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From the Editor:

This issue of the ACE Journal contains two papers from this year's ACE conference in Cambridge. The first, by Ian Smith, takes it cue from the game-theoretic analysis of trust, and describes how economists might use this discussion to understand the phenomenon of faith. The second paper is by the editor. It reviews the recent literature on Christian faith and academic scholarship and discusses the way in which Christian economists might respond to this.

The Spring 2004 issue of *Faith and Economics* (the journal of our colleagues in ACE North America) contains an article on Faith, Secularism and Charity by Arthur C. Brooks, and a number of book reviews. Further details about ACE (North America) are available at www.gordon.edu/ace or from their membership secretary Kurt C. Schaefer (schk@calvin.edu).

Finally the ACE website has a new web address: www.christian-economists.org . Back issues of all the ACE Journals are available for download in PDF format from this site along with further information and the Association's activities.

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Contents

MODELLING FAITH

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"And without faith it is impossible to please God, because anyone who comes to him must believe that he exists and that he rewards those who earnestly seek him." *Hebrews 11:6* (NIV)

1. Introduction

What does it mean for a Christian to have faith in God? Moreover, how is faith related to propositional belief, personal commitment, hope and trust? Philosophical theology has long attempted to articulate the distinctions, though even here there remains some imprecision. C. Stephen Evans (1998, p.7), for example, writes:

> "Doubtless…the kind of faith that the Bible holds up as an ideal includes trust in God, beliefs about God and belief that what God has said is true, and a certain willingness to be obedient to God. These three components are not necessarily separable. Though…it is not always easy to distinguish trust, belief and obedient action as distinct entities, for trust actually *consists* at least partly in having certain beliefs and in being willing to act in particular ways." (italics in original)

Evans defines faith as comprising trust, belief and obedience. These concepts are all necessary to faith. Likewise, reformed epistemologists such as Alvin Plantinga (2000) also argue that both cognitive and volitional processes are central to faith. Faith involves a reorientation of the will as well as a change of opinion.[2] While it is easy to concur with these judgements, it is less clear how precisely the elements of faith are linked together.

The aim of this study is to try to use a simple decision theoretic model of trust within which to define these concepts and pin-down their interrelations. To provide some control on the structure of the argument, the essay pays particular, but not exclusive, attention to the most well known biblical discourse on faith, namely the epistle to the Hebrews, especially chapter 11. To keep the discussion manageable, there will only be limited, rather than extensive, references to other biblical texts that refer to faith. Similarly, consideration of the role of faith in salvation will be brief.

The format of the paper is as follows. After discussion of two anticipated objections to the project, the literature on trust is introduced and a standard version of the trust game briefly outlined. The game is then used to discuss two alternative positions on the nature of Christian faith, namely faith as belief and faith as action.

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[1] A paper presented at the 2004 Study Group Meeting of the Association of Christian Economists at Sidney Sussex College, Cambridge.

[2] See, for example, Plantinga (2000, pp.249, 269-70, 293)

Qualifications

To begin, two qualifications are offered to defuse potential objections to the enterprise of modelling faith.

First, an obvious criticism of the project is that an economic model necessarily privileges categories of exchange. This can be seen as both excessively reductionistic and inevitably serving to impoverish and commodify Christian faith. For interpreting faith as a transaction does not capture the richness of what it means to know God and the power of his resurrection and the fellowship of sharing in his sufferings (Philippians 3:10). Nevertheless, even in Philippians, the apostle Paul uses exchange language of profit, loss and gain (3:7-8) to argue that the benefits of faith in Christ easily surpass those formerly derived from his impressive Jewish credentials, activities and reputation. So in defence it can be argued that although the economic approach is incomplete, it is not intrinsically antithetical to the way a believer thinks about faith.[3]

Second, it is important to distinguish carefully between ontological and methodological reductionism (Alexander, 2001, p.276). *All* discussions of faith, whatever the approach, are *methodologically* reductionistic in the sense that the analysis abstracts from some complexities in order to focus the investigation on particular features of interest. A model only provides a representation of reality. It is neither synonymous with that reality nor exhaustively descriptive (Alexander, p.284). Far more objectionable is the ontological form of reductionism which claims that the object of study (faith) is nothing but that which the model describes, or merely or only this. By contrast, the ambition here is the modest one of using a very simple model to try to say something, but not everything, about what faith might mean and imply as precisely as possible.

2. The Trust Literature

The approach adopted here is to modify insights provided by social scientific models of trust. The trust literature is enormous, having generated interest in sociology, management, economics as well as philosophy. From an economic perspective, the benefit of trust is that it provides a low cost mechanism for facilitating exchange and cooperation when monitoring is costly and contracts are costly to write or verify or enforce. Indeed, empirical studies suggest that high trust environments display better economic performance (La Porta *et al*, 1997).

In what follows, absolutely no effort will be made to survey or critique economic studies of trust in any systematic way. For those who are interested Hardin (2002), Nooteboom (2002) and Ostrom and Walker (2003) provide recent book length treatments of some of the issues and James (2002) is also useful. Early contributions to the literature on

[3] The economic approach is clearly inconsistent with fideism, the claim that the rationality of faith is irrelevant for faith. On this view, one cannot arrive at true religious beliefs as a result of rational reflection and there is no neutral knowledge of God independent of faith. For Kierkegaard, for example, faith is defined as a set of spiritual sensitivities and capacities that are a precondition for knowing God.

rational trust include Gambetta (1988), Dasgupta (1988), Coleman (1990), and Kreps (1990). Recent experimental investigations of trust games are primarily concerned to explain why trust arises even when the trusted party faces material incentives to be untrustworthy in one shot games with strangers (Camerer, 2003; Berg, Dickhaut and McCabe, 1995).

The trust research is particularly helpful because the debate over appropriate models for religious faith is paralleled to some degree in discussions of non-religious trust. For example, there is dispute over whether trust is cognitive or non-cognitive, that is whether it is primarily to do with beliefs or actions, and whether it is chosen or simply exists as an assessment of trustworthiness. Of course, drawing attention to these parallels immediately privileges a view of faith as trust. But since the competing definitions of trust reflect commonly proposed alternative meanings of faith, nothing is lost from assuming that faith is trust and then investigating what conceptualisation of trust in God is most adequate.

3. A Sequential, Two Person, Binary Choice, One Sided Trust Game

The simple trust game has two players, the truster (R) and the trusted (D). The game tree is given in Figure 1 below. The first mover is the truster who chooses whether to trust or withhold trust. If she declines to trust, both parties receive the status quo (or outside option) payoff (S). If the truster chooses to trust then the trusted gets to move. He chooses whether to fulfil or violate the first mover's trust. Assuming that $G > S > B$ then if trust is honoured, this gives the best outcome for the truster (payoff = G) but if trust is exploited it gives the worst outcome for the truster (payoff = B).[4] The truster is exposed to risk since she is worse off if trust is violated than if she had not trusted at all ($B < S$). On the other hand, she gains from trust if it is respected ($G > S$).

