

to disagree, perhaps *Hermeneia* or *International Critical Commentary* or *New International Commentary* or *Searching the Scriptures* or *True to our native land*.



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For a Christian wishing to understand economics, *The Wealth of Nations* may seem to be one of the most obvious choices. I have found that its essentially ethical arguments are understood more if it is read alongside Adam Smith’s earlier book *The Theory of Moral Sentiments*. While *WoN* is essentially a careful analysis of ways in which economic value is created within markets and through the careful design of institutions, *TMS* attempts to explain how our behavior is shaped by our consciousness of how other people will interpret our actions. It is an immensely hopeful book, presuming human perfectibility. I find it almost impossible to believe—even in the context of the activities of Edinburgh’s Whig *literati*, many of whom were ordained ministers preaching a Christianised Stoicism, which was entirely consistent with *TMS*—that Smith could have been a faithful Christian any more than his ebullient friend, David Hume.

I have found that understanding individual decision-making in a social context is of great value to Christians studying economics. Akerlof’s *Market for Lemons* paper continues to fascinate me. It was the first (essentially microeconomic) paper in which I encountered ideas about how we might think of institutions as a response to the limitations of human behavior. Many of the questions which Akerlof has explored throughout his career are very similar to the ones which Smith explored two centuries beforehand. Society might have changed, but people have not.

Akerlof’s paper presaged advances in behavioral economics, such as the early work of Kahneman and Tversky as captured in *Judgment Under Heuristics*, arguments around self-management as put forward in Schelling’s *Micromotives and Macrobehavior* and *Choice and Consequence*, and Ainslie’s theories of the divided self in *Picoeconomics*, which itself drew heavily on Herrnstein’s arguments for hyperbolic discounting and time-inconsistent choices in *The Matching Law*. But I would cite another book, Elster’s *Ulysses and the Sirens*, as being especially influential in shaping my understanding of where there might be interesting problems

of economic behavior.

The myth of the sirens, and of Ulysses' anticipation of his inability to resist their temptation voluntarily, runs in parallel to the Christian understanding of the fallen nature of humanity. But it differs because Ulysses, who is supposed to be worldly-wise, only sees the costs of choice in terms of physical suffering, rather than through divine judgment. All these arguments suggest how Christian economists might seek to use their beliefs to shape debate within economics. God graciously reveals our long-run interests and how we might realise them through faithful lives.

Perhaps no one has attempted to fuse together the insights of economics with Christian theology more than Thomas Chalmers. Parish minister, university professor, and church leader, after being appointed Professor of Divinity at the University of Edinburgh in 1828, he began the first regular lectures in political economy in Scotland, published as *On Political Economy*, 1832. Chalmers—and indeed his writings on economics—are perhaps easily misunderstood if we treat him simply as a contemporary of Malthus and Whewell. His ambitions were unique, and were no less than the revival of the theocratic element of Scottish society through an evangelical parish ministry.

To understand the scale of Chalmers' ambition requires immersion in his copious writings. His arguments, usually developed from lectures, proceed slowly, and are full of rhetorical flourishes. His *Christian and Civic Economy of Large Towns*, 1821–1826, is his most complete survey of his intentions, but it lacks clear structure. Begun while he was a parish minister, and published in three volumes, it is really a set of essays on the role of the church parish as the main provider of social services, primarily education and poor relief. We do not have to agree with Chalmers' opinions about the efficacy of markets, or the moral superiority of charity over statutory provision of poor relief, to see how he proposed renovating traditional arrangements in the context of urbanisation. But we can step back from those details of early 19th Century political economy, and try to understand his work as an attempt to apply economic principles to the design of religious institutions. Chalmers, following very closely from Smith but from an explicitly evangelical perspective, repeatedly tried to explain how specific institutional arrangements were necessary to promote Christ's kingdom here on earth. We might survey his career and conclude that, in almost every element, it was ultimately unsuccessful.

But his definition of the church as an economic organisation was to be influential in Scotland and North America throughout the 19th Century. Chalmers, failing, had more impact on society than most people who are considered wildly successful.

Lastly, reading the history of economics, I am frequently inspired by the extent to which its roots are to be found in Christian ethics. We can see this in Chalmers and even in Smith, but it becomes fully apparent when we go back to debates about the nature of economic activity in Scholastic theology, which assimilated Classical philosophy and Roman jurisprudence into Patristic theology. The Schoolmen's reputation perhaps still suffers from the rejection of their metaphysics during the Enlightenment, but there are many areas of thought in which we still rely on their insights.

In economics, for example, it was the Schoolmen who argued for the primacy of market exchange. They were the first to argue that it was possible for a Christian to amass wealth from commercial activity. Exploring the ethical conditions for a contract to be binding on both parties, they argued at length about the role of justice in exchange, and from these debates, they considered the question of whether the taking of interest would be licit. Their answer was much more nuanced than a simple denial. There is, I think, one exceptional survey of the work of the Schoolmen on matters of economic theology, Langholm's *Economics in the Medieval Schools*. The term *economic theology* is carefully chosen by Langholm. This is not modern economics, or even classical political economy. It is a precursor of these intellectual traditions, within which we can see that understanding the nature of economic relations helps us to understand not just the Creation, but something of the mind of God.

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As a young economist I found a pair of surprising articles, written many years earlier, by four world-renowned economists in my field of international trade and economic development. “Directly Unproductive Prophet-Seeking Activities” (Dixit & Grossman, 1984), published in the *American Economic Review*, and “Religion as DUP Activity” (Bhagwati & Srinivasan, 1986), published in *Public Choice*, both analyzed organized religion. Since none of the authors was a professing Christian, I was intrigued. Dixit and Grossman assumed that an unknown force has appointed religious institutions as an intermediary to hand out tickets to heaven. The religious sector, therefore, had the incentive to extract rents from people who were willing to pay for the chance to be in heaven. Such directly unproductive profit-seeking (DUP) activity reduced society’s welfare. Bhagwati and Srinivasan also assumed that organized religion acted as an intermediary between man and God, thus generating