

## What I Wish Theologians Understood About Markets and the Economists Who Study Them

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Christian theologians and Christian economists share much in common. They love our Savior. They care about the plight of the global poor. And they long to be good and faithful stewards of all of God's good gifts to us, including his created order. Yet too often, at least as we economists see it, Christian theologians appear to have little interest in our accumulated body of economic wisdom as they seek to follow our Lord's biblical call to good stewardship.

This phenomenon is puzzling for at least two reasons. First, economics has the power to give us insight into the most effective ways to be of service to our Master. Second, the antipathy of theologians toward economists and economic ideas is largely a new phenomenon. As recently as the mid-nineteenth century, economics was embraced by most clergy—at least in the United States—as a powerful tool with tremendous potential to uplift humanity. The late economist Paul Heyne (2008) points to the Reverend Francis Wayland's (1837) *Elements of Political Economy* as the hallmark of this era. Wayland's book united laissez-faire economics with a uniquely Christian articulation of the natural-law tradition, and it served as the most widely used economics textbook in the land at the time of its publication.

Yet it is not difficult to document the disregard—or even contempt—with which well-intentioned contemporary theologians and ethicists treat markets and the economists who study them. And quite often the criticisms of theologians regarding economics are founded upon a caricature of economics rather than a fuller depiction of it. For example, consider Cavanaugh's (2008) words regarding scarcity:

The standard assumption of economists that we live in a world of scarce resources is not based simply on an empirical observation of the state of the world, but is based on the assumption that human desire is limitless. In a consumer culture we are conditioned to believe that human desires have no end and are therefore endless.

The result is a tragic view of the world, a view in which there is simply never enough to go around, which in turn produces a kind of resignation to the plight of the world's hungry people (p. xii).

Cavanaugh is not the only modern theologian who casts a doubtful eye upon the work and ideas of economists. Hinze (2004) writes, "When they reduce the meaning and purpose of 'economy' to market exchange, or human agents to self-interest-maximizing *homo economicus*, mainstream economists fall prey to a category mistake bound to distort both analysis and policy recommendations" (p. 172). And Long (2000) claims, "As a discipline, economics has increasingly developed an anti-humanistic mode. . . . [E]conomics has become an increasingly abstract—mathematical—science" (p. 9). For additional information regarding clerical criticism of markets and the economists who study them, the interested reader should consult Hill and Lunn (2007), Bandow and Schindler (2003), or—in this journal—Lunn (2011).

I will use the remainder of this essay as an opportunity to state—to any theologian or ethicist willing to listen—what I love about God's created economic order and the economists who have a specific vocation to study it. To that end I make eight specific points. Occasionally my remarks will be in response to the writings of theologians or ethicists I have read or know personally, so in some ways the reader may find it helpful to think of my remarks here as the accumulated "marginal notes" that I have jotted down over my years of reading Christian ethicists critical of markets and modern economics.

Of course there is a temptation for me to set up straw figures that may be easily knocked down by putting words in the mouths of the ethicists I intend to respond to here. That is why I hope the interested reader will take seriously the examples I have already given, examine closely the ones I occasionally refer to later in the paper, and consult both Hill and Lunn (2007) and Lunn (2011) as marvelous resources that analyze in detail the antipathy of theologians toward market exchange and those who study it.

**Point One: Economists—especially Christian ones—really do care about the Other.** Merely because capitalism and market systems have lifted more of the world's global poor out of poverty more quickly and more permanently than any other system does not suggest that economists take a casual attitude regarding the plight of the "least of these." Far from it.

Instead, Christian economists firmly believe that serving the poor—

and by extension our Master—is far too serious a business to do sloppily. That is why we sometimes cringe when we overhear an exchange like the following: “This situation is bad. Something should be done.” “Here’s something.” “Great. Let’s do that.”

