The cover features a photograph of a large, classical building with a prominent green copper dome. The dome is topped with a cross and has several statues of figures in robes around its base. In the background, a modern skyscraper with a blue glass facade is visible. The text is overlaid on the top right and bottom of the image.

EDITED BY

PAUL

OSLINGTON

≡ The Oxford Handbook of
**CHRISTIANITY
AND ECONOMICS**

THE OXFORD HANDBOOK OF

**CHRISTIANITY
AND ECONOMICS**

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ECONOMICS

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PAUL OSLINGTON

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CONTENTS

<i>List of Contributors</i>	ix
<i>Introduction</i>	xiii

PAUL OSLINGTON

PART I HISTORICAL RELATIONSHIPS BETWEEN ECONOMICS AND CHRISTIAN THEOLOGY

1. Economics in the Christian Scriptures	3
M. DOUGLAS MEEKS	
2. Economics in the Church Fathers	22
HENNIE STANDER	
3. Voluntary Exchange and Coercion in Scholastic Economics	44
ODD LANGHOLM	
4. Economics and Theology in Italy since the Eighteenth Century	57
LUIGINO BRUNI AND STEFANO ZAMAGNI	
5. From the Foundation of Liberal Political Economy to its Critique: Theology and Economics in France in the Eighteenth and Nineteenth Centuries	73
GILBERT FACCARELLO	
6. Theology and the Rise of Political Economy in Britain in the Eighteenth and Nineteenth Centuries	94
A. M. C. WATERMAN	
7. Economics and Theology in Europe from the Nineteenth Century: From the Early Nineteenth Century's Christian Political Economy to Modern Catholic Social Doctrine	113
PEDRO TEIXEIRA AND ANTÓNIO ALMODOVAR	
8. Economics and Theology after the Separation	135
ROSS B. EMMETT	

PART II CONTEMPORARY THEOLOGICAL ECONOMICS

9. Roman Catholic Economics 153
ANDREW YUENGERT
10. Anglicanism 177
KIM HAWTREY
11. Eastern Orthodoxy's Theology of Economics 197
DANIEL P. PAYNE
12. Reformed Christian Economics 206
BOB GOUDZWAARD AND ROEL JONGENEEL
13. Theonomy and Economic Institutions 224
EDD NOELL
14. Anabaptist Approaches to Economics 245
JAMES HALTEMAN
15. Pentecostal Approaches to Economics 263
SHANE CLIFTON
16. Interface and Integration in Christian Economics 282
J. DAVID RICHARDSON

PART III CHRISTIANITY, CAPITALISM, AND DEVELOPMENT

17. Weber, Theology, and Economics 307
MAX L. STACKHOUSE
18. Economic Religion and Environmental Religion 337
ROBERT H. NELSON
19. Christianity and the Prospects for Development in the Global South 359
PETER S. HESLAM
20. Faith, Religion, and International Development 384
KATHERINE MARSHALL
21. Christianity and the Global Economic Order 401
PAUL S. WILLIAMS

PART IV ECONOMIC ANALYSIS OF RELIGION

22. Economic Models of Churches 421
ROBERT MOCHRIE
23. The Economics of Religious Schism and Switching 438
T. RANDOLPH BEARD, ROBERT B. EKELUND, JR., GEORGE S. FORD, AND
ROBERT D. TOLLISON
24. Spiritual Capital 463
THEODORE ROOSEVELT MALLOCH
25. Religious Labor Markets 472
IAN SMITH
26. Regulation of Religious Markets 489
CHARLES M. NORTH
27. Behavioral Economics of Religion 512
JONATHAN H. W. TAN

PART V INTERDISCIPLINARY EXCHANGES

28. Economic Justice 533
ALBINO BARRERA
29. Happiness 549
BEN COOPER
30. Usury 564
IAN HARPER AND LACHLAN SMIRL
31. Human Nature, Identity, and Motivation 581
GORDON MENZIES AND DONALD HAY
32. Gender 606
CARRIE A. MILES
33. Poverty 620
CRAIG M. GAY
- Index* 637

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INTRODUCTION

PAUL OSLINGTON

PUBLICATION of this *Oxford Handbook of Christianity and Economics* reflects the emergence of economics and religion as a new interdisciplinary field. It connects with similar handbooks on *Islam and Economics* being edited by Timur Kuran and *Judaism and Economics* edited by Aaron Levine, and others planned.

Most of the questions addressed in this volume and the new interdisciplinary field have been discussed for many years in disciplines such as economics, sociology, development studies, philosophy, theology, and history. What is new is bringing together these disciplinary discussions so that gainful trade in techniques and ideas can take place. For instance, the long running discussion of the role of religion in the rise of capitalism has been enriched by recent work with economic models of religious behavior and religious institutions. The economics of religion literature has been enriched, and stands to be further enriched, by more sophisticated understandings of Christian doctrine gained from interaction between economists and theologians.

Renewed interest in the relationship between economics and religion among economists is evidenced by the economics of religion now being recognized as a subdiscipline by the American Economic Association through allocation of its own subject code, and the vitality of the professional association for scholars in the subdiscipline (the Association for Religion Economics and Culture founded by Larry Iannaccone). A recent annual conference of the History of Economics Society featured a presidential address by Bradley Bateman (2008) on the role of religion in the development of the American economics profession, the Distinguished Fellow award was to Anthony Waterman for his work on the history of the relationship between economics and Christian theology. Papers on religious context and influences are now common in the history of economics literature. The enterprise of Christian economics continues as it has since the 1970s, though at the margins of the economics profession.

Among theologians there has been no shortage of interest in economic matters, but the depth and accuracy of their theological engagement with economics has been increased by interactions with economists in recent years. Theologians are increasingly going behind the policy issues to engage with the thought world and models of

economists. Ill-informed and dismissive comments from both sides of the divide (which has existed between economists and theologians since the mid-nineteenth century in Britain, and the early twentieth century in America) are now balanced by a great deal of sophisticated and fruitful engagement.

The focus of this volume is the deeper intellectual issues at stake in the encounter between Christian theology and economics, but these issues are highly relevant to contemporary policy issues. Many important contemporary issues involve relationships between economics and religion. The economic future of religiously vibrant Africa depends in part on the African resolution of the relationship of their religious traditions to economic development. Something better is needed than the prosperity gospel, which mars many African Christian churches. Africa needs to move beyond the rejection of economics as something foreign and tied to European colonialism. The universalism of both the Christian and Islamic traditions is an important strand of debates over the migrant and refugee movements. There have been important religious dimensions to debates over free trade and, of course, the slave trade. Religious institutions including churches are very significant economically. For instance, in Australia now over half of social services are delivered under contract by church-related organizations, and the future of social services, as well as health and education will depend on negotiating workable relationships between governments, markets, and churches. And what regulatory and tax arrangements are appropriate for churches themselves?

In this volume, I am pleased to have contributions from many of the leading scholars working on relationships between Christianity and economics. History is the best place to start for understanding relationships between religion and economics. In this I have been persuaded by the work of John Hedley Brooke (1991), Peter Harrison (1998, 2007), and others on science and religion, and by the work of the late Jacob Viner (1978), Anthony Waterman (1991), and others on economics. History resists neat solutions about what the relationship should be, and the chapters in Part I indicate the diversity of fruitful trade between economics and Christianity, as well as some unfruitful trade. The discipline of economics, or political economy as it was originally known, has only existed since the nineteenth century, and the early chapters in Part I deal with economic ideas in the Christian tradition before the discipline of economics took shape. I was particularly pleased to have contributions on Italian and French developments, but there are also German and Spanish stories that could have been told. Unfortunately, a chapter on the important American story could not be included. Chapters on the interaction of economic and Christian thinking outside Europe and America would have been fascinating but these stories must remain to be told by others.

Approaches to economics in the different modern Christian traditions are discussed in Part II of the volume. In some traditions there have been attempts since the 1970s to build an alternative and distinctive Christian economics, as there have been similar attempts to build an alternative Islamic economics. Theonomists and some economists in the Reformed tradition have been most inclined to this, and Pentecostals least inclined. Anglicans as usual stand in the middle, with only those influenced by Reformed thinking being interested in Christian economics. Roman Catholic Social

Teaching is a coherent and strong tradition of commentary on social issues and occasionally economics, but the popes have never attempted to construct an alternative economics—at most an alternative theological framework for economics.

Some of the most intensely debated questions at the boundary of religion and economics are discussed in Part III of the volume: the Weber thesis, the compatibility of traditional Christian and economic ways of thinking with environmentalism, the role of religion in international aid and development efforts, and the compatibility of Christianity with capitalism.

In recent years the literature on the economics of religion has grown rapidly and has its own specialized *Oxford Handbook of the Economics of Religion* (2010) edited by Rachel McCleary. The emphasis in Part IV of my Handbook is on the intellectual issues and the place of economics of religion in the wider trade that is going on between the disciplines. I have also included chapters on developments in the economics of religion that I believe will be important in the future, such as the peculiarities of religious labor markets, appropriate regulation of churches, and behavioral approaches to questions that have occupied economists of religion.

The economics of religion is significant not just for those interested in religion. Religion is one of those limit situations for human beings, so progress in understanding religious behavior and religious institutions can shed light on other areas of human behavior and other types of institutions.

Finally in Part V of the volume I invited chapters on topics where there is potential for particularly fruitful exchanges. I suggested authors consider how economists understand the topic, how theologians understand the topic, and what each might learn from the other. Other topics could have been included, such on gift, love, and greed.

Editing the volume followed an invitation from Terry Vaughn and Michael Szenberg of Oxford University Press. I am most grateful for the contributions of the chapter authors and for their patience as it has taken shape. There are some very fine chapters indeed. It would not have been possible without the support that the John Templeton Foundation has provided over the last three years to explore the new interdisciplinary field of economics and theology. A bibliography of work on economics and theology and an associated Endnote database are available on my University web page. A previous volume *Economics and Religion* published by Edward Elgar in 2003 collects some of the key references in the field.

I look forward to future work in this new and rapidly evolving field.

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PART I

.....

HISTORICAL RELATIONSHIPS

BETWEEN ECONOMICS AND

CHRISTIAN THEOLOGY

.....

CHAPTER 1

ECONOMICS IN THE CHRISTIAN SCRIPTURES

M. DOUGLAS MEEKS

THE Christian Scriptures (comprising the Hebrew and Greek Testaments) do not contain what would be called modern economics, but they are replete with the concerns of economy (*oikonomia*, *oikos* + *nomos*, the management of the household), that is, the production, distribution, and consumption of the means of livelihood. The burning question of economy in the Scriptures, as in the ancient world in general, is “Will everyone in the household get what it takes to survive the day?” Thus Christians pray, “Give us this day our daily bread.” Economy in the Christian Scriptures, however, entails more than physical means of life. It also includes questions of the relations of those within the household and those without, relations that serve God’s purposes for life in the whole of creation. Thus the biblical view of economy entails social and political dimensions. The “economy of God” (*oikonomia tou theou*) is a term in the Scriptures and the tradition designating God’s all-inclusive history with the creation and the human response to God’s economic work.

I. SCRIPTURES: RECEPTION AND INTERPRETATION

Taken together there are several basic theological, historical, and literary genres of the Bible, each of which offers distinct perspectives on economics *coram Deo* (before God): Law (Torah), Prophets, histories of Judges and Kings, Wisdom Literature, Apocalyptic, Gospels, Acts of the Apostles, Pauline corpus and other letters, and the writings of the Apocrypha (considered non-canonical by some traditions). Most of the Christian tradition has recognized that the Scriptures must be read from a “canon within the canon,” and this is usually determined by God’s grace, love, and righteousness

(justice) that are manifest in Jesus Christ, the Son of God, and that are the substance of God's reign of righteousness/justice (the kingdom of God). It is this "canon within the canon" that provides a fairly constant perspective on economy in the Christian Scriptures.

Israel's economic laws are found in four major collections: The Decalogue (Exod. 20:2-17, Deut. 5:6-21), the Book of the Covenant (Exod. 20:22-23:33), the Holiness Code (Lev. 17-26), and the Deuteronomic Laws (Deut. 12-26). The Old Testament economic laws may be compared with Sumerian, Babylonian, Hittite, and Assyrian collections of laws for which there are similarities but also significant dissimilarities. These laws of the Torah combine with the Mosaic narratives, the prophetic witnesses, and the gospel narratives of Jesus to form the content of biblical teaching on economy. The "economy of God," as reflected in the various stages and traditions of Christian scripture, shows some likeness but also radical difference from surrounding economies. As long as the Scriptures are taken as authoritative, biblically rendered economy is always in conflict with the surrounding prevalent economy. The predominant form of economy during scriptural times was based on submission to several ensuing empires (among them, the Assyrian, Persian, Babylonian, Hellenistic, and Roman empires), city-state domination of agricultural and nomadic means, and slavery. The tension, sometimes severe, between the biblically portrayed economy, on one hand, and slavery, feudalism, mercantilism, capitalism, and socialism, on the other, remains constant throughout the tradition.

The history of the reception and interpretation of economy in scripture finds its key transformative moments in these figures and historical epochs: (1) The Church Fathers such as Clement of Alexandria and Tertullian, and especially the fourth- and fifth-century theologians Basil of Caesarea, Gregory Nazianzus, and Gregory of Nyssa, Chrysostom, Ambrose, and Augustine; (2) the Scholastics, especially the period of roughly 1200-1350 when theologians at the University of Paris such as Thomas Aquinas and the mendicants (Dominicans and Franciscans) gave a critical reading of the Scriptures and the Fathers in light of the first signs of modern economy; (3) the Reformation which for the most part followed the scholastics on economy but set the groundwork for new political economies; (4) the Enlightenment, typified by John Locke, and the various liberal interpretations of the Bible "within the limits of reason alone"; (5) the four modern Great Awakenings and their consequent evangelical interpretations of the Bible; and (6) more recent liberation and eschatological interpretations of the Scriptures from the perspective of the poor in developing countries, ethnic groups, women, and the care of nature. In each of these periods large groups of Christians read the Bible on economy in new ways as they adjusted to life in the predominant economy but criticized and transformed the economy in varying degrees from the biblical standpoint. In the medieval period there was an attempt to construct a "Christian economy." Beginning with the Reformation and the dissolving of Christendom the more likely approach was to read scripture for a Christian perspective on economy.

II. GOD'S BEING AND ACTS

There are theological commitments in scripture without which the biblical perception of economy is incomprehensible. Biblically speaking, what economy is and how it functions cannot be construed in abstraction from who God is and how God works in history and nature. The character of God is revealed in the history of Israel and in the narrative of Jesus, the Holy Spirit, and the Father who sends them for the redemption of the world. That is to say, the widest horizon for a Christian understanding of economy in the Scriptures is God's Trinitarian history with the world. It is the character of this God to give Godself to us and with Godself all things (John 3:16; Rom. 8:32). In simplest terms "God is love" and the freely given grace (*charis*) of God's love is captured by viewing God as "the Giver." This "economy of grace or giving" is viewed in relation to God's economic work in the creation, in redemption, and in the new creation that the Scriptures speak of collectively as the "economy of God." Following are some principal points of these acts of God that affect the biblical teachings on economy.

Creation. God has called all things into being out of nothing (Gen. 1-2). Human beings do not create themselves and thus they are limited, like all creatures, and dependent on God's providential care and on each other for sustenance. The situation of human beings and creation is that they are also fallen, that is, subject to the power of sin, evil, and death. Human creatureliness thus entails givens, limits, and boundaries, as well as moral failures. An economics that does not show deference to the givenness of our being creatures and thus part of nature will lead to dangerous fantasies of unlimited wealth and lording it over other human beings, nature, and the coming generations. An economics that does not take into account human sin and systems of evil will naively think that economy does not have to be regulated.

The biblical view, moreover, is that we are not only creatures sharing finitude in solidarity with all other creatures and a bent toward greed but that we are also created in the "image of God" and endowed by God with whatever is required for us to be representatives of God's will to the rest of the creation (Gen. 1:26-31). Being human is an economic commission to join God the Creator in doing the righteousness by which the world may live. What separates human beings from the rest of the creation is that they are called to be God's stewards in representing and obeying God's will for the creation.

This combination of *humility* because of our creatureliness, *gratitude* because of God's provision, and *obedience* because of our God-given ability to care for the creation means that sin is threefold: the arrogant and destructive desire to be God, the self-depleting refusal to be thankful, and the slothful refusal to be "like God."

Salvation. Economy is affected not only by individual sins but also by systems of evil, and, therefore, in all of its forms economy must be judged and redeemed lest it become an agent for ruination. The human economic project of building the city (Gen. 4:17), the human counter-creation, is, according to the Scriptures, fraught not only with great possibilities of human creativity but also with the human imagination

and means for massive destruction. Living under the conditions of sin, evil, and death, human beings engage in economy with ambiguity and the constant possibility of self-jeopardy. This is especially true of the fundamental realities of economy: property, work, and consumption, around which dance the possibilities of flourishing life and the possibilities of destruction and death. Hence, the history of God's salvation beginning with Israel and extending to the whole creation is at the heart of God's economy. God's salvation is viewed in many ways but the most basic is redemption or ransom from slavery (ultimately "slavery to the law of sin and death"). Indeed the language of economy even in modernity comes from the biblical expressions of salvation: "saving," "redemption," "bond," "reconciliation," "fidelity," "fiduciary," "trust," "share," "debt," for example.

God appears first and most centrally in God's history with Israel as one who liberates from a slave economy in which God's people cannot live. "I have seen the affliction of my people who are in Egypt, and have heard their cry because of their taskmasters. I know their sufferings, and I have come down to deliver them" (Exod. 3:7-8b). Thus begins the biblical economic theme of God's *dwelling* (making God's home) with God's people (cf. John 1:14). This is the God who dwells among the slaves, who makes God's home among the forsaken so that they can come out into a new *oikos* of freedom. This God has a dwelling in a people who were no people and is interested in a new household of freedom whose distribution will make for life against death. Yahweh's exclusive right to or claim on (property in) the household of Israel is based on God's liberation of them from the house of bondage (*oikos douleias*, Exod. 20:2; Deut. 5:6, 7-21). The economy and its laws are based on this salvific reality, "And you shall remember that you were a slave (*oiketes*) in the land of Egypt and the Lord your God brought you out" (Deut. 5:15). This God stands against all justifications of slavery, against making people commodities for the economic process.

The epitome of God's willingness to dwell in God's creation is found in Jesus who, "though he was in the form of God, did not count equality with God a thing to be grasped, but emptied himself, taking the form of a [household slave, *doulos*]" (Phil. 2:6-7). God overcomes slavery and the scarcity of what it takes to live by becoming a slave. Thus the center of God's economy is found in the cross of the resurrected Christ. "For the love of Christ controls us, because we are convinced that one has died for all; therefore all have died. And he died for all, that those who live might live no longer for themselves but for him who for their sake died and was raised" (1 Cor. 5:14-15). God works economically for the ransom of God's people through exchange (Isa. 43). In Christ God exchanges God's own son. "You were bought with a price; do not become slaves of human masters" (1 Cor. 7:23).

The Gospels narrate the story of Jesus as the announcement and distribution of the righteousness of God's reign. The heart of Jesus' message is, "strive first for the kingdom of God and his righteousness" (Matt. 6:33). Jesus distributes bread, healing, freedom, a new name and identity, and peace with nature, not through amassing wealth, controlling property, or the right cult, but rather by displaying God's economy as the gifting of righteousness through God's own self-giving.

Jesus' proclamation subverts structures of oppression by envisioning different household relationships in which all persons of Israel are welcomed by God's gracious goodness. In Jesus Christ God is seeking to call into being and sustain an *oikos* in which all of God's creatures will have access to life. The new discipleship community overturns the claims of the patriarchal family and forms a new familial community, one that no longer includes the economic/political role of the Greco-Roman *pater familias*. Jesus' saying, "Whoever does not receive the kingdom (*basileia*) of God like a child ('little one') shall not enter it" (Mark 10:15), is not an urging of naïveté but a challenge to cease domination of others. Structures of domination are not to be tolerated in the discipleship of equals. The sign of true leadership in the community is solidarity with those who are "slaves and servants."

New Creation. Finally, the biblical perspective on economy is shaped by eschatology, which is fundamentally about the kingdom of God and its timing. The narrative of Jesus, the Spirit, and the kingdom of God is full of the tension of the "already" and the "not yet" of God's economy of righteousness. Much of the tradition, especially in modernity, has treated the economic teachings of Jesus as not applicable in the present because the kingdom of God is not present. Therefore much hangs on whether and in what manner the kingdom of God is at hand. If the reign of God's righteousness is present, then Jesus' teachings, parables, and commands about economy make sense and present themselves as the realistic ordering of the life of Christians and their witness to public economy. The Christian sacraments of baptism and the Eucharist point to and make present the kingdom and thus become crucial for a biblical understanding of economy. The eschatological perspective is also decisive for economy in the sense that what is promised by God in God's future becomes a criticism of what is in the present. History is not complete. No form of economy is perfect and finished once for all. No economy, including capitalism, has the power to save us from sin, evil, and death.

III. THE GREAT COMMANDMENT: LOVE GOD AND NEIGHBOR AS YOURSELF

At the center of biblical economy is the Great Commandment that summarizes the law and the prophets. It appears in Deuteronomy 6:4-5 and is repeated by Jesus: "You shall love the Lord your God with all your heart, and with all your soul, and with all your strength, and with all your mind; and your neighbor as yourself" (Luke 10.27; cf. Mark 12:30; Matt. 22:27; 1 John 4:20; 1 Tim. 1:5). Love of God and neighbor both criticizes and limits economy, on the one hand, and empowers and orders it, on the other. But there is nothing simple here, and the Scriptures seem to groan at times under the burden of trying to hold together God's command of love, on the one hand, and the arduous and complex work of producing and distributing sustenance, on the other.

The Great Commandment raises the decisive economic questions about which the Torah and the Gospel are constantly concerned: Who is my neighbor? Am I my sister and brother's keeper? In distinction from but possibly including erotic love and friendship, neighbor love is the love of the radically different one, typified by the poor. Neighbor love is the chief identifier of human participation in the economy of God and is the actual experience of salvation. This is exemplified by the parable of the Good Samaritan (Luke 19:25-37) and multiple other examples in both testaments. The "neighbor," as opposed to the object of erotic love and friendship, is different, often not lovable and opposed to one's beliefs, and ritually unclean. God's love is immediately connected with the needs of the neighbor. The neighbor may be the one in closest proximity, but according to the Gospel Jesus proclaims, the love of neighbor is nothing less than the love of all human beings. Love of God and love of neighbor are inseparable. "How does God's love abide in anyone who has the world's goods and sees a brother or sister in need and yet refuses help? Little children, let us love, not in word or speech, but in truth and action" (1 John 3:17-18). Neighbor love is expressed in the dictum: "Let each of you look not to your own interests, but to the interests of others" (Phil. 2:4). Eating and drinking with another is a profoundly intimate act. Through common meals Jesus expresses intimacy with the poor neighbor. When you invite someone to your table, says Jesus, "Do not invite your friends or your brothers or your relatives or rich neighbors, in case they may invite you in return, and you would be repaid. But when you give a banquet, invite the poor, the crippled, the lame, and the blind. And you will be blessed, because they cannot repay you, for you will be repaid at the resurrection of the righteous" (Luke 14:12-14).

IV. WEALTH AND POVERTY

The scriptural economic perspective focuses on the fundamental human friction between wealth and poverty. Proverbs states the situation frankly: "The rich rules over the poor, and the borrower is the slave of the lender" (22:7) and goes on to elaborate on the contest between the wealthy and the poor: "Oppressing the poor in order to enrich oneself, and giving to the rich, will lead only to loss. Do not rob the poor because they are poor, or crush the afflicted at the gate; for the Lord pleads their cause and despoils of life those who despoil them" (22:16, 22-23).

In general the Scriptures are not opposed to wealth as such. God promises abundance in the land (Deut. 8:7-10). Jesus describes his own ministry as a time of festivity. His chief image of God's coming household is that of the eschatological feast, where joy reigns and the Messiah and all the redeemed share in abundance (Luke 14:16-24; 15:11-24; 16:25; 22:18). The dividing line for defining wealth is twofold: (1) what is necessary to survive the day and (2) what is necessary to fulfill one's calling as a child of the covenant or as a disciple of Jesus Christ. What is above this is wealth, what is below this is poverty. Wealth is a problem when one is wealthy before the others are and when wealth destroys

the integrity of a person and a community. The discrepancy of wealth and poverty distorts human community and thus ruins the purpose of wealth, which is to serve the well-being of human beings and the rest of creation. Much of scriptural teaching on economy concerns how the wealthy and the poor can live together.

A vivid illustration of the coming reversal and the need of repentance for the unholy treatment of the poor is the story of the rich man and Lazarus (Luke 16:19-31). The clothing, mansion, and daily feasts of the rich man contrast with Lazarus's miserable existence. Lazarus reflects the social poverty of the common people of the land. Every detail makes vivid the misery of poverty. Lazarus scrounges the waste from the daily feast of the household. His emaciated body is covered with sores that dogs continually irritate. Without property, he is excluded from the livelihood of the household. But, though not even decently buried, Lazarus ("God helps") now sits at table with Abraham in God's eschatological household. In contrast, the rich man, properly interred, experiences the hell that the poor Lazarus had known in his lifetime. The great chasm is fixed. God's justice turns everything upside down. God, in the words of Mary's Magnificat, "has scattered the proud in the imaginations of their hearts, has brought down the powerful from their thrones, and lifted up the lowly; God has filled the hungry with good things, and sent the rich away empty" (Luke 1:51b-53). The rich can avoid the eschatological reversal only by repenting whatever in their lives makes them hoard themselves and their possessions.

"But woe to you who are rich, for you have received your consolation" (Luke 6.24). In a culture such as ours in which wealth is the measure of the possibility of happiness, the biblical woes sound menacing or quaint. The woes announce God's justice and the reverse side of "good news to the poor" (cf. the prophetic oracles of judgment, such as, Amos 8:4-6). Though the rich prosper now, the coming rule of God's righteousness will bring an end to their present status of privilege and prosperity. The filled and the laughing, if not condemned, are warned; they simply will have no part in the coming joy of God's household. Unable to live economically with the weeping and the hungry, they will be excluded from eternal life.

V. BLESSING FOR THE POOR

The genuinely distinctive feature of the biblical perspective on economy is God's relation to the poor. The presence of the poor, one might say, is the failure of any economy. How the poor are treated provides the ultimate criterion of an economy. The Bible's embrace of the poor exists between two commands of God in Deuteronomy 15 that Jesus repeats. The first utterance of God is "There shall be no poor among you" (Deut. 15:4). This is the default. Poverty is not from God; it is against God's intention for God's creatures. God identifies with the poor. God intends "daily bread" sufficient for all of life's needs, even for the unrighteous and ungrateful (Luke 6:35). Scripture uniformly views poverty as a desecration of human life, though it speaks affirmatively of the "poverty of spirit"

as a sign that one recognizes and receives God's grace. But the Bible typically does not oversimplify poverty in terms of its causes or solutions. It hears the cries of the poor in at least five dimensions and their interconnections: the economic, political, cultural, natural/physical, and spiritual.

The second command regarding poverty is, "Since there will never cease to be poor on the earth, I therefore command you, 'Open your hand to the poor and needy neighbor in your land'" (Deut. 15:11). If realistically speaking poverty will exist and persist in human community, God nevertheless expects people to stand with the poor even as does God.

The Gospels present Jesus, the Son of God, as one of the poor ones; indeed, he is the Poor One. The story through which we come to know the Triune God focuses on the "poverty" of Jesus and his disciples (Luke 9:3, 58; 10:4). Jesus spent his entire public ministry as an itinerant teacher, with "no place to lay his head." For Paul the mystery of salvation is that Jesus "though he was rich, yet for your sakes he became poor, so that by his poverty you might become rich" (2 Cor. 8:9; cf. 2 Cor. 6:10).

Not only was Jesus himself poor by most external measurements, he also spent most of his ministry in the midst of the poor. Jesus causes the greatest offense by offering home to the marginal people, the homeless and sinners. The new blessing of the New Testament has to do with not taking offense at Jesus for these offensive acts (Luke 7:23). According to the New Testament, one does not get Jesus without the poor. He initiates his public ministry with these words: "The Spirit of the Lord is upon me, because he has anointed me to bring good news to the poor. He has sent me to proclaim release to the captives and recovery of sight to the blind, to let the oppressed go free, to proclaim the year of the Lord's favor" (Luke 4:18-19). The poor receive this beatitude: "Blessed are you who are poor, for yours is the kingdom of God" (Luke 6:20). Though the Scriptures do not romanticize the poor, there is an agency for the poor in God's intention to save all: "Listen, my beloved brothers and sisters. Has not God chosen the poor in the world to be rich in faith and to be heirs of the kingdom that he has promised to those who love him?" (James 2:5).

Jesus' meals with the poor intend to remove fastidiousness and equivocation in relationship to the poor as neighbors. Both judgment (Matt. 25:31-46) and salvation are decided according to how one treats the least of these. "If you offer your food to the hungry and satisfy the needs of the afflicted, then your light shall rise in the darkness and your gloom be like the noonday . . . you shall be like a watered garden, like a spring of water whose waters never fail" (Isa. 58: 8, 10, 11).

Relief for the poor was at the center of the primitive Christian ethos as demonstrated by Paul: "I do not mean that there should be relief for others and pressure on you, but it is a question of a fair balance between your present abundance and their need, so that their abundance may be for your need, in order that there may be a fair balance." Repeating the manna story from Exodus 16, Paul goes on, "The one who had much did not have too much, and the one who had little did not have too little" (2 Cor. 8:13-15). Jesus seeks to live life in a new community in which the needs of one person are met by the gifts of others, where there is a common sharing of possessions according to need, where a

supportive community suffers and rejoices together, and where one can trust God without fear or anxiety over earthly needs.

VI. INSTRUCTION FOR THE RICH: THE BENEFIT AND PERIL OF POSSESSIONS

Predominant in the biblical understanding of economy are the questions of possessions and property. The Scriptures speak forcefully about the human misjudging of possessions, and they have often been read as being very negative toward wealth (see, for example, James 5:1-6; Luke 6:24-26; Isa. 1:4-5; 5:8-23; Amos 5:18; 6:1; Enoch 5:7). The New Testament, however, does not squash desire, including desire for possessions, but directs this desire toward God's will for possessions. This leads to a guarded attitude toward possessions or at least the desire to live simply. "But if we have food and clothing, we will be content with these. But those who want to be rich fall into temptation and are trapped by many senseless and harmful desires that plunge people into ruin and destruction. For the love of money is a root of all kinds of evil, and in their eagerness to be rich some have wandered away from the faith and pierced themselves with many pains" (1 Tim. 6:8-10; cf. 1 Cor. 4:8).

The way human beings relate to their possessions embodies their response to God and neighbor. The theme of selling or giving up possessions is broached in Jesus' encounter with a rich man who seeks eternal life (Mark 10:17-27). Assuming there could be no other impediment to reaching his goal, the man assures Jesus that he has kept all of the commandments. Jesus replies, "You lack one thing; go, sell what you own, and give the money to the poor, and you will have treasure in heaven; then come, follow me" (Mark 10:17-22; cf. Luke 12:33). Then Jesus instructs his shocked disciples, "Children, how hard it is to enter the kingdom of God! It is easier for a camel to go through the eye of a needle than for someone who is rich to enter the kingdom of God" (Mark 10:24-25). But the issue is not just money and other physical possessions. Jesus says, "Whoever comes to me and does not hate father and mother, wife and children, brothers and sisters, yes, and even life itself, cannot be my disciple." (Luke 14:25-27). This is true not only of the fishermen who "left everything (*panta*)" (Luke 5:11) and the Twelve and the Seventy who left their homes and lived in constant fellowship with Jesus but evidently of every potential disciple: "Therefore none of you can become my disciple if you do not give up all your possessions" (Luke 14:33). The question is much deeper than simple ownership of possessions. The question is whether one will be free to do God's will. The biblical traditions make plain that all possessing has a proclivity toward idolatry. An idol is a possession that we trust to give us life and power. Idolatry is being possessed by a possession and thereby refusing God's claim on oneself and one's possessions and shirking one's responsibility toward others in the community. Possessions can be instrumental to freedom, but they can also mean the destruction of freedom.

Accumulation for the sake of accumulation is disastrous to one's humanity. Therefore, "Do not store up for yourselves treasures on earth, where moth and rust consume and where thieves break in and steal; but store up for yourselves treasures in heaven, where neither moth nor rust consume and where thieves do not break in and steal. For where your treasure is, there your heart will be also" (Matt. 6:19-21). The parable of a rich land owner who felt secure in building bigger barns culminates: "'You fool! This very night your life is being demanded of you. And the things you have prepared, whose will they be?' So it is with those who store up treasures for themselves but are not rich towards God" (Luke 12:16-21). The constant accumulation of possessions can lead to the hell of being all alone. "Ah, you who join house to house, who add field to field, until there is room for no one but you, and you are left to live alone in the midst of the land!" (Isa. 5:8).

The renouncing of possessions for the sake of the livelihood of all in the *basileia* is epitomized by the widow who puts two coins in the Temple treasury in contrast to the rich who bring large tithes out of their surplus (Luke 21:1-4; cf. Mark 12:41-44). Even though she is one of the poor, she holds nothing back. She shares unconditionally with the poor. For the sake of others she "out of her poverty put in all the living she had" and thereby enters into the new property claim on the livelihood of God's economy (cf. 2 Cor. 9:11).

VII. PROPERTY

God has a claim on (a property in) those God has called into being and has freed from bondage. Paul speaks of being possessed by Christ (Phil. 3:12). The biblical view of property thus rests on God's right to human beings and all things. Yet God does not appear as a landlord or a land speculator. God owns by giving to all creatures the wherewithal of life. God's intention that human beings shall have a property in what establishes them in freedom is reflected in Isaiah: "They shall build houses and inhabit them; they shall plant vineyards and eat their fruit. They shall not build and another inhabit; they shall not plant and another eat; for like the days of a tree shall the days of my people be, and my chosen shall long enjoy the work of their hands. They shall not labour in vain, or bear children for calamity; for they shall be offspring blessed by the Lord—and their descendants as well" (65:21-23).

Jesus' command to give up possessions is not an attack against property, if by property we mean a claim on something necessary for life and for one's vocation. Only in comparison with notions of absolute exclusive private property would one think that the New Testament is trying to destroy every sense of property. Even the most radical statements in the New Testament about possessions do not argue against property in the sense of what it takes to enter God's economy. "Your heavenly Father knows that you need all these things. But strive first for the kingdom of God and his righteousness, and all these things will be given to you as well" (Matt. 6:32-33). Freed from being possessed by possessions, one gets possessions back, now under the claim of God.

God does not expect the relinquishment of possessions without anything in return. The notion of the saint who renounces all simply for the sake of renunciation is foreign to the Scriptures. The relinquishment is made for the sake of and on the ground of God's *basileia* righteousness. In return for the gifting of self and possessions for the sake of God's economy of righteousness, Jesus' disciples receive manifold treasures in God's *basileia* household *in this age* and eternal life in the next age (vv. 28-30). No ascetic, Jesus rejoices in life and accepts the goodness of God's creation, including some of the things only money can buy (seemingly in opposition to John the Baptist and the Qumran community). Jesus' affirmation of the possessions necessary for life is reflected in the church tradition, which does not (with some exceptions such as Francis of Assisi) condemn the property in (the claim on) possessions necessary for life and the flourishing of one's calling by God. Clement of Alexandria was fairly typical in teaching that absolute renunciation of them cannot be made an end in itself.

Throughout the Scriptures there is an implied distinction between two kinds of property: *personal* property and *productive* property (for the following, see Meeks 1989: 103-5). The character of both kinds of property is decided by whether they are *exclusive* or *inclusive*. Traditionally, property was a claim on what it takes to live. The obvious justification for property is that human needs cannot be met without the institution of property. Thus most societies have agreed that a right to life requires personal property rights of two kinds. The first kind is some property in consumable goods needed for survival. This is an exclusive private right, that is, the right to exclude others from the food I eat and the shirt and bed I use. Some form of exclusive property seems to be necessary to human life.

The second kind of personal property is a claim on the means of labor, that is, the resources, the land, and capital, access to which I need in order to use my talents and capacities. This need not be exclusive property. In fact, it can be another kind of personal property, that is, the right not to be excluded from using or enjoying some resource or good. If the first property is a claim on the means of life to ensure continuous life, a right to *living*, the second is a property in a share of *living well*. This is a personal right not to be excluded from use and enjoyment of what it takes to live life in the community. It can be a legal right not only to life but to a certain quality of life. Of course, the former, the right to the necessities for maintaining life, was easier to justify than the latter.

The other kind of property is productive property. The great promise of property has always been that it would give human beings freedom, but property can also be the threat of mastery. Property in land, capital, and revenue (that is, the right to control more than what I need to maintain life) means also power to control the lives of others. This kind of property, therefore, has always required greater justification. Property that is *access to life* is vastly different from property that gives one the *power to exclude and hence control others*. The deep ambiguity of property is that it can mean both power for life as inclusion in livelihood or power for death as exclusion from livelihood. Property promises freedom, but it also threatens to destroy human dignity. The land and all of its global resource system is a gift of God that is meant to be used as the means of God's righteousness, as a means toward the fullness of the life of all of God's children and of the

whole creation. To be human means to have a right to a life-giving share of God-given resources. A claim on access to God's economy entails the responsibility of giving access to livelihood to others beginning with "the least of these, my brothers and sisters."

The most extreme view of property in scripture is usually considered to be the notion of common property or community of goods found in Acts 2-4. "Now the whole group of those who believed were of one heart and soul, and no one claimed private ownership of any possessions, but everything they owned was held in common. With great power the apostles gave their testimony to the resurrection of the Lord Jesus, and great grace was upon them all. There was not a needy person among them, for as many as owned lands or houses sold them and brought the proceeds of what was sold. They laid it at the apostles' feet, and it was distributed to each as any had need" (Acts 4:32-35). The interpretation of this has been deeply contested in the Christian tradition. Is it a form of primitive communism incumbent on Christian practice today? Whatever reading is taken, this is clearly a Christian arrangement that attempts to practice the *inclusive* property right to what it takes to live and serve one's commission as the image of God. From the biblical perspective it is incumbent on any economics that highly prize private exclusive property, as most economic theories today do, to find ways of assuring inclusive property as well. The humaneness of economics depends on this.

When property is treated as an end in itself, it destroys the life of the household. What God gives for us to claim must preserve God's claim on it. It is obligated to meeting one's basic requirements of life and to keeping God's command to love the neighbor by which God seeks to build an economy open to those who are denied property claims.

VIII. PROPERTY AND JUSTICE: STEALING, GLEANING, ALMS, TITHE, SABBATH

Much of the Torah and Jesus' teaching is about the right use of property (*usus fructus*). Property is fundamentally for use, not holding or hoarding. From the biblical perspective, ownership cannot mean the free choice to do anything one wants to do with property. There can be no such thing as absolute ownership. In order to be possessed justly, property must be used according to its nature to meet human needs and create human community. God gives human beings authority to use possessions according to these purposes.

Stealing. The importance of property is underscored by the scriptural emphasis on stealing. The eighth command of the Decalogue is simple, "You shall not steal" (Exod. 20:15), but all of the last five commandments (murder, adultery, stealing, bearing false witness, coveting) have to do with taking what properly belongs to another. The complex laws of commutative justice are founded on the command against stealing. They seek to protect all parties of an economic exchange. These laws become finely detailed,

such as, “You shall not cheat in measuring length, weight, or quantity. You shall have honest balances, honest weights, and honest ephah, and an honest hin” (Lev. 19:35-36).

In destroying the livelihood and life of the neighbor and the community, stealing breaks the covenant with God. Taking what belongs to others must be addressed by *restorative* justice as portrayed by the gospel story of the rich unjust tax collector, Zacchaeus, who paid back four times the amount of his fraud and gave half of his possessions to the poor (Luke 19:1-10). This is radicalized in the teaching that using property righteously means the rich are accountable for meeting the essential needs of the poor from their surplus wealth. It is God who has entitled the poor to what they need for life. This led to a harsh conclusion by the Fathers: The rich are in jeopardy of being thieves. If you claim as your own what is common (*koina*) by right, it is clear that you are forcibly taking what belongs to another. Not to share one’s surplus resources, the refusal to take part in redistribution, is theft. According to Augustine, “The superfluous things of the wealthy are the necessities of the poor. When superfluous things are possessed, others’ property is possessed” (*Enarratio in Psalmum*, 12). The poor have something like a just lien on the surplus property of the wealthy. Thus if the rich have more than they need and the poor are in urgent need of goods like those the rich possess, the rich have a compensatory obligation in justice to bestow from their surplus goods what is needed to sustain the deprived. Redistributing possessions is thus basically an act of restitution, returning what already belongs to the poor by God’s claim.

There are several biblical institutions that assure an inclusive property right by making redistribution regular and non-negotiable. Among these are gleaning rights, the tithe, alms, and the Sabbath.

Gleaning: God’s Right to the Poor and the Rights of the Poor. The beautiful story of Ruth and Boaz shows that the poor are given access to God’s economy of life through the right to share in the harvest. “When you reap the harvest of your land, you shall not reap your field to its very border neither shall you gather the gleanings after your harvest. And you shall not strip your vineyard; you shall leave them for the poor and for the sojourner: I am the Lord your God” (Lev. 19:9-10; cf. Deut. 24:19-22; Lev. 23:22; Ruth 1:18-2:6). In the sabbatical (seventh) year the vineyards and orchards are to be left untended not only so that ground may be rejuvenated but principally so that the poor may benefit (Exod. 21:24; 23:10-11). The Deuteronomic law extends the law of leaving sheaves and fruit beyond the seventh year to each harvest time (Deut. 24:19-22). It even permits the poor to enter the field before harvest (as did Jesus to feed the disciples), although the hungry may merely satisfy their need and may not take advantage of the owner of the field (Deut. 23:24-25; cf. Matt. 12:1-8). This right supersedes the right to land and produce. These laws prevent the poor from having their faces ground into the dust and begging for their survival. They provide the foundation in the West for human and welfare rights.

Gleaning rights are not voluntary acts of charity of the rich toward the poor; they are the poor’s right to livelihood. Isaiah responds to Israel’s refusal to recognize these rights in this way: “The Lord has taken his place to contend, he stands to judge his people. The Lord enters into judgment with the elders and princes of his people: ‘It is you who have

devoured the vineyard, the spoil of the poor is on your houses. What do you mean by crushing my people, by grinding the face of the poor?’ says the Lord God of hosts” (Isa. 3:13-15).

Tithe. Crucial to God’s economy in the household of freedom is the law of the tithe. The tithe exists for the sake of the poor’s access to livelihood (Deut. 14:22-29). We often think of the tithe in our context as a means of supporting a religious institution. But the tithe is rather a means of building up the household by making certain that no one is excluded from the livelihood of the household. The tithe is for the poor; it belongs to them by God’s right. The tithe is Torah redistribution of what God provides for life, especially for the excluded. The reason for tithing is the same as the one that is repeated throughout the household codes: “You shall remember you were a slave in Egypt and the Lord your God redeemed you” (Deut 24:18, 22).

The tithe is also the way in which the work and productivity of the household is blessed: “At the end of every three years you shall bring forth all the tithe of your produce in the same year, and lay it up within your towns; and the Levite, because he has no portion or inheritance with you, and the sojourner, the fatherless, and the widow, who are in your towns, shall come and eat and be filled; that the Lord your God may bless you in all the work of your hands that you do” (Deut. 14:28-29; cf. Deut. 26:12; 16:13-15). The distribution of God’s righteousness for the poor is constitutive of God’s blessing of the whole household.

Alms. Biblical economics shares the widespread ancient and modern practice of giving alms to the poor. But for the Scriptures, almsgiving is not like the Greco-Roman *donation*, which honors the donor without attention to the actual plight of the hidden poor. Moreover, Jesus commands that almsgiving not be made a show (Matt. 6:1-4; cf. Luke 11:41). And like all of Jesus’ acts toward the poor and the disabled, the intent of almsgiving is not to make the poor dependent. Alms are God’s gift to the poor so that they might become themselves givers. Jesus connects sharing God’s mercy to the poor with the command to them, “Stand up” and work to relieve others of poverty, for therein lies the joy of salvation.

Practice the Sabbath. The Sabbath is the end of exploitation by work, humiliation by status, and hoarding by accumulating surplus goods. The Sabbath concretizes the truth that some goods and dimensions of life should not be subject to the logic of the exchange of commodities. Some things are priceless and cannot be given a value for exchange. What is necessary for life may not be a commodity or exclusively a commodity or some will be excluded from the conditions of life. The Jubilee Year of the Holiness Code, closely kin to the Sabbatical year, adds further provisions that make it the most radical household command of God. Every forty-ninth year Yahweh requires the following so that the household of freedom will not succumb again to slavery: (1) slaves are to be freed, (2) debts are to be canceled, (3) the land is to lie fallow, and (4) the land (wealth) is to be returned or redistributed to its original holders (Lev. 25:23-24). Even if the practice of the Jubilee year cannot be proved, Israel and the Church (Luke 4:19) have remembered it as what Yahweh desires in the *oikos* of freedom. The blowing of the Jubilee horn (*shofar*) in the story of Joshua is the symbol of what brings down the rotten economy of Jericho.

IX. LOANS, INTEREST, USURY, DEBT, SECURITY, AND SLAVERY

That lending and borrowing incurring interest were widespread activities in biblical eras is indicated by their extensive treatment in biblical literature. The central biblical problem with interest is that it leads to debt and debt leads to poverty and poverty leads to slavery. Through the inability to pay interest the borrower in debt often contracts an involuntary servitude for life. A brief sentence in 2 Kings depicts the horror: a “creditor has come to take my two children as slaves” (2 Kings 4:1). Debt and economic stress are connected with revolt (1 Sam. 22:2). Nehemiah describes the plight of those in debt: “Now there was a great outcry of the people and of their wives against their Jewish kin. For there were those who said, ‘With our sons and our daughters, we are many; we must get grain, so that we may eat and stay alive.’ There were also those who said, ‘We are having to pledge our fields, our vineyards, and our houses in order to get grain during the famine.’ And there were those who said, ‘We are having to borrow money on our fields and vineyards to pay the king’s tax. Now our flesh is the same as that of our kindred; our children are the same as their children; and yet we are forcing our sons and daughters to be slaves, and some of our daughters have been ravished; we are powerless, and our fields and vineyards now belong to others’” (Neh. 5:1-5).

Thus the Torah regulation: Do not charge interest to the poor. In a society that runs on credit, loans, interest, debt, and collateral, this economy rule may seem quaint. But it does not take much sympathy to notice that the lives of persons, families, and communities are still disastrously torn apart by the unregulated system of interest. “If you lend money to any of my people with you who is poor, you shall not be to him a creditor, and you shall not exact interest from him” (Exod. 22:25; cf. Deut. 23:19-20). Israel’s experience was that interest was a means by which the needs and rights of human beings were violated with the result being life-denying poverty. “And if your brother becomes poor and cannot maintain himself with you, you shall maintain him; as a stranger and as a sojourner he shall live with you. Take no interest from him or increase, but fear your God; that your brother may live beside you. You shall not lend him your money at interest, nor give him food for profit. I am the Lord your God, who brought you forth out of the land of Egypt to give you the land of Canaan, and to be your God” (Lev. 25:35-38). Insofar as interest on loans leads to impoverishment and slavery God’s own claim on his delivered people is denied and the economy of freedom is obstructed. “For they are my people, whom I brought forth out of Egypt; they shall not be sold as slaves. You shall not rule over him with harshness, but shall fear your God. . . . For to me the people of Israel are servants; they are my servants whom I brought out of the land of Egypt: I am the Lord your God” (Lev. 25:42-43, 55). The slave is to be treated like a wage-earning guest (Lev. 25:40) and is to be released after six years (Exod. 21; Deut. 15) or fifty years (Lev. 25).

Usury. Probably, the most consequential economic saying of Jesus for the history of the West is “Lend, expecting nothing in return” (Matt. 6:35, cf. 5:42; Luke 6:34-35.) This

command, together with that of Deuteronomy 23:19, impelled the Christian tradition through the Reformation to condemn the injustice of usury. Basil, Aquinas, and Luther, like all major theologians, reflect scripture's insistence that usury impoverishes and enslaves the borrower. The Hebrew word for usury means to "devour," while another Hebrew word for interest means to "increase." Interest is allowed; usury is uniformly condemned as the biting of the neighbor and the destruction of his or her sustenance.

When interest-bearing loaning was practiced in Israel, there were strict regulations on the use and abuse of surety for loans. "If ever you take your neighbor's garment in pledge, you shall restore it to him before the sun goes down; for that is his only covering, it is his mantle for his body; in what else shall he sleep? And if he cries to me, I will hear, for I am compassionate" (Exod. 22:26-27; cf. Deut. 24:6, 10-13; Deut. 15:7-11).

The contagion of the delusion that real wealth can be created by the "breeding" of money (Aristotle) also affects the borrower, on whom scripture also lays responsibility: "Do not be one of those who give pledges, who become surety for debts. If you have nothing with which to pay, why should your bed be taken from under you?" (Prov. 22:26-27).

Forgiving Debts. In the end, for the sake of a human economy that exists to serve the community, God demands the mercy of forgiving debts. "And forgive us our debts, as we forgive our debtors" (Matt. 6:25). The parable of the Unforgiving Servant depicts a king who forgives the debt of his servant. But the slave demands of his fellow servants that they pay him what they owe immediately. Then the servant's Lord summons him and says, "You wicked slave! I forgave you all that debt because you pleaded with me. Should you not have had mercy on your fellow-slave, as I had mercy on you?" And in anger his lord handed him over to be tortured until he should pay his entire debt. So my heavenly Father will also do to every one of you, if you do not forgive your brother or sister from your heart" (Matt. 18:23-35).

X. PRACTICE GOD'S PROVIDENCE: TRUST, HOSPITALITY, AND MERCY

Biblical economics issues in a life of gratitude. This is a difficult notion in present-day economy in which one is not supposed to have to say "thank you" or "much obliged." The life of gratitude contains three words that are not likely to be considered "economic" in our society, but the biblical economy is unimaginable without them: "Do not be anxious," "practice hospitality," and "be merciful." God's providence has been replaced in modernity by fate, and with fate comes an economy full of anxiety. Hospitality has been replaced by comparative advantage, and with comparative advantage comes deadly competition guaranteeing that some are excluded from livelihood. Mercy has been replaced by strict calculation of cost-benefit and binding contract, and with

calculation and contract comes the submission of human life to accountancy rather than accountability.

Perhaps the most radical contribution of biblical economics for today is trust in God's providence, accompanied by the assurance, "Do not be anxious" (Matt. 6:25-34). Indeed, there is much conversation today among economists about the source of the trust that is absolutely necessary for the practice of any economy that is not driven by external force. Whence comes trust that calms anxiety? Can there be an economy that does not regularly destroy itself with the feverish compulsion to greed and its inevitable bubbles? Probably not without a basic trust in God's providential abundance, as opposed to the human concoction of artificial scarcity.

Can there be an economy that does not systematically exclude some people from the conditions of home? Hospitality means not only inviting the poor and the stranger into your home but also creating the conditions of home, access to life, wherever the poor and the strangers are. Biblical economics challenges us to rethink the deepest assumptions of economy by including from the beginning the neighbor who has been excluded by the theory and practice of economics.

