



Sympathy for Homo Religiosus

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I sympathize with Dan Klein's view that economics could use some unflattering. Certainly, the modern view of human behavior as a mathematical exercise in maximization is a bit sterile. The insights of behavioral economics—that we are not very good at the math, are prone to self-deception, and so on—suggest a richer model of human behavior.

But behavioral economics has focused mainly on what we are *not* rather than on a vision of what we *are*. So we are imperfect maximizers prone to self-deception. So mainstream economics is an inaccurate portrait of human beings. But what is to replace that approach? To the extent it has policy implications, the behavioral approach tends to reinforce the same vision as mainstream social welfare theory—that various kinds of government intervention are needed to overcome our individual shortcomings. Which unflawed government bureaucrats and politicians will pull this off? The ones who are wise enough to listen to economists. I do not consider this all that helpful.

Can religion enrich economics? To give one answer to that question, I'll contrast religion's view of human behavior with the standard mainstream micro-economics view. Then I'll take those differences and look at the implications for welfare analysis and public policy.

The 'flattest' version of homo economicus

Let's begin with the traditional economics view of human behavior and choice. To increase the contrast, I'm going to take the 'flattest' view of that be-

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havior. This risks making homo economicus into a straw man. Obviously in practice we all enrich homo economicus's behavior and choices in various ways. But the narrowest or flattest view of behavior from the standard perspective does capture the essence of how economists are trained.

In the standard view of economic theory human beings are integrated, consistent, maximizing, utility-seeking, calculating creatures. Homo economicus is fundamentally self-interested. Sure, the well-being or consumption of others might enter one's utility function. In this perspective, giving to charity is akin to buying a new iPad—it's a source of personal fulfillment and satisfaction.

The fundamental goal of homo economicus is racking up more utils, and activities that render utils directly are called "consumption." In the richer view of, say, Gary Becker, the goods we buy are inputs into broader, more fundamental sources of enjoyment. But it is consumption that matters. Work is generally treated as a cost we incur to acquire the income that allows us to consume. Increases in income unambiguously increase homo economicus's welfare, and so too do increases in leisure. In the mainstream view, receiving \$25,000 in annual transfer payments is better than receiving \$25,000 in after-tax earnings, because consumption is the same in both cases but leisure is greater in the former. In the mainstream model, there is no independent satisfaction gained from the act of working.

The value of freedom to homo economicus is to increase utility via maximization of the domain of choice. Freedom allows us to use our local knowledge, including knowledge of our selves, to maximize utility and create efficiency, at least in the absence of market imperfections.

The role of government is to maximize the size of the pie and, for many economists, to distribute the pie in order to maximize some more general concept of societal well-being through a social welfare function. Government policies have the potential to improve economic well-being by correcting for various shortcomings in either personal or market decisionmaking. Standard examples include externalities, public goods, imperfect information, and, increasingly, paternalistic regulation justified by behavioral errors.

A religious view of human nature

How does religion view human behavior and choice? There is a wide array of religious perspectives on human behavior. But there are a few conceptions that are common across many religions. I'll call this view of human nature "homo religiosus."

In the religious view, human beings seek meaning and transcendence in their lives. Human beings are fundamentally flawed and imperfect. Some desires are seen as aspects of ourselves that we are endowed with to confront and temper, even to suppress. Some desires conflict with broader goals of adherence to the divine will or general religious responsibilities. Money and material wealth are never disconnected from higher concerns of religious fulfillment. There is often a gap between the physical and the spiritual. The pursuit of pleasure may lead to temporary satisfaction but is unlikely to lead to contentment or higher fulfillment. Because of the human tendency to pursue short-term pleasure at the expense of longer-term satisfaction, religions add strictures of various kinds—dietary, sexual, and various forms of asceticism to limit the attraction or pursuit of the physical. These restrictions on personal choice enhance the well-being of adherents and believers. Charity, like many other forms of self-sacrifice, is an obligation rather than a form of self-expression. In the religious view, these self-sacrifices improve one's well-being. The goal of homo economicus is self-satisfaction. Homo religiosus seeks meaning and sees the obligations to help others as independent of one's own happiness.

Underlying some of the differences between the two views is the concept of holiness or transcendence—the idea that human beings have obligations to something higher than themselves. This is alien to homo economicus. Economists could try to put holiness in the utility function, I suppose. But homo religiosus seeks to serve a higher cause; he seeks meaning from life.

In the religious view of human beings, the power of community—the coming together of individuals to create something larger than themselves—plays a crucial role in well-being and satisfaction. It could be a traditional religious community organized around a physical house of worship. Or it could be something more mundane—an online gaming community or a youth soccer league. What is to be maximized, what might be described as the good life, is something akin to human flourishing. While some religions disparage material well-being entirely, others—Judaism for example—see our task in this world as one of using our skills and gifts to make the world a better place. Work is a source of meaning not just because we enjoy it but because by using our skills we are doing God's will. Religion views leisure in different ways. For some, it is an absolute bad—idle hands are the devil's workshop—while for others it is more benign. But few, if any, view it as inherently good.

