

## Reply to Kent Van Til

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**K**ent Van Til offers a brief critique of my recent article in *Faith & Economics* concerning reasons some theologians have for criticizing market systems, or capitalism. He tends to agree with my criticism of Radical Orthodoxy, but accuses [economic] “Mainstream Orthodoxy,” of trying to dominate other spheres of thought by seeing “rational choice” as an all-inclusive explanation of human behavior. He suggests that Christian economists should, “...acknowledge that there are moral, epistemological and teleological presuppositions in their models...”

Therein lies some of my frustration when dealing with theologians—I want to talk about the economy and they want to talk about economic models and theory. I will briefly draw on some work by two economists who also were much broader than most modern economists—Phillip Wicksteed, who was a classicist, and Paul Heyne, who also had a seminary degree. Heyne describes what an economic system is: “An economy or economic system is a social system through which people *cooperate* in using what they have to obtain what they want.”<sup>1</sup> He notes that this applies to all kinds of economic systems—primitive, modern capitalist, socialist and so on—and that different systems differ in their effectiveness. He continues, “The primary problem that modern, industrialized economic systems must solve is the problem posed by the scarcity of information.” (p. 392). The difficulties of coordinating the activities of millions of people are enormous and beyond the ability of any one person or committee to do so effectively. It is the information about local circumstances utilized by each one in the economy contained in relative prices that handles this enormous problem.

Another feature of markets discussed by Heyne involves how we coordinate activities through the spontaneous formation and adjustment of prices. Here, Heyne quotes Wicksteed:

Thus, by teaching Greek to men who can neither make shoes nor drive an engine, I can get myself shod and carried by men who have no wish to be taught Greek. It might be a valuable exercise for anyone who is “earning his living” to attempt to go through a few hours or even a

few minutes of daily life and consider all the exchangeable things which he requires as they pass, and the network of cooperation, extending all over the globe, by which the clothes he puts on, the food he eats, the book containing the poems or expounding the science that he is studying, or the pen, ink, and paper with which he writes a letter, a poem, or an appeal, have been placed at his service, by persons for the direct furtherance of whose purposes in life he has not exercised any one of his faculties or powers. Such an attempt would help us to realize the vast system of organized co-operation between persons who have no knowledge of each other's existence, no concern in each other's affairs, and no direct power of furthering each other's purposes, by which the most ordinary processes of life are carried on. By the organization of industrial society we can secure the co-operation of countless individuals of whom we know nothing, in directing the resources of the world towards objects in which they have no interest. And the nexus that thus unites and organizes us is the business nexus—that is to say, a system of exchanges, conducted for the most part in terms of a medium that enables us to transform what we have into what we want at two removes (p. 67).

I am constantly amazed when non-economists do not find this system amazing.

Finally, Heyne offered a brief summary of the economic way of thinking: “*All social phenomena emerge from the choices of individuals in response to expected benefits and costs to themselves*” (p. 294, emphasis in original). This is similar to rational choice in that it relates benefits and costs and that neither has to be defined in terms of money. On the other hand, it does not imply “rational” choice on all occasions. But the basic idea that people try to do the best they can, however they define best for themselves, given the constraints they face, seems reasonable to me. What Becker does is specify the constraints and benefits more specifically in order to derive testable hypotheses. I remain comfortable with the necessity to use simplifying assumptions in making a model that is used to try to explain human behavior, knowing that the model will never explain all behavior.

**Endnote**

- 1 This quote (p. 392, emphasis added) and the subsequent quotes of Heyne and Wicksteed come from Paul Heyne (2008), “*Are economists basically immoral?*” and other essays on economics, ethics and religion, edited by Geoffrey Brennan and A.M.C. Waterman (Indianapolis: Liberty Fund). ■