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The implications of human capital for policy: An essay honoring the life and work of John Tomer

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Abstract
From his 1973 PhD Dissertation to his last presentation given to the Society for the Advancement of Behavioral Economics in Dublin in 2019, John Tomer emphasized the usefulness of broadening the human capital concept, so we could understand more deeply the benefits of human capital accumulation. John also practiced what he preached, investing in his own human capital with the expectation it would provide a better life. This essay reviews John's insights, seeking to highlight the implications for policy of the broader view of human capital that John helped develop.

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Introduction

In his recent book, *Integrating Human Capital with Human Development: A Path to a More Productive and Humane Economy*¸ John Tomer (2016) begins by sharing he was exposed to the human capital concept, as it was conceived by Gary Becker (1964), in one of his PhD courses. Observing innovative firms in the late 1960s and early 1970s, John recognized the usefulness of extending the human capital concept to include what he labelled "organizational capital." Using growth accounting in his dissertation, John found organizational capital could explain a statistically significant portion of U.S. economic growth. From this beginning, John embarked on a lifetime of research that led him to express how we can extend the human capital concept in a variety of useful ways. Here, we review some of John's work in this regard, focusing on its implications for policy.

As a starting point, let's define human capital. Tomer (2016: 4) notes that Gary Becker (1964) defined human capital as resources in people, including skills and knowledge. However, the work over his lifetime led Tomer to the following broader definition: Human capital includes the "mental, social, and physical attributes that are produced, are embodied in humans, are not alienable, and contribute to humans' capacities" (Tomer, 2016: 8). Note Tomer does not limit human capital accumulation to increasing the productive capacity of firms. A key Tomer insight is that we humans can enhance our well-being by investing to develop a wide variety of capacities, not just our capacity to produce.

In his book, *Intangible Capital: Its Contribution to Economic Growth, Well-Being, and Rationality*, Tomer (2008a) emphasizes the idea that many important types of human capital are intangible rather than tangible. His stated motivation for writing the book was to demonstrate "how utilizing the intangible capital concept can provide new understandings of a range of problems and issues" (Tomer, 2008a: 4). Below, we present how John Tomer distinguished intangible capital from tangible capital. John did not dismiss the importance of tangible human capital accumulation. However, because John focused more on the usefulness of intangible capital accumulation, we will focus more on it here.

We will also review John Tomer's (2008b) idea that, because preferences evolve, it is reasonable to think a person's "true preferences" will almost surely be different that the person's "actual preferences" at any given moment. Ordinarily, economists do not consider preference formation as human capital accumulation. However, John Tomer's focus on human capital led him to see that we humans can invest in our own preference formation just as we can invest in our own human capital. Economists have been reluctant to be normative and lobby for one set of preferences over another, and rightly so. Maintaining a professional standing among people with varying preferences is easier if you do not take sides. Nonetheless, it seems well within the positive tradition of economics seek to understand how preferences evolve and how investments made to changes preferences might enhance well-being. Thus, John Tomer's "true preferences" notion is well worth considering. We do so, focusing on its implications for government policy aimed at promoting self-development and greater well-being.

Tangible and intangible capital

In the title of his book, *Intangible Capital: Its Contribution to Economic Growth, Well-Being, and Rationality*, Tomer (2008a) indicates his purpose. He distinguishes intangible human capital from tangible human capital, noting the economics discipline has more often and more carefully considered the later than the former. The book seeks to identify ways in which more carefully considering intangible capital can "provide new understandings for a variety of problems and issues (Tomer, 2008a: 4).

In distinguishing tangible from intangible, Tomer associates tangible with the traditional definitions of human capital. Tangible human capital "refers largely to skills and knowledge" ... "acquired using cognitive mental capacities" ... [where] the "process of acquiring these abilities is generally observable" (Tomer, 2008a: 14). As with physical capital accumulation, the standard focus on accumulation of tangible human capital is the impact it has on firm productive capabilities.

