Chapter 12
Identity Theories in Economics: A Phenomenological Approach

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Abstract After the seminal 2001 paper written by George Akerlof and Rachel Kranton, the field of identity economics has increasingly developed. This paper presents a new approach to the definition of economic agents' identity, sketching first the conditions required for an appropriate notion regarding the identity of economic agents. Next, it summarizes earlier views outlined by Akerlof and Kranton, Amartya Sen, Miriam Teschl and Alan Kirman, and John B. Davis. Finally, it introduces a phenomenological approach – following E. Husserl's and K. Wojtyla's contributions – combining 'intentionality', 'position-takings' and 'habitualities' as constitutive features of the experience of the acting personal self, to provide a satisfactory identity concept for economic agents.

12.1 Introduction

The 'anomalies' of standard economic theory – the rational choice theory and the expected utility theory – that emerged in experiments conducted over the last 30 years have forced economics to consider imports from non-economic sciences to explain them. Thus, some new research programs, such as behavioural economics, evolutionary economics, neuroeconomics or the capability approach that take elements from other sciences, have been increasingly developed. Identity economics represents an important new approach. John Davis believes that behind the crisis of standard economics' concept of rationality lies its notion of individual identity (Davis 2011, 3). Identity economics captures the idea that personal identity of an individual – an economic agent – is important for explaining individual economic behaviour.

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P. Róna et al. (eds.), *Words, Objects and Events in Economics*, Virtues and Economics 6, https://doi.org/10.1007/978-3-030-52673-3_12

Personal identity greatly influences people's decisions, including their economic decisions. As Davis states, 'Economics and social science – […] – must make use of some conception of the individual to explain economic life' (Davis 2003a, 22). The notion of identity is important to economics in that it provides a necessary theoretical or philosophical framework underlying our descriptions of individual economic agents. We need such a framework because without it the description of the individual economic agent may fail. The agent might still be modelled mathematically, as in standard optimization analysis, but, unless the underlying description can reasonably be said to identify the agent, there is no reason to believe that such an analysis refers to any particular individual. Indeed, we must be able to justifiably say to 'whom' a description applies if we are going to claim a realistic description.

In addition, the literature on identity and economics upholds that agents' descriptions fail to identify real people. Identifying the economic individual poses an issue. Standard economics endorses an atomistic conception of individuals, as Davis (2003a) argues. However, an individual's multiple social commitments shape his/her sense of identity. Therefore, the atomistic individual conception proves inadequate for economics. Moreover, behavioural economics has shown that individuals often make choices that are influenced by context. Yet, while contexts change, individuals remain the same, and individual identity is forged from choices, experiences and circumstances. Thus, it is relevant to know a person's identity to knowing how he/she will act. In fact, Google, Facebook, Amazon use algorithms to detect users' characteristics, identity, concerns, and tastes in order to offer them goods and services accordingly.

Consideration of an individual's social links provides George Akerlof and Elizabeth Kranton the kick-off for identity economics. The *Quarterly Journal of Economics,* in its August 2001 issue, published an article entitled "Economics and Identity" by Akerlof and Kranton. They drew the definition of identity as 'a person's sense of self' (2000, 715) from social psychology.[1] These authors asked how personal identity affects economic facts (2000, 716) and believe that '[i]dentity can account for many phenomena that current economics cannot explain' (2000, 715). They consider identity as 'a new type of externality' (2000, 717).

The notion of identity is also present in Nobel laureate Amartya Sen's 'capability approach'. In addition to his philosophical training, Sen draws from authors like Martha Nussbaum (Nussbaum and Sen 1993) and Michael Sandel (Sen 1999) on identity. Economists-philosophers Alan Kirman and Miriam Teschl have also reflected on identity in economics. Davis, a leading figure in the field of philosophy of economics, has extensively worked on the concepts of identity and economics.

In this paper we will first question what conditions economics requires for a concept of identity. In the second section, we will review some literature on identity and economics, describing the positions adopted by Akerlof & Kranton, Sen, Kirman & Teschl, and Davis. Then, in the third section, we will present an approach that we believe meets the requirements of a notion of identity for economics: a phenomenological perspective on identity. In fact, we will argue that economic

[1] On the largely psychological roots of this notion, see Davis (2011, 72–75; 78).

reality does not call for a specific notion of human agency and identity, but it needs a notion of them in their completeness and unity. Economic agents are not *economic* agents but 'simply' *human* agents, with their whole identity; these agents perform – among other human actions – economic actions, as construed as explained in Sect. 12.1. Finally, a short conclusion will follow.

