

# Theoconomy: Fixing the forecasting error



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Most of the economic wealth accumulated by humans over all the ages is founded on an error of judgement or a delusion that to acquire wealth, possessions and status will bring permanent happiness. It is this deception which rises and keeps the economic household in continual motion. Founded on this delusion, humanity has created cities as well as common wealth, and invent and improve all the sciences and arts which ennoble and embellish human life. This delusion is also the cause of half of the world's problems such as the unrelenting demand on the earth's resources, pollution, world wars, et cetera. It is because of this delusion that the modern age is caught up in the philosophy of futility, fetishism of commodities and conspicuous consumption. This can no longer be tolerated. A new narrative ought to be found. Humans have to change their positions. A greater degree of mindfulness and consciousness are required. In this article, the nature and character of this deception in terms of Adam Smith's *universe of capitalism* is expounded and a new narrative, *theoconomy*, is introduced to correct the error of judgement by humans.

**Keywords:** Adam Smit; Theoconomy; Universal deception; Existential happiness forecasting error; Conspicuous consumption; Universe of capitalism; Prosperity ethics.

## Introduction: Existential understanding of happiness

Nava Ashraf (in Ashraf, Camerer & Lowenstein 2005:131–145) describes the *forecasting error* as a person's 'illusion that acquiring wealth, possessions and status, will make the person *permanently* [author's emphasis] happy'. This *forecasting error* has a great influence on a person's economic behaviour and preferences, and therefore it is indeed responsible for much of the economic activities we see in the modern society, especially in the Neo-liberal Western societies founded on what these societies perceive to be, namely *capitalism*. The *forecasting error* is indeed an error of judgement and an illusion. A large body of modern research in the determinants of happiness (Diener & Biswas-Diener 2002; Easterlin 1974; Frey & Stutzer 2002 as cited in Ashraf et al. 2005:131–145) has consistently found surprisingly weak connections between happiness, well-being and wealth or income, especially over time or across countries.

Based on this error of judgement, a reality devoid of substance is constructed. This reality may be characterised by the following dispositions: fetishism of commodities, philosophy of futility and conspicuous consumption. The effect therefore is indeed a deflation or diminishing of the intended meaning and value of life as well as a further existential understanding of happiness and well-being. Let us briefly examine these aspects of life as they jointly and severally are having a substantial influence on humanity, especially the morality and ethics of the economic household.

The philosophers, Marx and Engels, introduced the concept of *fetishism of commodities*. According to this concept, commodities in a society where people produce and exchange them, takes on a life of their own and constrain those who produce them (Boucher & Kelly 2003:247). As such, commodities itself become mysterious and affect the way humans act, think and are (Boucher & Kelly 2003:247). Because commodities became exploitative and oppressive, commodities make themselves relevant to the world they have created and attain a life of their own (Boucher & Kelly 2003:427). Ultimately, we as humans assign or attribute certain human attributes to inanimate commodities. Over time, these inanimate commodities offer gratification or pleasure well beyond their natural value and gain exceptional *exchange value* that reflects the deeper and more fundamental benefits that are deduced therefrom. This gives rise to continual search for gratification found in commodities – even in frivolous commodities. For this reason, the *exchange value* of most commodities is well above their nominal or material *use value*. In other words, we pay a price for some commodities that is way higher than its actual use value. For example, the price of a diamond in a beautiful wedding ring setting may be substantially more than what one would be prepared to pay for a diamond that is used for industrial cutting purposes. This particular 'idea' of commodities gives rise to what Thorstein Veblen (1994), a sociologist and economist introduced as *conspicuous consumption* at the turn of the 20th century. This term by Veblen describes an apparently irrational and confounding form of economic behaviour.

This term implies that humans engage in unnecessary consumption as a form of status display, particularly true of fashion in even higher degree than most items of consumption.

In our modern society of the 21st century, the list is indeed endless. Think about cell phones, cars, extravagant homes and cosmetic surgery to mention but a few. Nystrom (1928) theorised that this human proclivity in the modern world could be manipulated to induce a vicious circle of dissatisfaction and the desire for new consumer goods and thereby leading to an ever-increasing desire to acquire new fashionable goods and services such as apparel, automobiles and home furnishing. Nystrom observed that this malaise whereby people seeking gratification found in frivolous things such as mentioned, is a human disposition caused by the monotony of the industrial age and a lack of purpose and meaning in life. According to Nystrom, many people in the Western world, especially since the industrial age, departed from old-time standards of religion and philosophy. Nystrom argues that humans having failed to find a forceful and viable alternative philosophy; the void was filled by what is termed a *philosophy of futility*. It is a view in life, or rather the lack thereof, that causes humans to question the value and the purpose of human activities.

Accordingly, there exist even in humans the tendency to challenge the purpose of life itself. This lack of purpose, according to Nystrom (1928), has an effect on consumption similar to that of having a narrow life interest. This results in a human's attention being drawn to the more superficial things that comprise much of a fashionable and status consumption as mentioned before.

