intangible capital compared to Becker's tangible HC. For Becker, HC is always tangible because "the process of acquiring it is generally very observable as it typically takes place in a classroom or on a factory floor" (*Ibid.*, 2016, p. 133). Yet how people acquire SC and PC is also observable, though not in the same ways and in the same sorts of settings Becker emphasized. SC and PC involve intangible forms of HC, then, not because we cannot explain their acquisition, but because it occurs in less simple settings with more complicated causal relationships than operate in the relatively straightforward classroom and factory floor settings.

Tomer's broad theory of HC, then, includes both cognitive or tangible and noncognitive or intangible forms of HC. This expansion is important for understanding his view of human development. If the standard HC view gives us a traditional economic understanding of human progress tied to the idea of raising productive capacity and economic growth, Tomer's broader HC theory gives us a socioeconomic understanding of progress framed in terms improvement in human relationships and personal growth. Let us turn to that understanding.

iii. Human Capital and Human Development

To understand the motivations behind Tomer's thinking in his development of HC concept, it is important to see what was involved in his view of economics' purpose in society being to advance human development. Human development can of course mean many things, and even economists trained in standard neoclassical thinking may claim it as a motivating concern. Yet for most of them, to the extent that they employ the idea, it refers to economic welfare, which is defined in terms of individual utility maximization. That is, welfare is a subjectivist concept involving preference satisfaction, and higher levels of preference satisfaction, which efficiency judgments recommend, is what most standard economists understand as human progress.

Tomer had a far richer understanding of human development (HD), then, that drew on both the humanities and other sciences.

> First, it incorporates the perspective of developmental scientists whose field of study broadly encompasses HD in physical/biological, cognitive, and psychosocial domains/behaviors …. Second, the HD concept is inspired by the humanistic psychological perspective of Abraham Maslow (1943) … notably his hierarchy of human needs …. Third, it is informed by research on neurodevelopment …. Fourth, the HD conception here has been influenced by Ken Wilber's (see e.g., 2001) conception of how humans develop in an unfolding series of stages and levels from lower order to higher order along many dimensions or lines (*Ibid.*, p. 20).

Building on Maslow's famous pyramid representation of a human hierarchy of needs, Tomer then lays out his own pyramid design of human development with three developmental pathways: "(1) educational and cognitive development, (2) psychosocial development, and (3) brain development (or neurodevelopment)" (*Ibid.,* pp. 20). Rather than Maslow's two-dimensional pyramid, Tomer's is a three-dimensional solid with three sides, each of which corresponds to one of these three developmental pathways (see *Ibid*., pp. 20-4).

Note the ways in which this conception goes beyond the neoclassical conception of welfare. The emphasis on need takes it beyond the standard emphasis on desires and preferences. The different pathways of development concern different distinct aspects of human nature rather than just one. The reliance on what the humanities other sciences contribute to understanding human development goes well beyond economics' customary self-isolation as a science. Indeed, Tomer's whole focus on development brings a dynamic understanding to the subject of how people can be better off that is missing from the economics' comparative static type of methodological reasoning. If that latter approach, then, employs a relatively simple, one-dimensional type of analysis, being only concerned with increasing people's preference satisfaction, Tomer's framework is multi-dimensional and complex, possessing multiple, interacting aspects of human development. In a word, Tomer takes human development seriously, and accordingly does not hesitate to draw on the full range of theoretical and empirical resources the humanities and other sciences provide for its investigation.

From this perspective, development means starting somewhere and getting somewhere else. That is, over time people go through different interacting processes of development. That overall development can consequently be more or less successful depending on how many factors affecting the conditions of people's lives interact with one another. Nonetheless, certain human development sequences have been clearly identified, one of which underlies Tomer's insistence that we distinguish cognitive and noncognitive types of HC accumulation. Thus, childhood psychology has shown that moving from childhood to adulthood people first develop primarily on noncognitive levels, and then undergo a shift from those more noncognitive types of development to greater involvement in more cognitive types of development. This has led to one of the important early lessons learned about formulating policies strategies for promoting human capital investment, namely, that additional attention needs to be given to how children learn and develop in becoming adults.