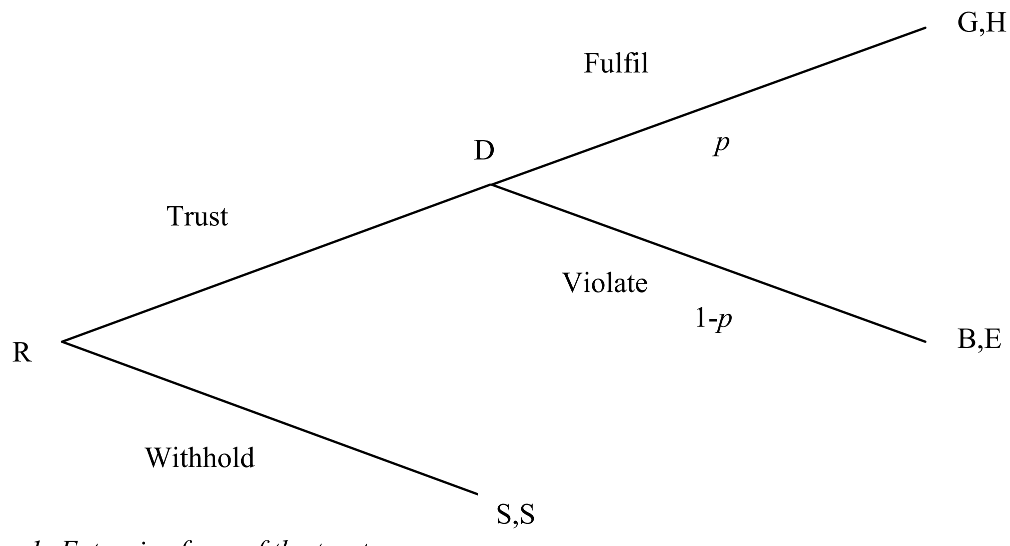

Figure 1: Extensive form of the trust game

[4] The bad outcome B can include a betrayal cost arising from an aversion to being betrayed (Bohnet and Zeckhauser, 2003). The higher this aversion, the lower is B.

The problem for the truster is that if she cannot observe the trusted's utilities, she does not know what incentives he faces and so what move he will make. The game is then one of asymmetric information regarding the trusted's payoffs since only the trusted knows his type. There are two types of second mover. For the trustworthy type, $H \geq E$ so trust will be honoured. For the untrustworthy type, $H < E$ and trust will be violated. The truster has a belief p over the probability that trust will be fulfilled. The belief p then is the truster's assessment of the trustworthiness of the trusted. It is her expectation that he will be trustworthy.

The expected gain from trust is given by $pG + (1-p)B$. Trust is rational if the expected gain exceeds the status quo payoff

$$pG + (1-p)B \geq S. \tag{1}$$

In this model, trust is a form of conditional cooperation.

The game theoretic approach to trust is not without its critics. Williamson (1993), for example, argues that decisions calculated on the basis of expected net gain do not imply any trust at all and invoking the concept of trust in such cases confuses rather than adds value to the analysis. Williamson identifies trust as personal and, as such, mercenary calculation of trustworthiness is inimical since it serves to degrade a relationship. Rather to trust others is to treat them in a non-calculative way, presupposing benign intent even if a bad outcome obtains. According to Williamson, personal trust is particularly evident in relations between family, friends and lovers. Despite the cogency of this critique, and its obvious appeal in the context of faith, the notion of personal trust has not been subsequently developed in any tractable analytical way.[5] Its usefulness remains an open research question.

Regarding the limits of the calculative model, it ought to be noted that it does not attempt to explain how individuals form views on the parameters B, G, S, p. Clearly no one explicitly speculates on their possible numerical values when making a trust decision. Indeed, boundedly rational individuals are more likely to adopt simple rules of thumb for trust.[6] But in the absence of any such rule of thumb model in the trust literature, the trust game is at least worthy of consideration. It offers a (potentially) useful heuristic device both for thinking about the nature of faith and also for predicting under what conditions faith is more likely, rather than an accurate description of the mechanisms by which trust arises.

4. Christian Faith and the Trust Game

A characteristic of monotheistic religious faith in general, and Christian faith in particular, is that exchange is sequential. Given divine revelation in creation and salvation history, the believer decides whether to trust God's promises. As the fulfilment of these

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[5] The personal element appeals, for example, to Christian philosopher Keith Yandell (1990, p.461) who writes, "Monotheistic propositional faith plus monotheistic practical faith is still empty without monotheistic personal faith".

[6] Thanks to Michael Pollitt for this point.

promises is primarily realised eschatologically (in heaven), there is no third party to enforce them and future reputational concerns are irrelevant to preventing divine defection. Since the future benefits of faith are not only unenforced and uncertain but realised *post mortem*, this is necessarily a high trust context.[7]

Redefining the trust game for the context of Christian theism requires several distinctions. First, in conventional trust situations there is typically no exposure to risk arising from the uncertainty over the existence of the trusted. However, in the absence of secure proofs for God's existence, this factor cannot be neglected in the decision to trust a divine being as Hebrews 11:6 acknowledges in the epigraph above.

There are therefore two sources of uncertainty over the trust outcome. First, there is non-strategic uncertainty over God's existence. More generally, there is uncertainty not only over whether God exists but also over whether he possesses the ability to keep his promises. If he is less than omnipotent, then the scope of his power may be insufficient to honour his covenant.

Second, and as in the standard trust framework, there is strategic uncertainty over God's behaviour (his type). This is the issue of the moral character of God. There is a risk that God does not keep his promises because he is an unfaithful, capricious, deceitful or vindictive type of deity who declines to reward those who earnestly seek him, or who did not really accomplish for us the work of salvation. The probability p then captures uncertainty over both God's existence and his faithfulness.[8]

In the game tree, it is assumed that the payoff for the person who declines to trust is always equal to S, whatever her beliefs regarding God's existence and faithfulness. The implication is that the non-truster supposes that there are no eternal consequences at all from rejecting faith. Implicitly, she accepts an annihilationist position of no *eternal* punishment (or gain) with respect to her fate if her (*ex ante* rational) decision not to trust proves to be mistaken *ex post*. In other words, the truster thinks that God does not get to move if trust is withheld. There is obvious scope for future extensions of the model to relax this assumption.

It is important to interpret carefully the G and B payoffs. As in the regular trust game, G is the believer's utility if God honours his promises whereas B is interpreted as lifetime utility if God fails to deliver on his word. The New Testament distinguishes two periods: the "now" (the present evil age) of mortal life and the "not yet" (the age to come) of eschatological life. The periods are inter-related since Christians already enjoy a foretaste of the powers of the coming age in the present as they share in the Holy Spirit (Hebrews 6: 4-5). The foretaste includes the spiritual blessings of God's presence, forgiveness, new life and the joy that believers receive in Christ (Ephesians 1:3). All temporal spiritual benefits are included in both G and B. Since believers already experience these blessings, they are not strictly the object of trust. Rather it is the eschatological gains, variously described as

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[7] John Hick (1960, 1977) has pointed out that even eschatologically there is the philosophical problem of how one could know it is God that one encounters, and how God's promises could be irrefutably confirmed.
[8] Let X be the event that God exists and F the event that God is faithful to his promises. As these events are not independent, $p = \Pr(X \cap F) = \Pr(X)\Pr(F|X)$.

salvation, inheriting the kingdom, the heavenly city, and eternal life with God to which trust relates. It is these additional heavenly benefits that are included in G but not in B. The difference $(G-B)$ constitutes the content of Christian hope.[9] It is the eschatological gain for the truster from God keeping his promises.

Of course, it could be argued that in practice people do not only trust God for life in the age to come but also for temporal blessings in terms of health, wealth, family, and career. However, the expectation of such worldly gains is not easy to justify theologically.[10] In so far as such trust is not based on a divine promise, it is misdirected.

Limiting the gains from trust to the eschatological is consistent with the view of the author of Hebrews (chapter 11) who wrote regarding the great heroes of the Jewish faith:

> "All these people were still living by faith when they died. They did not receive the things promised; they only saw them and welcomed them from a distance (verse 13)…they were longing for a better country – a heavenly one (verse 16)…They were all commended for their faith, yet none of them received what had been promised (verse 39)."

It is the unseen, heavenly future to which faith and God's promises are primarily related in the book of Hebrews.[11] So the gain for the believer, $G-B$, from God keeping rather than violating his word is treated as thoroughly eschatological.

Notice that this is a model of *one-way* trust. In contrast, Hardin (2002) argues that trust is usually two-way. This is because it most commonly arises in the context of close relationships characterised by frequent interactions rather than in one-shot encounters with strangers. However, the possibility of two-way mutual trust between God and believers raises difficult philosophical issues of divine passibility (whether human actions can impose losses on God) and foreknowledge (whether God is exposed to risk) that are not central to the discussion of faith. Interestingly an example of one-way trust cited by Hardin is the highly asymmetric relationship of a dependent child to its parents. The biblical application of the father-child analogy to God and his people suggests that a one-way trust model may not in fact be inappropriate.