Overall, these trends are the cause of what is labelled today as *conspicuous consumption*. Conspicuous consumption is encouraged and exploited in the name of *capitalism* and *market fundamentalism*, and is one of the main drivers of economic growth, yet deeply rooted in a fault line or a deception – a deception, illusion or a *forecasting error* that the acquisition of wealth, possessions and status will make people *permanently happy*. Admittedly this deception or fault line is not a new generation occurrence and is deeply rooted in human history. However, the deception or the *forecasting error* is not a tenet of Adam Smith's *universe of capitalism* as construed to be in the materialistic secularist's society characterised by its Neo-liberal economic discourse – notably in the Western societies. Why should we be bothered or care about this fault line? The most elementary answer to this question is that this fault line is the cause of the unrelenting demand on the earth's limited resources, the high level of pollution and wastage and many other physical, environmental and psychological ills associated with the *conspicuous consumption* and *philosophy of futility*. The continued exploitation of the inherent weakness and imperfections of humans as creatures could not be further allowed in the name of *capitalism* and *economic prosperity*, *human happiness* and *well-being*. The unashamed exploitation of both the rich and the poor is causing severe destruction and continuation of the vicious circle of poverty and

disenchantment. Therefore, to continue to exploit the deception of humans in the name of *capitalism* is blatantly cruel and exploitative. This tendency has to be stopped and an alternative narrative ought to be found. To fix the fault line, we have to first and foremost conceptualise the fault line in terms of Adam Smith's *universe of capitalism* and then establish how the fault line may be fixed.

## Historical context

In order to appreciate the historical context and magnitude of the fault line and to contextualise this deception within the context of the *universe of capitalism*, we have to go back 300 years to the middle part of the 18th century to the world of Adam Smith (1723–1790), the father of *modern economics* (Hanley 2016:281), and the conceptual framework of organising and maintaining the economic household in predominately Western societies of which South Africa count as one. Let us now briefly look at how the *forecasting error* fit into Smith's *universe of capitalism*, and how Smith proposed that the *forecasting error* should be fixed.

The *forecasting error* is what Adam Smith at the time referred to in his seminal work *The theory of moral sentiments* (1759:263–264) as a *deception* – the misguided belief that wealth brings happiness. As Smith (1759) notes:

It is this deception which rises and keeps in continual motion the industry of mankind. It is this deception which first prompted them to cultivate the ground, to build houses, to found cities and common wealth's and to invent and improve all the sciences and arts, which ennoble and embellish human life, which have entirely changed the whole face of the globe. (pp. 263–264)

However, the pronouncement by Adam Smith ought not to be construed to be underlying his *universe of capitalism*. In Smith's typical backwards rational reflection way of deduction, he simply rationalised the English social scene of the late 18th century. The English social and economic scene at the time was 'most emphatically not [a] rational order [with a] moral purpose' (Heilbroner 1999:43). As Heilbroner (1999:43) described it, the world of Smith outside the drawing rooms of London or the pleasant rich estates of the counties, were characterised by 'rapacity, vanity, cruelty, a degradation mingled with the most irrational and bewildering customs and tradition of some still earlier and already anachronistic day'. Indeed, an anachronistic period founded on what Smith described in *The wealth of nations* (1976 [1776]:386–387) as the poor Yeomans and the rich Lords. The Yeomans were 'those who remained bereft of property (including in their person) [that] were dependent on their masters for their maintenance and were at the mercy of the master's caprice'. The Lords were those '... who lived off their bounty and humoured their vanity' (Smith 1976 [1776]:413). It is indeed the latter, most prominently their vanity and their ladies who first tempted them into an extravagant penchant for luxury purchases, who attracted the most criticism from Smith. According to Smith, it is this vanity and spend thrift that, in turn, encouraged merchants and manufacturers to find products to tempt the Lords into consumption until it led to the demise of the Lords.

As Smith asserts, it is the Lords who have sold their birth-right not like Esau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty for *trinkets* and *baubles* fitter to be the playthings of children than the serious pursuits of adults. The consequence: the Lords ... the Lords became as insignificant as any substantial ordinary person or tradesman (Smith 1976 [1776]:421).

Adam Smith (1976 [1776]:418) reflected upon it at the time as follows: '... for the gratification of the most childish, the meanest and the most sordid of all vanities, they gradually bartered their whole power and authority'. Smith in *The wealth of nations* (1976 [1776]:418) observed that, for a pair of diamond buckles perhaps or for something frivolous and useless, the rich Lords exchanged the maintenance or, what comes to the same thing, the price of the maintenance of a 1000 men for a year, and with it the whole weight and authority which it could give them.

What exasperated Adam Smith the most is quite clear. Considering his entire corpus hermeneutically, Smith was quite annoyed by the selfishness, vanity and greed of the Lords. Smith's summary judgement of the Lords therefore drips with contempt.

