**Uncertainty, insecurity, individual relative autonomy and the emancipatory potential of Galbraithian economics**

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ABSTRACT: J.K. Galbraith’s economics may be ‘foundational’ to integrating Original Institutionalism and Post Keynesianism (Dunn, 2011). This paper seeks a stronger justification of the emancipatory potential of structural interventionism favoured by the above approaches, by interpreting Galbraith’s ‘emancipation of belief’ as implying a self-trusting capacity, applying the argument to Galbraith’s theory of social balance and advocating a supporting notion of individual psychological balance. John Davis’s capabilities characterisation of ideal human psychological development is built upon, incorporating insecurity under uncertainty. Carl Rogers’ humanistic psychology is used to understand how actual and ideal psychological development diverge. Since Rogers’ work lacks institutional context but shares with Veblenian Evolutionary Economics an organismic view of the individual, a ‘middle range’ organismic conception of the psychologically developing individual emerges. A counterpart to a Galbraithian ‘organisational’ view of capitalisms, this 'organismic' conception explains how ‘social balance’ maintenance (i.e. structural intervention) may be necessary for psychologically balanced self-trusting individuals. [150 words]

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**1. Introduction**

J.K. Galbraith’s trilogy *The Affluent Society* (1984 [1958]), *The New Industrial State* (1972) and *Economics and the Public Purpose* (1973) pioneered an argument for broader human goals in economics than productivity within a bi-modal view of capitalist economies that ‘continues to characterise the mature economic systems’ (Dunn, 2011, p. 113).1 Stephen Dunn sees Galbraith’s ‘focus on the relationships between power, the firm and the state’ as facilitating ‘the economics of Keynes, Kalecki and the Institutionalists into a comprehensive vision of political economy’ and ‘foundational’ for ‘integrating Institutionalist and Post Keynesian economics’ (Dunn, 2011, p. 55).

Currently fashionable is the widespread adoption of limited micro-level public policy interventions: ‘libertarian paternalism’ or ‘nudge’ approaches (Thaler, 2000; Thaler and Sunstein, 2009). By comparison Post Keynesian and Original Institutionalist macro and meso-level institutional and structural policy approaches can seem heavy-handed, out of date. We argue that both can learn from Galbraith’s emphasis on the ‘emancipatory’ potential of policy approaches, asking: Under what conditions should such policy approaches be trusted? Galbraith’s answer (1973, p.241): we should trust such policies when they enable ‘emancipation’ from the belief that ‘the purposes of the planning system [large corporations] are those of the individual’.

This paper adds psychological depth to Galbraith’s answer: we should trust such policies when they *increase individuals’ trust in themselves* and so enhance their ‘relative autonomy’. Moreover, since behavioural economics *teaches us to distrust ourselves* (viewing us as ‘irrational’ relative to the cognitive perfection of rational economic man as the retained normative benchmark), such a deeper psychologically informed rationale for policy also challenges ‘nudge’ based policy foundations.

Section Two thus explores a specific Galbraithian structural/institutional policy: the maintenance of ‘social balance’. For such a policy to be emancipatory in the way described requires an explicit view of the psychologically balanced (or self-trusting) individual, a missing dimension in Galbraith’s explanation of the causes and consequences of social imbalance.

The next three sections then develop a psychologically richer view of the individual for Galbraith’s economics. Section Three works with John Davis’s capabilities characterisation of *ideal* human psychological development, incorporating insecurity under uncertainty. Section Four explains how Carl Rogers’ humanistic approach to psychotherapy accounts for *actual* psychological development departing from the ideal. Rogers’ work lacks institutional context but shares a basis in an organismic view of the individual with the Veblenian Evolutionary Economics (VEE) literature. Accordingly, Section Five develops a ‘middle range’ organismic representation of the individual, drawing upon insights from the VEE emphasis on institutionalised habituation. Section Six brings us back to Galbraith, offers an ‘organismic’ approach to the individual as a counterpart to a Galbraithian ‘organisational’ view of capitalisms and indicates how Galbraith’s analysis of want creation and social imbalance can be strengthened to clarify the emancipatory potential of structural and institutional policies. Section Seven concludes.

**2. Social imbalance and individual psychological development in Galbraith: a missing dimension**

*2.1 Causes and consequences of social imbalance for Galbraith*

Social imbalance for Galbraith is particularly linked to an affluence-induced human vulnerability to persuasion. (We uncritically accept his ‘two further features’ influencing social balance: the ‘truce on inequality’ and ‘tendency to inflation’ (1984, p. 199)). In relatively wealthy societies a greater relative susceptibility of private (compared to public) wants to be manufactured exists since most people ‘… are so far removed from physical want that they do not already know what they want’ (1984, p. 131).

Galbraith’s ‘dependence effect’ sees increased production via emulation leading to expanded private wants (op. cit., p. 128), while ‘…the crucial role [of advertising and salesmanship] is to….bring into being wants that previously did not exist’ (op. cit., p. 129). Given susceptibility of private (but not public) wants and private consumption to expand with private production, relative provision of ‘publicly rendered services’ lags and social imbalance results.

Social imbalance ‘impairs economic performance’ (op. cit.: p. 197): publicly rendered services (waste collection, health care, streets/road space/car parks) inadequately support rising private production and consumption (more packaged goods, more food, more cars). Social imbalance increases ‘diversions’ from more wholesome pursuits: schools and recreation grounds ‘do not compete’ for attention with more private goods (alcohol, narcotics, knives etc.) (op. cit., p.195). Social imbalance increases ‘temptations’: fewer police services and weaker regulation increases theft, violence and fraud: ‘An austere community is free from temptation. It can be austere in its public services. Not so a rich one’ (op. cit., p.196). Galbraith’s ‘positive case’ for social balance: individuals do not miss out on ‘opportunities for enjoyment’ (op. cit. p. 197).