In the non-religious literature, there are two views on the nature of trust that are useful for thinking about faith.

(i) Trust is cognitive: it is a *belief* about the trusted's trustworthiness.

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[9] In previous work, I discuss the compelling reasons for modelling (discounted) eternal gains as a finite rather than an infinite payoff (Smith, 1999; 2000; 2002).

[10] Indeed, I take the extreme claim of the prosperity gospel that God promises treasure on earth to faithful believers to be not only a theological error but also an insult to Christians living in poverty.

[11] See also Hebrews 10:36 and 11:40.

(ii) Trust is behavioural: it is an *action* which, given beliefs, relies on the second mover keeping their promises.

Notice that in the latter case, beliefs function as an input into the trust decision whereas in the former case, beliefs define trust itself. The next step is to examine each position in greater detail, apply it to Christian faith and evaluate its adequacy.

5. Trust as Belief

Many authors characterise trust in terms of the probability (p) that the trusted is trustworthy. In this formulation, trust is a *belief* about someone's trustworthiness. Hardin (2002, p.10), for example, claims that:

'The declarations "I believe you are trustworthy" and "I trust you" are equivalent.'[12]

The value of the probability assessment of trustworthiness measures the degree of trust. The focus of a stream of studies is then to determine what factors ensure high trustworthiness. Candidates discussed include, for example, social norms, legal or informal sanctions, reciprocity, reputation, social distance and moral incentives.

Biblical scholarship gives some encouragement to the identification of trust as trustworthiness, faith as faithfulness. While acknowledging that there is a conceptual distinction, Taylor (2000) argues that this is somewhat ambiguous in scripture. Indeed, the classic definition of faith in Hebrews 11:1 as "being sure of what we hope for" and "certain of what we do not see" appears to support the view of trust as primarily cognitive.[13] Likewise, the faith of Abraham, the biblical paradigm of a man of faith, is described in terms of considering God faithful with regard to the promise of numerous descendants (Hebrews 11:11).

In Christian philosophical theology, the trust-as-belief approach is mirrored in the treatment of faith as propositional belief. Historically, the Catholic position, following Thomas Aquinas, understands faith as consisting in intellectual assent to divinely revealed doctrines and propositions (Kenny, 1992). In the context of the model, this view of faith is represented by the strength of belief, p, that God exists and possesses particular properties and has done and will do specific actions – the Christian gospel. According to this position, to have more faith in God is to hold stronger beliefs, to have fewer doubts. In other words, faith is fractional. Although the trust participation decision is constructed as a binary choice between trusting or not, the trust-as-trustworthiness approach permits assertions about a person's degree of faith in terms of the magnitude of p. Doubt is then interpreted as $(1-p)$.

There is naturally considerable debate on the determinants of religious beliefs. Philosophers focus on the extent to which beliefs are evidentially justified or otherwise

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[12] See also Gambetta (1988, p.217), Dasgupta (1988, p.51) and Kreps (1990).

[13] This is far less clear in some other translations of Hebrews 11:1 such as the King James Version which has, "Now faith is the substance of things hoped for, the evidence of things not seen".

reasonable.[14] Theologians consider the role of God's character, reputation and actions in assessing divine trustworthiness. The book of Hebrews itself is concerned to influence the strength of belief by demonstrating that God keeps his word, citing the case of Abraham (6:13-20), and insisting that Christian hope is as firm and secure as an anchor (6:19).

Although a popular conceptualisation, there are problems with defining faith in terms of degree of belief. First, suppose $p = 1$, such that Christianity is assessed as true for sure and God is considered completely trustworthy.[15] Given the elimination of all perceived uncertainty, it is not clear in what sense faith is relevant since it is usually associated with a sense of exposure to risk of loss.[16] However, philosophers who follow Aquinas appear happy to treat faith as a mental state of certain belief. For them, it is akin to knowledge arising from the classical proofs of natural theology that demonstrate God to be a necessary being.[17]

Second, it could be that an individual has very strong (but less than certain) beliefs in the truth of Christian doctrine and God's faithfulness but yet these beliefs are in fact insufficient to induce faith. This can most readily be seen by rearranging the trust condition in equation (1) to put beliefs on the left-hand side. This shows that faith is rational if the strength of belief is sufficiently high

$$p \geq \frac{S-B}{G-B}. \tag{2}$$

Define $p^* = \frac{S-B}{G-B}$ as the minimum value of the probability p that is just sufficient to induce faith. Clearly the magnitude of p^* depends on *S*, *G* and *B* and this can vary across individuals.[18] It is conceivable that a person with strong beliefs declines to trust because

[14] Helm (2000) distinguishes between the rationality and the justifiability of beliefs. A belief can be rational in so far as it is consistent with a person's other beliefs and the limited information available to her. However, it may not be epistemically justifiable in terms of all the evidence.

[15] The limiting case of certainty or full assurance of faith seems to be assumed by Calvin in his view that, "we shall possess a right definition of faith if we call it a firm and certain knowledge of God's benevolence towards us" (*Institutes of the Christian Religion*, III, ii, 7). However, Calvin acknowledges that faith is imperfect, troubled by doubts and unbelief, "Surely, while we teach that faith ought to be certain and assured, we cannot imagine any certainty that is not tinged with doubt" (*Institutes*, III, ii, 17). And again, "in the course of the present life it never goes so well with us that we are wholly cured of the disease of unbelief and entirely filled and possessed by faith" (*Institutes*, III, ii, 18).

[16] Nooteboom (2002, pp.38-41) makes this point regarding the treatment of trust as belief.

[17] The position of Aquinas and some of his modern philosophical followers is discussed in Helm (2000). Against the Thomistic view, Helm argues that the evidence does not permit equating faith with incorrigible knowledge. For him, faith always involves some epistemic risk.

[18] Accepting the conventional trust game payoff ordering that $G > S > B$ then p^* is increasing in *S* and decreasing in *G* and *B*.

potential losses $(S - B)$ are high enough such that $p < p^*$. Likewise, someone with weak beliefs may still trust God if the potential gains sufficiently swamp possible losses such that $p \geq p^*$. The point is that there is no necessary direct correlation between degree of belief and the trust decision. Although the empirical relationship is likely to be positive, it is inadequate to define faith only in terms of strength of belief. For the same reasons, it is inadequate to define trust in terms of an assessment of trustworthiness.

Third, as insisted upon long ago, even the demons believe in God (James 2:19) but it seems counter-intuitive to credit demons with faith. The implication is that faith cannot simply be identified with propositional beliefs. An alternative approach is required that has the desirable property of permitting even the devils to believe but without manifesting faith.

The notion is widespread that authentic faith calls forth commitment and practise. It involves entrusting oneself to divine promises and participating in the rites, rituals and institutions of a religion as well as obeying its behavioural norms and duties. In other words, trust involves action. It is a practical decision and not simply an epistemic attitude regarding probabilities.

6. Trust as action

In the trust literature, the main alternative position to the view that trust is a matter of belief regarding trustworthiness, is that trust is behavioural, an action that risks squandering resources if trust is violated. As such trust involves giving up a sure thing with a certain value $(S - B > 0)$ in exchange for an expected future benefit $p(G - B)$.[19] The degree of trust is measured not by strength of belief p but by the loss experienced if trust is exploited by the trusted, namely $S - B$. In standard trust game experiments, subjects are typically endowed with a given monetary amount (a fixed value for S) and choose how much to transfer to another player. In other words, the first mover's choice of B determines the level of trust, $S - B$.[20]

In Christian theology, the trust-as-action approach is mirrored in the treatment of faith as relying on God or commitment to God. For the Lutheran tradition, propositional belief is necessary but insufficient for faith. Faith is not merely believing that something is true but acting on that belief on the basis of the trustworthiness of God's promises and saving purposes. In Hebrews 11, for example, the great heroes of faith, the cloud of witnesses (12:1), are commended for their costly yet faithful deeds. Abel offered God a better sacrifice than Cain (11:4), Noah built an ark (11:7), Abraham left his country (11:8) and offered Isaac

[19] This definition is adopted by, for example, Bacharach and Gambetta (2001), Coleman (1990, pp.98-99) Snijders and Keren, (1999, p. 374) and McCabe, Rigdon and Smith (2003, p.267). The trust as action position is sometimes more generally stated as voluntarily placing control over an outcome or resources at the disposal of the trusted, as an act of giving discretion to another to affect one's own interests.

