

Response to the Symposium

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I want to start by thanking Steven McMullen for organizing this symposium on my work, and Andy Yuengert, Enoch Hill and John Lunn for taking the time to offer such thoughtful responses. A project that entails integrating theology and economics cannot hope to please everyone; that all found it nonetheless useful to engage with is gratifying. Part of the difficulty in writing the book was what I called my “audience problem.” My book is primarily intended for a Catholic audience, but as I wrote it I found myself also wanting to address economists, even those without any sort of faith commitment. As this symposium reveals, there is yet a third audience to be considered: Christian economists whose theological commitments differ from those of Aquinas.

One of my core arguments is that economics depends more heavily on strong philosophical or metaphysical commitments than economists are typically aware of having made. There is no neat dividing line between “positive” and “normative” economics.¹ Rather, our orientation is suffused with ideas about human nature and especially human happiness, which in turn depend on how we understand the structure of the world we find ourselves in. Consider, for example, the concept of “efficiency.” However we define it, the concept rests on the background thought that it is *good* to satisfy as many desires as possible. Behind that is an idea that the pursuit of happiness involves some sort of extension – more things, or more activities, or more time with friends – more of whatever it is that we want. If we live in one sort of universe – say a universe that is just a bunch of matter, which takes its value only from subjective agents like ourselves – that might make some sort of sense. But if we live in a finite creation dependent on and ordered to a transcendent Creator, the pursuit of happiness as extension is a mistake. It might well be a mistake that most people make, which would leave economists ample room for employing their models of people who maximize utility subject to constraint in order to describe or predict behavior. But if we live in such a world, economists would want to refrain from assuming that meeting such mistaken desires as well as possible is necessarily a good

thing. That qualification would nuance research, shifting its orientation, and perhaps leading us to reframe the sorts of questions we want to ask. This is just one example of how thinking about economics would change if one adopted the anthropological and metaphysical assumptions of St Thomas Aquinas. The tools would remain the same, but their deployment would be different.

But before getting to the many questions one could ask about what difference all this makes for “deployment,” the first question to ask is, What can this book do for economists who are not prepared to accept Thomistic principles? John Lunn raises this challenge. One can be a Christian, but still question whether Aquinas’s theology is correct. Does he rely too heavily on the pagan Greek philosophy of Aristotle? To what extent is a theological approach that might have worked in medieval Christendom applicable to contemporary pluralistic society? Even among medieval and early modern Christian theologians, the question about whether talk about God is best understood as analogical or univocal. (The idea that talk about God is analogical is essential to the sacramental vision of the Catholic Church, and it is understandably not shared by all Christians. It is, however, essential to the view I work out in the book.) These are all important questions. In my book, I do not attempt to argue that Aquinas is right, though obviously I think he is. Rather, I ask the question, *if* he is right, what follows? And I do think people who think Aquinas is wrong could still profit from thinking through this question. How we think about happiness relates to how we think about our relationship with God. If one thinks it is a univocal relationship, what does that look like? The question raised could be viewed as an invitation to economists with different theological implications to think through more systematically how their theological presuppositions map onto the presuppositions that tacitly undergird modern economic analysis. This is, in the main, the argument I make to secular economists. We are too much in the habit of thinking about our various disciplines without reference to our picture of the comprehensive whole. I believe this fragmentation is part of why we have a difficult time wrestling with problems like how to balance economics with our ethical commitments. I present a sketch of what the integration looks like in Thomistic terms. I think it is an attractive sketch. But my hope is that it will encourage others to make sketches of their own.

Having made the sketch, the next question is, what difference does it make? To repeat, I am not calling for us to build up a new economics

from scratch. On the contrary, economists have essential insights into the workings of markets, and the impact incentives have on human behavior. Although I think it would be “irrational” to identify practical reason with the rational choice model, people often behave as the rational model describes. To the extent that they do, economists’ models of rational choice are an important part of the toolkit for thinking about how various policies and institutions will work out. The question is about how to use these models. What are their limitations? Can we adopt some of the features of human nature that Aquinas points to in a way that enriches our models? These are the sorts of question all three of the respondents raised one way or another.