In contrast, Tomer (2008a: 14) describes intangible capital as including elements beyond generally observable skills and knowledge, and people often acquire these elements by a non-cognitive means. Like tangible capital, intangible capital provides a long lasting, rather than transient, improvements. However, the improvements provided by intangible capital accumulation may include capacities in addition to productive capacity. Intangible human capital elements can be substitutes for tangible elements, but they tend to complements.

Two broad categories of intangible capital identified by Tomer are personal capital and social capital. Personal capital is capability derived from "individual psychological, physical, and spiritual functioning" (Tomer, 2008a: 82). For Tomer (2008a: 20) emotional intelligence is a "very important component of personal capital." Social capital refers to capability derived from "enduring features of the social landscape" (Tomer, 2008a: 16). Social capital is embodied in relationships, and Tomer often uses the term relational capital to emphasize this fact.

Personal capital

An investment in personal capital may increase personal capabilities by enhancing cognitive individual knowledge (Tomer, 2008a: 21), but Tomer (2016: 5) emphasizes the increase that can come from non-cognitive "psychological, physical, and spiritual functioning." Non-cognitive factors include emotional intelligence, motivation, self regulation, consciousness, curiosity, perseverance, self-control, and self-esteem. These factors tend to increase personal well-being indirectly after they first enhance capability, but Tomer also identifies ways the accumulation of personal capital can directly increase well-being.

Tomer (2008b: 1705) notes that great thinkers have not all come to the same conclusion about the ultimate ends that define a good life. Their varied ultimate ends include satisfaction/utility/pleasure, happiness more generally, a great achievement, a desirable mental state, health, intimate personal relationships, relationship with God, and more. A line of thinking relatively unique to John Tomer, which we focus on in a separate section below, is identifying our own "true preferences" is an investment in personal capital we can make that will directly increase our well-being. This involves reflecting on your values, thinking long term, considering your sense of morality, contemplating what brings you happiness, and determining what ultimately is good for you (Tomer, 2008b: 1704).

The other way Tomer (2008b: 1706) perceives accumulation personal capital can directly enhance well-being is by better enabling "one to obtain satisfaction from one's life activities." An addiction is not a rational choice, Tomer (2008a: 154) notes; it is "a bad habit." By investing in personal capital, you can alter your habits and transform your preferences, so you obtain more well-being from the actions you take and goods you consume. Thus, it is rational to invest in personal capital in this manner.

The indirect impacts of personal capital on well-being arise because our brains have the ability to develop automated responses and the ability to over-ride automated responses. The idea that we develop bad habits is the idea that our automated responses are not always healthy. One key element of personal capital is the ability to recognize bad stimuli, so you can avoid them. Nudges are related to this element, priming you to implement your better automated behaviors (Tomer, 2016: 47). Another other key element of personal capital is the ability to over-ride the bad stimuli (i.e., exhibit self-control), so you do not take a bad action when you cannot avoid a bad stimulus (Tomer, 2016: 28).

In addition to helping us overcome bad habits, a key to effectively accumulating personal capital concept is developing good habits, so we consistently make choices we do not regret later regardless of the environmental stimuli. Tomer (2016: 30) ties habits to "personality traits," which he defines as "enduring patterns or thoughts, feelings, and behaviors that reflect one's tendency to respond in particular situations." We develop our personality traits, good or bad, over time (Tomer, 2016: 200). Investing wisely in personal capital involves developing personality traits that support good habits. Of course, people differ regarding what is good versus bad, so part of developing personal capital is developing a personal view about what personality traits are virtues versus vices.[1]

Investing to accumulate emotional intelligence is another way to enhance well-being through accumulating personal capital. Emotional intelligence is a non-cognitive capability. Tomer (2008a: 84) describes emotional intelligence as

[1] McCloskey (2006: 64) defines a virtue as "a habit of the heart, a stable disposition, a settle state of character, a durable, educated characteristic of someone to exercise her will to be good." Thus, using Tomer's definition of a personality trait, we can say a virtue is a good personality trait. McCloskey (2006) provides an extensive discussion of virtues, providing in depth explanations why particular dispositions (courage, justice, temperance, prudence, faith, hope, love) are virtuous.

the capacity for recognizing your own feelings and those of others. Relative to self, it involves the ability to motivate yourself, manage your emotions, express your feelings, and identify your emotional problems. Relative to others, it involves the ability to be empathetic, relate to others and build relationships, and identify and solve relational problems.

