The Christian Mind and Economic Welfare

Those who sincerely confess and place their reliance on God and Jesus Christ clearly acquire an outlook on all life and knowledge different from that of the secular humanism characterizing the modern university. This is the effect of grace (God within us, in an old phrase) that results from a certain indwelling of Father, Son and Spirit promised by Jesus. Consequently Christian academics are confronted by a choice, increasingly acute in today's society, either to accept the conventional standards of knowledge and research agreed on in a given discipline, or to introduce the ill-understood and widely rejected criteria of the Christian mind which combine faith with academic work. Jews, Moslems and others face the same choice and compromises. In some areas of knowledge less problems arise, but in the social sciences they are acute. Let me address the well-worn topics of individual and social welfare by way of illustration. In my view Christian economic thought cannot really progress without offering alternatives to the conventional positive theories it rightly criticizes.

Essentially, positive economic science identifies economic welfare with the acquisition of what is wanted, with greater welfare consisting in greater acquisition. (Presumably one is discussing goods and services bought at some price, since this commonly sets the boundary of economic inquiry.) But material welfare is only part of rounded welfare, so that the investigations of micro analysis into choices, demand, utility, etc., are only a limited reflection of reality.

There is, of course, much uneasiness in conventional economics concerning the presentation of a so-called rational or calculating consumer maximizing his or her welfare. For instance, three articles in the March 1998 Journal of Economic Literature (by Rabin, Elster and Bowles) discuss the qualifications that psychology, the emotions and institutional influences bring to the notion of the calculating consumer. Religion and morality are not mentioned, naturally, so that their qualifications are incomplete.

What does Christian thought have to say regarding individual welfare? Evidently one must begin with the concept of rounded welfare, which might be summarized as material, mental or psychological, and spiritual including religious. Material welfare, the prime focus of economics, comprises notably decent standards of nourishment, habitation, education and

Author
Arnold McKee is Professor of Economics Emeritus, King's College, Canada.
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health ("decent" is related to time and place, but remains sufficiently determinable). Then the specifically religious side may be introduced by noting that the components of welfare must reflect Christian influences. For instance, material welfare should include a certain sharing of one's goods with others, stewardship of resources, etc.; and psychic welfare will include a God-oriented mind. Work satisfaction would include doing all for the greater glory of God, and uniting one's labors with the reparation offered by Jesus for sin.

Then come the problems of applying Christian economic thought to applications. My own habit has been to put this in three stages: determining general principles, fashioning secondary criteria, and arriving at applied detail. For example, the obligation of sharing one's goods with others leads on to such intermediate guides as ascertaining poverty standards, relating private aid to public, and savings sufficient for one's old age and heirs. Next one must decide on how much should be given or lent to others and in what ways. Christian altruism, ideally disinterested giving, is different from such notions as furthering one's own benefit or utility.

Before leaving individual welfare let me add that certain conventional techniques, such as the use of calculus and maximization, could still be used to present this wide concept of Christian welfare. One could simply insert appropriate "arguments" into some functional concept. Unfortunately such techniques have the habit of absorbing enquiry into the mechanics of presentation, neglecting the spiritual side that should be present.

Social welfare, the well-being of a community—family, church group, region, workplace, etc.—presents interesting problems. It consists partly in the well-being of component individuals and partly in something overarching and distinct. For instance, we speak of many group welfare to which individuals both contribute and from which they draw. Again social welfare needs to be approached as a rounded concept, with its economic side modified by others such as cultural and spiritual. It is worth noting that finally individual good is more important, since this is what we primarily seek and on which we are judged. An older term for social welfare is the common good, now somewhat out of fashion.

A key question for economic thought is how to determine or be sure that individual goods will combine acceptably in the overall good of the society in question. Each person is free to choose, choices compete (so that loss for one is gain for another), dishonesty and evil enter, and natural disasters occur. Positive economics proposes somehow adding or aggregating the material welfares of individuals to arrive at a kind of social total, up to the limit where the last good added exceeds any harm incurred in the adjustment process. Presuming a setting of private enterprise and the market system—which are generally taken better to reflect human freedom and dignity than any other economic system—the processes of demand, production and distribution are the setting for achieving individual and social welfare, where government has some role in controlling and supplementing the institutions of this system.

The Christian mind accepts this picture, while putting it on a different basis. Fundamentally God draws the maximum of good possible from each individual, given his or her endowment and measure of cooperation with what might be called the Divine Will for everybody. Equally this attraction to good extends to the society in question, using the contribution and reception of each to and from it. This Divine benevolence or providence is the ultimate cause of the beneficial operation of the economy, and the market system plus government participation is the proximate cause (connecting up here with the stoic thought of Adam Smith and the invisible hand, by which he meant Divine providence).