In response to my concern that the rational choice model encourages us to embrace a mistaken understanding of happiness as a matter of extension (meeting *more* of our desires), Andy Yuengert asks whether mathematical formalization requires such a commitment. He does not believe that it does, since economists can model “bliss points” or satiation. But as Yuengert also acknowledges, we do not spend much time on such models. To the extent that our habit is to model human choice as an exercise in maximization subject to constraint, we are assuming that “happiness” is, or is perceived to be, a matter of extension. We do not have enough, and that is why we have to deal with constraints. Clearly, since we can model optimization that is not subject to constraint, the model itself does not require the assumption of non-satiation. That said, the mindset that we are in a world in which scarcity is pervasive is integral to the discipline. And I do suspect that quantification has something to do with that mindset. Numbers invite us to think in terms of extension, and we habitually do so.

To give an example of how that habit of thought is distorting, consider the good of “justice.” I have heard more than one economist say that they can model the pursuit of justice using their standard models. When I ask what sort of constraints they would put into such models, the reply is limited time and money. I recently asked what this could possibly mean concretely, and the reply was that resources are needed to build courthouses. That is surely true. But it is also surely true that spending more money on courthouses has little if anything to do with getting more justice. It is true that we do not have as much justice as we would like (or any of the higher goods). But can we capture the relevant constraints in mathematical models? My strong intuition is that progress

on these higher goods entails perfection, which in turn is not the same thing as maximization. I gesture at the difference in my discussion of Hill's questions about learning below.

John Lunn offers another example of the way economists deploy their models in his "minor concern" about my treatment of profit maximization. I argue that a good firm would essentially satisfice. It would worry about profits to the extent that it needs to in order to stay in business, while pursuing the goods proper to a firm: providing goods and services of value to the community, providing job opportunities, and so on. Lunn points out that most firms face severe competitive pressure, and do not have the luxury of thinking about profits in the way I suggest. That is true, and it is not incompatible with what I argued. A firm in a highly competitive industry will have to worry about profits in order to stay in business. But I can also report that in the many talks I have given on this subject, I find that business people are much more sympathetic to my argument than is the typical economist. They perceive themselves as having considerably more latitude about profits than the economic models would suggest, and as having a strong interest in pursuing the sorts of goods I identify as the primary *telos* of a firm. Firms do go out of business all the time, of course. But that may have as much to do with major changes in the market place (new technology, for example), as narrow focus on setting marginal benefits equal to marginal costs. The models we use can illuminate features of the economic world, but we are apt to misread economic life if we mistake the models for reality. We need to spend more time in the field, learning about how business really works. An emphasis on statistical studies and formal modeling can cause us to miss important features of the economy.

Enoch Hill's reaction to the book is one that I think is fruitful for thinking through the question of deployment of our models. His instinct is to ask about the extent to which the rational choice model can handle some of the insights we might glean from a Thomistic account of human nature and human happiness. His primary question is whether the Stigler-Becker account of deep preferences (1977) can accommodate Aquinas's view of the cultivation of virtue and the learning process of growing in wisdom. Taking up the question gives us a chance to probe the issue of the extent to which the math itself helps or hinders us in our analysis.

The first question to ask is why we would want to build a model of the process of cultivating virtue. Is the aim to predict behavior? To

describe it? If the aim is some sort of description, the only reason to employ mathematics would be if the formalization could add some clarity or insight that we could not get from reading Aristotle or Aquinas. Hill does not suggest any such insights, nor do any come to mind.