Tomer (2016: 45) identifies emotions as driving change. This is in line with the theory presented by Camerer, Loewenstein, and Prelec (2005: 18) that identify emotional or affective processes trigger us to "go" rather than "no-go" or "approach" rather than "avoid." Emotional intelligence does not tell us how to think; it tells us whether to think.

Tomer (2016: 51) provides the following personal policy advice on how to invest in personal capital to build emotional intelligence that provides capacity to manage a negative emotion: Intentionally practice identifying the cues that stimulate your negative emotion, develop alternatives to the negative emotion in advance, and deliver those new emotional responses to the cues. Subconscious and non-cognitive emotional responses to stimuli may well lead us to under-save, over-react, and engage in other behaviors that we later regret. John Tomer especially had interest in emotional response and eating health. He describes "conditioned hypereaters" as people who have "become powerless in the face of certain foods ... emotional or compulsive" (Tomer, 2013: 90). In general, to enhance well-being, Tomer recommends accumulating personal capital so you possess the abilities to control your impulses, delay gratification, and keep your emotions from dominating you.

Three final elements of personal capital identified by Tomer are worth mentioning. First, referencing the work of Gigerenzer and Goldstein (1996), Tomer (2016: 52–53) emphasizes that a key part of developing your personal capital is identifying heuristics that suit different decision environments. These "fast and frugal" heuristics allow us boundedly rational decision makers to make relatively good decisions without incurring high decision costs. Second, referencing the work of Filer (1981), Tomer (2008a: 44) emphasizes the value of accumulating drive and the desire to be the best. More so than eight other non-cognitive personality traits, these two traits explain why some workers obtain higher earnings. Third, referencing Goleman (1998), Tomer (2008a: 86) emphasizes the value of trustworthiness. Trustworthiness especially contributes to productivity when a team is working in ambiguous situations where you have to take someone's word for it.

Social capital

Tomer (2008a: 24) distinguishes your social capital from your personal capital by noting the former is embodied in your relationships while the latter is embodied in you as an individual. Some elements of social capital are highly tangible, for example the knowledge you accumulate as you interact with others, but other elements that are highly intangible, like the grit or determination you might accumulate from interacting with others (Tomer, 2008a: 18). Notably, tangible social capital, like physical capital, will tend to depreciate with use, but intangible types of social capital often will appreciate with use (Tomer, 2012: 533–534). Just as it is useful to have assets that appreciate rather than depreciate in a financial asset portfolio, so it is useful to have appreciating intangible social capital elements in a human capital portfolio.

Developing social capital in the form of a social network can help you develop your ability to recognize bad stimuli and your over-ride your brain's automated responses that are unhealthy for you (Tomer, 2016: 28). People within a family or broader social network can hold each other accountable to commitments.[2] Our preferences evolve, and because we are boundedly rational, our decision-making evolves and is dependent upon aspirations (Tomer, 2016: 41). Your social network will tend to influence both your preferences and aspirations over time, for better or worse.[3] Therefore, you invest (positively or negatively) in your social capital as you choose those with whom you interact.[4]

Our social networks, especially our families, greatly shape our emotional intelligence, especially when we are young. A dysfunctional household might be defined as one "where parents do not or cannot invest in the development of non-cognitive human capital" (Tomer, 2016: 37). Because emotional intelligence, especially self-control, is so important for success, there may be a useful role for government, especially school systems, for filling in gaps left by dysfunctional families. Tomer (2016: 36) contends "more educational resources need to be focused on developing non cognitive capabilities," and he also notes the usefulness of social emotional learning programs for developing greater emotional intelligence (Tomer, 2016: 29).