12.2 A Notion of Economics and Requirements for a Corresponding Concept of Identity

Kirman and Teschl (2004, 62) assert that '[t]he economic agent creates, builds, changes, and learns, is self-reflexive and evaluates her actions'. Crespo (2013, chapter 2) discusses the deep meaning of economic matters – or 'the economy' – from a philosophical standpoint, characterizing economic reality as free, uncertain, and embedded in time. Crespo also notes its subjective character and its social entanglement, exploring three meanings of 'the economic': (1) a metaphoric or improper meaning: human beings are 'economic' insofar as they have needs that they can satisfy using material means; (2) a proper, broad meaning: all decisions and actions geared to the acquisition and use of the goods that satisfy human needs are economic: economic affairs, as they are commonly understood, regardless of their motivations, and (3) a proper, precise meaning: the maximizing character of the use of means in order to achieve ends with those decisions and actions is specifically economic. This last meaning matches the notion adopted by standard economics. Nonetheless, it lacks the richness implied in Kirman and Teschl's description of the actions performed by economic agents and Crespo's characterization of economic reality. We need a theory of agent and identity fitting with descriptions of 'the economic' according to its second meaning – a proper broad meaning. Crespo (2013, chapter 2) also argues that the 'focal' meaning of 'the economic' is economic action.

Specifically speaking about political economy, John Stuart Mill implicitly considers the second and third meanings mentioned above. He first defines political economy as follows:

> What is now commonly understood by the term 'Political Economy' is not the science of speculative politics, but a branch of that science. It does not treat of the whole of man's nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end. (1844/2006, 321)

The last part of the last sentence anticipates the currently prevailing definition of economics – namely, the third meaning of the economic mentioned above: the optimum allocation of scarce means in order to satisfy given ends. However, Mill is aware that this description of political economy involves a simplifying abstraction:

> All these operations, though many of them are really the result of a plurality of motives, are considered by Political Economy as flowing solely from the desire of wealth […] Not that any political economist was ever so absurd as to suppose that mankind are really thus constituted. (1844/2006, 322)

Therefore, he finally emphasizes the need to consider additional motives for these 'operations' in order to come to a correct explanation and prediction:

> So far as it is known, or may be presumed, that the conduct of mankind in the pursuit of wealth is under the collateral influence of any other of the properties of our nature than the desire of obtaining the greatest quantity of wealth with the least labor and self-denial, the conclusions of Political Economy will so far fail of being applicable to the explanation or prediction of real events, until they are modified by a correct allowance for the degree of influence exercised by the other causes. (1844/2006, 323, see also 326–327)

We provide Mill as an example because, although he propounded the expression 'homo economicus', he recognizes that it is an unreal abstract concept and that real agents' economic decisions can be greatly influenced not only by economic factors but by a plethora of motivations.[2] Adam Smith shares this conception. As Milonakis and Fine (2009, 19) assert, Smith's theoretical edifice is 'rich and multifaceted, encompassing philosophical, psychological, social, historical and economic elements'. Consideration of a plurality of motives for economic actions constitutes a central characteristic of the German Historical School of Economics. Schumpeter (1954, 177–78) remarks that a key feature of this school is that it recognizes that human actions, including economic actions, are not motivated by economic rewards only but are mostly guided by a 'multiplicity of motives', and that it stresses the need to concentrate more on individual correlations than on the general nature of events.

Max Weber (1949, 65–66) distinguished 'specifically economic motives' (almost corresponding to Lionel Robbins' definition of economics) from 'economically conditioned' events and 'economically relevant' activities and situations which are not specifically economic. According to him, we find specifically economic actions only in 'unusual cases' (1978, 15). He considers that there are at least four types of social actions: 'instrumentally rational' (for example specifically economic actions), 'value-rational', 'affectual' and 'traditional', and that it would be 'very unusual' to find actions 'oriented only in one or another of these ways' (1978, 32).

That is, as conceived by classical economic thinkers, the real 'economic action' involves not only the motivations considered by standard economics, but also 'a plurality of motives', 'other causes'. These other motives or causes lie at the root of the characteristics of economic actions as described by Kirman and Teschl and by Crespo: they are rational, psychological, sociological, historical, and ethical – consistent with the second meaning noted above.

Let us use an example to illustrate this point. Buying a new car is an economic action. When buying a car, you make calculations and economic comparisons among car models, taking into account their specific features. However, you may also feel loyalty to a brand, sympathy for the seller, or you may be used to buying cars from a single dealership; you listen to and take into account your wife's tastes and opinions; you might be influenced by the beauty of a specific car, and so on. In short, there are plenty of motivations involved in the transaction.

[2] On the origin of the expression 'economic man' and its meaning according to Mill, see Persky (1995).

Thus, we need a concept of agency and identity that supports all the abilities and characteristics implied in the second meaning above. In fact, these traits do not call for an 'economic' specificity in agents and their identity. Agents performing economic actions are entirely involved in these actions. A notion of 'economic agent' only makes sense for the third meaning the economic; consequently, as the third meaning is an 'idealization', we can only speak about an 'economic agent' as an unrealistic simplification. In the second meaning, there is no economic agent, but 'simply' a human agent, that has to be considered in her completeness. Similarly, we do not need a specific notion of identity for economic actions but 'simply' a human identity – in all its richness. The example of buying a car shows how all kinds of motivations influencing human agency are involved.