*2.2 A sympathetic critique*

First, in linking affluence with vulnerability to persuasion, Galbraith assumes universal biological, but not psychological, needs. Interestingly he does note that ‘[t]he care and refreshment of the mind was principally in the public domain’ (op. cit., p. 191), a seeming tacit recognition of a universal psychological need to maintain mental health. Yet his positive case for social balance - that ‘opportunities for enjoyment’ wouldn’t be missed (op. cit., p. 197) – alludes only to individual wants (satisfactions), not universal psychological needs, being addressed. Moreover, while Galbraith assumes uncertainty2 as an ongoing backdrop to decision making (Dunn, 2011, pp. 57, 106, 198) he omits the possibility: [i] that uncertainty brings with it unavoidable existential anxieties (or ontological insecurity) facing everyone (Tillich, 1952; Laing, 1963; Giddens, 1984; Lawson, 1997) which threaten each person’s trust in their own functioning; [ii] that there is thus a universal psychological need to maintain ontological security and [iii] individual vulnerability to the dependence effect may also be due to environmental conditions inhibiting maintenance of ontological security.

Second, Galbraith presents ‘persuasion’ by corporate marketing as the creation of wants. The phrase ‘want creation’ recurs (e.g. 1984, pp. 131, 147, 151, 154, 220). Yet Dunn demurs:

The salience of Galbraith’s approach is that it is not that wants (values or psychological needs) are created per se, but rather than the corporation identifies such needs and then uses knowledge of them to tailor its marketing strategy to serve a specific target market to galvanise consumer behaviour in service of the firm. (Dunn, 2011, p. 264)

*Both* Galbraith’s ‘want creation’ and (what we term) Dunn’s ‘want management’ interpretation could be relevant under different conditions for maintaining ontological security. A deeper conceptualisation of individual psychological development is invited.

Third, Galbraith insisted that

I do not suggest that the revised sequence has replaced the accepted sequence…Within the industrial [i.e. planning] system, the consumer can still reject persuasion. (Galbraith, 1972, p. 217)

He pointed to ‘education’ in generating a capability to ‘reject persuasion’ but underconceptualised the kinds of ‘educational’ experience enabling individuals to recognise and monitor their own susceptibility to persuasion. Emotional development – knowing and accepting oneself - may be at least as important as intellectual/cognitive development in this process (Barbalet, 1998). A conception of individual psychological development recognising this point is implied.

Overall Galbraith’s theory of social balance at present lacks an emancipatory basis: it cannot say how social balance enables individuals to be *psychologically* balanced, to trust themselves. Giving it such a basis would strengthen the rationale for Post Keynesianism and Original Institutionalist policy.

*2.3 A way forward*

The above sympathetic critique concludes that a concept of ideal (‘balanced’) psychological development is needed for Galbraith’s approach to social balance. The corollary: since it would be extreme to assume individuals are innately psychologically balanced as adults, social balance becomes an important potential precondition for psychological balance. The consequences of social imbalance are thereby much more directly related to the psychological health of individuals than in Galbraith’s presentation. Causal processes by which advertising and emulative pressures operate on psychologically unbalanced as distinct from balanced, individuals could then be made more explicit. Behaviour characteristic of greater psychological imbalance among individuals could furthermore then account for problems Galbraith associates with social imbalance.

A clue to a relevant view of ideal (‘balanced’) psychological development lies in Galbraith’s view of the ‘technostructure’ of skilled technical experts of large firms. This ‘guiding intelligence’ (1972, p. 86) of the planning system faces uncertainty and values maintenance of its (relative) autonomy (1972, pp. 175-182; 1973, chapters 10, 11): hence corporate planning to influence rivals, suppliers, customers and governments. A possible parallel analysis of *the individual’s* maintenance of its relative autonomy under uncertainty is indicated, and, more urgently, the meaning of relative autonomy as an ideal individual psychological condition. Among broadly institutionalist and Post Keynesian-inclined theorists, John Davis has been an important clarifier of the notion of individual relative autonomy in economics. His approach to the individual has not, so far, had explicit application to Galbraithian economics.

**3. Psychological balance and insecurity**

*3.1 Capability and psychological balance as relative autonomy*

Davis (2003, 2011) offers two criteria - ‘individuation’ and ‘reidentification’ - that need to be satisfied if we are to describe a particular conception as involving individuals with ‘relative autonomy’:

The first criterion

…requires that for a candidate conception of an individual, if that conception indeed refers to and identifies individuals in terms of the way it is formulated, it follows that individuals in that conception are somehow successfully represented as distinct and independent beings. If this is not the case, then the candidate conception is not about individuals, despite any claims that it is. That is, it exhibits a misuse of language. (Davis, 2011, p.5)

The second presupposes the first is satisfied and

…requires that …despite changes in some or even many of an individual’s characteristics, what makes that individual distinct and independent continues to be true of the individual after this change. (Op. cit., p.5)

Davis’ (2011) work shows convincingly that treating individuals as collections of preferences - either in single individual behavioural economics analyses or game theoretic interactionist approaches - fail on at least one of the individuation and reidentification tests. The atomism of both approaches ‘is a dead end when it comes to understanding individuals’ (op. cit., p. 91). Building instead on Amartya Sen’s (1985) ‘capabilities’ emphasis, Davis develops the idea of an individual having a ‘complex capability’ to maintain itself as a coherent whole over time. Drawing on the notion of a ‘working self-concept’ from the social psychology literature, he derives four main conclusions (Davis, 2011, pp. 177-8):

First, peoples’ self-concepts are dynamic in that they are continually being revised. This implies that they have a dual character as a structure constantly being constituted and a process whereby that structure is revised.

Second, self-concepts include multiple types of self-representations, which moreover vary in their accessibility to the person.

Third, the set of self-representations that make up a person’s self-concepts is active in the sense that it exercises influence over the individual’s functioning.

Fourth, this active functioning applies to both intrapersonal and interpersonal processes. That is, internally speaking, individuals’ mutual self-representations undergo some sort of coordination (though what this involves is controversial); externally speaking, individuals’ interaction with others is affected by the overall state of their working self-concepts.