Referencing Easterlin (1974), Tomer (2008a: 136) notes that we tend to judge our how happiness or well-being relative to others, using a "reference standard ... derived from ... prior or ongoing experience." Our current family situation, family history, broader current social network, and the living conditions of those our community all influence our expectations and aspirations. In turn, these expectations and aspirations influence our happiness or well-being. We cannot change history, but we can recognize that our standards, expectations, and aspirations tend to be relative. We can then proactively invest in social capital to influence our own happiness by choosing, at least to some degree, our physical environment and the people who surround and influence us.

[2] See Charness and Dufwenberg (2006) for evidence that guilt aversion motivates people to keep promises, even when breaking the promise does not trigger a material cost. Charness and Defwenberg provide evidence that making a promise to another person increases the expectation in you and the other person that the promise will be kept. This increases the psychic cost one incurs in the form of guilt for not keeping the promise, motivating the promise to be kept.

[3] See Tomer (2001: 253) and Tomer (2016: 12) for discussions by John Tomer about how building social capital can address obesity.

[4] See Chen and Li (2009) for an interesting investigation of how group identity can affect your preferences. Merely associating with one group category rather than another can make a difference.

John Tomer also emphasized the significance of social capital accumulation for societal health. The fact that poorer households are more likely dysfunction and dysfunctional households are more likely poor exacerbates income inequality (Tomer, 2016: 37). Decreases in social capital within families accounts for much of the increases observed in divorce, out of wedlock births, crime, and drug use (Tomer, 2008a: 165).

On the positive side, Tomer stresses that the accumulation of social capital can enhance economic growth. Trust and trustworthiness reduce transactions costs as people interact, so investing in social capital in ways that develop these can enhance economic growth (Tomer, 2008a: 36–37). Social capital in the form of norms and sanctions can enhance growth by resolving social dilemmas where individual incentives create inefficiency (Tomer, 2008a: 37–38).

Tomer (2016: 76) references McCloskey (1996), who stresses that capitalism inculcates virtues, particularly trust and trustworthiness, that promote economic success. However, Tomer (2008a: 191) also states his perspective indicates "there is a strong case for government action whenever there are clear and glaring well-being failures, and especially when these are produced by systematic societal externalities." He specifically notes cigarette smoking, drug use, and obesities as examples where government has played a useful role but could do more.[5] A key point is "all values are not created equal" in terms of supporting what most would label successful economic outcomes, so effectively accumulating social capital involves intentionally forming social networks that promotes some values over others.[6]

Interestingly, Tomer also contends investments in social capital can enhance well-being without enhancing economic growth. Our social networks shape our preferences, and Tomer uses the term consumption capital to describe the capability we have for obtaining well-being from consumption. (Yes, you can learn to eat and enjoy eating your vegetables). Tomer (1996) suggests government policy can even be use to foster peoples' capacities for attaining well-being from their consumption activities. For example, government can promote the health benefits of exercise and eating particular foods while at the same time informing people of the health detriments of not exercising, smoking, taking drugs for recreating, and eating particular foods.

Tomer (2008a: 266) also emphasizes the importance of social capital for determining the success of socioeconomic transitioning. Tomer (2008a: 115) notes that the existing social capital in a society represents a friction that makes a socioeconomic system strongly resistant to change. He explains the difficulty former Soviet controlled economies have had transitioning to more market oriented economies as being caused by social capital accumulations adapted to bureaucracy, magnifying the consequences of transactions costs that must be incurred in a market environment (Tomer, 2008a: 108). For policy, this indicates the importance of investing in social capital so the "soft systems" of the society are changed so as to align with the changes made in the "hard systems" (Tomer, 2008a: 108).