As Tomer's critique of Becker's emphasis on a cognitive conception of HC accordingly demonstrates, not paying attention to the importance of early childhood noncognitive development runs the risk that societies will neglect making HC investments that underlie the cognitive HC investments Becker describes. Becker's HC investment strategy largely targets adults for whom cognitive human development is indeed increasingly important. Yet those types of investments come on a foundation of early life HC investments of a different type, as now recognized, Tomer notes, by many developmentally oriented economists (see e.g., Heckman and Masterov, 2007). We should realize, also, that while some, particularly higher income families will be still successful in supporting their own children's noncognitive development by making in-household HC investments, many other families with lower incomes and thus less household resources will be unable to make these investments. The "result has been a very substantial increase in educational and income inequality" (Tomer, 2014), now seen as a serious problem in many societies. At the same time, that many societies have under-invested in these forms of HC points toward opportunities for advancing human well-being likely to have high rates of return.

Yet Tomer did not restrict his critical thinking about HC and human development to standard theory's omission of noncognitive HC investment. His knowledge of behavioral economics made clear to him that neoclassical economics does not clearly understand how people's acquired cognitive HC as well. Neoclassical economics of course extols human rationality, and assumes that people make rational decisions. This would consequently also apply to their decisions regarding HC investments in education and training. However, as Tomer reminds us, people regularly err in their decision-making, and are in the words of Daniel Ariely "predictably irrational" (Ariely, 2009). There is a bright side to this, however, in that once we recognize that people are often not rational, this tells us "what we can do to remedy these errors" in order to "raise human decision-making capability" (Tomer, 2016, p. 39).

This starts, then, with producing an inventory of types of decision-making errors people commonly make. Following behavioral economists Herbert Simon, Daniel Kahneman, and George Loewenstein, essentially they are that "our minds make many cognitive errors … have limited cognitive capacity to deal with the complexity of the real world … [and] often fail in decision making when strong negative emotions have been aroused" (*Ibid.*). The consequences of these limitations are that we often "fail to get what we want … [and] focus on trying to what is not really and truly in our best interests" (*Ibid.*, p. 58). Our rationality is bounded, and this creates opportunities for HC investment that will assist us in achieving what is" (*Ibid.*, p. 58).

Overcoming how the problem of bounded rationality thus required we go beyond standard thinking about rationality. Tomer saw this as a matter of setting aside neoclassical emphasis on instrumental rationality or rationality of means and a substitution of a rationality of ends or a true rationality. Thus:

> The ultimate rationality of ends, *true rationality*, occurs if one has transformed one's actual preferences, and thus, comes to choose entirely in line with one's true preferences. An element of true rationality is present when people are making progress and acting in accord with their true preferences (*Ibid*., p. 56).

But what are people's true preferences? Tomer's rich view of what human development involves and understanding of what we can learn from behavioral economics research both depend on answering this question. His answer is that they are the preferences that a 'smart' person would have. But what, then, is a 'smart' person in economic life? I turn then to what this means, and begin by distinguishing Tomer's view from recent dual selves models in mainstream economic theory that identify people with their true preferences.

iv. The 'smart' person in economics

Dual selves models in mainstream economics are a response to what has been called the 'reconciliation' problem. The problem is that, if behavioral economics provides new foundations for positive economics, showing people are often not rational, positive and normative economics are no longer obviously consistent with one another, and therefore somehow need to be reconciled (McQuillin and Sudgen, 2012). In neoclassical theory, no such reconciliation was needed since people were believed to always act rationally, and policies then aimed at promotion preference satisfaction on that basis. Yet if agents' preferences exhibit various decision biases and heuristics, and individuals do not always act rationally, then it is unclear what policy recommendations should target. Should it be the satisfaction of the preferences agents would have were they rational or should it be the satisfaction of the preferences people actually have? Related to this is the dual interest theory concept pioneered by John's colleague Gary Lynne (see Lynne, 2020).

One mainstream response to this problem, then, was to adopt a two-tier understanding of people's preferences by arguing that people possess both rational and less-than-rational preferences, and treating their rational preferences as their true preferences (Bernheim and Rangel, 2007, 2008). The goal consequently was to base normative economics on people's rational preferences, and somehow set aside their less-than-rational preferences – what has been termed a "preference purification" program (Hausman, 2012). The means of doing so was to elicit or discover their rational preferences, or determine what things they would prefer were they not subject to the various decision-making errors they were prone to making in ordinary circumstances. This was then to be the basis of a new 'behavioral welfare economics' that was essentially the same as the traditional welfare economics (Bernheim and Rangel, 2009).