As for the problems of evil behavior, the effects of competition inflicting harm on some, mistakes of judgment, natural disasters and the like, God can still be said...
to draw a maximum of good from individuals and society. Within this "bounded maximum," salvation and peace always remain possible for those ruined, maimed, even killed by such events. Of course, this maximum supposes the cooperation of corrective government policies and the positive actions of firms, other institutions and individuals in promoting social welfare, all guided by justice.

If we emerge with the basic principle that God will draw out the maximum of good possible in any community, how can we concretize this in terms of intermediate criteria? Again we may briefly summarize social good as consisting in decent standards of nourishment, health, habitation and education for all, reflecting the participation of individuals both giving to and receiving from the community. Similarly the following stage of detailed applications remains to be filled in by the usual negotiations, compromises and decisions arrived at by interested individuals and organizations.

An obvious complication in specifying social welfare is how equitable the overall allocation of income and wealth may be. What constitutes fair distribution? Tentatively we may say that there is no case for equality of income and wealth, since individuals do not contribute equally to output and accumulation. Income received is affected by many considerations, such as ability, experience, responsibility, and the flow from savings and investments. Wealth distribution has its own complexities—savings, inheritance, good luck, questionable accumulation, etc. On the other hand, extreme inequality is wrong since nobody creates income or wealth on his or her own and widespread poverty is likely.4

Without prolonging these general remarks, which require elaboration elsewhere, we may conclude that any society has to settle for some tolerable level of income and wealth inequality, contested through the prevailing governmental system. One must not forget the obligation of the better off to help the unfortunate, and the social benefit aspect of private property. "From those to whom much is given, much is expected."

The upshot of these considerations, individual but especially social, is that the Christian thinker would in my view prefer a much looser and more descriptive account of welfare than the pieces of theory encountered in economic texts. For instance, while Roemer (1996) offers intellectually a most impressive examination of theories of social choice, bargaining, concepts of distributional welfare, and other related matters,5 one remains baffled as to what may be any conceivable practical outcome and application. Religion and faith rate no mention whatsoever, and the book's heavy emphasis on subjective welfare and morality is alien to Christian thought. At least the much simpler account (simplest, for most) offered above is capable of applications, made workable through the usual democratic processes of negotiation, compromise and rough agreement, until the next round of disagreement and renegotiation.

The conclusion I draw from my account of individual and social welfare is that Christian economists simply do not need elaborate argumentation to "demonstrate" that the pursuit of individual goods can combine in the overall welfare of the community. Theorems such as those of Debreu (1959) of the arrival at equilibrium of a set of consumers with given preferences and producers with given resources, plus definitions of optima, despite their intellectual fascination and achievements are unnecessary and have no practical outcome. Grounding ourselves in faith and the providence of God, we already have such conclusions, while insisting that individual and social actions be guided by right morality in a Christian sense.6 Of course, the problems remain of deciding in applied cases how actions properly reflect moral principles; but this must be sufficiently determinable if, as Christians accept, we shall all one day be called to account for what we have done and left undone.
ENDNOTES

1. The opening phrase of the Christian creed, I believe in God, does not properly mean I believe God exists but rather I place my reliance on God. *Credo in deum* is not a piece of bad Latin but a Christian invention to express this trust, perhaps reflecting the Greek *pisteuo eis theon*.


3. Various reasons may be given for the social nature of individuals as they reach out to and receive from others. For Christians the conclusive point is that God, the touchstone of all reality, is social and is approached (for most) as three interacting and mutually loving Persons, in whose likeness men and women are made.


5. Interestingly Roemer (1996, p. 48 and passim) shows a willingness to aggregate personal choices and welfares, setting aside Pareto’s objection to this and the use of it made in Arrow’s impossibility theorem. He gives no reason beyond citing some recent authors (confirming that economics is really about what enough economists agree to do).

6. In his *Theory of Moral Sentiments* Adam Smith expounds a shaky thesis that actions reflecting the moral rules which God has impressed on human nature are known as such from the sympathetic reaction of observers. Christians instead rely on biblical injunctions and traditional church teachings. Curiously a recent book by Young (1997) and its reviewer in this *Bulletin* (Halteman, Fall 1998) have nothing to say about Smith’s aChristian approach to the sources of moral judgment.

REFERENCES