

## **Creativity and Cleverness within Discipline in The Study of Man and the Study of Happiness**

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Once man is conceived in the image of an artifact, who constructs himself through his own choices, he sheds the animalistically determined path of existence laid out for him by the orthodox economists' model. A determined and programmed existence is replaced by the uncertain and exciting quest that life must be.

–James Buchanan<sup>1</sup>

### **1. Introduction**

In *Aquinas and the Market* (2018), Mary Hirschfeld plays the role of scholarly ambassador between two highly specialized disciplines that too rarely interact: economics and theology. Her thorough exposition of economics provides students of theology with a welcome introduction to the discipline well worth a careful reading. We are economists by training, so our criticisms will focus on this aspect of her work. But, her excellent account of the thought of Aquinas, it should be acknowledged, will help students of economics learn the relevance of Thomist philosophy for their work in the positive analysis of human decision making as well as normative welfare economics. And due to the ease with which Hirschfeld negotiates not only between economics and theology, but also engages biblical reading, Church doctrine, practical affairs, and a broader culture conversation, *Aquinas and the Market* is fit for a much broader audience: parishes, churches, synagogues, mosques, temples, and other communities of faith.<sup>2</sup> Hirschfeld envisions a Thomistic economics in which “the overarching question is how economic life should serve genuine human happiness” (209). We agree that this is the upmost question and hope to show that *who* answers this question is of upmost importance methodologically, analytically, and social philosophically.<sup>3</sup>

Embracing the Thomistic view of happiness as the pursuit of the ultimate good through rightly-ordered reason (i.e., virtue) is an ongoing process of solving three kinds of problems: the technical,

the economic, and the moral. Discerning the role economics plays in this quest means locating which kinds of problems the discipline of economics is best equipped to address, and how the discipline can contribute to a productive conversation on those problems.<sup>4</sup> Technical problems are defined as choosing among alternative means to achieve a stated end. These are in essence “engineering” problems, best addressed by decision science, and are wrestled with continuously throughout all levels of society (e.g., firms, governments, families, churches, etc.) by conscious planning and management of organizational activities. The question for social science is not whether to have planning or no planning, but who is doing the planning, how do alternative organizational arrangements impact those planning decisions, and for whom are those decisions to be made.<sup>5</sup> Economics adds greatly to this conversation by thinking through the situational logic of organizational arrangements.

Strictly speaking, economic problems are defined by the allocation of scarce resources among competing ends. Individuals are best equipped to solve these problems due to “knowledge problems” and “incentive alignment” reasons. Conflating the economic problem with the technical problem is a source of much confusion in the scientific as well as broader cultural conversation. Economics, as a social science, is not primarily concerned with “allocation” so much as “exchange relationships” and the institutions within which exchange takes place.<sup>6</sup> Much of Hirschfeld’s rightful criticisms of textbook economics stem from this conflation in some presentations of the subject. We hope to highlight how this can be avoided by focusing on exchange and institutions, rather than optimization and allocational efficiency.

Finally, moral problems involve “the proper exercise of human reason that lies not only in discerning what goods are worthy of pursuit but also in thinking of how to order the infinite goods in our lives into a meaningful whole” (82). Despite her rejection of Deirdre McCloskey’s narrow reading of prudence, we believe that Hirschfeld would ultimately agree with McCloskey that narrow self-interest explanations (what McCloskey dubs “prudence only” explanations<sup>7</sup>) are not only bad social philosophy, they also reflect bad economic reasoning and cannot explain fundamental issues in commercial life let alone large scale questions such as modern economic growth. But, it is important to balance that critique of prudence only reasoning with an acknowledgement that explanations that are blind to prudence considerations are perhaps even worse exercises in social science and social philosophy. Moreover, we would argue that only a human person can make these moral choices, but with the important caveat that we must recognize

how communities and cultures play an indispensable role by framing the choice environment within which individuals choose.<sup>8</sup> The distinction between the three kinds of problems is not fixed in any real sense, but it gives a clue as to the limits of economics in answering certain questions.

