Prudently Preserving the Rational Choice Framework

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In a world increasingly characterized by polarization with disparate normative waves of opinion colliding in a storm that ravages the public arena and the private living room, we modern economists walk abreast the raging water with our positive and objective analyses. Our theoretical modeling and empirical regressions can be conducted unstained by our personal convictions and beliefs as we model agents of all stripes using the rational choice framework. Regardless of your preferences for pizza, political candidates, or probity, the rational choice framework is useful for understanding the effects of incentives on your choices and outcomes. While we understand that the normative questions being debated are important, the unofficial boundaries of our discipline largely prevent us from immersing ourselves in those subjective waters.

In her book, Hirschfeld (2018) calls us to the reality that, like the apostle Peter, we economists are not walking on the water as well as we had hoped or imagined. It is true that economists are broadly agnostic with respect to normative questions regarding what a utility function ought to look like. Mainstream approaches take the utility function of an agent to be exogenous and fixed. However, despite our best efforts to present our methods as objective, Hirschfeld argues that this seemingly objective framework is itself a normative decision.¹

I deeply appreciated Hirschfeld’s book for multiple reasons. First, her deep understanding of both economics and theology allows her to speak insightfully to their interaction. Second, I found myself resonating with the importance of the direction in which she takes the conversation. While there are huge benefits to the (arguably) objective ability of economists to discuss policy and practice without contention by refusing to order preferences, I often have wondered if it has been taken too far.

¹ Author’s note: I would like to give thanks to Matthew Forsstrom, Jeremy Cook, Kelvin Wong and Seth Norton for their input and insight in the writing of this response.

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The silence in most economic curricula on where our objectives come from is deafening. Efficient pursuit of goods and services that do not align with our ultimate ends is not a worthwhile endeavor. Economics is intrinsically a discipline that serves the objectives of those who wield it. While I agree with Hayek (1944, ch. 5) that it is a hopeless task to come to a unified moral framework, I fear that our agreement to abandon the pursuit of a consensus view of moral ordering has assisted a transition to the belief that no moral ordering exists. Or, as Hirschfeld posits, that our decision to turn to the pursuit of material prosperity as the lowest common denominator may have resulted in our equating the means as the best way to pursue our ultimate ends. Though we may disagree in the particulars, few would argue that some pursuits are more worthy than others. I am in complete agreement with Hirschfeld that our profession would do well to bring consideration of objectives and our understanding of them back to conscious thought.

Yet, despite largely agreeing with many of Hirschfeld’s critiques regarding the current practice by mainstream economists, I disagree with her proposed response. I am unconvinced that to follow the teachings of Aquinas one must largely abandon the rational choice framework for approaching the lion’s share of life’s allocative questions. In the remainder of this short response, I reflect on how the economic profession might reasonably integrate Hirschfeld’s critiques and the rational choice framework.

Armed with her PhDs in both theology and economics, Hirschfeld crosses beyond the standard boundaries of the economic profession by ordering sets of preferences and asserting the advantages of the Thomistic pursuit of virtue. In one sense, I do believe her efforts are to persuade the reader of the superiority of the ends Aquinas calls us towards. However, there is a second purpose, which is strictly related to her claim that economists’ methods are normative beyond just the portion of the literature that falls under that title. For Aquinas, the pursuit of virtue is a process of forming our desires (i.e. preferences) to align with our ultimate ends (knowing and loving God). Central to this pursuit is an understanding that our preferences are not exogenous and neither are they fixed. Rather, they are malleable and formed by our choices and our environments. Hirschfeld’s critique is that by modeling within the constraints of the rational choice framework, we have already made a normative choice to abandon a Thomistic understanding of economic thought.
Perhaps at the opposite end of this spectrum lies Stigler and Becker’s (1977) influential article, “De Gustibus Non Est Disputandum” (henceforth SB). Rather than preferences being malleable and intentionally formed, SB make the grand and provocative proposal that preferences do not vary meaningfully over time or across people.

A sphere is an interesting object: by traveling east for long enough we eventually end up west of our starting point. In this article, I argue that by taking the mainstream economic view to the extreme suggested by Stigler and Becker, we may end up at a point that is reconcilable with a Thomistic framework.

Let us suppose for the purposes of this conversation that Aquinas is right. There is only one infinite good and that is God. Each of us is created with preferences that are ultimately satisfied in the beatific vision, in complete knowledge of and communion with God. Perhaps one way of understanding this is through SB. What varies are not our true preferences, but the understanding each of us has with respect to how choices we make satisfy our true desires. In this case it would be easy to mistake learning as modifying our preferences.

SB respond to several cases that appear at first blush to indicate shifting preferences and they present a framework for understanding the observed behaviors in a manner that is consistent with fixed preferences. For example, advertisements, whether truthful or not, modify our understanding of how a particular good or service will satisfy our true preferences. When we change our consumptive behaviors in response to viewing these ads, SB argue that it is possible our preferences have not changed. Rather, it may be that we have updated our beliefs of how well a particular good will satisfy those preferences.

In Chapter 4 of her book, Hirschfeld brings focus to Aquinas’ understanding of the cardinal virtue of prudence, the “virtue most necessary for life.” She defines prudence as both choosing the right ends or objectives and the manner of their pursuit. While economic methods may be able to address the latter, they largely fail to meaningfully explore the prior, which is arguably the more important. To model our preferences as exogenous and unaffected by choices, incentives, and constraints is not an innocuous assumption.