Finally, biblical economy requires the practice of mercy, for there is no other conceivable way to love God and neighbor. "Be merciful." That is the "bottom line." The ready-made response is that this is not realistic. But all economic discussions today should entertain the possibility that biblical economy is supremely realistic in the face of what challenges us economically today.

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CHAPTER 2

ECONOMICS IN THE CHURCH FATHERS

HENNIE STANDER

THE first truth that any scholar of the Early Church has to face is that the works of the early Christian Fathers are not a homogeneous group of writings (cf. Wilken 1971: 18ff). One cannot, therefore, fit all the ideas of the Church Fathers on any specific issue into a coherent framework. Moreover, modern scholars' views and interpretations of these writings are also very diverse. For this reason students of the history of Christianity should also not expect to find a consistent pattern of thought in modern studies of early Christianity.

The task of describing the Church Fathers' views on economics is made even more challenging because the term "economy" can cover such a wide variety of issues, from economic policy to monasticism to slavery. One should also take into consideration that it is inappropriate to apply modern concepts of economic analysis, designed for capitalist industrial economies, to ancient economies (cf. Saller 2005: 224). Many scholars will also argue that no official documents or treatises on the economic policy of the Church Fathers have been preserved for us. But this is not wholly true. First, though we do not have official records of trade and taxation (cf. Garnsey and Saller 1987: 43), the writings of the Church Fathers abound with references to economic matters. Secondly, there are several writings which are not, perhaps, official financial documents, but which come very close to being formal treatises on matters of money, wealth, and finance. *The rich man's salvation* by Clement of Alexandria is one such example.

The term "Fathers of the Church" is used to refer, broadly speaking, to all the theological writers of the first six centuries who represent orthodox teaching. Since the advent of modern critical scholarship, both orthodox and unorthodox writings are treated as equally important for our knowledge of the first six centuries, which is also known as the patristic period. The Council of Nicaea (325 A.D.) divides the patristic era into two distinct periods, namely the pre-Nicene period (when the church was persecuted) and the post-Nicene period (when the church and state were partners).

I. ENGAGEMENT WITH THE WORLD

In the pre-Nicene era Christians were not always economically, socially, and politically engaged with their world (Gordon 1989: 81). The state was hostile towards Christians. The pagan philosopher Celsus accused the Christians of being ignorant, unintelligent, and uneducated (Origen, *Against Celsus* iii.44). It therefore seems that the Christians had very little political and economic influence on their society.

Reading the post-biblical writings of the pre-Nicene era, one therefore can perceive a sense of alienation and disengagement. The Christians saw themselves as part of the world but also as separate. *The Epistle to Diognetus* (v.5) states that Christians “live in their own countries, but only as aliens; they participate in everything as citizens, and endure everything as foreigners. Every foreign country is their fatherland, and every fatherland is foreign” (trans. Lightfoot and Harmer). There was a continuous tension between Christians and the present world: “They live on earth, but their citizenship is in heaven” (v.9).

Tertullian, however, gives us a different picture: one in which Christians have infiltrated all spheres of life, holding posts on all levels of society: “We are but of yesterday, and we have filled every place among you—cities, islands, fortresses, towns, market-places, the very camp, tribes, companies, palace, senate, forum,—we have left nothing to you but the temples of your gods” (*Apology* xxxvii, ANF). But in the very next chapter Tertullian says “we have no pressing inducement to take part in your public meetings; nor is there aught more entirely foreign to us than affairs of state” (*Apology* xxxviii, ANF). It is, therefore, justified to say that the official economic influence of Christianity on the society at large was quite limited in the pre-Nicene period.

In the post-Nicene era, the situation changed drastically. The persecution of Christians came to an end, and the Church took hands with the state. The emperor was now a Christian and Christians could exercise much more social responsibility than ever before, since they now had secular power in their hands. Eusebius tells us that Constantine entrusted to the Church the distribution of food to the poor, orphan children, and widows. The Church received a proportion of state revenues, which they were authorized to use for charity purposes. Clergy and the churches were even exempt from tax. In 373 Basil wrote a letter (cxlii) to the prefects’ accountant and asked him to assist the Church with charitable gifts to the poor. Basil also asked him to support the hospital and to exempt it entirely from taxation. In another letter (cxliii), which Basil wrote in 373 to another accountant, he again requested financial support for one of the hospitals that was administered by the Church.

While the Christian Church was very much disenchanted with the state and the secular world in the pre-Nicene period, it managed to gain political power in the post-Nicene period, and therefore it could also exercise more economic influence. It even became the vehicle through which the state could alleviate the poverty of the destitute. But at the

same time another movement was developing which emphasized the alienation of the Church from the world, namely monasticism.

II. THE ECONOMY AT LARGE

In 27 B.C. the Roman Republic came to an end and was replaced by an imperial government. This new dispensation introduced an era of relative peace until about the third century. The scene was set for economic growth in the new Roman Empire. This period of peace, during which there was very little expansion by means of military expeditions, is called the Pax Romana. The territory under Roman control was quite large, which widened the economic horizons of the Roman Empire. Many different countries and regions were unified, and new roads were built, which made travel easy for traders.

Despite all this, Garnsey and Saller (1987: 43) call the Roman economy “underdeveloped.” They explain that this means “essentially that the mass of the population lived at or near subsistence level. In a typical underdeveloped, pre-industrial economy, a large proportion of the labour force is employed in agriculture, which is the main avenue for investment and source of wealth.” In spite of the favorable conditions, the economy gradually declined during the patristic period (Gordon 1989: 90). Various scholars have given different explanations why the economy of the Empire deteriorated so drastically. Gordon (1989: 92) believes that the roots of the decline can already be seen toward the closing decades of the second century. He mentions “capital starvation, lack of innovation, population decline, decreasing mobility of labour” (1989: 92) as reasons for the decline. Whittaker (1980:13) says that the sources are unanimous that taxes were a great problem. A large proportion of these taxes were used for military operations and for the salaries of soldiers, and taxpayers found it increasingly difficult to comply with the demands. That is why Gregory of Nazianzus referred to wars as the “fathers of taxes” (*Orations* 19.14 = PG 35.1061).

The wealthy of the Empire purchased agricultural land with money gained by plunder and corruption. But these rich people were not really investors. They were consumers, not developers. Land gave status and power to owners, and eventually much of the land ended up in the hands of people who did not develop it or create wealth. Then, of course, there was the question of taxes. Whittaker (1980: 13–14) says it was not so much the tax burden itself that was oppressive and excessive, but rather how it was implemented. The greed of imperial officials and the profiteering of officers exploited the tax system. These officials charged much more than the official rate, paying over a fixed sum to the ruler and keeping the rest for themselves. Later on, the government had no control over taxation.

In the fourth century, Emperor Constantine cut taxes by 25%, but even this did not help very much to alleviate the tax burden of the people (Eusebius, *Life of Constantine* iv.2). Chrysostom (*Hom. on Mt.* lxi.3) gives us a graphic description of the exploitation of farm workers in the late fourth century. He says they were maltreated and had to

work like asses and mules, even in the cold winters. The laborers were scarcely allowed to breathe, and when they harvested their crops, intolerable taxes were laid upon them. This meant that the laborers remained hungry and never had the opportunity to improve their lot. One has to remember that this description forms part of a homily and that Chrysostom was probably to some extent exaggerating for rhetorical effect. But the point remains that the people were overtaxed and struggling to survive.

Whittaker (1980: 14) says that one cannot yet call this feudalism, since the rich owners of land continued to hold political positions in the government, but it did lay the groundwork for medieval seigneurie. In order for the economy to grow, there needs to be sustained technological improvement and this did not happen (cf. Saller 2005: 235). The ancient world was still dependent on humans and animals for work and transport. Some scholars contend that slavery impeded technological progress and growth in productivity (cf. Finley 1999: 83). This does not mean, however, that there were no developments. Augustine sings the praises of the technological improvements that he noticed. He says:

What wonderful—one might say stupefying—advances has human industry made in the arts of weaving and building, of agriculture and navigation! With what endless variety are designs in pottery, painting, and sculpture produced, and with what skill executed! What wonderful spectacles are exhibited in the theatres, which those who have not seen them cannot credit! How skillful the contrivances for catching, killing, or taming wild beasts! And for the injury of men, also, how many kinds of poisons, weapons, engines of destruction, have been invented, while for the preservation or restoration of health the appliances and remedies are infinite! To provoke appetite and please the palate, what a variety of seasonings have been concocted! (Augustine, *City of God* xxii.24)

So technological progress definitely improved the living standards of people, and it probably did contribute to economic growth. However, as Saller (2005: 236) points out, the urban population constituted no more than 20% of the population. Thus, even if the productivity and standard of living of the urban minority increased substantially, this would still constitute very low economic growth for the Empire as a whole.

III. OWNERSHIP

Many Church Fathers argued for communal ownership. They not only referred to the example of the early Christian community in Jerusalem (Acts 4:32), but they were also influenced by Stoic teaching which said that since all people share a single human nature, they therefore possess in common the rest of nature as well (Avila 1983: 63). Their argument ran as follows: Since God has given to us the air, water, fire, and the sun, the rich man cannot say that he enjoys more of the sunbeams than the poor man, or that he breathes more plenteous air. These blessings are more valuable than possessions.

If God has made these things for our common enjoyment, he undoubtedly wanted to teach us that we should possess everything else in common as well (see, for example, Chrysostom, *Statues hom. ii.19*; Cyprian, *Concerning works and almsgiving xxv*). This teaching is also in line with Stoic teaching.

Other Church Fathers used different arguments to justify social ownership. Basil, for example, argues that since man came naked into the world, and departs without anything, he has no grounds to claim ownership of material goods while on earth (Ambrose, *On Naboth i*). It seems that some of the Fathers did not allow for any private ownership at all. Basil is a case in point. He denounced private ownership as nothing but robbery (*I will tear down my granaries 7*). Some modern scholars are so uncomfortable with the radical nature of Basil's statements that they refer to them as mere "rhetorical techniques" (Avila 1983: 51). Though Basil was a very effective orator, one should not take too lightly his denouncement of property.

Several heretics in the Early Church also unambiguously denounced private ownership. Unfortunately, many of their writings were destroyed, and therefore we do not always know what arguments they used to defend their position (Croix 1975: 32–34). But one can assume that they too would probably have used the stock verses which were also used by their orthodox counterparts.

Despite all these statements, the communal ownership described in Acts 4:32 did not really continue in the post-apostolic Church. There are however a few statements by Church Fathers which may suggest that this practice continued to some degree in the patristic era. In the middle of the second century, Justin, for example, says that "we who valued above all things the acquisition of wealth and possessions, now bring what we have into a common stock" (*1 Apology xiv.2*, ANF). Half a century later, Tertullian says that "One in mind and soul, we do not hesitate to share our earthly goods with one another. All things are common among us but our wives" (*Apol. xxxix.11*, ANF). However, modern scholars do not regard these statements as pointing to a continuance of social ownership, but rather as an idealization of the situation in Acts 4:32 (Croix 1975: 15).

It is interesting that the same theologians who argued for social ownership often allowed their followers full property rights. But even when Christians were allowed fundamental property rights, it was still argued that one never has full ownership (dominium) of one's possessions, but that one should always see them as a gift from God. Since God is the Creator of this world, he is the only true owner of everything in this world. God is merely lending us his riches from his bounty, and we therefore remain poor (Ambrose, *On Naboth 16* [CSEL 32,3,511]). God distributes his gifts to good and evil alike. We are merely stewards of our possessions (Basil, *I will tear down my granaries 2* [PG 31.263]).

Augustine expressed the conviction of many Church Fathers when he said that in order to be the rightful owner of one's possessions, one has to use them well. When one misuses one's possessions, one forfeits one's claim to them (Pearce 1962: 499). Moreover, when one uses one's property inconsiderately, it may even become the instrument of one's own annihilation.

IV. THE CHURCH AS OWNER

Despite the Church Fathers' denouncements of wealth, the Church also acquired land from the third century onward (cf. Avila 1983: 26). Initially the Church owned only cemeteries and places of worship, but after state persecution came to an end in the fourth century, many Church officials became landowners. The Church received donations and bequests from emperors and benefactors. Land ownership meant not only wealth but also power.

From the fourth century on, legislation bolstered the economic position of the Church. Many Church properties which had been confiscated during the period of persecution were also given back to the Church in subsequent years. In the year 433 a law was passed that made provision for the estate of any cleric who had died intestate to become the property of the Church, and in 470 the emperor decreed that Church property could never again be alienated (Avila 1983: 27).

To use property in the right way means to use it to the glory of God (Pearce 1962: 499). Rightful use, then, requires faith. On this basis, Augustine argues that only the Church can be regarded as a rightful property owner, since only the Church has true faith (Pearce 1962: 499). This approach would imply that the Catholic Church was the only rightful owner of all property, including the property of sects (Pearce 1962: 499). However, although some owners did not use their property appropriately, Augustine did not advocate the redistribution of property into the hands of those who would use it better, since that would disrupt society (Pearce 1962: 499).

V. THE NATURE OF WEALTH

The Church Fathers' stance on economic issues can be better explained when one understands their view of wealth. But again one has to realize that a whole spectrum of opinions regarding wealth can be identified in early Christian writings. Some ancient theologians argued that wealth was not good or bad by nature, but that it could be used well or badly. However, because of the corruption of human nature, it was considered more likely that wealth would be used wrongly. Others believed that wealth was evil and that poverty was admirable. It was believed that wealth always leads to avarice and to the exploitation of the poor. But others argued that it was not wealth that was evil, but greed and envy.

In ascetic circles, wealth was seen as harmful in and of itself. But there were also other voices which said that wealth and goods were in themselves good since they were provided by God. One should therefore use one's possessions with moderation. Wealth could be useful if one was prepared to help others with one's resources. Much depended

on the attitude of the possessor. Another important proviso for the acquiring of wealth was that it should be acquired justly, and not with violence.

Chrysostom, who represented an important voice in the Church, took a very strong stand against wealth. He was convinced that it is impossible to acquire wealth through just means (*Hom. on 1 Tim.* xii). It is true, he said, that somebody might argue that he has inherited his wealth from his forefathers, but that would merely mean that his forefathers had stolen it from somebody. The root or origin of the wealth will necessarily be injustice. Nor can one argue that wealth is good merely because the possessor is not greedy, or because he or she practices charity. The fact remains that a rich man cannot explain why he alone has accumulated possessions which the Lord has meant to give to all in common.

All these diverse views display the tension and how difficult it is to find a coherent unequivocal doctrine on wealth and poverty. The following writings from the Church Fathers illustrate how wide apart the views of two second-century sources can be:

On the one hand, we have the *Shepherd of Hermas* (vis iii,6) who describes a vision of a church tower that is being built. There are round white stones which do not fit into the building of the tower. The Shepherd explains that these round stones are those who have faith but also wealth. A round stone can only be used in the building if it becomes square. The round stones are being trimmed and pieces of them are cast away. Similarly, a rich person can only become useful to God if his wealth is cast away.

On the other hand, Clement of Alexandria (*The rich man's salvation* 4.14) had a completely different message for rich people. He argues that one should not understand Jesus' command to the rich young man literally: that Jesus' words ("go and sell all you have and give the money to the poor") have a divine and mystical meaning. They should rather be interpreted as meaning that we should get rid of the passions of the soul which impede the noble use of our possessions.

It is interesting that the apocryphal writings also unequivocally condemn riches. In *The Acts of Peter and the Twelve Apostles* (paras. 11-12), Peter and the Twelve are sent out to heal the illnesses of the poor. However, they are told not to attend to the rich of the city, since the latter do not seek Christ, but merely revel in their wealth. Christ also tells Peter that many in the Church have shown partiality to the rich.

It is said in the apocryphal *Acts of Thomas* that the apostle lived a very simple lifestyle. He ate only bread with salt, and he drank water only, and wore only one garment, whether it was summer or winter. Nor did he take any money from anybody, but instead gave away to others what he had (para. 20; see also para. 62). Although the apocryphal works encouraged this lifestyle (together with other ascetic practices such as sexual abstinence [see also para. 96]), this does not mean that it was widely accepted by the rest of the community.

These diverse views underpin the Church Fathers' economic perspectives and practices. The diversity of views also explains why the patristic writings have no coherent dogmatic teaching on economic matters.

VI. IMPORTANT ECONOMIC PRINCIPLES

A. Sufficiency versus Superfluity

The concept of sufficiency versus superfluity runs like a golden thread throughout all the literature of the patristic authors. Ownership was allowed, and craftsmen were allowed to make a living, but they were expected to learn to be content with what they had. Sufficiency of wealth was acceptable, while superfluity was perilous since it could lead to sin. However, sufficiency was never defined. Basil believed that if each one should take only that which is sufficient for his need, there would not be poor and rich people. He even calls someone who is not content with what is sufficient, a robber (*I will tear down my granaries* 7 [PG 31.276-77]).

This principle of sufficiency was even applied to arts and crafts. Extravagance and excessiveness were never allowed. It was believed that God gave skills to human beings to provide for their needs and nothing more. Craftsmen should spend their energy on things that are necessary and not superfluous (Chrysostom, *Hom. on Mt. xlix.4*). A cook could cook food, but “delicate cookery and making sauces” were not considered profitable (*ibid.*). Similarly, the making of clothes was acceptable, but figures on garments served no function, and neither should weavers and sandal-makers corrupt their craft by making delicate textiles and shoes and trying to be ostentatious.

B. Profit and Greed

All the patristic writers objected when people tried to make a profit. Jerome (Letter cxxv.16) complains about people no longer seeking “food and clothes” only (1 Tim. 6:8) but trying to make big profits. Jerome, and many other writers, believed that profit was driven by greed. They therefore frequently condemned “shrewd men who devised methods to acquire wealth by agriculture, warfare, or usury” (see, for example, Augustine, *Hom. on Psalms xxxix.11*).

C. Agrarian versus Industrial Economy

The ancient world had primarily an agrarian economy and not an industrial one. It was mainly men who were directly involved in the economic market because most of the occupations were reserved for men. The ancient theologians believed that this was the way God intended it to be. Chrysostom (*Hom. on 1 Cor. xxxv.7*) says that God entrusted the market to man and the house to woman. She was responsible for spinning, weaving, and making clothing. Chrysostom was therefore upset when he noticed that “effeminacy

went so far as to introduce our men to the looms, and put shuttles into their hands, and the woof, and threads.”

For men there were numerous options in terms of employment. Agriculture provided many of these possibilities. The ancient world was predominantly rural, and most of the people lived on and from the land. Agriculture was therefore the main economic activity of the ancient household. The term “economy” is derived from the Greek word *oikonomia* which means the management of a household. The main objective of agriculture was to make the household self-sufficient. Agriculture was economically important because it provided the household with food, the most basic need of mankind. Chrysostom even gives a divine justification for this, saying that God introduced this activity when he created man (*Hom. on 2 Cor. xv.4*). According to him, weaving comes second, building houses comes third, and we do not really need other skills in order to live.

Yet there were also many other craftsmen who earned a living by means of their skills. There were goldsmiths, braziers, carpenters, curriers, house-builders, woodmen, bakers, artisans in stone, marble, and metal, sailors, dress-makers, tentmakers, sellers of purple, tanners, weavers, cooks, confectioners, embroiderers, cobblers, and many others.

Certain crafts were not highly regarded. Gregory of Nyssa (*Against Eunomius* i.6) gives us a fine description of the work of a tinker: “He sits under a goat’s-hair tent, with a small hammer, and a diminutive anvil.” Gregory of Nyssa uses several adjectives in his description of the tinker’s trade which shows that he despises this craft. He calls it a “grimy trade” and says it is very precarious and laborious to earn a livelihood from this trade. He also asks, “What income of any account could be made by one who mends the shaky places in coppers, and solders holes up, and hammers sheets of tin to pieces, and clamps with lead the legs of pots?” (*Against Eunomius* i.6). We have to bear in mind that Gregory is very biased because he is giving biographical information about the heretic Aetius, who was the master of Eunomius. On the other hand, Gregory’s description probably did reflect views commonly held in his society regarding the job of a tinker.

Jerome (Letter liii.6) says that the skills of “grammarians, rhetoricians, philosophers, geometers, logicians, musicians, astronomers, astrologers and physicians” are most useful to mankind. He reckons that these skills can be placed in three categories, namely teaching, method, and proficiency. But he then says that there are also less important crafts which require manual dexterity rather than mental ability. He then lists husbandmen, masons, carpenters, workers in wood and metal, wool-dressers and fullers, as well as those artisans who make furniture and cheap utensils.

Artisans had the freedom to set their own prices for their work. Prices differed from region to region. Gregory of Nyssa (Epistle xvi) told Amphilocheus that the sculptors in the latter’s neighborhood were more skilled than those in his own community, and that they were also cheaper. Gregory contracted thirty workmen to do the stonework in a church “for a specified ration along with a stater” (Epistle xvi). Chrysostom complained that artisans who were better off, and more powerful, tended to outsell the poorer and more distressed (Chrysostom, *Hom. on 1 Thess. x*). But there were also

market-inspectors who ensured that people were not overcharged or cheated (Jerome, Letter cxxv.16).

Most scholars believe that the ancients never organized their trades into industries. However, Gregory of Nazianzus makes a very interesting comment in his Panegyric on Basil, Oration xliii.57, which was written about 380. He refers to “men who worked at a small-arms factory and in imperial weaving-sheds.” Gregory described a riot in which these men participated and said that “men at work in these trades are specially hot-tempered and daring, because of the liberty allowed them.” This is a very interesting remark regarding people with the same skills working together in a factory or shed, though the exact details are not clear to us. Nevertheless, despite this extraordinary comment, we still cannot label the economy of the ancient world as “industrial.”

Nor should one assume that only agricultural occupations were found in the rural areas, while craftsmen and manufacturers were found in the cities. Finley (1999: 123-49) has pointed out that a true city encompassed both the chora (the rural hinterland) and an urban center, where people lived and where the community had its administration and public cults. These cities were political and cultural centers, not necessarily economic ones. Cities were not established because of economic growth. Moreover, cities were centers of consumption rather than of production. The relationship between a city and its countryside could “range over a whole spectrum, from complete parasitism at one end to a full symbiosis at the other” (Finley 1999: 125). Although many of Finley’s theories have been disputed in later years (see, for example, Scheidel and Von Reden 2002), his comments concerning the relationship between countryside and city are fairly accurate regarding the patristic period as well.

VII. TRADE

Trade is for obvious reasons an important aspect of economy. But not all the Church Fathers approved of commercial activities. In the case of agriculture and manufacturing, an individual’s labor is evident. However, in the case of trade, one’s own input is not that clear, and it is difficult to see how trade is linked to labor. The Church Fathers, therefore, had two main objections to trade. The first argument against trade was that it was driven by covetousness and an eagerness to acquire wealth (Tertullian, *Idolatry* xi). In a world where economic independence or self-sufficiency was the order of the day, there was no place for abundance and superfluity.

The second argument against trade was that it is based on deception. It was believed that merchants deceived those who purchased merchandise from them, as well as exploiting the misery of poor and hungry people. Ancient theologians gave many examples of economic exploitation. Ambrose (*Duties of the Clergy* iii,6.41) says that when there is plenty of corn, the traders store it up to ensure that there is not too much corn on the market. They then raise the price of the corn at the expense of hungry people. The traders also rejoice when there is famine because they then raise the price of the corn

even higher, adding interest to the price. By doing this, these traders actually worsen the famine. Ambrose says that the traders may call this practice “industry and diligence,” but he regards it as “cunning shrewdness.” He refused to speak of “profit” and would rather call it “robbery.” Although it is probably true that there was much malpractice, one may assume that not everybody exploited the poor. However, for Ambrose there was no such thing as “honest trade.”

Some of the Church Fathers also used other, less common, arguments to condemn trade. Tertullian (*Idolatry* xi), for example, says that frankincense sellers are guilty of idolatry since frankincense is used in the temples. (Incense was introduced into Christian liturgy relatively late because of its association with pagan rites.) Agricultural products too can be used in idolatry, but that does not bother Tertullian at all. He wants to make the point that trading is immoral and is prepared to turn a blind eye to the logical consequences of his argument.

Many other Church Fathers also condemned trading. Augustine (*Commentary on Psalm lxxi:15-17*) says that when traders are eager to do business, they will lie about the price that they have paid, and they will even swear falsely. When they do not get the price that they ask, they blaspheme God. It is therefore better for Christians not to become traders. Augustine admits that other craftsmen may also do the same. But, he says, traders rely upon their own works, instead of relying on the grace of God. This argument too can just as well be applied to other laborers, but that is not the point. Augustine wants to show that traders should give up their profession.

Merchandise naturally needed to be transported. Gregory of Nazianzus (*Oration* xliii; Panegyric on S. Basil) tells us that transport by sea was much cheaper than land transport. It was, therefore, much easier for maritime cities to import food during times of famine. But he too complains that traders of corn exploited the plight of hungry people to make large profits. In another instance (*Oration* xxviii.27), when Gregory of Nazianzus marveled at the greatness of the sea, he expressed his appreciation to the Creator because the sea makes it possible for traders to bring food from one country to another where there is need. The same idea is also expressed by Basil (*Hexaemeron*, hom. iv.7) when he sings the praises of the sea: “the sea is good in the eyes of God . . . because it brings together the most distant parts of the earth, and facilitates the inter-communication of mariners. By this means it gives us the boon of general information, supplies the merchant with his wealth, and easily provides for the necessities of life, allowing the rich to export their superfluities, and blessing the poor with the supply of what they lack” (NPNF).

It thus seems as if some Church Fathers did appreciate the contribution made by traders to the economy, although they also condemned exploitation by dishonest merchants. But then there were also those Church Fathers who denounced trading outright. Once again we find different voices in the patristic era. This is one of the characteristics of this period, namely that there was little agreement on issues, and sometimes opinions were very diverse.

But despite all the negative voices raised against trade, one can still assume that it flourished in the Empire. The marketplace formed the heart of each city, and it was the place where most of the commercial activities took place. However, not all the towns

had markets (Chrysostom, Letter ix to Olympias). People could rent shops at the market. Women were allowed in the marketplace. Because markets were always crowded, it was also the place where beggars and thieves operated. But there were also officers at the market who kept watch to arrest thieves (Augustine, *Confessions* vi.9). In the city of Daphne the market was open for business until midnight (Chrysostom, *Concerning the Statues*, hom. xvii.14).

VIII. SOCIOECONOMIC CONDITIONS

Homilists of the fourth and fifth centuries often comment on contemporary social issues. Their sermons are therefore important sources for information on economic matters. They also give us vivid descriptions of the plight of poor people in their cities (Stander 2011). As is the case in most societies, there was a deep chasm between rich and poor.

Several ancient theologians describe this socioeconomic division in very graphic terms. We read about how hungry people wail as they pass through the streets. They beg in marketplaces, and walk like dogs in alleys, and sleep on pallets of straw. In the meantime rich people enjoy themselves and pay no attention to the cries of the hungry people. Some people are so hungry that they do everything possible to evoke pity. Some even blind their children to win the favor of people. Others chew the skins of worn-out shoes, or fix sharp nails into their heads, or lie in frozen pools with their naked stomachs in order to draw attention. People stand laughing around them, or swear at them, or make rude remarks regarding these beggars.

However, we need to be aware that homilists do sometimes exaggerate when describing the plight of the poor (cf. Garnsey 1988: 23). Holman (2006: 447) and Mayer (2006: 466) emphasize that one should not regard all these descriptions of beggars as realia. It is also possible that they function as rhetorical techniques to evoke emotion, in order to persuade an audience to modify their life (cf. also Allen, Neil, and Mayer 2009b: 42). On the other hand, the descriptions would have had to match the daily experiences of the audience, whether to a lesser or greater extent, in order to be effective.

It is difficult to determine how many people were living under the subsistence level. The theologian Chrysostom does give us some insight into the different social strata in his city (*Hom. on Mt.* lxvi). He divides the population in his city into three groups: the first group consists of a few rich people; the second group, of middle-class people, is very large, and then there is a third group, of the very poor, which is much smaller. Chrysostom is convinced that there are more than enough people with enough money to feed the poor people, but that they do not do so because of their great barbarity and inhumanity. Based on Chrysostom's figures, we could argue that only 10% of the population were extremely poor, and 10% were extremely rich, while the rest covered a range between complete poverty and extreme wealth (Mayer 2006: 467). But, as Mayer (2006: 468) and Brown (2002: 14) have pointed out, we cannot accept Chrysostom's

remark at face value. He is using a rhetorical technique and is probably minimizing the level of poverty and maximizing the level of wealth in order to claim that it would be easy for the rich to solve the problem of poverty.

IX. CHARITY AND ALMSGIVING

At this time, charity and almsgiving were seen as the only solution to poverty and the only way to narrow the gap between the rich and the poor. No other economic alternatives, common in our understanding of the world, such as the creation of jobs or the empowerment of the unemployed with skills, were considered.

It was not only Christians who gave to the poor—their pagan neighbors also helped the destitute. But Christians and pagans did not have the same motivations for practicing charity. There are many possible reasons for people to give to the poor: one might, for instance, give in public in order to gain honor and respect from others, or to ensure that your name was established in the annals of the country. One might also give because of pity, or to show generosity. Community leaders and emperors could also raise their status in the community and establish political stability by giving alms. But Christians were driven by other reasons as well when they practiced charity. They were told by the ancient preachers that they did not have the right to use their property as they wished, but that the rich had a duty to share their wealth with the poor. The identification of Christ with the poor was one of the strongest arguments as to why the rich should help the poor. Theologians often emphasized that the poor are identified with Christ, since He said in Matthew 25:39 that whatever we do for the poor, we have done for him.

But the most usual Christian motivation for almsgiving was its salvatory function: it was said to provide redemption from post-baptismal sin (Holman 2001: 54). Giving alms to the destitute was also a means to secure the intercession of the poor. Patronage therefore played an important role in almsgiving in the ancient world. The Church Fathers even used commercial terminology in this regard. Clement of Alexandria calls out: “What splendid trading! What divine business! You buy incorruption with money. You give the perishing things of the world and receive in exchange for them an eternal abode in heaven. Set sail, rich man, for this market, if you are wise” (*Rich man’s salvation* 32.1, Loeb translation).

Exhortation to almsgiving is an important theme in the pastoral sermons of the fourth and fifth centuries (cf. Finn 2008: 173). However, it is interesting to note that the preachers never directly addressed the poor in these sermons. It therefore appears that the poor were not in the church; that they were only objects of pity (Cunningham and Allen 1998: 14). We also often read that they were called names, which is an indication of how low their status was in their community because of their dire economic situation. Poor people also lacked power. However, people who had given up their wealth and were voluntarily poor enjoyed a much higher status. When one wanted to give to

the poor, one was expected to try to give priority to the voluntary poor (Holman 2001: 4; Mayer 2009: 96-104).

Food shortages, famines, and plagues were widespread in the ancient world (cf. Garnsey 1990: 126; Holman 1999: 338; Holman 2001: 67). People in ancient communities feared hunger and famine, since strategies to mitigate the danger of famine were limited (Jameson 1983: 7). Since poor people did not have the same resources as rich people, they were the first to suffer (Gapp 1935; Millman and Kates 1990: 12).

Chrysostom gives us a graphic description of what happens when there is an economic crisis, when a whole community suffers because of a drought and famine (*On the holy martyr, S. Babylas* MPG 50.531A). He says that the whole economy comes to a standstill: the market place is empty of wares, and the workshops are full of confusion. Everyone is eager to snatch up whatever comes first into the market and then walk away.

X. SLAVERY

Slavery was regarded as a very important form of property in the ancient economy. It was believed that slavery was a legitimate economic institution. The economy of the Roman Empire may be uniquely classified as a slave society (Finley 1998: 135-55). This implies that nearly all of its social, political, and economic dimensions were directly influenced by slavery. There have been attempts in the past to describe the slave system of late antiquity as one in 'decline,' leading up to the notion of medieval serfdom. This point of view has been convincingly criticized by scholars like Finley (1998: 206-8), and more recently by Wickham (2005: 258-63) and Harper (2011: 145-62). In his study of slavery in the later Roman Empire, Harper has argued that the slave society of late ancient Rome did not gradually decline, but rather experienced a 'systems collapse' along with the more general collapse of the Roman Empire.

The implication of this is that slavery was still alive and well in the patristic era. Slavery not only provided labor, but, as in the case of any other property, slaves could also be sold, donated, exchanged, leased, or stolen. Slaves were also taught trades, the practice of which then brought an income to the owner. Many of the ecclesiastical leaders and preachers had to explain to their congregations from where slavery originated. The origins of slavery were most often linked to the origins of sin (cf. De Wet 2010). Many Church Fathers did not accept the traditional Aristotelian view of slavery as natural phenomenon (cf. Garnsey 1996: 14). Basil the Great (*On the Holy Spirit* 20.51) would argue that "no one is a slave by nature." Ambrose (Epistle 7.9) exclaims, "Nature does not make a person a slave, foolishness does." Augustine connected slavery to the idea of the fall and original sin (cf. *City of God* xix.15). He (*Questions on the Heptateuch*, Genesis xxxvii.28,36), for example, referred to Ham to prove his point that slavery resulted from sin.

By conceptually linking slavery to sin, the shameful status of the slave receives a new dimension of shame, namely the taint of sin. Thus, the metaphor of slavery was still very popular among the early Church Fathers (cf. Combes 1998). This is an excellent example

of how the theology and economic dimensions of early Christianity were interwoven (cf. Grey 2011: 482–509).

Despite the link to sin, we do not find any Church Father openly condemning the practice of slavery. Many do seem a bit uncomfortable with it, but there is no indication that the rise of a Christian empire in the fourth and early fifth centuries ameliorated slavery (cf. Harper 2011: 209–14). Teachings of Paul, especially those from the *haustafeln*, were utilized to justify the ownership of slaves as indicated by Glancy (2010: 48–80). Most of the rhetoric of the Church Fathers was not against slavery *per se* but against wealthy people owning large numbers of slaves. This rhetoric was simply a subset of a wider discourse promoting asceticism and denouncing wealth. John Chrysostom is a perfect example of this: he admonishes his audience to keep only one or two slaves for the sake of ‘necessity’ (*Hom. on 1 Cor.* lx.6), which probably means keeping slaves to perform shameful and menial tasks, especially related to hygiene and sewerage management. Chrysostom forwards this as a reason why a priest may own a slave (cf. De Wet 2008: 1–13).

Chrysostom argues that God gave us hands and feet, and so we do not need slaves. He also points out that God did not create a slave along with Adam. Chrysostom’s main objection to slavery was not that slaves and masters shared the same human nature, but rather that slave owners employed slaves as part of their luxurious lifestyle. Moreover, he also believed that the need for slaves sprung from people’s indulgence. Slaves were part of the wealth of the Christians, and most of the discourse on slavery functions within the wider discourse of stewardship. Chrysostom advised his congregation to empower their slaves by teaching them crafts to ensure that they were self-sufficient and then to set them free. However, he was very careful when he preached on slavery and admitted that he had to choose his words very carefully because he was not sure how his congregation would react. He does also make it clear that there is no place for slavery in the dispensation of Christ.

Among the Church Fathers, it is Gregory of Nyssa who stands out as a remarkable voice against slavery. He strongly argued that slavery was in principle wrong. Since he wrote one of the first antislavery texts, it is perhaps worth quoting some of his arguments:

Is there any difference in these things between the slave and his owner? Do they not draw in the same air as they breathe? Do they not see the sun in the same way? Do they not alike sustain their being by consuming food? Is not the arrangement of their guts the same? Are not the two one dust after death? Is there not one judgment for them?—a common Kingdom, and a common Gehenna? If you are equal in all these ways, therefore, in what respect have you something extra, tell me, that you who are human think yourself the master of a human being, and say, I got me slaves and slave-girls, like herds of goats and pigs. For when he said, I got me slaves and slave-girls, he added that abundance in flocks of sheep and cattle came to him. For he says, and much property in cattle and sheep became mine, as though both cattle and slaves were subject to his authority to an equal degree. (Gregory of Nyssa, *Ecclesiastes* hom. iv [337,13–338,14], translated by S. G. Hall and Rachel Moriarty)

Gregory is arguing that masters are in no way superior to their slaves—that they share the same human nature. But it is also clear from his remarks that some other Christians

did not have much regard for slaves and saw them as mere possessions, comparable to sheep and cattle. Gregory is an exception. In general, the Church Fathers seemed indifferent about slavery—slightly uncomfortable, but not pitted against it.

It is often argued that though the ancient theologians accepted slavery as an institution, they at least introduced a better approach to slavery. Croix (1975: 19) contests this argument. He says that though the Church Fathers did instruct Christian masters to treat their slaves fairly, they taught slaves merely to be content and to accept their fate. Ancient theologians also explicitly said that a slave should serve his master as “a type (tupos) of God” and “with modesty and fear” (Epistle of Barnabas 19.7; see also Didache iv.10–11). Croix says that this Christian directive demanded much more from slaves than pagans ever did. But Croix is reading much more into this remark than what was intended, or understood by its original audience. The appeal to slaves “to serve their masters as a tupos (‘representative’ or ‘image’ or ‘symbol’) of God” was not meant to exhort them to allow themselves to be exploited economically. Both Christian and pagan philosophers not only taught slaves to behave obediently but also emphasized the obligation of masters to act with self-restraint and moderation. As a matter of fact, in the same section of both the Epistle of Barnabas and the Didache where slaves are instructed to serve their masters, the latter are also told never to command their slaves or handmaids in bitterness, since slaves hope in the same God as do their masters. However, the Church Fathers clearly did not want to disturb the social and the economic order.

It must be admitted that most of the ancient theologians merely accepted slavery as an institution. Finley (1973: 88–89) is correct when he points out that there is not a single example in the post-Constantine era, after the Church had gained imperial power, of Christians designing legislation intended to bring slavery to an end. On the contrary, it was the Christian emperor Justinian’s codification of the Roman law in the sixth century that provided Europe, a thousand years later, with a legal foundation for slavery.

But this does not mean that the Church did not play any role in the manumission of slaves. Easter was regarded as a time which was particularly suitable for freeing debtors, releasing slaves, and loosing bonds. To set slaves free was a legal matter, and after 321 Emperor Constantine I legalized the manumission of slaves that took place in the Church (*manumissio in ecclesia*). The manumission of slaves was seen as a humanitarian or philanthropic deed only in the sense that it meant the dissolution of the slaveholder’s wealth (Harper 2011: 463–94). Slaves, like other property belonging to the Christian, should be managed in a charitable way. Slavery indeed formed the gears that kept the ancient economy functioning.

XI. INTEREST

On the issue of interest, all the Church Fathers were unanimous. They all condemned the practice of usury vehemently, mainly for the following two reasons: First, it is prohibited by the Old Testament to charge interest, and secondly, it was not compatible

with the Christian commandment to love one another (cf. Maloney 1973). Clement of Alexandria (*Stromateis* ii.18) says that the Old Testament Law prohibits one from receiving interest from one's brother. And he interprets the term "brother" not only as one who has been born from the same parents but also as one who is of the same race or one who is a fellow-believer. Clement adds that instead of lending, we should rather give to those in need. Lactantius (*Divine Institutes*, epitome xlv) goes even further. He says that not only should one refrain from asking interest but also that one should never refuse to lend. Cyril of Jerusalem (*Catecheses* 14.37) lists usury as one of the vices, together with gluttony, licentiousness, and covetousness. And Aphrahat (*Demonstrations* vi.8) prohibits monks from receiving interest, condemning it as stemming from avarice. This does not mean that he would allow lay people to lend, but rather that monks have an even greater responsibility to adhere to these principles.

Several Church Fathers highlighted the fact that usurers made the plight of the poor even worse while enriching themselves with their money. But Basil (*Homilies on the Psalms* ii.1) also has a message for the poor themselves: he tells them that borrowed money may bring temporary relief and joy, but in the end it causes much hardship. He warns the poor that one loses one's freedom when one borrows money (*Homilies on the Psalms* ii.2). Ambrose devoted a whole book (*On Tobit*) to the devastating consequences of debt. He equates usurers with oppressors and gives several graphic descriptions of the pitiless actions of usurers. The ancient theologians were in agreement that usury was detrimental to both the lender and the borrower.

Though all the ancient theologians condemn usury with one voice, regarding it as sin, Ambrose does make an interesting exception. He argues that though one is not allowed to charge interest to a fellow-believer and to a fellow-citizen, one may charge interest to a foreigner or to one's enemies (*On Tobit* 51). He bases this principle on Deuteronomy 15:3, arguing that it also applies to the post-New Testament era.

The fact that all the Christian writers consistently condemned usury does not by any means imply that the rich refrained from this practice. On the contrary, it shows how widespread this economic practice was.

XII. MONASTICISM

Monasticism was a form of communal life that emerged in the fourth century to counter the growing conformity of Christianity to the ways of the world. As the Church became increasingly closer to the state, monasticism developed as an expression of Christian commitment. But the monastic lifestyle was also influenced by Judaism and Greco-Roman philosophies.

The economic aim of the monasteries was to provide for the modest needs of their own members. But they were not merely inward-looking institutions. They also addressed the economic situation of the destitute and practiced charity to the outside world as well. Gordon (1989: 98) says that "these hermits solved the economic problem

at a personal level by rigorous restriction of consumption requirements and by engaging in seasonal agricultural employment at harvest time.” The monasteries practiced communal ownership, but it was never mandatory for all Christians to become members of a monastic community. The Church Fathers used Matthew 19:21 as a proof text promoting a monastic lifestyle: “If you want to be perfect, go, sell your possessions and give to the poor, and you will have treasure in heaven. Then come, follow me.” The first phrase of this command was emphasized, namely “if you want to be perfect.” To adopt a monastic lifestyle was therefore seen as an attempt to attain perfection (cf. Jerome, Epistle 118). The result was that the Christian community became divided between the monks and the rest of the people. The former radically renounced their possessions and were regarded as ‘perfect’, while the latter were told to disregard their wealth and to show charity to the poor.

Monasteries did help to alleviate economic hardship and to provide food to the hungry. They did this in varied ways. First, some of the people who embraced a monastic life distributed their wealth to the poor before entering the monastery. However, some preferred to give their possessions to the monastery itself so that the monastery could distribute the money amongst the destitute. In other instances the relatives of the postulant would keep some of their possessions for the family estate, or to pay taxes which were incurred before the person decided to renounce the world. Ordinary Christians also gave their money to monasteries for redistribution. This practice soon became controversial because it created the impression that the monks were money-loving and avaricious. The monks also created their own income by means of their crafts and their manual labor on the land. They also played an important role during times of drought and famine in alleviating the need of the destitute in urban and rural areas. Monks were also allowed to travel to sell products, but they were required to travel together in order to continue to exercise monastic discipline (Gould 1987: 22).

Jones (1964: 2.931) says that these monasteries were highly organized industrial and agricultural units, and the monks practiced many different trades such as smithing, carpentry, tailoring, tanning and shoemaking, as well as agricultural work. He adds that the surplus of their products was sold in the market, and the income was used for charitable purposes. The monasteries offered an alternative economic hope to those who were dispossessed or disenchanted with the Church’s collaboration with the Empire. Gordon (1989: 100) believes that “the monastic milieu demonstrated that economic relationships could be established on a viable basis without the presence of the acquisitive mentality which . . . dominated the economic life of the Empire.”

Labor was considered important in the monasteries. Basil gives three reasons why monks ought to work (Gould 1987: 21–22): (i) to have money to give to charity; (ii) to earn their own subsistence; (iii) to practice the virtue of endurance. Basil says that one should not work merely for subsistence, since that is proof that one does not trust God.

Monasticism did offer an effective approach to addressing an economic problem. Chrysostom (*Hom. on the Acts xi*) could not think of a single case where a monk died of hunger. He explains the underlying economic principle of communal living by referring to an ordinary family of ten children, plus their father and mother. He points out that it

is much cheaper for them to live together and eat at one table than to live separately. The aid provided by monasteries grew over the course of time (cf. Finn 2008: 114).

However, one should be wary of accepting at face value all the reports about monks' charitable deeds. Stories about ascetic and voluntary dispossession soon became a topos in literature, serving to idealize the monastic life. In reality, many monks were still driven by greed and made unjust profits. They would ask for alms in public while concealing gold beneath their rags. Some of them were very rich when they died (Jerome, Letter cxxv.16). Yet, on the whole, monasticism played not only a significant religious role in ancient society but also a very important economic role.

XIII. CONCLUSIONS

Although the ancient theologians were very concerned about the gap between rich and poor, they cannot be regarded as social reformers, since they did not really improve the economic plight of the poor in society. Croix (1975: 36) ascribes this to the fact that the early Christians were concerned exclusively with the relations between man and man, or man and God, and that they paid no attention to social, economic, or political institutions. Croix is perhaps too harsh in his judgment. We have to remember that in the first three centuries the Christians did not have the political power to bring about any economic change. However, in the post-Nicene period they certainly could have done more had they not been hampered by the negative views which they held regarding trade and wealth. But there were pockets of society where they did make a difference, such as in the monasteries.

In the post-Nicene period, they were more engaged in the world than in the previous period. During the post-Nicene period, the Church was also used by the State as its agent in many projects to alleviate the needs of the destitute. We also need to remember that it was the government, and not the Church, that was responsible for many of the practices and policies (such as high taxes) that led to increasing poverty in society. But the Church neglected her duty to call the government to account for malpractice. The Church herself became an owner of property and was one of the wealthiest institutions when the post-Nicene period ended and the Medieval period started. Many properties which had been confiscated from Christians in the pre-Nicene period were given back to the Church in the post-Nicene period, and the Church acquired wealth and power, but did not translate it into economic prosperity for everyone.

On the whole, it is true that some individual Christians did make a contribution to address poverty in the patristic period, but as an institution the Church failed to help the destitute. The Church did not do enough to transform the economic world of its followers.

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CHAPTER 3

VOLUNTARY EXCHANGE AND COERCION IN SCHOLASTIC ECONOMICS

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ONE of the most important medieval contributions to social thought is the suggestion that the state of a needy person's will can be a decisive issue of economic ethics. The field of study we now call economics permits of different definitions. According to one definition, economic theory is "the theory of choice and of exchange." In order to satisfy our material needs, people engage in the exchange of goods or services, usually by means of money. In doing so, we exercise choice. In a social context, anyone's range of choice is restricted by the choices made by others. If a person is in great need, his range of choice may be so narrow and so poor that he must accept highly unsatisfactory terms of exchange. Is such a person's choice a truly free choice? Does he exercise free will, or is he compelled by his need to act against his true will or, in a personalized sense, compelled or coerced by another person or persons taking advantage of his need? These are ethical questions, because an exchange is morally valid and its terms are just only if they are voluntarily consented to by the exchanging parties. This model of thought can be documented in medieval literature at least from the early thirteenth century to the gradual breakdown of scholasticism in the sixteenth and seventeenth centuries. Since then it has remained as an irritant in the body of economic doctrine, encapsulated for long periods of time by dominant schools, but occasionally breaking to the surface and issuing in ideological and ethical controversy.

The economic model to be presented in this study was a structure involving the following fundamental concepts: need or necessity, justice and the validity of agreements, and the nature of the will and of consent in the face of coercion. Broadly speaking, need is the motive for engaging in exchange. A person needs a thing and buys it, he needs a job done and hires someone to do it, he needs money and either borrows it or sells something or takes a job which earns him a wage. But need is a relative thing. A hungry or sick person buying food or medicine is motivated by a different quality of need than someone in the market for a luxury article. Different needs place different obligations on others to

supply them. If someone lacks food or other basic necessities and has nothing to offer in exchange, it may be a duty of charity to succor him with a free gift of alms, that is, without recompense. In extreme cases it may even be a duty of justice. Conversely, it may be a duty of charity to sell cheap to, or to buy dear from, someone in deep distress. Normally, however, exchange requires adequate recompense. What is adequate recompense is a matter of justice. An exchange is valid and its terms are just if they are freely and voluntarily consented to by both parties. Consent can be invalidated by fraud and by coercion. Fraud is misrepresentation of the nature, quantity, or quality of what is exchanged, or exploitation of obtuseness or immaturity in the person with whom one exchanges. In a broad sense, including various milder forms of deception, it is a much more frequent subject in medieval sources and in modern critical literature than coercion and nothing more need be said about it here. As regards coercion, its most immediate form is physical coercion, based on physical power. Physical coercion is a moral and legal offence but not an economic subject. There is a different kind of power at work in the economy, however, one that is *sui generis* to economics and the subject of this study. Economic power is the power to dispose of something that others need. It may be money, or a commodity, a professional skill or labor capacity. If economic powers are evenly balanced between persons with mutual needs, terms of exchange may be reached which are freely consented to by both parties as being just and advantageous. If each is prepared to yield a little, this will be the normal case. The principles of free exchange are beautifully analyzed along these lines by John Duns Scotus in his Oxford lectures on the *Sentences* of Peter Lombard (*Opus Oxoniense* IV,15,2,15: 283-84). Unfortunately, it is not always the case.

Economic power can be abused if powers are unevenly balanced. By withholding something that is needed and in short supply, the possessor can make others accept terms of exchange that are unjust and that cannot be said, in the full sense of the word, to be freely and voluntarily consented to. This is economic coercion. Violation of consent by the use of physical coercion was a familiar theme in the thirteenth century. Physical coercion is applied directly by one party to an exchange, or by his henchmen. Economic coercion is coercion by a person's own need, exploited to his advantage by another person or persons. The end effect may be physical enough in that non-satisfaction of the need in question may cause physical suffering. The medieval schoolmen suggested that economic coercion is comparable, from an ethical point of view, with physical coercion. This is the crux of the Aristotelian coercion model.

I. PHYSICAL COERCION: THE HISTORICAL ROOTS

Before proceeding to its application to the different forms of exchange involved, something must be said about the medieval doctrine regarding physical coercion and the will, and about its historical roots, in order to show how the analogy could be drawn

and used. This doctrine built on three different, though sometimes confluent, literary traditions, all of which had their main origins in ancient philosophy. They were transmitted through the works of Aristotle and St Augustine, and through Roman law. Although the terminologies differ, each of these traditions observes a distinction between two kinds of force. Absolute force completely overpowers a person and reduces him to an unwilling object. We may pass over this case as far as the position of the person coerced is concerned. He has no choice in the situation. Compelling force or, for short, coercion, manifests itself in the form of a threat. A person is faced with the prospect of suffering dire consequences unless he performs (or, as the case may be, does not perform) a certain act. He is thus left with a choice, whether to bow to the threat or to withstand it. The questions at issue in each of the three ancient traditions on coercion and the will are in what sense a coerced choice can be said to be a voluntary choice and what this might imply as regards certain moral or legal consequences of the choice.

Aristotle was concerned with the moral responsibility of the person coerced. He discusses this subject in the third book of the *Nicomachean Ethics*. One of his examples became a favorite metaphor among medieval authors. It pictures the captain of a ship threatened by a storm at sea, who chooses to jettison cargo in order to avoid shipwreck. Aristotle says about acts like this that they are *mixed* as regards the will. In the abstract, no one voluntarily throws away his property, but in the given situation any sensible man will do so. The action has more of the voluntary about it than the involuntary because it is “choice-worthy,” that is, the best choice under the circumstances (*Nicomachean Ethics* III,1: 1110a4–19). In the medieval Latin translation of the *Ethics*, Aristotle’s mixed acts are said to be voluntary but not simply or absolutely (*simpliciter*) voluntary. This word appears frequently in economic applications of Aristotle’s theory.