[20] The transfer is then typically multiplied in size by the experimenter and the second mover selects how much, if any, of the multiplied transfer to allocate to the first mover.

(11:17), Moses chose to be ill-treated (11:25) and others suffered variously under persecution (11:35-38).[21]

According to the trust-as-action position then, to have more faith in God is to act so as to expose oneself to greater losses if heaven is a fiction. On this interpretation, faith is equivalent to a risky reliance investment of time, effort and money whose return is eschatological. On this view, faith is a commitment in the sense that it is an irreversible cost.

Letting $r = S - B$, the potential loss from reliance on God keeping his promises, the condition for rational faith can be restated as

$$p(G - B) \geq r . \tag{3}$$

The term $p(G - B)$ is a measure of the expected eschatological benefit from reliance investment. The maximum an individual would be willing to rely on God is given by $r^* = p(G - B)$. Clearly r^* is increasing in the strength of beliefs p. For a radical sceptic who completely rejects Christian belief $p = r^* = 0$ and no trust is invested in God. More generally, if required reliance is too high $(r > r^*)$, then faith is declined.

With respect to the demons, the trust-as-action view permits them to believe in God and his trustworthiness, even with complete certainty $p = 1$, but not to have faith if $S > G$ since then $r > r^*$. Theologically, the interpretation is simply a matter of tastes rather than beliefs. The demons prefer their darkness and its perverse pleasures (*S*) to the light and eternal life with God (*G*), a preference ordering that notably violates the usual assumption of the trust game in which $S < G$.

It is important to notice that religious observance, although it imposes an opportunity cost, does not necessarily require that the condition for faith in (3) is satisfied. For there are benefits from involvement in religious institutions available to those with no belief in the ancient creeds ($p = 0$). Contributions of time, money and effort to religious activities can be rational in terms of the purely secular gains they generate. An individual, for example, may value the social role of the church in the local community or perceive it as a beneficial source of moral education or appreciate the aesthetics and emotions of worship or gain from friendship, mutual assistance, and singing in the church choir. All of these benefits can have a positive net effect on the no-trust payoff *S* and are independent of faith in so far as they do not rely on God keeping his promises.

For trust-as-action to exist then, it is not simply that costly actions are incurred. According to the model, the cost of an individual's participation in the Christian life must exceed any this-worldly benefits for authentic faith to be exercised. In other words, a person's investment must be vulnerable to the risk of loss from God failing to perform; *S* must exceed *B*. The actions that constitute faith increase reliance $r = S - B$ by adversely affecting utility if trust is exploited, *B*.

[21] In addition, James 2:26 teaches that faith without deeds is dead, to quote an epistle of which Luther ironically did not approve, describing it as "full of straw".

It could be objected that the faith as action approach appears to treat faith as an unaided human achievement. This would conflict with the Reformed strand of Protestant thought which insists that faith itself is a gift of divine, received rather than achieved (Ephesians 2:8-9). In its strongest form, the tradition asserts that God by his Spirit irresistibly yet graciously induces those individuals predestined for salvation to receive faith. The theological motivation for this view is to support the notion that God is active and humans are passive in salvation and that God provides everything necessary (McGrath, 1994).

With respect to the model, one way of thinking of the Reformed view is that faith is a divine endowment. God ensures that his people have a configuration of parameters governing beliefs p and payoffs (G, S, B) that is faith inducing. The emphasis is on the divine determination of these parameters such that it is rational to rely on God's promises.

7. Theological Applications

Faith, salvation and apostasy

If God is faithful to his promises, the eternal benefit of faith, whether defined in terms of belief or action or both, is that of salvation (Hebrews 1:14; 2:3; 5:9; 9:28). This raises the question of whether there is a minimum level of faith necessary for salvation. It is notable that, throughout the New Testament, the degree of faith that constitutes saving faith is left undefined. A Reformed response already alluded to above is simply to say that the question is irrelevant since God endows his people such that their faith is sufficient. Nevertheless, it is clear that certain behavioural patterns can lead to salvation being forfeited by those who "fall away" (Hebrews 6:4-6). Those who shrink back are destroyed (10:39), burned like worthless thorns and thistles (6:8).[22] Paradigmatic examples in Hebrews include the wilderness generation that Moses led out of Egypt and who never entered God's rest, the promised land of Canaan, but rather died in the desert because of their sin, disobedience and unbelief (3:16-19). Likewise, Esau godlessly sold his inheritance rights for a single meal. Later when he wanted to inherit the blessing, he was rejected (12:16-17).

Heavenly benefits then are a club good in that although they are non-rival in consumption, they are finally excludable to those who do not endure in faith, who do not run the race with perseverance (12:2). This requires modification of the model to recognise that the trust decision of Christian faith is not in practice a one-off choice but rather a stage of the game that is repeated throughout life. Individuals who initially choose faith may fall away as circumstances change and vice versa. The recipients of the letter to the Hebrews, for example, at one time experienced persecution in the form of public insult (10:33), imprisonment and confiscation of property (10:34). In terms of the model, unanticipated persecution has an adverse, exogenous impact on the lifetime payoff available to a truster.

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[22] The passage in Hebrews 6 is controversial since it appears to be in tension with the doctrine of a believer's eternal security. However, as deSilva (2000, p.249) points out, it is important that theological presuppositions do not prevent us recognising that, "The text assumes the possibility that a person can fall away after receiving God's gifts, and after participating as fully as anyone can in what blessings of the next age are open for our experience in this age". See also, Schenck (2003, chapter 4).

Suppose the cost of persecution is given by b, then the minimum cost of relying on God is $S-b$.[23] Those individuals for whom the resulting price of suffering is too high will lose faith. Even though initially $r > r^*$, if the persecution shock pushes b sufficiently low such that $p(G-b) < (S-b)$ then faith is no longer rational. The sense then in which persecution tests faith is that people with beliefs and payoff that only support a low maximum level of reliance are more likely to backslide in a hostile context.

As already stated, there is no unambiguous specification in Hebrews or elsewhere of the boundary between apostasy and fidelity. One possible explanation is that too precise a definition of this threshold would provide an incentive simply to choose the minimum acceptable level of faith, and so become "lazy" (6:12). Instead the minimum is left uncertain, a device which functions to induce much higher levels of "work" (6:10) and "diligence" (6:11), solving the motivation problem. The text recognises that sinful believers need to be exposed to some risk if they are to have strong incentives to "imitate those who through faith and patience inherit what has been promised" (6:12). In other words, there is a trade-off between incentives and full eternal insurance. Uncertain standards have the desirable consequence of fostering faith by only partially insuring believers (Craswell and Calfee, 1986).

Faith and heavenly rewards

In the model, utility if God honours his promises, G, is written down as independent of the extent of reliance. However, there are passages in scripture which can be taken to suggest special rewards for those who serve the Lord meritoriously (1Corinthians 3:14; Ephesians 6:8; Colossians 3:24; Matthew 5:12). In terms of the model, this would imply that $G = G(r)$ where greater faith is assumed to increase the magnitude of eternal benefits. However, it is difficult to specify a functional form since the Bible is vague on the extent to which more worldly sacrifice is recognised by additional heavenly reward.

Faith and love for God

In the standard one-way trust game, it is implicitly assumed that the truster does not care about the welfare of the trusted. First mover trust is self-regarding in that it is motivated by the anticipated actions of the second mover. This property carries over into the model of faith since, on the reliance view, faith is conditioned on the expected eschatological gains for the believer.