In Hirschfeld’s book, there is significant space dedicated to the idea that lower-ordered goods serve higher-ordered ends. In this sense, SB’s insights are somewhat analogous. According to SB, we do not have
preferences for specific goods and services; rather, goods and services provide varying bundles of "commodities" that directly factor into our welfare outcomes. Unfortunately, the exact link between those goods and services and our outcomes is not well understood by the agent. None of us possesses a perfectly distilled and clear understanding of how our actions will satisfy our desires. We have all experienced disappointment upon receiving or achieving something we sought after and realizing it was not as fulfilling as we hoped or imagined. We might recast the first part of prudence as learning. That is, the process of better understanding how specific actions will satisfy our true preferences.

For example, consider Saul, an avowed Jew who initially views the emergent Christian faith as a terrible evil opposed to the purposes of the God he serves. So strongly, in fact, does he feel this conviction that he actively engages in persecution of Christ’s followers in an attempt to deter this type of activity. Ironically, in the course of this endeavor, he encounters Christ, converts to the faith he once persecuted and becomes known as Paul. He goes on to proclaim that he considers all else rubbish compared to the surpassing worth of knowing Christ Jesus as Lord and to proclaim the Gospel to many different nations and people groups. He dedicates the remainder of his life to the activities he once so ardently despised.

It would be easy to view this as a shift in preferences. However, it is also reasonable to interpret Paul's story as a major update in his understanding of how his actions align with his objectives. Paul is consistent in his zeal for serving God. However, his understanding of how God is served is dramatically updated on the road to Damascus. Our culture, formal institutions, the choices of others, and our own choices all influence our understanding of how our actions will satisfy our preferences.

This method may allow us to formalize within the rational choice framework the pursuit of the first part of prudence. We can define the first part of prudence as learning about how our behaviors influence our outcomes and the second part of prudence as our efforts to optimize based on our current understanding of how our actions will influence our outcomes.

Even the cultivation of virtue as described in Hirschfeld's book first requires a knowledge of what virtue is and how the applicable preferences are formed. The decision to learn about and pursue a Thomistic view of flourishing requires a series of choices which lead to an
understanding of Aquinas’ views. I am not convinced that the traditional framework of the economic discipline cannot be augmented to handle this process.

Models of learning allow us to incorporate the tradeoff between maximizing under our current preferences or forgoing some level of maximizing our present outcomes to learn more about what might most effectively satisfy. While reading Hirschfeld’s book certainly included a consumptive (enjoyable) aspect, I was also motivated to read it in order to reflect more on what ultimately matters in life. When discussing models of learning about our preferences, we currently tend to think about relatively unimportant questions (e.g. my preference across different types of beer). What if we raised the stakes and applied these methods to the topic of exploring questions of our ultimate purpose? While in some sense these pursuits seem categorically different, the method may still be useful for these weightier applications.

Similar to other learning models, the proportion of resources we dedicate to learning about how actions will satisfy our desires is tied to the disparity in utility received if we act on our current understanding relative to the utility received after revising our behavior due to our learning. For example, how much weight should we place on outcomes in periods after death? If we believe that spending time reflecting on what ultimately leads to flourishing could result in differences in choices leading to eternal pleasure or pain, we would rationally spend more time investigating our ultimate purposes than if we believed the stakes were lower. While most economists do not use the rational choice framework to reflect on the first part of prudence, it is not clear that the rational choice framework prevents us from doing so. Similar to the concepts found in Pascal’s wager (Pascal, 1958), if we believe that what is at stake in understanding our pursuit of God is of infinite value, even minor improvements in understanding that pursuit would warrant unfathomable investment of resources.

There is value to reducing the uncertainty regarding how our actions will affect our outcomes. Unfortunately, how much more clearly I understand how my actions will satisfy my deepest desires after reading Hirschfeld’s book is not easily measured. While it may be useful to think in terms of the rational choice framework, it is unlikely that we will be able to operationalize this type of learning using econometric methods.

I was deeply gratified to see that Hirschfeld’s work was picked up by Russ Roberts on the EconTalk podcast (Roberts 2019). In several recent
episodes of his podcast, Russ has critiqued the profession for having a tendency to “look where the light is best,” which in our profession means we tend to explore topics that are measurable and have large amounts of data. He goes on to suggest that perhaps the most important things to reflect on simply are not measurable and that our tendency to focus so heavily on the data may have inadvertently led us to forget about these other areas.

However, the context of learning is insufficient to encompass the Thomistic framework. The Thomistic understanding of virtue is more than just action: it also includes the molding of our desires to align with the good. This certainly sounds like something beyond learning. A second area discussed by SB is the concept of consumption capital (Stigler & Becker, 1977). This is the idea that we may make choices that modify our future ability to enjoy certain types of activity. The example from the referenced paper is taste in music. In particular, the utility derived from listening to “good” music is itself a function of the quantity of good music listened to in earlier periods. In this sense, it may be rational for an agent to forgo present utility in order to invest in behaviors that develop an ability to more deeply appreciate certain activities in future periods, which gives rise to the term consumption capital. Hirschfeld’s discussion of incontinence, continence, and virtue reminded me of this concept.

Could we use these concepts of consumption capital formation to reflect on the cultivation of virtue? I’m persuaded that relationships with God and others lead to the deepest forms of flourishing. Unfortunately, I find meeting strangers to be an uncomfortable, vulnerable, and generally disagreeable event. However, continuing to press into a new relationship increases my capacity to enjoy company with that person. Consequently, I voluntarily interact with strangers from time to time. It seems reasonable to model this within a traditional dynamic rational choice framework. Could we think of the spiritual disciplines as a similar form of investment? In present periods I may not enjoy praying more than other alternatives, but I engage in it due to a belief that over time it will cultivate my love for and knowledge of God, which aligns with my deepest objectives.