This review proceeds as follows. First, we present the main arguments in Hirschfeld's text, paying special attention to the types of problems discussed over the course of the book. Second, we enter into direct conversation with our fellow economists to address the valid critiques made by Hirschfeld. We suggest that a clear picture of the required reconstruction of a useful economics that can contribute to the cultural conversation Hirschfeld wants to cultivate is already latent in the writings of several scholars in economics that she failed to draw on. These are not obscure thinkers, but leading figures in the history of the discipline and Nobel Prize winning economists.<sup>9</sup> Finally, we close by introducing a group of Thomist economists from sixteenth-century Spain: The School of Salamanca. This group of professor-priests developed the first body of economic analysis using the scholastic method (of which Aquinas is the model) and promulgated their ideas in guides for confessors, merchant business ethics handbooks, public lectures, and letters to the king, among other avenues. It is their role as confessors for merchants that interests us most here, as it is in this capacity that the visions of man-as-he-is and man-as-he-could-be come together most intensely. The overarching point of this review is that the social function of confessors, or moral leaders more broadly, is the key to bringing Hirschfeld's project, Thomistic economics, to life.<sup>10</sup>

## **2. Themes of *Aquinas and the Market***

Hirschfeld's six chapters can be summed up by three themes: explaining the economic view of the person, juxtaposing it with the Thomist view of the person, and providing a positive account for the ways in which Thomist insights can be incorporated into economic thought. No economist would take issue with her presentation of the principles, though her critiques occasionally slip back into narrow definitions of self-interest, utility, economic goods, etc. which unfortunately obscure her underlying point.<sup>11</sup> Hirschfeld's presentation, it merits repeating, is not restricted to academics but is meant to encourage a deeper cultural conversation about the humane economy. We agree with that message wholeheartedly. In that regard is useful to remember that Hirschfeld's practical discussion bridges not only the academic disciplines of economics and theology, but the lessons from these disciplines for faith communities in general. Indeed, the natural law tradition of Aquinas has roots not only in his Catholicism, but in Protestantism (reformed), Judaism

(Maimonides), Islam (Averroes), and by its very definition, can resonate with all peoples in all times.

In Hirschfeld's preface she describes her initial attraction to economics, "to have smart things to say about human flourishing," the increasing frustrations she had with the metaphysics implied by the economic view of the person, and her subsequent expedition into "a theological approach to economics based on the thought of Thomas Aquinas [...] a vision of a humane economy" (xvi). Instead of reading the book as a critique of economics and the market economy based on Aquinas, it should be clear to the reader that Hirschfeld is proposing a marriage between economics and theology as a way to seek answers to her own life's guiding questions.

Chapter One opens with an investigation: "Does [capitalism] promote a culture that is excessively materialistic?" (1). Arguing in the affirmative, Hirschfeld criticizes the existing separation between economics and theology and presents her vision of a renewed partnership in which theology, the queen of the sciences from the scholastic point of view, takes the lead role again as it did in an earlier time. She goes on to describe the disorder that arises when economics instead supplants theology: "[O]nce the public square is shaped around the shared goal of achieving prosperity, the instrumental character of prosperity becomes obscured. We forget to ask what our material wealth is for [...]" (3). The answer to that question cannot be found in economics. Hirschfeld herself argues that the economic view of the person "is thus impeded in multiple ways from pursuing happiness as Aquinas understands it. Insofar as descriptions of practical reason serve as guides to how we live, the rational choice model cannot be seen as neutral" (209). We agree, the economist *qua* economist is unable "to distinguish between natural and disordered concupiscent desires," a distinction that is necessary for making a moral judgement (167). Consider the concrete case, Hirschfeld introduces, of whether or not one should purchase a dishwasher:

The question of whether the dishwasher promotes or hinders the flourishing of the household thus depends on what the dishwasher is really ordered to. The key here is that the proper decision making involves looking at goods and service in a larger context, asking what role they play in constructing the shape of our lives. (177–178)

The knowledge required to answer this moral question is concentrated most fully in the individual, though her close friends and faith community can exemplify prudence and remind her to orient her choices toward the ultimate good. On the incentive side, an individual generally has the strongest natural desire for her well-being, though family, friends and close community can once again help her see which choices will actually result in her true happiness.<sup>12</sup> Hirschfeld makes a rather stark contrast, claiming that “Economic logic is a matter of calculations, whereas prudence is a matter of discernment” (179). But she may be overplaying her hand here. Calculation is a necessary input into a responsible discerning by a prudent decision maker. Critical to advancing the very cultural conversation that Hirschfeld is aspiring to cultivate is an intellectual discipline that enables the conversation to move from a discourse over desirable ideals to sorting based on their practical feasibility, and finally to the harsh reality of their financial viability.<sup>13</sup> None of this intellectual discipline and weeding out of loose argumentation can happen unless we acknowledge the knowledge problems actors face that must be resolved, the incentive alignment issues that must be tackled by that actors we are studying, and the essential role that economic calculation plays in this resolving and tackling of the social dilemmas faced. The economic point of view does add something valuable to the cultural conversation even in the illustration of a mundane decision—for example, predicting which dishwasher will be chosen given constraints and the relative prices of alternatives offered in the marketplace. Let us be quick to remind everyone that Hirschfeld’s main point throughout her explanation of the economic way of thinking is that while it certainly has its place, it is a poor substitute for full moral reasoning. But who could disagree?