However, discipleship may be motivated by love for God and God's glory rather than heavenly benefits, G. In other words, believers typically care about pleasing God; they possess altruistic God-regarding preferences. While Christian love shares similar consequences to trust-as-action in terms of resource allocation, it is analytically different from trust. For trust can occur even if God's pleasure does not enter the disciple's utility function and love for God can be expressed independently of any divine promises.

[23] An enforced reduction in B will raise the potential loss $S-B$ by more than the increase in the expected eschatological gain $p(G-B)$ as long as $p<1$. Marginal believers for whom the trust condition is barely satisfied will naturally be the first to fall away when suffering comes.

Nevertheless in general it is likely that love and trust are positively correlated (Cox, 2004) and a richer model of Christian motivation would surely want to incorporate love of God.

8. Concluding Comments

This paper is a contribution to the new field of rational choice theology. It has attempted to show that the modified trust game provides a precise model for thinking about faith as a form of conditional cooperation with God. The debate in the economic and philosophical literature over whether trust is a belief or an action quite nicely parallels the two main views of the nature of faith in the Christian tradition. Although a degree of ambiguity over the definition of faith is reflected in scripture itself, here the trust-as-action view is the preferred approach: given beliefs, faith is defined as an action that relies on God keeping his word. Faith then inevitably involves both cognitive and volitional elements.

The study focuses only on the conditions that must be satisfied for faith to be rational. A natural extension is to investigate the determinants of the optimal degree of faith. In addition, a possible next step is to apply the model to one of the major contemporary controversies in New Testament studies, namely the issue of covenantal nomism and the interpretation of the justification in Galatians and Romans, the faith and works debate.

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DOING ECONOMICS AS A CHRISTIAN – CONSTRUCTIVE ENGAGEMENT OR PROPHETIC DETACHMENT?

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1. Introduction

It is now twenty years since the British Association of Christian Economists was established with the aim of promoting discussion and research on economics from a distinctively Christian perspective. The immodest purpose of this review is to take stock of the dialogue that has taken place over the last two decades about what it is that Christian economists should be doing, and to pose some hard questions about how it is that they should seek to introduce a Christian-faith perspective into the subject.

Christians who are economists are challenged just as much as Christians in any other profession by the scriptural injunction to act as "salt and light" in the world (Mt 5:13-16). Our profession is certainly in need of some savour and illumination. We stand as a bridge between the world of economics, dominated as it is by the descriptive neoclassical paradigm of the instrumentally rational *homo economicus*, and onward dynamic of the Kingdom of God. We are engaged in the prophetic task of challenging a world in which the misuse of resources leads to degradation of the planet, in which the misallocation of resources results from rent-seeking and inappropriate use of economic power, and in which the misdistribution of resources leads to inequalities of both wealth and opportunity on a local and a global scale. We are just as much ambassadors for the gospel as those called to any other vocation, and the challenge we face is draw out the sharp distinction between God's economy and the messy, compromised secular world in which we live.

We are practitioners of a subject that is, with some justification, criticised for its isolationism and its pretensions towards a form of intellectual hegemony. And yet it is often pointed out to us that as Christian economists, we are engaged in a series of continually developing conversations with theologians, Biblical scholars, ethicists, commercial practitioners and business experts, politicians and policy makers. These are conversations from which we can learn much and from which we should hone our listening skills. They are essential to our calling.

We are also practitioners of a subject which is also, again with some justification, criticised for its pursuit of technical (mathematical) elegance at the expense of prescriptive power. We have to be as good with economic technique as the next economist. However much of what economists do is concerned with the task of seeking to explain the world in which we live "warts and all". But as Christians and economists we need to step beyond the task of description into the difficult terrain of prescription. If we have nothing to prescribe then we ultimately have nothing to offer to the fractured society of which we are a part.

[1] I would like to thank participants at the 2004 ACE conference in Cambridge for helpful comments and suggestions.

2. Economics and Christian scholarship

In the 1988 J. David Richardson published what turned out to be a rather controversial article in the *Christian Scholars Review*.[2] This essay was entitled "Frontiers in Economics and Christian Scholarship" and it attempted to outline an agenda for Christian economists. Why Richardson's words turned out to be controversial for so many Christian economists was because he came to the firmly argued conclusion that the key aim of a Christian economist should be simply to do good economics. Donald Hay (2001) describes this as the "subversive" approach to being a Christian economist. Richardson felt that there was plenty that was good in mainstream economics and plenty with which Christian economists could engage to do good economics for the glory of God's Kingdom. Richardson challenges the Christian economist to engage with the world of secular economics, in order to be equipped to use and understand the tools of modern economic analysis. In effect he poses the question of whether the Christian economist can effectively engage with the subject from a position of amateurish detachment. Perhaps too often Christian economists merely manage the occasional half-hearted sally into enemy territory. Richardson quotes Charles Malik (1980): "Evangelicals cannot continue living on the periphery of responsible intellectual existence" (p. 34). So should the aim of the Christian economist be to do good "mainstream" economics and in doing so perhaps bend the mainstream towards more acceptable lines of economic inquiry (as Richardson concludes)? Or is there a case for a distinctively Christian scholarship which rejects the economic mainstream?

One of the most persuasive statements of the case for Christian engagement in the academic mainstream (written from the perspective of an academic historian) is contained in George M. Marsden's (1997) volume *The Outrageous Idea of Christian Scholarship*. Marsden's central argument is that, for the scholar whose intellectual life is informed by his or her faith, the exclusion of an explicit faith perspective amounts to a form of intellectual dualism. Marsden puts it succinctly by posing the following question:

> "Is there any compelling reason why they (i.e. Christian scholars) should be expected to turn away from concerns about faith and learning as a condition for recognition of academic excellence?" (p. 11-12).

For Marsden the answer to this question is a resounding "no". If we can have Marxist economics, or feminist economics, or post-modern economics, or neo-liberal economics, or Buddhist economics, or Islamic economics (to name but a few) why does Christian economics have to remain so firmly in the ghetto?

In fact there may be more common ground between the Richardson "constructive engagement" approach and the Marsden "Christian distinctive" approach as might at first seem to be the case. Both want to see Christian academics engaged with the academic mainstream. Both affirm that Christian academics must fulfil the "salt and light" role in their subject areas. And both propose that Christian academics abide by the "rules of the academic game", seeking to apply scholarly rigour and integrity alongside fairness and Christian

[2] The article has been reprinted in the Bulletin of the Association of Christian Economists (US), No. 23 (Spring 1994), with a lengthy new introduction, and in ACE (UK) Journal, No. 6, 1988)

charity. But can we achieve all this without sinking into a state of what Marsden terms "Christian schizophrenia"? Often it seems as if we are in danger of floundering – the rhetoric of much Christian (and secular) economics is to judge neoclassical economics for its methodological shortcomings and then to process to argue about the practicalities of economic policy as if those shortcoming did not exist (or at least matter).

3. Issues with which Christian economists must grapple

If we can identify and address the factors that push us backwards and forwards between "constructive engagement" and "Christian distinctive", then we may some progress towards settling at a considered and reasoned position. So in this section I want to set out some of the central questions that arise in any discussion of what it means to do economics as a practicing Christian.