Hence, it seems clear that an identity theory becomes necessary to grasp economic affairs because the economic agency is essentially a *human* agency. Indeed, the agent, the *acting-who* must be considered in all her wholeness. In the last section, we will introduce an identity theory that supports the characteristics of human agents when dealing with economic affairs, explaining the link between identity and agency.

The standard economist can be sceptical about the usefulness of considering identity in economics. This is understandable in the context of economics as currently conceived. However, within the conception of economics as a social science, with a methodology that leaves room for prudential reason assessing decisions stemming from an incommensurable plurality of motives, identity happens to be a central motive. This concept differs greatly from today's economics but draws closer to classical political economy. The authors of this paper believe that the 'spirit' of this ancient original thought about economic life should be re-established and that personal and social identity constitute a critical factor for consideration.

12.3 Identity Theories in Economics

Identity theories supported by the following authors vary based on distinct philosophical notions. We will concentrate on Akerlof and Kranton's 'foundational' theory and we will then present other theories as well as some criticisms raised against them by different authors.

12.3.1 Akerlof and Kranton

Using standard economic reasoning tools, such as utility functions and game theory, Akerlof and Kranton show that some presumed anomalies in the standard model (rational choice theory and expected utility theory) can be explained by agents' identity. They state (2002, 1168):

> An individual gains utility when her actions and those of others enhance her self-image. Furthermore, self-image, or identity, is associated with the social environment: People think of themselves and others in terms of different social categories. Examples of social categories include racial and ethnic designations, and in the school context include, for example, "jock" and "nerd." Prescriptions give the ideal, or stereotypical physical attributes and behavior, of people in each category. Individuals then gain or lose utility insofar as they belong to social categories with high or low social status and their attributes and behavior match the ideal of their category.

These authors think that '[w]ithout a model that mirrors this sociology, economic analysis produces only partial answers to key questions' (2002, 1168), arguing that 'identity and norms bring something new to the representation of tastes' (2010, 6). Consequently, they incorporate these new elements to the utility function, viewing the latter as two-fold: the traditional 'standard utility' and 'Identity-utility' (2005, 14; 2010, chapter 3, 17ff). They assert, '[w]e suppose a person chooses actions to maximize her utility, given her identity, the norms and the social categories. She balances her Part 1 standard utility and her Part 2 identity utility' (2010, 18).

This proposal proves positive because it considers new motivations for economic actions, which is a very realistic notion. However, the introduction of these motivations fails because the sociological new inputs lose their meaning in the logic of utility maximizing, which is not their 'natural' logic. The unity of the 'instrumental self' as Elizabeth Anderson (1993, 39) calls the 'self' involved in this economic kind of logic, hinges on the unity of its preferences. It cannot account, she explains, 'for the rational unity of our emotions, attitudes, internalized norms, intentions, and ways of deliberating. In unifying a person's preferences and choices around the achievement of particular consequences, the instrumental view creates discord among other aspects of the self' (1993, 40). The instrumental view only includes other motivations – as Akerlof and Kranton posit – for an instrumental reason – in order to maximize utility – and, thus, 'denaturalizes' these motivations, which do not focus on utility maximization. Instead of subsuming or understanding the instrumental motivation in terms of identity, it subsumes or understands identity in terms of instrumentality. Paraphrasing Anderson (1993, 79), identity 'has global authority' over all possible motivations of actions, while instrumental calculations 'play various local roles within it'. Or, as Martha Nussbaum (1999, 183) puts it, cost benefit analysis only serves as an 'acolyte'.

A consequence of the flip side implicit in Akerlof and Kranton's theory is, as Teschl (2010, 447) remarks, that 'as with all non-market goods, the question is how to evaluate benefits and costs and in the Akerlof and Kranton case, how to evaluate identity gains and losses' (see also Kirman and Teschl 2004, 76–77). Herein lies an incommensurability issue that requires a decision-making process other than a cost-benefit analysis: using practical reason.[3]

[3] See Nussbaum (1999, 182–185), Henry Richardson (1994, 69–86; 209–227). Davis criticizes the inclusion of identity in the utility function, arguing that this is a 'circular explanation': 'the preferences-utility conception of the individual says that if one has one's own (well-ordered) preferences, one can be represented with a utility function and then identified as an independent individual. This, however, only assumes what needs to be shown' (2016a, 24).

We think that the case of Akerlof & Kranton provides a good example of a process described by John Davis (2008b, 365):

> economics, as other sciences, has regularly imported other science contents in the past, and having subsequently 'domesticated' them, remade itself still as economics. In the current situation, for example, behavioral economics — a research program in economics, not in psychology – employs imports from psychology but frames them in terms of economic concerns.

