

written by senior economists in the fall can help to foster conversations on how we can better serve each other as well as incorporate the mission of our faith into that of our work.

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Telos, Instrumental Rationality, and Modern Economics

During my graduate studies, I used to think about economics and finance, my field of specialty, exclusively along the lines of the traditional fact-value distinction, and assumed that they existed independently of any ethical considerations because of their technical aim. Back in those days, I didn't realize that positive statements also require a community of scholars to agree ex-ante on a set of standards (like efficiency or falsifiability . . .) that are necessary to define what a fact is, which means that even our statements about facts have value content. Positive economics is no exception and also relies on normative premises. For example, Schultz (2001) shows that Pareto efficiency requires a set of moral restrictions and conventions that make the coordination of agents occur, and the internalization of externalities possible. The more I considered the neoclassical paradigm, the more I wished I could be given a more realistic alternative representation of the world that would better account for actual human beings, and that would help me understand how they form their preferences, how they interact with each other, how they make decisions, and how they are transformed by their actions. I was first attracted to the behavioral finance literature, which explains many puzzles and relies on exciting advances in neurosciences and psychology. However, I also felt it sometimes didn't pay a fair tribute both to human reason and free will.

Then, a providential encounter with Andrew Yuengert at a conference opened new perspectives and gave me clues to grasp what I was

missing. Yuengert (2004, 2012) provides a comprehensive account of rational choice theory and also helps us better think about the relationship between ethics and economics. This alternative account addresses human choices with the framework provided by Aristotle and Thomas Aquinas centered on the inherent morality of human acts, understood as the result of deliberate choices under the guidance of reason. Human beings pursue proximate ends (for example, for an economist, it could be finding an estimator with better asymptotic properties), which make it possible to achieve ultimate ends (reducing unemployment, fighting poverty, or simply increasing knowledge), which contribute to “happiness” (*eudemonia*). Therefore, any proximate end is actually part of a much broader context and is connected to a set of ultimate ends that serve both as a justification and also as a moral imperative, if we accept the premise that people should seek to achieve the ends they identified.

That framework can be applied to the economic agents we consider in our models, and the economist can also use it to ponder their own decisions. The positivist tradition generally sees economic ends (like estimating a regression) as proximate. However, the Thomistic framework makes it clear that proximate means can only be justified by the ultimate ends they contribute to promote. Thus, the technical dimension of our disciplines does not relieve us from the responsibility that comes from the ultimate ends served by our research. Moreover, a substantial tradition in philosophy has shown that in the absence of prudence, a technique will give too much attention to the “how” at the expense of the “why,” with the risk of attributing to proximate ends a universal value.

This technical mindset leads to a worldview in which the “sole criterion of truth is efficiency and utility” (Benedict XVI, 2009); in our fields, this temptation can manifest itself in the building of a narrative of economic development and human life that focuses only on the narrow lens of self-interest, wealth maximization, financial engineering, and profitable investments, viewed for their own sake and as the only criteria for action. Moreover, this dangerous confusion between means and ends makes human life unintelligible (MacIntyre, 1988), because it makes us forget that the key to human development is “a mind capable of thinking in technological terms and grasping the fully human meaning of the human activities within the context of the holistic meaning of the individual’s being” (Benedict XVI, 2009). This is also why experts so badly need

the virtue of prudence, which helps them deliberate on their goals and the appropriate means to achieve them.

These readings helped me in many ways: I started to greatly appreciate the fact that the Thomistic account of human decisions is comprehensive and so rich. For example, ultimate ends are not given ex-ante, but they are discovered progressively during the course of life, as the person grows and matures through life in community; life itself is not reduced to the solving of an optimization problem, with a known and well-behaved utility function and constraints that are given ex-ante. On a personal level, it helped motivate me to do the kind of research I wanted to do; it sensitized me to the fact that our models need to be complemented with prudential judgment and placed in the context of a comprehensive human life. Yuengert (2012) also makes the strong point that it gives us a reference account with which we can evaluate any model, identify what is lacking in it, and therefore assess its degree of realism.