Following Wilcox’s (2008, p. 527) useful terminology, the psychologically *balanced* individual navigates between avoidance of being merged into social groups (‘fusion’) and of being inwardly fragmented into disconnected sub-selves (‘fission’).Davis then maintains first that individuals can avoid ‘fission’ ‘and can be individuated as single individuals [because] individuals can [in principle] exercise a second-order personal identity capability that produces self-narratives they use to order their lives’ (op. cit., p. 235). Second, Davis maintains that individuals can avoid ‘fusion’ and so can be

…‘reidentified’ as enduring social beings [because] individuals’ social identities come structured in first-person and third-person terms, so that the social construction of individual identity goes hand in hand with individuals’ management of their constructed identities. (Op. cit., p. 235)

Individuals are thus self-organising but relatively, rather than absolutely, autonomous. Individuals able actively to self-organise themselves,

…do not just change as they develop their capabilities, but they develop them in such a way as to continually individualise themselves. They do this by retrospectively and prospectively building on their past capability development when they adopt new pathways that distinguish their own from pathways that others pursue. This is a reflexive or self-regarding sort of activity that depends on being able to engage in a process of self-evaluation. (Op. cit., p. 220)

Davis (2003, p. 159) is careful to note that many, even most, people may not be relatively autonomous: they fail to avoid fusion and/or fission. His vision of individuality is a policy goal (op. cit., p. 148) and he leaves open the question of the goal’s achievement (2011, p. 235).

*3.2 Capabilities depend on capacities: integrating ontological insecurity into a capabilities approach*

Davis (2003) makes a useful distinction and linkage between two powers of the individual: ‘capacity’ as ‘a power that may or may not be exercised’ (op. cit., p.158) and ‘capability’ as ‘a power that has been developed and cultivated so as to be susceptible to regular exercise’ (op. cit., p.158). Capacities enable capabilities: ‘One...develops certain capabilities when one has the capacities for doing so’ (op. cit., p.158).

As Dunn (2011, pp. 57,106,198) emphasises, Galbraith took uncertainty seriously for the firm: likewise will a Galbraithian approach to the individual. In Tony Lawson’s (1997, pp. 182-4) sketch of the acting subject, uncertaintyis seen as generating a human need for ‘ontological security’, addressed (following Giddens [1984]) by reliance on routines or habits (Lawson, 1997, p. 180). Ontological insecurity can be seen as a negative emotional energy that inhibits human ‘doings’ or capabilities (especially to change ones’ self-concept over time). Accordingly, ‘capacity’ can be viewed as a *countering* *energetic quality of the human organism*: the individual either has sufficient or insufficient energy to counter ontological insecurity.3 (Sufficient organismic capacity could indeed be termed a *countervailing personal power*, emphasising continuity with Galbraith’s (1993 [1952]) analysis of organisational countervailing power.) Sufficient organismic capacity enables relative autonomy; insufficiency (i.e. incapacity) promotes an unbalanced psychology.

**4. Therapy for Economists**

Davis offers a capabilities based view of the psychologically balanced or relatively autonomous individual and conceptual room for incorporating the consequences of needing to maintain ontological security. He abstracts from how actual individuals become psychologically *unbalanced*. There is an approach to the individual consistent with the above development of Davis’ approach that can explain psychological imbalance. Carl Rogers (1902-1987) pioneered the humanist approach to psychotherapy known as person-centred or client centred therapy (PCT). PCT practitioners Keith Tudor and Mike Worrall (2006, p.105) note the neglect of Rogers in psychology even though ‘…Rogers was among the earliest group of individuals in psychology to emphasise the self’ (op. cit.).

*4.1 Psychological development of the adult individual*

Rogers assumes organisms have an ‘actualising tendency’: ‘the substratum of all motivation is the organismic tendency towards fulfilment’ (1980, p. 123). For Rogers, the very young infant begins without a self-concept, and ‘we can infer from studying his behaviour that he prefers those experiences which maintain, enhance, or actualise his organism…This complicated weighing of experience is clearly an organismic, not a conscious or symbolic function’ (Rogers and Stevens, 1973, p.15). The infant, prior to their self-concept developing, is essentially a pure ‘organismic valuing process’. However,

…as a result of interaction with the environment and particularly as a result of evaluational interactions with others, the structure of self is formed – an organised, fluid but consistent conceptual pattern of perceptions of characteristics and relationships of the ‘I’ or the ‘me’ together with the values attached to these concepts. (Rogers, 1951, p. 498)

Tudor and Worrall (2006, pp. 105-6) note that

[t]his definition and conceptualisation of self is based on the organism and is highly interactive. Rogers’ description of infant development …prefigures the intersubjective view of self and developmental psychologists, notably Stern (1985) by over thirty years.

Barrett-Lennard (1998, pp. 77-8) summarises Rogers’ overall theory of self and personality development. I offer the relevant points here:

1. The theory postulates that as the individual’s awareness of self emerges, even before it evolves into an organised self-concept, a need for the positive regard of others becomes apparent in experience and behaviour. (Rogers, 1959, Standal, 1954). This need is potent and pervasive in the young individual’s social behaviour and it can override the organismic valuing process or full expression of the actualising tendency.

2. As the individual continues to develop a need for self-regard evolves. Personal behaviours originally associated with regardful and rejecting responses from others now have a similar force in satisfying or frustrating the individual’s need for self-regard. In effect the person ‘experiences positive regard or loss of positive regard independently of transactions with any social other. He becomes in a sense his own significant social other.’ (Rogers, 1959, p. 224)

3. Thus self-behaviours or attitudes that significant others originally defined as ‘good’ or ‘bad’ may come to arouse positive or negative self-regard. When any expression of self is avoided or sought solely because of its effect on self-regard the person is said to have acquired a condition of worth…

4. An effect of conditions of worth is that the individual is no longer freely open to experience. Perception becomes selective in that experience consistent with a person’s conditions of worth is accurately represented in that person’s awareness while experiential data contrary to these conditions tend to be denied or distorted in awareness.