Economic growth in the religious perspective is good but comes with challenges. Reduced work time allows more time for helping others or serving God. But it may also lead to a focus on consumption activities that have little value in producing true fulfillment.

Freedom gives us the opportunity to serve God in various ways—through our personal choices and through the uses of our time to create community, fulfill religious obligations, help others, and enhance our families.

In the religious view, there is no obvious conception of the ideal government. It is easier to talk about what government should not do. It should not crowd out private, voluntary efforts to fight poverty or enhance families. Private voluntary efforts have value to both donors and recipients that are independent of the amounts given. The amounts matter, but there is a real difference between choosing to help someone and being forced to help someone. Usually in mainstream economics, all that matters is improving the consumption of the poor. Of course, it is possible to re-configure the utility function to allow people to care about their own contribution rather than just the total effect on the consumption of the poor.

Sympathy for homo religiosus

One can be sympathetic to what I have called homo religiosus without being religious. What I have described here as homo religiosus is not that far from Adam Smith's conception of human behavior in *The Theory of Moral Sentiments*, a conception that is not inherently religious. In Smith's view of human nature, we are flawed, self-deceiving, and prone to overrate the benefits of wealth-seeking and power-seeking. Consumption rarely leads to satisfaction. What we care deeply about is the respect, honor, and affection that we receive from those around us.

Of course, Smith was able to write *The Wealth of Nations* without referring much to these aspects of our nature. This suggests that the richer view of human nature espoused by Smith in *Theory of Moral Sentiments* or by an explicitly religious perspective adds little to economics. It is easy to then dismiss the richer viewpoint as unnecessary for most of what economics examines—market transactions, investments, global trade, and so on. It's not a bad argument.

To further defend the mainstream view, one might argue that all of the implications of the religious view can be regained by sufficient manipulation of the utility function. If people indeed care about community, religious or otherwise, we can put that urge into their utility function and thereby explain why people might be willing to sacrifice personal well-being in order to help others. In this model, I would bring food to the family of a newborn even when I no longer expect additional children. Even without expected reciprocity I expend real resources and gain a feeling of belonging as compensation for my sacrifice. Similarly, it is relatively easy to assume that people get satisfaction from their work and that a dollar earned through working is worth more than a dollar received in a government check.

Much of Becker's work was an attempt to enrich the most sterile versions of homo economicus (see, e.g., Becker 1997). He managed to maintain the richness of human behavior while keeping the formal models of utility maximization under constraints. That level of artfulness among economists is rare, however. My claim here is that most practitioners of the standard model ignore that richness or are unable to include it effectively.

Whether this approach is productive relative to the more nuanced but perhaps less powerful analytics that result from a less mechanistic view of behavior is an interesting question but not one I'll address here. Instead, I want to speculate on a different implication from these views of human beings and their behavior. I want to explore the possibility that the methodological differences, the very style implicit in the two approaches, has implications for how economists think about public policy, human well-being, and the connection between the two.

My speculation is that if you are trained to see human beings as something akin to calculating machines, if your research sees them as calculating machines, and if you teach your students a view of human beings as calculating machines, it's inevitable that something of that perspective will affect how you view public policy. The dominant view of economists is that the economy is a mechanism that we as economists are able to configure via the levers and dials of public policy to improve on the outcomes that emerge from the private choices of individuals. This is the worldview behind monetary and fiscal policy as well as behind potential welfare improvements through antitrust policy, Pigovian taxes and subsidies, and paternalistic restrictions on our diet and leisure choices.

This view is so dominant that we rarely question where it comes from. What is the basis for the view that the policy suggestions of economists can improve matters? Our theories, of course. But are those theories reliable? Perhaps some of the hubris of economists' suggestions comes from our mechanistic view of human behavior, the simplicity of 'calculating' the combination of goods and services that maximizes utility, and so on. Creating more utility is a mathematical calculation, an engineering problem with a solution.

My worry is that our methods may be encouraging us to see human beings as pieces on a chessboard whose motions and working we purport to understand. This in turn makes us prone to become men and women of system, with an overconfident vision of what will serve to improve the well-being of the chessboard we are managing.

The religious view, and the Smithian view, of man encourages a humbler approach to human welfare. We are complicated creatures, we human beings. The road to improvement isn't as well mapped as we might like to believe. Recognizing the complexity of human motivation should make economists, and others, more

humble about their ability to intervene in private choices in a way that is welfare enhancing.

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