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What Theologians Wish Economists Knew, and What Economists Wish Theologians Knew

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Introduction

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On several occasions the Association has tried to encourage dialogue among Christian economists and theologians. However, the economists and theologians involved often ended up talking past one another. I organized this panel discussion as a session sponsored by the Association of Christian Economists at the 2012 ASSA meetings in the hopes that the theologians and economists would articulate what each thinks the other should take into consideration when evaluating the economy. After the papers were presented and the audience participated in a question-and-answer time, I think the consensus was that some true communication had taken place.

The two theologians tended to urge economists to consider philosophical and epistemological issues more, while the economists tended to focus on markets as effective means to aid the poor, and on economic history. But the training economists receive in graduate school is not very philosophical, just as the training theologians receive is not very empirical. This is evident in the papers below.

The discussion after the articles was very good, with a lot of give-and-take among the economists and theologians. Questions were raised concerning economic history, the role of sin, and implications of Adam Smith's opening observation that the division of labor generates greater wealth. It was a positive experience for all who were there. I especially appreciate the willingness of Professors Long and Husbands to enter into the discussion even though they were greatly outnumbered. ■

History, Theological Literature, and Contested Relations

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As a theologian I wish economists knew more about the history of their own discipline, the critical theological literature on the supposed neutrality of the social sciences, and the contested relationships between theology and ethics.

1. History of their own discipline

Adam Smith's *Wealth of Nations* begins with a pin-making factory. He shows how it is much more efficient to have many people do one operation rather than one person do many. But there are questions he does not ask—historical, theological and philosophical questions—that I think many economists likewise fail to ask. What are the historical, social and political conditions that make this pin-making factory possible? What are the relations between those conditions and the same conditions that make for a robust theological vision of everyday reality? Are those conditions mutually supportive? Are they at odds with each other? Are they reconcilable? These questions require something more than a mathematical model of everyday reality. We cannot simply do a cost-benefit calculation and determine whether the efficiency of the pin-making factory produces the "wealth of nations." Moreover, we have to place this origin of the discipline of economics in context. Why did Adam Smith take a term from Isaiah 61, which depicted the eschatological vision of restoration, as the title for his work?[1] Much ink has been spilled critiquing Marxism as a secularization of Christian eschatology, but for some reason liberal or neoliberal economics has not received the same scrutiny. Was it too borne out of a secularized eschatology, and does it, as a discipline, perpetuate this counter-eschatology behind a putatively neutral social science? Only an analysis of the history of the discipline would allow for us to assess this.

Some economists/social scientists have recognized that liberal economics emerged out of a contest with at least certain forms of Christianity. Consider Adam Smith on Rome:

> The constitution of the church of Rome may be considered as the most formidable combination that ever was formed against the authority and security of civil government,

> as well as against the liberty, reason and happiness of mankind, which can flourish only where civil government is able to protect them . . . . As the clergy had now less influence over the people, so the state had more influence over the clergy. The clergy had both less power and less inclination to disturb the state (1965 [1776], p. 754).

For Smith this is a necessary condition for the "freedom" of the free market. Is it still the case? Likewise, Bohm-Bawerk on scholastic teaching: in the headings for his 1884 publication, *History and Critique of Interest Theories*, he has titles such as "Resistance of Economic Practice to the Canonistic Prohibition of Interest," and "Backwardness of the Romance Countries: French Legislators and Writers Cling Tenaciously to the Canonistic Doctrine." He makes a clear argument that capitalism can only emerge once the Catholic teaching on money is rendered obsolete—a teaching, by the way, that was still present as late as Leo XIII's *Rerum novarum* and can be found in the Catholic Catechism today.

Schumpeter recognizes that something as simple as accounting practices had theological significance:

> Capitalist practice turns the unit of money into a tool of rational cost-profit calculations, of which the towering monument is double-entry bookkeeping. Without going into this, we will notice that, primarily a product of the evolution of economic rationality, the cost-profit calculus in turn reacts upon that rationality; by crystallizing and defining numerically, it powerfully propels the logic of enterprise. And thus defined and quantified for the economic sector, this type of logic or attitude or method then starts upon its conqueror's career subjugating—rationalizing—man's tools and philosophies, his medical practice, his picture of the cosmos, his outlook on life, everything in fact including his concepts of beauty and justice and his spiritual ambitions.
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> In this respect it is highly significant that modern mathematico-experimental science developed, in the fifteenth, sixteenth and seventeenth centuries, not only with the social process usually referred to as the Rise of Capitalism, but also outside of the fortress of scholastic thought and in the face of its contemptuous hostility.... By cursing it all, scholastic professors in the Italian universities showed more sense than we give them credit

> for. The trouble was not with individual unorthodox propositions. Any decent schoolman could be trusted to twist his texts so as to fit the Copernican system. But those professors quite rightly sensed the spirit behind such exploits—the spirit of rationalist individualism, the spirit generated by rising capitalism (1976, 123-4).

These economists, from very different schools, at least recognized that their discipline interacted with, and largely countered, theological judgments. As Schumpeter notes, it offered a different account of "rationality." I would like economists to recognize this, figure out why the differences exist, and convince me that their discipline does not invite me into an alternative vision of reality than that which I am supposed to enter through my baptism.

