

Stories Economists Tell: Studies in Christianity and Economics

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In this set of essays spanning much of his career at Calvin College, John Tiemstra sets out his views on what a faith-informed economics looks like. Readers of this collection will follow John through 25 years of thoughtful Christian reflection on the profession and the economy. Members of the Association who attended the Baylor Conference in 2009 and heard Tiemstra's plenary address will not be surprised to find that this volume contains a sustained critique of the neo-classical model. Even members familiar with this aspect of Tiemstra's views may be surprised, however, with topics covered in the collection: three essays each on environmental issues and globalization, and four essays loosely grouped around government, business, and society. Care for the poor is a theme that crosses the various categories and pervades the entire volume.

Though Tiemstra has made a home outside the mainstream—"heterodox" is a favored descriptor—readers from a more mainstream perspective will not feel hectored or, dare I say, preached at. This volume will also serve to open up a literature that mainstream economists might otherwise miss. Finally and most important there is an unwavering commitment to biblical principles and a Reformed Christian perspective. In an early essay that notes the difficulty in bringing a sustained Christian focus to economics there is a quote that I underlined:

Nevertheless we must persist, because the secular world is wrong; Christ is lord over all of life, not because the secular world elected him, but because he conquered death on the cross (p. 36).

There is much to admire here, in part the joy of participating as a reader in Tiemstra's long academic career. There are also some unavoidable downsides to a grouping of such essays. As they arise from the same author's pen there is a repetition of points. The author's "dual critique" (explained below) of the neo-classical model (NCM) is one such oft-repeated point. In addition, given the time span covered, some of the comments and asides in the collection (e.g., "the vision thing") may be less familiar to younger readers.

Other problems could have been avoided. I wish that the author had created introductory essays for each section; such introductions could

solve some of the problems created by pressing together articles written over a long span of years. At points the (mainstream) literature has changed markedly since the original publication which makes it hard to assess where the author would draw the argument today. There is little information as well on how the author's views may have changed. And given the diversity of topics covered, a set of introductory essays could frame up the author's agenda and provide the kind of linkage that would help create a whole from the varied elements. To be fair, however, a 3-page preface does make some progress on this point.

There is simply too much material in this volume for me to engage each essay in detail. The first third of the book hangs together well as a set of essays in critique of mainstream practice of economics, and these essays set the stage for the rest of the volume. I'll spend a good bit of time there. I'll also engage individually exactly one essay from the latter two-thirds of the book as a means to offer comments on the approach used by the author in many of the essays.

The first set of essays dates from 1988 to 2009. It contains Tiemstra's critique of the NCM as well as his vision for a better approach, a faith-informed post-Keynesian Institutionalism (PKI). According to Tiemstra the NCM suffers from two fatal flaws. Its hedonistic conception of humans (non-altruistic, self-interested utility or profit maximizers) fails a Christian ethical critique. Humans are fully-formed and essentially religious creatures and the NCM will always fail to appreciate the full range of human motivations and actions, even those embedded within markets. The second part of this dual critique is methodological. Proponents of the NCM are wedded to the positive/normative distinction, though it is clear that our work as economists is value-laden. In picking certain questions to explore (and not others), and in opting for particular methods and measurements, we are inevitably bringing a value framework—a world view—to bear upon our analysis. As such we should insist that our models bear the imprint of our own Christian world view.

Tiemstra argues that the dual critique has led Christian economists to seek alternative frames, including PKI. To Tiemstra a principal advantage of PKI is its adaptability to a Christian world view. Of its nature and in contrast to the NCM it is able to avoid the notion that respecting preferences and maximizing economic liberty are society's highest goals. It more readily admits other topics into the discussion, including care for the environment, full employment, and how Christian commitments affect economic decision making (p. 40). Methodologically PKI is not strapped to the elegant but highly limiting mathematical framework favored by

the physics-emulating mainstream. PKI economists are in fact not much concerned about mathematical formalization, and instead benefit from a wider palette of methods including survey data, qualitative methods, introspective accounts by decision makers, and historical analysis (p. 29).

In the last essay of this section (penned in 2009) there is no retreat from the critique; indeed one heading has it that “The canonical model has been discredited,” and Tiemstra argues that the “neoclassical research program has basically been abandoned” (pp. 61, 63). These arguments are raised in the context of noting how behavioral economics has successfully challenged the NCM’s narrow conception of human motivation at the same time that game theory is opening up the ability to discuss the role of power in economic and political markets. Tiemstra argues that a strict adherence to the positive/normative distinction has waned as more see the value-ladenness inherent in our inquiry.