Organizational capital

In his book *The Human Firm*, Tomer (1999: 196) defines organizational capital as "productive capacity that is embodied in an organization's people relationships." Organizational capital is social capital because it extends to the social relationships between individuals within an organization. It is "created intentionally by persons who view it as an investment from which they hope to profit (Tomer, 1999: 196)" and is human capital because it enhances organization's ability to produce.

Because studying organizational capital involves paying attention to relationships, it is something economists typically ignore (Tomer, 1987: 147). Tomer (1987: 136) refers to Alfred Chandler who identified the creation of an organization as the fundamental entrepreneurial act. Coase (1937) also conceived the formation of the firm as an entrepreneurial act, noting the economists in his day had identified the organizing role of the entrepreneur as a fourth factor of production. "Within a firm," Coase (1937: 388) reasoned, "market transactions are eliminated and in place of the complicated market structure with exchange transactions is substituted the entrepreneur-coordinator, who directs production." Coase (1937: 393) defined a firm as consisting of "system of relationships which comes into existence when the direction of resources is dependent on an entrepreneur." John Tomer's interest in organizational capital was largely motivated by his belief that economics would be enriched by a closer examination of the internal workings of the firm, particularly relationships between individuals and units.

Augier and March (2008) offer a summary of the "behavioral theory of the firm" as conceived by Richard Cyert, James March, and Herbert Simon. The describe the center of this theory as the view that "a firm is an adaptive political coalition ... between different individuals and groups of individuals in the firm, each having different goals and hence possibly in conflict" (Augier and March, 2008: 3). Because human rationality is bounded, the goal of the firm cannot simply be profit maximization. Rather, a firm will tend to have multiple goals, and it operates by forming aspirations relative to each goal, seeking to satisfice (meet the aspiration level) rather than maximize. Goal setting is a process, not a one-time event, impacted by learning and by bargaining among the different individuals and groups within the firm with varying interests. John Tomer focused on how the relationships of people within the firm could enhance the productivity. Tomer (1987: 20) emphasized that training within a firm is a process of socialization. By inculcating "how we act here," this training builds productive capacity by aligning the actions of the various individuals and groups with firm goals.

[5] See Tomer (2013: 92) for a detailed discussion of Tomer's government policy suggestions for reducing obesity.

[6] See Pingle and Adajar (2018) for a survey of research that relates values and preferences to economic success.

Rules, adaptation, and slack exist in firms because the attention of the ultimate decision maker, the entrepreneur, is scarce. Augier and March (2008: 3) describe the firm as "a system of rules that change over time in response to experience." Rules establish routines. Routines constitute most of the actions taken within the firm, and the rules allow the entrepreneur to control these actions. However, search, learning and negotiation are also routine, and these activities are the means through which the firm adapts. Firms without the ability to adapt tend to eventually fail because the environment eventually changes in a way that makes existing rules obsolete. Accumulating "slack," for example inventories of product output and factor inputs, provides more ability to adapt to changes in the environment (e.g., more product demand than expected) and more ability to cope with the inevitably decision errors that stem from bounded rationality.

Augier and March (2008: 3) present the primary behaviors of their adapting behavioral firm: (1) search for solutions to problems, (2) cope with conflict, (3) reduce uncertainty, and (4) learn (e.g.., how to change aspiration levels, how to allocate attention, how to modify rules). One of the adaptation problems Tomer (1987: 136) identified for firms is how to exploit and cope with new technologies, claiming "organizational innovation is as important as technological innovation in terms of providing new products to consumers." Tomer (1987: 65–66) also emphasized the importance of psychological contracts within the firm for resolving conflict, noting firms have successfully invest in their organizational capital when the relationship built between two people in the organization can overcome opportunism or the incentive to not cooperate.