Economists have no problem at all endorsing efforts to aid the poor. In fact, I would assert that economists are the most impatient people I know when it comes to ending extreme poverty. But if we are going to spend roughly \$50 billion on international assistance to Africa each year, to take one example, does it not seem reasonable to allocate those \$50 billion in ways that have the largest possible impact on HIV, malaria, and—most importantly—long-term growth? Otherwise we fall horribly short in our call to be “good and faithful” stewards of our resources. And I would assert that we are currently serving Africa very badly—and that simple fact should break our hearts daily.

**Point Two: Economists—especially Christian ones—really do care about Creation.**

We have an unavoidable mandate to be good stewards of God’s rich providence, and Christian economists embrace it fully. And it is more than a little insulting when Christian scholars like Hope College’s Steve Bouma-Prediger—to name but one—insinuate that mainstream economists (like me and most of the members of this association) are either uncaring or just not very smart when it comes to Creation care.

Instead we economists firmly believe that basic economics has some vital lessons to teach all of us when it comes to good stewardship of God’s created order, and that the role of private property rights in the good stewardship of the planet is chief among them. There really is a reason why African elephant populations are surging in some countries and vanishing in others. Elephant populations grow where there is ownership of the elephants and killing is legal but regulated; elephants are nearing extinction where no one owns elephants and killing them is outlawed. Hopkins (2010) provides an excellent overview of recent successes in this area.

**Point Three: We economists do not believe that the Bible contains everything humankind needs to know about economic systems, just like most theologians probably do not believe that the Bible is an exhaustive treatment of natural science.**

I have never encountered a single theologian, even among extreme fundamentalists with a literal interpretation of the Bible, who thinks

everything we need to know as Christians about the world around us is contained within the Bible's 66 books. But I suspect there are many theologians who are under the impression that the book of Acts tells us nearly everything we need to understand about economic relationships.

We economists believe otherwise—for at least two reasons. First, the testimony of Acts states that while the early Christians in Jerusalem did indeed hold all things in common (4:32), this was a communalism based upon a specific and unique situational collective need (as a small, despised minority in a large city with few established formal lodgings as we think of them today). It is a mistake to infer everything about what modern economic life should or should not look like from one anecdote about a particularly desperate moment for the early Christian movement.

Second, the Acts account was written initially to a pre-capitalist readership. Though market-based exchanges clearly existed at that time, it would take centuries for feudal arrangements to erode and modern capitalism (as we think of it today) to emerge. So the Bible has little to say about capitalism simply because it did not yet exist—*not* because it is either inherently evil or tragically flawed.

**Point Four: Christian economists believe deeply that market mechanisms constitute a portion of God's rich providence.**

Scientists like Kepler were so inspired that they spontaneously broke into songs of praise as they wrote out their treatises about the stars in their courses. Now you would be hard pressed to find any economist—even a Christian one—who is so inspired that he or she breaks into song after running an econometric regression. But we really should!

The reason that Christian economists like Aquinas and the Scholastics of the Salamanca School studied economics is because they, too, believed that the workings of markets were part of God's creation. And by understanding the created order better, they would gain insight into mind of the Master Designer himself.

So, too, we contemporary economists marvel at the spontaneous ordering that arises in markets—constantly redirecting, renewing, and transforming our precious resources from less-valuable to more-valuable uses. Our sense of wonder is no different than that of the scientist who marvels at the life of bees. The price system organically sends signals to each one of us—bidding us to discover the most valuable ways in which we may be of service to our fellow human beings; Hayek (1945) makes this point masterfully. Indeed, one of the marvelous consequences of market forces is that the only way that a person can have a better life for himself

## 36 FAITH & ECONOMICS

is to serve someone else, as Adam Smith noted hundreds of years ago. So even in those moments in which we fail to choose to be Other-regarding, markets nudge all of us into acting as though we are.

Two quotes illustrate especially beautifully the wonder with which Christian economists marvel at God's created economic order. Consider first the words of Klay and Lunn (2003):

Just as God-given productivity of the soil, combined with human labor and ingenuity, blesses societies with abundant crops, so also does the productivity of gifted human beings bless all humanity through markets. The somewhat mysterious way in which markets accomplish this without any one person directing it suggests to us the providential hand of God at work (p. 559).