The first question is very familiar: is mainstream economics of any use? We have spent a lot of time over the years chasing this issue round. For some of us the neoclassical project is so irredeemably beyond the pale that Christian economics has to be an exercise in "reconstruction". For others mainstream economics provides a rigorous and rational system of thought that can provide sensible explanations for human behaviour, in the context of the selfishness (sinfulness) of much human motivation. John Tiemstra (1994) neatly summarises the Christian critique of mainstream economics as having two dimensions: the ethical critique and the methodological critique. In a nutshell the ethical critique says that what is normal and good in neoclassical economics is not consistent with Christian social ethics. The fundamental theorems of welfare economics may lead economists to the reasoned position that the individual pursuit of self-interest leads to the optimum social outcome. But Christian teaching points to a yet higher way which interposes God's standards of behaviour onto the anthropocentric analysis of a fallen world. The methodological critique highlights the flaws inherent in the positivist basis to neoclassical economics. Christian economists have been exploring for a long time the limitations of mainstream economic methodology. They all have concerns, albeit to differing degrees, with the problematic nature of the methodological individualism that is behind the subject. They worry that by building models in the representative utility-maximising agent approach that they help to perpetuate a description of human nature which, while so obviously realistic in many instances and contexts, is fundamentally at odds with the ideal presented to us in the person of Jesus Christ. It is way beyond the scope of this present essay to reproduce the detail of this critique. Of course the methodological basis to neoclassical economics is suspect. But there is a sense in which we often find ourselves raking over the lukewarm embers of debate from which many of our secular economist colleagues have moved on. Secular economists understate the issues just as well as we do – but they seem to spend less time worrying about them. We know and understand the limitations of our subject matter – rather like democracy it may be a lousy system but it is better than all the alternatives.

The second question asks whether there is an argument for silence; or as Donald Hay (2001) puts it – is there a case for doing nothing in response to the problems of doing mainstream economics? There may be a strong case for arguing that Christians should engage with the mainstream, and seek to do "good" mainstream economics. This is the essence of Richardson's case. I will deal with this in further detail in due course. It suffices at present to summarise the argument by saying that Christian economists can demonstrate (to non-

Christian readers and colleagues) Christian integrity in the way they handle the tools of our trade. As Richardson argues professional economics is worth doing as a disciple of Jesus and worth doing well. In practice this means that when we do economics we will not always explicitly identify ourselves as Christians. Does this amount to silence? I would suggest not. There are however other potential arguments for silence. One would be that a Christian economics is only applicable to a genuinely Christian society. We cannot impose Christian values on secular society so we should not seek to devise a Christian economic system for a modern multi-cultural, pluralist society. But how can we argue that we are responding affirmatively to the Christian "cultural mandate" if we leave the fallen non-Christian world to its own devices? A further argument for silence is one that follows from dissatisfaction with the alternative position of engagement. Paul Heyne (1990) starts from the proposition that Christian economists are "chasing an illusion" because there is no "single Christian vision on the economic order", and so Christian economists should "leave their theology at home" when trying to do economics and make public "Christian" pronouncement on economic policy. Webb (1994) summarises Heyne's position as follows:

> "We should be good economists and offer sound policy advice: we should also be good Christians, and live in obedience to the New Testament's radical demands. But attempts to mix the two will not bring us to the sought after unity; they will only lead to bad economics and watered-down Christianity." (p. 50).

There is something in this. Far too often I seem to find myself reading simplistic or just plain bad economic analysis from Christian writers who want to engage in Christian analysis of contemporary socio-economic issues. To be specific it is all too common to find Christians arguing the case for some form of policy intervention with no clear analysis on what market failure they are (implicitly) proposing to correct, and whether there is case on grounds of economic efficiency for intervention (i.e. do the benefits of intervention outweigh the costs, intended and unintended, of regulation). It is also all too common to find Christians making a case for the control of the apparent abuse of economic power, with no clear analysis of the source of that market power (I have mind much of what has been recently written on the issue of globalisation).

Atherton (1992) reaches a similar conclusion to Heyne. He finds that Christians have adopted the entire spectrum of opinion on the value of the market economy, from radical critique through to moral support. But all, in Atherton's mind, fail to understand the complexities of the way in which markets work, and their wider social implications. Furthermore all these Christian perspective seek to place Christian values over the market, rather than seeking to engage the values of free markets with Christian social ethics, to promote discussion and propose what Hay (2001) terms "the search for interim solutions". If engagement with the "mainstream" is then to be the challenge that we face, then a third question that arises is in what form should this engagement take place? I shall discuss this is the next section.

4. What sort of engagement?

Much of the writing on Christian economics from members of this Association and from our brothers and sisters in the North American ACE has been concerned with trying to find a distinctively Christian way of doing economics. For some this is an exercise in

Christian "reconstruction" or in developing the economic agenda of reformed theology. For others it is an exercise in developing Christian "middle axioms" or "derivative social principles". In consequence Christian economists have struggled, assisted considerably by guidance from theologians and Bible scholars, with the hermeneutical issues of how to apply Christian teaching and biblical material to modern society. Heyne (1994) is distinctly pessimistic about either of these exercises. Firstly, he does not feel that anyone has yet described a Christian ethics which is useful in economic policy making. This is point reinforced by Webb (1994) who demonstrates very persuasively just how problematic is the development of a Christian economic ethic, in the context of widespread disagreement amongst economists about both theology and economic methodology. Secondly, Heyne argues that any attempt to derive and apply a Christian ethical framework pollutes the democratic discussion of public policy, because Western societies are not explicitly Christian. Religion may influence the values that lie behind policy choices but should not influence the explicit arguments marshalled in favour or against. Thirdly (and perhaps this specifically applies to the "reconstruction" project) in Heyne's view the persistent determination to develop and apply a Christian ethical economics obscures the force of this Gospel. This is a powerful statement and deserves a moment of consideration. The Christian gospel is the message of God's grace to fallen humankind – the fulfilment of the laws of the Pentateuch through forgiveness bought for us through Christ's sufficient sacrifice. Are Christian economists denying the efficacy of that Gospel if they argue for the construction of a society based on principles derived from the Old Testament?

For a third group the way forward is an exercise in Christian "infiltration". Richardson's position is perhaps the clearest statement on this third approach, and it is that position that has been least discussed (at least explicitly) but, I would suggest, most practiced by the members of this Association. Richardson (1994) offers three reasons for the Christian to do mainstream economics. The first reason is to act as a "sign" of the gospel. Economics and economists by stereotype are covetous, competitive, merciless and restless. The discipline needs Christians within it to model Christian virtues, in the manner for example set out in Rm: 12:9-21. Marsden (1997) takes up a similar theme in his more general exploration of the relationship between Christians and the academy. He notes that mainstream academic culture and Christian virtues may often be at odds. And so:

> "(t)he spiritual virtues of Christian scholars ought to be reflected in both their teaching and other scholarship. The 'fruit of the Spirit', according to Scripture, 'is love, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control.' These traits ought to mark the lives and the works of Christian scholars. People are seldom convinced simply by arguments, although arguments can be important. Most often in academia people are convinced by a combination of intellect and character."(p. 107)

Our engagement through research and writing with other academics can be a powerful means of converting the potential vices of academia into virtues. So while, for example, it might be difficult to bring Christian social ethics explicitly into play in a technical discussion on the small sample properties of unit root tests, Christian values can strongly inform the *way* in which that discussion is conducted.

Richardson's second reason is to do with the "substance" of the subject matter. Economics addresses a huge range of issues which concern issues of great importance to Christians. Richardson's list of possible subjects is long and detailed. Donald Hay (2001) in developing this theme commends in particular Ben Cooper's (1999) paper in the ACE Journal on modelling the futility of economic growth in the spirit of Ecclesiastes 1:3. We should be surprised that Christian economists are unlikely to be found working on developing Becker's economic theory of marriage, but may be prominent amongst those undertake critical analysis of the worsening trend in economic inequality on both sides of the Atlantic over the last quarter century.

The third reason is "style". This is of course closely linked to the first reason. What I think Richardson has in mind here is no so much the way in which we behave professionally but the quality of the work that we should aim to produce. In short economics produced by Christian economists needs to be economics of high quality, to witness to our non-Christian colleagues that "we love the Lord with our scholarly minds…and not just with our emotions" (1994, p. 13). A useful Biblical analogy is perhaps in the calling forward of skilled craftspeople to contribute to the construction of the tabernacle in Ex. 35:30ff. God through His Spirit provides skill and intellect (35:31) and alongside human motivation (36:2) the task is enjoined. Note also the economy of blessing here – Moses is so overwhelmed with contributions of resources that he has to restrain the people (36: 6)!