Indeed, Akerlof and Kranton consider psycho-social motivations for economic behaviour, but they 'domesticate' them with the logic of instrumental rationality. Viktor Vanberg (2008, 605–610) reasonably notes that seeking to account for non-economic motives by including them as preferences misses the point. Instrumental motives are outcome oriented. There are non-instrumental motives that are not guided by outcomes but by actions that are valuable by themselves; an instance of 'preferences over actions per se' (Vanberg 2008, 609). This is the case, among others, of actions motivated by people's identities.

In addition, Akerlof and Kranton correctly note that there are inconsistencies between different times in people's lives (2010, 126). Yet, 'what then is the overall identity of the person? It seems that Akerlof and Kranton's approach to introduce identity as motivation for choice leads to the paradox that it dissolves a person's overall identity' (Teschl 2010, 447).

Davis (2011, 81–84) also stresses that Akerlof and Kranton avoid the 'multiple selves' problem by adopting a partial equilibrium analysis: there is no specific criterion to unite people's multiple social identifications. Also, Jason Potts (2008, 4) points out that Akerlof and Kranton offer an 'equilibrium identity' analysis, while he believes that identity is 'by definition a *dynamic disequilibrium,* in which identity is developed and maintained in an entropic open-system context'.[4] Potts argues for a 'generic evolutionary model of identity' in which, 'rather than conceptualizing identity in terms of departures from rationality, identity instead enters economic analysis in terms of the drive to continually recreate and re-invest in individual coherence' (2008, 10).

In short, while Akerlof and Kranton introduce the idea of taking into account identity as a motivation for economic behaviour, they do it in an 'economic-like' way that does not lead to the very identity of economic agents. This is why Davis (2006, 374–377) refers to this position as 'the neoclassical strategy'.[5] Our proposal for a phenomenological approach includes a non-consequentialist notion of identity, i.e., not depending on the outcomes of actions. We will introduce it in Sect. 12.3.

[4] Italics in the original text.

[5] See also Ben Fine's critical article, with similar arguments (2009).

12.3.2 Amartya Sen

In *Reason before Identity* (1999), Sen devotes a whole section to the question 'Discovery or Choice?' (1999, 15–19). Sen's view of identity derives from his answer to this question asked by communitarian Michael Sandel. Sandel states that we discover our identities, while Sen believes that we choose them. He softens this view by saying that our choices are not unrestricted (1999, 17) and that sometimes we also make discoveries, but he adds: 'choices have to be made even when discoveries occur' (1999, 19). Davis (2008a) argues that Sen regards having an identity as the most important capability. Given that, for Sen, identity is built by the choices an individual makes, it must be central to the development of individuals' all other capabilities.

Some authors referring to Sen speak about a metaphysical deficit in his view, which hinges on an insufficient conception of human nature. Crocker (1992, 588) asserts that neither Sen nor Nussbaum is trying to ground their ethical proposals on a metaphysics of nature or an account of a trans-historical human essence. Des Gasper (1997, 288ff; 2002, 442, 447, 449–450) complains about Sen's 'thin' conception of the person, adding that Sen's theory also lacks an elaborated theory of the good (2002, 441). Sabina Alkire and Rufus Black (1997) propose to complete Sen's 'deliberately incomplete approach' with John Finnis' practical reason principles. With a more positive approach, Séverine Deneulin (2002) argues that the policies undertaken according to the capability approach (CA) need to be guided by a perfectionist view of the human good. Ananta Giri (2000) regrets the lack of a creative and reflective self in Sen's notions.[6] Benedetta Giovanola (2005) argues for the expansion of Sen's notion on the human person in Marxian terms. The very diverse orientations of these suggestions to overcome Sen's incomplete definitions points to the difficulties of establishing a conception of human beings. However, a minimum notion would help to provide the grounds for a basic guide for social and economic policymaking and would consequently improve CA's operating nature.

12.3.3 Kirman and Teschl

Alan Kirman and Miriam Teschl assert that standard economics has answered the question *what* economic agents are by describing them as maximizing beings who follow their preferences and constraints represented by a utility function. More recently, economics has answered *where* people are locating them in a specific network and society. Akerlof and Kranton's model considers *what* and *where* a person is, but not *who* she is (2004, 73). They propose an answer – new in economics – about *who* she is: 'a self-reflexive human being who has the capacity of actively

[6] Sen's concept of commitment (1977, 2002) seems, however, to entail a reflective self, see Davis (2008a, b).

discovering and consciously creating her identity within a given social context' (2004, 63). These authors believe that this answer is philosophical and goes beyond psychology or social identity. They rely on Derek Parfit's (1984) 'complex view of identity' and on Pierre Livet's (2004, 2006) account of personal identity when presenting their 'who-identity model of identity' (2004; 2006, 303). From Parfit, they draw the idea of the key role of continuity in personal identity (2006, 316). Livet views personal identity as the interplay between two identity functions: personality – more stable – and social status. These ideas inspired Kirman and Teschl (2006, 316–317) notion on who-identity. They describe it as follows:

> In our view, the identity of the economic agent is not characterized by a given and unchanging preference ordering or orderings, but reflects rather a process of continuity and change, i.e. an interplay of three different aspects of a persona that evolve over time: *what* she currently is and does, *who* she wants to be and *where* she chooses to participate, that is, to which social group she chooses to belong. Each of these aspects will correspond to a vector in the characteristics space, a list, undoubtedly very long, of all relevant features of that aspect. The three chosen vectors can be thought of as forming the 'corners' of a *triangle of identity* that moves and changes in a space of characteristics.