Adam Smith (1976 [1776]:419–420) was in particular irritated by the conspicuous consumption at the time. As he noted 'the spending on luxuries' caused 'a Lord [to] ends up maintaining not a thousand families, ... But fewer than 20 people or ... ten footmen not worth the commanding'. This may also be construed to imply that the wealthy and the rich, instead of growing their businesses and employing more people, they waste their wealth on frivolous luxuries. However, notwithstanding Smith's contempt for the vanity and greed of the Lords, it ought to be noted that he articulated another angle.

On the balance of fact, although Adam Smith was annoyed by and spoke with quite contempt about the deception and the consequential spendthrift of the Lords, he had to acknowledge the unintended advantages of the most destructive member(s) of society. Smith (1759:263–264) observed that the deception of the Lords keeps in continual motion the industry of mankind. However, this observation should be regarded as a partial one and should not be construed as having been affirmed as a recommended principle of his *universe of capitalism*. On the contrary, Smith's rational reflection of the circumstances at the time, is a more factual proposition. In fact, Smith (1759:265) observed that the 'rich pursue ends that fail to make them happy'. They end up being no happier than the poor. He (Smith 1759:290) therefore concluded 'that ultimately, man [sic] is rewarded with miserableness and cannot enjoy the free air of liberty, independency, security, tranquility of mind and happiness'.

## Universe of capitalism

Considering Adam Smith's ethics and economic thinking hermeneutically, it is apparent that he therefore rather focused on the causes of this inherent deception and what

ought to be done to have this fault line in human disposition restored. For instance, Smith (1759:295), rather than exploiting the same in search for human self-betterment, observed from the conduct of the elite and landlords during the feudal era that their material or existential understanding of happiness and well-being was the cause of a belief that they were the objects of 'attention and approbation'. He therefore felt that such a disposition is fragrantly wrong. He (Smith 1759:50–51) was of the view that the Lords ought not to take glory in their riches, because they felt that they draw upon them the *attention and approbation of the world* [author's emphasis]. Accordingly, Smith (1759:295) asserts that this deception is founded on 'man [sic] desire to be great and rich as they belief, wrongly though, that they will be loved and trusted'. This, according to Smith, is a deception. Smith (1759:290) therefore recommend that a person should not be defined by his or her desires, power and status, but instead the person ought to take self-command over the existential desires, passions and aversions, and submit the same to the person's *conscience* and act, according to the voice within *the impartial spectator*.

Secondly, Adam Smith asserts that humans ought not only to be overanxious about their ease of body or bodily comfort – something that he, however, did not despised. Smith remained of the view that it is both the ease of body and in particular the security or tranquillity of mind that are 'the most perfect state of human nature, the most complete happiness man [sic] is capable of enjoying' (Smith 1759:149). Smith (1759:149) therefore observed, contrary to the deception by which people tend to order their lives, that 'without tranquility of mind there can be no enjoyment and where there is perfect tranquility, there is scarce anything which is not capable of amusing'. With that, Smith (1759:148) also implies the preservation of equanimity – meaning the calmness and composure in difficult situations.

Thirdly, he accordingly questions for what purpose do we toil and bustle in this world, especially considering when all the toil and bustle are the grounds of discontentment and ill mindedness. He also questioned the end of avarice, ambition and of the pursuit of wealth and pre-eminence.

Should happiness and well-being therefore, in terms of Adam Smith's *universe of capitalism*, be founded on and deduced only from the existential nature of existence: wealth, possessions or status as well as ease of body? In terms of the *universe of capitalism*, as defined by Smith (1759:133), the answer is an equivocal 'NO!' To contextualise Smith's answer, we have to note the discourse of the eloquent and philosophical Massillon, as cited by Smith (1759), in explaining what humans ought to focus on in their quest for happiness and well-being. Massillon asserted:

But you, on the bed of death can you dare to represent to Him [God] your fatigues and the daily hardships of your employment? What is there that He ought to place to His own account? The best days of your life, however, have been sacrificed to your profession ... Alas! My brother, one single day of those sufferings, consecrated to the Lord, would, perhaps have obtained your

eternal happiness. One single action, painful to nature and offered to Him, would perhaps, have secured to you the inheritance of the saints, and you have done all this and in vain, for this world. (p. 133)

This self-explanatory citation clearly suggests that the confused feudal Lords (and this may also apply to our confused, over materialistic and secular modern Western society in which we live and toil for a living) ought to redirect the attention away from the present existential understanding of what would make humans happy, content and bringing calmness to our minds. In Adam Smith's *universe of capitalism*, human happiness and therefore the ease of body and the calmness of mind ought to be founded on a vivid eschatological understanding and meaning of life. Until this transformation takes place, we will toil with ambition and avarice without enjoying the fullness of life. Likewise, Smith's warnings will remain to smooth the minds of scrupulous business executives and consumers who cannot take command over their greed, insatiable desires, passions and aversions.