Rogers is clear that the non-conscious incorporation (‘introjection’) of conditions of worth into the self-concept is typical:

I believe that this picture of the individual, with values mostly introjected, held as fixed concepts, rarely examined or tested, is the picture of most of us. By taking over the conceptions of others as our own, we lose contact with the potential wisdom of our own functioning, and lose confidence in ourselves. (Rogers and Stevens, 1973, p. 20)

Rogers notes that this leaves us ‘fearful and insecure’ and we ‘must cling rigidly to the values we have introjected’ (op. cit., p. 28). Such a person lacks relative autonomy, vulnerable to both ‘fission’ and ‘fusion’.

Barrett-Lennard (2013) develops Rogers’ approach to link the introjection of conditions of worth to the formation of multiple selves or ‘self-modes’. He argues that human organisms experience very diverse relational contexts that ‘…carry direct or implied – and at times powerful – messages about how the person is seen or judged by the other’ (op. cit., p. 16). This will ‘necessarily foster complex images of self’ giving rise to differing modalities of self or ‘contextual sub-selves’ (op. cit., p. 16). Noting Rogers’ assumption of an inbuilt need for the positive regard of others which translates into a need for self-regard (i.e. organismic capacity), Barrett-Lennard holds that ‘[t]hese needs help to lay the ground for the development of a diverse or plural self’ (op. cit., p. 16). He observes that

[r]eceived positive regard from others often is conditional – rejecting or unresponsive towards one aspect of a person’s way of being and responsive and accepting in the case of another manifestation of self. (Op. cit., pp. 16-17)

Thus the way an individual’s self-modes (and thus their overall self-concept) develop can depend on the particular ‘conditions of worth’ they face in human relationships.

*4.2 The psychologically mature or balanced individual*

Although Rogers considers many if not most people are ‘incongruent’ or psychologically immature, he offers the possibility of further psychological development:

If life or therapy gives us favourable conditions for continuing our psychological growth, we move on in something of a spiral, developing an approach to values which partakes of the infant’s directness and fluidity but goes far beyond him in its richness. In our transactions with experience, we are again the locus or source of valuing, we prefer those experiences which in the long run are enhancing, we utilise all the richness of our cognitive learning and functioning, but at the same time we trust the wisdom of our organism. (Rogers and Stevens, 1973, p. 28)

Here Rogers notes the improvement in individual capabilities (‘we utilise all the richness of our cognitive learning and functioning…’) that results from having (what we term) ‘organismic *capacity*’ (namely the individual’s trust in its non-conscious functioning: ‘the wisdom of its organism’).

Barrett-Lennard’s multi-selves approach to Rogers envisages a relatively autonomous individual as a person with awareness, understanding of and acceptance of the value (appreciation) of all self-modes within their self-concept, such that each mode maintains ‘respectful contact’ with all other modes, in a manner ‘akin to a well-functioning group of individuals’ (Barrett-Lennard, 2013, p. 18). Such ongoing awareness, understanding and appreciation is, again, evidence of organismic trust, the possession of ‘organismic capacity.’

*4.3 Situating organismic psychological development*

Rogers above suggests that beyond therapy, ‘life’ may ‘[give] us favourable conditions’ for psychological growth. Heterodox economics, with its more developed view of the institutional context of the individual, might further clarify these conditions. In particular, Veblenian Evolutionary Economics (VEE) and Rogerian therapy share an organismic approach to the individual. Hodgson and Knudsen (2010, p.42) quote Hans Joas:

The alternative to a teleological interpretation of action [views] goal setting…[as not taking] place by an act of intellect prior to the actual action but…instead the result of a reflection on aspirations and tendencies [located in our bodies] that are pre-reflexive and have already always been operative… (Joas, 1996, p. 158)

Rogers’ non-conscious organismic functioning that the healthy person trusts and can monitor symbolically echoes Joas’ view of reflection on always operative pre-reflexive aspirations and tendencies. We now pursue this argument.

**5. An Organismic Conception of Action**

VEE has ‘relatively little “middle range theory”’ (Hodgson and Knudsen, 2010, p. 231). Using Rogers’ approach to individual psychology with Davis’ capabilities emphasis, we outline a ‘middle range’ ‘organismic’ approach that incorporates insights from VEE on the individual’s habits and institutions. We begin, however, with human vulnerability.

*5.1 Uncertainty, insecurity and capacity*

Here we seek a more dimensionalised treatment of the ontological insecurity that uncertainty engenders in individuals beyond Lawson’s and Rogers’ formulations. Such a richer treatment may, in turn, aid identification of the causal role of institutions in supporting/inhibiting psychological development.

Merely by the fact of being alive, (and not due to some specific pathology), insecurity about the prospect of death, of not being of worth, of lacking significance (the ability to make a difference by one’s actions) and of having a meaningless life (of discovering inconsistencies in one’s actions and in one’s beliefs) is real for all humans (Tillich, 1952; May, 1972).

We work below with the resulting four categories of ontological insecurity – respectively death or finitude, worthlessness, insignificance and meaninglessness. We shall show below how the energies or ‘capacities’ to deal with this hierarchy of unavoidable anxieties are intimately connected to the capabilities of individuals. We then explain how these capacities are maintained. First, we consider the organismic nature of individuals.

*5.2 Organismic tendencies, relationality, needs*

A general VEE approach to individuals assumes ‘[i]deas, emotions, and mental dispositions are grounded on habits, which in turn are prompted by instincts’ (Hodgson and Knudsen, 2010, p. 227). Veblen was vague about how instincts dovetail as part of an overall organismic process. Psychologists remain divided about whether individuals are driven by one central tendency or whether a range of evolved ‘instincts’ or ‘drives’ exist (Tudor and Worrall, 2006, pp. 86-97).We explicitly depart here from VEE by adopting Rogers’ premise that the organism has one central tendency – to actualise. This assumption is central to a major therapeutic tradition that has the support of repeated empirical testing to date in reputable international therapeutic practice, pioneered by Rogers in the 1940s (Tudor and Worrall, 2006, Chapter 2; Cooper et. al, 2010).

