Conversation on Paul Oslington’s *Deus Economicus*

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Editor’s Note: Tony Kelly and Neil Ormerod respond to Paul Oslington’s *Deus Economicus* proposal, a Feature Article of this same issue of AEJT. Finally, Paul Oslington responds to his respondents.

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*Deus Economicus* OR *Economia Dei?*

Anthony Kelly CSsR

1. As the smart remark has it, “the economy is too important to be left to economists”. A suitable *riposte* from economists would be, of course, that theology is too important to be left to theologians. Still, each discipline knows something; hence, the need for the conversation between the two, even if an able translator will be necessary, given the divergence of the languages involved. Fortunately, Paul Oslington is one such translator, and his appearance in this journal promises a continuing conversation between theology and economics, and the promotion of interdisciplinary collaboration.

2. My response to PO’s article is theological, since I would be irresponsible on my part to pretend to any economic expertise. On the other hand, I realize that theology needs good economic connections if it is to promote loving one’s neighbour as oneself: loving the other without learning from economics could be disastrous. Any human or Christian concern for a just world order, for the good functioning of society, for the promotion of the common good along with realistic care for the impoverished, needs all the help it can get.

3. PO mentions a recent upsurge of interest in religion on the part of economists. Certainly, whether welcome or not, there has been great “religious” interest in economics, especially in Church circles. There is an impressive body of social teaching in papal encyclicals, for instance, which appeals to some kind of economic underpinning and outcome. More inspirationally, the strenuous output of Liberation theologians is not without its
economic convictions. To that degree, theology is in its own way massively involved in economics. But here there is a choice for the theologian: either to learn from the best of what economics can offer, or create one’s own “lay” version of it—with the dismal possibility of being nothing but uninformed moralizing.

4. Any discipline or any conversation between different disciplines tends to develop in new ways when a crisis occurs. The economic oppression of whole post-colonial populations in Central and South America sparked and still fans the flame of Liberation theology in all its forms. The present extraordinary breakdown—the Global Financial Crisis—is not without its economic and theological interest. What kind of reality have we been living? What were the economic presuppositions? What, if any, were the theological presuppositions? It can be expected that theology will join in the stern chorus of denunciation of the greed and even the lack of intelligence that are apparent. But how might theology assist in the promotion of something more positive? This is where concerned, and, ideally, theologically attuned, economists come in—as is the case with PO.

5. Theology as was once described by St Anselm as “faith seeking understanding”. That formula has been endlessly repeated and translated into all kinds of contexts: how does faith seek its best, say, scientific understanding in the light of Big Bang Cosmology? Its best ecological understanding in when an environmental crisis threatens? Its best political understanding in a post-Marxist world? Its best economic understanding in a neo-capitalist world? Its best psychological understanding in a post-Freudian world? Its best historical understanding after two World Wars, after the horrors of Auschwitz, the Killing Fields of Cambodia and Rwanda, the continuing conflicts in the Middle East—and so on, through the interminable list of evils and crises that could be added?

6. I presume professional and academic economists are most intent on a system that would most favour the sustainable production and circulation of goods and services needed for human flourishing. Theology, for its part,
seeks economic understanding—by learning from economists—that most accords with what early patristic theology referred to as the divine *economia*—that is, God’s saving design for the whole of creation. Here, a theologian assumes that the interests of economists, being first of all human beings, and in many cases people of religious faith, hope and charity, as well being as specialists in a complex domain of human living, would converge with typical theological/church concerns for a genuinely inclusive common good—especially for those who tend to be left out in the dominant social, political or economic arrangements.

7. These remarks lead into large methodological issues for both theology and economics. I mentioned above the open-ended range of interdisciplinary possibilities for theology if it is to be genuinely “faith seeking understanding”. It cannot close itself off from other ranges of concerns, and learning from other methods of understanding. The data of human existence are manifold, depending on one’s interest in investigating, say, religious meaning and values, social structures, history-determining events, the structure of matter, society’s institutions, the dynamics of evolution, interpersonal relations, aesthetics, philosophy, and in this case, the economy.