Aquinas’s view of the human person and his corresponding argument for what true happiness consists of is central to Hirschfeld’s exposition. Questions 1–5 (I–II) of Aquinas’s *Summa Theologica* consider the various sources of happiness for human beings—such as wealth, fame, power, and pleasure—to investigate whether any of these things can logically be the source of true happiness for humans. He finally concludes that true happiness can only be found in God, thus all human choices will only result in happiness so long as they are aimed at this uncreated, eternal Good.<sup>14</sup> For Aquinas, “It is our act of becoming beings who can pursue these goods in an excellent way that constitutes the full realization of our nature [...] our truest happiness lies in the agency we exercise in obtaining them” (108). The virtues—and prudence in particular—enable people to use their freedom to choose most excellently. In sum: “Prudence is Aquinas’s alternative to the

rational choice theory of economists as an account of the type of reason that can guide us toward genuine happiness” (106).

Hirschfeld, throughout her text, is seeking to find the common ground for a lasting union between economics and theology, and she believes one promising path is that economists view all human acts as aiming at infinite happiness (utility). However, she asserts that economists are misguided by thinking about it in overly narrow and in explicitly quantitative terms, since Aquinas would argue that “reason is not inherently quantitative in nature” but qualitative in that it concerns a fullness, a completion of the human person as he was created to become (80). This undue emphasis on measurable objectives over richer qualities also influences the economists’ obsession with economic growth.<sup>15</sup> Hirschfeld asks: “We will always be infinitely far from satiety, so what sort of good does economic growth actually achieve?” (63). From a policy perspective, this suspicious view of economic growth makes sense, since trying to orchestrate growth via public policy is an act of extreme hubris. Rather, economic growth is desirable because it reflects that wealth is being created—the clever people we are studying are peacefully cooperating and exercising their creativity. They, not us, must have found rules that enable them to live better together than they ever could in isolation. Consider that sustainable economic growth is actually just the side-effect of many moral behaviors: saving for one’s future, supporting a family, investing in children, etc. Hirschfeld is in favor of exploring broader measures for a country’s well-being. The key is to keep the material, quantitative aspects of wealth creation aligned with the higher human goods. Her broad vision of Thomist economics is expressed by two basic principles:

The first, as we have seen, is the importance of ordering lower ends to higher ends. Markets and financial instruments are ordered to the provision of natural wealth, which, in turn, is ordered to human happiness understood as perfection [...]. The second basic principle is that our economic exchanges must be just. There should be some rough equivalence in exchange. (133–134)

Insofar as economic analysis cannot be used to adjudicate between the goodness of ends, this is where moral leaders come into play. Economists must humbly step out of the way for this particular endeavor.

### 3. Message to Economists

Hirschfeld rightly calls out economists who try to solve moral problems from their economic perspective. Though her solution is to replace the economic view with a more theologically-informed view of the person—a move for which we have our own hesitations—her criticisms of standard textbook economics and a lot of loose thinking in welfare economics appear to be solidly grounded. Consider one of her most incisive arguments: “Insofar as descriptions of practical reason serve as guides to how we live, the rational choice model cannot be seen as neutral. Economists may deny that their models serve as guides, but their introductory textbooks show otherwise” (209). Either economists must acknowledge and act out the position that the rational choice model is meant to describe rather than prescribe actions, or economists must come up with a better guide for human behavior. Like behavioral economics, Hirschfeld is much in favor of the latter solution. The mainline tradition of economic scholarship (introduced in n9 below) sees both options as compatible within their own spheres. Proper use of a tool requires that the craftsman knows its limits. While the rational choice model maps very well onto human problem-solving in both the technical and economic sense, it cannot capture certain important aspects. In other words, though it demands equal dignity and capability across human actors, it leaves key mysteries of the human person unaddressed. Hirschfeld writes:

The rational choice model cannot account for the creativity involved in entrepreneurship, as the Austrian school of economics has long argued [...]. But entrepreneurship seems to be nearer this sort of self-creation than a model of profit maximization would suggest [...] one could at least say that the fact of entrepreneurship should make economists wary about identifying reason so narrowly with the calculations of a particular sort of instrumental reason. (77–78)

