

Behavioural Economics and Theology: a dialogue

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Topic of dialogue - Behavioural Economics and Theology: a dialogue

- Our starting premise is that behavioural economics can provide valuable insight on the drivers of human behaviour;
- However, theology asks the question of whether all that is observable constitutes sufficient insight and the extent to which it is adequate;
- We therefore ask whether insights based on the observable can be enough.

Discussion of the following hypothetical claims:

- **Claim 1: 'Behavioural economics can adequately model human behaviour'**
- **Claim 2: 'Behavioural economics and theology can have a shared anthropology'**
- **Claim 3: 'Theology as a discipline can dialogue with behavioural economics'**

Claim 1 - Behavioural Economics and Theology: a dialogue

Behavioural economics can adequately model human behaviour

“Preferences are revealed by actions”

Social preferences and norms

- Social preferences: a regard for the welfare of others as a principle of action
- Social norms: conformation (deviation) yields utility (disutility)

Social and self image

- Social image: what does my action signal to others about my type?
- Self image: what does my action signal to myself about my type?
- Generally: is my action consistent with my type as perceived by others/self?

God image

- What would Jesus do? (John 14:9)
- Am I right in God’s eyes?
- Equivalence: is my action consistent with my type as perceived by “God”?

What is real and what is observable?

- As Christians, we implicitly acknowledge that not all that is real is observable
- Any empirical science will therefore be limited in its ability to describe that reality
- Empiricism should not be discarded, but reductionism ought to be avoided

What is truth?

- Christ is the incarnation of truth, and therefore the starting point for any discussion. Anything else is a derivative, i.e. epistemological
- Not so easy to define what constitutes deviation from Christ’s behaviour – danger of ignoring incarnation and reduce Christianity to a set of social norms
- Truth is held in a more complex ecology than current approaches in behavioural economics can admit.

Claim 2 - Behavioural Economics and Theology: a dialogue

Behavioural economics and theology can have a shared anthropology

Theologian's criticism:

Individualistic approach problematic:

- Our nature is affected by sin, both in which we participate and are affected by (e.g. St JP II's 'structures of sin') – emergence vs. atomism

Mathematics as irreducible truth:

- Mathematics useful in helping model some aspects of human behaviour, but danger of wanting to reduce human beings to a truth that is detached from God and the Incarnation

Predictive approach denies human freedom:

- The predictive criterion denies the possibility of free choice by reducing intrinsic preferences to predictors of choice rather than possibilities

Economist's reply:

Individual-level analysis convenient

- Sin can be represented by intentions and actions that deviate from God's will, i.e. God image!

Mathematical models are tractable

- The "truth" need not be detached from God, e.g. if the model accommodates God image... or is there more? "God's hand?"

Revealed preference approach tests predictions

- *As water reflects the face, so one's life reflects the heart.* Prov 27:19
- The test method neither interferes nor conflicts with "freewill"

Claim 3 - Behavioural Economics and Theology: a dialogue

Theology as a discipline can dialogue with behavioural economics

A fruitful dialogue is possible if both disciplines can find some common ground:

- A richer understanding of reality, which would make knowledge based on what is observable only partial rather than deduce/induce absolutes;
- Theologians would need to engage with empiricism whilst also holding onto Scripture as revealed truth;
- Closer agreement on anthropology, where human beings are not necessarily rational agents but rather capable of free choice in a nature-grace economy;
- Avoid problematic assumptions, including individualism/atomism, mathematics as irreducible truth, and the predictive criterion for any research;

So what if a common ground is established? How can such dialogue be “fruitful”?

- Economic models are largely “atheologic” – would this “correction” add value?
- Economists generally know nothing about theology – where should we begin?
- Behavioural economics discards the necessary condition of rationality, so how much closer does this draw us to the “common ground”
- Assumptions and mathematics are merely methods that help economists reason

Conclusion – A God image? Towards an incarnational paradigm with limited modeling?

GOD IMAGE

- **Level 1:** a theologically-grounded set of social preferences and norms drive behaviour insofar as the decision maker is indoctrinated and acculturated in the Christian tradition
 - > This can be modelled by extending existing behavioural models
- **Level 2:** God leads behaviour insofar as the decision maker is spiritually sensitive and obedient
 - > How do we model this?
- **Level 3:** God's intervention...
- Economic relevance: social interactions, consumption, savings, voting, charitable giving, voluntary work, ethical investment, professional practice, for example

INCARNATIONAL ROLE MODEL PARADIGM

- God created us in his image;
- The truth about ourselves lies in as much in ourselves as in Scripture (/Tradition)
- We are created good and naturally tend to the good but we are affected by sin;
- Difficult to identify sin because (a) our own blindness and (b) emergence – individual-society (i.e. 'structures of sin');
- Truth about ourselves cannot be so easily reduced to a set of preferences;
- Christ is the incarnational role model from which we deviate, but that role model cannot be so easily systematised through norms;
- **BEHAVIOURAL MODELS CAN ONLY HELP US UNDERSTAND AN OBSERVABLE AND THEREFORE PARTIAL ASPECT OF TRUTH**