Ultimately, according to Adam Smith (1759:26), *this remain each person's choice*. For this reason, the *universe of capitalism*, as conceived by Smith, optimistically mapping out how humans could overcome the deception or illusion of the *forecasting error* by maintaining their *conscience* and develop their character through acquiring *virtues*. According to Smith, it is by *human conscience* and by *being virtuous in character* that humans have the potential to resist this self-deceit or the deception caused by the *forecasting error*. Let us now reflect on these two aspects and how Smith in his *universe of capitalism* recommend that humans ought to correct this deception of the *forecasting error*.

## Human conscience

In dealing with the deception caused by the forecasting error, each person ought to examine his or her economic behaviour and preferences. The underlying nature of Adam Smith's *universe of capitalism* is that a person, when deciding on a particular behaviour or expressing a preference in his or her pursuit of happiness and well-being, is in the first instance the *immediate judge* (Smith 1759:219). In deciding on the basis of proper judgement and in dealing with what it is for human beings to be truly flourishing or living well, Adam Smith's *universe of capitalism* deals with the same issues that deeply mattered to the ancient Greek moralists (Walters 2018:110). These issues firstly focused on the basis of moral judgement; and secondly, on the nature of virtue or what we might think of as admirable traits of character (Homiak 1997). Similar to Aristotle's *Nicomachean ethics* II.9 (Homiak 1997:3), Adam Smith's *universe of capitalism* moves from the pretext that in setting and following rules of behaviour or action, which may or may not affect a person's well-being and happiness and therefore deserving of praise or blame, 'are not easy' and therefore require that we focus on the following two aspects: Firstly, to flourish and to prosper, require proper judgement; and secondly, what Greek moralist labelled as virtue. Greek

moralists concluded that to enjoy a happy life, one must give prominence to the exercise of virtue.

Let us for now briefly reflect on the basis of proper judgement where after, in the next paragraph, the admirable traits of character will be reflected on as recommended by Adam Smith in order to resist the self-deceit of vanity, rapacity and greed that manifest in conspicuous consumption.

The basis of proper judgement, according to Adam Smith, is reason, human conscience or *the voice within* and, in the final instance, a higher tribunal. *Reason*, according to Smith (1759:319), is constantly or at least more often than not, 'carried with us' and according to which we endeavour as best as we can to model the tenor of our conduct and behaviour, and discriminate between our preferences. However, though, 'the faculty of reason' argues Smith (1759:319), 'may be very justly to be considered as, in some sense, the source and principle of approbation and disapprobation and of all solid judgements concerning right and wrong' it is:

altogether absurd and unintelligible to suppose that the first perception of right and wrong can be derived from reason, even in those particular cases or the experience from which the general rule are formed. (p. 230)

Adam Smith (1759:230) in this regard asserts that reason cannot render any particular object including human desire, passion or aversion agreeable or disagreeable to the mind for its own sake. Reason may show the way that this object or tenor of conduct is more pleasing or displeasing, or one preference more suitable than the other and, in this way, may render the object of behaviour or preference, either agreeable or disagreeable, for the sake of something else.

*What is this something else?* Is it perhaps the correct moral sentiments? According to Adam Smith (1759:323), *moral sentiments* 'in some degree [are] laudable and morally good'. However, Smith (1759) is of the view that moral sentiments or moral sense cannot:

exert itself alone or unmixed with sympathy or antipathy, with gratitude or resentment, with the perception of the agreement or disagreement of any action to any established rule, or last of all with that general taste for beauty and order which is excited by inanimated as well as by animated objects. (p. 327)

Moral sentiments are therefore not the ultimate or final criteria. In Adam Smith's *universe of capitalism*, *sympathy*, apart from the higher tribunal (this aspect will be ventilated in later paragraphs), ought to be the basis on which we found our moral judgement of our behaviour and expression of preferences. What is called *sympathy* and the affection founded on it, is in reality nothing but *habitual sympathy*. This concept should not be confused with empathy, charity or benevolence. It has a much deeper and fundamental meaning and purpose. Smith's interpretation of the sense of sympathy or rather habitual sympathy is analogous with the Stoic philosophy of *The social bond* (Raphael & Macfie 1982:7). In terms of this sense of sympathy, each person ought to regard

him- or herself as a citizen of the world, a member of the vast common wealth of nature. We should view ourselves in light of which any other citizen of the world would view us. What befalls ourselves should be regarded as what befalls our neighbour or, what comes to the same thing, as our neighbour regards what befalls us (Smith 1759:140).

In this regard, Adam Smith (1759:414) cite Epictetus' notion that 'we ought to remember how we were affected when this accident happened to another and such as we were in this case, such ought we take in our own'. In other words, in applying the principle of *sympathy* in order to judge our economic behaviour and preferences, we should not consider ourselves separate from others in the first place, but rather being part of a whole; by implication, being considerate of others when adopting a particular economic behaviour or expressing a particular preference. How is this being done? To illustrate this most fundamental aspect of Smith's *universe of capitalism*, he has devised the philosophical construct of the *impartial spectator*. He also use this philosophical construct to explain human conscience.