At this juncture in her argument, though, she compels us to discuss the missed opportunities for the reconstruction of economics as well as Hirschfeld’s opportunity to engage in a more nuanced conversation with other economists who resided at the borderland between economics and theology. Consider the case of Philip Wicksteed. Wicksteed was not only a theologian, but a classicist and medievalist as well as an economist of the late nineteenth and early twentieth century. Wicksteed’s *The Common Sense of Political Economy* (1910) was a classic in the development of

early neoclassical economics. For the epigraph to the entire work, Wicksteed chooses a quote from the German poet Goethe that reads: “We are all doing it, though none of us know we are doing it.” Note here that contrary to the instructive or prescriptive view of the rational choice model and marginal analysis, Wicksteed is arguing that in our capacity as human choosers we engage in these sort of decision calculus—both large and small—constantly throughout our days. He provides ample illustrations to make his point, from the housewife organizing the affairs for her family to Caesar’s choice of when to cut off his motivating speech to his troops before battle. We are, indeed, all doing it, though none of us know we are doing it. Furthermore, as Wicksteed argues, there is a “non-tuism” in economic relations. There is nothing degrading or revolting to our higher purpose, he assures his readers, from the economist’s recognition that in the complex division of labor that constitutes modern commercial society individuals will mutually further each other’s purposes because each are interested in furthering their own. Paul, we learn in Acts, was able to advance his ministry through the production and sale of tents. That his goal was not to secure profits as an end, but instead to advance his ministry and the spread of the word of Christ, is perfectly consistent with the economic way of thinking. By overplaying her hand at times and not finding these allies in the history of the discipline, Hirschfeld is forced to tread a lonely path.

The insights of Wicksteed might have changed the way, for example, that Hirschfeld discussed the relationship between the firm, the market, and virtue. “The virtuous firm thus attends to profits,” she tells us, “but not with the aim of maximizing them. Rather, the aim would be to ensure that the goods and services it produces are of value to the community and that the resources used in the production of those goods and services are being used wisely” (138, also see 154). However, this just brings us back to our distinction between who is to do the planning/management, and who is the responsible actor. Hirschfeld’s position is subtle because she is far from an interventionist with a moral purpose in mind. This is not her prescription. But in imagining the humane economy, who is to determine the objective function of the firm owner and/or manager? Yes, Aquinas’s framework may give us scope for envisioning business practices that are in the service of higher goods that produce genuine human happiness, but who makes that decision in the humane economy? And doesn’t that bring us back not only to the broader cultural conversation that Hirschfeld wants to cultivate, but also to a recognition within that conversation of the non-tuism and the essential role of economic calculation in organizing economic life?



In our reading, we want to stress as well that Wicksteed is not the only missed opportunity for scholarly engagement in Hirschfeld's discussion. Frank Knight, who first studied theology prior to pursuing economics, is another early neoclassical economist who had a much richer view of the individual as well as the ongoing economic process than is presented in the textbook caricature of both *homo economicus* and perfect competition. As Hirschfeld has already acknowledged in her passing reference to the Austrian School, thinkers such as Ludwig von Mises and F. A. Hayek could have been grouped in the same intellectual camp as Wicksteed and Knight in seeing both the science of economics and the broader social philosophical tradition within which economics developed—what in Adam Smith's time was called the Moral Sciences—as providing scope for the sort of questions her Thomist perspective wants to put on the table. As very appreciative readers of her excellent book, we wish *Aquinas and the Market* had grappled with this broader history of the discipline—a history where the borderland between economics and theology was often the starting point, was routinely crossed, and where many leading practitioners comfortably resided. The Natural Law tradition, for example, was part of the educational background of economists and political economists throughout the eighteenth and nineteenth century, and continued into the beginning of the twentieth.

The question that motivated the classical economists as well as the early neoclassical economists was to discover what institutional arrangement could, while relying only on the ordinary motivations of individuals with limited cognitive capacities, induce them to realize productive specialization and peaceful social cooperation. Their answer was that such a system could be found in the private property and competitive market order. This discovery did not commit them to any wooden conception of *laissez-faire*. Their argument for private property and free competition did not rely on any assumption of full and complete rationality, or any notion of perfect competition. But it did attempt to instill an appropriate appreciation of the cleverness and creativity of ordinary individuals to realize mutual gains from trade, and in the power of “invisible hand” reasoning to unearth the mysteries of the complex coordination of human society. The social cooperation under the division of labor illustrated in Adam Smith's discussion of the production and distribution of the common-woolen coat, as well as the power of the price system to guide decisions near and far as illustrated in F. A. Hayek's tin example, are developed to convey a sense of awe in the spontaneous order of commercial life. It was an argument about the utilization of local knowledge and the alignment of incentives. It is precisely through the workings of the

institutional framework of property, prices, and profit-and-loss, that individuals were prodded, guided, lured and disciplined in such a way that the invisible hand proposition about the common good was derived from the rational choice postulate about the pursuit of private interest.