Allow me to proceed to a third way of integrating Hirschfeld’s insights within the context of the rational choice framework. Through Aquinas, Hirschfeld investigates the complex nature of what motivates
us to action. In particular, Aquinas identifies two motives: a higher mode referred to as our will, and a lower mode that we share with animals and that we might refer to as our appetites. Hirschfeld repeatedly asserts that the rational choice framework is only successful in helping us understand the latter mode and so it systematically omits consideration of the prior. I believe this to be untrue. Rather, I would argue that economic modeling currently conflates both motives into a single set of preferences.

Despite having never taken an economics course, my father makes decisions about as close to homo economicus as one could imagine. He converted to Christianity shortly after turning 20 and came to a belief that missions to unreached people groups was the most effective use of his life, pointing him towards what ultimately mattered. Consequently, he quit his job and began work at the US Center for World Missions.

As he was raising support in a room with twenty or so others, my father came to the realization that all the people in this room wanted others to hear about Christ. Stuffing envelopes certainly was not beneath them, but my father had been earning more than $100 an hour in his previous job. This was an amount that could directly pay the salaries of several of the missionaries in the room. To put it another way, he believed that his scarce resources could better achieve his objectives of reaching unreached people groups through working in his prior job. My parents followed through on that idea. They have spent the rest of their lives living on less than half of their income and donating the rest to missions towards unreached peoples.

My father’s actions could easily be modeled with traditional economic methods using his peculiar objective function. However, one would be hard pressed to argue that his motives are driven by his animal appetites. While this is an anecdotal example, I do not think this type of activity is unique. I would posit that most of our decisions involve preferences guided by some combination of our will and our appetites and that economic models capture the combined effects of these motives on our choices and outcomes.

Further, I would be reluctant to accept that acts motivated by will are necessarily superior to acts motivated by appetite. Certainly, terrible crimes have been committed that require willful domination of at least some of the animal appetites in order to successfully execute. For an example, we need only consider again Saul’s life pre-Damascus.
However, the Thomistic insight into the complex nature of our preferences could lead to revision of how we model. Expanding the way we model preferences in a more realistic manner may resolve certain puzzles in the economic literature. There have been extensive efforts to understand time inconsistency in our preferences as exhibited by disparity in our choices about decisions that we make which bind our future behavior vs those same decisions when they direct our present behavior. I suspect that our preferences of the will hold larger weight in decisions about the future and that our preferences born of our appetites hold larger weight in decisions regarding the present. Hirschfeld's reflections on our multiple motives made me wonder if explicitly modeling them may prove predictive in explaining seemingly irrational behavior (in the sense of the word as used by economists).

While in this short response, I have focused on areas of disagreement, there are few books I have read that have had as much impact in the directions of my thought as this one. I am deeply grateful for, and have benefited from, reading Hirschfeld's book. Even more, I am thrilled that her book has received attention from economists with broad followings like Russ Roberts and Tyler Cowen. While I am not ready to abandon or relegate to the margins the traditional tools of my profession, I am in complete agreement in the need for economists to give more thought to the way we intentionally learn about our preferences. Figuring out what is worthy of our pursuit is more important than increased efficiency in pursuing what may end up irrelevant. Across the academy, regardless of discipline, bringing to light the idea that certain preferences are superior to others is risky. Hirschfeld is one of the few economists I am aware of who are willing to lead us into this territory. I am deeply thankful for her bravery in doing so and for the rigorous and excellent execution of her trailblazing. I am hopeful that her prudent work results in many others pursuing prudence in the Thomistic sense.

Endnotes
1. The formal introduction of this discussion is introduced in Chapter 3 of her book.
2. One example of this discussion is found in Chapter 3 under the section titled, "Human Action as Ordered to One Last End."
References


The Difficulty of a Theological Economics

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There have been discussions over time among Christian economists as to whether a Christian economics can or should be developed. I have been in the camp with David Richardson, who said the job of Christian economists was to do good economics. Mary Hirschfeld (2018) develops a specific type of theological economics—one derived from Thomas Aquinas. I have not been persuaded to change my view. This is not to say that the book cannot be read profitably. Hirschfeld has PhDs in both economics and theology, so she is better equipped to write on economics and theology than most economists or theologians. Even before she pursued a degree in theology, she felt discomfort with the rational choice paradigm of mainstream economics and this discomfort increased with her theological training. She recognizes that, often, theologians present idealized pictures of how the economy could be organized and that one must recognize human beings as they are and not how we would like them to be. This alone makes Hirschfeld’s book more valuable than many books in which theologians critique economics. I will offer a brief summary of the work, although I will not follow the same outline she does. Instead, I will present her description of Aquinas’s thought that she relates to economics, her critique of mainstream economics and her suggestions as to how a Thomistic economics could be practiced. Then I will offer a couple of areas of concern.

Thomas Aquinas took the recently rediscovered works of Aristotle as a base for his philosophy, which also influenced his theology. Thus, much of Aquinas’s thought that Hirschfeld discusses is very similar to Aristotle’s thought. Aquinas says human beings seek happiness, but Aquinas’s conception of happiness differs from modern notions of happiness. “... Aquinas’s conception of happiness is centered on the notion of perfection in our beings” (p. 68). To obtain this final end, a person must develop habits that develop key virtues ultimately leading to a virtuous life. To achieve this end requires focusing on character development more than obtaining goods and services. In economics, the ends people seek are subjective while in Aquinas the final end is objective.
because it is determined by the way God made us. All goals except the final end are instrumental; they should be chosen in order to bring a person closer to the final end. This includes material goods and services that are produced and consumed in the economic system. Hirschfeld says that the idea is similar to Gary Becker's household production function in which people convert goods and services into a small set of ultimate goods such as prestige and health.