5. The implications of Christian epistemology

For the Christian economist the provision of scholarly intellect is a gift from God and is enabled through the work of God the Holy Spirit. This possibility leads on to considerations of the Biblical perspective on issues of knowledge and truth. For the Christian scholar, be they at work in English literature, economics or engineering, research is ultimately an excursion in revelation. For the economist, this introduces a profound distinction between the Christian's perspective on the subject and its secular nature in mainstream published form. The Bible teaches us that God is the source of all truth and truth is absolute. However, just as God chooses to reveal His nature and purposes to us, our faith in a God of revelation implies that the world and the natural order is intelligible (or at least partly intelligible). Consequently, as Donald Hay (1989) explains, our attitude to learning and discovery is mediated by our faith. Faith alters our attitude to learning – it opens us to the possibility that knowledge may be given to use rather than achieved independently through our own wits. Christian revelation depends principally on the "living and active" *logos* – the truth of God as incarnate through His Son and revealed through His scripture. Yet God has created humankind is His own image with the capacity for reason. The Christian faith is reasonable – as the Scholastics, and most notably Thomas Aquinas, have emphasised, faith has a rational basis:

> (For Aquinas) "reason has the role of building upon what is known by revelation, exploring what its implications might be. In this case theology is a *scientia* – a rational discipline, using rational methods to build upon and extend what is known by revelation." (Alister McGrath, 2001, p. 179).

In the same vein Beed and Beed (1996) point out that human reason requires a metaphysical content. Both the application and interpretation of scripture and the application of God-given human intellect are subject to human fallibility. Even more so reason applied in the absence of a Christian religious viewpoint is prone to the contamination of sin.

The consequence of this thread of argument is that secular economics may not necessarily be wrong; it may just be incomplete or unreliable, because it proceeds in ignorance of the importance of God's normative intentions for human like, intentions that have both spiritual and material dimensions. Yet there is no reason to suppose that the subjection of economic analysis to divine revelation must, for the Christian economist, limit or constrain the bounds of academic enquiry:

> "(W)e could say that revelation decisively advances or extends debate, extends rather than limits the range of ambiquity and conflict in language, It poses fresh questions rather than answering old ones." (Rowan Williams, 2000, p. 135)

Archbishop Williams goes on to develop the important point that we are not passive actors in this process of revelation, patiently waiting for a divine "lifting of the view" of ignorance. Rather than asking the question "is this revelation?" in response to some new insight, the appropriate response is to enquire "if we live like this, has revelation occurred?" This is important because it means that economics undertaken by Christians may be revelatory regardless of whether it is prefaced by the quasi-authoritative "thus says the Lord".

So, in summary, as Christians and economists we recognise that our cognitive powers are a gift from God, and in this we are set apart as God's creatures made in His image. So our goal is to seek to make sense of the economic world in the strength of intellect that God supplies. Of course this is easier said than done! I have already touched on Bruce Webb's (1994) eloquent exposition of the seriousness of the challenge. As Webb concludes the existing "statements" on Christian economics (such as the 1990 Oxford Declaration) acquire acceptance because they lack specificity (Hay, 1991). As noted by Skillen (1990) they allow words to serve an equivocal purpose – to be interpreted in different ways by different people. We should not be surprised by this because, as Webb points out, Christian economists disagree about both theology and about economics, and have no objective or neutral grounds for settling these differences. So we should not expect to find any sudden outbreak of agreement, at least this side of the second coming! What we can do is continue to work hard to discern God's purposes, to listen carefully to each with a spirit of open-mindedness, and to proceed in the full knowledge that whatever we do is subject to the limitations of human fallibility.

6. Constructive engagement and prophetic challenge

The title of this paper poses a choice – in fact, of course, there is no choice. Economists who are Christians are called to be engaged in both activities. We need to do both good economics and speak prophetically into the gap between the world of secular, naturalistic economics and the principles of the kingdom of God. There may be considerable intellectual merit in pressing on with the task of constructing a distinctive Christian economic paradigm, but we need to realistic about such a project. It is extremely unlikely to result in a mainstream paradigm-shift, not least because the potential mainstream audience is unlikely to have the opportunity to pay much attention. Furthermore the theological and economic disagreements that need to be overcome are considerable. So how should an alternative strategy of constructive engagement proceed?

Here I want to return to the excellent work of George Marsden (1997). Marsden identifies four theological principles (in the broadest sense) through which a positive contribution can be made in the wider, secular academic world. I want to add a fifth to his list. I will discuss each and try to tailor each to the context of the study of economics. So in what follows I draw heavily on the penultimate chapter of his book.

The first is the principle of creation. This has proved foundational for Christian economists. Creation ordinance leads on to importance consideration of principles such as stewardship and the role of work (Hay, 1989; Henley, 2001). However in the mainstream of academia that which Marsden terms "methodological atheism" is pervasive, and not just within the physical sciences. Christians recognise of crucial importance that humankind and its societies and cultures are more than just the outcome of natural processes. Consequently a creation-perspective must lead inevitably back to methodological questions, since it explicitly confronts the prevailing naturalistic, post-Enlightenment first principles of economics. But let's not throw the rationalist baby out with the methodological bathwater here. The neoclassical theory of individual choice at its essence says that individuals make consistent choices (note nothing about selfishness or materialism). Perhaps we behave consistently (some of the time) because we were created by a consistent God. Altruism, to take an important example, is quite capable of conforming to a model of consistent behaviour. But for the Christian, altruism is not a cultural construct but a behavioural norm provided by God to humanity. Neoclassical choice theory is quite capable of coping with altruism, and, to the extent to which it has been extended into the area of the dynamics of choice, it can handle trust too – another God-given behavioural norm. So, Christian microeconomists can lead the way by providing a compelling intellectual rationale for such moral norms. We can model the positive consequences of altruism and trust. As Marsden suggests, most academics hold moral convictions. There is no reason to believe economists are any different[3], but they have no way of holding such convictions in a manner consistent with intellectual commitment to an "objective", positive economics.

The second principle is that of incarnation. The central Christian belief that God has intervened in human history in redemptive power through the incarnation of his Son demonstrates that there is no separation between the supernatural and natural realms. Individual agents have spiritual as well as material motivations for actions and choices. Christians therefore reject the unwritten rule in most physical and social science that there is no bridge between empirical truths (facts, data…) and what Marsden terms the "wider metaphysical realities". There may be a time and a place for methodological secularisation (the setting aside of the metaphysical). If we are required to undergo brain surgery we need to know that the surgeon has a technical mastery of his subject rather than faith in God (we can still of course pray for God's grace in the exercise of that skill). Similarly if we want to trust a bunch of economists to set the right interest rate for the economy, we need to know that

[3] For example, it remains something of a puzzle why so many economists hold firmly to the intellectual view that free market systems work better than economies based on considerable state intervention, and yet appear to support political parties standing on electoral platforms of market intervention.

they have a good technical understanding of economic forecasting. This "setting aside" is not the same as a total (once and for all) denial of metaphysical reality. The parameters of the forecasting equations reflect contingent historical truth (empirical regularities) – these exist but in the broader context of timeless metaphysical truths. The economics of the material world are the economics of constrained resources and flawed choices - the economy of the spiritual realm is one of unlimited spiritual blessing and divine choice. The revelation of the character of God through the incarnation of his Son ought to change our "sensibilities" towards others. We can bring Christian character, in unconstrained amounts, into the darker recesses of the world of economic analysis. Of course Christian character is manifest in our wider culture – not least because of God's common grace at work through the influence of two millennia of Christian thought on Western society. This is something for celebration and thanksgiving.