In an organismic conception of action, interpersonal encounters are not merely ‘transactional’ (i.e. a ‘connection’ between two forms of life). This fails to discriminate between the quality of cyberspace ‘connectedness’ and that of face-to-face co-presence situations. Encounters are ‘relational’: namely

…a *further level or kind of life [beyond the individual] that specifically comes into being through association*….[T]his life expresses itself and speaks through the participants and can also have a presence and distinct quality to concerned outside others….[The encounter is]...an emergent entity with its own character and life. (Barrett-Lennard, 2013, p.4. Italics added)

Following Rogers, the organism has a need both to receive positive regard from and to offer positive regard to, others in encounters with them:

[This need for positive regard] is reciprocal in that when an individual discriminates himself as satisfying another’s need for positive regard, he necessarily experiences satisfaction in his own need for positive regard. (Rogers, 1959, p. 223)

*5.3 Human potentiality and vulnerability: Organismic valuing process as capabilities enabled by capacities*

We understand the general ‘program based’ VEE vision of the individual (Mayr, 1988) to more specifically involve what Rogers terms an ‘organismic valuing process’ (OVP). A hierarchy of five capabilities from capability level one (C1) through to capability level five (C5) is now conceptualised.

C1 refers to the organism’s capability to generate automatic actions that can be triggered by situational cues in given environmental contexts. In short, C1 refers to the capability of the organism to generate and perform ‘habitual actions’.

C2 refers to the organism’s capability automatically to generate beliefs that can be subsequently triggered by situational cues in given environmental contexts. In short, C2 refers to the capability of the organism to generate ‘habitual beliefs’. We can think of these habitual beliefs as central to the organism’s ability to expand its repertoire of habitual actions. This works as follows. Capabilities C1 and C2 operate together. An individual organism at any time has a given ‘repertoire’ of habitual actions, actions that enable it to function in the environments it inhabits. Given some change in the environment occurs, we suppose the organism finds that its existing habitual actions are inadequate to deal with the new situation – either because two or more different sorts of action are triggered at once which may be mutually contradictory or no action in the individual’s repertoire exists to deal with the new situation. Uncomfortable after experiencing this repertoire deficiency, the individual organism looks ‘outwards’ for external guides (i.e. rules) as to what to do. Ideally (in conditions where positive regard is unconditional) the organism would select whatever was organismically constructive. The adopted ‘guide’ for action then becomes an automatic judgement (‘habitual belief’) as to the appropriate action the next time those same circumstances are encountered. The individual has thus expanded its repertoire of habitual actions.

We might consider very young children to develop these two capabilities, under good enough conditions. However, in such conditions a third capability should also develop in young children onwards. C3 is the individual organism’s capability to organise and use its habitual beliefs to inform the planning it needs to do to achieve certain future outcomes in the external world. This organisation of habitual beliefs (clusters of habitual beliefs linked by habits of thought as ‘self-modes’) is the habitual foundation for the individual’s self-concept. As with C2, capability C3 can operate as a non-conscious process.

However, most human organisms can potentially develop a fourth capability. C4 represents the individual’s capability to become ‘conscious’ of ‘itself’ (symbolise the existing habitual beliefs behind its self-concept) and also change its self-concept in light of organismic experiences that produce new habitual beliefs. Specifically C4 implies the individual’s capability to direct attention to discerning and symbolising the habitual beliefs (as ‘concerns’) that they non-consciously develop, rejecting or accepting those concerns and incorporating the non-rejected concerns into those of their existing self-concept.

Finally, capability C5 is the ability to notice patterns and inconsistencies in the habitual beliefs of other human organisms (and some other nonhuman organisms) and to symbolise both those patterns and inconsistencies. We might call this the ability to ‘(cognitively) empathise’ with others. Capability C5 potentially emerges at a certain point in the development of capabilities C4 and C3 together.

The individual is thus capable but vulnerable. These capabilities potentially operate in an uncertain environment but are subject to the four ontological insecurities identified by Tillich and May. We understand this hierarchy of capabilities to be enabled by the organism’s four ‘capacities’ E1-E4 (collectively ‘organismic capacity’) as follows.

Enabling C1 is a felt confidence (‘capacity’ E1) by the organism in the robustness of its habitual action repertoire: the organism feels sure it can *adequately perform* elements of this repertoire when triggered. In the absence of E1, the organism would seize up, unable to perform its repertoire even when triggered, fearing a fatal flaw. The need for capacity E1 arises from Tillich’s anxiety of death or ‘finitude’.

Enabling C2 is a felt confidence (capacity E2) by the organism that its habitual action repertoire is *worth* expanding. Absent E2, the organism would be inhibited from expanding its repertoire via the generation of new habitual beliefs. The need for E2 arises from Tillich’s anxiety of ‘self-condemnation’, or of not being of worth.

Enabling C3 is a felt confidence (capacity E3) in the *effectiveness* of the habitual beliefs that constitute the organism’s self-concept. Without E3, the organism would not feel that through employing the automatic judgements of the habitual beliefs within its self-concept it can ‘make a difference’. The need for E3 arises from May’s anxiety of ‘insignificance’.

Enabling capabilities C4 and C5 is a felt confidence (E4) by the organism that the habitual beliefs it non-consciously generates via C2 will not be a threat (once symbolised as concerns) to the existing structure of symbolised habitual beliefs (concerns) constituting its present self-concept. It is the confidence to *accept a lack of inner consistency* of habitual beliefs once symbolised, so facing Tillich’s anxiety of ‘meaninglessness’. A lack of E4 produces a person defensively wedded to a fixed self-concept, built around an unexamined set of habitual beliefs. Inwardly ignorant (and fearful) of their own internal variety, the person would also be less capable of empathy, of accepting the variety within and diversity of, other people (so inhibiting C5).