8. Theology has come through an intense phase of methodological self-awareness. Possibly the best representative of this methodological turn is Bernard Lonergan (who in fact had a life-long interest in economics). He conceived of theological method to be “a framework of collaborative creativity”, consisting of some eight phases or specialties. Each specialization is focused on a particular stage in the complex process of moving from the initial data to communicable results and applications. Lonergan saw the role of theology as mediating the meaning and values of faith to the meaning and values of a given cultural matrix. Theology was never a finished product, but, you might say, the ongoing conduct of religious intelligence and responsibility in dialogue with others.

9. Such a theological method, however ideal, exhibits a basic common sense: Research deals with the data (e.g., the various texts); Interpretation deals with
interpreting such (e.g., exegesis); History deals with what was going on in
times past to yield these kinds of data; Dialectic deals with the often
conflicting ways in which the past is interpreted.

10. But theology is not only looking back. It is intent on engaging the present,
and building for the future. In this respect, Foundations objectifies one’s
standpoint—religiously, intellectually and ethically; Doctrines articulates the
“non-negotiables”, or the basic positions that belong to Foundations;
Systematics attempts to express all this into an overall vision of what
revelation and faith might mean in a contemporary context; finally
Communications, as the name implies, is intent on the application of all this in
practice, above all in the corporate practice of the Church and each Christian
community in its contemporary milieu.

11. If this mediation of meaning and values of faith is to be realistic, then it
must engage the economy that structures the world as it is. But it is all very
well for theologians to appeal to a sophisticated theological method such as
Lonergan’s. The problem for theologians such as myself is to gain some
familiarity with the method (s) of economics. Though I tend to get lost when
PO illustrates the content of his article with mathematical formulae of arresting
complexity, his article whets my interest in the deeper methodology involved.

12. How, then, does economics represent something akin to theological
method? After all, it too deals with specific data, and various ways of
interpreting such. Implied is a larger sense of what is going on in history and
society. Moreover, economists are not immune to conflicts (socialist,
Capitalist, Keynesian, etc…). Decisions are reached as to what is the best
perspective, and what counts in the overall assessment. And, of course, it is
carried through to applications in the market to promote a better production
and circulation of the goods human beings need.

13. More particularly, how, then, does economics in general, and PO in
particular, conceive of the interaction between economics and theology? The
current data on the economy tend to jolt one, if not to transcendent reflections,
at least to deeper musings on what the economy is on about. But how does economics admit theological considerations? PO allows for some correlation by referring to a number of analogies such as “rational choice” and “games theory”. Is the economic reality the measure of the divine \textit{economia}? Or, does the divine economy offer a horizon in which to interpret the economy? Economics seeks its own understanding of the intelligible and practicable in the actual ordering of a given (global?) society, to secure a recurring availability of necessary goods and services. Intelligence, planning, and even hope for the future are considerations. We note how the “mood” of the market is a defining factor. How do ultimate commitments, in terms of faith, hope and love, enter into the equation?

14. Perhaps it comes down to this: theology implies a reliance of economics if it is realistically to communicate the Gospel to society. Economics, for its part, would be enclosed in its own quantitative formulae unless it can appeal to some sense of the common human good and the transcendent personal and communitarian values implied. But economics offers its own specific intelligence and expertise to theology if theology is to make sense in the real world of buying and selling, working and producing, of needs, survival and flourishing. But how do the two disciplines interact, overlap, and collaborate?

15. I turn to PO for further light on this major question, since he represents a personal instance of how the two disciplines come together in fruitful association. To that degree, he is the living anticipation of the answers to the questions we have posed.

16. Yet in another way, PO intensifies a basic question itself. For theology is essentially oriented to the superabundance of the divine Gift; indeed to the inexhaustible character of the divine self-giving—in the incarnation, in the compassion of the Cross, in the resurrection as the radical overcoming of evil in all its form, in the outpouring of the Spirit, and the promise of eternal life. Given that sense of the superabundance of the Gift, hope, however costly it might be, need put no limits on the love and mercy that has been revealed.
17. The divine *economia* is one of superabundance. To enter it in faith, hope and love is to live in the world “otherwise”. It is “new creation” compared to the “real world” of rational choices, cost-benefit analysis, contracts, market supply and demand, limited commodities, the inevitable bias of self-interest and the often irrational factors of “confidence” or gloom.