The third principle closely follows on from the bridge between the supernatural and natural order, since it refers to operation of the Holy Spirit. Christian scholarship must be marked by a healthy sense of the limits of human knowledge. The continuing work of the Holy Spirit is the means through which God reveals wisdom to the world. But as Marsden points out, we must not confuse "the belief *that* the Holy Spirit is working in history and in our lives with the ability to tell precisely *how* the Spirit works" (p. 95, original italics). What does this mean in practice? God doesn't necessarily need Christian economists publishing papers on Christian economics in the mainstream journals to achieve his purposes in the economic sphere. The Holy Spirit has been seen to work through Christian-faith inspired literature, such as C.S. Lewis' Chronicles of Narnia or J.R.R. Tolkein's Lord of the Rings, despite any explicit statement of the Gospel. Christian economists need to hold in balance a confidence that the Holy Spirit can operate through their professional work with a sense of humility that valuable economics, within the limitations of human fallibility, is being conducted in the mainstream.

The fourth of Marsden's principles is that of the human condition. Perhaps this offers the most fertile academic ground for economists. Naturalistic social science proceeds with no external point of reference. A Christian perspective introduces a divine source of moral authority, and specifically a frame of reference for understanding human behaviour in that context. Human sinfulness is pervasive, damaging the image of God in His creation. This perspective stands in contrast to the naturalistic perspective in that it puts humankind in its proper context in the socio-economic world. Men and women are not masters of the economic world, nor indeed are they able to aspire to be masters of it. By contrast they are the reason, more often than not, for its failures. Secular economics exalts the individual agent (whether that is as an individual economic actor, a firm, a community or an economy as a whole). Yet it is often pointed out that the dismal science has arguably a better perspective than other disciplines since it recognises human self-centredness, and in its practical application it focuses on the sources of market failure, and the extent to which these mar the ability to achieve "first-best" outcomes. Marsden refers to the theologian Reinhold Neibuhr, who points to the capacity of humankind to turn virtue into vice. This resonates strongly for economists: economic growth leads to environment degradation; technological progress generates damaging technological spin-offs that cannot be unlearnt; material progress creates positional goods which result in distributional conflict etc. Furthermore the development and application of game theory to economics points to way in which individually-motivated behaviour leads to socially suboptimal outcomes (the virtue of looking after a sub-group is at the expense of the whole). The economics of the fallen material world stand in stark contrast to the "new economy" of the Kingdom. Consequently Christian economists can participate in the world of economic policy formulation with far fewer illusions about the possibilities for social and economic betterment, and a far less sanguine perspective on the efficacy of solely economic solutions.

The additional principle that I want to add to Marsden's list is that of resurrection. If humankind has a capacity to turn virtue into vice then the Resurrection reveals to us that God is able to restore the rift between man and God. The resurrection of Jesus is proof of this. What does this mean for economics? The Resurrection firstly confirms to us the Lordship of Christ. This is not just a lordship of the spiritual, but a lordship of every aspect of human life – not least intellectual life. It hardly needs saying that for the Christian economist intellectual endeavour is to be pursued under the authority of Jesus. As John Stott points out, it is sadly the case that the intellectual realm is often the last stronghold to capitulate (Stott 1992). But the principle of resurrection should inform not just the mind of the economist, but the goal to which economic analysis is applied. In short economics does not have to be a "dismal science" – its ideas and their application can and should seek to bring restoration to the affairs of humankind. Here we may take inspiration from the Old Testament Jubilee principle – the idea that the regular cancellation of debts would serve to rescue those who had lost economic opportunity and choice. The kind of economic problems that should and do attract the Christian are those where there is opportunity to make a difference to the lives of the less advantaged and the economically disenfranchised.

For the majority of us the majority of time will be spent doing quality (and hopefully Holy Spirit-inspired) economic analysis firmly in the mainstream. There is a time and a place for challenging and distinctively Christian analyses of economic methodology and socio-economic principles. For the remainder of the time we must seek to develop a prophetic ministry within the halls of the mainstream of our subject. We have a gracious God whose power is sufficient to ensure that we can exert pressure on the tiller of the oil tanker. Sometimes God uses his prophets to turn the ship round completely.

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BOOK REVIEW: ***Economics as Religion: From Samuelson to Chicago and Beyond*** **by Robert H. Nelson, Pennsylvania State University Press, 2001.**

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Nelson is Professor in the School of Public Affairs at University of Maryland and this book follows on from his earlier *Reaching for Heaven on Earth- The Theological Meaning of Economics* (Rowan and Littlefield, 1991). It is ambitious book which suggests economists "serve as the priesthood of a modern secular religion of economic progress that serves many of the same functions in contemporary society as earlier Christian and other religions did in their time" (p. xvi). Note the assumption that Christianity is now culturally irrelevant. Nelson claims the book "offers a theological exegesis of the contents of modern economic thought ....and a new kind of theological study of the most powerful set of religious beliefs of the modern era" (p. xxv).

These are grand claims indeed, although their actual content depends very much on the way Nelson defines "religion" and "theological". As the book proceeds religion seems to defined functionally, so that something qualifies as religion if it dominates culture in Nelson understands Christianity did in centuries past. In other parts of the book religion is that which deals with ultimate meaning. Throughout the book Nelson pays little attention to such matters as the nature of God or final judgement. He is not interested in doctrinal affinities between economics and traditional religions. Thus the force of the claims about economics being religious is reduced by his minimal and functional definition of religion. Most readers would take "religion" and "theological" to mean a lot more than Nelson does.

Nelson develops his claims about the religious nature of economics through a discussion of some major strands of twentieth century American economics. He begins with Paul Samuelson, Nobel Laureate and author of the bestselling 1948 textbook *Economics*. Samuelson is for Nelson the high point of a gospel of economic progressivism that developed through twentieth century America. Next we have the Chicago School of Frank Knight, Milton Friedman, George Stigler, Richard Posner and Gary Becker who for Nelson are united by a distrust of the gospel of progressivism. They are categorized as "Protestant" critics of the "Catholic" progressives. Finally we have the heroes of the story – the New Institutionalist School of Ronald Coase, Oliver Williamson and others.

While this discussion of twentieth century American economics is clear and full of interesting suggestions, Nelson's method of discussing economics with occasional remarks on its religious dimensions does not allow a sustained argument about the religious nature of economics to be developed. He frequently slips from a discussion of economists' interest in values or culture, to describing economics in religious terms, to conclusions that economics is religious. He slips from discussion of the economics profession to describing it as a priesthood without any analysis of criteria which distinguishes a priesthood from a profession and why economics meets these criteria. Similarly he slides too easily from discussion of economic ideas to describing the system as a theology or gospel. Creative substitution of religious for non-religious terms is not argument. In some cases, though, I think Nelson is right and better arguments could have been developed to support the claims. In other cases he would have been better to leave religion out of it.

I found the labeling of the economic progressivism as Catholic and the Chicago critics as Protestant particularly unhelpful. This labeling is carried over from Nelson's 1991 book, and justified on the basis that Paul Tillich's *A History of Christian Thought* (Simon and Schuster, 1967 – the theological work that Nelson seems to rely on) discusses modern Catholic and Protestant theologies in separate chapters and that some of their characteristics resemble the economic progressives and critics. At times Nelson displays a remarkable theological ignorance for someone arguing that economics is theology. For instance it is difficult to believe that anyone who has actually read Acts could claim as Nelson does (on p. 272) that Ananias' was killed for breaking the early Christian rule that ownership of property must be held in common. I have grave reservations about Nelson's view of religion as something (anything – the actual content is irrelevant) which reduces transaction cost in the market by increasing trust and which blesses the exchange of goods for individual gain (see for instance p. 331). Is what Nelson speaks about as religion recognisable to the participants? It seems to me that religion viewed minimally and instrumentally in the way Nelson does will not actually be able to sustain trust or buttress the market.

Despite these reservations about Nelson's treatment of religion, the book is written in a lively style and full of interesting ideas. Among these are the suggestion that the most important role of economists is not to be value neutral technicians but to maintain the value system that supports modern capitalism, his comparison of libertarian and environmental criticism of economic progressivism, the discussion of Frank Knights' views on religion, and the plea for economists to take institutions and culture more seriously. Overall Nelson has written a brave and thought provoking, but ultimately unsatisfying book.