*5.4 Institutions, conditions of worth and self-concept formation*

Following Rogers, we see the development of the self-concept as being influenced by internalised ‘conditions of worth’ (or ‘conditional positive regard’). We link conditions of worth to institutions4 via the VEE concept of rules: ‘In situation X, do A’ (Hodgson, 2006, p. 3). We note that rules are often normative, so they constitute the terms under which the individual subject to the rule is positively regarded (i.e. in situation X, do A to receive conditional positive regard R).5 Consequently, individuals come to develop a self-concept (i.e. a set of self-modes or habitual beliefs) that is constituted by internalised conditional institutional valuations of them. Thus, due to each person’s need for positive regard, non-conscious organismic adjustment to such rules by individuals enables institutions to shape each person’s set of habitual beliefs, self-modes and self-concept.

*5.5 Self-concept evolution and rigidity*

The capability to recognise and symbolise (as ‘concerns’) the habitual beliefs underpinning one’s self concept (and self-modes) is enabled by organismic capacity. Lacking organismic capacity E4, individuals will be relatively unaware of how institutions have shaped their habitual beliefs, self-modes and thus (all/part of their) self-concept. They are firstly more likely to be unaware of some/all of their existing self-modes. They are vulnerable to ‘fusion’ (merging with their social environment), since by being unaware of how their various self-modes have been externally generated they cannot distinguish what they believe from what others believe. Secondly they will lack understanding and appreciation of, and so experience restricted internal communication between, their self-modes. They are vulnerable to ‘fission’ (fragmenting into a range of separate disconnected self-modes with no felt sense of overall wholeness as a single person). Overall they are less adaptable, unable fully to develop a range of self-modes that they can consciously make use of in diverse relational contexts with a variety of other persons. Their self-concept is likely to be rigidly defended.

*5.6 Organismic capacity maintenance, relationality and institutions*

Beyond the therapeutic encounter, what combinations of experiences foster maintenance of organismic capacity? Lawson (1997) invoked ‘routines’ as a means by which ontological insecurity is countered, noting Keynes’ emphasis on conventions to stabilise future expectations.*.* Our approach thus acknowledges the relevance of (i) *continuity of access* to experiences of offers of positive regard from and opportunities to offer positive regard to, other people*.* However, reliance on Anthony Giddens’ (1984) routines-based conception of ontological security maintenance may be insufficient. Social theorist and psychotherapist Ian Craib (1992) argues:

Immersion in routine actually invites the recurrence of anxiety and reliance on routine is a defence against, not a cure for, anxiety. In Laing’s work, and generally in psychoanalysis, ontological security involves the ability to deal with change and to recognise the routine as both necessary and comparatively ephemeral, exactly the opposite of Giddens’ propositions. (Op. cit., p.176)

 Moreover, Barrett-Lennard offers the following further observation:

If a person were to be nurtured in an exceptionally homogenous attitudinal environment the consistency of relationship would work to limit diversity of self. A lack of significantly varied experience and self-adaptation may not equip a person well to live in a very diverse relational world…. (Barrett-Lennard, 2013, pp. 17-18)

Barrett-Lennard here causally links experience of *heterogeneous* others to how ‘well equipped’ a person is to cope with a complex environment. He is offering a view of how our experience of relationality affects, (in our terms), our organismic capacity.

Craib’s critique and Barrett-Lennard’s observation implies, for capacity maintenance, an experience not merely of routine or continuity (i.e. (i) above) *but also of stimulation* through encounters*.* In particular, experience of: (ii) a variety in the forms of positive regard they receive from others; (iii) a diversity in the types of person to whom they offer positive regard and (iv) a diversity in the types of person from whom they receive positive regard. Individuals who have the regular opportunity to express positive regard to (and receive it from) a *wide diversity* *of persons* experience a *stronger sense of influencing their environment*, building their ‘sense of significance’, or confidence in their own effectiveness (E3). When the above is also combined with continuous reception of a *variety of different forms of positive regard*, the individual is stimulated to *recognise, value and accept more aspects of their own inner variety.* Stronger acceptance of their inner variety (and contradictions) builds E4, countering ‘meaninglessness’.

Different systems of rules for human interaction (institutions) can generate different ‘qualities’ of encounter due to rules-induced variation in the access, continuity, variety and diversity parameters (i) to (iv) that individuals experience.

*5.7 Reconstituting reconstitutive downward causation: want creation and want management*

Reconstitutive downward causation (RDC) is the ‘capacity [of institutions] to mould and change aspirations, instead of merely enabling them’ (Hodgson, 2001, p. 296). There may be two distinct causal channels of RDC. The first channel is standard in VEE: institutions unavoidably generate habitual actions and habitual beliefs (and thus self-modes and self-concepts). Individuals are continuously ‘institutionalised’. Yet there is now a second possible channel. By promoting/inhibiting organismic capacity E4, via their impact on (i) to (iv) above, institutions can causally influence whether individuals develop and maintain the (C4 level) capability to maintain awareness of, symbolise and transcend the ways in which institutions condition them.

Institutions may be paradoxical in their influence. They unavoidably ‘make us’ (they form our habitual beliefs/self-modes/self-concept), but by structuring our relationality they may also ‘capacitate’ us to make *more of ourselves* than is made of us (we can consciously adapt our self-concepts). In such circumstances, individuals may experience *want management* *but not want creation.* Since they are consciously aware of their habitual beliefs – and so their wants - being continuously created they can consciously participate in this ‘creation’ by adapting their self-concepts. The advertiser and the individual ‘co-create’ the individual’s wants in a process consistent with Dunn’s (2011, pp. 264-5) discussion.

