

***Aquinas and the Market: Toward a Humane Economy*, by Mary L. Hirschfeld. Cambridge: Harvard University Press, 2018. 288 pp.**

Domènec Melé and Alfredo Pastor, IESE Business School

The title of this book suggests an exploration of the relationship between a philosopher and theologian of the thirteenth century—Thomas Aquinas—and contemporary economics, with special emphasis on the market as it is currently theorized. This may sound surprising to many, and the author, Mary L. Hirschfeld, seems aware of this, inasmuch as she devotes the first chapter to a discussion of the problem of the often uncommunicated intellectual worlds of economists and theologians. While economists focus on understanding how the market and business works, theologians aim at understanding everything from the perspective of God, a perspective that includes a certain view of the human being, moral norms, and virtues leading to human flourishing. The author proposes to start a conversation between economics and theology and argues in favor of a theological economics rooted in the thought of Thomas Aquinas.

The subtitle is more illustrative of the aim of the book, which is to explore how Aquinas' thought can contribute to the development of a more humane economy. The author does not attempt to demonize economic activity but tries instead to rethink it. In the words of the author, this book “offers a compelling account of how economic activity should be ordered to human flourishing” (xvii). Much of this account draws on Aristotle, whose basic philosophy is embraced by Aquinas. Thus, this book is addressed to a secular audience in addition to Christian theologians and Christian economists.

The intellectual journey of the author—explained in the preface—helps the reader to understand the genesis of this book. Hirschfeld obtained a PhD in economics from Harvard University in 1989. Initially, she thought, as many people do, that economic flourishing played an important role in the pursuit of happiness and she desired to make a positive contribution to the society as an economist. Initially, she was captivated by the brilliant and sophisticated mathematical language of economics, assuming that the rational choice model was an appropriate way to calculate efficiency to achieve self-interest, whatever that could be. It didn't matter if the agent was Bernard Madoff or Mother Teresa. According to the author, all types of motives were reduced to self-interest. Economists focus on efficiency in the choice of means but are silent about the nature of ends. The ends to achieve are seen by economists as something subjective, about which economics has nothing to say. This was striking to Hirschfeld, and she developed a growing sense of unease about the economists' worldview. In addition, she was aware of many criticisms to the narrow view of *homo economicus* and the rational choice model. In spite of economists' good replies to these criticisms, something about this model persistently bothered her, and she started to wonder about the role that material prosperity plays in fostering happiness. Later, Hirschfeld converted to Catholicism and found within the Catholic tradition a powerful account of human endeavour, especially the human

project of seeking happiness. She decided to pursue a PhD in theology at Notre Dame University, where she discovered Aquinas, and with him a well-structured architecture for thinking about human life in light of the relationship between God and creation.

Given this background, it is understandable that Hirschfeld pays special attention to the rational choice model as economics' preferred description of human behaviour. She discusses its limitations from the philosophical perspective (chapter two) arriving at the conclusion that we need a better understanding of the human being and the pursuit of happiness, and that is precisely what Aquinas can offer.

The four next chapters are devoted to discussing some crucial points of Aquinas' thought in contrast with the rational choice model. Both Aquinas and economists believe that humans act for an end. Aquinas calls this end happiness; the economist calls it utility. Chapter three presents a discussion on the formal properties of happiness and its metaphysical grounds. Chapter four introduces Aquinas's substantive account of happiness, centered on the cultivation of virtue, and discusses its relation with human goods, of which economic goods are only a part. In Aquinas, a crucial virtue is prudence (practical wisdom, *phronesis* in Aristotle), which reinforces practical reason for discernment on what is most convenient for the good life, while the rational choice model limits rationality to calculation. Chapter five deals with material and immaterial goods, arguing that material goods are only instrumental to a good life. It also presents Aquinas' view of pursuing happiness by achieving human goods harmoniously ordered. This contrasts with the view of conceiving happiness as the never-ending climb of a ladder of finite goods. The former requires (prudent) deliberation, while calculation in monetary terms is enough for the latter. Hirschfeld also discusses the "profit motive" for economic activity, stressing its usefulness as well as its dangers. Chapter six focuses on private property, in the context of both the virtues of justice (give to each what is due) and liberality (donations beyond strict justice) necessary for economy activity. According to Aquinas, private property is fitting with our finitude, assigning responsibilities and channeling our proper self-interest. This view can accommodate modern insights on the market capacity for coordinating economic activity and economizing information.