Following Aquinas, Hirschfeld distinguishes between two types of reason: a lower form similar to that of animals and a higher form that seeks to pursue the perfections mentioned above. The former is the type of reason used in the rational choice model. She also distinguishes between natural wealth and artificial wealth. Natural wealth includes the material goods that humans use to live—food, clothing, transportation and so on. Artificial wealth is nominal income while natural wealth is real income, in economist's language. Hirschfeld comments: "Natural wealth is ordered to genuine human flourishing; artificial wealth, in turn, is ordered to the acquisition of natural wealth" (p. 118). The big difference, though, is that Aquinas argued that our physical needs are finite and therefore that our rational desire for natural wealth is also finite. That is, mainstream economists see wants as unlimited while Aquinas sees a natural limit to human desires.

Hirschfeld offers an example of how a Thomistic approach can function. Consider a dishwasher. Most modern households own one. They are a great labor-saving device. But to what end is the saved labor used? She considers a household in which the family decides that preparing meals together and cleaning up afterwards together are activities that enable family members to interact with one another and show love to one another. The dishwashing could be seen as an exercise of virtue and directed toward the well-being of the family. This kind of thinking would be necessary for many of the purchases households routinely make in modern America if households were to follow Aquinas's philosophy. Business owners would produce goods that genuinely led to human flourishing and would not seek to maximize profits. They would cover their costs, including costs associated with paying workers good wages.

To this point, Hirschfeld seems to be making normative statements about how households should make choices. But she is mainly interested in economists and economic theory. What would a Thomist economist do? She states: "... a Thomist economist would define economics around
the ends it is meant to serve. The overarching question is how economic life should serve genuine human happiness” (p. 209). Economic analysis would be embedded in a holistic account of happiness. Utility is an inadequate notion of happiness. Hirschfeld is sympathetic to some work by Sen and Nussbaum related to human capabilities rather than nominal income. Further, the Thomist economist would be aware that when offering policy analysis people must be treated as humans created in God’s image and not things to be manipulated. The tools used by economists may affect human behavior as well. For example, she refers several times to an experiment at Israeli day care centers. Some parents were late at times in picking up their children. So the center implemented a fine on parents for being late. People reacted by being late more often; they perceived the fine as a price, whereas before people felt a social obligation to be on time. She writes: “But incentives are not always helpful and can indeed backfire if the process of imposing them causes people to alter their higher-order judgement about the nature of the good in question” (p. 76). She notes that experimental economics has shown that people often do not exhibit the economically rational behavior in prisoners’ dilemma situations. A model that is better founded anthropologically is needed.

A minor concern of mine is Hirschfeld’s treatment on profit maximization. From the book, it would be easy to get the idea that making profits is easy. There is no discussion of the fact that many businesses start and quickly fail due to their inability to cover their costs. Large established firms have been known to run into problems and go out of business or declare bankruptcy. Firms with discretion over how profitable they are tend to be firms that have monopoly power.

There are two bigger issues that I want to address. The first involves the relationship between philosophy and theology. As a Christian, I regard normative statements made by Christian theologians to be potentially more relevant to how I should live than statements made by philosophers. How much of the theological economics of Aquinas could be the philosophical economics of Aristotle? Before he became Pope Benedict XVI, Cardinal Ratzinger presented a paper at the University of Regensburg in which he argued that Christianity needed Greek philosophy to complete what was lacking in the Bible. That is a very different view from Tertullian, who questioned what Athens had to do with Jerusalem. In discussing what she calls the analogical relationship
between God and the world, Hirschfeld notes that Aquinas relied heavily on Ex. 3:14 where God says, "I am who I am." From this, there is a heavy emphasis on God as essence or Being, which is very consistent with Greek philosophical thought. But a shift in thinking that began with St Francis of Assisi focused more on a covenantal relationship between God and creation. Heiko Oberman argues that this view fits better the Hebrew of Ex. 3:14. The emphasis is not on God as Being but on God as Actor—I will be who I will be (Oberman, 2003, p.36). That is, Israel would learn about God through events such as the exodus, obtaining the land of Canaan, the Davidic kingship, prophets, exile, restoration, and ultimately, the life and teaching, and death and resurrection of Jesus. This is quite different from the Greek idea of Being or of contemplation as the way to know God and is similar to Pascal’s vision of the God of Abraham, Isaac and Jacob and not of the philosophers.

Hirschfeld employs Aquinas’s arguments that language about God has to be analogical. God is independent of creation and we only know created beings. To say “God is good” cannot be used in the same sense that one can say “My minister is good.” Language about God cannot be univocal; that God’s goodness is somehow similar to created things we call good. However, not all medieval Catholic theologians agreed with Aquinas. Duns Scotus argued for univocal language, as did many Franciscans after him.

I worry that theological systems such as that of Aquinas can be over determined. Some truth about God is used to draw out implications. For example, God created the universe and God is loving and gracious. In medieval times, this was taken to imply that God must have created all possible creatures that could manifest his goodness. To do less would not be totally gracious. Ultimately, it led to the idea of the Great Chain of Being. God at the top, angels of various classes below, then human beings in the middle, and then the rest of the animal kingdom. There could not be a gap between two beings that could possibly have been filled with a creature or God would not be fully loving or gracious. Of course, there was a gap in their knowledge about extinctions, the existence of microscopic creatures and life on other continents. The chain also fitted in with a very hierarchical view of society. I don’t believe many accept the Great Chain of Being today. Similarly, I wonder whether all the implications Aquinas drew from his starting points are true especially since, as Hirschfeld argued, God is radically strange (p. 86).
H. Richard Niebuhr described Aquinas as a great synthesizer in relating Christ and culture. But he notes that the era permitted a synthesis since there was Christendom and a monolithic church that managed to incorporate critics of the worldliness of the church. But the unity "… was broken as soon as it was achieved, not by the Reformation and the Renaissance but apart from them, in all the conflicts and stresses of the fourteenth century" (Niebuhr, 1975, p.139). To what extent can it be applicable today?