Who a person wants to be is her desired self-image, and, to become who she wants to be, the person will choose to identify with the corresponding social groups. However, both the desired self-image and the social groups can change and influence each other.

This proposal accounts for what the person wants to be and, consequently, what she wants to choose and what social group she wants to join, as well as subsequent possible changes. Yet, the question remains as to who the 'who' that underlies all these desires, choices and changes is. In fact, Davis (2011, 197) believes that Kirman and Teschl reproduce Akerlof and Kranton's 'multiple selves' problem – albeit more dynamically. Davis argues, 'How can someone be said to have a personal identity if what that involves continually changes?' Indeed, this is essentially the conclusion of Horst, Teschl, and Kirman (2007, 23), who say that 'personal identity of individuals is relatively weak'.

12.3.4 John Davis

For the past few years, John B. Davis has focused on the analysis of the concept of identity underlying different economic currents and his own concept of identity. Beginning with a book chapter in 2001 and spanning two books (2003b, 2011) and a great number of articles, this topic remains the main focus of his intellectual work to this day. This section will not deal with Davis' appraisal of identity notions in economic theories but with his own concept, especially centring on the ideas expressed in his 2011 book *Individuals and Identity in Economics*.

Davis (2011, 4) calls his approach to identity 'an ontological-criterial approach to identity'. He wonders 'what the *concept* of an individual requires, or what fundamental criteria are involved in referring to things as individuals' (2011, 4). He

establishes two criteria: first, the *individuation criterion*, representing individuals as 'distinct and independent beings' (2011, 5). He adds that 'for individuals to be distinct and independent, they must hold together as single whole beings and cannot fragment or break up into multiple selves' (2011, 9). Second, he refers to the *re-identification criterion*, by which those individuals can be re-identified as distinct and independent, despite changes in many individual's characteristics (2011, 5).

Inspired by Sen and Pierre Livet (2006), Davis holds that the individual has a special personal identity capability, 'interpreted as a capability for maintaining and developing an account of oneself in changing interactions with others' (2011, 188). He labels this position 'the capabilities conception of the individual' (2011, 170). Individuals have several changing capabilities. The danger to be avoided is the possibility of transforming the individual in a set of multiple selves, not a unified single being.

He believes this problem can be overcome with 'self-narratives' – 'discursive accounts people keep of themselves' (2011, 183) – that allow people to '*construct* personal identities for themselves in the form of autobiographies' (2011, 171).[7] The identity capability is people's ability to organize themselves through a self-narrative (2011, 190). Self-organizing allows people to have enduring personal identities (2011, 209). Self-narratives are 'evolutionary, open-ended, and generally do not get resolved, because people are continually engaged in developing their capabilities and this continually creates new possibilities for how their narratives will proceed' (2011, 209).

Rather than an individual task, this implies a mutual influence of personal and social identities: 'who they [individuals] are is socially influenced, while at the same time they are a part of the social world because they influence it as well' (2011, 213). Thus, self-narratives are both individual and social.

Miriam Teschl (2011, 79)[8] describes Davis' position on identity:

> This evolution and development of capabilities occurs through social interaction in society. Conflict is important here: different capabilities arise out of different social identities, but it is the conflicts between identities that generate the need to engage in self-organizing processes. Social identity has two aspects for individuals. One is *relational* and concerns an individual's engagement with others from a particular position or role that they occupy using first-person, i.e., self-reflexive, representations. The other is *categorical* and concerns the collective aspect of their identity, assessed from a third-person perspective. Over their lifetimes, individuals keep narrative accounts of themselves, which is a way to reflect on conflicts that their social identities may create, and this engagement and self-examination is what constitutes their personal identities. Indeed, personal identity is an evolving narrative, but it does not necessarily have to be a single, continuous story. It is rather a succession of ongoing conflict-solving discursive accounts, which also help the individual reflect upon the past and project themselves into the future. It is a way of being influenced by and influencing the social structure in which the individual evolves. The individual is thus socially embedded, and yet each self-narrative is highly individualized.

[7] Italics added. From a philosophical point of view the idea of constructing identities has Kantian reminiscences and the idea of constructing them through self-narratives has links with contemporary conceptions of language.

[8] Italics added.

For Davis (2011, 204), the relational social identity proves pivotal for other social identities and unifies them.