In a recent book that reflects on John Calvin's thought regarding markets, Hall and Burton (2009) echo Klay and Lunn's sentiments:

God's providence is present in all events. We need to learn to see his "invisible hand" working in all things. He is truly sovereign over all of history. To doubt that is to reject God's lordship. Such repudiation is not merely based on an absence of information; it is also a rebellion of the heart against one's Creator. Happy is the person who learns to see God's hand in all of life (p. 158).

### **Point Five: Economics is not about money but about *value*, and *value* is about how people's needs get met.**

God designed human beings to spend most of their waking lives doing economic work for a reason: he wants us to serve one another. The line "economics is not about money" is one of my key slogans when talking to non-economists. They often believe that economics is the "money stuff" and anything about helping people is "ministry" stuff. But it is *all* "economics stuff."

### **Point Six: There is a reason theologians use the term "economic Trinity."**

The origin of the term "economic Trinity" is in analogy to human economics. The way human beings freely choose to work together to meet one another's needs provides an analogy that helps us understand that the three persons of the Trinity freely choose to work the divine will in unison.

**Point Seven: Jesus used economic phenomena to illustrate his teachings because his audience (shepherds, mechanics, carpenters, tentmakers, etc.) were intimately familiar with these economic phenomena in daily life.**

Just think about how many economic parables there are. Jesus was assuming that most of the people he spoke to possessed some first-hand basic economic knowledge. The problem, though, is that professional theologians who do not think of themselves as participants in the economy are not directly and intimately familiar with these phenomena. But the more one learns about economics the better one will understand the parables!

**Point Eight: An “economy of gift”—as a practical matter—is a silly notion.**

Several theologians have recently suggested that Christians should abandon an impersonal system of market exchange—facilitated by the price system—in favor of an economy of gift. Long, *et. al.* (2007) makes this argument, founded largely upon the work of theologians working within the Radical Orthodoxy group; Milbank (1990) is the fundamental text of Radical Orthodoxy.

Yet I suspect every single person who will ever read this manuscript has received a dud of a gift at sometime in his or her life—and in some instances I would wager that gift came from the one person on this planet who presumably loved the reader most and knew the reader best. And if the very people who love us most and know us best get it wrong when it comes to giving gifts, what hope is there—as a practical matter—for an “economy of gift” to function effectively among a community of 7 billion (or even 320 million, for that matter)? The price system helps us serve others well, even those we have never met. Now that is worth shouting about!

### **Conclusion**

In this paper I have attempted to give voice to several of the frustrations that a mainstream Christian economist can sometimes feel when reading the thoughts of Christian theologians and ethicists who are suspicious of either the workings of markets or the efforts of the economists who study them. Along the way I have made the following points (among others): We economists care about the poor, we care about the planet, we do not believe that the book of Acts is the only economics textbook Christians will ever need in the pursuit of caring for the poor and the planet, economics is

about value (not money), and God intentionally designed markets to serve as part of his rich providence: markets drive our time, our talents, and our treasures to where they will be of the greatest service to others.

I hope that my remarks here will be informative to Christians working in the world, as well as to ethicists who care about the world's deepest needs. Indeed, when we economists occasionally differ with theologians over specific policy recommendations, it is not because we economists are an uncaring lot. In fact, it is precisely because we do care that we can sometimes grow impatient with well-intentioned ethicists who refuse to listen to what economics has to say. We economists long to serve our Master using the most effective means and methods available, and we hope to share our awe and wonder at God's created economic order with any caring Christian who might be willing to listen. We deeply believe in the power of economic ideas to transform the lives of the global poor, and to make us more effective stewards of God's gifts to us in every sphere of human action. As we see it, understanding and harnessing the powerful ideas of economics in the service of our Lord makes it far more likely that our Lord will be thinking, "Well done!"

### **Endnote**

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