John Tomer also emphasized the accumulation of organization capital can enhance firm productivity by reducing worker alienation. "The conditions that make work alienating are rooted in the interpersonal relationships in the workplace" (Tomer, 1987: 153). Armed with this perspective, Tomer identifies worker participation (e.g., opportunity to make a real contribution, opportunity to work cooperatively, opportunity to influence and feel a part) as key. Tomer suggests proactive organizational change as one way to enhance worker participation and reduce worker alienation, but also he sees a role for extrinsic government inducements because reduced worker alienation can provide spillover benefits to society (Tomer, 1987: 55).

Tomer (1999) stresses organizational capital has hard and soft attributes. Hard attributes, are "tangible, explicit, and definite." They help firms develop the best decision-making strategies and organizational structures (Tomer, 1999: 196). These hard attributes are more important in larger organizations, helping management to increase "flexibility and integration" among a firm's "horizontal coordinating mechanisms."

Soft attributes are "less definite and (more) holistic," involving a firm's relationships with its constituents (Tomer, 1999: 196). They are developed through "high ideals and leaders who communicate visions that capture people's hearts" (Tomer, 1999: 196). They help develop a strong "mutual bond" between the firm and its constituents. Generally, organizations that have developed soft attributes are more socially responsible, have higher ethical orientations, and are more patience with customers. This prevents a firm from disregarding its environmental responsibility and its responsibility to provide a fair product to customers.

Tomer (1999) contends government coaching can be more effective than government regulation as a strategy to promote organizational learning and the accumulation of organizational capital. Government signals mistrust when it regulates, but the provision of coach would signal a desire to help. A firm should be receptive to coaching that develops organizational capital because it helps the firm become more (Tomer, 1999: 199).

Specifically, Tomer thought that government coaching could help firms become more flexible and integrated, teach them to more horizontal than hierarchical, and help make them more socially responsible (Tomer, 1999: 199). Coaching would seek to give the firm an effective balance of both hard and soft features, which reduce decision errors and improve business practices (Tomer, 2016: 47–48). Coaching on environmental responsibility and social responsibility more broadly would reduce the "economic failures" that can result from irresponsible firm behaviors, rationalizing the expenditure of government funds for coaching.

True preferences

In two journal articles, Tomer (1996, 2008b) creatively relates human capital formation to preference formation. In economics, Tomer (2008b: 1704) correctly notes rationality is most typically associated with "choosing in order to maximize one's satisfaction given one's preferences." However, Tomer (2008b: 1711) quotes John Stuart Mill, among others, noting people often "would be better off if they had different wants." Investing is personal capital and consumption capital are means why Tomer envisions people improving their well-being by intentionally changing their preferences.

Tomer (1996, 2008b) uses the term "metapreference" to describe a preference about an "actual preference," and he defined a "true preference" as that which represents "the ultimate, unique truth about what is really right and best for a person" (Tomer, 2008b: 1706). External forces, including your family upbringing, your broader cultural environment, advertising, and government institutions (i.e., regulations and laws) influence your actual preferences and metapreferences. Psychological dissonance occurs when metapreference evaluation identifies a gap between actual and true preferences. This dissonance may motivate change, but change can be hard. The key Tomer insight is that we can recognize our preferences are malleable, recognize factors that influence preferences, and proactively invest so we intentionally evolve our actual preferences toward our true preferences.

John, an avid tennis player, provided a tennis example we can use to illustrate. "One may have developed a pattern of cheating on certain line calls or throwing one's racquet in frustration but not be happy with this pattern" (Tomer, 1996: 620). If this is a self-reference, how might John have sought to alter his preferences? Tomer (2008b: 1706) defines consumption capital as "the individual capacity to use and appreciate goods," and he defines personal capital the "predispositions or general personal qualities" that "enable one to obtain satisfaction from one's life activities." John's recommendations for accumulating consumption and personal capital include, "psychotherapy/counselling, reading books, listening to or viewing audio and video tapes, attending seminars, seeking advice and wisdom from ... religious/spiritual people, engaging in practices such as meditation and yoga, and undertaking a variety of other therapies and experiences" (Tomer, 1996: 634). Personal capital investment also includes direct efforts to "gain a greater awareness of ... true preferences" and "acquiring greater knowledge and experience concerning how to transform one's actual preferences..." (Tomer, 1996: 634).