A problem with this was that eliciting people's rational preferences and setting aside their less-than-rational preferences entailed some sort of learning process in which a person moved from a psychological state to no psychological state at all (Kahneman, 1996; Sugden, 2015). Not only did this make little sense, but there was no psychological evidence that people ordinarily underwent this sort of process of discovery.

The other main response to the reconciliation problem gave up the distinction between rational and less-than-rational preferences, and substituted a *Homo Sapiens* conception of the person for the neoclassical *Homo Economicus* conception (Thaler, 2000). Then normative economics would target people who failed to make rational choices, but 'choice architects' would design choice settings in such a way as to 'nudge' people to make rational choices – a strategy labeled libertarian paternalism. The justification for this was that such policies was that they would "make choosers better off, *as judged by themselv*es" (Thaler and Sunstein, 2008, p. 5; original emphasis). Yet this encountered the same problem the "preference purification" program faced, namely, all the evidence was that people's preferences were the less-than-rational preferences commonly observed, and little suggested that they would prefer more rational choices of standard theory.

Tomer, then, also sought a 'true rationality' that results when one has transformed one's actual preferences to be line with one's true preferences, but he departed from both the dual selves *Homo Economicus* approach and libertarian paternalism *Homo Sapiens* view in characterizing the rational person as a 'smart' person. A 'smart' person was rational and less error-prone than the individual behavioral economics investigated, and was an individual who developed her rationality over a life-time of personal development along the different developmental pathways he describes in his account of human development (*Ibid*., p. 63). Thus, for Tomer a person's true preferences are the preferences people would have under two conditions: (a) they are preferences not subject to the different types of decision-making errors people commonly make, but also, and more importantly (b) they are the preferences an individual would have were they able to fully develop as person they are capable of becoming.

The 'smart' person view of the individual, then, represents a distinct response to the what we have learned from behavioral economics – one based in a multidisciplinary understanding of what human life potentially involves (see Altman, 2017, 2020). The developmental aspects Tomer draws upon were influentially developed by the famous developmental psychologist Erik Erickson (e.g., Erickson, 1982). For Erickson, Tomer points out, every stage of human development is grounded in an earlier stage, so human development is cumulative in nature. However, when earlier stages are missed, an individual's personal development may be distorted and impaired. Whether, then, people undergo a development that brings out their fullest capabilities depends on how their lives transpire, and surely this depends in an important way on their relationships to others throughout their lives. Indeed, when the circumstances of people's lives negatively affect their personal development, we have what Tomer calls "socioeconomic dysfunction" and "socioeconomic stuckness" (*Ibid*., pp. 81-2).

What does this involve? Tomer emphasized many factors operating on a micro level that impact individuals in childhood, education, and adulthood, but from an economy-wide perspective the overriding problem operating across them all is economic inequality. Thus he calls for 'a New Behavioral Economic Model Explaining Inequality' (*Ibid.*, p. 94), the essence of which is that human capital investments of the different kinds he distinguishes in his account of human development are distributed more equitably across society so as to exclude no one and be fully available to all.

The next section, then, builds on Tomer's inequality focus by saying more about the nature of social inequality, and in particular by exploring how certain types of social structures may reinforce and function as barriers to realizing the human development goals he hopes can be achieved by more equitable human capital investments.

v. Social inequality of social groups

Inequality in economics is generally measured according to differences in income across individuals or households, ignoring differences in their social characteristics. Yet sociologists compare people not simply as individuals but according to their gender, race, ethnicity, class, religion, sexual orientation, where they live, place of origin, etc. These social characteristics are then used to explain people's different social group identities. People of course have multiple social group characteristics or social identities, so they are then identified according to clusters of such characteristics or identities they possess, for example, being female, black, and living in an urban area; being male, Hispanic, and Catholic; etc.

An important question when we are interested in income inequality, then, is: what more do we learn about it when we look at it through the lens of individuals' social group characteristics? Measurement of income inequality, then, proceeds by ranking individuals across income classes, for example, from the highest decile, to the next highest decile, and so on down to lowest decile. When we distinguish groups of individuals according to their social characteristics, we also find that clusters of such characteristics can also be ranked in terms of income. For example, taking just gender and race, white men as a group on average have higher income than black women as a group on average.