St. Augustine discusses coercion, the will, and sin in *De spiritu et littera*, in his commentary on the *Heptateuch*, in *Retractiones*, and elsewhere. Submission to coercion does not mean that the will is absent, Augustine argues; it means that the will is not strong enough to withstand coercion. If someone sins under threat of death, it is not because he desires to sin but because he desires, by sinning, to live. This means that there is an element of will present. It is not unreasonable to call sins committed under coercion involuntary but, strictly speaking, there are no wholly involuntary sins (PL 44:234; 34:727–28; 32:604). Augustinian culpability doctrine reached the medieval theologians by way of canon law and through the *Sentences* of Peter Lombard, as well as directly from the source. A new terminology was introduced, which owes something to the Aristotelian tradition as well. I quote the *Summa theologica* attributed to Alexander of Hales:

We speak of will in two different senses; there is absolute and simple will (*voluntas absoluta et simpliciter*), and there is comparative or conditional will (*voluntas comparativa et conditionalis*). Comparative or conditional will is present when we don’t will a thing simply but will it under a certain condition, with the removal of which we don’t will it. (*Sum. theol.* I,301: 434–35)

Whereas the Aristotelian and the Augustinian analyses of coercion are unilateral, focusing on the moral position of the person coerced, the Roman law approaches the subject bilaterally in the context of a contract between two persons or parties. The question at issue is the validity of contracts obtained by coercion. The key word is fear (*metus*) aroused by the threat. The *Digest* of Justinian transmitted two different principles regarding coerced contracts. On the one hand, classical private Roman law did not in general consider the subjection to coercion to be incompatible with consent. *Metus* does not remove will, it rather causes the person subjected to the threat to change his will. This is the principle of *coactus volui*: “Although I should not have willed it if I were free, still, being forced, I willed it” (*Digest.* 4,2,21,5). In glosses to the law, it found expression in the maxim, “forced will is will” (*coacta voluntas voluntas est*). On the other hand, Roman praetorian law provided certain remedial actions for those having consented under threat. One praetor is quoted proclaiming: “Where an act is done through fear I will not uphold it” (*Digest.* 4,2,1). These actions would not succeed in the case of all sorts of threat, the threat would have to be of a certain severity. A standard criterion was that it must be grave enough to affect a steadfast man (*vir constans*), such as fear of death, of torture, enslavement, imprisonment, and the like.

These three ancient traditions, the Aristotelian, the Augustinian, and the Roman law traditions, have two important features in common. First, they are all limited to physical coercion. Coercion by need is not considered, either in the texts or in the immediate commentary traditions. The restatement in economic categories was a medieval construction. Second, they all invite the same sort of dialectical option. It is possible, in line with each of these traditions, to argue that a coerced choice is sufficiently voluntary to be morally binding, or to argue that it is not. When economic coercion came to be considered, medieval authors tended to answer in the negative as far as the validity of contracts is concerned. Later schools of economic thought have generally taken the opposite stand.

II. ECONOMIC COERCION: USURY

The idea of economic coercion was first established in connection with usury, the oldest and gravest of economic sins. St Ambrose of Milan states unequivocally that usury is a form of robbery (*rapina*): “If someone charges usury, he commits robbery” (*De bono mortis* 32/1: 752). That line in Ambrose became one of the strongest weapons in the medieval campaign against usury. Gratian quoted it verbatim (*Decretum* II,14,4,10). Peter Lombard in his *Sentences* states, with reference to the Seventh Commandment, “Here also usury is prohibited, which is contained under robbery” (*Sent.* III,375: 211). Raymond of Peñafort launched it in the penitential tradition. Having discussed robbery, he turns to usury, “because usury differs little, or not at all, from robbery” (*Summa* II,7,pr.: 537). The *Institutes* of the Roman law defines theft as taking what belongs to another against the owner’s will, and robbery as doing so by force (*Inst.* 4,1,6; 4,2,pr.). In short, usury is unlawful because consent is lacking on the part of the borrower.

If the legal definition of robbery is considered more closely, it is evident that property may sometimes be taken by physical coercion against the owner's absolute will, albeit not against his conditional will. Under threat, the victim chooses to locate and hand over what the robber wants. In the case of usury, however, a different element is introduced. One may of course envisage situations in which the creditor threatens to harm the debtor unless he hands over the unlawful increment when the loan is returned. But this is not the main point or the one envisaged by St. Ambrose and those who cited him. The main point is the agreement to pay usury that the borrower is forced to accept in advance under the threat of being without money. What is introduced by calling usury robbery is economic coercion. This point was established in two works composed, most likely, in the second decade of the thirteenth century, namely, the *Summa aurea* of William of Auxerre and the *Summa confessorum* of Thomas of Chobham. Unless or until fresh information has been discovered, there is nothing to indicate a direct influence between these authors, in either direction. One of the works was composed in France, the other in England. Both authors belonged to the secular clergy, William rising to become an archdeacon, Thomas holding more modest positions in the hierarchy. They both studied at Paris in the closing years of the twelfth century and perhaps received the doctrine in question from a common teacher; if so, he is yet to be identified.

In a chapter of his *Summa confessorum* treating briefly of a number of cases involving usury, Thomas of Chobham remarks that even though a borrower may state that he pays usury freely, he does not do so with an absolute will (*voluntate absoluta*) but only with a comparative will (*voluntate comparativa*), because he will rather pay something than be without the loan (*Summa confessorum* 7,6,11,4: 508). William of Auxerre's first use of this construction occurs in his reply to the objection that charging usury is not tantamount to taking what belongs to another, for the borrower wants the lender to charge a moderate amount of usury and, in fact, greatly rejoices when he finds someone who charges no more than that. To which William replies by pointing out that there are two kinds of will, absolute will and "respective or comparative" will:

According to his absolute will the owner of the money does not want the usurer to receive it, but according to his comparative will he wants him to receive it and to have it, because the usurer will not grant him the loan for nothing. Therefore, the usurer takes what belongs to another against the owner's will, when this expression, "against the will," is understood in the sense of removing his absolute and separate will, and thus it is evident that usury is theft. (*Summa aurea* III,48,1,2: 913–14)

A decade or two after these pioneers, their argument against usury was restated by Roland of Cremona, a Dominican master of theology at the University of Paris. Usury is sinful, Roland teaches, because it is paid with a forced will (*voluntate coacta*). It may be objected that forced will is will, "as Augustine and Aristotle say," and that the usurer therefore does not take what belongs to another against his will, but this objection confuses two senses of the expression "against the will" (*invito*). When theft and robbery are defined, what is said to be against one's will is that which is not done with an absolute will, Roland explains, whereas the objection interprets what is said to be against

one's will as that which is not done voluntarily, regardless of whether the will is forced or not (*Summa* III,Q.397: 1193). Several other influential Dominican scholastics argued in similar terms. Peter of Tarentaise, the later Pope Innocent V, in his commentary on the *Sentences* of Peter Lombard follows Roland of Cremona and adds the authority of Aristotle:

Usury is taking what belongs to another against the will of the universal owner [i.e., God] because he has prohibited it, and against the will of the particular owner insofar as his absolute will and pleasure is concerned, although he may will it with a conditional and forced will, like him who throws merchandise into the sea. (*Comm. Sent.* III,37,3,4: 309)

Albert the Great states that the payment of usury is *simpliciter* against the borrower's will and only conditionally voluntary (*Comm. Sent.* III,37,13: 705; 707). Thomas Aquinas deals with the subject in his commentary on the *Sentences* and in the *Summa theologiae*: the borrower does not pay usury voluntarily, but as though forced by need (*Comm. Sent.* III,37,1,6); he does not pay voluntarily *simpliciter* but under a certain necessity, in that he needs the money that the usurer declines to lend without charge (*Sum. theol.* II-II,78,1). Giles of Lessines, a faithful follower of Thomas, copies the Aristotelian metaphor (*De usuris* IX: 424; XV: 431). In the fifteenth century, Antonino of Florence suggests that even someone who pays usury from fear of not obtaining loans in the future does not pay it voluntarily but as though forced (*quasi coacte*). Experience shows, says Antonino, that people in need tend to confirm and put in writing whatever the usurer demands (*Sum. theol.* II,1,7,6: 92). This list of quotations of some leading Dominicans could easily be extended by including a number of prominent secular masters arguing in the same vein.

The medieval Franciscan masters also favored the argument from need and insufficient will and included it in their cases against usury. Alexander of Hales (*Sum. theol.* IV: 915) and Bonaventura (*Comm. Sent.* III,37, Dub.7: III,835) declare that one who is forced by need to borrow at usury, pays it against his absolute will albeit not against his comparative or conditional will. Richard of Middleton (*Comm. Sent.* IV,15,5,5: 223) states that the borrower does not pay usury freely, but "as though under a condition of coercion." John Duns Scotus, in the Oxford lectures on the *Sentences* draws on the authority of Aristotle. A person who is forced by necessity does not act according to his simple will, as is shown in the third book of the *Ethics*, and such is the case of the victim of usury (*Opus Oxoniense* IV,15,2,24: 231). Astesanus of Asti, who wrote Scotist doctrine into his *Summa* for confessors, repeatedly stresses lack of absolute will. The debtor promises to pay usury merely because this is a better alternative than being without money (*Summa.* I,32,1:43ra; III,11,3:131ra). Francis of Meyronnes (*Comm. Sent.* IV,16,1,3: 203rb–va) argues from absence of absolute will, citing Aristotle's example of the jettison of cargo. The Franciscan tradition was summed up in the fifteenth century by Bernardino of Siena in one of his sermons on economic ethics. The usurer takes what belongs to another person against the latter's absolute will, albeit not against his conditional will (*Quadragesimale*, Sermon 38,1,8:251).

But could all those who pay usury be said to be compelled by need to do so? The question was an important one because it is sinful to give someone else an occasion to sin. A person who asks for a loan would seem to give the lender the occasion to charge usury, which is a sin. If he only wants the loan, however, he can be said to give the lender an occasion to lend gratis, which is a virtuous act, usury being charged on the lender's initiative and being something the borrower is forced by his need to accept. Following William of Auxerre, Bonaventura, and Albert the Great, most scholastics made a distinction, excusing a borrower who accepts a usurious loan because of need but not one who accepts it without truly needing it. It was generally admitted that it was difficult to draw the line. The highly perceptive Franciscan Peter Olivi is in this tradition. Or perhaps it is more correct to say that he reports on it. To use evil for a good purpose, Olivi remarks, is not always evil but good. This is what the borrower does, who is "forced or moved by his own need" to pay usury. One who pays it "without moderate need" commits a sin "according to the opinion of certain doctors," because he uses evil for an evil purpose (*De usuris*: 76).

Olivi's hedging about the latter conclusion is interesting because Thomas Aquinas, with whom he did not always agree but whom he held in high regard, had suggested that one who borrows at usury is always forced by need to do so. In *De malo* he faces precisely the objection that a loan is sometimes accepted at usury without any great need being present. Citing Aristotle's *Metaphysics*, Aquinas points out that "necessary," when used in a substantive sense, can mean either that without which existence is impossible (such as food) or that without which existence is possible but not well and properly so (including all useful things). "He who accepts a loan always suffers necessity either in the first or in the second sense" (*De malo* XIII,4). This may seem a surprising position to adopt by a moderate and commonsensical author like Aquinas, but in fact it is the only position which can save the overall logic of a usury doctrine based on the principle of economic coercion. Unless usury is understood always to be paid because of need, it will be impossible to accommodate the ancient proposition, due to St. Ambrose of Milan, that usury is a form of theft with violence.

III. ECONOMIC COERCION: PRICE AND VALUE

In cases of buying and selling that do not include a time element, goods being delivered and price being paid instantly, there can be no usury, but there can still be coercion. In the place in *De malo* where Thomas Aquinas was just quoted, he points out the analogy between loans and sales in this respect. Having argued that usury is not paid wholly voluntarily, he draws a parallel to the exchange of commodities. Mixed force is at work also if someone reduced to need is sold a certain thing for much more than it is worth. Henry of Ghent, a prominent secular master, strongly condemns overpricing commodities

even if the buyer does not object “because need compels him to accept what is unjust” (*Quodl.* I,40: 222). In the Franciscan tradition, this subject was introduced by Peter Olivi in his treatise on buying and selling. Olivi argues strongly against the legal maxim that a thing is worth the amount at which it can be sold (*Digest.* 13,1,14; 36,1,1,16; 47,2,51,29). If stated unconditionally, this saying can be read as a blank license to the exercise of economic power wherever goods are bought and sold. It is valid only on the condition that the consent of both parties to a certain price cannot be considered involuntary owing to some compelling need. No injustice is done to a buyer or a seller unless his will is defective. But a price is unjust if one of the parties to it is compelled by such want or need that his consent cannot be considered to issue from a wholly free and spontaneous will (*De empt. et vend.*, Q.1: 51–55).

In the fourteenth century, two secular masters examine the question of need and the will on the parts of a seller. Powerful people, Godfrey of Fontaines argues (*Quodl.* III,11: 229), can hold onto things until they are worth more; the poor are compelled by need (*indigentia compelluntur*) to sell earlier. There is no moral objection, according Henry of Langenstein (*De contractibus* II,22: 214rb–va) to buying something at a low price if the acceptance of this price by the seller is *simpliciter* voluntary, but such is not the case if the seller is forced by necessity to accept it. In the fifteenth century, the argument was pursued by some prominent writers. The great French theologian John Gerson concedes that consent is sufficient, but only if it is absolute and not conditional, as in Aristotle’s case of the captain who jettisons cargo to save his ship (*De contractibus* II,11: 401). In Germany, Matthew of Cracow, Professor at Heidelberg (*De contractibus* I,7: 65; II,2,7–10: 103–9) and the more frequently quoted Dominican John Nider (*De contractibus* I:5v; III:14v; 17r), who drew extensively on Matthew, repeatedly revert to the case of poor people who, “pinched by need” (*artati necessitate*) must accept unjust and unfavorable prices. Matthew calls such choices “mixed” (“that is, partly free and partly coerced”); Nider, more in accord with Aristotle’s terminology, reserves the word “mixed” for the state of the will of persons consenting to such terms of exchange.

In Italy, Bernardino of Siena adopted the ideas of Peter Olivi and tied them in with Aristotle on the voluntary. A contract is morally invalid if it is obtained because of some great poverty or compelling need. It may appear to proceed from the consent of both parties but, according to Aristotle, coercion rules out will (*Quadragesimale*, Sermon 33,2,7: 157). In his enormously influential *Summa* for confessors, the Franciscan Angelo Carletti draws on Aristotle and Roman law. If there is free will, a thing may be sold for as much as the seller can get for it, but prices obtained through such need as excludes the will are sinful. To judge about this, check if the good in question is food or some other necessary and check if consent is given in order to avoid some great damage, for such need and all fear that affect a steadfast man violate freedom of the will (*Summa Angelica*: 102ra–b). A number of other Franciscan authors of confessional handbooks, like Pacifico of Cerano (*Somma*: 130r–v) and Bartolomeo Caimi (*Confessionale*: 116v), also draw on Olivi through Bernardino of Siena and confirm the latter’s teaching. Battista Trovamala explains that coercion by need violates free will and has something

to say about luxuries that underscores his point. In the case of playthings and objects sought only for pomp and ornament, the seller may set his price at will (*Summa*: 75ra).

IV. ECONOMIC COERCION: LABOR AND WAGES

The Aristotelian notion of economic coercion discussed above in the areas of usury and price, that is, in the relation between lender and borrower and between seller and buyer, in principle applied in scholastic economics by analogy in the area of wage relation between employer and employee. If services are rendered by a professional expert, his bargaining power will usually be the stronger one. According to Thomas Aquinas, such a person may charge a fee as a *stipendium laboris*, but if he wickedly extorts (*extorqueat*) an immoderate amount, he sins against justice (*Sum.theol.* II-II,71,4). On the lower strata of society, however, the employer would hold economic power over servants and laborers. His duties in that respect found early expression in handbooks for confessor dating back to the twelfth century.

Thus the prominent English churchman William de Montibus (1140–1213), chancellor of the theological school at Lincoln Cathedral, in his *Speculum poenitentis* admonishes masters to pay their workers promptly (London BL Cotton Vesp. D.XIII: 65rb). William offers what looks like two scriptural quotes combined, in that he cites Tobit but uses some of the wording of Leviticus. “Do not let your workers’ wages, on which they live, abide with thee until the morning” (Tob. 4:15; Lev. 19:13). Similarly, in Italy at about 1220, the Dominican Paul of Hungary, prior penitentiary of St. Nicholas at Bologna, includes retaining the wages of laborers among vices that cry out to God because they are unnatural, along with sodomy, homicide, and oppression (*Summa*: 209–10). Before the middle of the century, Robert Grosseteste, subsequently to become bishop of Lincoln and the first translator from Greek into Latin of the entire text of the *Nicomachean Ethics* of Aristotle, in one of his minor handbooks for confessors, under the heading of Avarice (*De modo confitendi* I,16: 84) instructs the priest to ask penitents who are engaged in business whether they have cheated in contracts, lent at usury, or failed to pay the wages of laborers. In Italy, the Dominican friar Jacopo Passavanti says much the same thing. Among sins by way of taking or keeping what belongs to another, retaining the payment of wages is listed along with usury, theft, robbery, and gambling (*Specchio di vera penitenzia* V,4: 144–45). Evidence of a concern about the precarious position of the poor wage laborer could be extended to include many other works for the internal forum.

Thomas Aquinas lent his authority to it in the *Summa theologiae*: “Labourers who hire out their work are poor people who seek their sustenance from their daily toil, and therefore the law wisely ordains that their wages be paid promptly lest they should lack food.” Aquinas (*Sum. theol.* I-II,105,2) cites Leviticus like William de Montibus. A number of later authors of penitential texts, from the late fourteenth and fifteenth centuries,

followed suit. They include John Gerson (*De confessione*: 21v), Andreas of Escobar (*Modus confitendi*: 4r), Bernardino of Feltre (*Confessione generale*: 5r), and many others. Two features are typical of all these penitential texts. First, the main emphasis is not on paying workers due wages (though this is sometimes mentioned), but on prompt payment of wages. Second, while the poverty of wage earners are stated or assumed, the Aristotelian concept of economic coercion is not yet brought to bear on the argument. Two different circumstances can largely explain this fact. First, the Aristotelian model is stated in terms of a choice. In the early Middle Ages neither slaves and serfs nor domestic and agricultural laborers exercised much choice in the matter of pay; moreover, the literary tradition in which the penitential handbooks were written was not Aristotelian at all, but theological and canonistic.

It was only with the emergence of industrial capitalism that Aristotelian terminology found expression in discussions of wages in scholastics texts. Not unexpectedly, Italian authors took the lead. Observing labor conditions in the textile industry, Antonino of Florence launched an attack of the truck system, whereby wages were not paid in money as agreed upon, but in cloth or comestibles, which the laborers had to sell at a loss. This loss had to be made good, Antonino teaches, for the laborers received these substitutes against their will (*involuntarius alias res recepit*). The employer is not excused if a laborer agrees in order not to be out of a job, but to earn something, even if not enough (*Sum. theol.* II,1,17,7–8: 267–69). This argument was popularized by later authors in the Italian penitential tradition. In Germany, Gabriel Biel quotes Antonino, deploring the position of poor laborers who yearn for a just wage but, compelled by need (*necessitate compulsi*), must accept less. (*Comm. Sent.* IV,15,10: 210). In the sixteenth century, Francisco de Vitoria considers the position of a servant who must accept poor pay and is told by his master that he suffers no injury because he consents voluntarily. “I claim that this acceptance would not have been simply voluntary on the servant’s part,” Vitoria explains, but “would have had something of the involuntary mixed with it, because he was powerless to do more, seeing that he was about to die of hunger and had nowhere else to go (*De iustitia* to II-II,77,1: 128–29).

V. REJECTION OF THE COERCION PARADIGM

When the remnants of medieval doctrine petered out in Italy and elsewhere, scholastic economics experienced a revival in Counter-Reformation Spain. Known for short as the School of Salamanca (other universities were involved as well), it dominated Catholic economic thought from the late sixteenth century on. Francisco de Vitoria was one of the founders of the school. On the question at issue here, however, he was not at one with his successors. The Salamanca scholastics generally abandoned the economic coercion argument of the medieval schoolmen. It is not difficult to see *how* this could be

achieved from a formal point of view. The argument was vulnerable to refutation along three different lines of attack, all of which were used by the Salamancans. First, the terms “absolute” and “conditional” can be reversed. The absolute can be understood to be that which is actual and thus relevant, the conditional being merely something envisaged in contemplation. Second, it can be argued that a will conditioned by present circumstances is sufficient to bind the actor morally. Third, the whole concept of conditional will can be rejected as being logically empty. All choices are like that, for whatever the range available, it is possible to envisage a better choice. A just price is accepted no less involuntarily than an unjust one; in other words, justice has nothing to do with the will. In line with these developments, the very idea of economic justice underwent a crucial change. In early modern economics justice was no longer primarily understood as pertaining to the terms of a contract but rather to keeping the contract according to the terms once agreed upon. If those terms are valid according to civil law, which means, on the whole, that they are obtained without criminal fraud and physical coercion, the parties are bound by the contract, and that is all there is to justice.

The question why the scholastic principle of economic coercion was rejected in early modern economics is a more complex and a more important one. Many factors have been suggested to explain the ideological turnabout that gave rise to modern capitalism. I shall conclude by focusing on two factors that seem particularly important in the present context. First, the need discussed in this chapter is material need. When the mendicant friars admonished merchants not to exploit their customers, they were not only concerned with the material need of the latter but equally with the spiritual need of the former, the need, that is, to conquer their avarice. In the medieval catalogues of mortal sins, avarice was not necessarily the root of all evil, but it was the root of all evil in the economic sphere. Second, with the Renaissance and the Reformation avarice was given a different moral color, and less odious names. Caring for oneself is a most powerful incentive. When it was believed to further social prosperity (as well as individual prosperity), arguments in favor of repressing it seemed increasingly less convincing. One of the things that unavoidably ensued was a certain depersonalization of economics, whereby the individual actor disappeared and the quest for social prosperity obscured each man’s personal duty to look to the economic needs of his fellow men.

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CHAPTER 4

ECONOMICS AND THEOLOGY IN ITALY SINCE THE EIGHTEENTH CENTURY

LUIGINO BRUNI AND STEFANO ZAMAGNI

THE “classic” Christian tradition of sociality, here referred to as Aristotelian-Thomistic, found a significant expression in economics within the Neapolitan tradition of Civil Economy (Bruni and Zamagni 2007), that represents an important attempt to keep alive within modernity the tradition of civil life based on *philia*.

To learn more about this tradition, we shall examine the works of Antonio Genovesi and Giacinto Dragonetti, both of them outstanding representatives of the Italian Catholic tradition of social thought. A methodological premise is here in order. It is well known that progress in science has to do also with views—perspectives. Scientific theories are not discovered in the same way as an explorer discovers a new land; they are inventions of the human mind. This is why the “view” is not merely an expository device. It is of fundamental use if the task is to understand the whole of the mountain range, not just to climb single peaks. In what follows, our aim is to show the relevance of the “civil view” for the advancement of economic discipline.¹

I. ANTONIO GENOVESI: ECONOMY AS EXPRESSION OF RECIPROCAL LOVE

A. Civil Economy: A Modern Landing of the Christian Tradition

Antonio Genovesi was a Neapolitan philosopher and economist, who lived around the same time as Smith: Genovesi and Smith are surprisingly similar in many key aspects of their thought even though they never had contact with each other directly.

The Civil Economy tradition that was affirmed in the eighteenth century should be seen as the modern expression of the civil tradition that originated in the Christian Middle Ages. The period 1750–1780 has been defined by Charles Bousquet as the *age d'or* of Italian economic thought. It was as if the Enlightenment in Italy has chosen economics as its favorite subject. Like the Franciscan theologians and first civil humanists (Zamagni 2010b), not only does Genovesi regard civil life as not in contrast with the good life, he sees it as the place where happiness may be fully realized thanks to good and just laws, to trading and to the civil bodies where men are free to practice their natural sociability: “Even if companionship can bring evils, on the other hand it also assures life and its goods; it is the source of the greatest pleasures, unknown to the men of nature” (*Diceosina*, p. 37). And like the civil humanists and the Franciscans, Genovesi also thinks the market is a matter of *philia*.

On the natural (and non-artificial) character of sociality and on its essential role for a fully humane and happy life, Genovesi is also in line with the Aristotelian-Thomistic tradition:

Every person has a natural and inherent obligation to study how to procure her happiness; but the political body is made of persons; therefore, the entire political body and each of its members has an obligation to do what is on their part, i.e. all that they know and can for the sake of common prosperity, as long as that which is done does not offend the rights of the other civil bodies. From the civil body, this obligation returns with beautiful and divine ties to each family and each person for the common pacts of society. Each family and each person is therefore under the obligation to procure, for what she knows and can, common happiness, due to two obligations, one of which is within nature, and the other is among the first pacts that subsequently continue with posterity... for the sake of living in a community. A third obligation may be added, that of one's own utility. What Shaftesbury proclaimed (*Inquiry of Virtue and Merit*) will be eternally true, that true utility is the daughter of virtue for it is eternally true that the great depth of every man is the love for those with whom he lives. This love is indeed the daughter of virtue. (*Lezioni*, I, ch. 1, § XXXIV, p. 29)

However, at the heart of the view of life in common held by the authors of the Neapolitan school of Civil Economy (not only Genovesi) is the idea that “mere” sociality, man's

character of being a “political animal,” cannot suffice to distinguish the human from other animals. The kind of sociality that is typical of human beings is a qualified type of sociality—which we must call reciprocity, friendship, mutual assistance, or fraternity, all basically synonyms in the vocabulary of Genovesi and of the other authors belonging to this tradition:

Man is a naturally sociable animal: goes the common saying. But not every man will believe there is no other animal on earth that is not sociable. . . . In what way then is man more sociable than the others? . . . [in] the reciprocal right to be assisted and consequently his reciprocal obligation to assist us in our needs. (*Lezioni*, I, ch. 1, §§ XVI, XVII, p. 283)

This passage contains something that we do not find in Aristotle or in Smith, because it is a direct consequence of Genovesi’s Christian humanism: for Genovesi, *reciprocity* and mutual assistance (not only *relationality*, nor simple sociability) is the typical element of human sociality. For Smith, instead, what constitutes the typical character of human sociality is the “propensity in human nature . . . to truck, barter, and exchange one thing for another” (*Wealth of Nations*, p. 25), founded on the power of persuasion.

Genovesi pictures economic market relationships as relations of mutual assistance, hence not impersonal or anonymous. In fact, the market itself is conceived as an expression of the general law of society (i.e., reciprocity). This is both clear, and important, especially in his analysis of trust, or “public faith,” which lies at the heart of his *Lezioni di economia civile*.

B. Fede pubblica

Like for the Franciscans in the fourteenth and fifteenth century and for the civil humanists, the market is for Genovesi a matter of *fides*. One of the key elements in Genovesi’s theory of Civil Economy is “public faith,” that he considers (alongside the tradition of Civil Economy) as the true precondition for economic development; “confidence is the soul of commerce, and without confidence all the component parts of this mighty structure would crumble under it” (Filangieri [1780] 1806, Vol. 2, p. 145). In his thought there is a substantial difference between *private* and *public* trust: while the first can be assimilated to reputation (i.e., a private good which can be “spent” on the market), the latter is not the sum of private “reputations”; rather, it entails the genuine love for the common good. This concept is similar to what modern theorists have called “social capital,” that is, the fabric of faith and civil virtues that allows human and economic development to get into motion and preserve itself over time (Bruni and Sugden 2000).

According to Genovesi, the lack of “public faith” is what determined the lack of civil and economic development in the Kingdom of Naples—an argument that more than two and a half centuries later has lost none of its currency. In the Kingdom, as denounced by the tradition of Civil Economy, “private trust” (intended in particular as blood ties or bonds based on feudal pacts of vassalage), or honor, was abundant; but

public and generalized trust, the kind that originates from the cultivation of civil virtues, was too little.

If on one side market development brings civil and economic development, for the Neapolitan school it is even more important to stress that cultivating public faith is the precondition for any possible discourse concerning civil and economic development: “Nothing is more necessary than public trust in a wise and easy circulation” (*Lezioni*, II, ch. 10, § I, p. 340). Very significant is also this footnote by Genovesi: “This word *fides* means rope that ties and unites. Public faith is therefore the bond of families united in companionship.”

C. Trade as Mutual Assistance and Reciprocity

The category of reciprocity is also critical to Genovesi’s notion and theory of the market. In his analysis of trust (“public faith”), he systematically ties the concept of trust to those of reciprocal confidence, mutual assistance, and friendship, arguing that these concepts are essential to the economic and civil development of society.

In line with the thought of Montesquieu and with the Scottish school, the Neapolitan tradition regards economic activity as an expression of civil life; it sees trade as a civilizing factor. Like for the civil humanists, for Genovesi and the Neapolitans not only is civil life not in contrast with virtue, but it is seen as the place where virtues can find their fullest expression. The thought of Montesquieu is certainly present in the writings of Genovesi (who was among the first to translate and address the works of Montesquieu in the Italian language). Virtue, not fear (as Hobbes and Machiavelli instead argued) is the basis of civil society: a concept that we examine here more closely and that has been key to the entire tradition of Civil Economy.

Giacinto Dragonetti, whose works we discuss over the next section, also has a fascinating theoretical theory and understanding of trade (clearly in tune with Genovesi), in which we can feel the echoes of the Medieval Franciscan polemic against gold stagnating in the coffers and not circulating among people creating wealth:

A thousand proofs convince us that man was made for society, but above all, the mutual dependence on mutual wants, that basis of all union... The bareness of one place is to be supplied by the fertility of another... A state without trade is a carcass... The gold that stagnates in the coffers of the rich, is lost to circulation, is a robbery committed on the public. No heap of wealth ever made a nation great... To make each individual participate of the benefits of nature, and to give to the body politic all the strength it is capable of, ought to be the effect of commerce. ([1766] 1769, pp. 110–23)

Furthermore, for Genovesi and for many Illuminists of his generation in Italy and elsewhere, one of the fruits of commerce is the ability to “bring the trading nations to peace... War and commerce are as opposite as motion and quiet” (*Lezioni*, I, ch. 19, § VII, p. 290).

Strictly related to the issue of commerce, there is an interesting dialogue at a distance between Genovesi and Montesquieu. Genovesi edited the Neapolitan edition of the *Esprit des Lois*, writing some footnotes with his own annotations and comments. In one of his footnotes he wrote something on commerce that seems at first glance going in a direction opposite to all of Genovesi's other theses on commerce present in his previous works.

In commenting on Montesquieu's well-known thesis "The natural effect of commerce is bringing peace," Genovesi wrote:

Commerce is a great source of wars. It is jealous, and the jealousy arms men. The wars of Carthaginians, and of Romans, of Venetians, Genoese, Pisano, Portuguese, Dutch, French, and those of English witness this. If two nations trade for reciprocal needs, are these needs that are opposed to war, not the spirit of commerce. (Genovesi 1777, Vol. II, p. 195)

From this passage it is clear that Genovesi criticizes the spirit of commerce if it is intended in the mercantilist meaning (that was the vision of commerce dominant in his time), according to which commerce was deeply linked to the predatory spirit of conquest of the nations, a "zero sum game" and not mutual assistance. Then, Genovesi and the whole Civil Economy tradition praise commerce and the market when it emerges among persons and peoples on the basis of mutual needs in a spirit of reciprocity. A thesis that is not less relevant nowadays than it was in the eighteenth century.

To sum up, we see that the Smithian idea of market is well expressed through the category of "mutual advantage" considered in strictly individual terms (nothing in Smith's thought suggests the existence of a collective subject, of a "we") and, from this point of view, Smith shares with the social contract tradition the idea that life in common is justified by reciprocal interest, by the mutual advantage of the single individuals taking part in the contract. Genovesi's view, aligned with the classic tradition, is instead characterized by the concept of "mutual assistance." We must observe, however, that the difference, small as it may appear, is in fact a decisive one. In an exchange motivated by "mutual advantage" each party benefits from the transaction, a transaction that is only possible as long as it is also beneficial to the other party. Hence, trading is objectively mutually advantageous. Yet, none of the two parties has any concern for the interests and well-being of the other; no "we" is required. Market exchange, intended à la Genovesi, as "mutual assistance," requires something more and different from the notion of mutual advantage.

The concept of "assistance" entails an intention, on the part of the person who "assists," to benefit the person "assisted." Assistance supposes an action that is intentionally directed toward another person for the purpose of helping her with her needs, an intention to be helpful to each other. If assistance is mutual—as Genovesi intends it—then these intentions are reciprocal. But mutual assistance is not played entirely in the field of contracts (despite not excluding it); in this perspective it stretches beyond the idea of mutual interest: a good society must be based on something deeper and different than just interests. The needs of some that do not always correspond to the interest of

others, but those needs still ought to be satisfied in a decent society. Citizens are not only and not always stakeholders but also needholders, and Genovesi's notion of assistance picks up precisely on this point.

The logic of Genovesi's argument always refers to the idea of rationality and friendship. These categories, normally seen in today's debate within the framework of an individualistic paradigm, in Genovesi go back instead to the idea of a "we," as is clear from the *Lezioni*. In the final paragraph, Genovesi summarizes the message and central thesis of his treatise:

Here is the idea of the present work. If we fix our eyes on such beautiful and useful truths, we will study not for stupid vanity, nor for the pride of appearing superior to ignorant people, or for the wickedness of cheating, but to go along with the law of the Moderator of the world, which commands us to do our best to be useful to one another. (*Lezioni*, II, Conclusions, §XVII, p. 890)

The law given by the world's moderator (God), according to Genovesi, does not ask that "each of us seeks his own interest in the expectation that the interests of others and those of society will be assured by the invisible hand of the market" and neither that "everyone individually seeks to second the interest of others." His "general law" of civil behavior is different: "We have to have as a goal to be useful to one another." The 'commandment' is: "be helpful to one another" and addresses us collectively.

II. GIACINTO DRAGONETTI

A. Virtues and Rewards

Central to the eighteenth century was the rich issue concerning theories of action and its motivations. Hume, Rousseau, and Smith have written complex theories of action where the motivations in the social and economic arena were much more complex than just the search of self-interest. In Italy there was also lively debate, and thinkers like Pietro Verri and Antonio Genovesi have made important statements on the unintended consequences of actions, imitation, emulation, desire for distinction, and so on.

A stream of this debate is the dialogue (at a distance) between the well-known Cesare Beccaria and Giacinto Dragonetti, a Neapolitan author much less known than his Milanese contemporary. We desire to show the relevance of Dragonetti's work for both the history of economic thought and (potentially) the roots of the Law and Economics program of research. There are many reasons today for the renewed interest in Dragonetti: he was one of the representatives of the Civil Economy school; Dragonetti's *Delle Virtù e de' Premi* ("On Virtues and Rewards," 1766) was for some decades directly associated with Beccaria's *On Crimes and Punishments* (also by publishers²); and finally, because of the original and forgotten topic of his research.

Contemporary economic theory of action is based on individual incentives. Dragonetti advanced a theory of action based on rewards (or more to the point: awards; see Bruni 2012). Such a theory proceeds from the hypothesis that good (or virtuous) citizens act also for intrinsic reasons. Unlike modern incentives, “awards,” in fact, are not the ex-ante “motivation” for a given action but an ex-post recognition or prize. Contemporary economics registers a new tiny interest in the issue of awards or rewards, a reason more for a reevaluation of Dragonetti’s forgotten book. The work of Bruno Frey, in particular, is bringing the issue of awards back to the attention of economists (Frey and Neckermann 2008; Neckermann et al. 2009), although the economics community has not yet recognized this branch of research.

Giacinto Dragonetti (1738–1818), a lawyer and disciple of Antonio Genovesi, was born in L’Aquila. Under Genovesi’s supervision, the young Dragonetti published *A Treatise on Virtues and Awards* (“Delle virtù e de’ Premi”), in Naples in 1766, shortly after Beccaria’s *On Crimes and Punishments* (“Dei delitti e delle pene,” 1764). By 1769 an edition of Dragonetti’s book with the original Italian text and an English translation was already circulating. In 1776, in his influential *Common Sense*, Thomas Paine cited the book, referring to Dragonetti as “that wise observer on governments” ([1776] 1923, p. 30).

Interestingly enough, in one of the very few papers dealing with Dragonetti, Wootton (2000) shows the influence of Helvétius’s *De l’esprit* on both Dragonetti’s *Delle virtù e dei premj* and on Paine’s *Agrarian Justice* (1797), in particular their common call for a more egalitarian land reform.

After his early fame, Dragonetti was almost forgotten even in his homeland, and the issues concerning the relationship between awards and virtues were likewise neglected.

B. Not Only Punishments: Awards

The Introduction of Dragonetti’s book provides a clear point of entry to his vision of virtues and awards: “We have made numberless laws to punish crimes, and not one is established to reward virtue” ([1766] 1769, p. 13).³

Beccaria and others only mentioned the reward of virtue without exploring it further,⁴ whereas Dragonetti, inspired by a more radical and far-reaching approach, devoted his analysis entirely to this disregarded issue. Dragonetti envisioned an entire system of laws built around the idea of rewarding virtue (“political virtue” in particular): *a code of virtue* to go alongside the penal code. “The Roman law-givers knew the necessity of recompenses, but contented themselves with hinting at them, without courage to form their code” ([1766] 1769, p. 13).

It is also clear that Dragonetti’s point was not to deny the importance of punishment; like Genovesi, he recognized its crucial role. But Dragonetti was convinced that concentrating on punishment principally or exclusively would not be enough to get the Kingdom of Naples back on a path of civil and economic growth. In this sense, it can safely be affirmed that Dragonetti anticipated the notion of “expressive laws,” as they

are nowadays called, that is (positive) laws that are congruent with the social and moral norms prevailing in the population that is supposed to respect those same laws.

More generally, the different positions of Beccaria and Dragonetti can also be explained in terms of their respective philosophical traditions. In fact, while Beccaria's framework lays down the foundations of what will later become, with the work of J. Bentham (Harcourt 2011), the utilitarian doctrine, Dragonetti has to be interpreted within the classical Christian tradition of the virtue ethics (in line with Aristotle, Cicero, and Thomas Aquinas). And if Beccaria echoes Hobbes in his characterization of the state of nature, the vision of sociality and the essence of the social contract that emerge in Dragonetti follow the works of Genovesi and the Thomistic-Aristotelian view of civil virtues as natural to humankind. Dragonetti hoped to revive interest in the reward of civil virtue that had characterized the Roman republicanism of Cicero and Plutarch and that emerges also in certain expressions of the Lockean tradition.⁵

In this classical tradition, a virtue (*arête*) is a disposition or character trait of an individual, defined generally relative to a particular domain, according to the *telos* or, in today's words, the intrinsic nature of that domain. Furthermore, the logic behind the classical view of virtue diverges from both the instrumentalist and the consequentialist accounts. A virtuous person pursues *areté* for an intrinsic or a transcendent reason, and not for the sake of pleasure or other material rewards. At the same time, a virtuous action may also indeed yield pleasure and material rewards, but they are an indirect result, a sort of by-product of the virtuous conduct (Bruni and Sugden 2011).

Therefore, there is nothing in the classical theory of virtue that impedes considering in the market also *virtues* (dispositions or character traits that help to promote excellence, or *areté*, and approval in the economic domain), as Dragonetti does (and as most of the communitarian literature today does not). And if that is the case, how can virtue truly be rewarded? More to the point—how does Dragonetti's book suggest that virtue be rewarded?

First, with more emphasis than the classical theory of virtue, Dragonetti associates virtue with the direct and intentional pursuit of public good (which is distinct from, although not in contrast to, one's personal well-being). In Aristotle, for instance, the way to search for the common good is to perform individual virtuous actions, so there is no contrast between individual and public good. Dragonetti, instead, emphasizes the intentional search for the public good, even when this requires the sacrifice of individual gains. His approach to virtue, very close to the ethics of Republicanism, was surely influenced by the history of Europe and by the circumstances in the Kingdom of Naples at his time, where freeriding and the pursuit of individual privileges were jeopardizing public wealth and happiness. "Hence the name of Virtue to every action that respects the interest of others, or the preference of another's well-being to our own" (*A treatise on Virtues and Rewards*, 1976, p. 19).

So, according to Dragonetti, the sheer pursuit of personal interest, despite being natural and, unlike Mandeville, not to be disparaged as a vice, should not be called "virtuous" per se. Virtue requires effort to reach results that go beyond one's private interest. In the

Italian edition of 1768 (in Modena), Dragonetti suggests that God is good rather than virtuous, because doing good takes God no effort.

Serving the common good therefore is a sufficient condition for virtue, whereas effort and sacrifice are necessary attributes (they are also nonspontaneous, unlike the pursuit of pleasure and self-interest). Thus, according to Dragonetti, “many have ambiguously given the name of Virtue to actions that result from mere natural, religious, or civil laws, and whose proper title is Duties” (*A Treatise on Virtues and Rewards*, 1766).

His vision of virtue is consistent with his view of rewards:

He, therefore, who measures his actions by the standards of law, deserves (however commendable) no other recompense than the advantages arising from social compact. He, on the contrary, who extends his benevolence beyond what the laws strictly enjoin, merits a particular reward; for if he contributes more than others towards the general welfare, it is just he should enjoy more sensible benefits. Virtue disappointed of its proper recompense must become the prey of drones, the scourge of the virtuous, and its own destruction. ([1766] 1769, p. 23)

The “recompense,” therefore, is a reward for an action that goes “beyond” what private and social contracts normally assign; it is the prize awarded for a free act deliberately intended for the common good: “It is true, that all the members of a state owe it those services which the laws ordain; but it is as true, that its citizens ought to be distinguished and rewarded in proportion to their *gratuitous services*. Virtue *sufficient for itself* is not the virtue of man” ([1766] 1769, p. 27, emphasis added).

Expressions like “gratuitous services,” or “virtue *sufficient for itself* is not the virtue of man” present clues about other elements in Dragonetti’s view of civil virtue. Virtue is a matter of freedom, and its recompense cannot be set by ordinary social and private contracts. At the same time, Dragonetti is stating that an ethics of civil virtues in which awards are not publicly acknowledged, or where they are exclusively intrinsic (“virtue sufficient for itself”), is not sustainable because “it is not the virtue of man”; otherwise it would be superhuman, hence unfit for civil life (this passage contains an echo of the “god or beast” of Aristotle). Unlike most contemporary accounts of civil virtue, which seem to favor an intrinsic notion of rewards,⁶ for Dragonetti the reward of virtue has a civil and “public” nature, and is somehow external to the virtuous agent: “Nor ought it to be objected, that virtue, in proposing its price, loses its dignity and becomes mercenary” (*ibid.*).

In other words, it is possible to reward civil virtues without the risk of reducing the gratuitousness of virtuous acts to a mere counter-service of a (“mercenary”) exchange, which would otherwise compromise the spontaneous, genuine, non-mandatory, essentially free character of virtue—this issue has arisen frequently (and controversially) in the lively debate over the proper reward of “vocational” activities.⁷

At the heart of Civil Economy lies the conviction that feudal society could not lead to prosperity or civil development. The feudal system promotes the perverse reward of acquired privileges and discourages genuinely virtuous behavior. This point is clearly illustrated in the following passage:

The distinction of ranks has been struck out to reward the good: if it was continued to their descendants it was on the presumption that they would not degenerate. In supposition it is easy to pass from probability to falsehood: Hence an implicit faith in noble virtue distributes often considerable favours to birth only. The experience of every day evinces that the titles, dignities, honours, and other advantages merited by the sires serve merely to shelter the dishonoured escutcheons of the sons. Let Europe scorn the illusion, nor permit the supported virtue to prey on what is due to the real. ([1766] 1769, p. 41)⁸

A key consequence of the anti-feudal polemics is an attitude of praise toward the arts and commerce, a trait that can be truly appreciated only in the light of the overall project of the Neapolitan and the whole European Enlightenment, whose mission was to build a post-feudal liberal society where the proper reward of true virtue (and the discouragement and punishment of false virtue) might eventually provide an impetus for a new phase of civil life and economic development. Many remarkable pages by Genovesi, Filangieri, and other authors of the European and Neapolitan Enlightenment reveal this common anti-feudal sentiment.

In line with most of the European Enlightenment, the Neapolitan tradition considers economic activity to be a genuine expression of civil life. It sees commerce as a civilizing factor. Like the Italian civic humanists of the fifteenth century, Genovesi and the Neapolitans see commercial activity as an expression of civic virtue, and civil life as the place where virtues could be expressed to their fullest. Montesquieu's theses are present in Genovesi's writings, although the Neapolitan and the French authors do differ in some ways, including their concept of commerce.

Dragonetti's praise for the virtues of commerce has to be read in a Genovesian spirit. Dragonetti never formulated an actual and complete theory of the relationship between virtues and awards/rewards, nor did he ever lay out the theoretical mechanisms for rewarding virtues—which is the greatest limit of his work. Nevertheless, he has provided several insights which can be read and appreciated within the general framework of Civil Economy.

C. Market and Commerce as Proper Rewards to Virtues

A key point that makes Dragonetti's ideas relevant in the contemporary ethical debate concerning markets is the connection he makes between markets and civil virtue. As he uses the term, *premi* conveys a meaning associated with both award and reward, although in an unusual and original way.

Both Genovesi and Dragonetti, and the tradition of Civil Economy as a whole, regarded commerce as a key opportunity for cultivating and rewarding civil virtue. If the market is construed in the Civil Economy tradition as a form of "mutual assistance," then commerce itself becomes a virtue because by trading and contributing to

developing the market, individuals are ultimately contributing to the common good. From the perspective of Civil Economy, the market is a place where virtues can be encountered and cultivated. Market and trade are both essential to public happiness. As Dragonetti notes, “commerce is the reciprocal communication of the produce and industry of various countries. . . . The citizens of earth carry on a war of industry against each other, and where that ceases, there the supports of life decay” ([1766] 1769, pp. 113, 121). Neglecting to reward commercial virtues would discourage market transactions and, therefore, diminish the market as an institution; and without markets there can be no public happiness. Dragonetti treats the subjects of war and navigation in similar terms (78 ff.).

From that perspective, market and trade are perfectly moral or virtuous, and mutual advantage, reciprocity, and morality go hand in hand. From this perspective, although the Civil Economy tradition emphasizes virtue and its reward, it follows a different cultural path than the one held by “neo-communitarian” authors such as Anderson (1999), Walzer (1983), or McIntyre (1981). These authors create a contrast between true moral relationship and standard economic or market interactions. For Dragonetti (and Genovesi), however, market and virtues are fully consistent one another (Bruni and Sugden 2011).

Only one sentence in Dragonetti’s small book has achieved widespread notoriety, the one that Thomas Paine cited in *Common Sense*. Paine seemed to take particular pleasure in the political aspects of the pamphlet, and he quoted (on page 30 of *Common Sense*) the following passage by Dragonetti:

A mode of government that contained the greatest sum of individual happiness, with the fewest wants of contribution [in terms of liberty]. . . . *The science of the politicians consists in fixing the true point of happiness and freedom. Those men would deserve the gratitude of ages, who should discover a mode of government that contained the greatest sum of individual happiness, with the least national expense.* ([1776] 1923, p. 155, the sentence in italics is the one quoted by Thomas Paine)⁹

Dragonetti’s emphasis on civil virtues and their awards/rewards has not generated (as often happens) an illiberal or authoritarian vision of politics and democracy. In his political project of reforming the Kingdom of Naples, virtues, public happiness, and freedom go hand in hand, a vision that may put Dragonetti alongside liberal authors of freedom, happiness and virtues, like T. Paine or J. S. Mill.

III. THE UNDERGROUND RIVER OF CIVIL ECONOMY

What became of Genovesi, Dragonetti, and the Civil Economy tradition within contemporary social sciences? It obviously did not enter mainstream thought in the

nineteenth or twentieth century, not even in Italy, where it was submerged under a strong wave of criticism headed in particular by Francesco Ferrara, the most influential twentieth-century Italian economist. In the introduction to the third volume of his influential *Biblioteca dell'Economista* (First Series), Ferrara (recognizing Genovesi as the first among them) claims: “The merit of the foundation of economics goes to the English Smith, or to the French Turgot, not to Genovesi, Verri, or Beccaria (1852, p. xxxvi). According to him, the proper science of economics was to be found abroad, not in the works of the classic Italian authors. A later generation of economists, including Pantaleoni and especially Pareto, maintained this outward-looking gaze rather than looking more deeply into the tradition of Civil Economy.

The tradition of Civil Economy, however, never truly disappeared. Like an underground river it kept flowing in the spirit of a few economists both in Italy and elsewhere, who in various ways have continued to cultivate an idea of economics as a source of civil development, closely linked to civil virtues (not just self-interests), to public happiness (and not just to the wealth of nations), and mindful of the role of institutions (but without going so far as Hobbes did in *Leviathan*).

Coming to our days, an authoritative confirmation of the underground river’s thesis comes from Pope Benedict XVI’s encyclical *Caritas in Veritate* (2009). When the Pope writes that “the market does not exist in the pure state [since] it is shaped by the cultural configurations that define it and give it direction” and that “economic life undoubtedly requires contracts” but it also needs specific “forms of redistribution” and “fraternal reciprocity,” he clearly refers to the Civil Economy tradition of economic discourse. As several commentators have noticed, *Caritas in Veritate* heavily relies upon the category of common good (which derives from virtue ethics) as differentiated from the category of total good (which derives from an ethics of rules, utilitarian or contractualist).

A simple metaphor may help to clarify the distinction between these two forms of good. While the notion of total good can be thought of as a sum total whose elements stand for the good of each individual (or group), the common good can be presented as a product whose factors stand for the good of each individual (or group). The meaning of the metaphor is intuitive. The total of an addition remains positive even if one or more elements become zero, which is not the case with a product. The message is clear. The logic of common good does not allow trade-offs among individual well-beings: it is not acceptable that somebody gets excluded from the productive process just to increase the welfare of somebody else. It should be noted that the choice between the common and the total good is an ethical one, not a choice that can be decided using utilitarian calculus.

The other key element showing the Civil Economy roots of *Caritas in Veritate* is the role attributed to the principle of fraternity within—not outside—the economic sphere. Still present in the flag of the French Revolution, fraternity is a concept that had already been removed from the economic lexicon by the end of the eighteenth century. It was the Franciscan school of thought that gave to the word “fraternity” its proper meaning,

which has been preserved over time. Fraternity is complementary to the principle of solidarity and yet surpasses it. In fact, while the latter is the principle of social organization that enables the unequals to become equals, fraternity is the principle of social organization that allows those who are equal (in their dignity and fundamental rights) to realize their diversity, that is, to express their specific charisma or talents in a plurality of ways.

The “good society” cannot content itself with solidarity alone, because this would seriously compromise and limit the principle of liberty. Indeed, while a fraternal society is also a solidaristic one, the opposite is not necessarily true, as much present-day evidence clearly shows. No society is capable of a future orientation if the principle of fraternity is set aside. Indeed, a society where there exists only “giving in order to get” or “giving out of duty” cannot progress. This is why, according to *Caritas in Veritate*, neither the liberal-individualistic vision of the world where (practically) everything is trade based on the principle of exchange of equivalents, nor the state-centered vision of society, where (almost) everything is duty, is a safe guide to lead us out of the shallows in which our societies are grounded today.

