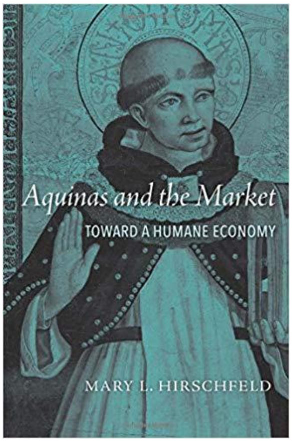
**Mary Hirschfeld. *Aquinas and the Market: Toward a Humane Economy*. Cambridge: Harvard University Press, 2018. Pp. xvii + 268. ISBN: 978-0674986404. Hardcover. $45.00.**




In 1998, noted economist and scholar of religion Laurence Iannaccone published an article titled, "Introduction to the Economics of Religion" in the prestigious *Journal of Economic Literature*. Iannaccone noted that scholarship on economics and religion fell into three categories: that which uses economics to interpret and explain religious behavior, that which assesses the effects of religion on economic outcomes, and that which interprets and critiques economic arrangements from a religious perspective. This last category Iannaccone labeled religious economics. While he spends the rest of the article surveying research within the other two categories, Iannaccone spends less than a page at the beginning of the article discussing religious economics because "its literature is broad and far removed from the research and professional interests of most economists."[1] Whether the author intended it or not, this is a politic way of expressing the sad fact that religious economics, so defined, has not produced much noteworthy scholarship. The vast majority of it consists of theologians criticizing economic arrangements they do not understand, or economists criticizing religious doctrines they likewise do not understand. "Two ships passing in the night" is an apt metaphor, or would be if the ships were firing on one another as they sailed.

This unfortunate state of affairs may soon be remedied. An important first step has been taken with the publication of Mary Hirschfeld's *Aquinas*

[1] Laurence R. Iannaccone, "Introduction to the Economics of Religion," *Journal of Economic Literature* 36:3 (1998):1465-1495.

*and the Market*. Nobody can accuse Hirschfeld of being untrained in either economics or theology. Possessing Ph.D.'s in both subjects—her economics doctorate is from Harvard and her theology doctorate from Notre Dame—Hirschfeld is well positioned to bridge the gap between these two fields. Provided scholars of religious economics lay their cards on the table with respect to their priors, and approach both subjects with humility, there can be a productive exchange between two fields that do, in fact, have much to say to each other.

Since I just asserted the importance of disclosing one's priors, I will do so here, especially since the author and I approach these subjects differently. I am a convert to Eastern Orthodoxy (chrismated this past Pascha) whereas Hirschfeld is a convert to Catholicism. I am a libertarian, and while I do not know Hirschfeld's precise political beliefs, I am confident she is not. Finally, I approach questions of theology from a more 'mystical' perspective than Hirschfeld, who favors Aquinas and (presumably) the others in the Scholastic tradition. (However, since Aquinas himself cites Pseudo-Dionysius quite often, perhaps this difference in perspective is not so large.) It is probably because of these differences that I profited so much from reading Hirschfeld's book. Learning, in the sense of a genuine meeting of minds, is a hallmark of true scholarship, and I thank Hirschfeld for the opportunity to learn from her.

In brief, my opinion is that any scholar interested in topics at the intersection of religion and economics should have this book on their shelves. I recommend it wholeheartedly. In my review, I will first summarize her key arguments, and then go into one specific area where I think her claims can be challenged.

The first chapter concerns the domain of theological economics. The reason we need theological economics, as opposed to plain economics, is because "economics itself cannot provide a framework that orders economic flourishing to the higher ends economic flourishing should serve…" (p. 3). Ethical discourse rooted in theology can provide that framework. But this by itself suggests nothing for *how* economics should relate to theology. We still need to know the proper methods and bounds of theological economics. Hirschfeld considers three possibilities: theology as the handmaid of economics, a division of labor between economics and theology, and theological critique of the premises of economics. She makes clear her intent is to "draw on the thought of Thomas Aquinas to offer a theological economics that combines the strengths of all three" (p. 22).