Adam Smith's theory of conscience, as the imagined *impartial spectator*, implies an impartial reflection from a distant that is separate from the real person. For a person to judge his or her actions, preferences, proper tone of temper, tenor of conduct, sentiments and judgements as well as those of others, and to imagine how others are affected by a person's behaviour and preferences, *he or she must change position*. According to Smith's *universe of capitalism*, as long as a person 'survey' his or her interest and those of others from a his or her selfish and original passions of human nature, a person can never put his or her interest and those of others into balance. According to Smith (1759:135), 'a person can never restrain from doing whatever may tend to promote a person's own interest, how ruinous so ever to the real person self'.

The real person in this construct rely only upon his or her reason or instinct which is more basic and primordial (Smith 1759:13). The jurisdiction of the real person is altogether founded on the desire of actual praise and on the aversion to actual blame. In other words, the real person pursues his or her desires, passions and aversions to either avoid blame or pain or to be praised or considered to be great, admired or having some status which could lead to a deception or illusion.

The jurisdiction of the *person within*, according to Adam Smith (1759:130–131), is founded altogether on the desire of praise-worthiness and on the aversion to blame-worthiness in the desire to possess those qualities and to perform those actions which we love and admire in other people and in the dread of possessing these qualities and performing those actions which we hate and despise in other people.

'In this analysis the love of praise-worthiness is by no means derived altogether from the love of praise', wrote Adam Smith (1759:114). He (Smith 1759) considers the two principles:

though they resemble one another, though they are connected and often blended with one another are yet, in many respects,

distinct and independent of one another and having different qualities of propriety. (p. 114)

Essentially, the person who simply applies his or her reason or instincts in determining the propriety is driven by the most primordial motive. The person who also rely on his or her impartial reflection of the circumstances or consequences, for instance by considering *the voice within* or *the impartial spectator* in terms of Smith's philosophical construct (1759:131), act notably to a person's *divine part* of his or origin. It is from this *divine part* of a person's origin 'that we earn the real littleness of ourselves and of whatever relates to ourselves and that the natural misrepresentation of self-love can be corrected' (Smith 1759:137). In Smith's *universe of capitalism* (1759:137), it is this *divine part* of the *impartial spectator* who shows us the propriety of generosity and the deformity of injustice, the propriety of resigning the greatest interest of our own for the yet greater interest of others and the deformity of doing the smallest injury to another to obtain the greatest benefit to ourselves. This *divine part*, which ought to direct our behaviour and preference, according to Adam Smith, is therefore not founded on our self-love, but it is a stronger love, a more powerful affection which generally take shape on such occasions, the love of what is honourable and noble, of the grandeur, the dignity and superiority of our characters (Smith 1759:137).

When considering Adam Smith's *universe of capitalism* hermeneutically, a person, when acting within his or her *divine part*, act with *habitual sympathy* toward others rather than *selfishly*. As such, according to Smith (1759:128), the person, as the immediate judge of his or her economic behaviour and preferences, ought to consider the sentiments and judgement of others. In so doing, one act as God's *vicegerent upon earth* as a person *created after His [God's] image [author's emphasis]*. In Smith's (1759) own words:

He [*the all-wise Author of nature*] has made man [*sic*], if I may say so, the immediate judge of mankind and has, in this respect, as in many others, created him after his [*God's*] image and appointed him his [*God's*] *vicegerent upon earth* to superintend the behaviour of his brethren. (p. 128, [*author's emphasis*])

By being therefore true to one's *conscience* or *the voice within* – *the impartial spectator* – a person is indeed a *vicegerent upon earth* when his or her conduct of behaviour is shaped, guided by and superintended the behaviour of others. *This implies that a person ought not to act purely from self-love, rapacity or selfishness, but also consider the well-being and judgement of others*. Is this by implication suggesting that *public opinion* ought to direct our economic behaviour or preferences? The answer is an absolute 'NO!' What Adam Smith refers to is that our economic behaviour and preferences through the principles of *sympathy* ought to promote a *social bond*. This also can be construed to mean that our own desires, passions and aversions ought to be pursued not selfishly but consciously in considering the judgement, well-being and happiness of others. By so doing, we act as *vicegerents upon earth* in pursuing our desires, passions and aversions not only for our immediate ease of body and tranquillity of mind, but

also for the benefit of others within the *social bond*. Therefore, by being true to our *conscience (the voice within)*, we not only keep our own desires, passions and aversion in mind, but also those of others. We are not only mindful of our own happiness, but also of the happiness of others. Likewise, we not only respect our own judgement, but also consider and respect the judgement of others. In so doing, we are *vicegerents upon earth* manifesting God's *universal benevolence*.