Interestingly, some recent studies have also tried to give a humanistic foundation to economics. Their rationale bears some resemblance with what was presented above. For example, Beaudreau (2012) relies on Maslow's pyramid of human needs to define a lexicographic ordering of different types of needs, which he calls identities. The successive satisfaction of these identities constitutes the process of "self-actualization," through which the individual gets closer to his "idealized self." This kind of approach makes it possible to think about the formation of the self, some idealized identities coming from natural reason, others from social conventions. The author explains that his model can be used to explain several documented puzzles, like the disconnection between the level of development of a country and the average level of satisfaction of its members (Easterlin, 1974), or the fact that firms do not always maximize profits—in particular when they are run by visionaries, who are often very concerned by the fulfillment of higher order identities (in particular, those in relation to cognition or esteem). This example gives us a foretaste of how the Thomistic account itself could enrich several literatures (neuroeconomics, behavioral economics, happiness economics, or corporate finance).

As mentioned earlier, during my studies, I was drawn to one of these related subfields, namely behavioral finance. I enjoyed the fact it relies on the premise that a higher degree of realism in models will lead to better empirical predictions. I also enjoyed the fact that researchers in

that area try to incorporate the psychological and sociological dimensions of human life in their studies, and I certainly felt comforted by surveys showing that only a small fraction of the population behaves in accordance with expected utility theory. At first, I focused on the limited cognitive abilities of human beings, which can lead them to make mistakes, or forego relevant pieces of information when they receive a huge number of signals and suffer from limited attention. Simon (1971) summarized it well: “A wealth of information creates a poverty of attention.” The limited cognitive abilities of market participants have been used to explain phenomena like market underreaction to firm announcements or the disclosure timing for bad news (e.g., Dellavigna & Pollet, 2009). Another strand in that literature focuses on the strategies used by individuals to cope with a high level of uncertainty (about themselves or the external environment). It shows that human beings often rely on simple heuristics to make decisions (for example, the $1/n$ rule investigated in Benartzi & Thaler, 2001) instead of utility maximization.

The classical tradition could certainly bring some highly valuable insights to this literature, especially when it comes to the interaction between emotions and reason, and the role of free will. Indeed, behavioral economics does acknowledge a role for emotions in human decisions. In that literature, emotions and passions are often linked to the functioning of some older part of the human brain or the actions of hormones. For example, some studies have established correlations between the level of cortisol and testosterone and risk-taking behaviors or trading performances (Cueva et al., 2015); in other words, emotions are viewed as non-purely rational. However, what is generally missing is the interaction between emotions and reason. This is where the classical account of human behavior is very rich and makes it possible to consider all sorts of interactions from alignment to opposition, depending on the presence or absence of virtues, those habitual dispositions to do the good which play a key role in the building of character. This spectrum of possibilities is absent from the literature. Considering the virtues would open lots of interesting questions, like thinking about the connection between the presence or absence of virtues in a community or society and its degree of prosperity, or the interaction between virtues and the building of social capital.

As a concluding remark, as we are entering in a new area of industrial transformations, with the spectacular development of artificial in-

telligence, the question of the nature of the human person is likely becoming more and more central. The joint influence of consumerism and the deepening of the technical paradigm may worsen the confusion between means and ends and accelerate the process of commodification of everything, with the inclusion of human beings themselves (Hadjadj, 2017). The Thomistic account can greatly help us remember the inherent morality of human acts and the central role of prudence in any modeling exercise; the fact that good incentives and constraints are often very useful but not necessarily sufficient, needing to be complemented with character; and the meaning of a human life grasped in its fullness, within a narrative that makes it look like a beautiful quest.

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As I reflect on the things that have been influential and helpful to me in my career thus far, at the top of that list are fellow Christian academics and economists. My first tenure-track job was at a public university, and that opportunity provided a wonderful framework for my career. It offered excellent resources and teaching reductions to jumpstart my research.

In my first year, through my church, I completed a correspondence course through the Chalmers Center at Covenant College on rethinking poverty. The course preceded the publication of Brian Fikkert and Steve Corbett's book *When Helping Hurts*, but the ideas in that seminal work on dignity-centered poverty alleviation programs were evident in the design and readings of their course. The course challenged me to rethink poverty and policy directed at it in light of my Christian belief and worldview. Prior to this course, I halfheartedly considered how my Christian faith might intersect with my economic studies, but with this course the proverbial scales fell from my eyes. While the greatest impact was a shift in my thinking on what economic development should strive for, I distinctly remember one week's work which included readings on domestic poverty programs. This particular reading had a complete disregard for economic principles—such basics as people respond to incentives, and scarcity abounds. It was one of the first times I saw the opportunity to articulate the meshing of my Christian worldview and my economics training. Because of my economic education, I was able to articulate my concerns with the ideas in the reading; after, I received several emails from classmates who appreciated the economic argument. I was encouraged to continue to wrestle with these ideas, recognizing the value of economic reasoning even in submission to gospel principles.