The economist Dennis Robertson (1956) asked rhetorically “What Do Economists Economize On?” His answer, we argue, is critically valuable to Hirschfeld’s discussion of economics and theology. We economists, he argued, economize on love in our explanations of the workings of social systems. Love is the most precious of all resources. If our explanations of social order required love to make them work, then this precious and scarce resource would be exhausted in short order. But precisely because through the tools of economic reasoning, we can demonstrate how knowledge problems are addressed and incentive alignment issues are resolved through the pursuit of self-interest (rightly understood) within a private property market economy, then love can be conserved and directed toward more valuable pursuits in human society. It is through such a chain of reasoning, one might suggest, how a vision of a humane economy can be moved from contemplation of the desirable to the realm of the feasible and ultimately to the practice of the viable.

Questions of justice (see Hirschfeld 183–186), and the obstacles to justice, become concretely institutional as much as deeply philosophical. Institutional problems demand institutional solutions, as well as philosophical speculation.

Hirschfeld spends a significant time in *Aquinas and the Market* discussing the limitations of the basic view of the individual decision maker in textbook neoclassical economics. And while she draws from developments in behavioral economics to make points of criticism, this is not her main tool of intellectual leverage. But once again, we fear she may have missed an important opportunity in her discussion of the model of rational choice and discerning acts as opposed to calculative acts. The reason we believe this is a missed opportunity is not due to a methodological defense of parsimony and “as if” styles of reasoning in defense of textbook models of rational choice. Instead, we want to suggest that calculating need not reduce down to a simple exercise in maximizing often for the very reasons that Hirschfeld has already identified. Calculation in modern economic life is vital precisely because economic actors must choose in a world of uncertainty, and must find coping mechanisms for their ignorance, and to discover various ways to peer through the dark fog of the future to pursue imagined futures. Behavioral economics is not very helpful with this since it still leaves the rational choice as maximizing model as the normative benchmark against which

fallible but capable human choosers are judged against. Instead, Hirschfeld could have turned to Nobel Prize winning economists such as James Buchanan and his idea of artifactual man (used as our epigraph), Vernon Smith and his notion of ecological rationality, and Elinor Ostrom and her development of the behavioral approach to rational choice theory. These approaches represent a form of rational choice theory as practiced by humans. And these humans are engaged in the agony of choice that constitute the very discernment that Hirschfeld discusses.

This discerning human chooser is the foundational building block of mainline economics from Adam Smith to Vernon Smith. Again, the core idea in this tradition of scholarship is that the invisible hand proposition is derived from the rational choice postulate via institutional analysis. Context matters. That context in human social interaction is provided by the institutional framework under examination. The constitutive parts of that institutional framework are the formal and informal rules of the social game and their enforcement. Rules of just conduct must be every bit as central to the discourse on economic growth as resource ownership, capital accumulation, the allocation of labor talents, and entrepreneurial innovation. Furthermore, this knowledge of the interaction between the economic/financial, the political/legal, and the social/cultural must all be incorporated as thoroughly as is possible in the broader cultural conversation that Hirschfeld is attempting to cultivate.

But, if all is how we say it is with the mainline tradition of economic scholarship, what keeps modern mainstream economists tethered to their narrowly-defined rational choice model, their static models of competitive equilibrium, and their sophisticated statistical analysis of data sets? Hirschfeld proposes a theory: “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 policy makers on how to regulate markets to pursue various goals” (200). Perhaps this desire to be politically valuable also keeps the economics profession from engaging with other disciplines. Nearly every economist would acknowledge that other disciplines generate insights into the human condition, though in practice few are willing to engage in anthropology, sociology, history, etc. From Aquinas’s point of view, this is inefficient; “a Thomistic economics would be explicitly oriented toward interdisciplinary study” (211). We see the tradition of mainline economics, in both its emphasis on intellectual humility and deeper conception of the human person, as a solution to many of the critiques levied by Hirschfeld against economists.

#### 4. Pragmatic Implications: The Role of Confessor

Economics as a discipline historically served to put parameters on utopias. Political economy at its finest is by definition non-ideal theorizing. Given scarcity, thus the necessity of trade-offs, and thus the necessity of negotiating those trade-offs, we rely on aids to the human mind that are provided by the pattern of property rights, relative prices, and profit-and-loss statements. Part of Hirschfeld's message which cannot be denied is that incentives are tricky, and there is no morally neutral way for economic policy makers to manipulate human actors through structuring of incentives to induce behavior. Strings are definitely attached to all such efforts, whether we are talking about tax and subsidy schemes, stimulants for private investment, or reforms intended to produce efficient governance in the public sector. The deeper cultural conversation must address the tricky nature of incentives, the unintended consequences of even the most public-spirited of initiatives, and the strings attached to the nudging of private and public decisions. Being critical of these efforts, however, does not give license to ignore the reality of constraints and feasibility tests. Political economy at its finest must be non-ideal theorizing if it is going to help in our public deliberations over improvements in the human condition.

