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The Implications of Nicholas Wolterstorff's Epistemology for a Christian Approach to Economics

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Structure of the Argument

1. Architecture of Mainstream Economic Theory
2. Wolterstorff's Epistemology
3. Value Non-neutrality in Economics
4. A Christian Assessment of Economic Values

1. Architecture of Economic Theory

Three characteristics of economic theory:

1. The behaviour of economic units: consumers and firms;
2. Well specified behavioural objectives: utility and profits;
3. Diminishing returns.

Two methodological features:

1. Epistemological foundationalism: empirical verification;
2. Fact-value dichotomy – value-neutrality.

Economic Methodology

As social scientists, economists seek to discover how the economic world works. In pursuit of this goal, like all scientists, they distinguish between *two types of statement*: positive and normative. **Positive statements are about what is.** They say what is currently believed about the way the world operates. A positive statement might be right or wrong, but *we can test a positive statement by checking it against the facts . . .* **Normative statements are statements about what ought to be.** These statements depend on values and cannot be tested . . . You may agree or disagree with . . . these statements, but you can't test them. They express an opinion, but they don't assert a fact that can be checked. **They are not economics.**

Douglas McTaggart, Christopher Findlay, and Michael Parkin, *Economics*, Sixth edition, (Sydney: Pearson Education, 2010), 4.

2. Wolterstorff's Epistemology

- Critique of Foundationalism: The relation of “theories” to the foundation:
 1. Hume's problem of induction;
 2. The impossibility of isolating observation statements for testing (the Duhem-Quine thesis);
- An alternative theory of knowing involves comparing “theories” to the whole structure of existing beliefs: data; methodological assumptions; and values.

Foundationalism & Belief Webs

Every theorist confronts the world with a *whole web of theoretical and non-theoretical beliefs*. And seldom will there be any direct contradiction between his theory and what he takes as indisputably known. Rather, there will at best be a contradiction between *the whole web* of his beliefs and what he takes as indisputably known. It is then up to him to decide which of his beliefs to surrender.

Nicholas Wolterstorff, *Reason within the Bounds of Religion*, Second edition, (Grand Rapids: William B. Eerdmans, 1984), 43.

My contention in what follows is that the religious beliefs of the Christian scholar ought to function as **control beliefs** within his devising and weighing of theories. This is not the only way they ought to function. For example, they also ought to help shape his views on what it is important to have theories about. Nor does that exhaust their function. But their functioning as control beliefs is absolutely central to the work of the Christian scholar.

Nicholas Wolterstorff, *Reason within the Bounds of Religion*, Second edition, (Grand Rapids: William B. Eerdmans, 1984), 70.

3. Value Non-neutrality in Economics

- Two values are embedded in the fabric of modern economic thinking:
 1. **Individualism**: only explanations of social phenomena that are cast in terms of the behaviour of individuals are valid;
 2. **Utilitarianism**: “want satisfaction” is the appropriate metric/standard for understanding individual behaviour and assessing collective outcomes. **Corollary**: Since *wants* are *unlimited*, *resources* should be seen as *scarce*.

Lionel Robbins on Scarcity

The ends are various. The time and the means for achieving these ends are limited and capable of alternative application . . . The external world does not offer full opportunities for their achievement. Life is short.
Nature is niggardly.

Lionel Robbins, *An Essay on the Nature and Significance of Economic Science*, second edition, revised and extended (London: Macmillan and Co., 1949; first published 1932), 12-13.

4. Christian Assessment: Economic Values

1. The Bible places significant emphasis on the existence of humanity *in community contra* economic individualism:
 - Character of Israel as “light to the nations”;
 - Nature of the church as the “people of God”;
 - Reflections of God’s Trinitarian being.
2. Central biblical ideas of *grace and generosity* contradict the utilitarian value of maximising personal benefit.
3. The “scarcity” corollary is at odds with the biblical perspective of *God’s abundant material provision* (Ex 3:8; 16: 17,18; Matt 6:28-33; 2 Cor 8:1-15).

Individualism and Community

The various ideas associated with **'individualism'** in Western thought – the individual contracting into society from a state of nature, the primacy of the self-interested will etc. - are all quite inappropriate to **Israel's self-understanding**. In the Hebrew Scriptures the holy community is the prior and original fact; the **individual member finds his or her significance within it**.

Oliver O'Donovan, *The Desire of the Nations: Rediscovering the Roots of Political Theology* (Cambridge: Cambridge University Press, 1996), 73.

4. Christian Assessment: Economic Values

1. The Bible places significant value on the existence of humanity *in community contra* economic individualism:
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Conclusions

1. Wolterstorff's **critique of foundationalism** and his alternative epistemology highlight the **role of values** in scientific theorising;
2. The persistent assertion of ***value-freedom in economics*** is logically ***untenable*** and demonstrably inaccurate;
3. The values embedded in mainstream economic theory are **highly problematic** from the standpoint of ***authentic Christian commitment***;
4. There is room for genuine **rethinking of economic theory** from the perspective of ***authentic Christian commitment***.