18. Are we dealing, in fact, with mutually incompatible worldviews? Is further conversation possible? PO, in himself, and in the content of this article and other writings, surely suggests that there is.

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**A response to Deus Economicus: Deus gratiae**

**Neil Ormerod**

Let me begin by welcoming this opportunity for an interdisciplinary dialogue. These opportunities are rare events and we all face the difficulty of seeking to straddle two distinct fields of discourse – most of us have difficulty enough in mastering one. Paul Oslington’s forays into the dialogue between economics and theology are to be welcomed, even if we theologians might be baffled by the terminology and style of approach that he has adopted. Part of the challenge is of course learning the language of the other and seeking to make the relevant connections between that language and one’s own.

In responding I would like to focus on a number of issues raised by Oslington’s paper which are of theological and philosophical import. My comments will be robust, but I hope respectful and help contribute to the dialogue between these two disciplines.

**The divine rationality**

Oslington makes use of rational choice theory as the starting point for his discussion. This is indeed a powerful tool of economic analysis and so he argues that it should “equally be applied to divine as well as human action ...
any God an economist would take seriously must be rational in the economists’ sense ... If anything, God should be more rational than humans”.

Indeed God should be and is more rational than humans. In fact he defines what rationality is. And here lies the difficulty. Do we expect God to conform to our expectations of rationality or should we seek to conform ourselves to the divine rationality? It appears as if Oslington expects God to conform – God must be rational “in the economists’ sense”? Wherein then the biblical insight that God’s ways are not our ways, God’s thoughts not our thoughts. And why should the economists’ sense of rationality be privileged over that of the physicist, the art critic or the novelist? And do even economists construct a utility function to weigh the costs and benefits of a choice of life partner? What of the reason of the heart that reason does not know (Pascal)?

If we turn to the parables of Jesus, we find a God who acts in the most uneconomic of ways. God leaves the ninety nine sheep to find the one that is lost. God celebrates the finding of a lost coin, by throwing a party that costs more than the coin found. God repudiates the economic logic of the older son on the return of the prodigal son. In its place God displays the economics of grace, of divine liberality and generosity. And to the day labourers who grumbled over their pay God states, “why be angry because I am generous; can I not do what I like with what is mine?”. God is simply not ruled by human “rational” expectation, but chooses an economy of divine graciousness and liberality.

Why does God choose to so act? We might respond by noting that each and every human being is made in the image and likeness of God. Each human being is capable of his or her own unique response to God’s offer of relationship. Each human being is then of infinite and irreplaceable value in God’s eyes. Faced with such infinities the mathematics of utility functions begins to break down.

The conception of human flourishing
Economists have a particular conception of human flourishing. And so Oslington speaks of endowments, commodities, scarcity and utility functions. Individuals work with their endowments to produce and purchase commodities and so to maximise their personal utility. This produces a conception of human flourishing in terms of the production and consumption of material goods. This is a particularly limited conception, something Oslington acknowledges in his concluding comments when he notes that economics operates on the assumption of scarcity, whereas religion envisages certain non-material (spiritual) goods which are not subject to the constraints of scarcity.

It is worth spelling out what this means. A person can aspire to social justice, for example. This aspiration is not in competition with others seeking the same aspiration – rather they can work together to achieve this good. Similarly a person can aspire to virtue, an aspiration which is not competitive because there is no economy of scarcity involved. My seeking virtue does not impede your seeking virtue or make it more costly. In fact it can assist you in seeking the same goal. We can provide encouragement to one another and model virtuous behaviour for one another. These goods of human flourishing are not commodities which can be bought or sold.

Moreover these goods of human flourishing are not reducible to the material goods we decide to buy and sell. The real power of human freedom lies not in these external commodities but in the type of person we become through the decisions we make. We are the basic good which is the true object of our freedom, whether through our decisions we become virtuous or vicious. Through our decisions we make ourselves. These higher goods, the virtues we embody, are not quantifiable in some material sense; they are spiritual and so are not subject to numerical mathematical modelling per se.