Caritas in Veritate is the first encyclical within Catholic Social Thought where the Franciscan principle of fraternity finds a place inside the economic sphere. This line of thought suggests that human sociability can be experienced inside normal economic life, not outside or beside it. What is the practical relevance of applying the principle of fraternity within the economic game? That of spreading the culture and the practice of reciprocity. Along with democracy, reciprocity is a fundamental pillar of society. By declaring the priority of the interpersonal relation over the mere exchange of equivalent value, of happiness over utility, *Caritas in Veritate* tells us to think gratuitousness—not to be confused with gratuity—as a key factor of the human condition and, consequently, to see in the practice of gift the precondition for the correct working of both the State and the market.

Endorsing the conception of the market typical of the Civil Economy tradition of thought, according to which social bonds cannot be reduced to the mere “cash nexus,” the Pope suggests that we can fully experience human sociability within normal economic life, not outside it as it happens in the dichotomous model of the social order. The challenge to accept is neither to see the economy as in ontological conflict with the good life, as if it were but a locus of exploitation and alienation, nor to view it as the only solution for all the problems of society, as the anarchic-neoliberal school of thought would have it. In other words, the challenge is to go beyond the two main conceptions inherited from modernity about the relationship between the economic and social spheres. The first conception—the neoliberal one—considers the market as an institution basically asocial whose main duty is to produce wealth irrespective of the modes and ways it is obtained. Government—according to this conception—should take care of the redistributive function. According to the other conception—the neo-structuralist one—the market is essentially an antisocial institution. With the famous words of Karl Polanyi taken from *The Great Transformation*: “The market

advances on the desertification of society.” As such, the market is nothing but a necessary evil (Zamagni 2012).

The perspective adopted by *Caritas in Veritate* rejects the reductionist stance of the two streams of thought. It shows that market is capable of hosting, within its own institutions, in addition to the principles of exchange of equivalents and of redistribution, also the principle of reciprocity:

What is needed, therefore, is a market that permits the free operation, in conditions of equal opportunity, of enterprises in pursuit of different institutional ends. Alongside profit-oriented private enterprise... there must be room for commercial entities based on mutualist principles and pursuing social ends to take root and express themselves. It is from their reciprocal encounter in the marketplace that one may expect hybrid forms of commercial behavior to emerge, and hence an attentiveness to ways of *civilizing the economy*.” (n. 38 “*Caritas in Veritate*”; emphasis in original)

“Economics as if people mattered”—this catchphrase concisely explicates the ultimate content of the Civil Economy research program that constitutes the most original contribution of Italian economic thought since the eighteenth century. From Genovesi onward, the economists belonging to the Civil Economy school have recognized that economic arrangements are not something that exist prior to the decisions of the economic agents, as if they were a natural datum. The civil economist recognizes that market institutions generate (or induce) desirable or undesirable tracts in people. It follows that there is not just one route to economic progress; on the contrary there is a variety of market models, each one of them in tune with a specific cultural matrix. Today, the three major ideal-types are the neoliberal market economy, the social market economy, and the civil market economy. And the choice of the market model is a question at least as important and noble for economic science as research into the conditions to improve efficiency of a given market model inherited from the past.

NOTES

1. This entry is based on Bruni (2012, in particular, chs. 7 and 9), and Bruni and Zamagni (2007).
2. In most of its European editions, Dragonetti’s *Delle virtù e de’ Premi* was published in a single volume with Beccaria’s *Dei delitti e delle pene*.
3. The quotations from Dragonetti’s *Delle virtù e de’ Premi* come from the English 1769 edition. All the other translations of Neapolitan authors (Genovesi, Filangieri, and Palmieri) are ours.
4. For example, Montaigne, Hobbes, Rousseau, Montesquieu, and later Diderot, Bentham, Gioja, and others; or, in ancient times, the Roman philosophers and legal experts who Dragonetti also recalled. It is also interesting to note that the Neapolitan Constitution after the Revolution of 1799, written by Mario Pagano (a Genovesi disciple), mentions the issues of *premi* together with the punishments (AA.VV. 1852, p. 65).

5. Echoes of this tradition can be found in the notion of “social pacts” in Genovesi ([1765–67] 2005, Vol. I, ch. 1) and in Filangieri ([1780] 2003, book III).
6. Consider, for instance, the various theories of intrinsic motivational crowding-out, beginning in economics with Frey (1997).
7. For a review and debate, see Bruni and Sugden 2008.
8. A remark which maintains its revolutionary appeal even two and a half centuries later.
9. Paine quoted Dragonetti’s thesis on happiness and freedom again in a later work (1792).

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CHAPTER 5

FROM THE FOUNDATION OF LIBERAL POLITICAL ECONOMY TO ITS CRITIQUE

*Theology and Economics in France in the
Eighteenth and Nineteenth Centuries*

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I. INTRODUCTION

ACCORDING to an old thesis, the birth and evolution of political economy were simple and straightforward. Growing out of some insights found in the Greek philosophers and in the Scholastic thought, economics is supposed to have freed itself from the domination of religion and morals that prevented its development. It is supposed to have become, around the seventeenth and eighteenth centuries, an autonomous scientific discipline. Sweeping aside all the debates around usury and the just price, the alleged Mercantilists started—the story goes on—a more serious and scientific way of reasoning “in terms of number, weight, or measure” and their efforts were completed by the French and Scottish Enlightenment, culminating in Turgot’s *Réflexions sur la formation et la distribution des richesses* and Adam Smith’s *Wealth of Nations*.

This way of telling the story, however, cannot be accepted today. Take, for example, this phrase: “in terms of number, weight, or measure,” which is supposed to symbolize the new scientific route indicated by Petty. Not only does it not constitute an original way of thinking—it is widely used in the scientific writings of the time—but the scientists who used it intended to refer to the Bible from which it is drawn (Wisdom 11:20–21). This simple fact suggests that the relationship between economics, religion, and morals is by far more complex than usually stated. It is possible to show that, at some

crucial steps of the development of economics, religious thought gave it a decisive impetus, lying thus at the heart of this development. But it is also true that religious thought developed a strong critique of these very developments.

This is precisely this double movement between religion and political economy that the example of eighteenth- and nineteenth-century France shows unambiguously. This field of study has been until recently neglected, and research is currently in progress. It is nevertheless possible to give a first picture of the relationship between theology and economics in this country—a kind of progress report—focusing only on some significant episodes of these movements. The very beginning of the French eighteenth century allows us to powerfully exemplify the first kind of relationship and to show how some fundamental propositions in economics stemmed out of religious questions and controversies. The French nineteenth century, by contrast, witnessed the second and inverse movement: it shows how religious thought, dissatisfied with the evolution of the economic situation, strongly criticized the economic theories of the time and tried to change them. In order however to understand this to and fro movement it is necessary to give first some brief idea of the historical and ideological context of the period.

II. THE HISTORICAL AND IDEOLOGICAL CONTEXT: POLITICAL TURMOIL AND RELIGIOUS CONTROVERSY

The hectic French political history during the eighteenth and nineteenth centuries is reminded first because it was not without consequences on the religious and economic debates of the time. From the end of the sixteenth century, France was under the regime of the Absolute Monarchy of the Bourbons—the so-called “Ancien régime”—the target of the 1789 French Revolution. The Republic was proclaimed in 1792, but wars and political instability led to various political regimes stabilizing with the Consulate (1799) and the First Empire (1804). After the fall of Napoleon, the Bourbons came back to power (first and second Restoration, 1814 and 1815) until the July Revolution of 1830 and the institution of the “bourgeois” July Monarchy of Louis-Philippe. The 1848 Revolution proclaimed the Second Republic, ended three years later by Louis-Napoléon Bonaparte’s putsch (Second Empire, 1851). After the fall of Napoléon III in 1870 and the civil war of the “Commune de Paris” (1871), a third Republic was eventually proclaimed, which proved to be a stable regime till World War II.

A. Catholics and Protestants

The peculiar religious situation of France during the period must be stressed. After the Protestant reforms of the sixteenth century, France witnessed a long period of tragic

instability because of the conflicts between Catholics and Protestants. The so-called Wars of Religion devastated the country—the most powerful symbol, still alive in the collective memory, being the Saint Bartholomew’s Day Massacre of the Protestants by the Catholics, which started on the night of August 24, 1572. The 1598 Edict of Nantes, a treaty proposed and signed by King Henri IV—a former Huguenot—put an end to the wars and managed to preserve a space for the Protestants. Nevertheless, Henri’s successors Louis XIII and Louis XIV always considered the Protestants with great suspicion. Intolerance logically led Louis XIV to repeal the Edict of Nantes in 1685, provoking new persecutions against Protestants and the emigration of many of them out of the kingdom. Protestant worship was again officially admitted in France during the 1789 Revolution. Religious freedom was subsequently redefined by Bonaparte in some clauses he added in 1802 (organic law of Germinal Year X) to the 1801 Concordat signed with the Pope.

Hence, for our period there are two important consequences. On the one hand, at the beginning of the nineteenth century, the Protestant churches were still very weak, and in the process of being reconstructed. Their action, moreover, was still hindered by the authorities—especially concerning rights of association and publication. This lay in a striking contrast with the fact that many prominent writers of the time were in fact Protestants (Germaine de Staël, Benjamin Constant, Jean-Baptiste Say, Jean-Charles Léonard Simonde de Sismondi, and François Guizot, for example). The situation changed however with the Second and Third Republic.

On the other hand, during the eighteenth century and until the 1830 July Revolution the Catholic Church was increasingly contested because of its close links with the Absolute Monarchy and its opposition to the “Philosophes” and to reforms. It saw its influence on the population greatly decline with the development of atheism, deism, and pantheism. It was severely shaken during the French Revolution, and, at the beginning of the nineteenth century, the Catholic Church was just starting to reconquer public opinion. No doubt that it did not appreciate the resurgence of the Protestants. A strong anti-Protestant rhetoric developed again that culminated by the end of the century in a racist discourse, with arguments that also echoed in anti-Semitic writings.

B. Rifts within the Catholics’ Camp

In addition, during our period the French Catholic Church itself was not without serious internal conflicts. Among the topics that divided the Catholics, a question was the opposition between Gallicans and Ultramontanes. The controversy was of importance because it involved the question of the relationships between the spiritual and the political powers. Supporters of Gallicanism were in favor of a relative autonomy of the French Church vis-à-vis the Pope (i.e., a certain intervention of the State in religious affairs, for example, for the nomination of bishops). On the contrary, Ultramontanes supported the idea of a pre-eminence of the power of the Pope—regulatory as well as spiritual—on the

French Church. Not very well accepted at the beginning of our period, Ultramontanism eventually prevailed during the nineteenth century.

Another important aspect of the French religious and ideological context of the period is the legacy of the strong seventeenth-century Jansenist movement that, with transformations, was still intellectually influential during the eighteenth and nineteenth centuries. The Bourbon Monarchy very much disliked the Jansenists who, while Catholics, were supposed to be close to Calvinism on certain points of the dogma—the question of Grace, for example—and as such a danger to the State. This led to the persecution of Jansenism under the reign of Louis XIV.

As is well known, Jansenism was a very pessimistic version of Augustinian thought, developed after the posthumous publication of *Augustinus* (1641) by Cornelius Jansen (1585–1638), bishop of Ypres (Flanders). While it generated important controversies—especially with the Jesuits—and was condemned by the Pope, it had a huge diffusion in France. It deeply influenced most of the intellectuals of the time and its themes were expressed in a widely spread literature. This includes the works of Blaise Pascal, La Rochefoucauld, and La Bruyère, for example, but also Pierre Nicole (1625–1695). Nicole is less well known today, but his successful *Essais de morale* had many editions until the end of the eighteenth century.

III. THE AGE OF CREATION: JANSENISM AND THE EMERGENCE OF LIBERAL POLITICAL ECONOMY

The first important and significant link that can be found in the French literature between theology and political economy concerns the birth of liberal economics: it exemplifies in a striking way how religious thought can generate a decisive advance in economics—in these precise circumstances, the foundation of liberal political economy itself. This happened at the very beginning of our period, at the turn of the eighteenth century, in the writings of Pierre de Boisguilbert (1646–1714), the most celebrated among them being *Détail de la France* (1695) and *Factum de la France* (1707). Boisguilbert was brought up in a Jansenist family and, in his youth, spent some time at the *Petites Écoles* of Port-Royal, a well-known Jansenist institution. A lawyer—an *Ancien Régime* officer in charge of some police and justice offices in Normandy—he was struck by the appalling economic situation which prevailed in France during the second half of the reign of Louis XIV and consequently proposed solutions for the recovery of the kingdom. His thought shared the Jansenist approach and was clearly influenced by Nicole's *Essais de morale* (especially the first volumes, 1670–1675) and by *Traité des lois* (1689) by Jean Domat (1625–1696), who was a celebrated lawyer and friend of Nicole and of Pascal.

A. Nicole's Approach

Jansenist philosophy put a fundamental stress on the Fall of Man after Adam's sin, and on the negative consequences that ensued. Human beings replaced in their hearts the love of God with love of themselves—self-love, self-interest—and irremediably adopted in all circumstances egoistic behavior. Incapable of any charitable attitude, they are motivated by self-love, which is the driving force and explanation for each of their decisions and actions. This approach, of course, raised many important questions concerning religion (with such a depraved nature, is it simply possible to love God and to be saved?), morals (is there still a possibility for any virtuous action?), and society: if all men always and only aim at obtaining all that satisfies their self-interest, how can a society be maintained? Would not such a situation inevitably ensure a state of war of all against all? “The self-love of other men opposes itself to all our own desires. . . . This is how all men are at battle with one another. . . . One does not understand how societies, republics and kingdoms came to be formed from this crowd of people full of passions so contrary to union, and who tend only to destroy one another” (Nicole 1675: 116–17). It is true that, after the Fall, man is left with some sparks of reason, but this reason is too weak and depravity too potent to allow anything other than passions to direct his behavior. Man nevertheless realizes that he cannot achieve his selfish goals if he uses violence and coercion. This is why he tries to make the most of his remaining reason, though only to achieve the goals of his passions: he is willing to submit to other men's wishes but only to fulfill his own self-interest.

The old moral tradition thus reversed. It is not reason that constrains and neutralizes one's passions, but rather the passions exploit reason to achieve their goal. This type of conduct, Nicole terms “enlightened self-love.” Thanks to it, Nicole stresses, a society can endure and develop. And this society, which in its inwardness is absolutely without love, actually looks full of charity and benevolence. Market activities are the best examples of this enlightened self-love, with the celebrated image of the innkeeper that was to be found again in Boisguilbert and the subsequent literature: “For example, when traveling in the country, we find men ready to serve those who pass by and who have lodgings ready to receive them almost everywhere. We dispose of their services as we wish. We command them; they obey. . . . They never excuse themselves from rendering us the assistance we ask from them. What could be more admirable than these people if they were acting from charity? It is cupidity which induces them to act” (Nicole 1670: 204).

It is to be noted that this revolution in morals—where the passions and the depraved behavior of man can have in the end socially positive outcomes—was restated some years later by a celebrated French Protestant theologian and philosopher, Pierre Bayle (1647–1706), in chapter CXXIV of his *Continuation des pensées diverses. . . sur la comète* (1704) entitled “En quel sens le Christianisme est propre ou non à maintenir les sociétés.” There he stressed the fact that a society in which people would strictly follow the precepts of the Gospel would be poor, weak, and the prey of its neighbors. In order for a country to be rich and prosperous, he wrote, the maxims of Christianity have to be left to the preachers: “keep all this for the theory, and bring back the practice to the laws of

Nature . . . which incite us . . . to become richer and of a better condition than our fathers. Preserve the vivacity of greediness and ambition, and just forbid them robbery and fraud. . . . Neither the cold nor the heat, nothing should stop the passion of growing rich” (Bayle 1704: 1:600). As we know, this idea was also to be developed shortly afterwards by Bernard de Mandeville.

It is Nicole’s and Domat’s opinion however that “enlightened self-love,” while necessary, is not a sufficient condition for a peaceful social life. A stable social order cannot be achieved without the help of bonds of a different kind, among which the most important are the rules of propriety and honor, religion and, above all, the “political order,” that is, a very strong political organization of society implying highly stratified estates and a marked inequality between men. Nicole’s conception of society is not market-based and the basic social link is still political and moral.

B. Boisguilbert and the Foundation of Liberal Political Economy

Boisguilbert in contrast obliterates the moral and political order and brings market relationships to the fore. As a Jansenist, however, his starting point is the same as Nicole’s: the depravation of men after the Fall, the “terrible corruption of the heart.” The logic of markets expresses nothing else but the systematic application of men’s self-love to transactions, generating a maximizing selfish behavior that lies at the heart of economic theory: “Each man seeks to fulfill his self-interest to the greatest degree and with the greatest ease possible” (Boisguilbert 1691–1714: 749).

Now, applying here some notions derived from Cartesian physics, Boisguilbert defines a state of optimal equilibrium as a situation in which every economic agent is allowed to realize his natural inclinations freely (i.e., to buy and sell), trying to get the most he can out of the various situations he encounters. As each agent is only connected with the other ones by means of markets and of prices, it is not surprising to see Boisguilbert defining the *‘état d’opulence’* equilibrium—a state of plenty—as a situation in which a specific price system occurs: the “proportion prices.” They are defined as those prices that generate a “reciprocal utility” or a “shared profit.” They make every producer “out of loss” (i.e., realize the equality of demand and supply in markets). This can be deduced in particular from the recurrent passages in which a “tacit condition of exchanges” is referred. To keep the economy in equilibrium, Boisguilbert states, one must pay attention to this fact that each producer only buys someone else’s commodity under the implicit assumption (a “tacit condition”) that someone else, directly or indirectly, buys the commodity he sells.

But can “proportion prices” prevail? What about the destabilizing action of self-love? Adopting Nicole’s rhetorical style, Boisguilbert presents the problem as a paradox. He first states the necessity for each agent to be aware of the fragility of equilibrium. Each man, he writes, cannot obtain his own wealth but from the effectiveness of the *‘état*

d'opulence," he must not forget the necessity of fairness and justice in trade, he has to think of the common good. But, Boisguilbert adds, under the pressure of self-love he continuously acts in the opposite way. "Through a terrible corruption of the heart, there is no individual who does not try from the morning until night and does not employ all his efforts to ruin this harmony, though he has only his happiness to expect from its maintenance" (Boisguilbert 1691–1714: 891).

Can an equilibrium be reached with such a negative individual behavior? Boisguilbert's answer is positive. His opinion however is sometimes stated in a curious way: an equilibrium results, he notes, because "Providence" is keeping a watchful eye on the working of markets; because a "superior and general authority," a "powerful authority" is continuously seeing to it that the economy is working properly—and he mentions "the harmony of the Republic, that a superior power governs invisibly." As a matter of fact the phrase "superior and general authority" does not mean the intervention of the State: Boisguilbert states precisely the opposite. Nor the word "Providence" means "miracle" or stands for a rationally inexplicable state of affairs: in seventeenth-century French language—and especially for Nicole—it refers in the first place to the "secondary causes," the objective laws God instituted at the creation of the world, that can be discovered through scientific research.

In Boisguilbert's writings, "Providence" simply refers to the rules of free competition. An equilibrium is reached "*provided nature is left alone*, in other words, that nature is given its freedom" (1691–1714: 891–92). Competition is the coercive power, the "general authority" that governs markets "invisibly" and assures the "harmony of the Republic." It is in the interest of each seller, it is stated, to face the greatest possible number of buyers, as well as to be free to sell goods everywhere to anybody he wishes. From the buyer's point of view, the symmetrical situation prevails. It is in the buyer's interest to encounter a great number of sellers and to be able to buy from all persons, in all places. Thus, Boisguilbert asserts, free competition must prevail throughout the economy in order to balance these opposite forces and to eliminate the succession of buyer and seller's market that characterizes crises. The conclusion is then straightforward: *laissez faire* and *laissez passer*. "A person of status [Colbert] sent for an important merchant to confer about the means of re-establishing trade, that one would have to be blind not to agree that it was ruined; the merchant said that there was a very certain and easy method to put into practice, which was that if he and his ilk [the ministers] stop interfering in it [in trade] then everything would go perfectly well because the desire to earn is so natural that no motive other than personal interest is needed to induce action" (1691–1714: 795) And here reappears Nicole's example of the innkeeper. Economic activities "are governed by nothing other than the self-interest of the entrepreneurs, who have never considered rendering service nor obligating those with whom they contract... and any innkeeper who sells wine to passers-by never intended to be useful to them, nor did the passers-by who stop with him ever travel for fear that his provisions would be wasted" (1691–1714: 748).

This is the greatest innovative feature of Boisguilbert's work from which the basic proposition of liberal political economy unambiguously emerges. Most of the social

theory of Nicole and Domat is obsolete. The self-love of the economic agents does not even have to be enlightened. Self-interest is not destabilizing, provided it is embedded in an environment of free competition—only the rentiers remain to be enlightened because they are not involved in trade and their action is at the origin of crises: but this is another story. Society is conceived as market-based and economic transactions form the basic—indirect—social link between otherwise independent economic agents. In Boisguilbert's words, the realm is just a "general market of all sorts of commodities." But if the political order disappears, this is not to say that the State has no part to play: its role is to make sure that the rules of free competition actually prevail and, in that respect, it has to "ensure protection and prevent violence from occurring" (1691–1714: 892).

This new approach was to inspire the main developments in political economy during the eighteenth century. Quesnay and the physiocracy, Turgot and sensationist political economy, all developed the basic free trade ideas proposed by Boisguilbert. There was, however, an important difference: the Jansenist theological basis of the behavior of the economic agents in markets had become redundant. It is replaced by another foundation: the sensationist principles found in John Locke's 1690 *Essay Concerning Human Understanding*, and powerfully developed in France by Étienne Bonnot de Condillac (*Essai sur l'origine des connaissances humaines*, 1746, and *Traité des sensations*, 1754). This substitution was essentially the work of Turgot—on which he also based his critique of the Scholastic doctrine of usury. Although the conclusions remain unchanged, the selfish attitude in markets is now explained by the natural inclination of human beings to feel pleasure and avoid pains—to get utility and avoid disutility—and a maximizing attitude sometimes associated to the "maximis et minimis" calculation in mathematics.

Dislocated from its religious foundations, liberal political economy became more widely accepted forming a both positive and normative discourse and generating—using here Max Weber's phrase—a new "conduct of life." At the beginning of the nineteenth century, especially with Jean-Baptiste Say (1767–1832) and his liberal disciples, political economy and its policy proposals stood unavoidably at the center of most political and social controversies. Some important developments of economic theory were still to be boosted by religious thought. Examples include the work of H. H. Gossen in Germany or the more confidential but nevertheless path-breaking contributions by the abbé Maurice Potron in France. However nineteenth-century France also saw the strong revival of various types of religious sentiments—as described by Sismondi (1826: 21): "The nineteenth century proves to be eminently religious. It is so by choice, freely and consequently in a deeper and more innermost way than all the centuries that came before." This revival in turn nurtured a critical examination of the newly emerging economic wisdom. The relationships between theology and economics started to be defined by conflict and an age of critique was now on the agenda.

IV. THE AGE OF CRITIQUE (1): THE PROTESTANTS AND THE FIRST CRITIQUE OF POLITICAL ECONOMY

A. A New Wor(l)d

At the start of the nineteenth century, for such an influential economist as Jean-Baptiste Say, the sensationist foundations of political economy were complemented by utilitarianism and a strong antireligious sentiment. He conceded that religion could be socially and politically useful. However, in his eyes, the religious sentiment itself originated only out of the limitation of the human mind, fear, and some propensities like the credulous belief in marvelous stories. Later in the century, many liberal economists—most of them members of the “Société d’économie politique” and collaborators of the *Journal des économistes*—(for example, Antoine-Élisée Cherbuliez, Frédéric Bastiat, etc., and even Michel Chevalier) stressed instead the reality of profound agreement between religion and liberal political economy. Liberal political economy unveils the laws of prosperity and harmony and its results are thus supposed to be in accordance with the Divine justice and morality. This kind of discourse was however purely formal and not very convincing. The change of intonation though—from the time of Say on—is noteworthy and, for political economy, marks the transition from an offensive to a defensive position. In the meantime, a fierce critique of liberal economics had been formulated, within which some Christian economists played an important part.

In the eyes of many authors, the huge development of commerce marked the emergence of a new world. This new world constituted one of industry, the first industrial crises, and above all the incredible spread of poverty. In particular, it was no longer possible to speak of “the poor” as in the past. This word seemed too narrow to express a massive and permanent phenomenon: many people who were physically able to work were periodically jobless and a great number of those who had a job could not earn a wage sufficient to maintain their family in a decent way. Previously, poverty was diffuse: with industrialization, it became heavily concentrated in some categories of the population and in some places. It was massive, obvious, and visible and its very existence seemed tightly linked to the huge and parallel development of wealth. A new word was needed for this new world: “paupérisme” started to be widely used in the French language from the 1820s on. With pauperism, what would be called later the “social question” was posed. The emergence of various movements for a more or less radical reform of the society, the July Revolution of 1830, the 1848 Revolution, the uprisings during the Second Republic, all these dramatic events went hand in hand with a strong indictment of political economy. Wherever was the Eden promised by Quesnay, Turgot, Smith, and Say? Most authors argued that free trade and the establishment of a “commercial society” did not better the condition of the majority of the population, rather seeming to

produce the opposite. Something was flawed in the economic system itself, and the discourse of its supporters had to be re-examined. This reconsideration was carried out by various authors writing from different perspectives.

Many critics were fighting for their Christian ideals. Some were Protestants, such as early nineteenth-century political liberalism theoreticians Germaine de Staël (1766–1817) and Benjamin Constant (1867–1830), or later the economist Charles Gide (1847–1932). Others were Catholics including Jean-Paul Alban de Villeneuve-Bargemont (1784–1850), Charles de Coux (1787–1864), and Charles Périn (1815–1905). Some took a direct inspiration from the Bible and the Gospel to promote socialist ideas, including Pierre Leroux (1797–1871), and particularly Constantin Pecqueur (1801–1887). Pecqueur, among other important contributions, used the old Scholastic doctrine of usury to justify his condemnation of profits and his proposal for a planned economy based on the public property of the means of production.

What constitutes the most striking fact in this story—differentiating the French situation from what happened in all other countries—is unquestionably that the dissatisfaction with liberal political economy led to the creation of new religions. Think, for example, of Henri Claude de Saint-Simon (1760–1825) and his manifesto for a New Christianity; the subsequent Saint-Simonian religion developed by “Fathers” Saint-Amand Bazard (1791–1832) and Barthélémy Prosper Enfantin (1796–1864); or Auguste Comte (1798–1857) and his Religion of Humankind—all proposed during the 1820s and early 1830s.

Because of the limited space devoted to this chapter, the following pages only focus on some developments pertaining to the two main and traditional lines of religious thought in France.

B. The Protestant Critique: From the Opposition to Sensationism and Utilitarianism to Solidarism and Cooperation

The Protestant critique preceded the Catholic one and is expressed in a similar way in the writings of Germaine de Staël and Benjamin Constant. Staël and Constant were not economists. Staël, the daughter of Jacques Necker, the celebrated Swiss Protestant banker and minister of Louis XVI, was primarily a novelist and philosopher, trying to preserve the best part of the legacy of the eighteenth-century “philosophes.” Together with Constant she was at the center of a major intellectual group known as the “groupe de Coppet”—named after one her estates, Coppet in Switzerland. This group included Jean-Charles-Léonard Simonde de Sismondi (1773–1842). Constant was one of the main French liberal political thinkers, working toward the optimal political order in a post-Revolutionary and industrialist society based on *laissez-faire* principles. Staël and Constant shared with Say both some fundamental concepts of liberty and a strong opposition to Napoleon’s regime. They are sometimes assimilated to the liberal economists,

especially on the basis of such declarations as Constant's: "I have defended the same principle for forty years: complete liberty, in philosophy, in literature, in industry, in politics. And I mean by liberty the triumph of individuality" (Constant 1829b: 520). Unlike Say, however, they both acknowledged that the consequences of modern liberty in a 'commercial society' can be extremely negative. From this they developed a strong critique of the behavior of the modern economic agent based on self-interest and justified by sensationist philosophy and utilitarianism.

Following Constant's arguments, the progress generated by industrialism and the efficient role of self-interest are not without problems. Nature, it is true, endowed human beings with love of themselves for their personal preservation. But it also gave them sympathy, generosity, pity, so that they do not sacrifice their fellow citizens, and egoism becomes destructive whenever these counterweights are destroyed. Competition between self-interests in markets is thus insufficient for the attainment of an economic and social harmony. In a modern society the equilibrium between self-interest and virtue is quite fragile and the powerful urges of the former can easily destroy the latter.

Constant's analysis of this negative aspect of modernity is best developed in his 1826 review of Charles Dunoyer's *L'Industrie et la morale* (Constant 1826). He argues first that the success of modern society based on industrialism and on the enjoyment of civil liberty and privacy unavoidably leads to moral lethargy and decay. In a state of material wealth, citizens tend to accept any compromise in order to preserve their well-being, endangering thus domestic political liberty. This process of compromise also naturally entails deterioration in the moral position of human beings, who now appear to be no more than animals.

Secondly, Constant champions the notion of natural rights against the desire of Bentham to replace it with the concept of utility. It is true, he admits, that a natural right is sometimes imprecise. But the concept of utility is worse in this respect: it too can be interpreted in many contradictory ways and involves an important subjective and arbitrary element. "The principle of utility has a greater danger than that of law, since it arouses in the mind of man hope of profit, and not the sentiment of duty. But the appraisal of profit is arbitrary; it is the imagination that decides; but neither its error nor its caprice is capable of altering the notion of duty" (Constant 1829a: 552). Natural rights and the sentiment of duty are independent of any calculation. The principle of utility, inducing everybody to calculate in terms of pleasures and pains, is destructive of morality.

The same is true with respect to morals based upon interest and the notion of interest well understood. If many authors, Constant remarks, maintain that actions based on self-interest coincide with sound morality and justice, this is because the notion of self-interest is used in a much broader and philosophical way than usual. Say, for example, emphasizes the fact that this self-interest must be enlightened. But people simply do not understand this way of thinking and, as far as they are concerned, self-interest only entails an immediate and restrictive meaning: "When you tell them that they must govern according to their self-interest, they understand that they have to sacrifice to their interest all opposing or rival interests" (Constant 1829a: 548).

In sum, the liberty of the Moderns, the morality based on self-interest and the principle of utility, strictly separate “the logical and rational part of man” from his “noble and elevated part”—the realm of sentiments—retaining only the first. How to react against this state of affairs? It is necessary to arise and maintain “the most that is possible, noble and disinterested sentiments” (Constant 1829a: 421). But how? The practice of political liberty can help, and this is a reason why Constant warns against its neglect. However, this practice alone cannot be conclusive. Moral sentiments depend in fact on religion. Moral and religious sentiments have the same origin, God. Everything comes from a kind of universal and intimate revelation that everybody can freely feel: “It has its source in the human heart. Man need only listen to himself, he needs only listen to a nature which speaks to him with a thousand voices to be carried invincibly into religion” (Constant 1829a: 43–44). This religious sentiment is independent of any institutionalized cult. In Staël’s eyes, for example, one of the best expressions of genuine faith is Rousseau’s celebrated “Profession de foi du vicaire Savoyard” inserted in his philosophical novel, *Émile ou De l’éducation* (1762). If however an institutionalized church had to be selected, this would be some modernized version of the Protestant cult.

The diffusion of morals and religion is thus necessary to the preservation of society, but—contrary to an old view—this does not make it economically counterproductive. Constant stresses the fact that the countries in which the religious sentiment is the most widespread are also the most successful in economic development. “Look at England, this crowd of sects which make it the object of their most lively ardor and of their assiduous meditations. England is however first among European countries for work, production, industry. Look at America. . . . America covers the seas with its flag; it devotes itself, more than any people, to the exploitation of physical nature; yet such is the degree of religious feeling in this region, that often just one family is divided into several sects, without this divergence disturbing the peace or domestic affection” (Constant 1825: 672–73). England and the United States are, of course, two Protestant countries. It is not unlikely that Constant refers here implicitly to the old controversy about the comparative merits or demerits of the Catholic and Protestant countries in economic development—a controversy that developed again sporadically during the nineteenth century.

On the Protestant side, the critique raised by Staël and Constant was developed and considerably amplified by Sismondi especially in his *Nouveaux principes d’économie politique* (1819, 1827). This contains no explicit reference to theology. Some of his sentences, however, echo Constant’s assertions and the evolution of his own religious attitude is similar to Constant’s. In France proper, probably because the Protestants were busy with the reorganization of their cults, the links between theology and economics was no major concern. This was to change, however, especially during the first decades of the Third Republic. Some movements—inspired by economists as well as theologians and philosophers—revived the critique of political economy, questioning again the alleged benefits, for a community, of a regime based on selfish and maximizing agents freely competing in markets, and stressing again instead the importance of the principles of a Christian ethics based on solidarity and cooperation. One major author in this respect is certainly the economist Charles Gide, who first taught political economy

at the University of Montpellier and ended his career at the prestigious Collège de France in Paris. He was very active in the Protestant “École de Nîmes” and, through his tireless action and many writings from the 1880s to his death in 1932, developed the economic aspects of solidarity. Examples include the various editions of his *La Coopération: Conférences de propagande* and *Économie sociale: Les Institutions de progrès social*. Gide argued against the idea of competition as a selfish struggle for life, replacing at the center of his theoretical discourse the concept of “individualism” with those of “individuality” and cooperation. He developed a theory of markets and exchanges based on efficient cooperative societies of consumption: a field, he thought, that, as a prime mover for a deep and peaceful social and economic change, was more effective than the more traditional cooperatives of production. He was also eager to demonstrate to the liberal economists, that this economic reorganization of society was not only possible but more efficient than a purely selfish-based competitive regime while showing the socialists, that violent antidemocratic and liberticidal changes were useless. Gide is now almost exclusively remembered as an historian of economic thought because of the successful textbook he wrote with Charles Rist, *Histoire des doctrines économiques depuis les Physiocrates jusqu'à nos jours*. His true significance though is seen in his rediscovery as the main theoretician of the cooperative movement and “mutuellisme.”

V. THE AGE OF CRITIQUE (2): THE CATHOLIC CRITIQUE AND THE TWO BIRTHS OF CHRISTIAN POLITICAL ECONOMY

A. A Tale of Two Traditions

The first critique by Staël and Constant was formulated for the main part before the triggering of the first modern economic crises and the spread of pauperism. The second stage of the Christian critique of political economy took place at the end of the Restoration, during the July Revolution and the ensuing July Monarchy. It was Catholic led, and first known as “charitable economics” or “Christian political economy.” This movement contains two entwined, but distinct elements reflecting dual intellectual traditions and developments.

The first strand of Christian political economy is the most celebrated: out of this came the phrases “charitable economics” and “Christian political economics” resonating within the public at large. Its origins are found in the three-volume work by Villeneuve-Bargemont *Économie politique chrétienne ou Recherche sur la nature et les causes du paupérisme en France et en Europe et sur les moyens de le soulager et de le prévenir* (1834). While following Sismondi’s *Nouveaux principes d’économie politique* and

published in the context of an existing literature on poverty—for example, *Le visiteur du Pauvre* by Joseph-Marie de Gérando (1820) and Tanneguy Duchâtel's *De la charité dans ses rapports avec l'état moral et le bien-être des classes inférieures de la société* (1829)—the book nevertheless created sensation because of its powerful denunciation of the evil of pauperism and its supposed causes: the policies suggested by political economy. Villeneuve-Bargemont's observations had a real world context: he had been a prefect, in the département of Nord in particular where the textile industry was developing. He had the opportunity to observe the plague of pauperism and had made an attempt to gather the greatest possible amount of data. Documented research on pauperism was in its infancy in early nineteenth-century France, and the celebrated books by Louis-René Villermé, *Tableau de l'état physique et moral des ouvriers employés dans les manufactures de coton, de laine et de soie*, and Eugène Buret, *De la misère des classes laborieuses en Angleterre et en France*, were only published in 1840.

Villeneuve-Bargemont's own background is conservative. As the child of an aristocratic family, he was 5 years old at the outburst of a Revolution, during which the possessions of his family were confiscated. Under the Empire, he started an administrative career that he continued during the Restoration. At the time of the July Revolution of 1830, he was prefect and Conseiller d'État. As a legitimist, that is, a supporter of the elder branch of the Bourbons—dethroned in 1830—he refused to swear allegiance to the new king Louis-Philippe and was forcibly retired. He was briefly (1830–31) deputy at the National Assembly, took part to a legitimist plot against the July Monarchy, and then devoted himself to writing his 1834 book. In 1840, he was re-elected to the National Assembly where he was a member of the legitimist group and stayed until the 1848 February Revolution. He made a noticed speech in December 1840 in favor of a law restricting the work of children in manufacturing—significant as the first great social law of the century. Together with another conservative legitimist, Armand de Melun, he took part to the foundation of the *Annales de la charité* (1845)—“A monthly review devoted to the discussion of questions . . . concerning the lower classes”—that became in 1860 the *Revue d'économie charitable*. Again with Melun, he took part in the foundation of the “Société d'économie charitable” (1847). As a notable Conservative, Villeneuve-Bargemont did not however neglect the academic institutions. He was elected to the “Académie des sciences morales et politiques” (1845), published in the *Journal des Économistes*, and his book on the history of political economy, *Histoire de l'économie politique* (1841) was published with the liberal publisher Guillaumin.

In contrast to this movement, the second strand of Christian political economy was neither administrative nor academic. Its identity is with neither the conservative forces nor the legitimist milieu scandalized by the new economic and social order. It can be found in a group of Catholic activists who, at the turn of 1830, gathered around the abbé Félicité-Robert de Lamennais (1782–1854). Lamennais was well known among contemporaries, especially after the publication of a series of writings—*Essai sur l'indifférence en matière de religion* (1817–23) and *De la religion considérée dans ses rapports avec l'ordre politique et civil* (1825)—giving him the reputation of a formidable theologian and polemist. He was an activist of the Ultramontane cause and a fierce critique of Gallicanism.

In addition, he was also ultra-royalist though during the 1820s, like Chateaubriand, he became disappointed by the Restoration. He proposed an alliance between the Church and the liberals and called for the introduction of some fundamental rights—liberty of conscience, liberty of the press, liberty of teaching—and for the separation of the Church and the State. He had with him some disciples with whom he was publishing *Le Mémorial catholique*. At the time of the July Revolution, they were joined by a Dominican monk, Henri-Dominique Lacordaire (1802–1861) and by some laymen—Charles de Coux (1787–1864) and Charles Forbes de Montalembert (1810–1870). They founded a daily newspaper, *l'Avenir*—whose motto was “God and Liberty”—and the “Agence générale pour la défense de la liberté religieuse,” with the joint purpose of fighting for the freedom of teaching and to serve as a publishing house.

L'Avenir was short-lived: its progressive ideas were condemned by Pope Gregory XVI (*Mirari Vos*, August 15, 1832). The Lamennais group accepted the judgment but Lamennais himself progressively broke with the Church and evolved toward socialism. The other members of the group went on fighting in favor of Catholicism and they progressively formed a powerful network of influence, with some journals like the *Revue Européenne*, *Le Correspondant*, the daily *L'Univers*, and the intellectually ambitious periodical, *L'Université catholique: Recueil religieux, philosophique, scientifique et littéraire*. The group exerted a lasting influence on the French intellectual life. The positions were not so clear-cut among its members, and an evolution happened over time in favor of either a liberal political or a conservative but social Catholicism. While the Catholic hierarchy progressively adopted the principles of the latter, the former was always condemned. It is in this ferment of ideas that we can find the other origin of Christian political economy.

The economist of the group was Charles de Coux. At the beginning of the French Revolution, he was 3 years old when his family emigrated and was raised in Great Britain. He returned to France in 1803, but resumed travelling abroad. He settled in Paris in 1823 and, in 1830, in a long letter to Lamennais, he proposed him some critical reflections on political economy from a Christian perspective, for a possible publication in *Le Mémorial catholique*. The same year, he took part in the foundation of *L'Avenir* in which he published political papers and a series of two articles entitled “Économie politique” (1830–31), probably those he intended first to give to the *Mémorial*. The “Agence pour la défense de la liberté religieuse” published in 1832 his *Essais d'économie politique*—a thin book composed of two lectures he gave at the request of Frédéric Ozanam (1813–1853).

Lamennais encouraged Coux to develop his ideas. An opportunity presented itself when the Belgian episcopate decided in 1834 the foundation of a Catholic university, first located in Malines and then in Louvain. The chair of political economy was offered to Coux who held it until 1845 when he came back to Paris as the director of *L'Univers*. After the February Revolution he left *L'Univers* and, together with Lacordaire, Ozanam, and Maret, he became a member of the editorial staff of the newly founded liberal *L'Ère nouvelle*, the organ of the first “Démocratie chrétienne.” Like Lacordaire, he left some months later.

In Malines and Louvain, Coux developed his ideas and had some disciples. However part of his lectures also had diffusion beyond his own circle. *L'Université catholique* published lectures from a Catholic perspective on all fields. From the first issue in 1836 until 1840, part of the Coux lectures—"Cours d'économie sociale"—was published in this journal. *L'Université catholique* also asked the collaboration of Villeneuve-Bargemont who, from 1836 till 1838, gave to the journal a "Cours sur l'histoire de l'économie politique"—the basis of his 1841 book. Coux also collaborated with the *Dublin Review*.

B. The (D)evil: The English System

As an example of the developments proposed by Christian political economy, let us examine briefly Villeneuve-Bargemont's approach. He noted that the sad reality of pauperism developed first in England, a country to be considered at the origin of all the sufferings of Europe under the industrial system. Under the phrase "English system," Villeneuve refers both to the kind of social and economic development that the United Kingdom had witnessed since the end of the eighteenth century, and to the fact that this development was favored and encouraged by the "English school" of political economy: "Smith's school." The theme is not new. Whereas Say and the Liberal economists were inclined to praise England and English political economy in spite of some theoretical divergences, Sismondi already powerfully presented England as an example of how a highly civilized country could go astray and make important mistakes in economic policy because of the existence of wrong doctrines. He also stated that "while focusing the attention of my readers on England, I wanted to show, in the crisis that she endures, both the cause of our present sufferings . . . and the story of our own future if we go on on the basis of the principles that she followed" (Sismondi 1827: xvi). Villeneuve-Bargemont radicalized the critique: "The writings of Malthus and of Messrs de Sismondi, Droz and Rubichon showed that, while the manufacturing system in England could enrich the nation i.e., the industrial entrepreneurs, it was at the expense of the wealth, health, morality and happiness of the working classes" (Villeneuve-Bargemont 1834: 1:15).

What are then the flaws of the English system? Two kinds of critiques are formulated. The first insists on the instability of an economy based on the development of "artificial" needs and manufactures. The second questions and challenges the basic hypothesis of Liberal political economy. However, the two are intertwined: the very behavioral assumptions of political economy, and the theory based on them, induce in fact the continuous increase of artificial needs, material wealth, and industry.

In a nutshell, Villeneuve-Bargemont takes up Staël's charge against political economy and the modern free market society: that of being based on a narrow sensationist philosophy which ignores all sentiments and ethics, and which dictates morals based on interest. "It is certain that Smith almost always disregards moral and religious considerations: with the consequence that, basing the principle of work and civilization on a continuous excitement of the needs, he founded the theory of the production of wealth on industrial monopoly, sensationist philosophy, and on the selfish morals of personal

interest” (Villeneuve-Bargemont 1836: 87). The phrase “industrial monopoly” means here that all the forces of society were directed toward the extension of manufacturing, industry, and commerce, to the detriment of agriculture. “The principle of the progressive excitement of industry through the continuous excitement of the needs appears now as a fatal doctrine that must inevitably lead to the last consequences of selfishness and immorality” (Villeneuve-Bargemont 1836: 89).

Hence an unavoidable instability of the system, the excess of supply and the crises, with their negative consequences, that is, an incredible inequality in the distribution of income, pauperism, and the emergence of a new feudalism, more oppressive than the former one: the feudalism of money and industry. Hence also the fact that, for the most part, “the appalling destitution, the existence of which in England was indicated by Malthus, could more rationally be attributed to the industrial system than to an excess of population” (Villeneuve-Bargemont 1834: 1:9). The resulting state of things was unbearable, and some violent social reaction was to be expected in England. As for the other countries, “it is still time to take another route and to cure . . . the English disease which threatens to infect us” (Villeneuve-Bargemont 1834: 1:15). But which route? Two main complementary axes are proposed to remedy the situation.

The first direction is strictly economic and consists in redirecting the development of the country in a more ‘natural’ way, with agriculture as the pivotal sector—all other activities being subordinate to it—together with a change in the final demand, a limitation of the needs and a fair distribution of income with decent wages.

The second way out is a necessary moral reform based on the Christian religion. This will allow the structural change in economic behaviors to take place, based on the conviction that happiness and welfare neither require continuous material accumulation nor always changing needs—an important aspect of welfare being the spiritual development of humanity—and that they will be favored by the practice of the first of all Christian virtues: charity. “Uniting firmly the science of the material wealth with the science of the moral wealth” (Villeneuve-Bargemont 1834: 1:83) is thus the French solution.

Disregarding Villeneuve-Bargemont’s more specific developments, in particular his ideas on the various types of associations, the program in favor of a “French system” is summed up in the following way.

How to make labor, industry, the production of wealth . . . be in harmony with the welfare of the most numerous classes of society? The way exists . . . but it requires . . . a complete change in the social doctrines. Instead . . . of being only guided by cupidity and the morals of material interests, one should consider all human beings . . . as brothers . . . one should demonstrate in all undertakings moderation, justice, charity; one should love and seek progress in everything, but with wisdom . . . without selfishness; one should not neglect the acquisition of the commodities of life, but not get them at the expense of the happiness of others; one should regulate needs, desires, profits, so that labor, wages and the moral and physical betterment of the lower classes could go with the increase in wealth . . . One should thus protect agriculture because it leads more certainly to this goal, encourage the machines which are useful to all but proscribe . . . those . . . harmful to the working class: such is the solution to

our problem. The industrial selfishness will, no doubt, answer: *Master, your words are harsh!* For you, maybe. But they are clear and soft to the hearts which are not closed to justice and truth. (Villeneuve-Bargemont 1834: 1:385–86)

From a theoretical point of view, Villeneuve-Bargemont did not have a significant following—except perhaps Ramon de la Sagra in Spain—and the group of which he was a member, around the *Annales de la charité* and the “Société d’économie charitable,” had only limited practical ambitions. He envisaged a new theoretical development founded on Christian principles, but the project as well as the delimitation of a possible school of thought always remained vague. “It is enough for our ambition to have shown in advance the extent of their mission to the writers who would like to enter a noble and new career: we would be happy if our works... could contribute to the coming... of new and Catholic Adam Smiths who would realize what we just foresaw and indicated” (Villeneuve-Bargemont 1838: 17)

C. Coux’s Social Economics

Charles de Coux’s ideas started developing prior to Villeneuve-Bargemont’s and he subsequently criticized Villeneuve’s project of a reorganization of society on the basis of agriculture. This policy, in Coux’s eyes, would not have solved anything. He rejected Malthus’s principle of population, the “wrong concept of wealth” proposed by the economists and criticized their neglect of the distribution of income forming a harsh critique of political economy. Coux’s system was based on two fundamental ideas. First, and somewhat paradoxically, he accepted the basic concepts of political economy, the free markets framework. Central to his approach is the requirement to provide a sufficiently high and decent level of wages. Disappointingly, he fails to demonstrate how this is to be implemented.

Secondly, and more fundamentally, Coux introduced the concept of “social economics.” Coux’s idea was to include political economy in a larger set of theoretical propositions that was supposed to confer its real meaning—a meaning without which it remains partial and therefore dangerous as in the English approach. The production of wealth supposes the existence of a society, and society supposes sociability. “Social economics” aims at studying the conditions of this sociability. Its object is to determine which form of society is the most capable of securing it, therefore favoring the creation of wealth in a stable and durable environment. “Its main object is the knowledge of the laws of society; it is... the necessary prelude to political economy” (1836: 1:95). It is of a higher order than political economy because it has something to do with the law of God. “It is difficult to believe that... no voice ever arose to prove the economists that all their most central theories... are implicitly contained in Catholicism. Even a superficial study of their doctrines could have been sufficient to realize that they are just but a collection... of the consequences that naturally ensue from the application of the revealed truths” (1830–31: 106).

Like in the Jansenist approach, the basic selfish and maximizing behavior of agents in markets is explained by theology. As it is impossible to change it, Coux aimed at neutralizing its effects. This neutralization is at the basis of social economics—or Christian political economy—and is based on the uncovering of the sole stable social link susceptible to generate a real prosperity. This link is indicated by religion. It is based on a fundamental ethical value: sacrifice. It is this point “that distinguishes fundamentally Christian political economy from the anti-Christian political economy. The former considers sacrifice as the principle which generates wealth, but for the latter it is cupidity” (1836: 2:161).

How should we understand this sacrifice? It is the Christian virtue, that is, the attitude which puts the love of one’s neighbor, charity, at the center of action, and which makes men have a virtuous conduct even at their own loss. In such a way a lasting social link is created. Coux stresses the fact that this virtuous behavior is not only compatible with the material prosperity of a nation but is in fact the only way to achieve it. Any sacrifice to the benefit of others certainly impoverishes the person who does it. But this person in turn receives the benefits of the sacrifices made by others, and in this way the general welfare is increased. “If the sacrifices of the Catholic were lost for society, if the hardships he endures, his unselfishness, his charity, his good faith, the purity of his mores, would not turn to the benefit of anybody, we would not have anything to answer to the anti-Catholic economists. But is it really so? . . . The Christian sacrifice, while finding its principle in the love for God, always . . . turns to the benefit of others, and if it impoverishes those who make it, it enriches others. But we all are the others of others, and, consequently, each member of a Catholic society finds in the sacrifices of the other members a great compensation of his own ones. Nay, he is a hundredfold rewarded since, on the one hand, there is no lasting society without a reciprocal devotion of its members and, on the other hand, the more the spirit of sacrifice is vigorous, the greater are the social advantages that are divided between all.” (1836: 1:93)

But what obliges the members of a community to adopt such a behavior so opposed to the nature of the man after the Fall? It is, Coux states, not only the belief in a God, but in a “remunerative and vengeful God” who inevitably and infallibly rewards and punishes men during their eternal life. Human beings are led by the balance they make between their immediate and temporal interest, which is always uncertain, and their eternal interest, which instead is certain. They are still led by cupidity, but by “the cupidity for the goods of another life, the craving for an imperishable wealth” (1836: 1:96). Self-interest is always the prime mover, but “an enlarged, inflated self-interest, extended beyond the grave” (1836: 1:280). Sociability is based on this fact. There is no state of nature, no social compact. Only religion matters, and moreover a religion based on a Revelation because what is just or unjust, good or bad, must be clearly stated from the outset and independent of the actions and opinions of men.

The lectures published by Coux in *L’Université catholique* develop extensively this point of view and propose a typology of societies based on the possible combinations of two elements: what he calls the *legitimate* order (based on religious beliefs) and the *legal* order (based on political structures). Suffice it here to note that, of course, the aim

of these developments is to show that Catholicism is the only religion susceptible to generate a genuine and lasting prosperity. Coux's lectures are a work of apologetics, and Christian political economy is also conceived as a weapon against the Protestants.