This tells us something important about how policies that aim at increasing human capital ought to be targeted. Thus, on the reasonable assumption that low income individuals have lower levels of human capital and are more likely to benefit from additional human capital investments than high income individuals with higher levels of human capital, paying attention to differences in people's social characteristics provides important information regarding where society should make such investments. Accordingly, human capital investment policy ought to target social groups that are persistently disadvantaged in society.

A great strength of Tomer's analysis of human capital, we saw, is that he goes well beyond the training and education emphasis of mainstream human capital theory to introduce and explain the importance noncognitive or intangible forms of human capital. Social capital and personal capital for him are different from cognitive or tangible human capital in that they depend on aspects of human life that cannot be easily explained in terms of individual calculation of a person's advantage. Social capital is built on trust relationships between people. Personal capital is the product of individuals' emotional and moral development. Both thus depend in important ways on the communities that people live in and other people with whom they tend to have long-term relationships.

Suppose, then, that persistently disadvantaged social groups in society rely especially on investments in human capital associated with noncognitive or intangible forms of human capital. Lacking the access that higher ranked social groups have to formal training and education, they rely on developing the forms of human capital that their communities and families create. It follows that human capital policy, in order to achieve the greatest gains, ought to target these forms of human capital and the social groups that depend on them.

Note that these conclusions assume social group rankings are stable over time. Yet it is often assumed that most market societies promote social mobility and that over time individuals' social characteristics do not determine the incomes they earn and the human capital they accumulate. Thus economic inequality is measured in terms of income inequality of individuals or households.

However, there is considerable evidence that intergenerational income mobility in most market societies is low, meaning that people with particular sets of social characteristics earn the same sorts of incomes in the long-run rather than move up or down across income classes. Thus, contrary to the view some have that racial inequality is not an enduring feature of U.S. society, Darity and Mullen have shown there exist long-standing income and wealth disparities between white and black individuals in the U.S. dating back more than three hundred years (2020, ch. 2). Chetty and his colleagues, using specific measures of intergenerational income mobility, have shown for the period 1989-2015 that African Americans have substantially lower rates of upward mobility and higher rates of downward mobility than white Americans (Chetty *et al*., 2018). Regarding inequality by gender, which some women's recent upward mobility suggests may have decreased, statistics for the U.S. shows that wage and income differentials between women and men remains significant and have not decreased significantly over time (U.S. Department of Labor, 2014).

Thus, social group rankings, or rankings of social characteristics clusters, appears to reflect enduring social economic relationships in many societies, and fully understanding economic inequality accordingly depends upon understanding what makes those relationships persist. That is, if social stratification is fundamental to how economies work, we should ask what mechanisms are there within those economies that reinforce and sustain it? Tomer's critique of mainstream human capital thinking and extension of that thinking to overlooked forms of human capital, then, points us toward two mechanisms that tend to reinforce and sustain social stratification.

First, his argument that standard human capital theory is too narrow is based on its exclusive emphasis on cognitive, tangible education and training investments. Such investments, then, are likely to be made by individuals with greater access to formal, high quality educational institutions and training. Those individuals who have this access are also likely to possess more highly ranked social characteristics, such as being white and male. Consequently, the mainstream treatment of human capital tends to formulate public policy that aims at increasing human capital in terms of greater opportunities for formal educational investments that favor higher ranked social groups.

Second, consider Tomer's emphasis on social capital and personal capital as overlooked dimensions of human capital development. If investments in formal education and training are less available for individuals likely to possess less highly ranked social characteristics, such as being female and black, they may rely more on what their communities offer in the form of social capital investments and on what family members can provide in the form of personal capital investments. Consequently, what Tomer recommends in paying greater attention to these noncognitive and intangible types of human capital is paying greater attention to the needs of individuals most likely to rely upon them.