Apart from applying a person's *reason*, although it only ought to be to a limited degree, or to consider the judgement and happiness of others through the principle of *habitual sympathy*, there is still an appeal to a *higher tribunal*. In other words, when human reason and human conscience fail to support and direct our sentiments and sensibility, the 'affectual consolation of a humbled and afflicted person lies', according to Adam Smith's *universe of capitalism* (1759:131), 'in an appeal to a still higher tribunal, to that of the all-seeing Judge of the world'. According to Smith (1759:132), 'a person's hope; humble expectation, innocence and tranquility may also be deeply rooted in the *life to come*' [author's emphasis] – a life that the virtuous person as a rational and sensible person 'cannot possibly avoid and wishing [for] most earnestly and anxiously' (Smith 1759:237). This is indeed a time to come as Smith (1759) explains:

where exact justice will be done to every man; where every man will be ranked with those who, in the moral and intellectual qualities are really his equals; where the owner of those humble talents and virtues which, from being depressed by fortune had, in this life, no opportunity of displaying themselves ... [a time to come when those depressed by fortune] will be placed upon a level and sometimes above those who, in this world had enjoyed the highest reputation and who, from the advantage of their situation, had been enabled to perform the most splendid and dazzling actions. (p. 132)

This effectual consolation lies in the higher tribunal of the all-seeing 'Judge of the World', namely God, the Author of nature (Smith 1759:131) – indeed an appeal to God 'whose eye can never be deceived, and whose judgements can never be perverted' (Smith 1759:131). Accordingly, the virtuous, rational and sensible person will find 'a firm confidence in the unerring rectitude' (Smith 1759:131). It is before God that the virtuous, rational and sensible person's 'innocence is in due time to be declared and his virtue to be finally rewarded'. Hermeneutically speaking, it is God; the man within the breast, human conscience whom nature has set up within each person as 'the great guardian, not only of his innocence, but of his tranquility and happiness' (Smith 1759:132). This is essentially the essence of the universal benevolence we as humanity and the rest of creation enjoy each day and upon which we have to found our habitual sympathy to all of creation.

## Universal benevolence

Habitual sympathy, apart from human reason as a basis of judgement, is central to Adam Smith's idea of human conscience upon which human judgement ought to be

founded on in most instances. Let us now briefly reflect upon the source of this habitual sympathy. In Adam Smith's *universe of capitalism*, habitual sympathy, the idea of any innocent and sensible being whose happiness we should not desire or whose misery, when distinctly brought home to the imagination, we should not have some degree of aversion (Smith 1759:235), is in reality the effect of our universal benevolence (Smith 1759:235).

Hermeneutically speaking, habitual sympathy and our effectual consolation that lies in an appeal to a still higher tribunal to that of the all-seeing Judge of the World – God – is in reality the effect and an expression of the universal benevolence. What does this universal benevolence implies in terms of Adam Smith's *universe of capitalism*? Secondly, how could the universal benevolence shape and guide our economic behaviour and preferences? Adam Smith's term of *universal benevolence* refers to the universal fact that all the inhabitants of the *universe* – the meanest as well as the greatest – are under the immediate care and protection of the great, benevolent and all-wise God who directs all the movements of nature and who is determined by his own unalterable perfections to maintain in it, at all times, the greatest possible quantity of happiness (Smith 1759:235).

Essentially, God, because of his unalterable perfection, love and grace, desires not only the greatest possible quantity of happiness for each person, but by his unalterable perfection creates within each person the habitual, continuous and obsessive sympathy and desire for the happiness of others. It is then by God's grace and love that a social bond develops between rational and sensible beings (Smith 1759:237). As vicegerents and being created in the image of God, each person, in terms of Adam Smith's *universe of capitalism*, should therefore work continuously through contemplation and dedication not only for one's own happiness, but for all those under our direct influence and authority. In this regard, a person is assigned a 'much humbled task that is more suitable to the weakness of his [*sic*] powers and the narrowness of his [*sic*] comprehension' (Smith 1759:237). Each person in terms of Smith's *universe of capitalism* (1759:237) is therefore assigned to take 'care of his own happiness, [*this is very central to Adam Smith's universe*]; of that of his family, his friends and his country'. As far as Smith (1759:237) is concerned, although some may be 'occupied in contemplating the more sublime' there 'can never be an excuse for his [*sic*] neglecting the more humbled department'.

This then is in terms of Adam Smith's *universe of capitalism*, briefly the basis upon which a person ought to establish the three most fundamental principles in coming to an ethical judgement of his or her economic behaviour and preference. These fundamental principles are human reason, human conscience founded on the principle of universal benevolence and an appeal to the higher tribunal. These three principles together with the admirable traits of character or virtues that constitute part of Smith's *universe of capitalism*, provide humans with the potential to resist the self-deceit or the deception of the forecasting error. The admirable traits of

character or virtues that Smith consider of cardinal importance, will now briefly be discussed.