While Villeneuve-Bargemont had no disciples, the posterity of the Lamennais group was substantial and influential. The dissemination of the Catholic ideas on political economy benefited from Coux's teaching and publications. His action was continued by one of his students, the Belgian Charles Périn, who succeeded him in 1845 to the chair of political economy in Louvain. Périn started publishing a bit later, especially in reaction to the 1848 Revolution—*Les économistes, les socialistes et le christianisme* (1849). He was certainly the most "economist" of the Catholic tradition and his importance can hardly be overestimated. Through his many writings—among which his celebrated treatise *De la richesse dans les sociétés chrétiennes* (1861) and *Le patron: Sa fonction, ses devoirs, ses responsabilités* (1886)—he systematically developed Christian political economy and laid the foundations of what was to be called "social Catholicism"—the social doctrine of the Church being officially expressed for the first time in Leo XIII's 1891 encyclical *Rerum Novarum*.

While Montalembert—and in part also Coux—was clearly defining the main features of "liberal Catholicism," Périn represents the outcome of another line of thought that, in a sense, was also in gestation within the Lamennais group in the early 1830s. Defining himself as a follower of Joseph de Maistre's (1753–1821) counter-Revolutionary ideas, he developed systematically Christian political economy in a conservative way—"social Catholicism"—actively arguing and militating in favor of paternalism, patronage, and an organization of firms and economic activities based on a new form of guilds or corporate bodies. These proposals were all very close to those of Frédéric Le Play (1806–1882). The contrast is striking with the "social economy" and the "social Christianity" based on solidarism and cooperation, which the Protestants were trying to theorize and practically organize at the same period.

VI. CONCLUSION

This chapter aimed at analyzing some decisive moments in the hectic relationships between theology and economics in France during the eighteenth and nineteenth centuries. Any survey of such is, of course, incomplete, given the wealth of primary literature, authors, and debates over such a long period. Some traditional and important topics—like the controversies about usury, the arguments over the comparative influence of the Catholic or Protestant cults on the economic development of nations, or the various proposals of new religions—have necessarily been left aside. The analysis focused on some core propositions of economic theory, dealing with the basic behavior of agents in markets.

The reader must also remember that the links between economics and theology in France have not been seriously studied in the past and that researches in this field

resumed only recently after a long period of disinterest—especially from the economists’ corner. It is nevertheless hoped that this chapter does provide a general but precise view of the subject and depict this strong to and fro movement—first of creation and then of critique—that characterized the French context.

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CHAPTER 6

THEOLOGY AND THE RISE OF POLITICAL ECONOMY IN BRITAIN IN THE EIGHTEENTH AND NINETEENTH CENTURIES

A. M. C. WATERMAN

IN the eighteenth century, and for much of the nineteenth, Britain was a Christian society. In such a society ideas are inevitably conceived within a theological matrix; and to be generally acceptable they must be consonant—or at any rate not obviously at variance—with prevailing theological orthodoxy. In eighteenth-century England and Scotland there is hardly a trace of any dissonance between economic thought and Christian theology. But at the very end of that century there appeared T. R. Malthus's anonymous *Essay on the Principle of Population* (1798), which almost immediately created a conflict between theology and what was becoming known as “political economy,” a conflict which in some respects has continued to the present (Brennan and Waterman 2008). What follows, therefore, is in three parts: first, a survey of the characteristics—some of them uniquely British—of that Christian society which provided the intellectual context of economic thought in those centuries; secondly, an account of the relation between economic thought and theology in the eighteenth century; and thirdly, the story of what happened after Malthus.

I. THE INTELLECTUAL CONTEXT OF ECONOMIC THOUGHT: BRITAIN, 1700–1860

A. The Reformation Background

Every European kingdom and principality was a Christian society in the eighteenth century, as was the Swiss Confederacy. But the aftereffects of the Protestant Reformation, the Counter-Reformation and the Thirty Years War created significant interregional differences in intellectual culture. In general, those countries in which the national church remained in communion with Rome were relatively inhospitable to new political and economic ideas, often associated rightly or wrongly with their Protestant or otherwise unorthodox minorities. In France, Protestant Huguenots were persecuted from 1685 to 1787; the heterodox Jansenists were finally suppressed in 1713. The Holy Inquisition lasted in Spain until 1834 and in Portugal until 1821. The *Index Librorum Prohibitorum*, which survived until 1966, prohibited the publication in Romanist countries, and forbade the faithful to read in all countries, books judged to be dangerous to faith and morals. Hobbes, Locke, Berkeley, Mandeville, Beccaria, Hume, Bentham, and J. S. Mill, each of whom contributed significantly to political and economic ideas in the period, were banned.

The Protestant Reformation, at its outset, was even more hostile to intellectual and political freedom than the Popery it supplanted. Like many a present-day movement of “national liberation,” it replaced a foreign oppressor with power-hungry, domestic oppressors even less benign and liberal than the old imperial power. Zealous reformers were fiercely intolerant of doctrinal and political dissent. The Spanish humanist Servetus, condemned to death by the French Inquisition and a refugee in Zurich, was prosecuted for heresy by Calvin and burned at the stake by Swiss Protestants. Luther joined in condemning Servetus. Some decades before, he had advised the German princes that their revolting peasants should be “beaten to death like mad dogs.” In 1612, forty-two years after the final separation of the Church of England from the papacy, the radical Anabaptist Edward Wightman was burned at the stake by Anglicans. However, things were soon to change in England, and also to some extent in other Protestant countries.

What eventually made Protestant culture more tolerant than Romanist was the political need to contain the bitter mutual enmity of competing Protestant sects. On the principle of *cujus regio, ejus religio*, all Christians were expected to conform to their national church. But in practice this proved impossible to enforce, especially in England where Calvinistic “puritans” had never accepted the conservative, quasi-Catholic character of the Anglican Reformation; and where large numbers of clandestine Romanists (“recusants”) were allowed to exist at the cost of civil disabilities and sporadically enforced fiscal penalties.

Puritans had no desire to separate from the national church: they sought to hijack it. To a considerable extent the Great Rebellion (1642–1660) was a struggle for control of the church. Even before the final defeat of the loyalists in 1645, the Westminster Assembly of divines had convened, and in 1646 it produced the Westminster Confession, a standard of Presbyterian doctrine to this day. Episcopacy had been abolished, the *Book of Common Prayer* suppressed, and a Presbyterian polity imposed on the Church of England. Once in power however, the anti-Anglican movement quickly disintegrated into warring fragments: Cromwell and most of his army were not Presbyterian but Independent (i.e., Congregationalist); and many others became Anabaptists, Quakers, Muggletonians, Ranters, or Fifth Monarchy Men.

At the Restoration of crown and episcopate in 1660, it soon became clear that there could be no compromise that would keep the various puritan sects in the church. All clerics were therefore required to conform by August 24, 1662: to have or accept episcopal ordination, and to use the *Book of Common Prayer*. Some 1,700 puritan ministers either resigned their benefices or were ejected. They and the congregations they gathered became known as “Nonconformists” or “Dissenters” and were allowed (qualified) freedom of worship but denied access to university education and public office. Meanwhile the recusants, usually regarded as potential traitors during the reigns of Elizabeth I and James I, had rallied to the support of the monarchy during the Great Rebellion. Therefore in 1672 Charles II sought to suspend the penal laws against both Dissent and Popery: in effect to grant complete freedom of religion. But Parliament was unwilling to go that far and passed the Test Act (1673), which excluded from public life all who would not conform to the Anglican Church. This together with subsequent events during and after the Glorious Revolution of 1688 established a *modus vivendi* which was to last until the late 1820s: only Anglicans could be full members of society with all its rights and responsibilities; but Protestant Dissenters, Jews, and even Romanists (provided they did not conspire with a foreign power to overthrow the crown) could usually practice their religion unmolested.

Scotland differed from England in that its post-Reformation national church was initially Presbyterian and Calvinist. Attempts to reimpose episcopacy during the seventeenth century were only partially successful, and by 1690 the Church of Scotland was once again, and finally, Presbyterian—though Episcopalian clerics were allowed to retain their benefices. By 1711 the Scottish Episcopal Church had a lawful, separate existence. Episcopalians and Roman Catholics were chiefly found among the nobility and gentry and in certain Highland clans, and many supported the unsuccessful attempts in 1715 and 1745 to restore the Stuart monarchy.

In Ireland the national church became formally Anglican at the Reformation, but in contrast with England and Scotland, not only many of the gentry but also most of the common people refused to conform. By the eighteenth century an Anglican, Anglo-Irish “Ascendancy”—most of the nobility and gentry and their dependents—dominated Irish church and parliament; there were numerous Presbyterians whose position was somewhat similar to that of Protestant Dissenters in England; and a large majority of oppressed Roman Catholics, mainly peasant, subject to penal laws far more severe in their application than in England or Scotland.

By the beginning of the eighteenth century, therefore, religious monopoly in any of the three kingdoms was admitted to be unfeasible. A feeling of relief, widespread throughout Europe, that wars of religion of the previous century were a thing of the past, prepared the way for more eirenical relations between separated Christians in each country, and in particular between rival Protestant sects. Theological justification had already been supplied by Pierre Bayle's *Philosophical Commentary* on the text "compel them to come in" (1686), and by John Locke's *A Letter Concerning Toleration* (1689).

B. The Eighteenth Century

The theological climate in Britain was largely created by members of the three Anglican universities (Oxford, Cambridge, and Trinity College Dublin) and the four Presbyterian universities (St. Andrews, Glasgow, Aberdeen, and Edinburgh). Roman Catholics were excluded, or excluded themselves, from the conversation. Protestant Dissenters established their own private academies after the Restoration, but these were generally small, often short-lived, and exerted little influence at first.

The most powerful intellectual influence throughout the century was the work of Sir Isaac Newton. He had published *Principia* (1687) "with an Eye upon such Principles as might work with considering Men for the belief of a Deity" (Newton 1756: 1). Therefore at Whiggish Cambridge and the Scottish universities, where natural theology was studied as a prolegomenon to revealed theology, ordinands read the *Principia* with the help of Colin Maclaurin's (1748) famous textbook. High Church, Tory Oxford remained Aristotelian.

Newton himself, though outwardly a conforming Fellow of Trinity College, Cambridge, was a secret Unitarian: or rather, as Keynes (1972: 368) put it, "a Judaic monotheist of the school of Maimonides." This was not at all because of any rationalistic rejection of "superstition" but rather because of Newton's rigorous Protestantism. All Protestants held that doctrine necessary to salvation must be proved from Holy Scripture. But by the eighteenth century, it had become clear to many diligent students of the Bible that it contained no doctrine of the Holy Trinity as defined by the ancient Councils and summarized in the Catholic creeds. The Church of England therefore was betrayed by its comprehensiveness. By simultaneously affirming both the Nicene definition of the Trinity (Article I) and the doctrinal sovereignty of the Bible (Article IV), it placed a strain on the consciences of its clergy—and others required to assent to the Thirty-nine Articles—that many found intolerable. Some of John Locke's writing (e.g., Locke 1689, 1695) was suspected by the orthodox to imply Socinianism (i.e., Unitarianism) or even Deism; and his younger friends and followers—John Toland (1696), Anthony Collins (1713), Samuel Clarke (1712)—were more open in raising doubts about the Trinity. A group of the clergy petitioned parliament for relief from subscription to the Articles, and when this was finally refused in 1772, they seceded from the church and became Unitarian. Because doctrinal standards were harder to enforce outside the church, many Dissenting congregations also, especially Presbyterian, had become Unitarian by the 1760s.

A small, elite group of wealthy Unitarians, of whom Joseph Priestley was the most notable, subsequently known as “Rational Dissenters,” exercised some influence on educated opinion by the 1780s (Waterman 2004: ch. 3). Meanwhile a very different body of potential dissidents had formed around the Methodist movement of John Wesley and George Whitefield in the 1740s, preaching an “evangelical” (and Trinitarian) faith based on a non-Calvinist (“Arminian”) version of Anglican orthodoxy. But Methodism had little or no effect on theological, political, or philosophical thought of the period.

Newton was the fountainhead of the eighteenth-century “Enlightenment.”

Nature, and Nature’s Laws lay hid in Night:
God said *Let NEWTON be*: and all was Light!

It was the ambition of eighteenth-century savants to apply to all possible fields of human inquiry the triumphant methods of Newtonian natural philosophy (Berlin 1956). In France this brought the *philosophes* into conflict with the church, and the French Enlightenment was generally anticlerical and in some cases even anti-Christian. This was decidedly not the case in England however, where the Enlightenment was conservative, clerical, and “magisterial” (Jacob 1976; Pocock 1980, 1985). The intellectual climate was to a large extent the creation of the most powerful minds, lay and clerical, within the established church. For in England, as in other Protestant countries—Scotland, Germany, Holland, and English North America—“‘enlightenment’ found a home *within* the Christian churches” (Gilley 1981: 104). Anglican clerics could join with a will in the Enlightenment campaign to purge Christianity of “enthusiasm” and “superstition” (Hume 1741). But the clergy in France was disabled, and cut off from educated laymen, because of the canonical requirement to assent to the doctrine of *transubstantiation*, paradigm of “superstition” in the eighteenth century (Waterman 2004: ch. 2).

Newton was no less important in Scotland; and a distinctly Scottish Enlightenment centered on Edinburgh engaged the intellectual energies of the “Moderate” (i.e., non-Calvinist) party in the Church of Scotland. For though on his appointment to a professorial chair in 1755 Adam Smith had been required to assent to the Westminster Confession before the Presbytery of Glasgow (Ross 1995: 109), the eighteenth century saw in Scotland as in England a long retreat from Reformation—particularly Calvinist—doctrine.

By the end of the eighteenth century—after the departure of the Unitarian dissenters—there was a return to Anglican (High Church, non-Calvinist) orthodoxy in the Church of England, though tempered by broad-minded, Whiggish moderation, especially at Cambridge (Waterman 2004: ch. 5). Although most secondary and all tertiary education was monopolized by the church, some Dissenting academies flourished as schools of useful learning, favored not only by the rising, mainly Dissenting, capitalist class but even by some churchmen such as Daniel Malthus, wary of the indiscipline and immorality of the public schools at that time. A few extreme Dissenters such as William Godwin and Thomas Paine had become Deists, but outright infidelity was rare. Hume was so guarded that some now conjecture that he was a believer. Jeremy Bentham kept his incipient atheism well hidden.

C. The Nineteenth Century

The drastic change in theological climate which occurred at the beginning of the new century is vividly illustrated in four recently discovered sermons of the Revd. Robert Malthus (Pullen and Parry 2004). The first of these (July 19, 1789), preached shortly after his diaconal ordination, expounds Adam Smith's (1976a: 2:793) "pure and rational religion." Its text, the golden rule of Jesus (Matt. 7:12), is meant to "make that principle of self love... the means of pointing out & prompting us to acts of honesty, humanity & justice" (Pullen and Parry 2004: 2:4, 5). "Our saviour" is mentioned twice. But the third sermon (Good Friday, 1827) is a somber and extended reflection on the sacrificial death of Christ: scriptural, liturgical, Christocentric, and deeply orthodox (Pullen and Parry 2004: 2:12–19). We are a world away from the facile Enlightenment certainties of David Hume and Adam Smith that the newly ordained deacon had expounded just five days after the fall of the Bastille. For during those thirty-eight years, the Church of England had undergone a sea change.

The "higher and middling classes" had been badly scared by the French Revolution, correctly perceived as a frontal attack upon Christianity. William Wilberforce's *Practical View of the Prevailing Religious System of Professed Christians in the Higher and Middling Classes in this Country, Contrasted with Real Christianity* (1797), appearing at the crucial moment, was largely influential in converting the governing classes and many of the clergy to "serious" religion—that is, to the Cambridge, Anglican (explicitly non-Calvinist) evangelicalism of Charles Simeon and the Clapham Sect. By 1812 at the latest Malthus had become "serious," as had all his clerical colleagues at the East India College (Waterman 2006).

Cambridge evangelicals were often learned and always respectable, and they distanced themselves from the emotional excesses of Methodism, which by this time had separated from the church to become a quasi-Dissenting sect. But their concerns—suppression of vice, observance of the Sabbath, abolition of slavery—were more practical and political than intellectual; and though evangelicalism remained important throughout the century, the theological high ground had passed to the Oxford Movement by the 1840s. Some of that movement's founders—John Henry Newman, Henry Manning, and three of Wilberforce's sons—had been evangelical, but like their High Church colleagues they began to seek theological nourishment in the ancient Fathers of the church and in the Anglo-Catholic, Laudian divines of seventeenth-century Anglicanism.

Meanwhile civil disabilities had been lifted from Protestant Dissenters in 1828 and from Roman Catholics in 1829. Few of the former returned either to orthodox Calvinism or to eighteenth-century moderation. Instead they generally adopted some variety of Methodistical or Anglican evangelicalism. Though the latter were now free to join the theological conversation, they were deterred, partly by social isolation, partly perhaps by ecclesiastical discouragement.

Scotland was not immune from evangelicalism. The example of Thomas Chalmers is even more striking than that of Malthus. Minister of Kilmany from 1803, he ignored his parish and devoted his energies to the study of political economy. After a disastrous

love affair and the total failure of his first (and best) book *An Enquiry into the Extent and Stability of the National Resources* (Edinburgh 1808), he had a nervous breakdown and sudden evangelical conversion in the winter of 1810–11. He emerged a new man, quickly becoming one of the most famous preachers in Scotland. As a leading evangelical, he mounted an attack on the system of patronage in the Scottish church; and when that failed he brought about the Disruption of the Kirk in 1843, becoming the first Moderator of the schismatical Free Kirk. Though an evangelical, Chalmers remained enough of a Moderate to value the characteristically eighteenth-century enterprise of natural theology, and in 1833 he composed the first of the Bridgewater Treatises “On the Power, Wisdom and Goodness of God as Manifested in the Creation” (Waterman 1991: 246–51).

It was natural theology indeed that afforded the intellectual underpinnings of English and Scottish Christianity in all its manifold variety. After Newton, Archdeacon William Paley (1743–1805) was its chief source. His *Natural Theology* (1802) sidestepped Hume’s attack on teleology (McLean 2003) and showed with a wealth of detailed biological illustration the existence, goodness, and wisdom of God in *designing* the perfect adaptation of species to their environment. Together with Newton’s earlier, astrophysical demonstration of the divine existence and attributes, Paley’s biology reassured the Anglophone world of the rational foundation of theistic belief after the nasty shock of the French Revolution; and his two biblical studies (Paley 1790, 1794) erected a solid Christian superstructure on that foundation. However, all this changed suddenly with the appearance of the *Origin of Species* (Darwin 1859). There is no “design” in nature, it appears. Evolution is blind and purposeless. Paley and his works disappeared from sight. “The decade of the 1860s,” Keynes (1972: 168) believed, “was the critical moment at which Christian dogma fell away from the serious philosophical world of England.” Although many of the learned remained Christian, and though Britain remained constitutionally a Christian society, religious belief was privatized in practice. During the last third or quarter of the nineteenth century the theological climate was of little or no relevance for economic—or any other scientific—thought. Both science and religion, for so long intimately entwined, were set free to go their separate ways.

II. ECONOMIC THOUGHT IN EIGHTEENTH-CENTURY BRITAIN

In England, as in France, the previous century had been fertile in economic thought, much of it relating to public policy in a sovereign state. *Economie politique* emerged as a set of recipes for running France as a manorial fief of *le roi soleil* (Mayerne-Turquet 1611; Montchrétien 1615). In England most economic writers were merchants concerned with international trade, many of them Puritan. It might be tempting to link this fact with the Weber thesis (Lessnoff 1994); but some English authors such as Charles Davenant and Dudley North were Tories, and others such William Petty gladly conformed at the

Restoration. Getting and spending were equally acceptable to all English authors (save John Bunyan) regardless of their religion. The most eminent, John Locke, was a physician (like Petty) and a philosopher who turned his mind briefly to economic analysis late in life (Locke 1692, 1695; Negishi 1989: 31–40). Theology seems to have played no part in any of this.

After the turmoil of the previous century, even the orthodox showed little interest in “revealed” (or biblical or dogmatic) theology, and following Newton focused their public attention on “the Book of Nature.” Natural philosophy played a large part in establishing the divine existence and attributes, but it became increasingly clear that there was a problem with the coexistence of the attributes. How can a God who is all-powerful, all-wise, and all-good *allow* (or to be honest, *cause*) the evil that humans perceive in His creation? The Manichaeic solution—God is all-good and all-wise but *not* all-powerful—is ruled out by the Bible. The Anglican Archbishop of Dublin, William King, addressed the problem in *De Origine Mali* (1702), followed shortly after by G. W. Leibnitz in *Théodicée* (1710), which gave this branch of theology its name, “theodicy,” and which closely followed King in its analysis and argument. King’s work was translated by Paley’s mentor and patron Edmund Law in 1731; the “Preliminary Dissertation” to that translation by John Gay is generally regarded as the origin of Utilitarian philosophy (Halévy 1928: 7; Crimmins 1983: 542).

All interaction between economic thought and Christian theology in the eighteenth century, therefore, referred either to the evidence of God in Nature (including human institutions), or to a vindication of the divine goodness; in some cases to both.

The earliest and in some ways the most important contribution to economic thought in eighteenth-century Britain, Bernard Mandeville’s *Fable of the Bees* ([1714–28] 1988) is intimately related to theodicy in two quite different ways.

In the first place, Mandeville’s notorious slogan “Private Vices, Publick Benefits” is a *reductio ad absurdum* of the Augustinian theodicy employed by the Jansenist moralists Pierre Nicole and Jean Domat. St. Augustine had taught that the state and its institutions are inflicted on humanity by God as a *punishment* for sin; but under His mercy may become *remedies* for sin by harnessing the self-regarding acts of sinful men and women to produce unintended consequences that are socially benign. As Gilbert Faccarello (1999) has shown, Nicole and Domat were the first to construct a theodicy of the market economy on this basis. When a traveler arrives in a town where he is quite unknown, observed Nicole, food, lodging, and other services are gladly supplied by the locals: not out of charity but because of their “cupidity,” that is, because they expect to get paid by the traveler (Nicole, quoted in Faccarello 1999: 28). Thus

from so evil a passion as our self-love, and from a poison so contrary to the mutual love which ought to be the foundation of society, God created one of the remedies which enable it to survive; for from the principle of division He constructed a link which unites all men in a thousand ways and which maintains most agreements. (Domat 1689: 25, cited in Faccarello 1999: 27)

Faccarello (1999) has shown how the French economic thinker, Pierre de Boisguilbert (1646–1714) constructed the first complete theory of the self-regulating market economy on this basis. It has been suggested (Hundert 1994: 23, 31–35; Faccarello 1999: 58, 174 n. 2), that Mandeville’s argument was derived from the Jansenists, whose writings he certainly would have known. Like them he assumes that self-love is evil: like them he argues that the “Publick Benefits” of market exchange are driven by this “Private Vice.” But unlike them, he draws no theological inferences from this.

It is paradoxical that Mandeville’s account of economic activity, derived from Jansenist theodicy, should have been reviled in England as blasphemous by such respectable figures as William Law, John Wesley, Bishop Berkeley, and Francis Hutcheson (Kaye in Mandeville 1988: pp. cxvi–cxxxiii); and twice indicted by the Grand Jury of Middlesex as a public nuisance. The reason for this adverse response was that if self-love is really a “vice” then we have yet another nasty case of the problem of evil. Why does God allow (or worse, “design”) a world in which good things necessary for human life and happiness require moral evil for their production? The crucial question of course is the moral and theological standing of *self-love*. The Jansenists, following St. Augustine, had regarded it as an “evil passion;” in which they differed hardly at all from the equally Augustinian Calvinistic Protestants. But as reported above, Calvinism was virtually dead in Britain by the eighteenth century. Therefore the ablest of those who sought to purge Mandeville’s doctrine of its objectionable features, while retaining its valuable account of a market economy driven by private interest, sought to distinguish self-love from “vice.”

The first to do so was the great Joseph Butler (1692–1752), a convert from Dissent who eventually became Bishop of Durham. His fifteen *Rolls Sermons* (Butler [1726] 1969) were preached in the immediate aftermath of the public outcry aroused by the 1723 edition of the *Fable* (Waterman 1997: 240–41). As against the influential doctrine of Lord Shaftesbury’s *Characteristicks* (1711), Butler showed that the ends of private good and public good “do indeed perfectly coincide”; that “self-love is one chief security of our right behaviour towards society”; that under Providence much unintended social good is produced by self-regarding actions; and that “there is seldom any inconsistency between what is called our duty and what is called interest” (Butler 1969: 32, 36, 37–38, 67). Sermons XI and XII, “On the Love of our Neighbour” (164–202), recognize that self-love is a duty commanded by Christ himself.

Whether David Hume studied Mandeville at the time he was planning the *Treatise* ([1739, 1740] 1888); it seems probable that the essay “Of Luxury” (1752; later called “Of Refinement in the Arts”; see Hume 1994) would have been regarded by its readers as one of the many responses to Mandeville that appeared from time to time for several decades after 1723. At any rate Hume acknowledged Mandeville in the Introduction to his first work—along with Locke, Shaftesbury, Hutcheson, and Butler—as one of those “who have begun to put the science of man on a new footing” (Hume [1739] 1888: p. xxi). Hume actually presented a copy of his *Treatise* to the bishop, to whom he was indebted not only for the vindication of self-love but also—far more important for Hume’s philosophical project—for Butler’s powerful demonstration of “The Ignorance of Man”

(sermon XV). For given the moral acceptability of self-love and the limited power of the human mind to comprehend the working of Divine Providence, the way is open to build on Mandeville's foundations the "theory of spontaneous order" now seen as the characteristic contribution of the Scottish Enlightenment to social theory (e.g., Hamowy 1987). The multifarious activities of any large human society, most notably its economic activities, arise *and can only arise* in a gradual, unplanned, accidental, piecemeal fashion in response to the incentives to a myriad individual, self-regarding actions created by others' needs, wants, and desires. A decade or so before Hume began to write, Butler had established that this putatively providential outcome might arise from a wholly virtuous attention by all individuals to their "interest" as determined by the Christian duty of self-love.

The first English (actually Welsh) author to make explicit the link between a rehabilitated, Christian conception of self-love and spontaneous order in a competitive market economy was the Dean of Gloucester, the Revd. Josiah Tucker (1713–1799), who had been Butler's chaplain when the latter was Bishop of Bristol (1738–50). In *Elements of Commerce* (Tucker [1755] 1993: 58), he explains that

as our present *secular* Happiness appears to arise from the Enjoyment of superior Wealth, Power, Honour, Pleasure, or Preferment, SELF- LOVE, the great Mover of created Beings, determines each Individual to aspire after these *social* Goods, and to use the most probable Means of obtaining them.

This is because, as he explained in *Instructions for Travellers* (Tucker [1757] 1993: 73),

the same good Being who formed the religious System, formed also the commercial, and the End of both, as designed by Providence, is no other than this, That private Interest should coincide with public, self with social, and the present with future Happiness.

From these ingredients Tucker ([1757] 1993: 48) set out what was to become, two decades later, the central message of *Wealth of Nations*:

[L]et the Legislature but take Care not to make *bad Laws*, and then as to *good ones*, they will make themselves: That is, the Self-Love and Self-Interest of each Individual will prompt him to seek such Ways of Gain, Trades and Occupations of Life, as by serving himself, will promote the public Welfare at the same Time.

Adam Smith acquired Tucker's economic writings for his own library (Mizuta 1996) and would have known of Tucker and his ideas from his friends David Hume and Lord Kames, as also from the "oeconomists" he met on his visits to France. Tucker's Butlerian view of the human condition can be discovered both in *Theory of Moral Sentiments* (Smith [1759] 1976a; hereinafter *TMS*) and in *Wealth of Nations* (Smith [1776] 1976b; hereinafter *WN*), though Smith may well have learned of Butler's doctrines in the first

instance from his old teacher, Francis Hutcheson (Ross 1995: 118). In *TMS* (I.iii.1), Butler is referred to as “a late ingenious and subtile philosopher.”

Throughout the decade before the publication of *WN* William Paley was lecturing at Cambridge on moral and political philosophy as part of his tutorial duties. His exposition of duty—to God, to one’s neighbor, and to oneself—incorporated the “theological utilitarianism” derived from Gay (1731) that Bentham later secularized and patented. Since there can be no obligation to do that which is unfeasible, moral and political philosophy must entail some positive investigation of the economic and social circumstances to which normative principles apply. Therefore an element of what we now call “economic analysis” is often to be found in expositions of political philosophy. When his lectures were eventually published (Paley 1785) the chapter “Of Population and Provision” contained Paley’s contribution to economic thought; which is remarkable for its utilitarian basis and for its generalization of Mandeville’s account of the effect of “luxury” on economic growth (Waterman 1996). Paley’s sophisticated analysis of the beneficent interdependence of agricultural and industrial sectors in a market economy depends entirely on the self-interest of each individual participant. But it does not rest on any explicit theological foundations; and unlike Tucker, Paley draws no theological inferences from its working. What we see in Paley, it would seem, is the early recognition by a powerful theological thinker engaged in expounding the polity of a Christian society, that *economic analysis is a strictly positive inquiry*. Though shaped at the outset by Augustinian theodicy, though congruent in some of its results with providentialist teleology, its method and application—like Newtonian natural philosophy—are available to all who will submit to its discipline regardless of religious belief.

The most complete account of eighteenth-century economic thought, building on the work of the French authors from Richard Cantillon to A.-R. J. Turgot and written with full knowledge of Hume and his English predecessors including Mandeville and Tucker, was *An Inquiry into the Nature and Causes of the Wealth of Nations*. Adam Smith was a church-going Presbyterian of the Moderate party in the Church of Scotland and counted leading Moderate divines among his friends. His earlier *Theory of Moral Sentiments* is filled with theological remarks of a typically eighteenth-century, “optimistic” (i.e., Leibnitzian) kind. For example, “Every part of nature, when attentively surveyed, equally demonstrates the providential care of its Author, and we admire the wisdom and goodness of God even in the weakness and folly of man” (Smith [1759] 1976a: 195). In *WN* however, neither “God” nor “the Author of nature” are mentioned at all; “the Deity” only twice. A present-day scholar has been led by this, and by the absence of any reference to “Jesus,” “Christ,” or “the Son” in Smith’s extant writings, to conclude that *WN* is “an atheistic and anti-Christian work” (Minowitz 1993: 140).

It is certainly the case that Smith, like Paley, understood the economic analysis of social phenomena to be an autonomous scientific enterprise requiring no sanction from Christian or any other theology. But it is precisely *and only* autonomous science, resting solely on human reason without resort to any supernatural “revelation,” that can be of service to natural theology. This was certainly the assumption of Newton, and Smith was as Newtonian as any other Enlightenment philosopher. It has been shown that Smith’s

complex and seemingly ambiguous use of “nature” and its cognates in *WN*, together with his account of human “interest,” permit us to construe that work theologically as a theodicy of social life that explains how a “divine Being” produces “the greatest quantity of happiness” (Waterman 2004, ch. 6)—which Tucker had claimed but not demonstrated. If this analysis is correct, then Smith’s great work is an example, not at all of the way economic thought has been *shaped by* theology, but rather of the way economic thought can be *of service to* theology. Recent scholarship has therefore paid increasing attention to “Adam Smith as theologian” (e.g., Oslington 2011). Whether Smith actually intended *WN* to be read theologically, the next two generations of Christian political economists from Malthus to Whately regarded Smith’s work as fully compatible with Christian belief.

It would appear in general that in eighteenth-century Britain the institutions of a market economy were regarded as benign, and the nascent science of political economy as congruent with, or at any rate not opposed to, Christian theology. “There must be some impulse besides publick spirit,” wrote Edmund Burke, “to put private interest into motion along with it. . . . The love of lucre . . . is the grand cause of prosperity in all states” (quoted in Canavan 1995: 27). Moreover, “it is not in breaking the laws of commerce, which are the laws of nature, and consequently the laws of God” that good public policy is made (quoted in Canavan 1995: 130). Though Wesley ([1760] 1998) admonished his followers to “Gain all you can,” “Save all you can,” “Give all you can,” he stood outside the consensus in his dislike of getting and spending and in his rigorist rejection of Mandeville and “luxury” ([1760] 1998: Sermon 131). Samuel Johnson, oracle of Tory, High Church piety, is more typical. While agreeing with other critics that Mandeville assumed “the narrowest system of morality, monastic morality, which holds pleasure itself to be a vice,” he acknowledged that Mandeville had “opened my views into real life very much” (Boswell [1791] 1960: 948). Johnson recognized a providential, “secret concatenation of society” in the market economy ([1753] 1998: vol. 2, no. 67; Winch 1996: 57–59). And he held that “there are few ways in which a man can be more innocently employed than in getting money” (Boswell 1960: 597).

III. ECONOMIC THOUGHT IN NINETEENTH-CENTURY BRITAIN

The generally optimistic character of economic thought in the eighteenth century, and its compatibility with the natural theology that dominated religious thought in that period, may be explained in part by the state of economic analysis in 1776. The wealth of nations is increased by capital accumulation. Given the response of population to the wage rate, the faster the rate of accumulation, the faster will be the rate of population growth and the higher the real wage in steady state (Hollander 1973; Waterman 2009); therefore, the more widely diffused throughout society are the benefits of a market

economy. Under “the obvious and simple system of natural liberty,” this benign outcome will occur because of “the natural effort of every man to better his condition” and will be amplified by increasing returns to scale resulting from the division of labor (*WN* IV.ix.31; IV.v.b.43; I.i–iii).

But if population grows when land is scarce, rising marginal costs of food production will spoil this pleasing picture. What later became known as “diminishing returns” to capital-and-labor as applied to land was recognized by many eighteenth-century authors (e.g., Franklin 1755; Steuart 1767; Anderson 1777; Turgot 1768) and may be discovered in *WN*. But it was not integrated into such economic analysis as then existed, and Smith’s exposition of wages and growth (*WN* I.viii; II.iii) is constructed upon the implicit assumption that land is a free good (Waterman 2009). Hence “the progressive state,” which is “in reality the chearful and hearty state to all the different orders of society” (*WN* I.viii.43) can normally be expected.

All this changed very suddenly in 1798. Robert Malthus’s first *Essay*, written to refute Godwin’s anarchist attack on private property, depended crucially on two assumptions: first, that “Mr Godwin’s beautiful system of equality” will be strongly conducive to population growth; and secondly, that as population grows with fixed land average per capita food supply will decrease to a level at which collective survival will require once again all those social institutions that Godwin had supposed were both malign and expendable (Malthus 1798: ch. 10). Malthus concluded that at equilibrium in *any* human society, when incomes have fallen to the bare minimum and population is stationary in Adam Smith’s “dull” state, mankind is faced with a choice between *misery* (i.e., dire poverty or compulsory celibacy) and *vice* (Waterman 1991: 37–45). The implicit analysis in Malthus’s “ratios” was recognized by 1815 to imply diminishing returns and the “Ricardian” theory of rent (Malthus 1815; West 1815; Torrens 1815; Ricardo 1815). What Paul Samuelson (1978) labeled “the canonical classical model of political economy,” which was to characterize the English school of economic thought down to the 1860s, inaugurated a century-long transformation of *political economy*—the “chearful” science of wealth, into *economics*—the Dismal Science of scarcity.

Malthus himself was the first to recognize the sharp conflict between Christian theology and economic thought created by his “principle of population.” The Problem of Evil had surfaced yet again. Why does God create a world in which all men and women must live in misery or vice? The last two chapters of the first *Essay* contain a theodicy based on the influential doctrines of the gentleman-philosopher Abraham Tucker (1705–1774), not to be confused with Josiah Tucker, whom even the great Paley had acknowledged as an authority. “The world and this life” are “the mighty process of God . . . for the creation and formation of mind”; and the tribulations of this life are necessary “to awaken inert, chaotic matter into spirit” (Malthus 1798: 353–57). Malthus was far less able as a theologian than as an economist, and his theodicy, which was seriously heterodox, was a failure (Waterman 1983; 1991: 97–112). “Some distinguished persons in our church” (Otter 1836: lii) persuaded Malthus to omit the theological chapters from the second edition of the *Essay*—virtually a new work—published in 1803.

Malthus's anti-utopian argument was too important to be discredited by a defective theodicy however, and other, more experienced theologians soon came to the rescue. The first was Paley, whose *Natural Theology* (1802), written at the end of his life, argued that the evil produced by population pressure could be reconciled with Butler's account of human life as a "state of discipline and trial" and could therefore be incorporated into his general teleological argument for the existence of God (Waterman 1991: 126–35). But his treatment, a brief, preliminary sketch, was ignored in all the reviews.

Malthus himself made two highly significant changes in the new recension of his *Essay* (1803) the following year. In addition to dropping his growth-of-mind theodicy, he introduced a new version of the preventive check to population derived from Paley: *moral restraint*, which is neither "vice" nor "misery." He also hinted at the doctrine, much in favor with evangelicals at that time, which he had explicitly denied in 1798: that this life is a state of discipline and trial. These changes seem to have made the *Essay* acceptable to High Church orthodoxy (Waterman 1991: 144–48, 145). Not until 1816 however was the principle of population finally and authoritatively reconciled to the Christian theology of that age by the Etonian, Cambridge divine, John Bird Sumner (1780–1862), eventually Archbishop of Canterbury. In his fifth edition, published the following year, Malthus (1817: 3:425) acknowledged that Sumner's celebrated *Treatise on the Records of the Creation* (1816) was "a masterly developement and completion" of his own views.

Sumner's achievement was to lift the Malthusian argument out of the ever problematic realm of theodicy and transplant it to the more promising soil of Paley's teleology. "Inequalities of Ranks and Fortunes," he argued, is the condition best suited to human development and the exercise of virtue. It is proof of the Divine wisdom that this order of things is "universally established, by the Operation of a single principle": the principle of population (Waterman 1991: 160–70). Sumner's argument was skillful and detailed, showed complete mastery of current economic thought, strongly asserted the Butlerian doctrine of this life as a state of discipline and trial (which Malthus finally backed down on in his fifth edition), and had a distinctly evangelical flavor that commended it to a wide audience. It may now seem remarkable that both David Ricardo and J. R. McCulloch, neither of whom was an orthodox believer, should have welcomed this "clever book" (Ricardo 1951–73: 7:247–8; McCulloch 1845: 261). But the new political economy of Malthus and Ricardo had been stigmatized since Southey's review of Malthus's second edition as "hostile to religion" (Southey 1803: 292–301; Waterman 1991: 200–209), which was very prejudicial to its acceptance—and usefulness—in a Christian society. Ricardo's and McCulloch's approval of Sumner's work therefore had less to do with their own religious convictions than with their relief that political economy had been convincingly defended against the damaging charge of irreligion.

Though Sumner had reassured the educated elite that political economy was not opposed to and was indeed positively supportive of Christianity, a wholly new need to defend it occurred within a decade. Leading members of the "Philosophic Radicals," especially Bentham himself, were known or suspected to be atheist. And the Philosophic Radicals attempted to capture political economy in support of their putatively godless

program of “reform” so much hated and feared by the Anglican establishment. Political economy therefore became tainted by association (Waterman 1991: 202–4). As might be expected, intellectual defense of the establishment came primarily from High Church Oxford. The key figure was Richard Whately, Drummond Professor of Political Economy (1830–31): the only economist in history to move directly from a professorial chair to an Archbishopric (of Dublin) without intervening stages.

Whately’s *Introductory Lectures* (1831) seized the middle ground between Romantic Tories and other Christian reactionaries, on the one hand, and atheistic radicals, on the other. As against the former, Whately demonstrated that political economy is a value-free science that cannot be in conflict with religion; that its subject matter—wealth—is not an evil; and that its conception of the self-regulating market economy is useful for natural theology. As against the latter, he showed that though political economy is *necessary* for rational public policy it is not *sufficient*. Value premises are required: which may come from natural law or scripture, but which cannot be had from utilitarian principles alone. Central to Whately’s thinking was a sharp epistemological distinction between “scientific” knowledge and “religious” knowledge. The Bible can tell us nothing about science: and science can tell us nothing about God’s self-revelation in human history. Whately’s watertight division between political economy and Christian theology made explicit and formal what had already been implicit in the work of Paley and Adam Smith in the previous century. For although it may have originated in part in Christian theology, economic analysis had emerged by the middle of the eighteenth century as an independent, strictly positive inquiry. It is no more hostile to religion than engineering or chemistry. And it may, like science in general, be brought as evidence in natural theology. Indeed, Whately himself at one time had thought of “making a sort of continuation of Paley’s ‘Natural Theology’, extending to the body politic some such views as his respecting the natural” (Whately 1866: 1:66–67). But for that very reason there can be no possibility that Christian or any other theology could affect either the methods or findings of economic science.

The only major encounters between economic thought and Christian theology after Whately were Chalmer’s *Political Economy* (1832) and his Bridgewater Treatise (1833). The former provided an ingenious economic argument for the establishment of a national church; the latter presented political economy as natural theology. But McCulloch exposed a fatal analytical weakness in the first; and the reviewers were almost unanimous in dismissing the second as without merit (Waterman 1991: 230–40; 246–52).

By 1870 most leading economists in Britain, of whom Alfred Marshall and Henry Sidgwick were the most influential, had abandoned orthodox Christianity and come to regard their scientific work as the best means of loving their neighbor. Both W. S. Jevons and Philip Wicksteed were Unitarian however, the latter as much a theologian as an economist. Wicksteed was unique for his time and place in rejecting Whately’s demarcation between theological and economic knowledge; and remarkable in applying marginal analysis to the spiritual life (e.g., Wicksteed 1910: 77–80; see Steedman 1994). What seems to have been the last attempt by a professional British economist of

standing to reconcile economic analysis with Christianity is the final chapter of J. Shield Nicholson's three-volume *Principles of Political Economy* (1893–1901), which opens with the words: *Credo in Unum Deum*.

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CHAPTER 7

ECONOMICS AND THEOLOGY IN EUROPE FROM THE NINETEENTH CENTURY

*From the Early Nineteenth Century's Christian
Political Economy to Modern Catholic Social
Doctrine*

PEDRO TEIXEIRA AND ANTÓNIO
ALMODOVAR

I. INTRODUCTION

ASSUMING that we have an interest in tracing the links between economic thought and European Christian theology in the nineteenth and twentieth centuries, where can we satisfy this intellectual inquisitiveness? Is it simple to get hold of the basic Christian views on this subject? A first attempt to gather information may lead us toward the history of economic ideas and doctrines. However, although the contemporary histories of economic thought may sometimes mention the existence of a scholastic approach to economic matters such as loans and usury, price and market manipulation, labor and wages (see Langholm 1998 and Chafuen 2003), the fact is that they usually establish a demarcation line between the problems that belong to economic analysis and those pertaining to the ethical-religious dimension of social existence. Therefore, the reader of one of the contemporary standard manuals is likely to get the impression that the scholastic revival of the sixteenth century was the last time that there was a significant overlapping of theological and economic concerns.

In this chapter we will analyze the historical evolution of European Catholic theology and economic ideas from the turn of the nineteenth century to the late twentieth century. We will analyze the evolution of Catholic economic thought and its effort to evaluate the workings of economic life according to a definite set of religious principles.¹ We will give particular attention to the attempts of building a distinctive Catholic approach among political economy (and later in economics). In our analysis we will tend to give more attention to commonalities among authors than to individual idiosyncrasies that might have existed among Catholic economic writers. We will also give more attention to the Catholic efforts to engage with economics and to be accepted into the arena of political economy than with those views that tended to reject political economy as viable intellectual venture. We will begin by offering a brief sketch of the emergence of Catholic political economy in the nineteenth century, and then we will give a more detailed account of its development in the twentieth century.

II. RELIGION AND THE RISE OF A DISMAL SCIENCE: LEARNING TO DEAL WITH THE CENTRALITY OF ECONOMICS IN MODERN TIMES

At the roots of late nineteenth and early twentieth-century Catholic economic thought we may find a series of historical transformations that were felt as a threat to the church by many Catholic groups. Paramount among these were earlier political changes such as the French Revolution, the emergence of liberalism, and the overthrown of monarchic regimes, the traditional support of the altar. On the other hand, the nineteenth century witnessed meaningful social and economic changes as a consequence of a growing use of machinery, the opening of new markets, and the development of industry and commerce, fuelled and fuelling rapid processes of urbanization and a rural exodus for significant portions of the European population (see Maddison 2008 and O'Rourke and Williamson 1999). The consequences of these changes were to a large extent encapsulated in the comprehensive notion of a menacing *Social Question* that seemed to jeopardize the foundations and prospects for civilization (see Castel 1995).

If the humanitarian aspects involved with the condition of the laboring classes could naturally appeal to Catholics, the fact is that the political aspects of this issue (the rise of socialism as an alternative to liberalism) provided an opportunity for the church to try to recover its ethical pre-eminence within the modern industrial world. Once entering this social and political debate, the church was inevitably confronted with the need to address Political Economy. This *new* science was inextricably linked to the discussion of population, wealth, and several other aspects of contemporary civilization, and was gradually perceived by the church as a sort of *hub* of modernity—namely because its

doctrines packed together many of the new political and philosophical ideas that now seemed to prevail over the traditional values supported by Catholic ethics, philosophy, and natural law.

In order to counteract this trend, the church adopted a two-step strategy. First, a serious effort was made in order to recover the systematic theology of Aquinas, which was instrumental for establishing a coherent, logical, and clear metaphysical picture of the material and spiritual worlds.² Second, this neo-Thomist matrix was applied to an extensive assessment of political economy philosophical tenets and teachings. This strategy required a substantial philosophical investment, thus, the emergence of a distinctive and mature Catholic alternative to political economy took some time to develop and would only become more visible in the last decades of the nineteenth century.³ Meanwhile, individual and collective attempts were made. Catholic militants authored essays, journal articles, and pamphlets on themes like Catholic trade unions and guilds, Catholic initiatives for poor relief, the role of justice and of charity, the analysis of usury, the relations between capital and labor, and the principles for a just wage, not to mention the considerable number of Catholic reflections and proposals for the appeasement of the so-called Social Question.

A. Early Christian Political Economy 1830–1850

In view of the aforementioned transformations, it is not a surprise that Catholic political economists surfaced in France and in parallel with the emergence of the Social Question. Of the authors that were mentioned as Catholic or Christian economists in this period, the Vicomte Alban de Villeneuve-Bargemont was probably the most well-known. From an early unconditional adhesion to classical political economy, Villeneuve-Bargemont was gradually pervaded by doubts regarding the inner logic of the economic system that had been followed in England. The desire to find a better path of development led him to the use of the “beacon of Christianity” in order to counteract the effects of the English system, which he regarded as based upon insatiable egoism and a profound disdain for human nature.

The legal and institutional reforms that Villeneuve-Bargemont had in mind gave a considerable role to Christian values. It was not a conventional moral appeal to individual consciences; it was a proposal for the voluntary establishment of a different social and economic system. His system pointed out the need for the actual establishment of a fair distribution of wealth, fair wages, agricultural development, and a general reorganization of industry in order to prevent the kind of excessive concentration of wealth which had already take place in England. Besides, he was also quite clear about the need for effective moral regeneration, and he favored the insertion of essential Christian values—not just charity—within the framework of both institutions and laws, that is to say, within the basic framework of the contemporary state.

Mention must also be made to Comte Charles de Coux (1787–1864), who took the charge of the first chair of political economy at the Catholic University of Louvain

(1834–45).⁴ His major goal was the reinstatement of the importance of Catholicism not just within contemporary society but also within the legitimate concerns of political economists. According to this perspective, political economists had the professional duty to examine all doctrines and moral systems in order to assess their consequences for the development of both wealth and social welfare. Coux believed that Catholicism ought to be considered as part and parcel of the philosophical roots of political economy, since the latter had gone astray when it tried to sever that fundamental linkage. Coux's approach was clearly less concerned with the practical aspects of pauperism and the ways of preventing it and more focused on the substantiation that Catholicism was the only way out of the impasses reared by English political economy. His approach may therefore be viewed as offering the rational evidence that was used by Villeneuve-Bargemont in order to sustain the need for political economy to adopt a Catholic stance.

B. The Development of a Catholic Approach to Political Economy 1850–1891

A more structured identification of the theological and philosophical foundations that should be put to use in order to offer both a distinctive Catholic alternative to political economy and a set of appropriate guidelines for the organization of Catholic social and political movements⁵ took place in the second half of the nineteenth century.

The inclusion of political economy in the curricula of Catholic universities did signal the Church's willingness to engage with the modern social sciences and gave Catholics an important institutional setting for the construction and the spread of a scholarly critique of both the socialist and liberal views on political economy. Charles Périn (1815–1905) was by far the most charismatic of this new generation of professors of Christian political economy. The essential features of his thought were, on the one hand, an attention to the ideal relation between wealth and moral principles and, on the other hand, an intense hostility regarding all possible kinds of socialism. Périn tried to prove that socialist ideas were absolutely incompatible both with Catholicism, as well as with freedom, and that all types of intervention by the state (and appeals to law enforcement) in the economic and social sphere were tantamount to conscious or unconscious steps toward state socialism.

In contrast, Périn tried to prove that, contrary to the existing prejudices, Catholic values were not to be considered as an obstacle to the growth of wealth. As a rule, he tried not to oppose the concepts and doctrines of political economy to Christian values but only to point out some of the undesirable consequences of the strict rationalist approach that had been followed by the classics due to the absence of moral limits that would prevent the emergence of *excessive results*. The principles of renouncement and of Christian charity were considered by Périn as the essential basis to build a truly Catholic approach to political economy, since the former curbed the *excesses* of individual search for wealth and materialism that had been unleashed by liberalism and the latter would restrain the

excessive existing inequalities. Together, these principles would promote a voluntary responsible attitude of the rich and powerful toward the workers, namely by means of patronage (Périn 1861: 2:569–70).

The concept of patronage soon became the hallmark of this approach. As Claudio Jannet (1893: 146–52) was later to point out, Christian patronage was defined by the Catholic economists belonging to the Angers school⁶ as the voluntary acceptance by employers that their wealth had a counterpart of social responsibility for the well-being of their employees—either through direct moral or material assistance to the workers and their families or by means of assistance to the organization of mutual aid organizations. The payment of a market or of a mutually agreed wage would not be tantamount to the fulfillment of all the obligations between employer and employee, for there were also other “rigorous duties of conscience imposed upon the riches by the gospel” (Jannet 1893: 148).

Together with Claudio Jannet (1889), Gabriel d’Haussonville (1895), Victor Brants (1901), and several other authors, Périn personified the Catholic opposition to the social and economic perspectives nurtured by the so-called *interventionists*, *social Catholics*, or *Christian socialists*.⁷ They believed that social legislation (not just the attempt to establish minimum wages but also the initiatives regarding compulsory insurances or the limitation of the hours of work) was in fact an assault on private initiative, an interference of the state in the private sphere, and for that reason still another step toward socialism.

Another major strand of development of Catholic economic thought in the second half of the nineteenth century was linked to the launching in 1850 of the fortnightly Italian review *Civiltà Cattolica*.⁸ This review, which was sponsored by the Pope Pius IX and then by Leo XIII, was edited by a well-organized group of nine Jesuits, some of whom played an important role in the revival of neo-Thomist philosophy. This model of organization—a small group of editors, working under close supervision by the Pope himself—helped this review to be rapidly acknowledged as an important unofficial channel for the spreading of the church’s views on contemporary issues.