It is possible to take alternative lessons from the evolution of mainstream economics. In my view the profession has shown itself capable of adapting to insights from other disciplines. In fact this adaptability has come about precisely because researchers like Kahneman and Tversky engaged the profession persuasively. They demonstrated the pervasiveness and size of loss aversion, the use of heuristics in place of more data and time-consuming methods, and the use of reference points to determine whether a current situation is a “gain” or a “loss.” These results are now fully mainstream, fully canonical, even if still the subject of much debate. Sustained and rigorous engagement backed by evidence moved the profession.

By contrast the retreat from the mainstream that Christian PKI followed doomed it from the start. During my few years at Calvin College in the late 1980s students would occasionally ask my opinion of going to a nearby graduate school, well off-the-charts in terms of the typical rankings but a place where PKI and other alternatives (at that time) bloomed. My advice then was that mainstream economics will give a hearing to good analysis, that many heterodox approaches are ill-thought-out and malleable frames that in the end prove unconvincing, and that retreat is a poor position from which to mount an advance. In my view the evolution of the mainstream and the limited role played by Christian PKI in that evolution supports my earlier advice.

Of course, much of mainstream economics continues to use utility and profit maximization in particular contexts, usually embedded in a mathematical model, and moreover my sense is that most Christian economists (and most reflective economists from other frames) comfortably use such models as abstract simplifications without assault to their core

values. By contrast Tiemstra sees ruin at the end of models that assume rationality in its typical form. He is critical, for example, of those who critique the automotive Corporate Average Fuel Economy Standards in favor of fuel taxes. He states, “Thirty years of short sighted and irrational decisions by drivers and the Detroit three should convince us that fuel taxes alone are unlikely to work” (p. 63). I hold the opposite view; this is exactly where our simple models give us good guidance. Given the vast literature that shows consumers responsive to prices, and producers responsive to profit motivations, I would expect significant fuel taxes to shift consumer preferences toward more fuel-saving models, and producers to respond with more such models offered.

The last essay in the volume is “The Social Economics of Globalization,” which originally appeared in 2007. In this essay Tiemstra provides a critique of globalization as typically advocated and lays out an alternative standard by which it should be judged. Globalization cannot be justified on the basis of its growth-promoting character alone. “Globalization is justifiable only if it results in the reduction of poverty without compromising the wellbeing of ordinary folks” (p. 171). In this essay Tiemstra states that globalization proponents argue that everyone will benefit, apart from a few victims of the transition (pp. 172, 174). A proper assessment of globalization, for Tiemstra, would take on a substantial list of topics, including: cultural diversity; ecological sustainability and a race to the bottom in environmental standards; changes in the power distribution between the government, business, and the moral-cultural center (with the international mobility of business conveying an advantage here); greater competition; and a concomitant reduced ability of small local firms to develop competitiveness.

Perhaps this short paragraph above gives the flavor of many of the essays in the latter section of the book. At its best the final essay raises a provocative set of points that economists and policy makers would do well to examine. It brings to mind Rodrik’s (1997) argument that even the possibility of international relocation will have the effect of increasing the elasticity of firms’ demand for labor, and that (apart from any increase in trade volumes) one would see workers having to bear a more substantial share of the burden of local environmental or safety regulations. And I appreciate here (and elsewhere in the volume) hearing the author discuss how the moral-cultural center will be affected by economic policy. Indeed, reading this book has convinced me that as economists we too often limit our frame to consumers/producers/government and ignore what we all believe to be central elements to a healthy society—churches/colleges/

public debate.

As a reader I struggle with the sometimes overdrawn argument. For example, I do not know a single international economist who would deny that some individuals will suffer life-long reductions in economic status from a large trade liberalization. I also struggle with the scope of the arguments, and I long for a sustained investigation into one or two elements. Take me into the moral-cultural center and show me what changes for the better, and for the worse, when globalization occurs.

Again, there is much to admire in this essay and in the rest of the volume. If you are mainstream in your approach you should commit to reading these essays in their entirety. Only by hearing John's thoughtful outside-the-mainstream voice will you hear the question yet unasked in the literature, the topic unexplored and the inter-disciplinarity undiscovered that will become your next research topic. And as we all well know, it is far better to engage something novel than to do the nth version of a topic that will have the reader yawning after the first paragraph. Agree or disagree with John Tiemstra, there is no yawning in this provocative volume.

Reference

Rodrik, D. (1997). *Has globalization gone too far?* Washington, D.C.: Institute for International Economics. ■