## Admirable traits of character

No analysis of Adam Smith's *universe of capitalism*, and more pertinently, the basis of proper judgement and our attitude towards our insatiable desires, passions and aversions would be complete without briefly reflecting on the virtues or admirable traits of character that Smith considers as those of the rational and sensible person. As the rational and sensible person is central to Smith's *universe of capitalism*, the virtuous traits of character are also very much central to his ethical and economic thinking, and central to a person's judgement of his or her behaviour and preferences. As such, the virtuous traits of character of the rational and sensible person is accordingly central in resisting the deception or illusion of the forecasting error.

In Adam Smith's account of virtue, he expounded the virtues of prudence, beneficence, justice and self-command. Of the four virtues, it may be fair to consider self-command as the most cardinal in Smith's account of virtues. In regards to those desires, passions and aversions, which are very apt to mislead, drive and seduce a person to violate all the rules one considers in moments of soberness and coolness, *self-command* is considered by Smith (1759:241) as the 'most exalted wisdom and virtue'.

Self-command, according to Adam Smith (1759:241), is therefore not only itself a great virtue, but also from it all the other virtues seem to derive their principal lustre. Accordingly, Smith asserts that the command over our passions, independent of the beauty and joy which one derives from the utility thereof, self-command also enable us, on all occasions, to act according to the dictates of prudence, of justice and of proper benevolence. Therefore, in terms of Smith's ethics, self-command has a beauty of its own and seems to deserve for its own sake a certain degree of esteem and admiration. It is then from the virtue of self-command that we acquire the character traits of temperance, decency, modesty and moderation. It is from these virtues that human behaviour and preferences show unremitting steadiness. It is therefore not surprising that in Smith's *universe of capitalism*, self-command has a cardinal role to play, in particular because self-command, in terms of Smith's account for virtues, derives a particular beauty and potency from the principles that are very dear to him. These principles are the *principles of self-estimation and sense of propriety*. In the first instance, Smith (1759:247) implies that 'the estimation of one's own character and conduct'. In this regard he values this principle, because the wisest and best of us all can, in his or her own character and conduct, see nothing but weakness and imperfection, and can discover no ground for arrogance and presumption, but rather a great deal for humility, regret and repentance (Smith 1759:247).

Secondly, the *sense of propriety* is central to Adam Smith's *universe of capitalism*, because a person with the proper sense

of propriety would know what is right and correct. When the sense of propriety is not restrained, the person would act suitably to the time, the place, situation and age. It is through this sense of propriety that a person act with decency, modesty, moderation and temperance, knowing a person's sense of duty towards him- or herself and others. At times when the person's behaviour is excessive or defective, he or she would change his or her self-estimation. This is gradually formed, according to Smith, from applying his or her conscience or the voice within, the great demigod within the breast, the great judge and arbiter of conduct – *the impartial spectator*. In this way, Smith's *universe of capitalism* is therefore deeply formed in human conscience, in the first place, and human reason and virtues of prudence, beneficence, justice and self-command as the admirable traits of character.

In summary, Adam Smith's *universe of capitalism*, and then most pertinently a human's understanding of happiness and the foundation on which humans ought to judge individual behaviour and preferences, are deeply founded on teleological, theological and epistemological principles. These principles are central to how each person ought to decide on what is right, good and wholesome, and the economic behaviour and preference most recommended to live a life that flourishes and has meaning and purpose. Then a person will not be deceived by the illusion caused by the *forecasting error*. Without these principles, the *market* as a mechanism to organise and sustain human expectations and endeavours in the so-called capitalist Western societies, which shape and guide human economic behaviour and preferences, does not constitute a whole or universal entity with integrity. Viner (1927:81–82) feels obliged to insist that Smith's system of thought, including his economics, is not intelligible if one disregards the role Smith assigns in it to the teleological, theological and epistemological elements.

Differently said, our economic behaviour and preferences cannot be judged alone by what modern economists refer to as the 'Utility maximization behaviour' (Cannan 1976:xi). Price or value are only but one side of the proverbial 'penny'. Ethics and, more specifically, virtue is the other. To put it in more etymological terms, the economic growth theory of Adam Smith also finds its conceptual universe in the teleological, theological and epistemological dimensions of human existence. Regrettably, these dimensions have been painstakingly expunged from the way we manage the economic household. Today, you do not hear anything about ethics, morality and virtues in the economic discourse.

Therefore, today's economy is worlds apart from Adam Smith's *universe of capitalism*. For this reason, the materialistic-secularists economy only knows one solution, namely more growth and more consumption. Consequently, proponents of the Neo-liberalist, market fundamentalist economies would argue that growth, even though it is founded on the deception of the forecasting error, is the panacea of all ills (Walters 2018:275–280).

How do we fix this forecasting error – the *deception* – and build an economic household that is most discernible and

therefore expound the principles of *perfect propriety*, *proportionality* and *right estimation* to mention but a few principles which are so evident in Adam Smith's *universe of capitalism*? The answer is that we have to return to first principles and solve the moral and ethical deficiencies of our Neo-liberalist economies.