At the end of the day, Hirschfeld is a trained economist—one who has demonstrated mastery of the economic way of thinking. This is why her desire to reside at the border between economics and theology is so intriguing. An economist who “got religion” and rejected economics would not be that interesting, or at least not any more interesting than a theologian who gave up on grace to embrace the harsh logic of economics. No, what makes Hirschfeld's work so compelling is her desire to reconcile and enrich the conversations from both sides through this intellectual union. As a result, while she is willing to let her mind wander to contemplate the utopian ideal, she comes back to the reality of imperfect humans operating in an imperfect world. Hirschfeld makes it clear that she is not interested only in contemplating an ideal of human choice—worthy as that is—but also in how people really act. As we have argued, the individual is not left to her own devices when encountering the moral problems of life. While she alone must ultimately choose, she can assemble a community of prudent friends around her to aid and encourage her in choosing ends that will correspond with her true happiness. This is where the role of a confessor—or close friends, respected moral role models, and other secular substitutes—comes into play.<sup>16</sup>

One magnificent historical example of confessors in the history of Thomist economics is the School of Salamanca, a group of professor-priests in sixteenth-century Spain.<sup>17</sup> Many of them were

Dominicans just like St. Thomas Aquinas, and all of them studied his thought and wrote in the same scholastic method. The story of Tomás de Mercado, one of the foremost scholars of the School, exemplifies their tradition. Mercado, a Dominican priest and lecturer at the University of Salamanca, authored one of the first and most famous merchant handbooks at the request of his close merchant friend Angelo Brunengo. Many confessors and scholars at the time viewed merchant activity with suspicion, and the result was contradictory advice in the confessional.<sup>18</sup> This confusion led merchants to request formal guidance on their work as new trade opportunities multiplied with the discovery of the New World. Mercado saw that the work of transporting goods, drawing up contracts, and changing of currency served the common good and could be justly pursued. He offers this advice to merchants on choosing a confessor: “Before you choose one, you should make sure that he is learned, wise and somewhat understood in business, without being too scrupulous...the little learned, inexperienced and scruffy lawyer is not for the merchant.”<sup>19</sup> These original Thomist economists were ultimately interested in the morality of economic life (being that their primary role was that of confessor), and it was by establishing the first body of economic thought that they were able to better distinguish among the technical, economic, and moral problems facing their parishioners. They supplemented their economic analysis with business ethics based on natural law and emphasized activities that would now be understood as field work and interdisciplinary study. The fruitful partnership between economics and theology illustrated throughout *Aquinas and the Market* found its embodiment in the scholars of the School. Familiar with the account of the Fall in Genesis, these scholars recognized 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” (Hirschfeld 84).

## 5. Concluding Thoughts

One of the virtues of the economic way of thinking from a moral perspective is that it teaches its students to focus on the unseen effects of a choice. In *Aquinas and the Market*, Hirschfeld thoroughly illustrates the disorder that arises when human choice is both modeled and guided by purely material metrics. It need not be so, and Hirschfeld offers a vision of a humane economics that is founded upon a richer view of the human person. However, by its nature of a scientific discipline practiced by imperfect human persons, economics will never be able to solve anything more than technical and economic problems, no matter how accurate its model of the human

person. We argue that the mainline economics tradition offers a more fitting approach to the economic view of the person, without stepping into the business of moral prescription. Moral problems can only be worked out by the individuals and communities with the necessary contextual knowledge and best-aligned incentives. The School of Salamanca contains various elements of what Hirschfeld is looking for from economics—the full realism of imperfection married to a vision for a better person. What enabled these scholars to take this approach was the fact that they were active professors, priests, and confessors. For this reason, we see this text bearing the most fruit in faith communities which possess the necessary knowledge and incentives to help one another in living their freedom to choose excellently.