More recently, Davis (2016b, 23) has stressed the idea of reflexivity linked with identity: 'individual behavior and identity need to be understood in terms of some sort of capacity to reflexively orient on that behavior and identity, a type of idea which has had little place in the theory of decision-making in economics, with a few exceptions'. He uses Sen's notion on identity and self-scrutiny as an example, associating it with John Searle's idea of preferences as 'the product of practical reasoning' (2001, 253). However, the question remains, who is the individual that self-narrates or reflects? Which is her identity?

In the next section we present an alternative theory which, in our opinion, is consistent with the concept of economic theory described in Sect. 12.1.

12.4 An Alternative Proposal for the Definition of Personal Identity

Kirman and Teschl have insightfully noticed that considering *what* and *where* a person is does not meet all the requirements for an identity-model, but *who* she is actually does (2004, 73). However, we find that a who-identity is not explained either by merely recognizing a continuity factor or by admitting an individuation criterion, as Davis suggests (2011, 4–5); then, both individuation and re-identification criteria fail to characterize *personal* identity: they may apply to any thing or being but only as thing or being – that is, just different from other individuals belonging to the same species. The essentially *personal* condition of identity is missing, and so is identity itself. As shown by the *who*-formula itself, identity starts with a first-person demand, which, of course, may have and indeed does have third-person correlates, as indicated below.

Most contemporary philosophical discussions on personal identity[9] still factor in John Locke's core account of personal identity, in terms of recollection of past experiences or psychological conscious experience of oneself as a means to ensure that continuity factor needed among multiple possible changes over time: 'and as far as this consciousness can be extended backwards to any past Action or Thought, so far reaches the Identity of that Person' (Locke 1975, 27). The fact that a person persists over time does not weigh more heavily than some other facts generally spelled out in either biological or psychological terms, or both. These kinds of interpretation, usually known as complex view, analyse personal identity in terms of simpler relations. This theory not only leads to inconsistences but also fails to explain personal identity.[10] Biological and psychological continuity (in all its possible realizations:

[9] See Shoemaker and Swinburne 1984, Parfit 1984, Williams 1970 and Lewis 1986, among others.

[10] Thomas Reid formulated one such inconsistency by considering the example of a person who can now remember her first day in high school but cannot remember her first day in primary

memory, personality, projects, preferences…) may be regarded as epistemic criteria for an individual diachronic identity, but it provides neither the necessary nor sufficient conditions for *personal* identity.[11] The question of what it takes for a person to persist over time is different from the question of how to find out whether a person at one time is identical to a person at another time. Epistemic criteria for recognizing personal identity over time must not be confused with criteria for identity itself.

Here we present another conception, a phenomenological approach to personal identity, as a contribution to getting a grasp of *the acting personal self* from a first-person perspective. Husserl's critique of Locke's understanding of conscious experience narrows down to remarking that Locke, like many others in the history of philosophy, did not understand intentionality (1956, 76; 92; 110; 112; 114). Husserl states, 'If one has no insight into what is essential to intentionality and into the specific method that belongs to it, one can also not acquire an insight into what is essential to personality and personal accomplishments' (1968, 221).

The phenomenological understanding of the intentionality of consciousness allows us to formulate a theory of personal identity that (1) can account for the continuity of consciousness over time, (2) provides an account of an aspect of what it means to be a person – namely to be able to *appropriate* one's past actions and thoughts as one's own (not merely to remember them or not) – and (3) gives an original answer to the question of personal identity, establishing what the identity of a person over time involves.

In phenomenological terms, intentionality is the basic feature of consciousness – that is, to be always conscious *of something*, to be always geared towards something, to transcend oneself (Husserl 1984, §§ 9–21; 1977, § 36). In other words, intentionality is a relational capacity. However, where a person is concerned, intentionality is not just any relational capacity. Merely experiencing the world and

school, although, on her first day in high school, she could remember her first day in primary school (Reid 2002, 262). Another inconsistency appears when considering identity during sleep: the insistence of Locke himself about the necessarily self-aware nature of our thoughts challenges the possibility that there could be self-aware thought during sleep of which we have no recollection (Locke 1975, II, 1, §10). He even argues that my inability to recollect the thoughts I presumably entertained during sleep leaves open the possibility that they could belong to another person (1975, II, 1, §11).

[11] Knowing everything about bodily and psychological properties and their relations would still leave the question of personal identity unanswered. Consequently, personal identity is conceivable in the absence of psychological and bodily relations. An argument points, for example, to changes of body and psychology (see e.g. Swinburne 1984, 22–3). I can conceive myself as having your body and psychology and you as having mine (more than a thought experiment, it is, by the way, the experience of thought insertion and delusion of control, very common in schizophrenic patients). I could also imagine that I might not have existed, but that instead someone else exists with the same life and body that I actually have. If these scenarios really are metaphysical possibilities, then psychological or bodily relations are neither necessary nor sufficient for personal identity: there is a possible world where I exist without the bodily and psychological properties that I actually have, and another one where the bodily and psychological properties I actually have belong to another person.

others does not, according to Husserl, make us persons yet (animals also do it, which may be viewed as a rudimentary first-person perspective, in contrast to a robust one[12]).