## First principles – Affirming classical values

The fault line, caused by the *forecasting error*, is indeed very deeply rooted in the modern day materialistic-secular society. This fault line has evolved over the ages and was considerably deepened during the Enlightenment period, the period of Positivism and value free economics (Walters 2018:265–280). During these epoch-making events, the principle of *consumer sovereignty has evolved* and found expression in the materialistic and secular society known for its conspicuous consumerism and associated psychological character of the philosophy of futility, and the paradox of choice as well as the delusion caused by the existential understanding of happiness and well-being.

The above pronouncement ought not to be seen as a bashing or a fierce criticism of *consumerism*, as the latter is not only fundamental to economic growth and prosperity, but is indeed deeply rooted in the vitality and abundance of the existential nature of life. Humans are indeed blessed and graced with all the beauty and abundance of life, all for human enjoyment, happiness and well-being. What ought to be corrected, are the manner, style and attitude of humans towards life itself which, in the modern materialistic and secular society, have become questionable. The philosophy of futility whereby humans are drawn to superficial things in search for meaning; the greed that arise from the state of restlessness and the deception that acquiring wealth, possessions and status will make humans permanently happy, are but a few deeply rooted psychological ills of modern society that need urgent correction. This correction requires of humans to *change positions*, to develop a deeper level of mindfulness and consciousness, to reflect upon the unintended consequences, but, most importantly, to reflect upon the real meaning and purpose of all the toil and bustle in the economic household. The question, however, is where do we start.

## Theoconomy: A new ethic paradigm

The question that ought to be carefully considered is how we have to proceed to reaffirm the classical values and principles in a society such as the post-secular society that is changing and searching for a new narrative; a society that is focusing on pluralism in ideas and worldviews, a metaphysical essence of life free from religious essence and a personal and unique contemporary experience of life. Do we perhaps start at zero and allow the new narrative to unfold over time? Or do we proactively reaffirm the correct ethical and moral values within the

present Neo-liberal economic discourse that is founded upon the principles of *utility maximising behaviour* and *market fundamentalism*? In regard to the first possibility, the slowness of human reason and ability to change may be a hindrance that could cause a further escalation of the present-day deficiencies and anomalies – something we, as humanity, can no longer tolerate. The second option is not considered viable, as the Neo-liberal discourse is so steep in an a-moral solipsistic orientation that the reaffirmation of the true *universe of capitalism*, as founded on Adam Smith's ethics, will be unlikely.

Considering the magnitude of the present-day anomalies that the Neo-liberal paradigm fails to address, the time for reform may be long gone. The time for a revolution or to reclaim the ethos and general discourse of the economic household has arrived. As etymology has a very important nuanced role to play in the process of constructing any new system of thought, the new approach or paradigm ought to be done under a new 'label' or 'brand', if you wish. This new label is termed *theoconomy* (see Walters 2018). This new label has the virtue of signalling the new paradigm, views and aspirations, and cut to the bone by being upfront that a new order ought to be created. This new word *theoconomy*, as a new creation, contextualise the principle that *theocratic* principles ought to shape and direct individual economic behaviour and preferences in order to be most discerning in value, scope and influence. Theoconomy is therefore reaffirming and founded on the ethics of Adam Smith and it will be the task of the theoconomists to re-embed economics once more in its proper ethical and moral context, and positivise and expound on the proper *prosperity ethics* for a global *economic household* in the post-secular age characterised by its heterogeneity, polycentricity, a-dogmatism and authenticity.

## Conclusion: Discernible growth

The *forecasting error*, although the prosperity of the modern age has been built upon it, can no longer be the measure by which we determine our economic behaviour, nor can we, as a post-secular society, continue to rely on this deception and illusion of what is meaningful and what not. Considering the present-day deficiencies and anomalies, we, as humanity, ought to become more discerning in our behaviour and preferences. It is an a priori expectation of the new paradigm, *theoconomy*, that the shared theocratic ethical principles and virtues, as advanced by theoconomy as a theoretical conception, can transform economic behaviour and preferences in a manner that makes individuals more productive, thrifty and industrious; most discerning in spending and moderate their consumer spending; increase their prosperity by being prudent with a higher propensity to save and preserve; having better physical and mental vitality and develop greater openness to the diversity of people, circumstances, religion and culture – all in all a moral and productive agent that is discerning in behaviour and preferences. Indeed, these are the character traits of a



reasonable and sensible person who acts with the greatest rationality in pursuing his or her desires, passions and aversions. Perhaps then, we as humanity, will no longer pursue permanent happiness and well-being through frivolous commodities, but enjoy their abundance and beauty with a different realisation that we, as humanity, are universally blessed and graced by the benevolence of God – the Author of nature.

Only then will we as humans be able to fix the forecasting error and enjoy the true meaning and beauty of life, including all the toil and bustle from day to day.

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### Authors' contributions

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