Let us end with another appeal to Hirschfeld regarding the potential opportunity to diagnose the shortcomings of mainstream economics for participating in the cultural conversations she hopes to cultivate. The reason why the mainline economics of Adam Smith and David Hume, of J. B. Say and J.S. Mill, and of Carl Menger and Alfred Marshall was displaced by the mainstream economics of J.M. Keynes and Paul Samuelson in the second half of the twentieth century was, as Hirschfeld alludes to, the hubris of economists as social engineers. Economics in the process was transformed from a tool of social understanding in the hands of the classical political economists to a tool of social engineering in the hands of the economic scientists of the neoclassical synthesis.<sup>20</sup>

There were pockets of resistance to this transformation, and Hirschfeld's effort to reconstruct economics along lines that could usefully dialogue with theology might benefit from more engagement with the ideas of these resisters. The challenge to the hubristic excess of modern mainstream economics was not relegated to heterodox edges but finds adherence among notable Nobel Prize winning economists. In F.A. Hayek's Nobel Lecture in 1974, "The Pretense of Knowledge," he begins by imploring his fellow economists to recognize that they had indeed made a mess of things. He warns that the scientific attitude which modern mainstream economics had adopted not only threatened to reduce the discipline to the state of charlatanism but places the economists in the position of tyrant over their fellow citizens and potential destroyers of civilization. Economists, Hayek insists, are students of civilization—never saviors. We must be restricted to this role if we are going to effectively prevent the hubristic tendencies of economists to turn them into dangers to society. Prior to his lecture, Hayek also made dinner remarks arguing

that a Nobel Prize in economics should not have been created since it gave too much authority to its recipients in matters of public policy discussions.

Hayek was not alone in calling for humility in our discipline. James Buchanan begins his 1986 Nobel address by telling the audience that we economists must cease practicing our professional task as if our job was to offer advice to a benevolent despot. This is not our job, and never was appropriate for us to assume this was our job within a functioning democratic society. Elinor Ostrom, in her 2009 Nobel lecture entitled “Beyond Markets and States,” joined the group of voices calling for a more humble and ultimately more democratic approach to social science and public policy. She sums up what she has learned as follows:

The most important lesson for public policy analysis derived from the intellectual journey I have outlined here is that humans have a more complex motivational structure and more capability to solve social dilemmas than posited in earlier rational-choice theory. Designing institutions to force (or nudge) entirely self-interested individuals to achieve better outcomes has been the major goal posited by policy analysts for governments to accomplish for much of the past half century. Extensive empirical research leads me to argue that instead, a core goal of public policy should be to facilitate the development of institutions that bring out the best in humans. We need to ask how diverse polycentric institutions help or hinder the innovativeness, learning, adapting, trustworthiness, levels of cooperation of participants, and the achievement of more effective, equitable, and sustainable outcomes at multiple scales.<sup>21</sup>

Humility and a sense of awe at the amazing cleverness and creativity in the face of a wide variety of social dilemmas that the subjects of our studies exhibit must move to the center of our professional mindset and inform the economic contribution to the broader cultural conversation that Mary Hirschfeld’s *Aquinas and the Market* invites us to join.

## Notes

1. “Natural and Artifactual Man” 110 in *What Should Economists Do?*
2. “A theological economics is, of course, of immediate interest for believers who worry about how to reconcile their economic pursuits with their faith commitments” (3).
3. It is important to stress from the beginning of our commentary that Hirschfeld is primarily talking about the cultural conversation, and not public policy advice. She practices great intellectual humility, and her writing throughout is inviting and open to a multiplicity of perspectives. Our criticisms are primarily raising the possibility of “sins of omission” not “sins of commission” that could be important correctives to the dialogue.
4. One of us (Boettke) is an author of the textbook, *The Economic Way of Thinking* from the 10<sup>th</sup> thru 13<sup>th</sup> (2003–2014) editions of the book. Hirschfeld singles out this textbook (202n25) as equating reason with instrumental reasoning of the means/ends variety of positive economics. The book does spend a lot of time trying to get students to understand the implications of scarcity and thus trade-offs, but the book explicitly recognizes the limits of economics. The original author, Paul Heyne, as a matter of personal history, traveled a similar path to that of Hirschfeld’s though in the opposite direction—from student of theology to student of economics. He wrestled throughout this intellectual career with the dialogue between the two disciplines. See not only the concluding chapter to the various editions on “The Limits of Economics,” but also his collection of essays “*Are Economists Basically Immoral?*” and *other Essays on Economics, Ethics and Religion*. Hirschfeld’s singling out of this work as representative is a missed opportunity we see throughout her book because the approach is a decidedly “catalactic” or “exchange” paradigm rather than an “optimizing” and “allocation” one. The key mantra in this discussion in *The Economic Way of Thinking* is that economics cannot tell anyone whether profits are *deserved* or not, but economics can inform on the consequences of various answers to that question. We will return to this theme about what economics can, and cannot, offer to the broader cultural conversation.
5. See Hayek, “The Use of Knowledge in Society.”



