

## Whither Christian economics?

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### Is there a distinctively ‘Christian’ economics?

The question of what *actually* constitutes Christian economics is much easier to answer than the question of what *should* constitute Christian economics. It is straightforward to identify four research areas and literatures in which Christian doctrines, institutions and behaviour are analysed in relation to economic analysis:

(1) History of economic thought. There is fascinating literature particularly associated with the name of AMC Waterman, which focuses on the separation of economics from theology in the last part of the 18<sup>th</sup> century and the early 19<sup>th</sup>. Prior to this period, economics was seen as part of theological ethics and analysed in those terms: after this period, the divorce between the disciplines was complete, and economics gradually reconstituted its analysis in terms of secularised utilitarian ethics. The reasons for the divorce, and whether it was a ‘good thing’, are debated in the literature. Most scholars conclude that it was inevitable, and that it contributed positively to the development of the discipline. Christian economists who would like to return to an avowedly Christian ethic as the basis for economic analysis would do well to ponder the lessons to be learned from this period in the development of economic thought.

2. Economic analysis in the interpretation of biblical texts and in elucidation of Christian doctrines. Biblical scholars have long borrowed from social sciences to enable them to understand biblical texts: the contributions of social anthropology to the interpretation of Leviticus, and legal theory to interpret the parables of Jesus, are cases in point. More recently there have been a number of attempts to use economic models to understand biblical material: for example, game theory has been used to model the Exodus, and signalling theory to explain the incidence of miracles. In terms of Christian doctrines, it has been noted that categories such as covenant and redemption appeal to ideas of contract, and that the doctrine of final judgement suffers from a time-inconsistency problem. More recently it has been suggested that economic analysis might be a starting point for a new ‘natural theology’: the idea is that the characteristics of human relationships and interactions may give us a basis for inferring the existence of a God who enters into covenant with us and shares his image with us.

3. The economic analysis of religion is a particular product of the Chicago School project, focussing on the incidence and variety of types of religious behaviour. Key players in the United States are Iannaccone and his disciples. The focus may be on the demand side: why do people hold particular beliefs and practice their religion in particular forms? Or it may be on the supply side using models of firms and markets:

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what explains successful churches or denominations both in cross section and over time? There is more than a whiff of reductionism or de-bunking of religious belief and practice in this literature: the 'real' reasons for religious practice are uncovered from behind a veil of religious dogma. However the literature does provide an impressive display of econometric skills, applied to large panel data sets: as applied economic analysis, it is definitely state of the art.

4. Interaction of theology and economic analysis forms the major corpus of literature in the area of Christian economics, and it goes back at least to the early 20<sup>th</sup> century in one form or another. The literature takes various guises, but at its core is an understanding of the purposes of economic life derived from biblical or theological sources that is at variance with the utilitarian vision that underlies economic analysis. This understanding can be applied at various levels: to critique the normative assertions of economic analysis, to suggest different criteria for evaluating economic performance, to identify a research agenda with specific emphases (e.g. poverty, environment, unemployment, Third World) derived from Christian concerns, to inform Christian contributions to debates on economic policy, to develop an 'alternative' Christian economics with different models of economic behaviour. The literature in these areas is very broad in its scope, and is characterised by a low mean and high variance with respect to its quality. The contributions by theologians attract justified criticism from economists that the writers have failed to get to grips with economics as a discipline: in return, economists who venture into this area are often dismissed by critical theologians as naïve in their understanding of theology!

So much for the actual content of Christian economics as it is currently practised. But what might be said about what *should* constitute a distinctively 'Christian economics'? There are no good reasons for ruling out any of the areas listed above, though we are all likely to have our preferences. My own preference would be for a subset of area 4 above. The literature contains far too many contributions that are couched at a very high level of generality, such as the literature (and I plead guilty to the charge of being a contributor) which seeks to evaluate 'capitalism' or 'globalization' from a Christian viewpoint. This literature tends to be lacking in both theoretical and empirical rigour: the issues are just too ill-defined to be susceptible to generalisation. The subset I would favour is one where particular issues – for examples, global warming, family poverty, income generation projects in developing countries, pensions, delivery of health programmes, to name but a few – are made the subject of detailed ethical, theoretical and empirical analysis, and where the ethical input is distinctively Christian in its foundations.