As it happened with the Catholic universities, the appraisal of political economy was soon to be considered as part and parcel of the review’s mission, though with new and important features. On the one hand, it was the first time that the assessment of political economy was to be actually entrusted to Catholic priests—namely to the Jesuits Luigi Taparelli d’Azeglio, Matteo Liberatore, and Valentino Steccanella. On the other hand, it was also the first time that such an assessment was going to be systematically carried out along the lines of a scholarly neo-Thomist orientation. As a consequence, political economy was going to be viewed as a normative discipline, and economic questions were now going to be accessed according to the basic criteria of commutative and distributive justice (Bianchini 1996). Catholic public opinion began to be supplied with a coherent and well thought-out series of articles that were noticeably inspired by the official philosophy of the curia, but that were to some extent at odds with the rationale that was followed in the Catholic universities.

D’Azeglio and Liberatore showed a much more critical stance regarding the philosophical tenets underlying political economy. Contrary to the Catholic conservative

approach, which tried to amend some aspects of political economy, these authors based their approach mainly on theology and tried to uncover a political economy in strict accordance with a neo-Thomistic theological outlook. They may be considered as good examples of the so-called progressive tendency, which was later embodied both in the Fribourg Union⁹ that was sponsored by the Cardinal Gaspard Mermillod (1824–1892) as well as in the so-called Liège School that was sponsored by the Bishop Victor-Joseph Doutreloux (1837–1901). These views were voiced both in the pages of the *Civiltà Cattolica* and in the individual works by the members of its editorial board.

The first meaningful essay published in the *Civiltà Cattolica* on political economy—*Le due Economie*—was written by Luigi Taparelli d’Azeglio in 1856. Its intention was twofold: on the one hand, he wanted to link the principles lying behind *heterodox*—that is to say, liberal—political economy to a series of observable evils that were experienced by contemporary societies; and, on the other hand, he did not want Catholics to entirely reject the science of political economy, for he wanted them to acknowledge its importance once it was adequately inspired by Catholic principles. D’Azeglio characterized Catholic economics in complete contrast with the analysis voiced by a political economy and considered that only a Catholic anthropology could help to bring about an exact political economy. Then, D’Azeglio moves on to define the functions of government in a well-ordered society, which included the right to regulate the use of things by individuals so that they would do no harm to each other and the right to collect the quality and quantity of wealth that was necessary to ensure the common good. These views contrasted with those voiced by Périn and Brants, insofar as they relied little or not at all on an appeal to Catholic principles like charity or renouncement. Their foundation was to be found elsewhere, namely in the concepts of justice, hierarchy, and order as they were explained in the context of neo-Thomism.

The analysis of political economy according to the neo-Thomistic views was subsequently refined and developed by Matteo Liberatore between 1872 and 1891. This author did not care to conceal his distances regarding the alleged virtues of both competition and liberalism, despite the criticisms by Périn and Brants to the dangerous similitude between certain Catholic writers and the socialists (which apparently did not impress the editors of the *Civiltà Cattolica* and the supporters of the Liège school). Liberatore showed no signs of sharing the confidence in the voluntary practice of Christian virtues by the rich and powerful that was displayed by the Angers school. Accordingly, the state was inescapably bound to intervene in order to regulate children’s work, to establish limits to the working day of women, to institute Sunday’s rest, and to set up a maximum of working hours for the adult industrial laborer. If the first three questions could be considered as settled among most Catholic economists, the last one—not to mention the desirability of legal enforcement of a minimum wage—was still undecided. Although authors such as Périn believed that every attempt to enforce by law a minimum wage was equivalent to socialism and that the state should not interfere in freely established agreements, Liberatore considered that on more than one occasion the worker’s consent was disturbingly alike to the acquiescence of a victim in the face of a menacing assailant and therefore state intervention was justified.

Thus, as Catholic political economy developed, some variance about the role that was to be allotted to the state paved the way to the establishment of two competing trends of thought—embodied by the so-called schools of Liège and of Angers. The former grouped all those who accepted the need for state intervention in favor of the proletariat; the latter group rallied those in favor of a considerably more restricted intervention (Sunday rest, limitation of the employment of women and child labor), for they relied mainly upon patronage and other expressions of voluntary individual compliance with Christian values. Despite the existence of a number of divergences, these two tendencies were nevertheless united in some fundamental aspects. On the one hand, they were both respectful of the directions that were regularly defined by the hierarchy of the Catholic Church.¹⁰ And, on the other hand, they were conscious of the fact that they were both striving to find the best possible path for the development of a number of common goals: to prevent social upheaval, to help the church to regain a noticeable social and political role, and to introduce Catholics to modern science and to political economy. Albeit in a different way, those two trends of Catholic economic thought were both trying to re-Christianize the teachings of political economy, and they would find an increasing interest on the side of the church's hierarchy toward the end of the nineteenth century.

III. FLIRTING WITH A THIRD WAY: FROM *RERUM NOVARUM* TO *QUADRAGESIMO ANNO*

In the last decade of the nineteenth century, the Catholic hierarchy decided to address the contemporary economic and social role of the church in a more articulated way with the publication of the Encyclical *Rerum Novarum* (May 15, 1891) by Leo XIII.¹¹ The central issue of *Rerum Novarum* was the analysis of the condition of workers, especially of industrial workers, its complexity, and the moral and material risks of their current degrading situation and Leo XIII made clear from the outset that the major problem to be tackled was liberalism in its political and economic dimensions. The *Rerum Novarum* blamed the political and economic transformations of the previous hundred years, which destroyed or seriously damaged valuable traditional social structures that provided protection to its members, such as the long-established medieval corporations; and launched a meaningful process of secularization of the legal and political framework that diminished enormously the moral influence of the church. With its support for political secularization and economic nonintervention, liberalism created a social vacuum in which prospered an unregulated competition, greediness, usury, and a substantive concentration of wealth and power. The latter eventually promoted an unbalanced distribution of privileges that made possible the utter exploitation of the workers by the all-mighty owners of capital. Liberalism was also to blame for the increasing

popularity of socialism as the solution to overthrow an entrenched and hard-hearted minority of plutocrats.

A. The Rise of the Social Doctrine of the Church

In order to restore the rotten industrial relations, the church proposed a new relationship between workers and capitalists. Instead of deliberately damaging the interests of the capitalists, the workers should opt for nonviolent ways of solving labor disputes, therefore avoiding those perfidious voices that claimed for social upheaval. Moreover, and foremost among the duties of the workers was the obligation to perform faithfully and completely the tasks that had been allocated to them. Likewise, paramount among the duties of the capitalists was the acknowledgment of and the respect for the human dignity of the workers. This meant respecting the workers' physical and intellectual limitations, namely concerning female and youth labor, and the payment of a fair wage. Although the church accepted the inequality of property, it also cared for those poorest members of society, knowing that, unless these were actively supported, society could place them in a state of quasi-serfdom, risking a drift toward social disorder. Although not always strictly embraced by all the Catholic economists, these were nevertheless the views that embodied the official position of the Catholic Church on economic and social matters.

One of the main outcomes of the *Rerum Novarum* was the development of a significant amount of literature conveying the renewed Catholic social and economic awareness both for the use of ministers and Catholic activists. A first stream of Catholic literature tried to deal in a comprehensive and pedagogical way with economic subjects. As a rule bearing the title of Principles or Courses on Social Economics, these books did the most in order to explain and apply to Economics a social philosophy that allegedly could secure a coherent and global project of society based on Christian values (Galindo 1996: 143). These works, many of which were authored by Jesuits, did ask for a complex scholarly analysis aimed at fulfilling a set of several difficult tasks: they had to explain (classical) political economy to the members of the Church and to the laity engaged in social action; they had to introduce and explain the criticisms addressed by the Pope to the philosophical tenets underlying classical political economy; they had to deal with socialism to make sure that this doctrine would not be seen as a possible alternative to the shortcomings of liberalism; and finally they had to highlight the proper course of Catholic action that was to be followed in order to amend the contemporary existing evils.¹²

Another important stream of Catholic economic literature in the early twentieth century had its origins in the development of Catholic initiatives like the *Semaines Sociales* de France.¹³ This movement, which started in 1904 in Lyon, was intended by its founders as an "itinerant university of social Catholicism" aiming at the "spread of a teaching that would help the practice of an appropriate social action" (Chronique 1931: 2/4). Since their motto was "science for action," the configuration of the *Semaines Sociales*

was largely based on a series of conferences by invited experts that would enlighten the listeners about the “historical, geographical, juridical, psycho-physiological, and statistical data” that was relevant for establishing the facts. However, contrary to the practice that was commonly followed by “sociologists and economists,” these experts would not look at social and economic problems solely with “the spirit and the methods that apply to the inert or unconscious nature of physics and the natural sciences” (Chronique 1931: 3), for they would also tackle the normative aspects. As one would expect whenever economic problems were selected for these conferences, they were approached in accordance with the basic tenets that had been established by the previous generations of Catholic economists. Consequently, the characteristic refusal to accept the separateness of political economy from morals and the concomitant sponsorship of a Catholic approach to political economy was embraced by most of the invited speakers. Although the organizers did their best in order to get a balanced presence of the representatives of the main Catholic sensibilities and avoid the presence of extreme views, an analysis of the speakers points out the relative importance assumed by those related to the Liège school (see Fouilloux 2006). As a consequence, it was justice—not just charity—that was assumed to be the fundamental criterion for the analysis of social and economic relations and the dominant tone indicated a pro-interventionist penchant.¹⁴

B. The Attraction of Corporatism

Besides these two important streams of Catholic economic literature, this period witnessed the emergence of a still more voluminous stream, which may be considered as a logical offspring of those two. This third stream was particularly focused on the defense of corporatism as the symbolic cornerstone of a Catholic third way between liberalism and socialism, and its emergence in the 1930s may be considered as a last step of the development of a Catholic political economy and a Catholic social and economic order that was taking place since the 1830s. The standard view on the conception of a neo-corporative Catholic system usually departs from the doctrines of Wilhelm von Ketteler and Karl von Vogelsang and its influence on Albert de Mun and La Tour du Pin, and then moves to the further developments made under the auspices of the Liège school, which were eventually accepted, if not warmly supported, by the 1931 encyclical *Quadragesimo Anno*.¹⁵ The real novelty regarding corporations was the fact that they began to be considered not merely as a solution for a particular (albeit important) problem, but as an iconic foundation to a fully alternative system to both the capitalist and the socialist ones.

The substance of this Catholic interest in corporatism was provided by a series of authors among which should be highlighted the massive *Lehrbuch der Nationalökonomie* that Heinrich Pesch (published between 1905 and 1926). This author, together with Oswald von-Nell Breuning, may be considered as the most important Catholic political economist of this period, namely in view of the fact that both are regarded as influential in the drafting of *Quadragesimo Anno*. The avowed intention of Pesch’s work was

to establish the analytical foundations of a “*social system of human industry as an economic system which emanates from the solidaristic notion of a moral organism*” (Pesch 2002: V.1, B.2, 242; emphasis in original). This system was based in the concept of solidarity, defined by Pesch as “the orderly amalgamation of all efforts by forces which are supposed to or do in fact bind society together with reference to a morally required common good” (Pesch 2002: V.1, B.2, 201). By being based on natural law, the concept of solidarity supported by Pesch was considerably more demanding both at the individual and social levels.

According to Pesch, the overall goal of establishing a Christian order was tantamount to the goal of establishing a natural organic order (see Oswald von Nell-Breuning 1936), which by being based upon higher and eternal principles was obviously different from both the atomistic-mechanic liberal order and the statist-based socialist one. This was not just a different order, but it was also an alternative and better one. Contrary to socialism, this system would retain private property and a meaningful respect for individual initiative; contrary to capitalism, it would check egotism and would restore a series of essential social and moral bonds between individuals. Finally, this system would restore the state to its natural role, that is to say, not as a night watchman or as an overwhelming power, but as a natural and necessary guardian of the common good. The need for the corporative order as part and parcel of a truly Christian order was *now* logically demonstrated.

Corporatist ideas received a further important stimulus when in 1931 Pius XI took the initiative to clarify and update the position of the Catholic Church on the economic and social condition of the contemporaneous world in his encyclical *Quadragesimo Anno*. Until then, the church tried only to amend some aspects of existing economic systems and abstained from endorsing any overall alternative. But now, a further step was seemingly taken (Poncheville 1935). According to Pius XI, although capitalism per se was not to be considered an evil system, some problems emerged out of its unsound development, for it led to economic despotism (i.e., a concentration of wealth which gave to a few members of society a huge power, often used to influence and subjugate both workers and governments). The capture of the state to the interests of a wealthy minority, whose power was nurtured by ambition, greed, and speculative behavior, fostered social disorder and placed humankind over the abyss. The church supported the existence of private property, but it also underlined its dual nature (individual and social) and the difference between property ownership and property usage.

According to Pius XI, labor and capital did have common interests that the productive process did consubstantiate, and this communality of efforts and purposes called for a sharing of both the responsibility of the productive process and of the wealth created, including the profits resulting from the productive activity. Commutative justice would be insufficient, and should be complemented by social justice. Pius XI also emphasized the principle of subsidiarity. According to this principle, which was instrumental for keeping socialist tendencies away from the Catholic movements, the state should not intervene whenever the intermediate levels of society (associations, local community, and family) could have an effective action. Social harmony ought therefore

to be built upon the contribution of intermediate communities and groups, through multiple forms. However, the reconstruction of the social fabric, which had been ruined by unlimited competition and the concentration of wealth, required the state to regulate competition, subordinating it to the higher values of justice and charity. To accomplish the necessary rebalance of social power in order to promote the common good, Pius XI made explicit references to the advantages and risks of the emerging corporative organization (in Italy and elsewhere). Overall, he thought that the advantages could outweigh the possible risks and he regarded the establishment of the corporative system as a step in the right direction of a Christian social-economic order, namely by its contribution to a harmonious society and its emphasis in the pursuit of the common good.

Hence, in the 1930s, the development of Catholic economic thought led to the conspicuous emergence of an array of books focused on the outline of a specific Catholic system, a third way between liberalism and socialism, to be based on a neo-corporative conception (Pirou 1935; Jarlot 1938). The boom of Catholic literature in favor of an overall social reorganization in the 1930s may be partially explained by the encyclical *Quadragesimo Anno*, though there are other factors. Naturally, there was the existence of meaningful political transformations in Italy, Austria, Germany, and Portugal, which offered actual examples of different attempts to establish actual corporative regimes at a national scale (Azpiazu 1934). In addition, other encouraging examples could be found in the limited experiments that were undertaken in Spain, Switzerland, Holland, Luxembourg, Belgium, Bulgaria, Brazil, and even in the United States (Muller 1935). Once combined, these two factors led people to believe that the corporative ideal could in fact become a reality. Thus, the surge of literature was intended, at least in part, to influence the way in which the Catholic outline of a corporative regime would be applied.

How did twentieth-century Catholic economists react to this? The answer may be found in the Angers meeting of the *Semaines Sociales de France* (1935), in Valère Fallon's *Principes d'économie sociale* (1935, 5th ed.), in Albert Muller's *Notes d'économie politique* (1938), or in Oswald von Nell-Breuning's *Reorganization of the Social Economy* (1936). In the twenty-eighth meeting of the *Semaines Sociales de France*, which was fully dedicated to the analysis of the corporative organization, the keynote lesson by Duthoit stressed the need for an ordered economy and for a corporative authority that could counteract the ongoing instability. Duthoit was certain that the nineteenth-century liberal belief in the spontaneous emergence of equilibrium out of the working of the 'natural price mechanism' was no longer sustainable (Duthoit 1935). Corporations, which would be built by gathering several existing pre-corporative institutions (syndicates, commerce chambers, and so forth), were now turned into a strategic institution for the establishment of an economic regime and they would coordinate not only the employees but also the employers in order to ensure a smoother performance for the national economy.

Among the authors of handbooks on political or social economy, the corporative fever was somewhat milder. Regarding the ongoing regime, Valère Fallon¹⁶ called the attention of his readers to the fact that no final verdict could be reached against it unless it was demonstrated that the shortcomings were not matched by the advantages (Fallon

1935). He also had some reservations regarding the feasibility of a corporative regime and, despite the Pope's endorsement, he thought that the obstacles to its implementation were considerable. By contrast, Albert Muller¹⁷ was considerably more convinced regarding the virtues, the feasibility, and the urgent need for a corporative regime. His preference was for a neo-corporatist solution—provided that it was implemented in accordance with the *associative* principles advocated by Pius XI, which had already been wholeheartedly embraced by the *Semaines Sociales* in its Angers meeting. This proviso not only stressed the proper, supplementary role of the state but also drew a demarcation between the Catholic views and the ongoing state-led corporative experiments (Muller 1938).

The variance among Catholic economists regarding the corporative regime was mostly limited to its *modus operandi*, namely regarding the transition from the actual regime into the new one, which caused some hesitation among Catholic political economists. The supporters of the Angers school kept on pointing out that corporations should not be compulsory and they should not be entrusted with power enough to act as a barrier for a number of market mechanisms, like the mobility of labor, the establishment of new enterprises, or the essential dynamics of *honest* competition. As for the supporters of the Liège school, they were appreciably concerned with the evaluation of the newly established corporative regimes. Leaving aside the strictly political aspects of those regimes, the excessive presence of the state in the economic sphere and the concomitant waning of intermediate institutions were perceived by many Catholics as being quite incompatible with their own corporative ideals (Jarlot 1938). Although Catholic economists did their best to keep their distances regarding the existing corporative regimes, their existence and visibility was stronger than their clarifying efforts. The establishment of these authoritarian regimes—that had allegedly embraced the corporative ideals—did in fact interfere with the public perception of the Catholic doctrines and proposals and several Catholic economists were well aware of this fact.

IV. DISMAY, TRANSFORMATION, AND SURVIVAL: CATHOLIC ECONOMIC THOUGHT IN THE POSTWAR ERA

The close association developed in the 1930s between Catholic economic and social thought and corporatism would prove to be very uncomfortable after World War II and the collapse of the corporatist attempts, especially in Italy. Hence, after the 1950s, Catholic economic and social thought would pursue very different alleys from the ones taken in previous decades. Many of the changes would be fostered by the transformations that the Catholic Church underwent, particularly epitomized by the Second Vatican Council (1962–65), marked by a noticeable change concerning the role of the laity and the dialogue between different churches. Moreover, Catholic theology would

also change significantly in the following decades, namely with the downplaying of Thomism, the theological and philosophical basis of the earlier social doctrine of the church. The subsequent encyclicals would inaugurate a new methodological approach in ethical theology, giving a more important role to the Scriptures and lessening to some extent the previous role of natural law methodology. Moreover, with the beginning of Cold War, the church also ceased the previous search for its own third way and socialism and communism would be at the forefront of the church's criticisms. Thus, in the second half of the twentieth century, Catholic economic thought was deeply transformed and a new chapter started that would steer them clearly away from the attempts analyzed in this text to develop an autonomous school of economic thought.

A. Postwar Traumas

After World War II, there is a clear evolution in the treatises of social doctrine of the church (see Galindo 1996). Already in 1939, Bernard Dempsey prepared and edited an English edition of Oswald Von Nell-Breuning work on the Encyclical *Quadragesimo Anno—Reorganization of Social Economy: The Social Encyclical Developed and Explained*; where he noted that Pius XI was regarded as having been the victim of visionary ideals. The problems of legitimacy and interpretation were also present in Dauphin-Meunier's 1950 book *La Doctrine économique de l'Église*. According to him the Catholic Church had an economic doctrine, expressed to start with through the pontiffs' texts and commented and made explicit by multiple Catholic organizations under the patronage of the church's hierarchy. By contrast, the contributions of individual authors should not be regarded as expressing the Catholic Church's economic doctrine, regardless of the fact of having received the imprimatur. According to Dauphin-Meunier, the fact that the Church did have in fact an economic doctrine was not synonymous to any claim that the church had its own economic theory—one that would be conveyed either by the authorized documents, or by the writings of some Catholic economist or theologian. As a consequence, the church did not have an economic system, even if it was supposed to provide guidance and general advice that had then to be adapted and translated to each specific situation.

Another step in this gradual repositioning of the church's involvement both with the economic dimension and with a specific social and economic system is to be found in the book by Jean-Yves Calvez and J. Perrin *Église et société économique: L'Enseignement social des Papes de Léon XIII à Pie XII* (1959). The teachings of the church were clearly separated from the ideas of system or economic doctrine, since they considered that the social teachings of the church should not be placed on the same level as systems such as liberalism, socialism, or communism. According to them, the Catholic Church did not envisage the provision of an economic theory, but rather a religious guidance about essential aspects of human existence engaged in economic activities. Moreover, the social project of the church is meticulously detached from the label of 'corporatism'.¹⁸

The distances toward corporatism and authoritarian attempts are also visible in Pope John XXIII's comments about a sound economic order. Accordingly, on his encyclical

Mater and Magistra (1961), he considered that “in the economic order first place must be given to the personal initiative of private citizens working either as individuals or in association with each other in various ways for the furtherance of common interests” (MM, 51). However, and for reasons that he considers to be similar to his predecessors, he believes that “the civil power must also have a hand in the economy” (MM, 52), though this should be balanced by the principle of subsidiarity that had been laid down by Pius XI in *Quadragesimo Anno* (1931). As regards method, the approach should regard economic issues as a part of the inextricable net of social realities that require a holistic approach by the Catholic Church. This would become clearer in the constitutional texts of the Second Vatican Council, called by John XXIII, though his death during the council would place another Pope, Paul VI, at the center of the discussion.

B. The Church Opens to Modernity

In the turn to the 1960s, the Catholic Church underwent profound institutional and theological changes. With the Second Vatican Council (1962–65), Thomism, the theological and philosophical basis of the earlier social and economic doctrine of the church, lost its unique status (see Aidan Nichols 2002: 139–43). Vatican II also marked a change in the role of the laity and opened the dialogue between different churches. As regards economic issues and problems, the Catholic Church highlighted a change in its approach by making it clear that its social, political, and economic concerns and teachings were not aimed at developing a specific economic model. Rather, they were an expression of the normal church concerns about the condition of humankind (see the Council’s Constitution *Gaudium et Spes*, 1965). Although the Catholic Church considered that it was its responsibility to address the economic and social problems faced by believers and nonbelievers, the transposition of Christian principles would not lead to a single solution or to a specific model. The ecumenical tone of the Council became also visible in this respect, and the church wanted to emphasize, in view of the variety of situations faced by Catholics, that it could only provide some general guidance.

Henceforth, this approach will become a hallmark of Catholic social doctrine, notably in the documents issued by Pope Paul VI and later by John Paul II. In Paul VI’s apostolic letter *Octogesima Adveniēsis* (1971), that aimed at celebrating the eightieth anniversary of *Rerum Novarum*, he made very clear that it was difficult to provide “a unified message and to put forward a solution which has universal validity. Such is not our ambition, nor is it our mission” (OA, 3). According to Paul VI, it was up to the Christian communities to analyze their own situation and to find the adequate responses through reflecting on the words of the Gospel and the social teaching of the Church, finding the options which are called for in order to bring about the social, political, and economic changes seen in many cases to be urgently needed (OA, 3–5).

The text is quite representative of the changing times, both at theological and socio-economic levels. At the theological level, it is quite interesting that the Pope is saying that it is up to each community, guided by their local spiritual leaders, to reflect upon

the Catholic principles in order to find the best responses for the economic and social problems they face. This has certainly a lot to do with the changes within the Catholic Church during the 1960s, and especially after the Council, which attempted to devolve significant responsibility to local communities and lay Catholics. On the other hand, the Catholic Church also wants to acknowledge its universal presence and to portray itself as a world community and not merely as a European church. The end of colonialism in most regions of the world called for a different approach.

With Paul VI and John Paul II, the social question was now viewed as universal and as affecting the world. This would be noticeable through a series of issues with universal relevance, even if referring to parts of society, such as: the burden of poverty that affects many individuals, the abyss between North and South, the recognition of other forms of poverty (illiteracy, unemployment, underemployment), and the various means of exploitation and oppression. These universal concerns would have an important impact on the Catholic Church's approach to economic problems in the second half of the twentieth century, namely by focusing it on the analysis of themes like development and North-South relationships, international aid, and cooperation.

The changes highlighted by Paul VI, especially through his doctrinal texts, were particularly interesting at the economic level. Paul VI did not want to commit the Catholic Church to a specific model. This was very relevant not only in view of previous dangerous allegiances but also because in the Cold War period ideological disputes were very strong and permeated as well the life of the Catholic Church (OA, 42). It was also particularly interesting that Paul VI emphasized that the social doctrine of the Catholic Church was also a product of contexts and of historical evolution. Although there were some fundamental perennial principles nurturing Catholics' thought and practice, the responses had to be adapted to each specific geographical and historical situation.

This contextualization of economic options would also enhance another important element of Paul VI's approach to economic issues, namely, that of the subjugation of economics to the political sphere. Most of the previous Popes addressed the political causes of economic and social problems, but Paul VI was very clear in indicating that the approach to the latter had to be redirected to the political sphere. This was even more significant, since it follows the hints from those authors mentioned in the previous section indicating that the Church was less interested in developing a competing type of economics. The Catholic Church was now trying to bring economics back into the political realm and then see how it could mold the choices made therein. This move away from economics per se did not imply that the original social question would be completely forgotten during the postwar decades, but these would be approached in a different way.¹⁹

Catholic social doctrine received a significant stimulus in recent decades with John Paul II. He used the ninetieth and hundredth anniversaries of *Rerum Novarum* to express views on the economic realm. In *Laborem exercens* (1981), he focused on the role of work as a central feature of all human activity and therefore of all economic activity. He considered that contemporary developments in technological, economic, and political conditions had reinforced the pastoral care that the church should associate with

all issues related to work, such as unemployment and lifelong learning. He criticized what he considered the error of considering human labor solely according to its economic purpose and underlined the principle of priority of human labor over capital, which should not be attained through class or social warfare but by peaceful struggle for social justice. Likewise, in *Centesimus Annus* (1991), he focused on the harshness of the modern conditions of the working class and pointed out how erroneous the collectivist and totalitarian solution was. Thus, he insisted on the idea of redistribution of wealth in order to fulfill “the universal destination of material goods.”

Like several of his immediate predecessors, John Paul II also devoted special attention to economic and social development, with particular attention being paid to issues such as international division of labor, international debt, and poverty. In the encyclical *Sollicitudo Rei Socialis* (1987), he criticized both “liberal capitalism” and “Marxism collectivism” and proposed a view of “authentic human development” which was not only economic but also social and spiritual. Thus, underdevelopment had not only social and economic causes but also moral ones, not the least being the lack of international solidarity that denied human interdependence beyond national or political borders. His position vis-à-vis social warfare and any possible analytical or political convergence with Marxism is vividly illustrated by the reaction of the church’s hierarchy to Liberation Theology, whose main proponents were either silenced or led to abandon the Catholic Church because of the restrictions imposed on them regarding teaching, preaching, and writing.

The development of the social doctrine of the church would hinder former attempts to build a third way. This had important implications for the dialogue between economics and theology, which had been so significant in the hundred years before World War II. This dialogue lost visibility in theological debates.²⁰ In the late 1950s, some Catholic writers on social doctrine (Dauphin-Meunier, Jean-Yves Calvez) began to make clear that the church had neither competence nor wish to compete with economics, but just to present its own social doctrine. To these authors, the church was not to offer “an economic theory” but a “philosophical and religious clarification of the fundamental aspects of human existence within economic relationships” (Calvez and Perrin 1958: 11).

V. CONCLUDING REMARKS—BACK TO THE BASICS: SOCIAL DOCTRINE AS A DISCIPLINED SUBJECT-MATTER

Catholic economic thought would endure in the second half of the twentieth century, but its goals changed significantly. The attempts to undermine the foundations of liberal market economics and, if possible, to develop an alternative economic system would give way to a social doctrine that essentially performs an ethical critique of existing systems. Contemporary treatises of social doctrine would become the modern counterparts of earlier treatises on social economics, though the former would reduce the

space allotted to economic themes, and give a reduced visibility to economic analysis and content, increasingly replacing it by a meta-analysis of economic theories and models.²¹ Thus, modern Catholic economic and social thought would carry on under a very different identity than the one that prevailed in the decades before World War II in what was called the golden period of Catholic economic thought. It potentially retained, or even increased, its moral and social resonance, though it clearly lost relevance within the realm of economic thought.

Notwithstanding this change of focus, the modern effort to systematize the teachings of the encyclicals has led in some cases to the identification of six basic principles: universal access, the primacy of labor, subsidiarity, socialization, solidarity, and stewardship (Barrera 2001). By means of these principles, the criticisms addressed to economics continue to stress its defective philosophical base and go on emphasizing the collective risks that are incurred by a society unwilling to restrain excessively individualist, materialist, and utilitarian behavior. The claims of contemporary Catholic economic thought therefore continue to emphasize the need for justice and equity, something that can be achieved only through the establishment of corrective measures to the workings of the market in order to prevent its deleterious action on the social fabric. The basic appeal therefore remains, that economics should not refuse the normative approach provided by the Catholic view of mankind.

CHURCH DOCUMENTS

Pius IX (1876) *Syllabus*

Leo XIII (1879) *Aeternis Patris*, http://www.vatican.va/holy_father/

(1878) *Inscrutabili Dei Consilio, on the Evils of Society*, http://www.vatican.va/holy_father/

(1878) *Quod Apostolici Muneris, on Socialism*, http://www.vatican.va/holy_father/

(1885) *Immortale Dei, on the Christian Constitution of States*, http://www.vatican.va/holy_father/

(1888) *Libertas, on the Nature of Human Liberty*, http://www.vatican.va/holy_father/

(1890) *Sapientiae Christianae, on Christians as Citizens*, http://www.vatican.va/holy_father/

(1891) *Rerum Novarum, on Capital and Labor*, http://www.vatican.va/holy_father/

Pius XI (1931) *Quadragesimo Anno, on Reconstruction of the Social Order*, http://www.vatican.va/holy_father/

(1937) *Divini Redemptoris, on Atheistic Communism*, http://www.vatican.va/holy_father/

John XXIII (1961) *Mater et Magistra, on Christianity and social progress*, http://www.vatican.va/holy_father/

- (1963) *Pacem in Terris, on establishing universal peace in truth, justice, charity and liberty*, http://www.vatican.va/holy_father/
- Paul VI (1967) *Populorum Progressio, on the development of Peoples*, http://www.vatican.va/holy_father/
- John Paul II (1981) *Laborem Exercens*, http://www.vatican.va/holy_father/
- (1987) *Sollicitudo Rei Socialis*, http://www.vatican.va/holy_father/
- (1991) *Centesimus Annus*, http://www.vatican.va/holy_father/

NOTES

1. Catholic economic thought should be distinguished from the social doctrine of the Catholic Church. Since 1891, the most relevant religious principles for the appraisal of social questions from a theological perspective have been gathered in the social doctrine of the church, which is essentially based in the so-called social encyclicals that are official documents written by several popes, often based on documents prepared by other high-ranking church officials.
2. This revival of Aquinas is sometimes labeled as the “third scholasticism” (see Nichols 2002: 136–39). On the details of this process, see de Rosa (2004) and Dante (1990).
3. Indeed, an idyllic vision of the Middle Ages—as the golden age of Christian social appeasement—was always present in the thought of early nineteenth-century Catholics. As a consequence, the corporative arrangement was also present to some extent, be it as an old Christian way to offer some protection to the laborers or to avoid conflict and dissension between capital and labor.
4. Louvain was the first Catholic University to be restored, followed by the establishment of the University of Notre-Dame (Indiana) in 1842 and the University of Laval (Quebec) in 1852. In France, the restoration took place only after 1875.
5. This is also the period where the church made its first statements regarding the proper Catholic orientation in the face of both socialism and liberalism (Pius IX *Syllabus* in 1876). And this is also the period when the importance of Aquinas was formally reinstated by Leo XIII (*Aeterni Patris*, 1879).
6. The influence of Pierre-Guillaume-Frédéric Le Play (1806–1882) on the definition of the concept of patronage is also acknowledged by Jannet. Although in a less evident manner than several other authors, Le Play may also be considered as belonging to the universe of nineteenth-century Catholic economists (see Gueslin 1998: 93–96).
7. For a list of the various labels that were used to name the supporters of the main trends of Catholic social and economic thought, see Garriguet (1909).
8. For an overall perspective on the *Civiltà Cattolica*, see Dante (1990); for an analysis of the economic ideas conveyed by this journal, see Bianchini (1996). The success of this review was indisputable, namely because ten years after its launching it already managed to sell more than ten thousand copies per number, in Italy and abroad.
9. This school has also other labels—*authority school*, *social Christians*, *feudal conservatives*, *Christian social party*, and *Christian democrats*. On account of the same reasons that were mentioned in the note above, it is better to adopt the designation Liège School. A thorough study of the ideas upheld by the Fribourg Union may be found in Paulhus (1983).

10. These guidelines were always subject to national adaptations, for the church was always willing to take into consideration the peculiarities of time and place whenever principles were put into practice (see Brooks 1896 and Mayeur 1997).
11. On the process of inception of this encyclical, see De Gaspieri (1931), Misner (1991), and de Rosa (2004).
12. For an excellent example of the agenda set off in *Rerum Novarum*, see the 1896 *Course on Social Economics* by Father Antoine, S.J., which started with an analysis of the proper views about the foundations of society and its natural purpose, to the inescapable problem of power and the origins of the state and its functions, to the general aspects of social organization, to the links between justice and charity, and finally to the important role to be performed by the church. Then, in a second section, the ongoing controversies about the character and the way out of the *social question* were discussed by means of an appraisal of the principles endorsed by three different schools—the liberal, the socialist, and the Catholic one.
13. This type of organization was replicated in Italy, Spain, Portugal, and several other Catholic countries. In 1890, the Italian *Unione Cattolica per gli studi sociali* had already expressed the goal of establishing a school and a journal for the study of social questions. The first number of the *Rivista internazionale de scienze sociali* was eventually published in 1893. Among the authors that participated in this project mention must be made of the economist Giuseppe Toniolo (see Parisi 1996: 497–500).
14. A fine example of the intended overall orientation that was to be followed in these meetings may be found in the work of Eugène Duthoit (1869–1944), dean of the Catholic Law Faculty of Lille and the president of the *Semaines Sociales de France* between 1919 and 1944. Although Duthoit was perfectly aware of the fact that any appeal to state intervention was likely to engender opposition by liberals and also by some Catholics, he firmly believed that the close link between liberal political economy and the existing economic order could—and should—in fact be replaced by another duo, now matching a Catholic political economy with a Catholic economic order.
15. It should be stressed that a certain fascination for medieval corporations was almost always present in the analysis of the several Catholic economists. We must also bear in mind that the likelihood of corporatism as a possible third way was not dismissed even by non-Catholic economists (see Almodovar and Cardoso 2005).
16. Valère Fallon had a Ph.D. in political and social sciences and was a professor at the Faculty of Philosophy at Eegenhoven-Louvain. He also acted as secretary to the *Société d'Études Morales, Sociales et Juridiques* established at Leuven.
17. He also had a Ph.D. in political and social sciences, and he taught political economy at the *Institut Supérieur de Commerce St-Ignace* in Antwerp.
18. Forty years later, now writing in a less sensitive environment, Jean-Yves Calvez was finally more at ease to recognize that in 1931, with *Quadragesimo Anno*, and infused in the ambience of crisis of capitalism and the disorder fueled by the communist threat, the Catholic Church has apparently tried to propose a kind of third way, characterized at that time as corporatism, but it has clearly failed in that attempt (1999).
19. In the encyclical *Mater et Magistra* (1961), John XXIII would be very clear by stating that wages should not be left to market forces alone, for they should be determined by the laws of justice and equity. This text would be the first to address, and largely support, the so-called welfare state and its associated system of social insurance and social security, on the grounds of its contribution to the desirable redistribution of wealth. These ideas would be reiterated by Paul VI during the 1960s.

20. This fact is likely to have been caused by several different reasons, ranging from the methodological renewal of theology and a new emergence of ecclesiological concerns with the inner life of the church to the growing professionalization of Economics, which made it ever more difficult to acquire the desirable proficiency in both fields (see Wilson 1997).
21. For instance, it can be noted that in the recent compendium of social doctrine elaborated by the Pontifical Council for Justice and Peace (2004) the issues of economic life represent one chapter among twelve.

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CHAPTER 8

ECONOMICS AND THEOLOGY AFTER THE SEPARATION

ROSS B. EMMETT

ONCE economics came to be understood as the scientific investigation of the operation of markets, economic theorists pushed ethical and metaphysical concerns that are important to other types of economic investigations—like the study of commercial society or even public policy advice—outside their realm of study. Even if Adam Smith's inquiry ([1776] 1976) was an effort to provide a jurisprudential science for the legislator (Haakonssen 1981; Rasmussen 2008), his interweaving of historical, moral, political, and sociological themes with economics clearly indicates that his work comes before the separation (see Oslington 2011). And the role that Alfred Marshall's (1890) exposition of market operations plays in his famous text, despite its forays into history and policy advice, clearly place him after the separation. Whether one dates the separation early in the nineteenth century (Waterman 2001), close to the century's end (Oslington 2003), or even, for American economics, at the end of World War I (Bateman 2008; Ross 1991), much of the history of "economic analysis"—Joseph Schumpeter's (1954) term for the set of methods and analytical tools used by those in the scientific community of economists—certainly falls after its separation from theological inquiry.

After the separation, the claims of Christian theology (or any other moral or philosophical system, for that matter) had no more jurisdiction over the discipline of economics than they did over the disciplines of chemistry and physics. On one side, you had the empirical investigations of systems and processes, with their attendant scientific explanations; on the other, the interpretation of meaning and moral value, with their attendant theological (or non-theological, for that matter) explanations. For the past two hundred years, the scientific and the theological have, for the most part, been understood to be separable realms; non-overlapping magisteria (NOMA) borrowing Roman Catholicism's term for the teaching authority of the church (Gould 1997, 1999).

There are bound to be detractors of any separation of two fields of intellectual inquiry formerly related, especially when one has had the overarching authority that theology had in those parts of the world dominated by Christianity prior to the separation. Indeed, resistance to separating economics from other forms of inquiry is not unique to Christian theology. Concerns about the severely limited scope of the economists' conception of "economic man," the abstract nature of the discipline's theoretical analysis, and the tendency among economists toward the "Ricardian vice" (Schumpeter 1954: 448) of drawing real world policy conclusions too quickly from a simplified analytical framework have often been voiced by ethicists of various stripes (for surveys, see Hausman and McPherson 2006; White and van Staveren 2010), as well as those who would wish for an economics more closely aligned with the natural sciences or with different psychological assumptions. We will see that, in their search for alternatives to standard economic analysis, some theologians have turned to these alternative economic frameworks; alliances that actually confirm the separation between scientific analysis and theology while rejecting the usefulness of the "teaching authority" of the economics discipline.

The separation of economics and theology is often assumed to be part of the story of "a growing tendency in mankind to do without religion" (Chadwick 1975: 17); that is, the secularization of Western thought. And yet, as we will see, economics and theology have often intersected since the separation (Brennan and Waterman 1994; Frey 2009). In some cases, these intersections have been directly connected to developments in economic analysis; in others, it has strengthened the different modes by which the two fields understand their contributions to human flourishing. We will conclude with a restatement of the apparent modes of contribution, and a reconsideration of the connection between the separation and secularization.

I. RICHARD WHATELY: THE INITIAL CASE FOR SEPARATING ECONOMICS AND THEOLOGY

One could say that the NOMA principle was first expressed by Richard Whately, the Anglican divine and classical political economist, in the opening lecture he gave during his short tenure as Professor of Political Economy at Oxford University. In 1829, Whately left his post as principal of St. Alban Hall (now part of Merton College) to succeed his former student, Nassau William Senior, in the professorship. He only remained in the position briefly, because in 1831 he was appointed Church of Ireland Archbishop of Dublin.

Whately accepted the position at Oxford for the express purpose of combating "the prevailing prejudices," which represented the "conclusions of Political-Economy" as hostile to Christianity (Whately 1847: viii–ix). The hostility was not that old: as A. M.

C. Waterman (1991) has shown, it sprang from the public reaction in the first decade of the nineteenth century to the classical economists' use of Thomas Robert Malthus's population principle. The resulting conversion of political economy from a study of commercial society into a scientific analysis of scarcity, with its attendant skepticism regarding the prospects for the alleviation of poverty and misery, created an animosity well-captured by Arnold Toynbee ([1884] 1902: 1) in his memorable characterization of the "bitter argument between economists and human beings." Whately's purpose, however, was not to reunite economics with the English moralists' "high" view of human beings. Rather, in the set of lectures on economics that he gave at Oxford, he sought to demarcate a distinct boundary between the scientific study of market exchange (catalactics, as Whately tried to name it) and theologically based moral inquiry (Waterman 1991: 204–15; 2001). The "science of exchanges" could be no more hostile to religion and virtue, he argued, than Copernican astronomy was (Whately 1847: 25–26).

Whately's demarcation was designed with a twofold purpose (Waterman 1994). On the one hand, he sought to protect economic inquiry from becoming too closely affiliated with utilitarianism and a radical program of social reform. Political economy, he argued, held out the prospect of principles of economic organization useful across the spectrum of moral theory. On the other hand, he affirmed the necessity of a natural law conception of virtue, consistent with a range of Christian moral theories. Thus, both sides of Whately's defense of the NOMA demarcation are important to him.

The methodological import of Whately's argument has been reinforced upon several occasions since the 1830s. Two bear special mention because they remain among those modern economists employ when discussing the relevance of ethics to economic theory. The first occurred at the close of the nineteenth century, as economic theorists separated work in value and capital theory from historical investigations and policy applications. The methodological boundary between the "science" and the "art" of economics, first articulated in the context of neoclassical theory by John Neville Keynes (1891), sharpened Whately's demarcation and defended it against new intrusions, especially the concerns of other emerging social sciences. The second occurred in the middle of the twentieth century, when Milton Friedman (1953) penned his methodological essay. Venturing the judgment that "differences about economic policy among disinterested citizens derive predominantly from different predictions about the economic consequences of taking action . . . rather than from fundamental differences in basic values," Friedman (1953: 5) argued that social progress would result more from the progress of the "positive" science of economics than from normative debate. He went on to suggest that what the positive science of economic theory provides the normative art of policy-making was a toolkit of scientific theories, and that, as certain theories regularly proved to work well, they would become the tools to which policy-makers would first turn.

Whately himself provides us with an example of Friedman's toolkit argument. Having argued that Christians could usefully combine Christian moral theology and political economy in approaching issues of public policy, Whately put the tools he had learned from classical political economy into practice shortly after giving his lecture. He wrote

to the Anti-Slavery Society shortly after moving to Dublin, suggesting a means for the gradual elimination of slavery. Convinced that slavery was a sin, and that the English should bear the consequences for their part in its promotion, he applied his scientific understanding of market exchanges to the emancipation of slaves in the British West Indies. Whately argued that a property tax on slaves (paid by slave owners) in the British colonies be substituted for a portion of the excise taxes on British imports of West Indian produce. The value of the slaves for tax purposes would be self-reported by owners, which sounds like a bad idea for both slaves and the British revenue service, until you get to Whately's last piece of the argument. The reported value of a slave for tax purposes would simultaneously serve as an official binding offer to sell the slave. Such schemes are common today in the public finance literature on self-assessed property taxation. The result is a self-assessment that is much closer to the fair market value of the property. In the West Indies slave case, it meant that the more valuable the slave, the more willing the slave owner would be to get the slave off his tax rolls in order to reduce his tax burden. The most productive slaves, who were, Whately presumed, those best prepared for an independent existence because they could command higher wages in a regular labor market, might well be offered a loan by their owners to purchase their freedom, in exchange for regular work at a market wage. In keeping with the moral argument that the British public should bear responsibility for the existence of a sinful system in the first place, Whately argued that the decrease in the revenue of the English government resulting from the implementation of his suggestion would be just recompense for their role in the creation of the slave system (Levy and Peart 2008: 45–48).

Before we move beyond Whately, we should note that, as a churchman, his rationalistic theological position was under fire from two quite different directions. On one side were the Low Church Anglican evangelicals who theologically were more closely aligned with Puritanism and Calvinism. On the other stood the High Church Tractarian movement, some of whom moved closer to Catholicism in the mid-nineteenth century. Among the evangelicals, the work of Thomas Chalmers, a leader of the Free Church of Scotland, was well-known. Chalmers is also interesting for our purposes because he combined his youthful interest in mathematics with his moral concerns about the spiritual and material state of the poor in his studies of political economy (among others, see Chalmers 1832). Following Malthus in his specification of a population principle that solidified the wage adjustment mechanism, Chalmers developed an analytical model that combined the *economic individualism* of the classical economists with a theologically based *moral paternalism* (Hilton 1985, 1988; Waterman 1991: 217–52). The introduction of a moral assumption—that the inculcation of Christian morality was essential to the practice of moral restraint—in the midst of Malthus's scientific model created a framework for an economic policy that placed more emphasis on Christian education among the poor than on the benefits of trade or technical progress, and included an *economic argument* for the establishment of a national church (Chalmers 1838). While his economic theory and policy pronouncements were criticized by J. R. McCulloch and other Ricardians, as well as by Marx, Chalmers was one of the most widely read churchman of his time.

Chalmers combined economics and evangelical theology in a manner that can be seen as compatible with Whately's demarcation. John Henry Newman, the leader of the Oxford Movement and eventually the voice of Catholicism in nineteenth-century England, rejected Whately's separation. However, he is worth mentioning here because the manner in which he did so is instructive for our later consideration of twentieth-century Catholic economic thought. Much of nineteenth-century Catholic philosophy still resisted the independence of scientific activity from the Church's magisterium. While that resistance has changed somewhat in the twentieth century, the NOMA principle was rejected on the grounds that it violated the theological principle that all truth was God's truth, and hence, that there could be only one teaching authority (see the chapters in this volume by Faccarello, Almodovar and Teixeira, and Yuengert for more on the history of Roman Catholic economic thought). Newman, whom Whately had befriended at Oxford until their relationship deteriorated as the younger Newman came to be critical of his mentor's rationalism, addressed the teaching authority of the church differently. In his famous *Idea of a University*, Newman ([1858] 1907) argued that in each science, knowledge advanced at its own pace because each science looked at only a small part of the whole. Teaching, however, required a larger perspective; a perspective shaped by the appreciation for the unity of all knowledge given in the timeless truths of Christian theology. It was appropriate, Newman argued, for the church to endow a university in which the partial truths of scientific pursuit would be taught in a context which could give them their proper meaning. And how did one know what their meaning was? Even before converting to Catholicism, and partly as a response to the rationalism that he saw in the position of Whately and other rationalistic theologians, Newman had begun to argue that religious belief was not a rational assessment of knowledge, but rather an act of devotion. By the end of his life, he would say that devotion to the Catholic faith enabled one to understand how all truth resided in Christ (Newman 1870).

II. PHILIP WICKSTEED: PROPHET AND THEORIST OF VALUE

Like Whately and Chalmers, Wicksteed was a churchman who also engaged economics. But unlike the others, Wicksteed was a Unitarian, and hence, for much of his career ineligible for appointment at the universities. During the first four decades of his life, Wicksteed was primarily engaged in scholarly pursuits in theology, classics, and literature. His writings on religion and philosophy, as well as his sermons on Dante (Wicksteed 1879) were well-known to the British public before he opened the second edition of Henry George's *Progress and Poverty* (George 1879).

Wicksteed came to George from his growing interest in the debate over what Great Britain should do about the distribution of income. Like many British intellectuals of the mid-nineteenth century, Wicksteed was deeply concerned about the effects of

industrial capitalism and sympathized with the radical reforms of George and socialists from Marx to Sidney and Beatrice Webb. However, Wicksteed was fundamentally dissatisfied with socialist economics. Reading George took him to William Stanley Jevons's *Theory of Political Economy* (1879), which became his introduction to what we now call neoclassical economics. Thus, despite his participation in the Georgist Land Reform movement of the 1880s and the socialist Labour Church of the 1890s, he was an economist of a near-Austrian stripe.

Shortly after his initial reading of Jevons, Wicksteed formulated a criticism of Marx's labor theory of value that silenced his overeager debating opponent George Bernard Shaw: if, as Marx claims, labor is not to count unless it be useful, then utility is the final source of value, not labor (Wicksteed 1884; see Herford 1931: 201–4). While the reply was trite, it focused Wicksteed's attention on value theory and the way in which economics used "utility." Wicksteed is best known for contributing to economic value theory through a formulation which advanced the unified explanation of the returns to the productive factors (Wicksteed 1894). But he also sought to clarify the concept of utility; in particular, to separate it from its association with Jeremy Bentham and utilitarianism. Rather than grounding utility in the egoistic evaluation of the pleasure and pain produced by particular experiences, Wicksteed argued that utility involved subjective comparisons at the margin of the benefits to one's plans likely to be derived from alternative experiences one might potentially engage in (Wicksteed 1910). In this definition, he broke with utilitarianism in two ways. First, he based utility on subjective comparison rather than objective sensations. Secondly, he focused utility on the perceived benefits to one's plans, rather than the egoistic evaluation of the benefits to oneself. Both sides of this reformulation of utility are present in one of his more famous concepts—non-tuism. In an exchange between the two of us, Wicksteed argued, it is merely necessary that I not include in my consideration your evaluation of the benefits to be derived from the exchange. That is, in an *economic* exchange, my purpose should not be your purpose. Each of us comes to the exchange with plans we wish to pursue. It matters not whose welfare we are seeking to benefit by our plans, as long as the plan I bring to the exchange is not a plan to benefit your plans. Borrowing the Latin second person singular pronoun, he called this conception of value in exchange, non-tuism (Wicksteed 1910; see Kirzner 1976).

Like Whately before him, Wicksteed's contributions to economics provided a means of separating economic analysis as a scientific investigation from any particular moral philosophy. Unlike Whately, he used his analysis for quite different purposes. Rather than affirming the classical conception of political economy, Wicksteed argued that a new political economy was necessary, one which not only rejected utilitarianism but also expunged classical theories of value and distribution. And in the public use of his new political economy, he formed one of the first English uses of subjective value theory as the basis for socialist policy formation, defending state action to reduce poverty, albeit not state intervention in market processes. Combining his theological belief that inequality and poverty were denials of God's plan for humanity with a theory of economic value that showed how, if market processes were allowed to work, value would

be distributed in a manner consistent with subjective evaluations of the contributions of resources to people's plans, Wicksteed could come to announce that Jesus "the supreme prophet is the supreme economist as well" (Steedman 1994: 91).

III. RICHARD T. ELY AND THE FOUNDING OF THE AMERICAN ECONOMIC ASSOCIATION

The secularization argument has often linked the separation of theology and science with the specialization of the disciplines and their professionalization (e.g., Brooke 1991). It is perhaps an ironic aspect of the historical differences between American and British academia that the first national professional association of economists in the United States was formed as a rejection of the prevailing American orthodoxy in *both* economics and theology. The founders of the American Economic Association (hereinafter AEA), formed in 1885, explicitly identified the association with their efforts to break away from the American tradition of "clerical *laissez-faire*" (May 1949: 14, emphasis in original) that closely associated classical political economy with the American tradition of Protestant moral philosophy.

America's tradition of Protestant moral philosophy drew deeply on its Puritan past, which combined revelation and natural theology in the fulfillment of God's will on earth. Clerical *laissez-faire* combined this tradition with a mild version of utilitarianism—in a manner similar to that advocated by William Paley (Paley [1785] 2002, 1802)—which preserved the classical political economy of J. S. Mill even as British economists like Jevons and Wicksteed were moving away from it.