But another reason to ask the question is to probe the difference mathematical formalization makes in how we think about the question. Can we model the cultivation of virtue as an exercise in learning? Could I sacrifice some present consumption in order to devote resources to “learning” so as to achieve better preferences and presumably more happiness (as measured by Stigler-Becker’s “deep preferences”)? It is not clear to me that this sort of formal model maps onto the phenomenon of cultivating virtue neatly. Indeed, I suspect it distorts our understanding of the project.

First, the model fragments the actions of my life. It posits that I take time out from my ordinary pattern of life (i.e., reducing “consumption”) in order to learn about what would constitute a better set of preferences. But the life of virtue just is about learning as you go. A carpenter does not take time out from carpentry to learn how to be a better carpenter. He becomes a better carpenter by working on his craft. This is not to say there cannot be learning from the “outside.” A carpenter could probably read about other techniques. But the main component of cultivating virtue comes from simply engaging in the various practices that constitute life. So the first objection is that it is a mistake to view learning as simply some sort of commodity that I can invest in. It is not so easily separated from the art of living itself.

Second, to think of my choices as a matter of calculation or optimization implies that I have some sort of command of the issue. I may not know what I don’t know, but I know how to make calculations about that which I don’t know. Yuengert (2012) has much to say about this problem. For me what is missing is the sense of adventure. If life is a journey, the joy of it is not knowing (at all) where it will lead you. The key would seem to be remaining open to learning as you go. You turn a corner, and something new is before you, something that allows you to rethink what you think you already know. It could not have been anticipated. You cannot calculate ahead of time. You just have to be open to it. David Burrell was fond of reminding us that the British don’t say they “make” decisions; they say they “take” them. To truly cultivate virtue requires being receptive. Again, this is not to say that we should never

exercise the sort of agency modeled by economists wherein we “make” a decision (by doing some sort of calculation). But the accent is wrong. It takes our focus away from the urgent necessity of being receptive to life. To focus too much on calculating will tend, I fear, to shut down that openness that is crucial to the practice of cultivating virtue.

The final concern is simply about the flattening that goes along with the mathematical habits. The essence of prudence is learning to see the particular qualities of distinct goods. To optimize subject to constraint is to think in terms of tradeoffs, which in turn is to think of goods in terms of the ways they are comparable to one another. But the deepest good of things lies in their particularity. The easiest way to see this is to think about your spouse. Presumably he or she is the “best” (on some dimension). But the essence of love is about the irreplaceable uniqueness of this particular person.

The sort of exercise Hill proposes thus strikes me as fruitful. Economic models are not just useful for predicting behavior, or for describing it: they also tacitly offer suggestions about how we *should* make decisions. To call such choice “rational” is to praise it. We live in a culture that wants to think about humans as *making* decisions “scientifically,” calculating how to efficiently arrive at desirable outcomes. Yet the exercise proposed by Hill reveals that such an approach to life cuts us off from some of the deepest sources of the good in life. The project of cultivating virtue is a reminder that ultimately we are not in control of our destination. We steer our ships as best we can, and learn as we go. It reminds us to be present to the reality around us in all its granular detail. It is truer to the Christian understanding of life as a pilgrimage in which we depend on our Creator to guide us to our ultimate home.

Thus, my insistence that economists take more care about how they deploy their models. In proper circumstances, where goals are well defined and the means are not intrinsically related to the ends, rational choice is not a bad way to think about things. And insofar as people often act as if many if not all of their decisions are a matter of this sort of calculation, economic models are valuable for predicting behavior, generating knowledge that is useful to policy makers. But to recover the true virtue of economics, we need to reject the vice of economism, the indiscriminate extension of the economic way of thinking to all aspects of human life. I am glad the astronomers have produced good models of the motion of the planetary bodies. But I would not want to rely only on

those models when on a fine evening I could also go out and look at the newly waxing moon lying low in the twilight sky.

Endnotes

1. Andrew Yuengert (2004) explores the boundary between positive and normative economics in light of a metaphysics similar to the one I employ in my book.

References

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