The Light of Eternity and the
Humane Economy

Andrew M. Yuengert
The Catholic University of America

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.

© 2019 Association of Christian Economists
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 \( x_i = 5.3 \) 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, any 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 cultures, 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 prosperity. 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 participation 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