During the latter half of the nineteenth century, it was common for American colleges to include political economy as part of the moral philosophy course taught by the college's president (usually a Protestant minister) or leading philosopher. In such a context, less attention was paid to economic theory than to the role of markets in the general framework of a free society (Heyne 2008), although the use of Francis Wayland's *Elements* (1837) or Charles J. Bullock's more recent *Study* (1897) provided a general theoretical perspective supportive of the classical concern for *laissez-faire*. A *laissez-faire* policy framework was presented as consistent with America's Protestant heritage and individualistic outlook; these courses took America's existing social order as providential and designed for the general good. Effective markets, clerical *laissez-faire* argued, were part of the free society America was built to provide. Little if any change was needed. Clerical *laissez-faire* was not the only American tradition of reflection on economics and moral philosophy (for other traditions, see Davenport 2008; Frey 2009), but because it was the one most represented in America's leading colleges, it became the focus of criticism by those seeking a professional association of economists in the 1880s.

In a manner similar to the way advocates of clerical *laissez-faire* saw classical political economy to be implied by their Protestant theology, their critics saw a new economic approach to not only be consistent with, but indeed implied by, a new theology. While not all of the founders of the AEA were Social Gospelers, Richard Ely, who wrote its founding statement, and most of the Progressives in the Association were.

The Social Gospel argued that human sinfulness took root in social institutions and, hence, that the transformation of the institutions of a capitalist society into ones that fostered equality and cooperation would bring God's kingdom to earth. Ely believed that the empirical study of social conditions would inform a progressive policy agenda alleviating poverty and human misery. *Laissez-faire* condoned, Ely and others believed, the poverty and misery of the existing order. But change was coming: science told us that the world was always evolving and empirical studies of the economic order in America proved massive change was underway. A new political economy was needed that would provide scientific direction and control to ensure that change occurred in a way that would benefit all. Indeed, God's kingdom was designed for all, and solving the social question in America would simultaneously help to bring God's kingdom to earth. In the name of "evolution and relativity"—natural scientific themes that rang for Social Gospelers with theological import as well (Ely 1936: 144)—Ely's attack on "clerical *laissez-faire*" was based as much upon its economics as upon its moral theology (Everett 1946). A false science, a dismal view of the human prospect, and an antiquated social theology needed to be rejected on all scores. A new science of economics would enable people to see the promise of the Social Gospel (Leonard 2011). The AEA was to be the scientific wing of a spiritual transformation (Bateman and Kapstein 1999).

IV. FRANK H. KNIGHT AND REINHOLD NIEBUHR

The NOMA principle suggests that a rapprochement between theology and economics such as that suggested by Ely was unlikely to be sustained. Within a few years, the anti-*laissez-faire* founding statement of the AEA had been abandoned for one that simply stated that the professional society existed to encourage economic research and promote free discussion of its relevance to society. American institutionalism, which drew upon the non-theological themes of Ely's original statement, emerged in the aftermath of World War I, which dealt hard blows to progressive movements, including the Social Gospel (Rutherford 2011). During the interwar period, American economics was characterized, in a way that British economics was not, by a mixture of institutionalism and neoclassicism (Rutherford and Morgan 1998). At the forefront of those defending the scientific status of neoclassical theory was Frank H. Knight. Although raised in a conservative Disciplines of Christ church, Knight was sympathetic to the Progressive criticism of *laissez-faire*, although, like Wicksteed before him, he believed an understanding

of social change could only occur once one had a firm grasp of the core of neoclassical economic theory (Knight 1935). Such an understanding, Knight argued, would force one to realize that the imposition of Christian ethics to modern society would be destructive to social and economic progress (Knight [1939] 1999; Knight and Merriam 1945; Emmett 1994). But Knight was also ruminating on the state of a free society and had come to believe that classical liberalism had a fatal flaw that had opened the way for both socialist and fascist criticisms. The flaw was the underlying liberal belief that the combination of markets and democratic governance provided an efficient mechanism for individual pursuit of their freedom. Knight argued that liberalism had not only overestimated the efficiency of markets and democratic politics, but had not recognized the need for social acceptance of an ethics congruent with liberalism (Knight 1960).

In early 1933, Knight crossed paths in the pages of *The Christian Century* with one of the major theologians of the twentieth century—Reinhold Niebuhr. In the February 1st issue, economist Knight (1933) summarized his argument about liberalism in an article entitled “Can We Vote Ourselves Out of the Fix We Are In?” Observing the dysfunction of modern democratic society, Knight argued that the dilemmas of liberal democracy were not to be resolved by economics, or any social science for that matter, because the “decisive issues” lay in the realm of social psychology and religious sentiment. Behind his observation was a conception of the manifold nature of human individuals and the dilemmas of their social interaction that in many ways he shared with Niebuhr, whose response to an editor’s review of his book *Moral Man and Immoral Society* appeared six weeks later (Niebuhr 1933). While it was not surprising to find Niebuhr in the pages of a liberal Christian magazine in the 1930s—in fact he appeared regularly during 1933 defending himself against recurring attacks by the magazine’s editor, Charles Clayton Morrison—it was by the 1930s surprising for an academic economist to appear in the magazine.

Knight was no Ely: he thought that the Social Gospel’s application of the “love” doctrine would only wreck “evil” on society because of its unintended consequences, which could be predicted, at least in a general way, by paying attention to economic theory (Knight [1939] 1999). Yet, while he believed an appreciation of traditional price theory was a prerequisite for intelligent social action, Knight also believed that we needed an ethical theory that was independent of either economics or politics. Indeed, although his article in the *Christian Century* preceded the attack he launched later the same year on Austrian capital theory (Knight 1933), it did mark the beginning of his transition from an economist to an “economist-*qua*-social-philosopher.” The majority of his work after the mid-1930s was concerned with issues far from the mainstream of economic theory. Perhaps more important for our purposes here, Knight understood that his concerns as a social philosopher were different than those of the scientific community of economists, and he consciously sought to create a form of social inquiry that drew upon the separated disciplines of economics, politics, and ethics.

The other thing one notices immediately when reading an issue of *Christian Century* in the 1930s is that the knowledge of economics among churchmen has become quite distanced from what economists knew at the time. While the magazine often discusses

issues such as banking, trade, and labor, it does so in language that echoes the debates of the nineteenth century—most often caricaturing “economic man” in favor of a quasi-Marxist interpretation of economic life. Niebuhr is typical of the theologians of the time, although his moral theology was in the process of moving away from the Social Gospel toward a more orthodox position; indeed, his viewpoint by the 1940s is often described as “neo-orthodox.”

Before we move beyond Knight and Niebuhr, one other aspect of their stances in the 1930s will help our exploration of the relation of theology and economics after the separation. Niebuhr’s movement away from the Social Gospel led him to an approach to social theology that may best be characterized as a “prophetic stance” (Tinder 1989). Rather than promoting a particular form of society, Niebuhr’s neo-orthodoxy led him to a skeptical attitude toward all political ideals (see Niebuhr 1934). Yet the prophetic stance does not simply mean standing outside society and casting aspersions on its morality. The prophet is confident in the future; God entered human history for a purpose. For Niebuhr, the “Christian was called to a continuous renegotiation of the balance between taking the world as it is and transforming it in the cause of justice. . . . No political position was sacrosanct, above criticism. Likewise, none was to be dismissed without seeking the good that might be contained in it” (Fox 1987: 295–96).

At the same time, Knight was articulating a different stance for economists to adopt. While personally moving toward a philosophical stance, which sought a neutral position between the other two, Knight argued in the mid-1930s that the appropriate position for an economist in a liberal society was a scientific stance (see Knight 1935). The scientific stance would be one in which the economist limited his contributions to public debate to what could be said with the limits of what the scientific community of economists had decided through research and debate could be said about a problem. Not many would commit themselves to a truly scientific stance, because it would require them not to see it as their responsibility to make policy suggestions. George Stigler, one of Knight’s students, said it well in his Nobel lecture: “few if any theories lead unequivocally to one set of policy implications. So science and policy should be separated.” “The fascination of scientific work does not lie in the craftsman-like utilization of the tools of a science. . . . The great fascination of scientific endeavor . . . is precisely in the speculative pursuit of new ideas that will broaden the horizon of our understanding of the world” (Stigler 1983: 543). Just as Niebuhr’s prophetic stance led theologians away from the search for the society which perfectly reflected God’s will on earth, Knight’s scientific stance led economists away from the search for the perfect policy prescriptions.

One significant difference between the prophetic and the scientific stances is that, while the former is always a personal action, the latter subsumes the personal under the range of action allowed by the community. “Here I stand,” says the theologian *qua* prophet; “Here is where the limit of what economic knowledge at this point in time allows an economist to stand,” says the economist *qua* scientist. In many ways, the distance between these two stances represents what the separation of theology and economics brought us to in the twentieth century.

V. DIFFERENT STANCES, DIVERGENT PATHS?

The different stances of the theologian and the economist at the middle of the twentieth century suggest that the two pursuits have taken divergent paths that seldom brought them in touch with each other. From 1940 to 1980, only a handful of articles in the leading economics journals touched upon religion in any substantive way. Meanwhile, historians of the discipline often assumed that, when economics and theology had crossed paths since their separation, the theological reflections were either an intrusion into economics—and hence, at odds with the scientific development of the discipline—or could simply be grouped with other forms of ethical reflection.

When economics did return to religious themes in the latter quarter of the twentieth century, it focused on issues that are commonly not thought of as theological; for example, church attendance, the development of spiritual capital, church organization as a coordination problem, and the role of religious values in economic development (see other essays in this volume). In many of these studies, religious conduct by individuals or organizations is the dependent variable; in others religious belief is the independent variable. In all cases, however, the analytical framework is provided by economic theory (Iannaccone 1998; McCleary and Barro 2006; Witham 2010).

One cannot similarly argue that the history of theological reflection has been diffident toward the capitalistic world in which it has operated since the separation. Liberation theology, for example, made the institutions of capitalism central to its theological reflection (Gutiérrez 1973; King and Woodward 1982). However, while theologians have resisted the effort to limit theology to the personal and private, they have also rejected neoclassical economic theory as a useful science on the basis that its underlying assumption of self-interest rendered it unfit as a tool for investigating the basis of human community (e.g., Meeks 1989). Historians of Christian theology in the twentieth century also have seen no reason to relate economic theory to the development of theology (see, e.g., Macquarrie 1988; Kennedy 2010). Thus, while economic theory ignored theology, theology also came to ignore economic theory.

VI. THE SEPARATION OF ECONOMICS AND THEOLOGY, AND THE SECULARIZATION THESIS

John Maynard Keynes famously said of the 1860s that it would most likely be regarded “as the critical moment at which Christian dogma fell away from the serious philosophical world of England, or at any rate of Cambridge” (Keynes 1972: 168). As the quote

from Keynes illustrates, many conflated the loss of religious faith with the rise of philosophical perspectives that challenged Western society's acceptance of Christian belief (1860 was the year of the great Huxley-Wilberforce evolution debate, although perhaps it should be noted that the debate took place at Oxford, not Cambridge). Science and rationality were on the rise; irrational belief in religion would wither away. For historians of economics and theology, the separation of economics and theology was a natural part of the long-term secularization of Western society.

However, things are not that simple. Although the secularization argument has been made repeatedly since Whately's time (Cox 1965; Chadwick 1975), religion has not withered away (Stark 1999). Even among academics—indeed even among economists—religious belief has not disappeared, even as science has grown and expanded (Gross and Simmons 2009). A more nuanced analysis is needed to understand secularization and how the separation of economics and theology relate to it.

A useful distinction has recently been provided by philosopher Charles Taylor (2007). Taylor notes the confusion found in traditional definitions of secularization and then argues that secularization consists in the “move from a society where belief in God is unchallenged and indeed, unproblematic, to one in which it is understood to be one option among others, and frequently not the easiest to embrace” (Taylor 2007: 3). In Taylor's view, once religious belief become “one option among others,” reflection on religious belief and its consequences becomes independent of other intellectual endeavors, just as religious belief itself becomes separated from other types of beliefs. Once separated, a social science like economics gradually finds Christian beliefs and values less and less necessary to the internal intellectual dynamic of the science's development, and eventually religion and economics become separated.

Taylor's understanding of our secular age suggests, also, that theology itself has changed in a way that makes it just one form of intellectual inquiry rather than the foundational form of knowledge that it was before secularization. Those who still seek to make it foundational find themselves forced to counter not just the claims of economic theory, but our understanding of what the relationship among the disciplines is. At the same time, Taylor's approach also points out that those seeking to connect theology and economics will have to respect, in some fashion, the independent knowledge of each field. Here is where the various ways in which economists and theologians have found connections between their inquiries becomes interesting, and the historical cases provided here (and elsewhere in the book) suggest how manifold those possible connections are.

Finally, Taylor's understanding of secularization allows us to address Robert Nelson's recent argument that a consequence of the secularization of economics is the transference of ultimate beliefs from the realm of religion to the realm of economics. Economics, Nelson tells us, in some of its forms, is a modern religion. The “economic way of thinking,” he tells us, is “not only a source of technical understanding of economic events, but also for many . . . a source of ultimate understanding of the world” (Nelson 2001: xxv). We may certainly agree with Nelson that economics may come to function in a “secular age” (Taylor 2007) to provide society with something that religion previously provided.

One of the functions of social science is to explain the “ways of society” to those within it, although in a secular age we do so without reference to divine providence.

But, if Taylor is correct, secularism also means that no attempt to provide a unified conception of human knowledge under one rubric, whether it be religion or science, succeeds in our modern world. Even if some economists argue that economics tells us everything we need to know about the social organization of human conduct, this becomes simply one form of scientism (the belief that science explains everything we need to know about our reality). The separation of economics and theology implies that neither will be dependent on the other again.

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PART II

CONTEMPORARY
THEOLOGICAL ECONOMICS

CHAPTER 9

ROMAN CATHOLIC ECONOMICS

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THIS essay must begin with a strong disclaimer: the popes do not call for “Roman Catholic Economics,” if by this it is meant a fully integrated treatment of Roman Catholic theology and economics, a combined field. On the contrary, they repeatedly express respect for an autonomous economic science, whose insights they need for a fuller understanding of person and society (Pius XI 1931: 42; John Paul II 1991: 43.1). They do not want to build a new economic science on Catholic principles; instead they wish to engage the existing field of economics in a conversation about society. Moreover, the conversation is meant to be practical; the popes want more than understanding. Their primary goal is to create an interdisciplinary exchange capable of informing action to promote a more fully human society.

To this exchange Catholic Social Teaching contributes an account of the needs and purpose of the human person. Economics offers an understanding of the economic order. The exchange between economics and theology is difficult and fraught with misunderstanding, however; the exchange between Catholic Social Teaching and economics is no different. Nevertheless, there is a small but growing literature by Catholic scholars attempting to bring the principles of Catholic theology to bear on economics and to bring the insights of economics to bear on Catholic moral theology, but the result is not an integration of economics and theology. Instead, these efforts demonstrate the possibility of bringing economics and Catholic moral theology into a conversation about the economy, with a view to moral evaluation and social reform, without making economics a branch of theology. This open engagement is “Roman Catholic economics.”

In this essay, “Roman Catholic” refers to the set of Catholic dogmas concerning God’s action in the world through Jesus Christ and the implications of those dogmas for life in society. The official reflections on the social implications of Catholic doctrine are contained in the Papal social encyclical tradition, beginning with Leo XIII (1891) and continuing most recently with Benedict XVI (2009), and summarized in the *Catechism of the Catholic Church*. This body of reflection is usually called Catholic Social Teaching

(CST). “Economics” refers to both the theoretical and empirical inquiries of the discipline. This definition is admittedly broad; it defines what most researchers would call “mainstream economics,” although it includes new branches of the discipline which are critical of the existing rational choice paradigm.

This essay will attempt an answer to the question “What would it take for economics to put itself at the service of Roman Catholic teaching—to merit the title ‘Roman Catholic Economics?’” If Roman Catholic economics cannot be a combined, fully integrated field, still it must be something more than a mere juxtaposition of economics and CST. It must be an economics capable of informing CST, and a CST appropriately informed by economics. Economics, if it is to be useful to CST, must provide a foundation for a normative economics capable of incorporating the Catholic vision of the person: his dignity, his social nature, and his radical shortcomings. The traffic between CST and economics should not be unidirectional, however. CST, if it is to be open to the insights of economics, must make room in its analysis for unintended social order as a moral category, and for moral metrics capable of mapping the vast spaces between transcendent perfection and the inescapable imperfections of this world.

The final part of this essay briefly reviews recent work which takes both economics and CST seriously, and takes note of recent developments in secular economics which develop analytical tools with which economics can better serve CST.

I. THE “ROMAN CATHOLIC” PART: WHAT CST OFFERS

To begin to understand the Catholic perspective on economics, we must first ask how CST describes its own importance: its justification for its interest in the secular order and the nature of the insights it has to offer on temporal realities. CST offers a comprehensive view of the human person; this vision, combined with CST’s desire to promote human well-being and justice, invites economists into a space for practical interdisciplinary synthesis.

A. Moral Theology

According to John XXIII (1961: 2), “Christianity is the meeting place of heaven and earth. It lays claim to the whole man, body and soul, intellect and will.” A Catholic understanding of the heavenly kingdom does not separate the believer from this world; nor does it result in a lack of concern for justice and charity. John Paul II (1991: 25,5) asserts that the Gospel impels the believer to action in this world, by making the human condition clearer: “The Kingdom of God, being *in* the world without being *of* the world, throws light on the order of human society, while the power of grace penetrates the order and

gives it life. In this way the requirements of a society worthy of man are better perceived, deviations are corrected, the courage to work for good is reinforced.”

In light of the relationship of humanity to its creator and redeemer, the Church offers a comprehensive view of humanity’s purpose (Second Vatican Council 1965: 41). The Church doubts whether a full recognition of human dignity, and lasting safeguards for that dignity, can be gleaned from purely secular sources (Second Vatican Council 1965: 21). This full recognition of human dignity, combined with the Christian imperative to love one’s neighbor, produces a firm commitment to human flourishing in society. Lowery (2005) notes that Christians, being free *from* the temporal order (since it is not the ultimate end of humanity), are freed to work *for* the temporal order. In addition to charity practiced toward individuals, the Christian is impelled to work for justice and charity in the polis; this work Benedict XVI (2009: 7) calls “the institutional path . . . of charity, no less excellent and effective than the kind of charity which encounters the neighbor directly.”

The Catholic Church is not content to be “an expert in humanity” formulating general principles. “It is not enough merely to formulate a social doctrine. It must be translated into reality” (John XXIII 1961: 226). John Paul II (1991: 55) identifies CST as a “moral theology”—that is, theological reflection aimed at effective social action. CST does not claim to be able to apply its principles to action without help, however: effective action requires responsible people in different communities to “look, judge, act” (John XXIII 1961: 236). The principles of CST are offered as an aid to this threefold process, but it does not claim full competence at every step. The principles of CST do not exist in general; they only exist in the concrete particularities of history, place, politics, economics, and culture; these varying contexts imply different strategies of action. The refusal to take context into account—the mistaken confidence that there are universally valid solutions for every time and place, that the principles can apply themselves—gives rise to utopian dreams, which are a “convenient excuse for those who wish to escape from concrete tasks in order to take refuge in an imaginary world” (Paul VI 1971: 37). John Paul II (1991: 43.1) frames the church’s contribution to society in practical, concrete terms: “Models that are real and truly effective can only arise within the framework of different historical situations, through the efforts of all those who responsibly confront concrete problems in all their social, economic, political, and cultural aspects, as these interact with one another. For such a task the Church offers her social teaching as an indispensable and ideal orientation.”

B. Interdisciplinary Nexus

CST describes one of its tasks as the provision of an interdisciplinary nexus: it is crucial to understand the nature of this nexus to understand the challenge of placing economics at the service of CST. Scholars in the natural and human sciences are familiar with interdisciplinary work, difficult as it is, but the impetus for this work is the need to better explain certain phenomenon by combining the insights and methods of two different

fields. What guides this work—what determines how the cooperating disciplines interact and combine methods—is the phenomenon to be explained. There is no need for guidance in this theoretical interdisciplinary work from anything outside of the disciplines themselves.

The comprehensive vision of the human person offered by CST is not interdisciplinary in this way. The interdisciplinary nexus offered by CST is primarily *practical*, not *theoretical*. When interdisciplinary work is motivated by a practical goal—to *bring* order to the world by acting in it, not to *discern* the order *in* the world through combined scientific inquiry—its nature is quite different from what is considered interdisciplinary work in the academy. The need for interdisciplinary understanding, and the resulting value of theoretical interdisciplinary work to the practical project, is great, but more is needed for a practically oriented interdisciplinary project: a specification of the end to be accomplished through action, a description of what the “good order” to be achieved through action looks like. It is this normative vision of a good society, to be achieved through action that CST offers.

The terms used in describing the role of CST bespeak a practical, not a theoretical, project. It is to these projects that CST seeks to contribute an “indispensable and ideal orientation.” CST does not deny the important contributions of the human sciences: the various social sciences are crucial to the understanding of the social order, but the question of how society should be ordered for the good of persons must be informed by a vision of the purpose and end of human life (Paul VI 1971: 40).

To achieve a practical end in the chaotic, complex social order as it actually exists—to better “incarnate the one truth about man in different and constantly changing social, economic, and political contexts” (John Paul II 1991: 59.3), three things must happen:

1. There must be *reflection on the end* to be accomplished in society. This is the dreaded “values question,” avoided by economists, who think to find shelter from it in the techniques of their discipline. It cannot be avoided when the quality of the social order is evaluated: “For even if all agree to build a society at the service of men, it is still essential to know what sort of man is in question” (Paul VI 1971: 39).
2. There must be an *act of the will*. In other words, those involved in the evaluation of the social order must care enough about it to orient their disciplines to best inform the project. This commitment to practical projects may seem too obvious to mention, but disciplinary commitments may militate against it.
3. *The various human sciences must order themselves* to best inform the practical project. This does not mean that economists must abandon their positive projects or change their methods, but they must take steps to place their positive understanding at the service of the practical project.

The third action cannot take place without the first two items, and the social sciences (including economics) cannot by themselves accomplish either. CST respects the limited positive goals of economics, to explain and predict economic phenomena with

simple models, but notes that economics cannot orient itself toward practical social projects: “the conclusions of science cannot indicate by themselves the path towards integral human development” (Benedict XVI 2009: 30). When the social sciences attempt to direct themselves toward practical projects without exploring the limitations of their accounts of human nature and purpose, they usually adopt without reflection the simplistic anthropologies of their disciplines. These stripped-down anthropologies may be useful for positive analysis, but their positive usefulness does not guarantee their value for normative inquiry. Glendon (2007: 265) notes that the simplistic social science models of the human person, like *homo economicus*, “can serve as useful analytical tools, but wreak havoc when they escape the tool box.” Without a fuller understanding of the human person to guide them, the contributions of the sciences and the material prosperity achieved in modern economies easily turn “against man to oppress him” (John Paul II 1987: 28.1). The tendency of economics to employ its reductionist anthropology in practical inquiry has been observed since its formal beginning as a university discipline (Newman 1976).

The second item in the above list, the commitment of the will to the ends of the practical project, is often taken for granted, but Benedict XVI (2009: 9) suggests that it is not automatic, and that narrow disciplinary commitments may militate against the commitment to the common good necessary for effective practical synthesis, ordered around the full truth about the human person. In the face of widespread skepticism of the possibility of knowing what is humanly good, the disciplines have lost interest in promoting that good in any coherent, integrated way. By promoting the truth about the human person, CST provides an object for the commitment that can impel research capable of promoting that good in the social order.

It must be noted at this point that CST is not a purely academic theological discipline—it is a *teaching*, and as such it claims an authority for itself that the academic discipline of theology does not claim. The authority claims of CST shape it as a practical interdisciplinary nexus. Without authority, CST is simply another theology, and the interdisciplinary work between theology and economics is simply the exchange of ideas between two disciplines, each of which has a partial view of the truth about the person. In spite of these authority claims, CST does not consider itself to be a competitor to economics. What it supplies to economics (and to other social sciences) is a normative vision of the person. This vision is theological, but it is oriented to action. Therefore, what CST requests from economics is analysis geared toward action—not just positive economics, but normative economics capable of being informed by Catholic theology. What is the content of the Catholic vision of the person which ought to inform economics?

C. A Normative Standard: A Full Account of the Human Person

The social sciences (including economics) are “indispensable but inadequate” (Paul VI 1971: 40) to the task of a practical synthesis capable of addressing social problems, and

CST claims to provide the missing synthesizing principles: its “distinctive contribution” is “a global perspective on man and human realities” (Paul VI 1967: 13). What is the content of this “global perspective?” The insights of CST are organized around its insights into the person: human dignity, agency, and social nature, all considered in light of both original sin and the human person’s eternal destiny.

The church claims to be “an expert in humanity” (John Paul II 1987: 41) and from this expertise offers advice to the various social projects whose end is humanity’s good. John Paul II (1991: 13.1–13.2) founds his social analysis on the nature of the person: “from the Christian vision of the human person there necessarily follows a correct picture of society.” This vision of the human person and his needs is the background against which judgments of justice and injustice are made. Any social scientist who seeks to collaborate with CST must understand its account of the human constitution and of human flourishing.

1. *Human Dignity*

The Catholic account of the person is grounded in reflection on the creation of human beings in the image of God: “God created man in his own image, in the image of God he created him; male and female he created them” (Gen. 1:27). Thus are human beings granted great dignity in CST. Our understanding of this dignity is deepened by reflection on revealed dogmas about God (particularly the Trinity), the Incarnation, the Redemption, and the Resurrection. The Second Vatican Council (1965: 25) places the dignity of the person at the heart of its reflections on society: “for the beginning, the subject, and the goal of all social institutions is and must be the human person.”

The dignity of each person demands that in evaluations of social outcomes each person’s good should not appear in aggregates only. Average incomes, education levels, and health outcomes can mask the deprivations of individuals which insult human dignity, and which must carry appropriate weight in social deliberations: “everyone must consider his every neighbor without exception as another self, taking into account first of all his life and the means necessary to living it with dignity” (Second Vatican Council 1965: 27). From this concern for each person’s dignity springs a practical concern with inequality. CST does not demand an artificial absolute equality in outcomes, but nevertheless expresses deep concerns with extreme inequality (Benedict XVI 2009: 32).

The dignity of the human person is realized primarily through his free agency and his social orientation. In the creation story human beings are not just a *part* of the natural order; they are placed in the world to order it—to “tend the garden,” to “have dominion.” John Paul II (1981: 6.2) interprets this vocation to work: “as the ‘image of God’ he [Man] is a person, that is to say, a subjective being capable of acting in a planned and rational way, capable of deciding about himself, and with a tendency to self-realization.” Thus is it important that human beings be responsible for themselves, and their own development, to the extent possible. Institutions are not enough to guarantee human development and the development of peoples (including economic development): human development is a vocation and not just a process (Benedict XVI 2009: 11).

From this regard for the exercise of human creative initiative flow several principles. First, the evaluation of the social order must focus, not on what happens to its individual persons, but on what persons are able to do, individually and in community. According to John Paul II (1991: 13.1), the mistake of socialism, and one of the principal reasons for the failure of communism as an economic system, was its assumption “that the good of the individual can be realized without reference to his free choice.” The violation of the right of initiative was a cause of economic inefficiency and social alienation (John Paul II 1987: 15:2). A second consequence of the vocation of the person is that the value of work cannot be captured entirely by the market value of its output, because the market value of work does not capture the spiritual value of the work done: “human work has an ethical value of its own . . . linked to the fact that the one who carries it out is a person” (John Paul II 1981: 6.3). Thus, human labor is more than an input to production; it should never be treated as mere merchandise in social evaluation (7.2).

The creative initiative of the person, and the responsibility which attends this initiative, is safeguarded by the principle of subsidiarity, given its canonical definition by Pius XI (1931: 79). To the extent possible, society should be organized so that decisions and responsibility devolve to smaller groups, where the individual can have the greatest effect and input. At the heart of any social organization is the individual person, who must as much as possible be left in charge of himself (John XXIII 1961: 55).

2. *Social Nature*

CST rejects a libertarian autonomy in which community and the moral law play no role beyond those roles freely chosen by egoistic individuals. To be made in the image of God is to have a social nature. The Christian God is a Trinity, a community of distinct divine persons. For this reason, community is natural to human beings, made in God’s image, “for [Christ] implied a certain likeness between the union of the divine Persons and the unity of God’s sons in truth and charity” (Second Vatican Council 1965: 24). We do not form communities simply to meet our individual material needs; we have need of community itself, and the exchange of gifts which community makes possible: “The human being is made for gift, which expresses and makes present his transcendent dimension” (Benedict XVI 2009: 34). Since the human person is, “as a spiritual being . . . defined through interpersonal relations” (53), human communities, including economic organizations, are more than mutual benefit societies for egoists. CST has always rejected ideologies that deny a foundational social nature (Leo XII 1891: 19; John Paul II 1991: 35.3).

Crucial to the social dimension of human well-being is the common good: “It is out of love for one’s own good and for that of others that people come together in stable groups with the purpose of attaining a common good” (Pontifical Council for Justice and Peace 2004: 150). The common good is the purpose of a “stable” social group; it is a good which can only be attained and shared in groups, and includes a wide range of goods: character, friendship, commerce, and education, for example. Solidarity, or social charity, is “a firm and persevering determination to commit oneself to the common good” (John Paul II 1987: 38). Society cannot rely solely on individual self-interest to guarantee healthy social groups and the common goods which are generated in groups. Solidarity

is needed, as both a means and an end of development; it impels persons to overcome common challenges and is in itself a crucial component of mature personality.

3. *Original Sin*

CST's account of the person—his dignity, his agency, his social nature—is complicated significantly by original sin. Sin is at its heart a rebellion against God, and since God is the source of our being, sin distorts our relation to ourselves and to others. We are protagonists of our own misery as well as agents of our own well-being. CST rejects analyses of the social order that ignore original sin: "Ignorance of the fact that man has a wounded nature inclined to evil gives rise to serious errors in the areas of education, politics, social action, and morals" (Benedict XVI 2009: 34). John Paul II (1991: 25,3) notes that the consequences of original sin ought to figure into the design of institutions: "The social order will be all the more stable, the more it takes this fact [original sin] into account and does not place in opposition personal interest and the interests of society as a whole, but rather seeks ways to bring them into fruitful harmony." The recognition of the Fall is an important difference between economics and theology. Economists do not distinguish between good and bad choices in their theory and explanations. All actions, moral and immoral alike, are the result of rational self-interested calculation. Hirschfeld (2010) points out that, because economists overlook the possibility of sin, they identify concupiscence (which they assume to be non-satiability of wants) with the true well-being of consumers, revealed in their choices.

Original sin makes necessary a set of human habits and social goods that are unnecessary in a world without sin. Virtues are settled habits of behavior, developed through effort and repetition, which enable a person to manage strong desires which are not really in his interest. A person must not only manage the world around him, ordering it toward his well-being and the well-being of those he cares for; he must also manage himself—his impatience, his appetites, even his judgment of his own interest. The institutions of society also come into play in the drama of internal conflict management: the cultural institutions of education and development, socially instituted checks on vice and protections of virtue, all help human beings to direct themselves in spite of themselves. To explain these institutions fully, economists will have to introduce internal conflict into their models of the person.

II. PLACING ECONOMICS AT THE SERVICE OF CATHOLIC MORAL THEOLOGY

CST claims to offer a moral theology within which questions about the good ordering of society can be evaluated. Able to specify the goals of human life in this world, and open to the insights of the human sciences, CST provides an interdisciplinary space within

which practical questions about the social order can be answered. How can economics, which claims to be a positive social science, contribute to CST's practical project?

The vast majority of economists are positivists, whose methodological touchstone is Friedman (1953): positive economics concerns itself with what is, and normative economics concerns itself with what ought to be. In pursuit of accurate prediction and consistent explanation, economists produce reductionist models of human motivation and are not overly concerned with the realism of their models. It is the role of the oft-invoked but seldom identified "policymaker" to take the positive analysis of economists and use it (in conjunction with the insights of other fields and judgments about the particularities of social and political context) to produce practical plans. If we accept this description of the relationship of technical economics to the "values questions" of normative policy (see McCloskey 1994 and Yuengert 2004 for critiques of this relationship), how can positive economists be of greatest use to a normative project infused by the spirit of CST?

A. Using Purely Positive Economic Models for Normative Analysis

If economists are as a matter of method content to leave questions of value and moral evaluation to others, what should they do when they meet a real live "policymaker" like CST—which offers a compelling account of human well-being and wants to combine economic insights with the insights of other fields to evaluate social conditions and suggest changes to institutions?

To understand how best to be of service to the CST "policymaker," one must fully understand the challenge of practical evaluation and action. To arrive at a judgment and a practical program for reform, CST (or anyone employing a comprehensive vision toward the end of social improvement) must: collect and assimilate analyses from the various social sciences; evaluate political, cultural, and physical conditions; synthesize all of these considerations, bringing them to the point of action aimed at real social benefit. In all of this action, CST and those who employ it must take into account the very different anthropologies employed in the different social sciences, reconciling them with each other, and speculating about the robustness of the analyses to those differences. The Catholic tradition describes this process as the exercise of "prudence"—the employment of reason to make human goods a reality in the messy circumstances of actual social contexts. Prudence is not fully formulable—advice about what to do must always be tailored to context, and context matters decisively for action. Such advice is never simply technical; it is a sort of judgment, or wisdom. Barrera (2001: 172) describes the delicate balancing act of prudence: between the individual good and the common good, material and spiritual goods, rights to property and the just use of it, for example.

What sort of analysis should an economist who wishes to assist the project of CST bring to the table? Should the work of economists be affected by their participation in

this project? The default answer in economics is “no”—economists should go about their positive work as if normative questions did not exist, explain what they know as positive analysts to “policymakers,” and let the policymakers use the economics as they see fit.

This description is not entirely accurate. Economists do not simply offer predictions about the effects of programs and policies. They also offer a body normative analysis based on the same assumptions employed in positive analysis. The First and Second Welfare Theorems, cost-benefit analysis, and advice about “efficient” systems of taxes and subsidies take as given the assumptions about human welfare and motivation employed in positive analysis: human beings are egoistic utilitarians, fully aware of their own interests, and fully capable of evaluating their environment and taking actions that optimize their self-interest.

The normative analysis on offer from economics, in spite of the radical incompleteness of its anthropology, is a useful framework for organizing our thoughts about the normative stakes in social policy. The Pontifical Academy of Social Sciences has explored the promise and the shortcomings of this analytical framework (Kolm 2006). On the positive side, normative economics provides a framework in which questions of distribution, production, and resource allocation can be addressed in an integrated way. Moreover, the current normative framework provides a basis for applying different rankings of social well-being, provided well-being is defined in economic terms. On the negative side, there has been little work on the limitations imposed on normative analysis by the adoption of the rational maximizer as the model of the person. Much of the resistance to opening up the model of the person in this work is methodological: more complex assumptions about the person make clear, exact conclusions nearly impossible, and economists pride themselves on formal exactness. Thus, the normative conclusions of economics are exact, but cannot be useful to CST until their robustness to the assumptions made about human beings is explored and understood.

It is at this point that economists fail to put themselves at the service of CST (or any “policymaker” whose assumptions about human nature are different from the assumptions of economics) by providing a normative analysis based on a more comprehensive account of human well-being. Two undesirable consequences result from this refusal: non-economists are more likely to summarily reject economic analysis because of its reductionist anthropology, and the reductionist economic model is more likely to become a competing *normative* account.

Absent any modification to the persons inhabiting positive and normative economic models, the assumptions implicit in the economic account of personhood will by default become a substitute for a fuller account of human nature. Although positive methods cannot answer moral questions, the account of human well-being in positive models all-too-easily becomes the default model of human flourishing for policy. The popes are aware of this danger. Paul VI (1971: 38) notes “the methodological necessity” of reductionism in social science modeling, but decries the tendency of the human sciences to offer these reductionist analyses as complete accounts of society, thus “mutilating man.”

The adoption of these reductionist assumptions profoundly affects the nature of the debate about human welfare in society (Llach and Crespo 2006). Barrera (2001: ch.

6) notes that the assumptions made about human beings determine the questions asked both in positive and normative thought. Bruni and Zamagni (2007: 256) call this default adoption of the conventional economic assumptions a “paradigmatic privilege.” For example, the economic framework, by ruling out other-regarding, self-sacrificing behavior, forces us to explain why anyone would give a gift, instead of expecting explanations for why a person would *not* give a gift. Hirschfeld (2010) notes that an account of human flourishing which does not allow some separation between material well-being and happiness will be unable to make sense of true self-denial.

A normative economics able to serve CST’s practical project will have to get closer to the aims of the project, incorporating in some way into its analysis the ends of the human person (Crespo 2004). This does not mean that economists must fully adopt their models to CST’s assumptions in their positive analysis, or even in their normative analysis, but in order to make their analysis more useful to CST, they will have to explain the robustness of the normative conclusions of economics to the model of the person assumed in it.

Economists ought to provide this service, because if they do not, no one else will. Imagine an economist bringing to a theologian a model of exchange in which the First and Second Welfare theorems hold. To the theologian’s objection that she cannot accept a model in which people care only about their consumption and care for others for egoistic reasons only, the economist might respond that the model can be modified accordingly. The question then arises: who should modify the model? A consideration of comparative advantage suggests that the economist make the modification and trace out the implications for the First and Second Welfare theorems. If the economist refuses, claiming perhaps that there is no need to adopt these assumptions on positive grounds (even though there are normative questions at stake), much stands to be lost. The theologian, unable by training to work with a general equilibrium model of exchange, may simply reject the entire normative project of the economist, founded as it is on false assumptions about the human person. A refusal by economics to offer more normatively realistic models to the project of normative synthesis results in damage “not only to the development of knowledge, but also to the development of peoples, because these things make it harder to see the integral good of man in his various dimensions” (Benedict XVI 2009: 31).

It bears repeating that the economist, working in the service of CST’s normative project, need not fully adapt his models of the person to those of CST; there is value in specialization, of course. Nevertheless, some aspects of the person’s social nature, of inner conflicts, of bounded rationality, might be integrated into the economist’s normative account, and the consequences of these things examined. This has been attempted in a preliminary way in the theory of altruism (Kolm and Ythier 2006), and the theory of time-inconsistent consumer choice (Gruber and Köszegi 2004). Even when the normative models cannot incorporate certain aspects of a fuller account of human motivation and happiness (choice under uncertainty, incompleteness in preferences), an economist will have a better intuitive grasp of the issues and will better be able to identify which economic insights would survive the incorporation.

B. How the Economic Model of the Person Might Be Adapted to Catholic Principles

An economic analysis that takes CST more seriously must explore the consequences of the Catholic account of the person for the conclusions of normative economic analysis. Some aspects of the Catholic account might be incorporated into economic models relatively easily (reciprocal preferences, habit formation), but some aspects are not amenable to formal mathematical analysis (uncertainty, incomparability of goods). However, even a partial analysis of these less quantifiable concepts, relying on models which do not have closed forms, or which are characterized by incomplete rankings, can be very useful to the CST project. There are three crucial dimensions of the human person which are integral to CST, but which are missing from most economic analysis: the intrinsic value of personal agency, the development and exercise of the virtues, and the social orientation of the person.

In most economic models, “freedom” means freedom to choose: to choose consumption bundles, to invest in physical and human capital, to enter into exchanges. This freedom is only instrumentally valuable. It is desirable only because its exercise results in more output, profits, or utility. The absence of freedom as an intrinsic good in economic models makes it necessary to add freedom into normative analysis as a separate category, important to policymakers but not to the individuals in the models. Recent work in economics takes the intrinsic value of freedom seriously and analyzes its implications. Sen (1999) and Alkire (2005) lay the groundwork for incorporating freedom as a separate category of value for normative work. Sugden (2004) replaces the value that consumers place on their choices with the value of the responsibility they bear for their decisions.

Agents in economic models are unconflicted: they know what they want, the constraints they face, the appropriate probability distributions, and the strategic environment. Their reason is never at odds with their passion—at least in any way that materially affects their choices. The assumption that making good choices is as easy as solving an optimization problem (even a complicated optimization problem) blinds the economist to the sorts of analysis made necessary by the imperfections of human character. For example, the unquestioned goodness of voluntary exchange—that is, exchange which is not impeded by external force or authority—becomes dubious when the parties involved have difficulty controlling their passions in pursuit of their real interests, even as *they themselves* define those interests. A person entering into an exchange may in fact be manipulated by appeals to his passions—may in fact be constrained internally from making a good decision. Virtues are habits which help to manage the internal conflicts that militate against good choices. In the presence of these internal conflicts, consumer choice cannot be assumed to reveal the well-being of the consumer, even as he himself would define it (Hausman and McPherson 2009; Yuengert 2009).

Recent work in behavioral economics gives economists a theoretical language in which to explore some of the normative implications of virtue. Habit formation models

(Becker and Murphy 1988) and time inconsistency models of choice (O'Donoghue and Rabin 1999; Gruber and Köszegi 2004) offer an analytical framework for introducing the idea of virtue into economic theory. The introduction of internal conflict into choice significantly affects policy evaluation (Thaler and Sunstein 2008)—for example, optimal cigarette taxes are significantly higher when consumers are time inconsistent than when they are not (Yuengert 2006).

To accommodate the insights of CST, economic models must also take sociality, or friendship, more seriously. Human beings form communities not only because they receive as individuals goods from those communities. They receive something more: the opportunity to be part of a group (a “we”) and to contribute to that group's common good. Communities are not purely instrumental means to other things. The community itself is intrinsically valued by the person—the friendships developed within community and the sense of meaning that membership engenders are valued and sought for their own sakes. Moreover, the common good of a community, brought into existence by the community as a whole and shared by its members, is itself an end of human action, something to love. Social groups cannot survive solely on self-interest narrowly conceived; members must be oriented to community as something valuable in itself, and must to some extent identify their own good with its common good.

This love for the community and its common good is called “solidarity.” In the crudest terms, solidarity places common goods, and the quality of social relations itself, into the objective function. Recent developments in the economics of identity (Akerlof and Kranton 2005) and in economic sociology (Granovetter 2005; Gintis et al. 2006) may offer avenues by which solidarity can be incorporated into economic models.

As economists incorporate the person's social nature into their models, they will be able to address more directly the effects of institutions on preferences and choice. CST clearly states that institutions not only channel existing interests into socially desirable order; it also assigns an important role to institutions in the shaping of those interests. John Paul II (1991: 58) clearly thinks that changes can be made to institutions (like the market) which will better orient them toward the common good and develop in persons a deeper solidarity.

In addition to opening up the model of the human person to neglected dimensions, economists can add to their normative toolbox the category of economic compulsion. Barrera (2005) explains why economists ignore compulsion and argues for its inclusion in analysis. A person whose economic opportunities are contracted by events in markets beyond his control (perhaps by the introduction of new technology), does not choose his reduced circumstances, and so his choice from a shrinking budget set is free in one sense but constrained in another. Barrera argues that policy analysis, in its search for Pareto efficient outcomes, too quickly assumes that when winners might in theory be able to fully compensate losers a policy is desirable. Because losers are in fact seldom compensated (and because losers are disproportionately poor) their losses should enter into normative analysis separately from gains, and not as part of an aggregate sum of losses and gains. Free choice from a budget set reduced by economic forces has a mixed

character (Langholm 1998): formally free but not fully free, in that the agent does not will the reduced circumstances.

III. CHALLENGES FROM ECONOMICS FOR CST

Economists, if they wish to be of service to CST, should incorporate some of the concepts of CST into their analysis, or at least examine the robustness of normative economic analysis to these concepts. However, the traffic between narrow positive analysis and normative policy deliberations is not unidirectional. The understanding of the social and economic landscape which economics affords suggests additions to the conceptual toolbox of CST, and changes to the ways it conceives of the temporal ends of human beings in society.

The standard way in which economic analysis can be helpful to CST is spelled out in Barrera (2001: 172): “A weakness of the modern Catholic Social Tradition is the untested nature of many of the norms that flow from its principles. It is uncertain whether the specifics and dynamics of how to get to its vision of a just economic order are compatible with observed data.” Economists have developed practical intuitions and a body of empirical research about what is possible in the economic order, and of the effects of different institutional structures on social outcomes; this expertise can help to ground the Christological, eschatological, and creationist visions of theology.

More ought to be expected of theology in an economics–theology dialogue, however. The economic approach to social problems can provide a framework which can augment and develop some of the central concepts in CST. Barrera (2001) notes that CST has already incorporated into its thinking a limited role for the allocative function of prices. Moreno-Riaño (2005) provides a clear example of the promise of this collaboration, in a discussion of the insights economics might offer to natural law philosophy.

A. Unintended Order and the Common Good

Nowhere are the shortcomings of CST’s theological categories more evident than in its failure to come to grips with the place of unintended order in society. CST is suspicious of liberal ideologies that rely on the spontaneous order of markets to bring about every social good. Pius XI (1931: 88) attributes an excessive individualism to this error: “The right ordering of economic life cannot be left to a free competition of forces. For from this source, as from a poisoned spring, have originated and spread all the errors of individualist economic teaching.” This rejection of an all-encompassing market fully competent to promote every good is justified. Markets have a discernible order that has many desirable aspects, but markets do not orient themselves; they must be harnessed

and channeled toward those crucial goods they do not automatically promote and away from those harmful things they do promote. John Paul II (1991: 34.1) notes that there are human needs which do not find a place in markets, because they are not “solvent,” that is, “endowed with purchasing power.” The market ought to be “circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious” (42.2).

The rejection of the market as a panacea does not justify a dismissal of markets on the grounds that markets are not intentionally ordered, coupled with confidence in comprehensive state planning to replace market functions. In much of CST, the assumption is implicit that, given the appropriate intentions of policymakers and others of good will, an explicit, intentional ordering of the economy and society can be brought about, ignoring market forces (Waterman 2011). This overconfidence is most obvious in CST’s discussion of the work of international organizations. John Paul II, in discussing the challenges facing international organizations, is optimistic that they can craft detailed and effective solutions:

The International Organizations have an enormous part to play in this area. They must let themselves be guided by an exact diagnosis of the complex situations and of the influence exercised by natural, historical, civil, and other such circumstances. They must also be more highly operative with regard to plans for action jointly decided on, that is to say, they must be more effective in carrying them out. In this direction it is possible to actuate a plan for universal and proportionate progress by all. (1981: 18.3–18.4)

John Paul continues to outline the components of a system of human labor: the need to insure balance among the different kinds of work, “in accordance with the capacities of individuals and for common good of each society and of the whole of mankind.” This talk of “exact” diagnoses and of actuating “universal and proportionate progress by all” suggests a level of effective planning impossible to attain.

Central to the needed rethinking of the place of the unintended order of markets in CST is further development of the concept of the common good. The common good is the end or purpose of a community, shared by each of its members. Because the common good is the purpose of a society (its reason for existence) it must be the object of a society’s organized agency—that is, it must be intended (Simon 1962). Where can the benefits of a market order, most of which are not intended by the participants in markets, fit into this model of the common good? Novak (1989) claims that markets can *have* common goods (material prosperity), but this approach reifies markets, and markets are not agents. Instead markets are a particular kind of ordering. As such, a market’s *order* can be part of the common good (Yuengert 2001).

CST need not embrace the market as a solution to every social problem in order to recognize the ability of markets to process information, allocate resources, and distribute goods in desirable ways. The insights of Hayek (1980) need not be accepted as an argument for unbridled markets. To find a place for market order in the common good

tradition will require a deeper reflection on the common good itself, which is still not as developed as it ought to be, even as the common good has been extended to all human-kind (Alford 2006; Hollenbach 2002).

B. A Theology of the Second-Best

The tone of CST is often admirably measured, unwilling to overstep its mission to witness to the truth about the human person, and to advocate for institutions which respect human dignity without becoming too specific. At the same time, however, the popes regularly lapse into analysis that is overly optimistic about the power of its vision to transform world politics, and which overstates the ease with which its reforms can be carried out. One example will suffice to make the point. John Paul II asserts that:

Rational planning and the proper organization of human labor in keeping with individual societies and States should also facilitate the discovery of the right proportions between the different kinds of employment...The organization of human life in accordance with the many possibilities of labor should be matched by a suitable *system of instruction* and education, aimed first of all at developing mature human beings, but also aimed at preparing people specifically for assuming to good advantage an appropriate place in the vast and socially differentiated world of work. (1981: 18.5)

More examples of the incipient overreach in CST are easy to find (Pius XI 1931: 136; Benedict XVI 2009: 67). The ease with which the popes describe the process of putting together a juridical framework to regulate the social order—"rational planning," "a suitable system," "a social order that at last conforms to the moral order"—radically understates the difficulty of the task.

The lapse into utopian language, with the implicit assumption that good will is sufficient to reform the world, and that the details are "mere details" to be determined by experts whose hearts have been transformed by solidarity, is perhaps understandable in light of the theological frame of reference. The standard for human valuation in CST is humanity's eternal destiny in God. The transcendent human vocation to union with God can justify a real optimism about the possibilities of change in the social order (John Paul II 1987: 47.2; Paul VI 1967: 79). Nevertheless, it is crucial that the principles of the kingdom to come do not blind CST to the trade-offs in this world—trade-offs made necessary by human sin and the limitations of the temporal order. Brennan and Waterman (2008) call attention to a reluctance on the part of theologians to acknowledge scarcity in light of the promise of new life in Christ; this reluctance is a real barrier to dialog between economics and theology. It is here that communication with economists, whose expertise is scarcity, can be helpful. Economists are more familiar with the adjective "better" than with the adjective "best." Admittedly, economists need help from theology in defining "better." Nevertheless, analyses which compare our impoverished existence on earth with the perfect world to come will make it difficult for theologians to

recognize real improvements in this life for what they are. What is needed is a theologically informed scale on which we can distinguish “pretty good” from “not as good”—a theology of the second best. Without such a discussion, economists are likely to simply reject the transcendent scale offered by theology as unworkable.

IV. RESOURCES FOR ROMAN CATHOLIC ECONOMICS

Because of the barriers to real interdisciplinary work between Catholic theology and economics, outlined above, there are only the beginnings of work on the boundary between economics and CST. There are, however, resources for such work. A small group of Catholic graduate trained economists (often with additional training in theology or philosophy) have produced a small but significant body of work, which can serve as a basis for further inquiry. These works serve as an excellent introduction to the sort of work that is possible. In addition, recent developments within secular economics offer analytical tools more suitable to CST concerns about the human person.

A. Roman Catholic Sources

For those looking for an introduction to the encyclical tradition (beyond reading the encyclicals themselves), a two-volume in-depth treatment is Charles (1998). An introduction to natural law ethics (foundational to the Catholic worldview) very accessible to economists is Finnis (1980). A theological reflection on the encyclicals from an economist’s perspective is found in Barrera (2001); this magisterial volume also contains a very enlightening comparison of the economic and the Catholic accounts of the person. Early twentieth-century Catholic writings on the economy (reviewed in Almodovar and Teixeira 2008) provide a neo-Thomist perspective on economics. Ryan (1916) in particular offers a lucid theological discussion of each of the types of income (property, wages, interest, and profit).

Daniel Finn’s work brings together Catholic principles and economic thought in a series of accessible books which take both seriously. Finn (1997) introduces the reader to Catholic and non-Catholic theological resources for moral evaluation of trade against a background of basic trade theory. Finn (2006) organizes arguments about markets around four central questions about the scope and limits of markets: allocation, distribution, scale, and social relations. This work offers a practical example of the way in which a Catholic understanding of the social order can provide structure to debates about markets across philosophical and ideological divides.