6. See Buchanan, “What Should Economists Do?” (1964) in *What Should Economists Do?*; also see Kohn.
7. See *The Bourgeois Virtues*, “Not by P Alone: A Virtuous Economy,” and *Bourgeois Dignity*.
8. Hirschfeld points out that, for Aquinas, “human actions are also always moral actions [...]. An action that does not move us toward our own perfection is a morally bad act, but it would also be inefficient in that it is incoherent to think of an efficient movement away from our proper end” (70).
9. Boettke’s *Living Economics* and F.A. Hayek, *Mainline Economics* (eds. Boettke, Haeffele and Storr), and Mitchell and Boettke’s *Applied Mainline Economics* have made the distinction between mainline and mainstream economists. Hirschfeld is understandably focused on an engagement with mainstream economics as defined over the past half-century, but economics has a longer history and a more philosophically nuanced and sophisticated treatment of these issues that is much closer to her own position. We believe she could usefully leverage this tradition so we will discuss this possibility.
10. Hirschfeld states: “Aquinas, of course, is not addressing an audience of potential policy makers. In the prologue to the *Summa Theologica*, he says his intent in writing is to offer a better introduction to theological science than was available. It is meant for the ‘instruction of beginners.’ Aquinas’s target audience was young Dominicans studying for the priesthood, and *the immediate need for a coherent theological treatment was for priests to offer parishioners practical guidance*” (200, emphasis added).
11. An example of this: “For Aquinas, prudence is not an exercise in constrained maximization [...] it is the virtue that perfects all of our decision making, not just those decisions taken in light of our own *narrow* self-interest” (110, emphasis added). Or another case: “A fundamental argument in favor of markets is that they maximize welfare. Is that argument as powerful if we pause and remind ourselves that technically all that means is that markets meet *consumers’ preferences* as well as possible?” (48, emphasis added). There are a few ways in which one could take issue with the understanding of consumer preferences implied in this statement but suffice it to say that for the majority of the world, what

economists describe as “consumer preferences” is a father’s desire for food for his family to a mother’s wish for her daughter’s education.

12. Importantly, Aquinas acknowledges the primacy of self-love: “accordingly, a man ought, out of charity, to love himself more than he loves any other person” (*ST II–II*: 26: 4).
13. In *Governing the Commons*, Elinor Ostrom addresses the intellectual discipline that economic reasoning provides in discussions about social systems of exchange, production and distribution. “As an institutionalist studying empirical phenomena,” she states,

I presume that individuals try to solve problems as effectively as they can. That assumption imposes a discipline on me. Instead of presuming that some individuals are incompetent, evil, or irrational, and others are omniscient, I presume that individuals have very similar limited capabilities to reason and figure out the structure of complex environments. It is my responsibility as a scientist to ascertain what problems individuals are trying to solve and what factors help or hinder them in these efforts. When the problems that I observe involve lack of predictability, information, and trust, as well as high levels of complexity and transactional difficulties, then my efforts to explain must take these problems overtly into account rather than assuming them away. (25–26)

Also see where Ostrom argues that the metaphor of the prisoners’ dilemma is precisely the wrong metaphor because in that game the prisoners are unable to change the constraints, and what she wants to explore is how the creative and clever actors within potential dilemmas craft new rules to the game that engender outcomes other than “remorseless tragedies” (7).

14. “Final and perfect happiness can consist in nothing else than the vision of the Divine Essence. To make this clear, two points must be observed. First, that man is not perfectly happy, so long as something remains for him to desire and seek: secondly, that the perfection of any power is determined by the nature of its object” (*ST I–II*: 3: 8).

15. Note here that a thoroughgoing subjectivism of, say, the founders of the marginalist revolution such as Carl Menger and especially the development of that subjectivist approach to value, costs, and expectations by subsequent thinkers such as Ludwig von Mises, F. A. Hayek, G. L. S. Shackle, and James M. Buchanan might avoid some of the pitfalls Hirschfeld attributes to textbook neoclassical economics.
16. We are not pursuing this line of thought, but it would be a worthy exercise (in our opinion) to explore the confessor role in moral education with Adam Smith's discussion of the impartial spectator in *The Theory of Moral Sentiments* (1759).
17. See Grice-Hutchinson and Jace.
18. See Hirschfeld (200) and the material quoted above in n6 concerning Aquinas's intended audience and his instructional purpose.
19. Mercado 51.
20. See Boettke, "Economics and Public Administration."
21. Ostrom, "Beyond Markets and States" 237.

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