As mentioned above, one of the arguments against the rational choice model is the failure of experimental economics to support predictions in the prisoners’ dilemma. Experimental economics is closely associated with Vernon Smith, who co-authored a book about testing the neoclassical model. Smith and Wilson claim early in the book that the early experiments confirmed the efficacy of maximizing utility to market settings. However, the model failed to predict the extent of cooperation in games such as the ultimatum game (Smith & Wilson, 2019, pp. 7-8). They suggest that Adam Smith’s Theory of Moral Sentiments offers explanations for the results of two-person interactions while the neoclassical model does well with markets—the material of Smith’s Wealth of Nations. Apparently small number situations, even with strangers, are perceived differently by people than are more impersonal market situations.

This leads to my second issue—what should economists do? James Buchanan gave a very normative address to the Southern Economic Association in 1963 entitled, “What Should Economists Do?” He said: "Economists ‘should’ concentrate their attention on a particular form of human activity, and upon the various institutional arrangements that arise as a result of this form of activity" (Buchanan, Brennan, & Tollison, 1979, p.19). That is, our focus should be on markets and not on choice. Markets are how we cooperate with one another in a world of extensive specialization of labor. I find this approach to economics better, and consistent with the idea that economics is a social science. How do people cooperate with each other in a world of extensive specialization of labor? With respect to this emphasis, I don’t see where Aquinas is helpful.

But, the rational choice model is widely used in economics. Is Hirschfeld correct in claiming the model is a poor guide to achieving happiness? Certainly the rational choice model cannot identify the final
end of a person. Given the end has been chosen, is the model a poor guide to achieving it? She argues that this is the case for two reasons. First, the model assumes that a person has identified the goods he or she is pursuing. Further, based on Aquinas’s treatment of reason, people have more than one preference ordering—one for their higher desires and another for their untutored desires. Second, economists presume decision-making on the margin. This works against a notion that one has to develop habits of virtue. Hirschfeld uses an example of a person who wants to run a marathon. Each day involves a marginal decision. The opportunity cost of not training is low so there will be a tendency for the person to not be prepared for the race. But this is incorrect. Marginal decision-making does not always involve small units. A firm’s decision to build a factory for millions of dollars may still be a marginal decision. The marathoner’s marginal decision was to decide whether to prepare for a marathon or do something else. Once the decision to train is made, and running the race is the goal the individual has, the opportunity cost of not training on a given day includes the more difficult training will be the next day. Opportunity costs always lie in the future.

Hirschfeld is interested in welfare economics, which she describes as the bread and butter of economics (p. 48). Policy recommendations as a result of economic analysis are the focus. In Chapter 2, she elaborates on the problems she sees with the way welfare economics is done, arguing that the rational choice model is not up to the task. She notes that welfare economists presume that when individuals freely choose a consumption bundle they are doing so because it will make them better off. But they may be wrong, especially if the higher-ordered goods are ignored. She states that “... good policy requires attention to the fact that while humans often act out of the lower form of reason that can be manipulated through incentives, they also sometimes, and perhaps even often, act out of the higher form of reason that discerns which goods are genuinely worthy of pursuit” (p. 198). She worries that policy proposals to “incentivize” desired behavior may backfire and undermine social norms. She cites work by Samuel Bowles: “He argues that a truly wise policy maker needs to consider the impact incentives have on norms to determine the best policy for achieving desired ends” (p. 198). Hirschfeld uses an illustration from an analysis of the Congressional Budget Office concerning the Affordable Care Act. Would people react differently if the mandate was called a tax or a fine? But this example is not one
where the actual policy was different but only differed on what to call it. Ultimately, the Supreme Court declared it constitutional because Congress has the power to tax. It is not clear to me how often genuine differences in policy would flow from a Thomistic approach. Further, it seems to require that the Thomistic economist has to know what people would do if they utilized their higher order reasoning.

I have focused more on areas of concern and disagreement, but I found the book interesting and helpful. I have, for lack of space, glossed over the details in Hirschfeld’s work concerning Aquinas and his teaching. These details are worth reading. Like Buchanan, I think economists should focus more on behavior in markets than on choice. Even so, the rational choice model is important. Ultimately, the test of Thomistic economics is whether employing the analysis suggested by Hirschfeld leads to good economic research and policy prescriptions. I intend to utilize some of the ideas in the book in my micro classes in the future. In particular, to introduce the idea of a final end and how, as humans, we do not grow into finished people when reaching adulthood. But, to go along with what I said above about philosophy and theology, if I were still at a state university, I could do the same thing using Aristotle instead of Aquinas. I think economists should read the book, but even if Hirschfeld is correct in how economists should operate, I find it difficult to believe that we would see much change in the operation of the economy itself or in the policies that actually are implemented by the political process.

Endnotes


References


The Light of Eternity and the Humane Economy

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Things look very different from a distance. Mary Hirschfeld’s new book gazes upon economics and economic life from the greatest possible distance: the perspective of Christian theology— in particular, Thomistic theology. From this perspective she provides a searching critique of economics as a way of thinking, and a framework for thinking about the economy that takes the contributions of economics seriously.