Chapter two is an overview of the orthodox rational choice model. Hirschfeld usefully summarizes the assumptions and content of the model, and also lists several challenges to that model that motivate her engagement of Aquinas in later chapters. She simultaneously explains and pushes back on several tenets that economists take for granted, such as the positive-normative distinction, the relationship between utility and well-being, the nature of rationality, and the plausibility of non-satiation. Although Hirschfeld is critical of aspects of rational choice, she also challenges arguments against rational choice made by non-economists, showing how several of the standard critiques misunderstand the nature of economics.

Thomas Aquinas enters the analysis explicitly in chapter three. Hirschfeld provides an overview of Aquinas's theories of practical reason and the good life, stressing the similarities and differences from economists and the rational choice model. A passage from early in the chapter is worth quoting at length (p. 68):

> Like economists, Aquinas believes that humans act for an end. Thomas calls that end happiness, while economists call it utility, but insofar as both Aquinas and economists believe that all human action is teleological, Aquinas's economics does not simply talk past modern-day economists. That said, Aquinas's understanding of that end differs substantially from the one envisioned by economists. In particular, Aquinas's conception of happiness is centered on the notion of perfection of our beings.

The features of Aquinas that set him apart from economists is his dual insistence on the ethical aspect of all choices, as well as his commitment to an objective notion of the good, which serves as a standard against which human persons can judge their judgments. The chapter explores these facets of Aquinas's thought, as well as his theistic metaphysical commitments which give them meaning. The key to Aquinas on ethics and reason is the recognition that "human choice is not about efficiently getting what we want so much as it is about learning how to want what is genuinely good" (p. 84).

The fourth chapter turns from metaphysics to ethics. Although it is the book's shortest chapter, it is packed with insight. Hirschfeld introduces readers to the Aristotelian-Thomistic view of virtue and human happiness, as well as demonstrates how this account differs from the standard rational choice model in terms of the ontology of choice and the nature of happiness. A key insight is the appropriate view of wealth: "Material goods, are, indeed, good. But they are purely instrumental. It is not enough to be wealthy. Happiness requires that we deploy our wealth toward the worthy end of realizing our nature as fully as possible in lives ordered to God" (p. 97). True happiness thus entails acquiring the habits of excellence, which we call virtues, for the purposes of achieving true human flourishing. Practical reason (prudence) entails the appropriate selection of goods to pursue such that we acquire the virtues, which orient us to our ultimate end. But human reason, due to sin, can also direct us towards lower goods at the expense of the higher. True reason—that is, *right* reason—entails making choices that direct us to our objectively highest good. Here is where the gap between the rational choice model and the Aristotelian-Thomistic account becomes most apparent. A portion of the text at the end of the chapter (p. 117) contains, in my view, a wonderful statement of Hirschfeld's core argument:

> On Aquinas's own account, we would expect much human behavior to be well described by the sort of constrained optimization economists

> describe—because humans very often if not mostly act out of the lower form of reason that we share with animals and that does look like a series of optimization problems. The problem with the economic approach is that it identifies such decision making as rational. And with that comes a normative implication that permeates economic science, and indeed the public square. To wit, insofar as we think of the pursuit of happiness as an exercise in constrained maximization, it seems natural to focus one's attention on loosening those restraints. Economic growth and technological progress are embedded as ultimate goods, because they allow us to reach more desirable bundles of goods. Collectively, we seem to think that what it would take to have better paintings is more paint.

The fifth chapter contains much material that will be both interesting and contentious to those with an economics background. Hirschfeld shows how the paradigm she develops can be used to reinterpret many findings from market theory. Because Aquinas's framework presumes an objective final end for man, this end can be used to judge other intermediate ends, including the production and exchange of goods in the market. When judged in this light, many topics in economics, such as the nature of money, the relationship between preference satisfaction and well-being, and profit maximization, appear radically different. One particularly interesting concept is Aquinas's distinction between natural and artificial wealth, which bears some similarity to how economists think about the real economy and the nominal economy. But again, the ethically (as opposed to merely descriptively) teleological framework results in very different conclusions: "The artificial economy—money, prices, profits, and markets—has a proper role in a humane economy. But for that to work, participants in the market need to act out of Aquinas's basic principles. Natural wealth is desirable insofar as it meets genuine needs; instrumental goods are properly ordered to the ends they are meant to serve; and as social creatures we have an interest in making sure our exchanges are just" (p. 138).