### **What are the challenges facing Christian economics?**

(i) Christian economics generally has to be interdisciplinary: that is, to succeed the economic researcher has to become conversant with biblical and theological literatures. Unfortunately, that is not just a matter of reading the literature on the topic under consideration: the researcher needs to be sufficiently familiar with theology or biblical studies as whole disciplines in order to discern the quality of the arguments being presented. And it is not only theology that may be needed: for example, the history of

economic thought often requires knowledge of the philosophical arguments that affected the development of the discipline. The one area where one might think that the economic researcher could proceed without theological training is area 3 above. However in a recent symposium (Faith and Economics Fall 2005 – the publication of the North American ACE) Professor Deirdre McCloskey of the University of Illinois argues persuasively that the Iannaccone School of economics of religion is impoverished because it often fails to understand the purposes and meanings attached to religious behaviour. The implication is that the economic researcher who wants to succeed in the field of Christian economics has some hard work ahead to build up his or her grasp of theology.

(ii) With the exception of area 3 outlined above, Christian economics does not register in top ranked journals – or even in second division economics journals. This creates a problem for a young researcher who is concerned about career progression, not least in the context of the Research Assessment Exercise. When I wrote on Christianity and economics in the 1980s, the department at Oxford took a fairly relaxed view, and even entered those publications in the early RAE exercises as indicators of the ‘breadth’ of the department (to show that not everybody did time series econometrics and micro theory!). I cannot imagine that happening now. The question is whether a really good piece on economics and Christianity would be given any consideration by a top journal: unfortunately we don’t know the answer to that question as none of us is producing work that might qualify.

(iii) For many years, it has been difficult to get funding for research in the area of Christianity and economics: an honourable exception has been the Templeton Foundation. The situation is however changing fast: AHRC has recently announced funding for the study of religion on the interface of the humanities and social sciences. This is an opportunity that should be grasped firmly. In general there is increasing awareness in the research community, resulting from 9/11 and 7/7, of the need to understand religious movements and behaviour.

(iv) Research networks in Christian economics are absent from the UK and Europe. This is because Christian economists are thin on the ground, and tend to be isolated in their departments. This contrasts with, for examples, some of the Christian liberal arts colleges in the US, and the group that Paul Oslington has nurtured in Canberra, Australia. The North American ACE is beginning to function more effectively as a network, at least providing links between Christians in different universities and colleges, and there is at least the potential for research links to develop.

(v) The Christian community more widely needs input from Christian economists, especially in policy debates, though this is not always recognised by that community. This contrasts with some other disciplines, such as medicine, where involvement in policy is based on contributions from Christian academics. Christian economists need to develop policy relevant expertise, and make known their willingness to advise church bodies, Christian NGOs, and prominent policy makers.

## **A way forward for ACE?**

How might some of the issues outlined above be addressed by ACE?

A. The first desideratum is for Christian academic economists who are willing to dedicate a proportion of their research time to projects in any of the areas listed above, but perhaps especially to area 4. They should not devote *all* their research time in this way. It is very important to maintain a reputation for good work in mainline research, partly to keep the head of department off your back when the RAE comes round again, and partly so that you cannot be accused of ducking out of 'hard' economics into a 'soft' intellectual byway. ACE needs to catch promising academic economists at the beginning of their careers, and challenge them to be involved. There will be costs: a Christian economist may have to work harder than his or her non-Christian peer, and may have to accept a slower progression in reputation and career.

B. We should develop more joint work with theologians and ethicists. If the best work requires expertise in both theology/ethics and economic analysis, then as economists we should recall our theorems about comparative advantage and division of labour! Some ACE members have gone down this route, notably Andrew Britton in his collaboration with Peter Sedgwick. My personal experience is that such collaborations can be very fruitful, but they do not come easily as it takes time and patience to understand where the other partner is coming from in terms of methodology. Writing a joint piece can be particularly challenging.

C. We should consciously set out to develop ACE as a research community. That will involve identifying themes, and convening small research groups to work on these, perhaps with a remit to present results at the annual ACE meeting. Such an initiative will require a commitment of time from the members and some funds to enable groups to meet on a regular basis. On the latter the decision to open up the opportunity of bids for small grants from the ACE accumulated balances is to be welcomed: but more funding will need to be sought in the longer term. Developing ACE as a research community might also increase the commitment of members who seldom come to our gatherings, and possibly bring in more Christian economists who are not yet members.

D. We should make the existence of ACE more widely known in our denominations and to Christian NGOs, and draw up a list of our members who have relevant expertise and are willing to be consulted. Not only would this raise the profile of the Association, it would also bring to our attention particular issues and problems that might form the themes to be addressed by the small research groups.