For Husserl (1973, 196), us being persons originates in us performing a specific kind of intentional act, which he calls 'position-taking' (*Stellungnahme*). In the same sense, Wojtyla asserts that "knowledge about man and his world has been identified with the cognitive function […] And yet, in reality, does man reveal himself in thinking or rather in the actual enacting of his existence? – in observing, interpreting, speculating, or reasoning […] or in the confrontation itself when he has to take an active stance upon issues requiring vital decisions and having vital consequences and repercussions?" (Wojtyla 1979, vii–viii).

To be a self – namely, to be a person – means, first, not to be a natural object – that is, an 'I' does not appear as a dependent part of causal connections, as a mere individual with its specific essential features, but it emerges in motivational connections of intentional subjects. This can be understood considering that causality is the fixed and empirical legality of physical nature, characterized by certainties in expectations, whereas motivation serves as the basic principle of consciousness – in other words, of the subjective condition. Husserl (2004, 299) asserts, 'It should be taken into account that this causality of nature, […], is radically different from the causality of motivation that purely reigns inside the sphere of the mental, of the sphere of the immanent subjectivity. In the case of causality of motivation, the necessity of the connection is *comprehensible*'. For him, 'causality in the physical nature is nothing else than a fixed empirical regulation of coexistence and succession, always given in the experience in form of certainties in expectation' (1960, 134).

The intentional character of an 'I' entails taking a stance towards things, towards the world and others, not merely relating in a fixed, predictable way but in a comprehensible manner. It consists of more than perceptual, wakeful awareness, but it does not involve other higher-order activities in its original core sense. Taking a stance does not include making explicative or comparative judgments – higher-order activities. It is simply the defining feature of the personal subjective condition of the self; then, it is the "quality" of the subjective way to view or connect with objects (facts, etc.), revealing their traits but not as imposed features. Subjective receptivity adopts this form: specific availability directions are in the person, influencing the (theoretical, axiological or practical) way she handles an object (facts, etc.).

All position-taking occurs as a specific form of intentional directedness towards being, values, or goals. By means of a progressive position-taking exercise, a stable, "sedimented" character is shaped – that is, the person becomes determined, more receptive to specific dimensions or directions of the availability of things or facts. That is why, as persons, we become characterized by a *habituality* originated in our activity (Husserl 1966, 360). Our past position-takings remain alive to the extent that they shape our future active life. Thus, the person correlates with a horizon of

[12] Cf. Baker (2015, 156).

sense. To relive the past is to remember, but 'habituality' does not mean remembering a past position-taking. Position-takings have their own way of shaping the present, enduring as characteristics of the self, who is the agent responsible for all the positions she has taken.

As the bearer of such enduring position-takings, the ego is always more than the source of its positing, since it is, as a personal ego, also the product of this positing. Through the concept of action, Wojtyla also aims to show not only the person's fundamental experience of being the cause of her own actions, but to be self-determining, that is, – as Buttiglione interprets – the person not only moves beyond the body and the psyche by transcending them but also integrates them in action (1997, 144). The person reveals and realizes herself in action.

As a self with a personal history in the form of enduring interests, choices, and convictions, I am not just aware of a perceptually appearing surrounding; rather, I am aware of this surrounding as displaying my interests, goals, and projects. More precisely, the enduring convictions, projects, and beliefs are expressed in the interest the subject takes in certain cultural, social, scientific, and political practices, which are revealed by the way one experiences the world. What one stands for, moreover, is not some private affair; rather, it shows in the inter-subjective situation via the way we act, think, and talk.

Even if we take the same decisions as others, or if we change our minds constantly, our personal history would, from a phenomenological perspective, still be characterized by an identity: as one always asked to take a position – that is, to relate with a horizon of sense – and as the agent solely responsible for *taking* that position. "In this experience man manifests himself as the person, that is to say, as the highly specific structure of self-governance and self-possession" (Wojtyla 1979, 179). Thus, being a specific person does not mean having a specific corresponding set of features that only belongs to me; then I can indeed share decisions, convictions and traits with others. In fact, there can be one or more individuals with precisely the same set of features as me.

My positions individualize me because they are mine; they originated in me, and, as such, they correlate with an environment. I do not endure like any worldly object, nor do I persist in the way that my habitualities do. The mere ability to recollect a past experience or action does not yet imply the ability to *personally appropriate* it –that is, to take a position, to be intentionally – not causally – related. There is an essential sense of self-governance that denotes the person both as the one who governs herself and as the one who is in a way subjected and subordinate to herself (Wojtyla 1979, 190 ff).