Chapter six is the most institutionally focused, in that it considers the implications of Aquinas's arguments for property rights, markets, and economic justice. It is an engaging chapter, and the contrast between orthodox economics and Hirschfeld's reconstruction of Aquinas is full of fruitful tensions. Perhaps surprisingly, "Aquinas is a useful interlocutor for modern-day economists because he does argue that private property is legitimate, and not solely as a concession to fallen human nature" (p. 161). Aquinas anticipates modern economic arguments for the *coordinative* properties of private property and market exchange, which is valuable from a social-epistemic perspective even apart from any incentive-alignment considerations (see esp. pp. 165-167). However, there are dissimilarities between Aquinas's and modern economists' views on what ends property ownership and exchange properly serve. For Aquinas, "the right to private property extends only to the power to procure and dispense goods. With respect to their external use, external goods are to be held as 'common'" (p. 168). That is, a holder of private property may choose the productive task to which that property is assigned, and allocate the resulting income stream. But all have a just claim to the produce, especially the poor; it is impermissible to consume, even for someone who has a valid property right, beyond an amount commensurate to meet biological and social needs. Hirschfeld uses these insights to explore how we can know when we are consuming too much, and thus giving in to disordered desires. "The key here is that proper decision making involves looking at goods and services in a larger context, asking what role they play in constructing the shape of our lives" (pp. 177-178). She also makes important arguments relating Aquinas's framework to economic justice. Achieving economic justice, and in particular institutionalizing it, can be difficult because we frequently conceive of economic justice in purely material terms. Steps towards genuine economic justice requires "that when we think about economic justice in its various facets, we need to think more in terms of the ends material goods are meant to serve and less in terms of the material goods themselves." Overall, I found this the best chapter in the book, in no small part due to the internal debate it provoked between my commitments to positive economics and my Christian concern for the dignity of the human person.

As is proper, the final chapter returns to big picture considerations. This chapter is both a recapitulation and an extension of the insights arrived at by juxtaposing orthodox economics with Thomistic economics. Hirschfeld argues that, while it is utopian to expect economic actors to orient themselves to the true good in both personal and institutionalized economic activities, Aquinas's framework can still offer much to both exhortatory and explanatory social science. Hirschfeld critiques economists for strongly insisting in the positive-normative distinction, while simultaneously treating efficiency as an unobjectionable policy goal. She also recognizes as suspect the discipline's claim to scientific insularity from value judgments while that discipline tries to inculcate a specific worldview (the economic way of thinking) to students. She concludes by reaffirming that economics, informed by Aquinas, has a meaningful place in the interdisciplinary public conversation on justice, virtuous living, and the good society.

Having summarized the book, I now want to conclude by exploring one of its most interesting meta-arguments in greater depth, namely those concerning the proper domain of religious economics and the relationship between positive and normative analyses in the social sciences. As Hirschfeld repeatedly notes, economists insist strongly on the validity of the positive-normative distinction, and are convinced that they are, as economists, engaging purely in value-free social science. Whatever the status of the positive-normative distinction—whether it should be interpreted ontologically, epistemologically, as a mere disciplinary convention, or discarded altogether—it is important that economists often fail to adhere to it in practice. This is nowhere more obvious than in how economists deal with economic efficiency. Because efficiency in economics is defined with respect to agents' subjective values, many economists do not see themselves as engaging in normative analysis when they use efficiency as an evaluative criterion. (Economists think they are simply helping people get what they want. Of course, whether people should get what they want is itself a controversial normative position.) Hirschfeld is thus absolutely correct that economists "treat efficiency as a desirable property and that much policy analysis depends on a social belief that policies should promote efficiency. This term is employed in a normative fashion, however much economists might like to deny that claim" (p. 214). This becomes even clearer when economists do policy studies that employ cost-benefit analyses. "Although economists see themselves as generating knowledge for its own sake, the prestige of the discipline is tied up with their ability to offer advice to policymakers on how to regulate markets to pursue various goals" (p. 200). Economists simply fail to realize that many normative assumptions are built into their belief that (a) a proper evaluative metric for policy is cost-benefit analysis, (b) the distributional effects of policy are ultimately less relevant than whether the policy creates additional benefits on net, and (c) if a policy change entails net benefits, it can be meaningfully asserted that the policy makes people better off on the whole (cf. Klein et al. 2017).[2]