Chapter seven is conclusive in character and provides the author's main theses on how the Thomistic perspective can provide a more humanistic economy to overcome the rational choice model. The author begins by giving a picture of an economy that would be ordered according to Thomistic principles—the education of virtue—to show that it would be at once perfectly consistent and completely utopian. A well-ordered economy is beyond the reach of our contemporary society because we have allowed an excessive appetite for material wealth to become a prime mover of our actions. Modern economics, in spite of its claim to scientific neutrality, has played a role in fostering disorder in the pursuit of material welfare. As Hirschfeld shows, the rational choice model, the workhorse of mainstream economics, is not morally neutral, and by identifying it with rational behavior, economics has helped make the pursuit of self-interest, and more particularly of material wealth, attractive and almost compulsory at times.

That is not to say that economic analysis is wrong, only that it “overstates its range” (205). Properly used, it can shed light on relevant pieces of social policy. The author singles out three areas: regulation, the role of incentives, and the analysis of unintended consequences. A central part of economic policy analysis and advice has been devoted to regulation, that is, to the design of mechanisms to correct for market failures. Since the axiom “men respond to incentives” is a natural result of the rational choice model, economists have developed policy analysis in terms of incentives. In so doing, analysis has been able to uncover the unwanted side effects of well-intentioned policies. While the results obtained are of great practical value, an excessive reliance on them runs the risks of substituting incentives—money or power—for social norms inspired by considerations of a higher order, resorting to the lower form of reason as the default option and thus reinforcing the “animal” part of man; that is, desires accepted with no discernment on their excellence.

This observation leads the author to ask for what purpose one might wish to study human nature, and here, conventional economics differs sharply from Thomistic thought: economists, as modern scientists, aim at prediction and control, from which they derive social recognition and prestige. In contrast, Aquinas aims at illuminating the path that leads man to the highest good. The two limitations of the rational choice model—the focus on quantity at the expense of quality and the identification of rational decisions with maximizing a utility function under constraints—conspire to make “thinking as an economist” often counterintuitive to the layman, synonymous with “thinking rationally” (202).

This opens the way to a statement as true as it is unfashionable: “The objects of [the economist’s] studies are also the persons to whom the results of those studies are addressed” (212). In other words, the social scientist’s objects of study are, in truth, subjects. Two main implications follow from the consideration of human agents as subjects: first, economists should be aware that they influence not only policy but the entire social culture (and that they should make more use of prudence as they address public opinion); and second, given that most economic problems can be expressed in terms common people can understand, economists should devote part of their energy to debating and teaching them in ordinary language. Aquinas’ work is an example of how far ordinary discourse can illuminate apparently abstruse matters, if only one tries.

One must admire the author’s courage in undertaking to set the stage for a difficult interdisciplinary conversation. The book displays a remarkable knowledge of both the rational choice model and Aquinas’s thought. The author goes well beyond ordinary objections of mainstream economics, showing a working knowledge of recent economic advances, while her training in Aquinas’ thought has imbued her with the good habit of presenting in a favourable light views she does not agree with. Lastly, in the effort to provide common ground for debate between theologians or philosophers and economists, Aquinas proves to be an inspiring choice.

That such debates are needed is obvious: we pay too much attention to the pursuit of material wealth, a subject that is supposed to be the province of economists; issues related to wealth-inequality, concentration of wealth, income distribution, growth, and so on dominate public discourse and public policy, and that gives economists’

pronouncement great weight. They should realize the limitations of their analysis and aim at recommendations based on a higher concept of human nature.

One can be sure that Hirschfeld does not ignore that such debates can, and probably will, be difficult, if they ever take place, for the differences that separate both sides are very deep. To name only a few: economics shares with other sciences the neglect of the qualitative dimensions of reality (reinforced by the use of mathematical models modelled on physics), a neglect especially serious in the study of human action; the existence of an objective ordering of goods, and an objective conception of happiness beyond individual preferences, central in Aquinas' thought, is almost anathema today (*de gustibus non est disputandum*); the very notion of "higher" and "lower" is suspicious; going beyond the individual (this insidious abstraction) to the notion of community is almost unthinkable. For all these reasons, replacing "utility" with "perfection," "maximization" with "harmony," and "calculation" with "discernment" will require enormous efforts, not only intellectual, but also moral. Just an example: telling economists that their area of interest is the lower form of reason, that which we share with animals, even if true, does not sound like a promising start. On this point, Hirschfeld could have mentioned the concept of "instrumental reason"—assumed by economic rationality—rather than the "lower form of reason," which, for a complete view of the human being, would be integrated with other forms of reason, and in particular, with practical wisdom.

The book focuses on Aquinas' thought, thus ignoring further developments of his thought, such as the so-called Late Scholastics, who, in applying basic Thomistic principles to a later stage of development of the market, combine economic thought with Aquinas ethical thought. Neo-Thomists, including those focused on economics and business ethics, have scarcely been considered here.

To sum up, we think that Hirschfeld's work contributes significantly to advancing the integration of ethics into economics, and deserves to be read and appreciated by those sincerely committed to improving the human condition within the economic context.