Yet institutions are not necessarily paradoxical: they may instead ‘incapacitate’ us, so *reinforcing their ‘making’ of us* by structuring our relationality in ways that disable us from consciously changing our self-concepts.In these circumstances, individuals are subject to want *creation.* Unaware of their habitual beliefs (and thus their wants) that are being continuously created, individuals cannot consciously participate in this ‘creation’ by adapting their self-concepts. No ‘co-creation’ of wants occurs: the advertiser is the active agent in forming individual wants. Thus both Dunn’s ‘want management’ and Galbraith’s ‘want creation’ conceptions of persuasion are causally possible, contingent on capacity maintenance conditions.

**6. A Galbraithian approach to social and psychological balance**

*6.1 Organisational and organismic life in Galbraith’s vision*

Our ‘middle range’ view of individuals parallels Galbraith’s ‘middle range’ view of firms in advanced capitalisms. Galbraith rejected the (market structures) characterisation of large oligopolists as allocationally ‘imperfect’ entities relative to the allocational ideal of perfect competition (Galbraith, 1972, pp.188-90). Our view of the individual rejects the (contemporary behavioural economics) characterisation of individuals as cognitively ‘imperfect’ beings relative to the cognitive ideal of rational economic man (Thaler, 2000). Galbraith stressed an organisation-first, rather than markets-first view of capitalisms. We posit an organism-first rather than a mind-first view of the individual. For Galbraith, (big) business relationships were not mere epiphenomena of organised exchange (subsumed within a single ‘market system’) but always involved a broader context of networked activity he termed a ‘planning system’ (Galbraith, 1973).Our proposed view sees human relationships not as optional extra social details built around a hub of organised exchange. Instead, the individual’s market exchange mediated relationships with other people are situated within an irreducible core of needs-based organismic relationality (the giving and receiving of positive regard).

Galbraith (1972, chapters 2-4; 1973, chapters 10-11) observed that business organisations have a need to mitigate uncertainty (a threat to the security of the controlling ‘technostructure’ of large firms), met (to a greater or lesser extent) by ‘planning’ (the extension by organisations of linkages with aspects of their socio-economic environment). Our view sees uncertainty creating an individual need to counter ontological insecurity, met (to a greater or lesser extent) by human relationality (the mutual offer and reception of positive regard which can support organismic capacity).

Finally, Galbraith (1973, chapters 12-14, 17) argued that the business organisation’s experience of *effective* ‘planning’ linkages beyond its own internal structure (the creation of national and transnational linkages that allow influence over suppliers, consumers, other rivals and governments) causally affects the business organisation’s ability to maintain their dominant groups in control and so maintain their relative autonomy. In our approach the individual organism's experience of relationality of an *appropriate quality* (in terms of access, continuity, person-diversity and regard-variety) causally affects their capability to adapt their self-concept with experience and so affects their degree of relative autonomy. Here, maintenance of social balance becomes relevant.

*6.2 Human situatedness, relational infrastructure and social balance as necessary for psychological balance*

The individual organism – as an embodied relational being – is also inherently dependent on its *physical ‘situatedness’* – in two ways. First, the individual is dependent on a *presence* of natural, physical and social ‘infrastructure’ to which it has (institution-influenced) access that are sites for encounters (e.g. a home, schools, hospitals, public squares, pedestrian pavements, parks, post offices, corner shops, public libraries, community centres, shopping malls etc.) Second, the *characteristics* of this infrastructure (e.g. absence of intrusive noise, congestion, air pollution and physical safety risk, presence of seating) physically support the practice of the mutual giving and receiving of positive regard in encounters.

The above infrastructure consists of a significant proportion of publicly provided and financed services. When this public realm is relatively under-supported (i.e. there is social imbalance), the infrastructure for relationality is weakened, relational quality suffers and capacity to maintain individual relative autonomy degrades. More ‘psychologically imbalanced’ individuals emerge with less self-awareness, more rigid self-concepts and less empathy.

Galbraith’s symptoms of social imbalance – increased social disorder, temptations and diversions can then be more firmly anchored psychologically. Greater psychological imbalance enhances social disorder by increasing the chances of verbal and physical interpersonal conflict between persons with more rigidly defended self-concepts and reduced capability to understand others’ viewpoints. Temptations and diversions are less easily resisted when reduced self-awareness and self-acceptance increases vulnerability to addictions and social comparison.

Where high quality relationality is supported by public maintenance of social balance, individuals will also benefit from places for solitude (adequate private space, areas of outstanding natural beauty, places of worship etc.,) where they can actively process their organismic experience (as exercising capability C4 implies). Where high quality relationality is unsupported by public maintenance of social balance, individuals are relatively incapacitated in exercising C4 and so more fearful of facing themselves alone. Spaces for solitude may then be differently perceived as places of loneliness. Increased use of cyberspace-based interpersonal ‘connection’ (collecting ‘likes’ for limited conditional positive regard reception) as *substitutes* for, rather than complements to, face-to-face situations of co-presence (encounters), may be anticipated.

While Galbraith locates individual psychological vulnerability in affluence, we see it as a product of insufficiently countered ontological insecurity under uncertainty. Implicitly for Galbraith, individuals ‘learn’ (i.e. psychologically develop to transcend their conditioning) via formal ‘education’ (school/university). Explicitly here, interpersonal structures and institutions for informal, non-conscious ‘learning’ – as ‘organismic capacitation’ - are emphasised. These structures (physical places and spaces) and institutions (rule systems) constitute much of the ‘social’ in ‘social balance’. Our approach explicitly connects Galbraith’s social balance concept to these interpersonal structures and institutions for the maintenance of relative autonomy and thus psychological balance. Social balance addresses a universal psychological need for high quality relationality that maintains the energy to counter existential anxiety under uncertainty. While Galbraith observed that the ‘precise point of [social] balance will never be defined’ (1984, p. 243), an approximate test of whether social balance pertains at any given time may well be evidence on the psychological health of the relevant population.