Another aspect of the utility function is that it promotes an individualist conception of human flourishing. I operate to achieve my own utility. But how does this relate to the utility of others? Where is the sense of the interconnection of human living? This sense of individualism is increased by
Oslington’s assumption that God’s “utility function” as a function of each person is separable, that is, each is evaluated independently of others. This it seems to me runs counter to Christian notions of our solidarity in sin with Adam and with Christ in salvation. Our salvation is not just an individual issue but one worked out in a variety of solidarities with others, in sin and grace (Romans 5).

This individualism promotes a Pelagian conception of salvation as something I achieve through my choices. “If an individual chooses a bundle of commodities which is approved by God ... then the individual receives salvation”. Again this does not seem to take into account the economy of divine graciousness which is revealed in the Gospel. It is God who saves us, not something we achieve as such. We are some distance here from Luther’s *sola fide*.

**A philosophical point**

The type of modelling employed in rational choice theory is based philosophically on the fact-value split introduced into ethical debate by Hume and others. Practical rationality is concerned with means, whereas ends are inherently irrational and arbitrary. There is no intrinsic connection between the ends we choose and the rationality we display is pursuing those ends. The ends we choose are merely preferences and it may be “rational” to align our preferences with the divine preferences to achieve another “preference” which is salvation, but there is no deeper rationality at stake in relation to these ends. Even the divine preferences do not appear to have any deeper rationality – God simply approves of some and frowns on others.

At the base of this is whether one promotes a thick substantive vision of human flourishing or a thin and procedural account. Largely our liberal society has abandoned any substantive account in the name of liberalism and democracy. People are free in their preferences (as long as they don’t “harm” anyone else). Rationality is then about how one attains one ends, not the ends themselves (except in a cost-benefit sense). Christianity on the other hand has long put forward a substantive account of human flourishing. Some
preferences (sins) are ruled out not because of some arbitrary preference on
God’s part, but because they are intrinsically diminishing of my own good, a
good which is not just an arbitrary preference on my part, but constitutive of
my human nature as such.

Now it is true that rational choice theory is proving a useful tool in predicting
human behaviour in various settings. This success however may well be a
function of how deeply imbued our society is with the assumptions of the fact-
value split and subsequent procedural accounts of rationality. Such an
account of rationality “suits” our age, but has no basis to claim to be
universally normative. It is strongly historically constituted. Indeed one might
be tempted to suggest that the success of rational choice theory in predicting
human behaviour is a measure of how far we are from our Christian heritage
as a society.

Conclusion
Lonergan has long argued for the need of interdisciplinary dialogue between
theology and the human sciences. Indeed he goes so far as to suggest that
the only true form of the human sciences is theological. Still he argues that
the main contribution of theology to the dialogue will be methodological, that
is, in identifying the philosophical underpinnings of various approaches in the
human sciences.¹ Economics is one example of a human science, concerned
with the human actions of production, consumption and exchange. While the
theological points I make above are important, I think the most significant area
of dialogue in the first instance lies with the philosophical issues I identify. Let
the dialogue continue!

¹ For my own efforts in this regard see Neil Ormerod, “A Dialectic Engagement with
the Social Sciences in an Ecclesiological Context,” Theological Studies 66 (2005),
815-40. References to Lonergan’s work can be found in this paper.

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Paul Oslington’s Response to Tony Kelly and Neil Ormerod

My warm thanks to Anthony Kelly and Neil Ormerod for their responses to my somewhat eccentric paper. I must confess on a couple of occasions to have presented it in a somewhat less than serious vein. Theologians picked this up more readily than economist audiences, although in defence of much maligned economists this particular group were also Americans.

The exercise does have quite a serious purpose though, which is to push the economists rational choice model as far as I can to learn about its strengths and limitations in relation to Divine action, and its strengths limitations more generally. The paper’s structure follows a typical rational choice paper in economics, building a simple model, deriving testable predictions from the model, and then confronting these predictions with data.

Anthony and Neil both comment on the use of mathematics. By the standards of papers in economics it is quite loose, and certainly less mathematical than most of my work in mainstream economics. A major barrier to interdisciplinary communication is the different styles of papers in economics and theology, and mathematical difficulties many theologians have (Neil excepted of course, with his background in mathematics) combined with the discomfort many economists have with the literary style of theology. The style of my paper was trying to make this point.