Tomer does not frame his recommendations regarding human capital investment in terms of a social stratification analysis. He nonetheless does frame his discussion of economic inequality in terms of groups of people's unmet needs, and we can argue that what types of needs go unmet in many societies reflects recognizable relationships between social groups. Thus it seems fair to say that a social stratification type of thinking is implicit in some form in his thinking. This seems to give greater power to his conclusions about extending the human capital concept beyond its traditional treatment.

vi. Human capital vs. capabilities

Tomer's early doubts about the standard human capital concept had roots in his deep interest in human development. When the concept was first advanced, others had similar doubts about it, thinking it was contrary to our intuitions about what human beings are to say that capital, a natural science concept that historically referred to tools and equipment as physical things, could be embodied in people. Yet most other critics lacked further understanding of what human development involved, and so the human capital concept as Becker had originally explained it was soon widely adopted in economics. In contrast, Tomer, in thinking of human capital in firms as organizational capital, did not begin with a concept of capital as physical tools and equipment. Organizational capital derives from relationships between people, and thus investments in human capital were investments in things people can do when acting together to achieve shared goals.

The difference here, then, is the difference between a concept of capital as a thing and a concept of capital as an action. Alternatively, the difference is between thinking of human development as the (net) production of more things as opposed to thinking of human development as gains in improving social relationships. Both perspectives are meaningful, but the problem with the thinking of many early critics of the human capital concept was that it only included the first perspective and often failed to acknowledge the second. Let us consider further, then, what the latter perspective includes in regard to what it tells us about human development.

When we think of capital as action, or as the result of action, we also think of individuals in economics as agents. Though the term 'agent' is commonly used in economics, the standard utility maximization view of individuals emphasizes states of individuals, or different levels of preference satisfaction, so the idea of being an agent that actively does things contributes little. Should we emphasize people's agency, as Tomer wishes to do when he describes them potentially as 'smart' persons, we instead focus on what people may be able to do rather than what states they may be in.

This focus on agency and action is central to thinking of people in terms of their capabilities, as in the capability approach of Amartya Sen, Martha Nussbaum, and others. Tomer acknowledges this approach and its relevance to thinking about human development in his recent book (Tomer, 2016, p. 203), but does not rely on it in his own discussion of human development. Yet the idea of people's capabilities, what they can be and do, is essentially what he is interested in when he criticizes the original concept of human capital. Thus, social capital and personal capital, his main extensions of the concept of human capital, are not very well understood when we think in terms of higher states of preference satisfaction investments in them would make possible. Rather, investments in social capital and personal capital change people's capacities for action, or their ability to do things and become different kinds of people – 'smart' people as he says.

The human capital concept is nonetheless a powerful means of explaining human development, even if for most economists how it conceptualizes people limits those explanations to Becker's emphasis on cognitive and tangible sorts of investments. When we therefore go beyond this in the way shown by Tomer to direct our attention to noncognitive and intangible sorts of investments in people, we begin to be able to see other dimensions of human development framed in terms of human potentiality that might be better conceptualized as expansion of people's capabilities. Tomer has certainly pointed us in this direction, always thinking as a socioeconomist and social economist rather than as mainstream economist.

vii. John Tomer as a behavioral socioeconomist

One of the chief faults of mainstream economics is its positivism and inability to see how values underlie economic thinking. This biases it to think of human capital in a physical way and to reduce economic agents to utility maximizers. John Tomer, clearly, started from a different view of the nature of economics as a science. His concern with human development – an idea largely missing from mainstream economics – presupposes a set of normative ideals regarding people's human potential, or the good to which they can aspire. This reflects his interest in Buddhist economics (Tomer, 2017). People do not simply maximize utility but seek to become certain types of beings and live their lives in meaningful ways.

However, the challenge John discovered early in his career in deciding to become an economist was that the field offered quite little in its analysis of economic behavior that addressed his belief in people's human potential. His strategy, then, was to show, in the ways he redeveloped the human capital concept, that the standard view of behavior in economics could be expanded and redirected to better capture how people acted and what their goals are. This meant he was particular interested in what behavioral economics had to offer to economics, since that field began with a wider conception of people's motivations than the standard neoclassical approach employed. Thus John was also a behavioral economist. At the same time, his views in important ways also transcended much of behavioral economics since it can be argued that behavioral economics is also vulnerable to the charge of positivism and thus also fails to sufficiently appreciate the role that values play in our thinking about people in economic life. If we, then, see his sustaining interest in human development as the chief anchor of his work across his career, it seems fair to characterize him as a behavioral socioeconomist. It is surely an estimable label to crown a person's career.

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