The theological perspective Hirschfeld proposes is both demanding and unexpected. It is unexpected because it is not founded on a nexus of Scriptural rules and exhortations, although it is consistent with theological approaches which draw from the New and the Old Testaments. Instead, she launches her analysis from the strange and difficult border between the created world and the God who created it from nothing, and on the border between our imperfect happiness in this world and the beatitude that beckons us from the next. From this perspective our language runs up against the mystery of God’s nature and his actions; even our understanding of how our language fails (our metaphysics) affects our perspective.

I will begin my comments by outlining Hirschfeld’s description of the metaphysical challenge, and how Aquinas resolves it. I will then explore three insights from the book, and questions they raise: her claim that formal economic methods promote the harmful and false rule of thumb that happiness is promoted through the accumulation of goods and the relaxation of budget constraints; the Thomistic concept of surplus income to be given to the poor, which is a challenge to the common Christian practice of tithing; and the challenge to modern notions of justice of a rightly ordered attitude toward material consumption. I will end my comments with some questions about the practical implications of Hirschfeld’s book.

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God, this World, and Our Happiness

In Chapters 3 and 4 of her book Hirschfeld introduces us to the metaphysical framework that informs Aquinas’s theology. In Christian theology, God created the world out of nothing; although He is present to it and keeps Creation in existence at every moment, He is separate from it. Since our human understanding and our language is limited by our experience of the things of this world, we must carefully discern what our language about God means. Even the simplest statement, that “God is,” has a complicated relationship to any similar statement about created things: “My Elantra is.” All of our experiences are of things that exist but which might not exist, but God necessarily exists. So how is the term “is” as we use it of God related to the term “is” as we use it of my Elantra?

There are three possible answers. The first, that we mean the same thing by “is,” is rejected by most orthodox Christian theology, since it implies that God is like His creation. The second answer, that the two uses of the term “is” mean completely different things, emphasizes God’s otherness to such a degree that our knowledge about Him can only be negative – about what He is not. The third answer – Aquinas’s – is that when I say “My Elantra is” I am using “is” analogously to its meaning in the statement “God is.” Our existence is a participation in God’s existence, “in whom we live and move and have our being” (Acts 17:28). In the same way, Aquinas understands our use of the term “goodness” in this world as a participation in God’s eternal “goodness.”

Our conception of our true “happiness” in this world, and its relationship to our perfect “happiness” in God in the next world, depends crucially on how we answer the question above (pp. 97-101). If we mean by “happiness” the same thing in this world and the next, then the scale and constituents of happiness in this world are the scale and constituents of happiness in the next. If we mean completely different things by “happiness” in this world and “happiness” in the next, then our discussions of happiness in this world are unrelated to our “happiness” in the next. If (as Aquinas suggests) happiness in this world is analogous to (a participation in) happiness in the next, then reflection on our vocation to eternal beatitude has important implications for our evaluation of human well-being in this world.

Aquinas claims that we can only be perfectly happy in heaven with God, and that any happiness in this world is imperfect. Because happiness in this world is a participation in happiness in the next, we can
critique false or incomplete notions of happiness in this world in light of our eternal destiny in God, the source of all goodness. This understanding of happiness is crucial to Hirschfeld’s critique of economic theory and the modern economy.

**Does Utility Maximization Imply that More is Always Better?**

My own work on the limitations of the rational choice model (Yuengert, 2012) outlines the ways mathematical optimization models fail to capture aspects of human deliberation and action described in the Aristotelian tradition. Hirschfeld notes (correctly) in her Chapter 2 (p. 45) that I stop short of making the argument that mathematical modeling *itself* embodies strong normative claims. We can represent preferences by a single-valued utility function without the non-satiation axiom; we can therefore model choice as an optimization problem without the assumption that more is preferred to less. Consequently, I attribute the undeniable propensity of economists to assume unbounded wants to something other than the math. I focus on the unexamined assumption that those preferences revealed in choice reflect actual consumer well-being. We justify the axiom that more is better by observing that in fact people often choose more when given the chance.

Hirschfeld locates the assumed unboundedness of wants (and the related assumption that the relaxation of a budget constraint cannot make someone worse off) in the formal, quantitative structure of optimization. The mathematics of optimization is itself normatively consequential; the logic of the optimization model in itself smooths the way for the non-satiation assumption.

This is a difficult claim to establish, since the non-satiation assumption is logically separate from completeness, transitivity, and continuity. Formally, the model can handle satiation. Hirschfeld acknowledges this fact in the language she uses to describe how the rational choice model strongly *encourages* the assumption that more is better without *requiring* it. She is careful never to claim that the rational choice model *must* assume non-satiation: the rational choice approach “presumes that human desire for finite goods … is infinite” (p. 30). Features of the rational choice approach “invite the shift to the idea that more is always better” (p. 65). The rational choice model has “an underlying tendency to imagine that there is an infinite sequence of possible goods and that we try to get as far along that vector of goodness as possible …” (p. 79).
Hirschfeld insists that the rational choice model itself channels economic theory towards non-satiation, even if we need not assume non-satiation. Her argument is intriguing, and worth our attention, since it can explain why satiation, while not strictly necessary in consumer theory, is little more than a footnote in most economic training: “bliss point” preferences are trotted-out theoretical instruction, but are quickly discarded for any practical analysis.

Hirschfeld makes this argument most forcefully in Chapter 3, but it appears in somewhat different forms throughout the book. Since the argument takes different forms in different parts of the book, I am not confident that I can put the parts together correctly. If in what follows I do not do full justice to her argument in its particulars or in its structure, I trust she will correct me.