*6.3 Conflicting relative autonomy maintenance and cumulatively eroded social and psychological balance*

The individual and the business organisation are active relative autonomy seeking entities within an uncertain, institutionalised, embedded and networked context. Galbraith’s trilogy describes an evolving conflict of relative autonomies. The more environmental control the planning system seeks to achieve (as, say, a result of more intense global competitive conditions) to sustain the (technostructure’s) relative autonomy, the greater the risk of reducing the relative autonomy of individuals.

In an organismic conception of action, organisational conditions of worth embedded in advertising and marketing communications are *continually non-consciously adopted* as habitual beliefs in individual self-concepts.6 However, the extent to which individuals either co-create their resulting wants (participate in ‘want management’) or suffer ‘want creation’ depends on how planning system and/or government policy actions affect the conditions for social balance.

If increased attempted planning system control and/or inadequate public provision conducive to social balance (for instance due to sustained public expenditure cuts) degrades the conditions for maintaining organismic capacity E4 (intentionally or otherwise by changes in rules and/or the nature of places and spaces for human relationality), there is then weakened individual capability consciously to adapt their self-concepts. The capability to recognise and reject ‘persuasion’ (i.e. to discern and discard organisational conditions of worth non-consciously adopted as habitual beliefs and so ‘co-create’ one’s wants) is weakened. Greater vulnerability to emulation and advertising then encourages greater relative spending on the private rather than public realm. Maintenance of social balance is further eroded in a potentially cumulative causative process, short of deliberate policy and/or corporate change.

**7. Conclusions**

A revived Galbraithian economics could help integrate Post Keynesians and Institutionalists around an emancipatory conception of structural and institutional policy approaches but such an effort requires conceptualisation of ideal and actual individual psychological development. This paper’s specific focus on Galbraith’s analysis of want creation and social balance has not reflected Galbraith’s historical perspective, his power analysis and his many other contributions. We abstracted from ‘upward causation’ (i.e. collective action), from the dynamics of changing social identities, from characterising the diversity of organismic functioning across individuals and from identifying the positions such individuals might occupy (including the technostructure). Mindful of these limitations, four points can be emphasised:

First, we proposed a non-imperfectionist view of ‘ideal’ psychological functioning. A psychologically balanced or relatively autonomous person far from learning to distrust itself as an ‘imperfect human’, instead trusts its own non-conscious functioning. Through this organismic trust it adapts its self-concept according to organismic experience. This trust comes from organismic capacity: an energy to counter ontological insecurity, a consequence of the fact of uncertainty. Organismic incapacity produces a defensive adherence to a rigid self-concept and reduced capability - less adaptability and less empathy.

Second, a VEE focus on habits and institutions was integrated with Rogers’ notion of ‘conditions of worth’ to suggest how institutions can mould individual self-concepts in actual human functioning. We argued that both physical infrastructures and institutions shape the experience of relationality available to individuals, enabling or undermining the maintenance of organismic capacity and psychological balance.

Third, an enlarged view emerges of channels of ‘reconstitutive downward causation’ from institutions to individuals supporting a conceptual distinction between causal processes of want creation (under conditions disfavouring relative autonomy) and want management (under favourable conditions).

Finally, behavioural economic policy ‘nudges’ have been likened to cognitive therapeutic interventions (Heshmat, 2015, p. 5) ‘correcting’ imperfect humans’ ‘irrational’ choice-making. Galbraith’s proposed public interventions to maintain social balance may seem heavy-handed by comparison. Yet by emphasising psychological development, Post Keynesians and Original Institutionalists can *clarify the emancipatory power* of Galbraithian public interventions. Given uncertainty, sustained public intervention to maintain social balance may be *necessary for psychological balance:* therapeutically enabling individuals to trust *themselves,* not build nudge-dependency.

**Footnotes**

1. While Galbraith’s trilogy ‘predates [a sophisticated] realism’s emergence in the late 1970s’, Galbraith’s work ‘share[s] the hall marks’ of the approach: ‘his concern with ontology, his pluralistic and tailored method, his provisional and empirically grounded theory, which is marshalled to provide emancipatory critique’ (Dunn, 2011, p. 95).

2. We use the term ‘uncertainty’ to refer to the assumption of an unknowable future in a ‘transmutable’ or ‘creative’ reality (Dunn 2011, p. 200; Davidson 1996, p. 485).

3. To emphasise: insecurity is not pathological (via irrational beliefs as behavioural economics might suggest) but ontological because uncertainty is ever-present for all. Moreover, building an offsetting emotional energy has to occur first to face the visceral feelings of insecurity. Once the feelings are faced, the associated beliefs can then be symbolised and (possibly) changed. The grieving process after a loss/trauma is an example.

4. Hodgson (2003, p. 164) defines institutions as ‘...durable systems of established and embedded social rules and conventions that structure social interactions.’

5. Galbraith’s ‘convenient social virtue’ (CSV) is one such condition of worth. The CSV ‘ascribes merit to any pattern of behaviour, however uncomfortable or unnatural for the individual involved,… that serves…the more powerful…’ (Galbraith, 1973, p. 46). Advertising and marketing promotes new and makes use of existing, conditions of worth. See also note 6 below.

6. In a mouthwash advertisement, a person cleans their teeth, spitting out blood. ‘Bleeding gums?’ muses the voiceover. The person turns, revealing a missing tooth. The implied condition of worth (‘one is only worthy of positive regard if one has no missing teeth’) is linked to promotion of the mouthwash designed to address bleeding gums. The viewer’s potential habitual belief: ‘I must avoid losing teeth to be acceptable to others and myself’. This potential becomes actual if the viewer’s self-concept already contains a cluster of unacknowledged habitual beliefs (a self-mode) based on similar (e.g. appearance-based) conditions of worth. The intended corporate payoff: viewers habitually associate the mouthwash with sustaining their own self-concept’s acceptability and habitually purchase that brand.

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