What should be done about this? One possible approach is taken by Hirschfeld in her book: adopt a teleological account of human activity with an explicit metaphysical assumption of a *summum bonum*, meaning there is no longer a qualitative distinction between positive and normative statements. Because value in an economic framework founded upon Aquinas is both agent relative *and* objective, there can be a single evaluative criterion by which we evaluate how economic life works, and how it ought to work. But this is not the only possible solution. Another

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[2] Daniel B Klein, Jason, Briggeman, William L. Davis, and Abigail Devereaux, "Are So-Called Normative Statements the Same as Suitably Formulated So-Called Positive Statements? Evidence from a Survey of Economics Professors." GMU Working Paper in Economics No. 17-33 (2017). Available online at:
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3050034

is to reconsider the second of the three possible ways theology can relate to economics: a complete separation between the two, such that economics is entirely relegated to explanatory social science, with no room to make normative judgments of any kind. This approach is implicit in the style of economics practiced by great economists such as Gary Becker and George Stigler, and assumes as an analytic starting point that all situations are economically efficient. While Hirschfeld cites Becker, and some other economists who take this approach, I do not think she has specifically critiqued this possibility.

It may be objected that exploring the social world with the assumption that everything that is is efficient makes efficiency a worthless tautology. I freely admit it is a tautology, but deny that it is worthless. Steven Cheung (1998, p. 518),[3] an able practitioner of this kind of economics, argued in favor of it along the following lines:

> My reinterpretation of Pareto optimality renders the condition worthless in welfare economics, but significantly enhances its role in positive analysis. In specifying constraints to derive testable propositions, whenever the Pareto condition fails to hold we would immediately know that some constraints are missing: it would then be up to us to decide whether the omitted constraints are relevant to the observations we are seeking to explain.

In other words, coming to the problem scenario with a commitment to analyze it as an efficient equilibrium forces the analyst to make sense of it in terms of maximizing behavior under conditions of scarcity, no matter how bizarre or irrational the situation seems (cf. Leeson 2017, 2018).[4] What is the relationship of this way of thinking to religious economics? What

[3] Steven S. Cheung, "The Transaction Costs Paradigm," Presidential Address, Western Economic Association, published in *Economic Inquiry* 36:3 (1998): 514-521.

[4] Peter T. Leeson, *WTF? An Economic Tour of the Weird* (Stanford: Stanford University Press, 2018); *idem.*, "Logic is a Harsh Mistress: Welfare Claims for Economists," Working paper. Available at request from author.

initially seems to be a narrow debate about the nature and the applicability of the rationality postulate actually contains much more far-reaching implications. Those committed to the efficiency-always framework often contend that one of its benefits is protecting economics from facile ethical objections. But this works both ways. *It also protects ethics, including theologically informed ethics, from facile economic objections!* Since the economist must treat everything as efficient, efficiency can no longer be used as a benchmark of any kind, and thus cannot be sloppily used, in the manner critiqued by Hirschfeld, to sneak in normative analysis through the back door, disguised as positive analysis.

I believe I have identified another feasible solution to the problem that Hirschfeld has correctly diagnosed. To recap: the problem with orthodox economics is it often fools its practitioners into making unexamined value judgments. Hirschfeld contends that this is due to economists taking the economic way of thinking too seriously. But perhaps the problem is that economists do not take the economic way of thinking seriously enough (Albrecht et al. 2018)![5] Instead of economists simultaneously being economists, and ethicists, and theologians, perhaps the solution is to adopt an economic framework that constrains economists from wearing more than one hat at a time.

Ultimately the domain of theological economics will have to be hashed out in the actual practicing of theological economics. These reflections can help those who wish to contribute to the field to orient themselves, but I doubt that *a priori* boundary drawing will do much good either way. Hirschfeld's volume is an excellent contribution to this literature, and one that was much needed. If economists and theologians come to understand each other better because of her work, the book will have performed a great service. Of course we should not overlook the more obvious benefit of the volume: it says much that is true. Again, I

[5] Brian C. Albrecht, Joshua Hendrickson, and Alexander William Salter, "Evolution, Uncertainty, and the Asymptotic Efficiency of Policy," Working paper (2018). Available online at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3251917.

recommend it without reservation to anybody interested in consuming or producing research at the intersection of economics and religion. I look forward to Hirschfeld's future work on the subject.

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