Chapter 3 outlines the relationship between the imperfect happiness to be found in this world and the perfect happiness in heaven. Aquinas asserts that worldly happiness is analogous to heavenly happiness. Because heavenly beatitude is primarily spiritual, in this world our happiness is also primarily spiritual (consisting of the virtues and communion with others and God). In this world material goods are good only insofar as they contribute to the spiritual goods. Most importantly for Hirschfeld’s point, happiness in this life comes through “consciously pursuing the good in this life in light of our final end” (p. 100). This means “pursuing perfection rather than maximization” (p. 100). It is the order (perfection) between material goods, our souls, and the lives of others that anticipates heaven here, not the piling up of goods. Increasing accumulations of goods in this world do not reflect and anticipate the happiness awaiting us in heaven.

Hirschfeld emphasizes two characteristics of formal rational choice which together invite us to see that more goods and the relaxation of budget constraints as always good. First, the optimization model of choice is quantitative: it assumes that all material and spiritual goods can be measured \( x_j = 5.3 \) and that preferences among them can be represented by a function \( U(x) = 19 \). The assumption that people have preferences over equally quantifiable material goods (milk, bread) and spiritual goods (justice, beauty) invites us to see spiritual goods through a distorted quantitative lens (pp. 115-116). The spiritual goods are the primary constituents of our happiness in this world and the next, and to see them in quantitative terms, as something placed on an equal footing
with material goods, invites us to treat them and our happiness as if it is a matter of increasing numerical accumulation. To place qualitative spiritual goods on the same scale as measurable goods invites us to see the choices between material goods and spiritual goods in terms of tradeoffs – marginal rates of substitution between friendship and consumption, for example. The fact that the term “more” means something quite different when we are talking about friendship than when we are talking about income is lost in the single-valued scale.

The second (and I would argue the more serious) distortion of the rational choice model is its mischaracterization of human choice as calculation (optimization) instead of deliberation (p. 116). Hirschfeld points out that the assumption that preferences are fixed assumes away the primary drama of choice: that human beings reason about their actions, and about their reasons, in the context of the life they are trying to live. We both figure out where we are going in life – the place of material and spiritual goods, what kind of a life we can achieve, and what sort of life is worthy of us – and shape ourselves in accordance with our destination – our preferences and our character – through our choices.

Human choice, and human reasoning about choice, is more than choosing from a fixed menu to maximize preferences. Human reason is reflexive; in addition to choosing in a calculative way (when going to the grocery store) we evaluate our preferences (pp. 101-107). Our reflexive intellect does not stop at the evaluation of our wants, though: we reflect on the sort of person we are and are becoming – our good and bad habits, our ability to see what is good for us, our ability to know and to love. Our reflection shapes how we grow and change as persons.

What do we miss when we reduce this threefold complexity – choice in line with current preferences, our evaluation of those preferences, and our evaluation and shaping of our own character – to the first of its constituents (optimization of fixed preference)? I believe Hirschfeld is arguing that this reductionist move eliminates from human choice any evaluation of the place of material goods in a flourishing human life. If your preferences are fixed and your only responsibility as a chooser is to discover and pursue them, then the realization that material goods are ultimately unsatisfying (a realization that usually comes with age and maturity) is invisible to the analysis.

Closely related to this critique is the blindness of economics to final ends in action. Most economic goods are instrumentally valuable – good
because they promote more basic goods, and ultimately because they contribute to our participation in the spiritual goods which last into eternity. When agents are assumed to pursue fixed preferences which are neither ordered to nor evaluated in light of more fundamental goods, and those preferences pre-exist the choice problem, it creates a dangerous incompleteness in the account of choice (pp. 120-123). The danger lies in the fact that human beings by nature need reasons to pursue instrumental goods – if material goods serve no purpose beyond themselves, why pursue them? Without good reasons to pursue material consumption, human beings will substitute bad reasons. In the absence of reflection on the ultimate purpose of material consumption, they tend to treat material consumption as good in itself.

Most economists do not claim that the ultimate purpose underlying preferences for material goods is utility, since utility is simply an index representing a preference ordering. Nevertheless, by positing that all goods can be compared on an ordinal scale, and that those preferences (and the scale itself up to an affine transformation) are fixed, invites a pleasure-pain calculation, since the deeper questions about choice and human character are in flux throughout one’s life. In human nature pleasure and pain are the only things as reliably fixed as axiomatic preferences. The pleasure-pain calculus is not a necessary result of preference optimization, but it is easy to get there from optimization. Plato, Aristotle, the Wisdom literature, and the Christian tradition are unanimous that pleasure and pain are insufficient guides to action, and that those who treat pleasure as an ultimate good end up chasing after material goods and consumption, to the detriment of their own happiness.

Hirschfeld argues that the ubiquity of money in modern economies, as a measure of value and means of exchange, further promotes the illusion that all goods can be compared, and that more is better (pp. 139-152). Here arguments in this vein echo a longstanding critique of money, starting with Aristotle; they complement her central claims about the formal structure of optimization.

**Standards of Living, Surplus Income, and Tithes**

In Chapter 6 Hirschfeld outlines Aquinas’ treatment of property, emphasizing that the institution is fitting to human beings in this life not simply because we are fallen, but because we are finite, and that private property allows us to order our actions with this world’s resources.
There is nothing absolute about the right to property, however: Aquinas
insists that, since property is private in possession but common in use,
yany superabundance that we derive from our assets should go to “succor
the poor.” This generosity to the poor is a matter of justice, not charity.
Of course, to determine superabundance we need some notion of how
much income is enough for us – our appropriate standard of living. At
this point Hirschfeld begins an insightful discussion of the difficulty of
determining one’s appropriate standard of living in modern market cul-
tures, in which one’s income determines one’s social status, and in which
extra income often automatically goes toward increasing one’s necessary
standard of living (pp. 172-180). When there is no clear conception of
how much income is enough and what is surplus, the surplus naturally
goes into increasing one’s necessary standard of living.