Thus, it may be said that recollection most often reveals continuity, even though the possibility of recollecting is not enough to establish such personal continuity. When I recollect a certain point in my life and still think that I have made the right decision in favour of, for example, a certain profession, the explicit appropriation of my past decision shows that this decision still holds today, both in the sense that I would make the same decision again and that this decision was mine all along, as a

habitual and 'sedimented' decision. As such, this decision, even without being re-enacted constantly, has implicitly structured and influenced my other decisions and even prevented me from making other decisions. Indeed, I am still the same person that I was before. Thus, personal identity relies on the capacity to be intentionally related – whether in perception, memory, future or fiction… –, which entails a correlation between myself and a horizon of sense.

As a result, an individual's formal identity appears as the recollecting and recollected subject from a third person perspective: a bundle of characteristics, experiences, features and actions… A genuine personal identity consists of more than the continuity of our conscious awareness and the relative continuity of ourselves over time, changing continuously as we continuously take new stances and revise old ones. A person is hence a whole recognizable by certain habitualities in correlation with an environment. These habitualities provide actual volitional direction, in combination with the motives given in present; then, a person is the subject of free motivations.

Summing up, to be regarded as the only one responsible for taking a stance and not merely as a being that endures over time makes me an ego, separating me from natural objects. Yet, this does not say anything about my personal identity, my uniqueness. My position-taking characterizes me, not only setting up my present way of connecting with the world and others but also establishing my correlation with a horizon of sense. The positions that I take become habitualities, sedimented stances. Even though they can be and actually are revised, some of them (individual and universal) remain unchanged. This fixed relational condition makes up my personal acting self.

Thus, the phenomenological approach to personal identity may fill the gap between hitherto considered formal identity and agency. Formal perspectives of identity fail to grasp that ultimate sense of what is personal and, therefore, fall short of explaining *personal* agency. That intuited "new type of externality" (Akerlof and Kranton 2000, 717) may be found as the expression of the intentional as the motivated way of connecting with the world through habitualities. Davis' individuation and re-identification criteria were considered as grounded on the capability for developing accounts of oneself that give coherence to changes and different stories, emerging like different 'selves' (Davis 2011, 188). However, how could first-personal givenness be brought about by narrative structures? An account of self that disregards the basic structures and features of our intentional-experiential life is not fundamental, and this is the first-person perspective with the primitive form of self-reference that it entails. In order to tell stories about one's own experiences and actions, one must already hold a first-person perspective. Personal identity can be found here, and it may, in turn, correlate with narratives.

Moreover, a certain dimension of inaccessibility and transcendence that characterizes others – the reason why the other is an other – comes precisely from the fact that they are also selves, with their own irreplaceable, unique first-person perspectives.

12.5 Conclusion

In the introductory section we have discussed the importance of identifying the agent in economics. This depends on a particular vision of economics that has been sketchily developed in Sect. 12.1. In Sect. 12.2 we have introduced the concepts of identity in economics proposed by Akerlof and Kranton, Sen, Kirman and Teschl, and John Davis. Finally, in Sect. 12.3, we have looked for another theoretical framework, presenting a phenomenological position about personal identity.

It seems that neither memory nor mere continuity or recollection embody the *who*, the personal self. The mere formal identity of myself as the self that is both recollecting and recollected, or as the individual capable of being represented as a distinct and independent being and that can also be re-identified despite changes – according to Davis – is not a *personal* identity but an individual diachronic identity akin to that of any other object or being. These traits could prove valid epistemic criteria to recognize identity and its continuity over time, but they must not be confused with criteria for identity itself. The key notion is intentionality – actually, intentionality as the essential and structural feature of a personal self: as position-taking. To take a position or stance means to enter into a motivational (not mere causal) level of relationship with the world and others and, therefore, to generate 'habitualities' over time – a 'sedimented' structure informing my actual volitional life in correlation with a horizon of sense. 'Habitualities' are individualized not because of their specific content (that can be revised, changed and even shared with others), but because of their *mineness* – their first person perspective. The notion of a true self as the persistent core of personal identity lies, however, on the ultimate definitiveness of my position-takings: those personal convictions that I experience as an individual calling and values that claim for universality. Thus, decisions, projects and preferences supporting my true self are of a capital importance, and following them leads to habitual attitudes – a sedimented structure that informs my present and future experience of the environment.

If an 'economic action' is a typical human action, all of human agents' motivations and characteristics participate in it. The specificity of economic action – broadly understood – does not call for human agent and human identity specificity; quite the contrary, it requires the consideration of them in their full wholeness and unity.

A phenomenological account considers the person as a whole, and, therefore, the above-mentioned human characteristics of people's actions in relation to economic matters are also involved. People are particularly understood as free, facing uncertainty, but having a specific style when connecting to the world, gained through their position-takings. Hence, they build their own identity in relation to the environment and to others. All the former qualify as characteristics of economic affairs and agents, as described previously. Economic agents are not different from human agents. Every one of them is a singular person who takes positions that make her who she is, becoming *habitualities*, sedimented stances. She decides and acts based on this personal identity, which is obviously richer than any economic maximiser agent.

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