

My Perspective on Christian Economics

Ralph W. Huenemann
University of Victoria, Canada

Although I have taught economics and finance for many decades, I have encountered the term *Islamic finance* only in the past few years. The term is usually contrasted not to *Christian* finance but to *conventional* finance. My understanding is that Islamic finance differs from the conventional kind because the Quran teaches that charging interest on debt is unethical, and perhaps disagrees on other issues as well. I am gradually educating myself to the complexities of this debate in finance. I only encountered the term *Islamic economics* a few weeks ago, when my reading about Islamic finance brought to my attention Muhammad Akram Khan's new book *What Is Wrong with Islamic Economics?* Khan's implied contrast is again not with *Christian* economics but with *conventional* economics. In this context, let me explore two questions.

Question 1: What are the differences (and similarities) between Islamic and conventional economics?

It is important to begin by noting that economics and finance are not identical. Let me set aside the specific issues raised by Islamic finance and focus on economics, as the subject is understood by economists. For western economists, this begins with Adam Smith and his famous book *The Wealth of Nations*. It seems clear to me that Islamic critics of conventional economics assert that the Islamic perspective on economic issues places emphasis on principles of ethics and justice and community, in a way that conventional economics does not, and that this emphasis on issues of right and wrong makes Islamic economics morally superior to the conventional kind. Some conventional economists seem to agree that ethical issues have no place in their subject but, if asked, would probably disagree that this makes the Islamic version superior. For this school, economics is primarily, or entirely, a *positive* science, not a *normative* one. That is, it poses and tries to answer questions of *fact* (such as, if the central bank increases the money supply, what will happen to the price level, or the interest rate, or the rate of unemployment?), not questions of *value* (should the central bank increase the money supply?).

For myself, I find it quite surprising that any economists embrace this viewpoint—since it seems clear to me that conventional economics is both positive and normative. Certainly Adam Smith saw it this way, for he wrote a second, equally important book titled *The Theory of Moral Sentiments*. He thought of himself as a moral philosopher, not an economist. And, to cite one other famous example, Karl Marx (although admittedly a heterodox economist, and a deeply flawed human being) was passionately committed to understanding *and fixing* the shortcomings of capitalism as he saw them. And Smith and Marx were not exceptions. Rather, mainstream

Ralph W. Huenemann (August 2013), the First Annual Conference of Islamic Economics & Islamic Finance organized by ECO-ENA, Inc., Canada and held in Chestnut Conference Center, Toronto University, Toronto, ON, Canada

economics has always given major attention to what are without doubt normative questions: Should government policy support free trade or protectionism? What social institutions best serve economic efficiency as a goal? Which markets require government regulation and which markets function better with deregulation? The list can easily be extended. But the point seems clear. Economics, even conventional economics, has always been a normative science.

Question 2: Is there such a thing as Christian economics, and if so how is it related to either conventional or Islamic economics?

If we mean by “Christian economics” the teachings of Jesus of Nazareth about economic issues, we are talking about a severely normative school of economics—more radical, I think, than the Islamic writings on the subject. I have in mind the episode of Jesus throwing the moneychangers out of the temple (Matthew 21:12), the teaching that “blessed are the poor” (Matthew 5:3), and so on.

If we examine contemporary economics as an intellectual discipline, and ask how—if at all—it is influenced by Christian principles, I would advance four relatively noncontroversial propositions:

- If asked, some economists would identify themselves as Christian, and some would not. Even within the group that self-identify as Christian, there are intense arguments about whether all the others are legitimately Christian.
- Some economists are relatively conservative (right-wing) in their social and political views, and some are relatively liberal (left-wing).
- Some economists are orthodox, and some are heterodox.
- There is no correlation whatever between these categories (Christian/non-Christian, conservative/liberal, orthodox/heterodox). All combinations are possible.

I would add a fifth assertion, perhaps more controversial, that it is entirely possible for an economist to be an ethical human being without holding any religious beliefs whatever. Sadly, I would add the corollary that it is also possible for a human being to be devoutly religious and nonetheless deeply unethical.

In brief, my own view is that Christian economics is neither valid nor invalid, because no such category exists.

Suggested Readings

Aslan, Reza(2013). *Zealot: The Life and Times of Jesus of Nazareth*.

Blom, Philipp (2010). *A Wicked Company: The Forgotten Radicalism of the European Enlightenment*.

Damasio, Antonio (2010). *Self Comes to Mind: Constructing the Conscious Brain*.

Ralph W. Huenemann (August 2013), the First Annual Conference of Islamic Economics & Islamic Finance organized by ECO-ENA, Inc., Canada and held in Chestnut Conference Center, Toronto University, Toronto, ON, Canada

Khan, Muhammad Akram (2013). *What Is Wrong with Islamic Economics? Analysing the Present State and Future Agenda.*

McCloskey, Deirdre N. (2006). *The Bourgeois Virtues: Ethics for an Age of Commerce.*

Rees, John A. (2011). *Religion in International Politics and Development: The World Bank and Faith Institutions.*

Smith, Adam (1759). *The Theory of Moral Sentiments.*

Smith, Adam (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations.*

Vermès, Géza (2012). *Christian Beginnings: From Nazareth to Nicaea.*