Hirschfeld maintains that, even though our standards of what is
enough increase with our income (a prisoners’ dilemma of relative
status), the struggle to establish and hold to firm standards of living
is important for human happiness, a way to resist the sense that more
consumption is always better. Her discussion of firm living standards to
guide our generosity brings to mind a competing standard of Christian
generosity/justice: the tithe. Ten percent of one’s income given to church
and charity does not seek to establish a standard of living above which
all of one’s income goes to the poor. It does, however, remind the
Christian that he is a steward of the goods in his possession, and often
fosters a sense of detachment and proper perspective on material pros-
perity. The tithe has a practical advantage over a bright-line standard of
living in that it is easy to calculate – a rule of thumb that circumvents
any rationalization about how much you really need. It is possible that
someone who simply tithes may give more than someone who reflects
on how much of what he earns is “surplus.” Nevertheless, the tithe does
not address the problem of living standards (of conceptions of what is
enough) rising automatically with income. Reflection on what is enough,
with surplus going to the poor, would perhaps allow a greater number of
Christians to step out of the spiral of positional externalities.

**Market Order in Spiritual Perspective**

Hirschfeld’s perspective – human happiness in this world as a partici-
pation and preparation for happiness in eternity with God – demands
that we see economics and the economy in a new light. Like all things
in this world, production, consumption, and markets find their purpose and serve human happiness to the extent they are ordered to our divine vocation. When we do not ask what material goods are for, and whether they promote the purposes we propose for them, we tend to make material goods ends in themselves, and to assume that the ability to accumulate more is always better (or at least cannot be worse).

This perspective is as radical as the Gospel: “do not store up for yourselves treasures on earth … but store up treasures in heaven” (Matt 6: 19-20). Radical, but not impractical. Hirschfeld promotes a Christian vision of economic life ordered to our divine vocation without giving in to Christian utopian visions in which earthly scarcity is banished by appeals to beatitude. Economics is made necessary by both our fallen nature and by our finitude. Aquinas insisted that just governments must take into account human imperfection and vice without abandoning the responsibility of rulers to promote human virtue and happiness insofar as they are able.

Nevertheless, Hirschfeld does not shrink from the practical implications of her analysis. Her discussion of the implications of Aquinas’s perspective on the place of material goods in human flourishing emphasizes its challenges for both the political left and right. When reflecting on the policy implications of her analysis, she asks “to what extent is our conception of economic justice itself distorted by our distorted understanding of the proper role of material goods in a life well led” (p. 184)? She notes that when we discuss inequality “we are too apt to think about these issues in terms of material goods and too little apt to think about the goods that are really important” (p. 184). Some billionaires have 66,000 square foot houses. Is this unjust toward those of us who have smaller houses, or is this bad for the billionaires themselves, who take none of their material wealth with them to the grave (Ps. 49:17)? Hirschfeld does not dismiss material inequality as a social problem, but insists that its chief importance lies in any threat it poses to other, more important goods: democratic participation, the segregation of poor, middle class, and wealthy, and the breakdown of community networks. Hirschfeld’s perspective on material goods focuses our attention on what matters more – spiritual goods and the goods of communion with others and with God. In this she echoes the secular insights of Fogel (2000).
The Thomistic perspective ought to change our estimation of the value of material goods in human life and public policy. Should it have a similar effect on our estimation of the place of markets in a humane social order? Throughout her analysis Hirschfeld preserves an economist’s healthy respect for the role of markets in a healthy social order. The proper perspective on material goods in human happiness need not affect our respect for markets: “There is room in the Thomistic framework to accommodate modern insights about the usefulness of markets in coordinating economic activity” (p. 135). She later cites Hayek’s analysis of the informational role of prices: “In a complex economy, it would be difficult for the virtuous firm to gather enough information to know what goods and services are of genuine value to the community, especially relative to other potential uses for the resources devoted to production” (p. 137).

I suspect that Hirschfeld’s Thomistic insights pose a significant challenge to Hayek’s analysis. Prices certainly convey information about “what goods and services are of ... value to the community,” but are these values “genuine” if we are vulnerable to the illusion that more is better? Are market signals distorted by materialist consumerism? Hayek (1960) dismisses this objection by rejecting any claim that currently existing values are “genuine” in any lasting sense. Values evolve through market exchange and other social processes. The market process itself is of value in guiding society toward both the development of new values and efficiently meeting them. I suspect that the defense of markets and price signals is a more complex compromise between prices as good measures of consumer value and prices as pure reflections of distorted consumeristic lifestyles. It was not Hirschfeld’s purpose to explore every question raised by her analysis, but I would like to hear more about this particular challenge.

**Hirschfeld’s Achievement**

When the eternal perspective of the Gospel is placed next to the secular frame of economics, we are most of us somewhat helpless to compare the two. We compromise, fitting the two perspectives together in an ad hoc way: we accept that the Gospel imposes certain constraints on the actions of believers who take it seriously, but leave our economic
models otherwise unchanged; we allow the Gospel to affect normative policy prescription only; we assign to the Gospel our personal decisions as consumers (and researchers), and assign to economics everything else. Hirschfeld’s book offers a perspective that makes possible a more integrated view. It is not a detailed program of economic research, but can help us to take the radical challenge of the Gospel seriously without abandoning the practical considerations of economic analysis.

References


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. 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

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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 satisfy. 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 dimen-
sion). 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 “science-
tically,” 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**