In terms of the value and limits of an economic approach to Divine action, Anthony Kelly and Neil Ormerod have nicely taken forward the discussion of
some of the issues raised in my conclusion, as well as adding important questions of their own.

I don’t agree by the way with Neil’s point about economic models only dealing with material goods – commodities entering into a utility function can be material or immaterial. He is right that if any commodities are not subject to scarcity they are likely to be immaterial commodities. Being an immaterial though does not necessarily take them out of the realm of scarcity – immaterial commodities like education or friendship require scarce resources for their production – such as chalk coffee and time. It could of course be debated whether something like friendship, or Neil’s examples of social justice and virtue can be helpfully modeled as commodities. Or if commodities then perhaps measurement difficulties make empirical analysis impossible. Neil is right to suggest that if the most important ingredients of human flourishing can’t be modeled as commodities then public policy based solely on economic modeling will not deliver good outcomes.

I agree completely with Neil’s point about utility functions promoting an individualistic conception of human flourishing and perhaps Pelagianism. Pushing an economic model this far brings out these faults clearly, and puts us on our guard against them in less extreme economic models.

Neil Ormerod suggests that rational choice theory is based on the fact-value distinction introduced by Hume. Economists have been quite attached to a fact-value distinction since the middle of the 19th century, but I’m not sure how important in influence Hume was in this for economists, nor whether there is a necessary relationship between rational choice theorizing and commitment to a fact value distinction.

I agree that rational choice theory makes it difficult to examine ends. A paper by the rational choice theorists Stigler and Becker (1977) is the classic statement of the irrelevance of beginnings (what lies behind the utility function) and of ends. It years as Neil Ormerod points out a purely procedural account of rationality.
The point abundance and scarcity is well made by Anthony Kelly, and much more fully in a recent book by Kathryn Tanner (2005). She is an expert on the Eastern Fathers among whom the discourse of divine economy was most developed. And of course we have the scriptural language of redemption, reconciliation, and economy. To speak of divine economy in this way is a challenge to contemporary economic practice.

I have said that I agree with many of Neil Ormerod and Anthony Kelly’s points about the inadequacies of rational choice theory. But the economist who wants to use rational choice theory still has a methodological escape route - instrumentalism. The fact that I use a particular sort of model, or that a model illuminates reality, does not mean I believe reality (including the reality of God) corresponds to that model. I might use several models to eliminate different aspects of reality, or to study that reality using different models for different purposes. As a very crude generalization economists tend to be methodologically instrumentalist, while theologians tend to realists. This perhaps makes some sense in terms of the different objects of the disciplines, but it is one of the reasons why economists and theologians so often talk at cross purposes.

Before leaving the issue of instrumentalism, which promises to let the rational choice economist off the theological hook, a point about the social effects of economic modeling must be made. Economics is a powerful cultural influence, especially in Australia, and shapes the way we think about all manner of things, from families to schools and hospitals, and even as I have noted, how we speak and behave in church. If economics is culturally powerful and economists operate with individualistic models, then this individualism rubs off in society, regardless of whether the “it is only a scientific tool” the defence saves the economist.

Anthony Kelly asks where the paper fits in the larger economics and theology dialogue. I see that the dialogue as made up of at least half a dozen distinct conversations:
1) A long-standing debate about the influence of religious belief on economic behaviour (such as Max Weber’s argument about the role of certain Protestant sects in the development of capitalism, and his less well-known writings on the economic implications of other religious ideas).

2) Suggestions of an influence of Christian theology on the development of economic theory. I am working mostly on this at the moment, including a book for Routledge on the crucial period in the late 18th and early 19th centuries when economics took shape as the discipline. It is not exactly a crowded conversation, although I can build on the work of distinguished contributors such as Jacob Viner and Anthony Waterman. This conversation is carried on at the margins of the discipline of economics, especially in history economic thought and wider intellectual history communities.

3) A conversation about the seepage of modern economic ideas into our church practice and even our theology. It is easy to point the finger at American-style mega-churches, and neglect the less crass but nevertheless powerful transformation of the way mainstream churches have operated through this period of the cultural ascendancy of economics.