Tomer (2008b) questions whether it is proper to use the word "rational" to describe a person who is make a choice taking actual preferences as given that significantly deviate from true preferences. "Behaving in a truly rational manner" Tomer (2008b: 1707) contends, "means attempting, as best as one can, to discover and then to act in accord with true preferences." Our economics discipline readily notes the market failures associated with externality and public goods problems, and we craft government policies motivated by the knowledge that Pareto improvements are possible. However, we do not readily recognize what Tomer (1996: 624) referred to as the well-being failures, associated with people making choices with actual preferences that significantly deviate from their true preferences. It was insightful for John to recognize government policy may indeed be able to enhance well-being in the Pareto sense, one person being made better off without another being worse off, by encouraging investments in personal capital that allow people to alter their preferences toward their true preferences.

Integrating human capital and human development

In his book, *Integrating Human Capital and Human Development: The Path to a more Productive and Humane Economy*, Tomer (2016) emphasizes that our individual personal and social capital mostly in our youth as we grow and develop physically. Tomer contends we will be better humans individually, and have better societies, if we recognize this relationship and use it to our advantage. All theories of human development contain the idea that success in later stages of development depend upon the outcomes of earlier stages (Tomer, 2016: 74). Tomer (2016: 34) identifies four roadblocks to life success that can arise in youth: (1) incomplete brain development; (2) emotional repression stemming from bad experiences; (3) inadequate development of emotional intelligence; and (4) the development of bad rather than good personality traits. Investments in tangible human capital, primarily personal and social capital, are fundamentally important because they can prevent these roadblocks from arising and can help remove them when they arise.

Tomer (2016: 70–72) describes a smart person (SP), who effectively accumulates intangible human capital as he or she develops physically. SP has a brain that fully develops in childhood. SP is not held back by emotional childhood scars but rather can healthfully manage the emotions associated adverse events. SP has exceptional capacity from cognitive training (e.g., education) because noncognitive capacities (e.g., drive to succeed) have developed to complement the cognitive training. SP has personality traits that support smart choices.

From Tomer's perspective, proactively and intentionally accumulating intangible capital is key to a good life. Tomer (2008a: 169) views addictions and bad habits more generally as arising from life imbalances. Investments in personal and social capital help prevent life imbalances from arising and provide capacities to overcome imbalances that do arise. Tomer (2016: 199) sees the high rate of obesity a prime illustration of the general problem: Insufficient investments in human capital result in many people lacking the capacity to resist temptations.

Tomer (2008a: 171–172) presents what we can label the "Tomer therapy." Invest in personal capital, especially developing emotional intelligence, to reduce life imbalances. Invest in social capital, getting rid of bad relationships and developing good relationships, to provide accountability and point you toward your true preference. Replace stressful and tempting situations with rewarding and fulfilling situations.

Conclusion

To conclude this essay honoring John Tomer, it is fitting to note that he wrote that a life well-lived is "a life rich in meaning and personal growth, a life that reflects one's human-ness and one's membership in a community, and, finally, a life built from some sort of conscious thought and reflection as to its content and purpose" (Tomer, 2008a: 145). John practiced what he preached.

John Tomer (2016: 79) contended, "What economics needs is a behavioral economics for smart people." He also contended, "A society's institutions should be developed to allow citizens to develop human functioning" (Tomer, 2008a: 146). By working to extend the human capital concept to recognize more fully the fruitful roles intangible types of human capital can play, John extended behavioral economics in ways that provide practical tips for how we can life a smarter life. By showing how government, business, families, and individuals can act to accumulate more effectively intangible types of human capital, John provided useful policy suggestions for improving society's institutions. Godspeed John, and thank you for your contributions.

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