One last example will suffice—a more contemporary one—where I think this is acknowledged, but unlike with Schumpeter its theological significance is simply ignored. Baumol and Blinder's *Economics: Principles and Policy* (1991) discuss the irrational nature of rent controls for the poor by making a theological appeal to Smith's invisible hand, which they never own as a theological claim. They explain the inevitable negative unintended consequences of rent controls as "battling the invisible hand" which is a peculiarity found in "lawmakers and rulers... from Rome to Pennsylvania" (1991, 102). What is this invisible hand, and why does "Rome" in particular battle it? It is a secularized view of providence, which emerges from Smith's Stoic theology where intending to do good—rent controls for the poor—has more negative unintended consequences than merely intending profit maximization. That is not a neutral social scientific claim. It is one that makes all kinds of theological, metaphysical and ethical judgments that must be subjected to scrutiny.

2. Critical theological literature on the supposed neutrality of the social sciences

I would like to see economists have more of a critical posture toward their discipline as a neutral social science. Like Adam Smith's pin making factory, "social science" did not appear in a vacuum. It too has a history—the assumption that there is a "social" and we can have a science of it. What is behind this assumption? Here is where I find John Milbank's work important. He traces the history of the "social" and claims that it emerges from a recovery of paganism where economics is fundamentally agonic (contest of powers) and a heresy where human ownership takes on the "dominium" of divinity. He may or may not be right about that. Other histories could be delineated, but what matters most is to recognize that a "science" of the "social" cannot be assumed simply to be a neutral instrument. When it is considered as such, we will not be able to identify the theological, metaphysical and ethical claims that attend it.

Let me give an example from the introduction to my *Divine Economy* (2000). Mansfield's macroeconomics introductory textbook begins with a distinction between positive and normative economics. The former are supposedly neutral and determined by mathematics. The latter bring in ethical values. He illustrates this through "opportunity costs." They are explained and then illustrated by the following example: "Mrs. Harris spends an hour preparing a meal." However, she is also a "psychologist in private practice and can obtain $50 per hour for her services." The facts seem incontestable. No matter what our values might be concerning family, work, religion, politics, etc., when Mrs. Harris makes dinner she foregoes the opportunity of generating $50.

But this description is misleading. While it appears to merely give us the facts, it gives us much more. It invites us to construe our lives, primarily our life as family, in terms of producers and consumers. The family meal loses all incommensurable status with other consumable objects. All such objects are placed before the individual consumer and he or she is asked which of these objects will you forego for the sake of the others? How long will you continue to exchange until you have sufficient x's and adequate y's? How many x's will you forego for the sake of how many y's? The question assumes marginalism, the very kind of rationality Schumpeter identified as a threat to Christianity, which inevitably reduces all forms of life to utility and interests.

To pose the question this way already assumes the legitimacy of viewing all human action in terms of "opportunity costs." In fact, this putatively harmless example contains a complex metaphysics that assumes all human action and language takes place in a tragic world of scarcity. What could not be substituted into the calculation of opportunity costs? Let us suppose that Mrs. Harris engages in sexual intercourse with her husband. And let us suppose he could hire a prostitute at fifty per cent of the opportunity costs incurred for the time they spend together. Although our "values" may be shocked by such a calculation, the economic "facts" are clear. It costs this couple $25 per hour for sexual intercourse. If he utilized the services of a prostitute and she worked the hour, the economic index of productivity would increase by $75.

3. Theology and ethics

I do not know if my above examples convince economists that their discipline may tempt us to construe our lives within an alternative rationality that looks a lot like utilitarianism and for that reason it will challenge Christian visions of what it means to be human. But I cannot help but see theology, metaphysics and ethics in any economic textbook I have opened.

If so, how can we adjudicate the differences? The result is not an either/or, as if we must be completely against the discipline of economics and completely for whatever the theologians say. God forbid! Theology, I fear, is more of a contested and fragmented discipline than economics. But we should at least recognize that any person of faith will need to fit his or her "economics" within the Divine Economy. We will need to ask concrete, historical questions that assume a normative ethical framework. If God has redeemed the world in Christ, and He is our end, how shall we live together with those creaturely realities that make for everyday life? This is what matters, and this is why theology must address economics even though economists do not always return the favor, and perhaps they need not. I do not know. I do not think every economist needs to be a theologian. But I do think theologians cannot do their task without subjecting the most basic realities of everyday life to scrutiny.

As Stanley Hauerwas is fond of saying, quoting a Jewish rabbi, "any religion that does not tell you what to do with your pots, pans and genitals isn't worth having." Those are the things of economics—the reproduction of God's good material existence. They cannot escape theological attention. And they require that we ask, to quote Wendell Berry: "What are people for?" This requires theological judgments. We cannot assume pin-making factories simply emerged without any bearing on this question. So we must ask: did the enclosure laws of the commons that made possible Smith's pin-making factory entail a significant loss of what it means to be human? Should we allow our lives to be described in the terms Smith suggests?

Endnote

1 Isaiah 61:6: "but you shall be called priests of the Lord, you shall be named ministers of God; you shall enjoy the wealth of nations, and in their riches you shall glory."

References

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