4) A related conversation about the appropriateness of churches business activities, and of church related organisations delivering various social services through government contracts. It is a very important public policy debate in Australia at the moment, and one to which theologians and economists can fruitfully contribute.

5) Rational choice economic explanations of religious behaviour and religious institutions. This is an extremely active area in economics at the moment, with papers appearing in top economics journals and the formation of new societies and conferences. Larry Iannaccone, who visited Australia a couple of years ago with funds from a previous Templeton foundation grant,
has been a key figure in the rise of the economics of religion. My paper in one sense slots into this literature, as explained in the introduction.

6) Religious economics. Since the separation of economics from Christian theology in the middle of the 19th century in Britain, and the early 20th century in America there have been various attempts to reconstruct a religious economics. Neo-Calvinists drawing inspiration from Abraham Kuyper have been prominent contributors, and joined it lately by some Roman Catholic scholars trying to do the same through Aristotle and Thomas Aquinas. I am involved in a session on this next January at the American Economic Association annual meeting. Such discussions remain even more marginal in economics than the historical conversation. There is probably more interest in these reconstruction projects among theologians than economists.

I have surveyed and collected important contributions to the field in a two-volume reference work *Economics and Religion* (Oslington (2003).

Both Anthony Kelly and Neil Ormerod mention Bernard Lonergan. I don't have their depth of knowledge of Lonergan’s system, but there do seem to be similarities between his approach to interdisciplinary work and mine. I look forward to learning more from discussions with them and others about Lonergan’s system. Working out what exactly Lonergan was trying to do in his writings on economics (Lonergan 1999; 2002) is a project for the future, and others at Australian Catholic University including Neil I know are interested in this. To make progress I think we need to bring together historians of economic thought, macroeconomists and theologians.

In my own interdisciplinary work I was influenced by reading Weber, Heidegger and Gadamer for my University of Sydney MEC thesis, by a sabbatical at Oxford where I was introduced to the history of science and the science and religion dialogue, and the writings and example of theologically astute economists such as Donald Hay, David Richardson, Anthony Waterman, and Geoffrey Brennan. The initial motivation was working out
how to put together my own work as professional economist and Christian faith. My approach has been worked out mostly through trial and error as I’ve undertaken interdisciplinary work, with the benefit of comments from economist colleagues, and more recently historians and theologians.

Anthony Kelly in paragraphs 14 and 15 gives his own very helpful summary of how the disciplines depend on each other. And he highlights the personal dimension. I find it fascinating to observe the choices that theologically sensitive economist colleagues make about how they put together their professional work and Christian faith. A professional life devoted to mainstream economic research and teaching is a statement about the relationship between economics and theology. It expresses a separation between economic and theological discourse more powerfully than an article written in the journal like Faith and Economics, or the Journal of the UK Association of Christian Economists. For Christian economist colleagues who don't accept the separation I’m fascinated by how exactly their views are disclosed in their professional work. After all, only a small subset of economists of Christian faith ever write about the relationship.

Why does this sort of discussion matter? Readers of the Australian e-journal of Theology, even those interested (and perhaps especially those interested) in issues of poverty and economic justice may wonder why may wonder why space is devoted to debating obtuse points of economic theory and examining economists professional lives. Why can't we just get on with advocacy and action? Anthony Kelly's caution about the dangers of uninformed moralizing applies here, but the further point I'd like to make is that when theologians do take the trouble informing themselves about economic issues their questions and structure of their answers are greatly influenced by economic theory. It may be economic theory they picked up in earlier studies, conversations with friends and colleagues, and reading general books. A theoretical framework may only be dimly recognized, but it is always there. An aim of the sort of exercise that myself and Anthony Kelly and Neil Ormerod (2005) are engaged in here is to clarify and correct the economic models that we cannot avoid bringing to debates about poverty and economic justice.
I am satisfied that the paper has provoked these responses which open up many of the issues at stake in the economics and theology dialogue, and again express my appreciation to Anthony Kelly and Neil Ormerod who I am very pleased to have as Australian Catholic University colleagues. May these discussions continue.

References


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