The work of Albino Barrera, begun in his overview of the encyclical tradition and its implications for economics (Barrera 2001), is a systematic exploration of the moral

categories in CST and their application in economic contexts. Barrera (2005) develops the idea of economic compulsion (of actions freely taken, but in involuntarily reduced circumstances), arguing that Christian ethics suggests a way to evaluate the moral aspects of price changes, beyond their allocational function. Barrera (2007) argues that the various schools of thought on economic justice all justify the promotion of widespread human capital accumulation; he argues forcefully that a correct understanding of markets makes his case more compelling. Barrera (2011) combines an economist's understanding of markets and a theologian's understanding of the nature of moral responsibility to analyze the degree to which people are responsible for the consequences of their actions in markets.

Other noteworthy examples of normative analyses by Catholic economists are:

Danner (2002), which outlines a Catholic account of the person, at the same time integrating into that account the personal agency implicit in neoclassical economics.

Bruni and Zamagni (2007), which traces the historical roots of the "civil economy" tradition, an account of commercial culture which incorporated reciprocity and fairness. This tradition finds expression in Benedict XVI (2009).

Finn (2010), an edited volume whose contributors attempt to develop an "architecture for analysis" within which the relationship between CST's implications for policy and its account of human flourishing can be explored.

Alford et al. (2006), an interdisciplinary exploration of the place of wealth in CST. The essays in this volume are well chosen; together they constitute an insightful theology of wealth, accessible to economists.

Economists have begun to explore the ground between CST and economics; their work provides an excellent introduction to the challenges and possible fruit of this kind of work.

A recent development worthy of mention is the ongoing work of the relatively young Pontifical Academy of Social Science, which brings together prominent mainstream economists and Catholic philosophers and theologians to discuss the ways in which economics and other social sciences can shed light on moral issues. Of particular interest are recent proceedings on the conceptualization of the person in the social sciences (Malinvaud and Glendon 2006), on charity and justice between nations (Glendon, Llach, and Sorondo 2007), and on the concepts of reciprocity and social capital in economics (Archer and Donati 2008).

B. Secular Sources for a Catholic Economics

Recent developments in economic theory, in the capability approach, in behavioral economics, in economic sociology, and in happiness research present economists with a set of analytical tools which approximate more closely some aspects of the account of

the person in CST. Secular attempts to measure human well-being, and the resultant deeper reflection on what it means for human beings to flourish, is a promising arena for Catholic engagement.

The capabilities approach of Sen (1999)—see also Comim, Alkire, and Qizilbash (2008)—is rooted in an Aristotelian account of human goods. The practical goal of this work (the empirical measurement of well-being) combined with its grounding in philosophy and economics, makes the field an important conversation partner for CST. The burgeoning field of happiness research has likewise forced economists to rethink human well-being, challenging the monotonic relationship between income and happiness. Although some of this research veers toward a new form of utilitarianism, on the whole, it is open to the multiplicity of goods which contribute to well-being (Clark, Frijters, and Shields 2008).

Behavioral economics opens up the model of the person in intriguing ways. New models of time inconsistency (O'Donoghue and Rabin 1999), in which preferences evolve over time in a consistent but imperfectly manageable way, open up the possible of modeling virtue in economics. The literature on the cognitive limitations of human beings (Camerer, Loewenstein, and Rabin 2004), both in discerning their own desires and interests, and in their behavior under uncertainty, offer a new set of tools for incorporating into economic choice the plausible limitations of human agents. Research on reciprocal utility and social relations (Sobel 2005; Gui and Sugden 2005) is an attempt to embed the person—his preferences and his interests—more directly in relations with other persons.

V. THE POSITIVE AT THE SERVICE OF THE NORMATIVE

The difficulty of placing economic analysis at the service of CST (or at the service of any other normative project) is the intellectual struggle of moving from positive understanding to practical action. This difficulty has been increased by the disembedding of positive economic inquiry from normative economic inquiry over the last 200 years. Normative and positive economic projects have not always been kept strictly separate. The medieval scholastics wanted to know whether a price could be unjustly high or low; to find the answer to this normative question they asked positive questions about how prices were determined. Adam Smith's positive inquiries were driven by a normative project, to determine the nature and causes of the wealth of nations, so that government might better foster that wealth. Today, positive economics is kept scrupulously separate from normative economics, purportedly to protect the objectivity of positive economics, and to avoid seemingly irresolvable moral conflicts. Whether this separation succeeds in insulating economics from value judgments, it certainly increases the difficulty of placing the positive at the service of the normative.

It is against this background that the relationship between CST and economics becomes clearer. CST proposes a normative project, and as such sets an agenda for interdisciplinary inquiry geared toward social action. Any economist who wishes to engage with CST must engage with this normative agenda. Because a normative project makes different demands on economic expertise, it is not enough for economists to simply deliver their analysis to CST. Benedict XVI (2009: 30) asserts that a commitment to a normative project (the “charity” that seeks the full development of peoples) will naturally affect the analysis carried out in its service: “Charity is not an added extra, like an appendix to a work already concluded in each of the various disciplines: it engages them in dialogue from the very beginning. The demands of love do not contradict those of reason.”

In this essay I have argued that economists who wish to engage with the project of CST must modify their analysis to truly serve it—they must make a place in their models for personal agency, for the social nature of the person, and for sin. Economics has analytical resources at hand to begin this engagement. I have also argued that the dialogue Benedict XVI calls for will not be one-sided: economists who take their place in this project will have (and ought to have) an effect on the way it is conceived. Although Catholic theology has reflected on economic matters for many centuries, modern economics has much to offer the current CST project: its understanding of the unintended order that exists in markets, and a practical sense of what is possible in a world of scarcity. In calling on economists to contribute to its project of social action, the popes appeal not only to economists’ expertise, but to their social charity—to the dedication of their understanding and analysis to the practical improvement of the human condition.

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CHAPTER 10

ANGLICANISM

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I. INTRODUCTION

ANGLICANS play an active role in the contemporary conversation relating theology to economics. One of the most important modern conferences in this interdisciplinary field was a gathering of Anglicans in Canada in the 1980s, organized by Anthony Waterman and Tom Rymes in Winnipeg. In the 1990s an Episcopalian, Bill Campbell of Louisiana State University, was president of the US Association of Christian Economists. Today, the convener of the British Association, Michael Pollitt of Cambridge University, is Anglican as is much of the membership. Australian contributors to this field of scholarship are predominantly Anglicans.

To the degree that everyone is affected by their denominational background, we might expect the common heritage of Anglican economists to impart a certain family resemblance to the way they approach the subject. Anglicans define themselves primarily by a set of statements known as the Thirty-nine Articles. The Articles, established and incorporated in the *Book of Common Prayer* in England in 1563 and later adopted by the Episcopal Church in the United States in 1801, affirm—after the Continental reformers—certain essential biblical doctrines such as the Trinity (Article I), Scripture as the final authority on salvation (VI), and justification by faith in Christ’s merit (XI). Important to the mindset of Anglican economists are theological principles derived from biblical insights and agreed upon by a wide constituency.

By the same token, it is also worth observing that in contrast to some other Christian traditions such as Roman Catholicism (where papal encyclicals play a directive role) or Reformed (especially the strong-form Kuyperian stream), Anglicanism is a broader church. The Church of England finds room for a diversity of churchmanship: High Church Anglo-Catholic, Low Church evangelical, and liberal strands have long coexisted within Anglicanism, in an enduring (though increasingly uneasy) alliance that makes the denomination somewhat unique. Accordingly, it should not surprise us if Anglican economists constitute something of a “broad church” around the relationship

between theology and economics, or if singularity on economic questions seems somewhat elusive among Anglicans.

II. THE EMERGENCE OF CONTEMPORARY ANGLICAN ECONOMICS

The historical arc of Anglicanism in British society provides important context to the rise of contemporary Anglican economics. Officially, for centuries the Church of England has been “established.” The monarch, the British head of state, is the Supreme Governor of the Church of England (Article XXXVII), and bishops sit as members of parliament in the House of Lords, playing a full and active role in the legislative work of the Upper House. For a long time this conception of church in society was seen as integral to Britain’s economic progress. Nineteenth-century Anglican activists such as Wilberforce (1759–1833), Shaftesbury (1801–1885), and Gladstone (1809–1898), though social reformers sympathetic to the plight of the lower classes, were nevertheless “establishment” in their outlook. Shaftesbury, for instance, regarded the Church of England as “an essential bastion of national prosperity” (Wolfe 1985). Allied with this, British science was conceived of for centuries as a partner to theology: the original heritage of Oxford and Cambridge universities was bound in closely with religious benefactors and the training of clergy, and there was a presumption that church mores would supervise the pursuit of natural knowledge.

As the place of the Church of England in British society became progressively unstable following the Enlightenment (Brown 2001), the associated seismic shifts helped—eventually—to birth modern Anglican theological economics. By the middle of the twentieth century, the official establishmentarianism of the Church of England was increasingly at odds with the reality of pluralist society, creating a dilemma for the church (Briggs 1978). As the British population seceded from public affiliation with Christianity, they effectively seceded from active allegiance to Anglicanism, lessening its authority on matters of social order. At the same time, economic science was rising to great international prominence. Between 1890 when Alfred Marshall’s *Principles of Economics* confirmed a parting of the ways had taken place between English-speaking economics and theology (Shackle 1967) and 1969 when the discipline was rewarded with its own Nobel Prize, economics enjoyed a steady rise in prestige and autonomy.

The de facto disestablishment of the Church of England and the simultaneous rise of economic science saw decay in the incumbency of Anglican moral authority over British economy and economic science as the twentieth century unfolded. Yet it took some time for Christian social analysis in Britain to adjust to this new

landscape. In 1923 J. A. R. Marriott, fellow of economics and history at Oxford, was confident to claim in his book *Economics and Ethics* that those who desire to “live according to the will of God” constituted “a large portion of mankind.” The poet T. S. Eliot, American-born Anglican churchwarden in London for many years, published *The Idea of a Christian Society* in 1939 in which he describes nonbelieving “Christian” citizens and urges his readers to aim at a Christian polity, a plea for the maintenance of Christendom-type thinking in the modern world. In 1942 Archbishop William Temple published *Christianity and Social Order* where he argued the church has a right to interfere in the economic order and proposed certain Christian social principles to guide this project. In other words, as late as the 1940s Anglican socioeconomic commentary was still operating on an assumption that Christendom could prevail in Britain, and the belief that doctrine was more important than scientific models in economic matters. It was a wholly normative and increasingly antiquated approach to the economic question. Anderson (1986) provides further history.

In 1963 Denys Munby (1919–1976) replied to Eliot with *The Idea of a Secular Society*. A tenured Oxford economist and practicing Anglican, Munby had earlier produced *Christianity and Economic Problems* in 1956. Munby marks a turning point, the end of the old normative school and the beginning of modern Anglican economics, which appreciates a role for positive analysis. Although Waterman (1999) sees Temple as pioneering of this phase, based on indications the Archbishop admitted a role for technical knowledge in social theology, in reality this is difficult to sustain given that Temple was not a trained economist, and his *Christianity and Social Order* was a polemical work written to counter the gathering momentum of totalitarian regimes (Reeves 1999). Moreover, Temple explicitly operated with a Christendom worldview. Munby, by contrast, did two things that profoundly shifted the posture of the Anglican economic conversation from the 1960s onward: he acknowledged the reality of pluralism and the need for Anglicans to proactively engage with it, and he himself possessed the scientific skills of an economist and advocated for the necessity of these insights when forming Anglican economic positions. Where an earlier generation had seen an opposition between the disciplines of morality and money—J. A. R. Marriott in 1923, for instance, wrote of “the apparent contradiction between the precepts of ethics and the laws of economics,” and R. H. Tawney (1921, 1926), an Anglican professor at the London School of Economics, had largely regarded economics as inimical to faith—Munby saw the need for positive cooperation between theology and economics. Indeed he championed the idea, encouraged by fellow Anglican economist R. H. Preston (1979, 1991) later of Manchester University, who believed that Christian social commentary should be informed and would gain much by learning economics. Where earlier Anglican commentators had previously felt they could carry on regardless in the face of society’s growing religious and technocratic pluralism, Munby not only acknowledged the secular scientific society but even celebrated its benefits. Munby had inaugurated a new Anglican paradigm for economics.

III. THE MOVE FROM INTERDISCIPLINARY TO DISCIPLINARY ECONOMICS

In Munby's wake, we can date the era of contemporary Anglican economics from 1960 up to the present day, a span of half a century. The hallmark of the contemporary epoch is a marked decline in romanticism in Anglican social thought and an allied rise in economic realism. Munby had argued for *realpolitik* in Christian views of social order and was critical of unrealism, which he felt Christians with a social conscience are tempted to. He made the observation that pietism often leads Anglican commentators to mistakenly equate society with family or congregation, but warned that "complex social systems are not families and cannot be made into 'happy families' by any sleight of hand or overall reorganisation" (Munby 1959: 25). It was a mistake to try to apply the family model to the industrial system, and he believed that "clearly there is no perfect Christian system in which all will be love and friendship, with no conflicts and clashes." Munby, in other words, was skeptical that a "Christian economics" per se could be achieved.

In the fifty years since Munby's observations, up to and including the present day, there has been a growing number of voices among Anglicans—albeit with some dissenters—saying that any attempt to build an alternative "Christian economic model" would be largely unprofitable, if not impractical. American Paul Heyne (1931–2000) represents the next important figure in this storyline. Though once Lutheran, he became Episcopalian in adult life, after 1975. Heyne is significant because he seems to have decided very early in the era under consideration, as well as very decisively, that there is no distinctive Christian economics. This is not to say that Heyne saw no connection between positive economics and normative values. He did. We know that as early as the mid-1950s as a seminary student, he was reflecting upon the morality of capitalism. By the late 1960s, on his way to becoming professor of economics at the University of Washington in Seattle, Heyne was formulating his view about the relationship between God, the nature of man, and science (Heyne 1968). He believed in both a liberal arts approach to social science, and a positive assessment of social science on its own merits:

A liberal education liberates. But liberty is often a fearful prospect. Sometimes what men call faith is not so much a confidence born of conviction as it is a shelter behind which to hide. We are trespassing here on a profound and mysterious domain. But is it not true that faith must inform and not conceal? That it must unlock the universe and not spirit it away from view? (271)

This philosophy was to find expression in his best-selling text *The Economic Way of Thinking*, first published in 1973 and unusual among economics textbooks at that time because it adopted the approach characteristic of a liberal arts education. This work remained a constant for the rest of his life, through the course of numerous revisions. Though not explicitly a work of theological economics, implicitly the text was a

monument to his philosophy of science: Heyne simultaneously believed that while economics should be considered from the point of view of belief (rather than pretending it was “value-free” as other popular undergraduate texts of the period seemed to do), equally his assessment was that Christian theology could not improve on the technique of economics. Interdisciplinary integration of theology with economic method was viewed with skepticism, and in the late 1970s Heyne spoke of how economics and ethics face a divide that he termed the “problem of dialogue.” In 1982 his paper on economic justice and theology, delivered at a Fraser Institute conference in Vancouver, contained his helpful bus driver illustration and shows how far his views had crystallized, on the independence of the economic system from interpersonal ethics (Heyne 1985). Accordingly, when Heyne spelled out his pessimism regarding the theology and economics project in several papers written for an audience of fellow Christian economists relatively late in life (1990, 1994, 1996), it was a position that had already been implicit in his textbook since the early 1970s, and indeed even earlier. To the end Heyne, whose biggest influence was probably Frank Knight, denied altogether an alternative economics based on biblical norms and saw no need for theological economics to be different from ordinary economics. It came as no surprise to him, one suspects, that nobody had yet convincingly described a “Christian economics” (Heyne 1994).

Heyne’s legacy for contemporary Anglicans, like Munby’s, is essentially methodological. He epitomizes the paradigm shift intimated by Munby. Interestingly, like his British counterpart, Heyne did not warm to the “establishment” aspects of Anglican culture, especially its baleful attempts to pronounce on economic matters, declaring that “the enemy [of science] is dogmatism” and that the only way we could make intellectual progress in our understanding of social complexities was by rational persuasion, rather than moral dictation. Munby and Heyne also shared a common aversion to folk economics, with Heyne deciding at a young age that he would “study economics before proposing godly reforms of the system” (Introduction, Heyne 2008b). In this sense Heyne and Munby are close paradigmatic allies in the genesis of postwar Anglican economics, with both figures embracing the shift toward logical positivism and realism.

Equally, Heyne went a step further than Munby, and it was a significant step. The two men held very different opinions on the question of the theology of macroeconomic policy, with Munby supporting a role for Keynesian intervention on Christian grounds while Heyne repudiated such reasoning. The difference was that Munby’s admiration for economics was qualified and still left room for a partnership with theology in matters of policy, whereas Heyne’s confidence in economics, for all practical purposes, crowded out theology altogether. For Heyne, the two disciplines occupied distinct knowledge spaces, and the demarcation between them was complete. He concluded that “theology has absolutely nothing to contribute to the discussion of public policy issues,” rejecting interdisciplinary economics in favor of disciplinary.

This proposition—the practical neutrality of theology with respect to economic science—is a far cry from the old Anglican social school associated with Tawney, Temple, and others. The prewar Fabian socialist and liberal incarnationist tendencies they represented, in the words of Graham (2004), came to be regarded as “inadequate in the

face of the eclipse of the post-war democratic consensus and the decline of mainstream liberal Christianity (1).” Instead, the paradigm shift launched by Munby and nurtured by Heyne was now in the ascendancy among Anglican economists.

IV. ANGLICANS ON THE NEUTRALITY OF THEOLOGY FOR HOW WE DO ECONOMICS

The practical neutrality of theology with respect to economics is today grounded in two arguments among contemporary Anglican thinkers: methodology and epistemology.

A first argument emphasizes neutrality with respect to economics as method. Geoffrey Brennan, a practicing Anglican, is a leading exponent of this angle on the question. Brennan has often referenced Heyne: he and Anglican historian of economic thought Anthony Waterman edited a volume of Heyne’s papers together (Heyne 2008b). Brennan sees economics as a valid logical abstraction in the service of normative social ends, and accordingly “it is logically possible both to be a conscientious Christian and a professionally respectable economist” (Brennan 1986). In a paper coauthored with collaborator and Nobel laureate James Buchanan, Brennan argues that the economist’s model of human behavior—*homo economicus*—is a reasonable assumption for scientific purposes, but is “not to be conceived as a generalized description of human nature” (Brennan and Buchanan 1981). Although economic man is a useful tool in providing a powerful set of hypotheses, Brennan says “this is not to argue that it is *the* most useful model of man for such explanatory or predictive purposes, or that there is not much that such a model fails to explain (Brennan and Buchanan 1981: 165)” (emphasis in original). Rather, it is merely a construction that serves a purpose, namely to demonstrate—after Adam Smith—the virtues of the free market as an institutional order, how “the peculiar alchemy of the market order allows the transformation of private interest into public interest.” Economists employ a selfish economic agent and then prove he is acting in society’s interest, and when doing this “do not require him to have such a concern in his utility function.” Further discussion around the separation between economics and theology can be found in Brennan and Waterman (1994).

Theology makes no contribution to this discovery, or to the algorithm of how the market yields a stable civic outcome. Accordingly, just as there is no uniquely Christian technique for playing piano or calculating engine torque, so too there is no “Christian” way of demonstrating economic theorems (Hawtrey 1999). If economics is defined as a way of thinking, therefore, it is theologically neutral.

A second argument for the neutrality proposition says the purpose of the Christian faith is not to design economies, nor is the social system the essential mission of the church. Rather, theology and economics are neither substitutes nor complements, but unrelated goods. This idea can be expressed in several ways. Munby cautioned that

whereas theology is about personal relationships, the economy is an impersonal system, a category disjunction that is critical. Heyne (1994) disavowed the theological economics project because constructing and applying a Christian economic ethic obscures the force of the gospel. In Hawtrey (1986), I argue from the perspective of evangelical Anglicanism that since the gospel is the controlling motif of biblical Christianity, the salvation agenda takes priority over social questions, in order to safeguard the essential nature of the faith once delivered to the saints (Jude 3). Ben Cooper (1998, 2000) draws upon the Wisdom literature to write that economic progress is a chasing after the wind, spiritually speaking. Brennan and Waterman (2008) lament that because the economists' angle of vision excludes the infinite, there must always be an unavoidable clash with Christianity.

This general line of thought—that Christian teaching is largely disinterested in economics because its purpose is directed elsewhere—has much merit from the theological side of the question, once we appreciate that the classic Christian doctrine of the authority of Scripture (Article VI of the Thirty-nine Articles) is not all-pervasive but limited, to the matter of Christian faith and conduct. That is, the Bible does not claim to be an authority in geometry, poetry, or computing. There may be some aspects of the disciplines—including economics—where the Scriptures have peripheral relevance, but by and large economics is not the main subject and there is no claim to supreme authority. Indeed, in matters of social order, the Scriptures seem to delegate to human authority (1 Pet. 2:13). Therefore Anglicans, to affirm the doctrine of the word of God, actually need to hold that Scripture has authority over all matters *on which it speaks*. This is not exhaustive: the Bible does not cover all matters, just the matter of becoming and being a Christian. The implication for our present purposes is that like oil and water, economic technique and theology make an unlikely mix. That leaves us with disciplinary autonomy view, by which logical economic analysis is able to proceed independently of religious input, and “mere economics” is a viable methodology for Christians.

Today, the neutrality of theology for the doing of economics is increasingly gaining traction among Anglicans (see, for instance, Henley 2004). Yet there remain some who disagree with this development, and who instead assert that Christians must reconstitute economics using a biblical blueprint for an alternative economic system. Clive and Cara Beed (1996, 2003, 2005, 2006), Australian economists, are critical of the separation of economics from Judeo-Christian thought and seek to apply the Old Testament (OT) model to today's secular economy. Instead of disciplinary autonomy for economics, they advocate a distinctively Christian economic theory, and see Israel's relationship with the land as the key driver of economic order. So too does Wright (1983), who argues that land was under Israel's stewardship not ownership, and moreover feels that the pattern given to OT Israel is meant to serve as a paradigm for all societies in all times, including ours. Acceptance of this school of thought is not without its difficulties. It remains unclear whether Israel and its covenant relationship with God can—or should—act as a paradigm for today's nonbelieving secular society. Strategically it is an echo of Anglicanism's Christendom past that is impractical to fructify, and theologically it places too much weight on the economic role of land in the OT at the expense of its soteriological role in

God's plan of salvation (Gen. 12:1). There is an over-realized ecclesiology and eschatology, blurring the timing distinction between the 'now' and the 'not yet' found throughout the New Testament and prematurely seeking for the kingdom to be actualized in the present age. In my judgment, the Israel paradigm does not amount to a compelling case against standard economic methodology, nor give sufficient reason for modern-day Anglicans to feel they must proselytize for a Hebrew-style economic model.

Another notable Anglican line of attack on market economics comes from Alan Storkey, who has published several books on economic problems from a critical Christian perspective (Storkey 1979, 1986, 1993). A past Director of the Shaftesbury Project, he later spent twenty years at Oak Hill Theological College in London. Despite these Anglican connections, Storkey is influenced by the Reformed tradition, having completed a Ph.D. in economics under Bob Goudzwaard, and worked with the Christian economy research project at Calvin College. Storkey has an institutional approach to the economy and writes that "the natural situation that exists in the West is that many markets are fundamentally corrupt." A radical alternative is needed "which is rooted in the biblical view of exchange," a style of transactions "marked by fairness." Storkey (1993) offers a critique of economists' division between positive and normative knowledge and proposes instead a reconstituted Christian view of economic theory. Yet it has to be said there is a lack of constructive alternative on offer by Storkey and the Reformed critics, a deficit of usability. As one reviewer of Storkey remarked, "as a critique of economic theory it is weak" and this type of approach "tends to make sweeping generalizations" but "rarely pauses to substantiate them" (Andrew 1987).

V. ANGLICANS ON THE RELEVANCE OF THEOLOGY TO WHY WE DO ECONOMICS

The neutrality of theology for doing economics points to the separation of the two disciplines at the operational level, in the *way* we do economics. At the same time, it still leaves the question of *why* we do economics. The dismal science still needs theology—or some other philosophical foundation of virtue—to undergird its purpose, to define the moral good to which Adam Smith dedicated his market theory, to give a defense of its apparent glorification of mercenary private interest, couched in terms of the common welfare.

This forms part of the broader issue of modern scholarship's relationship to "the Good." Marsden (1997) observes that contrary to the "myth of liberal neutrality" prevalent in today's university, liberal scholarship's dominant story has always involved some version of "the public good." Secular academics, says Marsden, have "been so shaped by a culture which accounts for 'the good' without reference to religion that they do not notice religion's absence." Economics, one might add, is no exception. For the Christian scholar, the secular approach surely will not do: to the believer, "good" is not a humanist

category but a theological one, emanating from the mind of God. It is in this sense that for Anglicans, economics and theology are not separable.

This necessarily involves us in the origins of political economy. In the eighteenth century political economy was about the study of wealth in society, not simply how to generate that wealth. The technical proofs by Adam Smith and his heirs that the market mechanism necessarily enhances the public good were not conceived as mere exercises in material efficiency; rather, the classical economists had a civic-philosophic purpose, to demonstrate the virtuous nature of the free market as an institutional order. Yet in the two centuries since Smith, a profound atrophy took place in mainstream economics relative to this sense of purpose, to the point where many economists eventually assumed economics could be conducted entirely on the assumption that the discipline requires no defense with respect to ends. This problem was noticed and lamented even in the mainstream of the profession as the postwar era got underway: the Presidential Address to the Annual Meeting of the Royal Economic Society in 1946 was entitled “The Need for Faith” and opened with these remarks:

It is a paradox that, as Economic Science has progressed, it seems to have become less authoritative. The authority which economists possessed in public affairs a century ago is neither claimed by them nor conceded by the public. They waver in their advocacy, and retire or compromise apologetically when challenged. Why is that? The answer, I believe, is to be found in a dissociation of their reasoning from any accepted ethical background. (R. G. Hawtrey 1946)

What had already been overlooked by the profession by the middle of the twentieth century was the insight by Adam Smith and his ilk that economics needs a higher *raison d'être* in order to fend off its critics, and their wise emphasis on public virtue as the ultimate goal of economists' work. For Smith, it was imperative that economic mechanics were nested within the broader question of “political economy,” the holistic conception of society and its organization, if economists were to retain the confidence of the public they seek to serve. In Smith's way of thinking, the goal of “doing economics” was thus bound up with the virtue of the market system in all its moral dimension. In the two hundred years that followed, this was vital to the acceptance of competitive markets: Hirsch (1977), for instance, shows that capitalism succeeded because it inherited a strong moral basis, which acted to avert the pursuit of self-interest in ways that might be damaging.

Recovering the eighteenth-century perspective that sees economics as having a normative function to do with the promoting of public virtue is therefore an important inquiry, and Anglicans are at the forefront of this task. The work on post-Enlightenment economic thought by Anglican economists Anthony Waterman (1987, 1991, 1999, 2005, 2008), Paul Oslington and Hawtrey (1996), and Oslington (2001, 2008, forthcoming), both of whom hold degrees in divinity, as well as economics, complements the methodological neutrality hypothesis by reminding us that theology is *not* neutral with respect to its moral and civic objectives. Oslington (2008) observes that “political economy in 18th century Britain emerged out of moral philosophy, then a deeply Christian enterprise,” and that

“theology shaped and legitimated the new discipline in Britain, and greatly influenced early American economists.” Yet over time this has been eroded and “it is undoubtedly true that the gradual process of secularization . . . removes explicit reference to theology” (69). In this context, the history of thought project by contemporary Anglicans to retrace how the purpose of economics became detached from faith—which parallels a similar project by behavioral economists to discover how economics lost connection with psychology (Bruni and Sugden 2007)—can be viewed as helping to reinstate the heritage of economics as a discipline that, though morally agnostic as regards method, is inevitably value-laden on the relationship of that method to the public purpose. Historically at least, Christian—especially Anglican—theology played a leading role in shaping this sense of purpose and in selling the moral virtue of markets as a form of social organization.

VI. ANGLICAN THEOLOGY OF VIRTUOUS ECONOMY

Virtue is a vital clue in the quest for a theological economics. Adam Smith’s insight—that under certain conditions selfish economic agents will be moved to act in society’s interest by the market system—was a way of casting economists in the role of agents of virtue. This is often underappreciated by Christian critics of economics, yet the simple and profound philosophical proposition of economics is that markets increase the supply of *morality*, not just of commodities. This equates to a weighty contribution to human moral order by economists. Seen in this light, the phrase “theological economics” is best understood in terms of promoting moral virtue simply through the propagation of the scientific insights of the discipline. On this understanding Christians do not need to build an alternative economic science, but simply practice “mere” economics. The effect will amount to a noble theological economics indeed. This vocation is accomplished simply by doing market economics—by doing what economists do. Such doing of economics, like practicing medicine that heals or piloting passenger aircraft that land safely, will serve mankind and glorify God through making a distinctive contribution to The Good. The nature of such social service, for the Christian, can be regarded as soundly “theocentric” (Cooper 2001).

This raises two important questions. First, are we confident that Smith’s working conception of moral virtue is sufficiently aligned with the “virtue” that Christians should look for in the economy, biblically speaking? And second, given that the public virtue of the economy hinges on the good working of the market mechanism, what is the Christian’s response if market failure occurs?

Consider first the matter of the theologically virtuous economy. Virtue is a public good, and we have seen how a number of Anglicans have been emphasizing the proposition that markets brilliantly increase the supply of it. But is it the kind of virtue that is desirable from a biblical point of view? Smith’s notion of “virtue” arguably had origins in

antiquity, in notions dating from Hellenic civilization, which asserted the positive obligation of free citizens to restrain their own self-interest for the sake of preserving the welfare of the larger community. Smith could argue in Chapter 2 of *Wealth of Nations* that by pursuing his own interest, an economic agent “frequently promotes that of the society more effectually than when he really intends to promote it.” Economists’ conception of virtue is that under *laissez-faire*, self-interest and public morality are elegantly synchronized, guided by Adam Smith’s famous invisible hand. It is a compelling notion, yet a natural question for the Christian is whether the economists’ understanding of the virtuous economy is a necessary and sufficient one when viewed through a theological lens.

Donald Hay is a prominent Anglican figure who has done a lot to bring theology to bear on what we mean by a “virtuous economy” in Christian terms (Hay 1989, 1993, 1994; Hay and Kreider 2001). A reader in the Church of England and for many years a fellow at Oxford, Hay explores the matter using a biblical framework, particularly in his influential 1989 book *Economics Today*. Hay’s picture of the virtuous economy is developed explicitly from theology, and his approach to biblical foundations is exegetically careful. Hay identifies four biblical stages in his survey of the Scriptures, preparatory to stating Christian axioms for the economy of virtue: creation with its themes of God’s providence and man’s stewardship; the fall of mankind and God’s judgment; Israel as the covenant people of God; and the new covenant people of God in the church, with its “radical ethic of the kingdom.” Armed with these biblical data, Hay then develops a description of the virtuous economy that revolves around the theme of stewardship. Virtue in the economic realm, for Hay, means every person exercising a calling to steward the talents and resources God has created. Natural resources are to be used responsibly, not abused through waste or degradation, for we are each accountable to God for our management of the creation. Work is seen as the means of stewardship and consequently every able person has a right and responsibility to work. In order to work, all humans should have access to resources and control over them. Moreover, this stewarding-through-working-of-resources process is a social activity in which people cooperate as joint stewards: every person has a right to meet their essential consumption needs through work, and no person has an automatic right to necessarily consume the entire proceeds of their resources.

The question for our purposes is how Hay’s erudite portrayal of virtue in the economy compares with that of secular economics, with the Smithian conception of virtue. If Hay’s notion of public virtue for the economy is found to be significantly different from that of orthodox economics, then *ergo*, “mere economics” may not be sufficient for Christians. In that case, Hay’s portrayal of the virtuous economy would need to be viewed as a confrontation with Smithian economic virtue. On the other hand, if it turns out there is in fact no profound conflict between Hayian virtue and Smithian virtue, then the line of thought developed so far in this chapter - that markets increase the supply of virtue and this is virtue of the kind that Christians can embrace - remains intact.

To answer this question we must look at what Donald Hay says about Adam Smith’s theory of the morality of markets. In *Economics Today*, after completing the biblical survey, Hay turns his attention to assessing market capitalism. He calls the price system the

“most remarkable” advantage of the market economy, and briefly mentions the invisible hand that is able to coordinate the supply and demand of thousands of goods and services arising from numerous firms and households in the economy. Hay also says the “desirable incentive properties of market capitalism, linking reward to effort” are important. But Hay’s commentary on these classical economic dividends of the system is brief indeed, and it soon becomes clear that for Hay, these things are remarkable on account of their ability to generate wealth, but not virtue: “it is these properties that are usually credited with the measured success of market capitalist economies, in terms of economic growth.” This reading is subsequently confirmed in Hay’s discussion of the ethical qualities of market-based economies, where his assessment is largely negative.

This is indeed puzzling: while Hay appreciates the material benefits of markets, there seems little or no recognition of the classical political economists’ thesis concerning the *moral* benefits of markets. It is indeed curious that despite the burden of Adam Smith to prove the moral merit of the market system, Smith’s answer to the Moral Question of Capitalism is essentially bypassed by Hay, who instead emphasizes the material benefits of markets and asserts only that the external moral basis needed for market economics is one “capitalism cannot provide, and which it tends to erode (page 158).” He feels that “the problem for market capitalism is how to generate the requisite moral standards (page 159),” yet does not acknowledge economists’ insight that markets are generally very good at turning private vice into public virtue. Hay further claims that under capitalism “there is no common purpose towards which society is organized (163),”¹ but neglects to register the pedigree of economics, the moral-philosophical impetus that motivated the early political economists to begin with, namely that the market model sprang out of a vision for turning bad people into good citizens. This is a serious difficulty because this is a crucial *theological* thesis of classical political economy: markets are not only good at producing wealth, they also dramatically increase the supply of virtue. Self-interested economic players act as if they have a conscience, and the behavior of sin-ridden human beings is auto-aligned with doing our public duties as citizens. It is a pity that this Big Moral Idea from economics, so generic to any defense of the discipline against theological critique, should be given so little weight by Hay. The effect is that Hay does not convincingly prove whether the Smithian theory of the virtuous economy is defective, nor demolish the profound moral dividend of markets identified by the classical economists.

If that issue had been faced squarely, then a very different resolution may have emerged from Hay’s theological discourse. It can be argued that there is, in fact, an impressive colinearity between the theological ideals Hay identifies and the virtues of market economies, and that the most effective means of satisfying Christian moral tests of the economy is the competitive market model. Is stewardship a biblical value? Then the most vigilant source of allocation available—the market—is the best way to encourage the proper husbanding of resources. Is dispersion of economic power theologically desirable in a sinful world? Then the market offers the best available model for decentralizing control. Is corporate greed a problem? Then markets are the shortest route to discouraging such vice, because consumers will punish firms that act unethically. Does Christian theology put emphasis on persons in community with responsibilities to our fellows (Hay, page 158)?

Then market interactions are impressive as each one serves the other on a daily basis. Are Anglicans concerned for the plight of the poor? Then the best generator of prosperity we know of—the market—is the most effective way to provide jobs that will put food on the table. And so on. Ian Harper (1993, 1996; Harper and Gregg 2008), former professor of economics at the University of Melbourne, is an Anglican exponent of this line of thought. In particular Harper feels that Christian ethical concerns about distributive social justice are more compatible with economic rationalism than the alternatives. It is therefore inaccurate to argue that economists are “uncaring” toward the poor because there is method in mainstream economists’ madness. Economists *do* have concern for the needy (Ps. 113:7), they just believe the market is the best strategy for helping those in need. Economists *do* have an abiding interest in stewardship of factors and can offer some powerful reasons why markets are the most proven tool for the job.

In my judgment, all of this means that attempts so far by Anglican thinkers to argue that economists are immoral, or that Smithian virtue is fundamentally anti-theological, or that economics is antithetical to stewardship, have not yet succeeded. At the very least, new and more work is needed if such a case is to succeed. The fact is markets tend to naturally redress Christian theological concerns for the economic system, at least as a long run proposition (see Hawtrey and Lunn 2010 for further elaboration). This conclusion is broadly consistent with that of John Atherton’s book *Christianity and the Market* (1992). After a prolonged comparison of conservative, radical, and liberal views of the market Atherton—a past canon theologian of Manchester Cathedral—maintains that the system has its own internal logic which needs to be affirmed if markets are to function. Rather than seeking to replace markets, Christians should work with the market system.

If this basically harmonious reading of the relationship between theological virtue and market virtue is accepted, then it means that “mere economics” remains a necessary and sufficient approach to theological economics. At the same time it needs to be acknowledged that this position does not yet enjoy unanimous agreement among all Anglicans (although there are signs it is gaining ground). Perhaps this should not surprise us. As Bruce Webb (1994, 2006) Episcopalian economist from Gordon College points out, participants in this interdisciplinary field of discourse must overcome starting differences in both theology and economic theory, making the development of an agreed-upon theological economics doubly problematic.

VII. ANGLICANS AND THE ROLE OF GOVERNMENT

If we accept as a long run norm that markets promote Biblical stewardship better than any other system, and that markets increase the supply of virtue most of the time, we must still acknowledge that deviations from this ideal occur in the short run (Hawtrey

and Johnson, 2010). This in no way contradicts everything that has been said so far. For all their ability to turn human fear and greed into socially beneficial outcomes in the long run, markets can also sometimes be brought unstuck by those very same forces in the short run. And while markets democratize the relationship between the strong and the weak much of the time, there are occasional exceptions when the weak are at the mercy of the strong. Such case irregularities and cyclical aberrations represent a departure from the virtuous mean of markets, and raise the question of the theological role of government and the appropriate corrective role of the state (if any) versus the market (Newbigin 1985). Even if we are pro-market and support the general virtue of market economics, a remedial role for government—even a minimal one—needs to be admitted because theologically speaking, as discussed in Hawtrey (1985), the Scriptures speak of rulers having a divine duty and mandate as “God’s servants” to encourage right and penalize the wrongdoer (Rom. 13:1–5, 1 Pet. 2:13–17).

It may well be that the answer is for government to largely delegate economic decisions to the market. Yet what this should look like in practice, in the economy, is a nice question and Anglicans have yet to fully work through this conversation.

Brennan (1983) advocates a small role for governments on the grounds that political liberty is a biblical ideal that promotes moral prudence. In reply Bill Stent, Anglican academic economist at the University of Newcastle-upon-Tyne and La Trobe University, argues that it is not freedom but justice, biblically understood, that should take ultimate priority (Stent 1983). These two views mark out the broad boundary lines of the debate, and demonstrate that theological inquiry into the state’s role entails the meaning of such ideas as “liberty,” “justice,” and “divine mandate” applied to the economy. The theology of economic justice is treated by Cole (1987), Hawtrey (1991), and Hartropp (2007). Andy Hartropp, an ordained Anglican minister and economist with doctorates in both fields, provides an extensive Christian treatment of justice and concludes that both free trade (justice in production) and fair trade (justice in distribution) are jointly essential to a biblical understanding. The theological triangulation of justice, liberty, and divinely ordained government remains an area where Anglican economists could fruitfully do more research.

In advocating policy interventions, Anglicans express a spectrum of views. Atherton (1992) says the market needs help to respond constructively to problems such as unemployment or poverty. Hay (1989) holds that while there can be no hope of a fully Christian Economy, “a Christian’s concern for justice in the economic sphere will be a persistent identification of areas of disorder” followed by “the attempt to get things put right.” Andrew Henley (1987), a past Convener of the UK Association of Christian Economists, is of like mind. Business authors such as Catherwood (1964, 1969), Griffiths (1982, 1984), and Hore-Lacy (1985), who though not academic economists are nevertheless informed, are positively pro-market while also including certain caveats that justify an umpire role for government. Anglican lay preacher Stephen Green—one time Chairman of HSBC bank and subsequently UK trade minister in the Cameron government—maintains this line, writing that market capitalism is capable of being both an agent of “development and liberation” and “a dangerous moral pollutant” (Green

2009). Some Anglicans adopt a stronger centralist role for government. Keynesian John Nevile (1979, 1988) advocates fiscal policy to alleviate unemployment. Timothy Gorringer (1994) supports centralist moves aimed toward greater distributive equality, as do quasi-Anglican social think tanks such as the Episcopal Network for Economic Justice in the United States, Brotherhood of St Laurence in Australia, and Shaftesbury Project on Christian Involvement in Society (named after Lord Shaftesbury, the nineteenth-century Anglican social reformer), Kingdom Trust, and London Institute for Contemporary Christianity in the United Kingdom.

Although these Anglican voices vary in the strength of their support for state interventions, what they share in common is advocacy of a market economy tempered by conscience, a position that is broadly compatible with the Thirty-nine Articles, which endorse the capitalistic principle of the right of private property while at the same time urging that “every man ought of such things as he possesses liberally to give alms to the poor, according to his ability” (Article XXXVIII). Each interprets “conscience” in his or her own way.

VIII. CONCLUSION

Looking at economics through the prism of Anglicanism is ironic, because in some ways Anglicans are like economists: both tend to display a see-sawing style, weighing competing ideas. If you ask an Anglican whether capitalism is good or bad, they would probably answer “Yes”. If there is an Anglican paradigm for theological economy, this is probably its major characteristic, an Augustinian mindset that wants to see the market as a countervailing force to sin (and government) *and* government as a countervailing force to sin (and the market), with the market as the tenured foundation of economic order, and the state in an adjunct role. This balance of forces is healthy because “one should not absolutize any human construction” (Campbell 1986). Many Anglicans would feel that while the market is not perfect it is the best system we have, that “capitalism is the worst possible system in the world—except for all the others” (Harries 1992). This long run market norm is nevertheless qualified by certain concerns stemming from an appreciation that markets are not always functional in the short run, and from the biblical endorsement of some remedial role for the state (the shape of which is still a frontier for future dialogue among Anglicans).

While there is not yet complete methodological consensus among Anglicans, there are signs, appropriately in my opinion, of gravitation toward the neutrality position, that theology does not affect the way we do economics but does impinge on why we do it. And even on the latter, we can discern a growing coalition of Anglican contributors persuaded to the market economy not only for its substantial benefits of widespread material prosperity but also for its remarkable ability to transform individual self interest into collective good, most of the time.

Today, compared to fifty years ago, better account is taken of the practical usability of Anglican social thought, and the technical competency of Anglican economic commentary has steadily improved. Pronouncements on social order by Anglicans today are far less likely to adopt a posture of Christendom, and Church of England political economy has become less “Christian socialist” during the past half-century and correspondingly more market-oriented. We are seeing the maturation of the trend begun by Munby, with Anglican economics increasingly taking on a tone of greater scientific objectivism and becoming more willing to accept the theorems of economic analysis. This development, I think, reflects a version of Ockham’s razor: that one should not increase, beyond what is necessary, the number of entities required to explain anything.

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NOTE

1. Theologically it is a plus, not a minus, that capitalism appears to offer no explicit social purpose. As mentioned earlier, evangelical Anglicanism sees the gospel as the controlling motif of biblical Christianity and disavows an idealistic theological economics project because constructing a ‘Christian economic utopia’ risks obscuring the unique role of the gospel. This guards against the temptation, dangerous for Christian economists especially, to see economic order as a substitute means to engineer the kingdom of God, crowding out the true means that God is using to bring about his kingdom, namely *sola missio*, Bible teaching mission activity alone.

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CHAPTER 11

EASTERN ORTHODOXY'S THEOLOGY OF ECONOMICS

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EASTERN Orthodox Christianity does not have a specific viewpoint on economics. However, by examining the liturgical, patristic, and modern commentary on economics, we can glean what an Eastern Orthodox theology of economics might look like. In this chapter we will observe what the worship services of the church, the fathers of the church, and some contemporary Orthodox thinkers have said about the economic question. Much of the commentary pertains to the question of wealth and how it is to be utilized by the wealthy, drawing upon the parables and teachings of Jesus Christ.

I. LITURGICAL AND BIBLICAL SOURCES

Because Orthodox Christianity emphasizes the life of worship contained within the liturgical practices of the church, the liturgical sources provide some gleanings on how Orthodoxy understands the question of economics. Orthodoxy is first and foremost a worshipping community of faith, focusing on the relationship between the Holy Trinity and humankind. Worship forms the ethos and phronema of the Orthodox community as it gathers together to worship Father, Son, and Holy Spirit, the undivided and co-equal Trinity. The Trinity serves as the model for Orthodox communal relations, seeing each person in the Triune Godhead as being equal in divinity (*homousios*) and sharing the same divine life perichoretically. In this manner, human beings are equal before God, sharing the same human essence. As St. Paul states, “There is neither Jew nor Greek, slave nor free, male and female in Christ Jesus” (Gal. 3:28). Furthermore, wealth or social status does not play a role in the Orthodox

faith. St. Paul speaks to this issue in 1 Corinthians where he challenges the segregation that has occurred in the Corinthian community during the Agape feast: “Therefore when you come together in one place, it is not to eat the Lord’s Supper. For in eating, each one takes his own supper ahead of others; and one is hungry and another is drunk. What! Do you not have houses to eat and drink in? Or do you despise the church of God and shame those who have nothing?” (1 Cor. 11:20–22). In the worship service of the church of God, there are no social distinctions made. We are all one in Christ Jesus (John 17: 11b).

Nowhere is this made more explicit than in the funeral service of the church. One of the hymns, written by St. John of Damascus states, “All human pursuits are vain; they have no being after death. Wealth does not remain; glory does not accompany along the way. Once death befalls, all these vanish utterly. So let us cry to the immortal Christ: ‘Give rest to him who has left our company in the dwelling place of all who rejoice.’” And another hymn states, “Where is all our attachment to worldly pursuits? Where is all the vain display of passing things? Where is the gold, where the silver? The hustle and bustle of household servants? Everything is dust, ashes, shadow...” And finally, St. John writes, “I called to mind the prophet, crying, ‘I am but dust and ashes.’ And I studied the tombs once more, considered the naked bones and asked myself: Now which of these was king, and which the common soldier? Which was the rich man, which the indigent? Which man was upright and which a sinner? But, Lord, in Your compassion, to Your servant give rest, among the righteous” (Kezios 1995: 17–18). Clearly, the funeral service, which seeks to lay at rest the departed and comfort the mourners, understands that there is no difference between wealthy or poor in the eyes of God. All human beings are of the same social rank, made of the same essence.

Another service which makes this clear in the understanding of the Orthodox is the Artoclasia Service, which follows Great Vespers. This service is an offering of five loaves of bread, cruets of wine and oil, wheat, and candles to God for His blessing. Towards the end of the service, after the blessing of the offering, the priests and laity sing the following hymn from Psalms 33:10 three times: “The rich have become poor and hungry, but those who seek the Lord shall not lack any good” (Kezios 1996: 23). The five loaves are reminiscent of the five loaves that Jesus blessed and divided in the wilderness feeding the five thousand (Matt. 14:15–21). Bread symbolizes the common food of all people as well as the very body of Christ Himself. While the bread of the artoclasia is not sanctified as the Body of Christ, it is blessed and seen to be a means of blessing the people through the common food available to wealthy and poor alike.

The Divine Liturgy, itself, while not explicitly commenting on wealth or economics, however, does practically entail an equalization of all people in the reception of the Eucharistic Supper. All, except for the priests, receive the Body and Blood of Christ as a child with a spoon. The only exception to this practice was the emperor of the Roman Empire, who would commune with the priests receiving the Body directly and the Blood from the chalice. Today, all receive the sanctified elements on a spoon, signifying that we all must enter the Kingdom of Heaven as a child (Mark 10:15).

II. PATRISTIC COMMENTARY

The question of wealth and the salvation of the wealthy arose early in the church. Patristic commentary focused on the teachings of Jesus, who addressed the issue in the parable of the rich man (Luke 12:16–21), the parable of the rich man and Lazarus (Luke 16:19–31), and in his encounter with the rich young ruler (Luke 18:18–27). The central problem raised by Jesus in the Gospel of Luke regarding the wealthy is whether the wealthy can receive salvation in the Kingdom of Heaven.

Clement of Alexandria (ca. 150–215 C.E.) takes up the issue in his writing, “Who is the Rich Man that Shall Be Saved?” Clement is one of the first Christian writers outside of Scripture to address the problem of wealth and salvation in a comprehensive manner. Clement, a member of elite Alexandrian society, approaches the issue by restructuring the problem, focusing on perfection of the virtues. He softens the enjoinder given to the rich young ruler to sell all his possessions and give the money to the poor by offering the basic Roman philanthropic arrangement whereby the wealthy are to use their wealth for charity and the recipients will then pray for their benefactors. In Clement we do not see a societal restructuring of wealth, but rather a charitable economic arrangement within the bounds of the church whereby the wealthy are to care for the poor in exchange for their prayers. Herein is Clement’s insight regarding moral perfection: the wealthy through their use of their goods for charity grow in virtue and become less attached to material possessions. The wealthy, then, can indeed be saved through moral perfection and virtue.

With the development of Christian monasticism in the fourth century, a more literal understanding of Christ’s injunction to sell all of one’s goods and give them to the poor and to follow him was appropriated. St. Antony of Egypt, the father of anachoretic monasticism, literally followed Christ’s teaching. St. Athanasius tells us in his *Life of Antony* that when Antony heard the parable of the rich young ruler his heart was convicted, he sold his belongings, gave the proceeds to the poor, and joined the solitaires living on the edge of the city. This radical renunciation of wealth became the ideal to the prophetic witness of the eschatological Kingdom of God on earth. The hermits and monastics of the desert became the evangelical witnesses of the higher way of living the Christian life. By interpreting Christ’s injunction to the rich young ruler literally, the monastic movement demonstrated that salvation came through detachment from material wealth.

In the late fourth century, two fathers of the church, Basil the Great of Caesarea and John Chrysostom, developed the thinking about the use of wealth in Christian society. St. Basil the Great of Caesarea (ca. 330–379) brought a new interpretation to the issue of wealth by arguing that one’s wealth did not belong to oneself but was for others, especially the poor. If one did not use one’s wealth for the care of the poor, and this was a particular novel interpretation by Basil, then the wealthy were violating Christ’s command of love of neighbor. In his homily “To the Rich,” Basil proclaims that the acquisition of

wealth is a violation of love of neighbor: “Thus, those who love their neighbor as themselves possess nothing more than their neighbor; yet surely, you seem to have great possessions! How else can this be, but that you have preferred your own enjoyment to the consolation of the many? For the more you abound in wealth, the more you lack in love” (St. Basil the Great 2009: 43). Instead of the acquisition of wealth, what is more important is the acquisition of virtue through love of neighbor in the sharing of one’s largesse. In his homily “I Will Tear Down My Barns,” Basil exhorts the faithful not to follow the foolish rich man who preserved his wealth by building additional barns to house his grain but rather to care for the needy by distributing one’s wealth for the building up of righteousness (63). For, he argues that one’s wealth is not one’s own; rather, it was taken from the poor: “[The rich] seize common goods before others have the opportunity, then claim them as their own by right of preemption. For if we all took only what was necessary to satisfy our own needs, giving the rest to those who lack, no one would be rich, no one would be poor, and no one would be in need” (69). He continues by accusing the wealthy of thievery by stealing what is common to all and making it one’s own. By not using wealth for the poor, then one is guilty of theft, for what belongs to one belongs to all. By arguing thusly, Basil puts forth a theology of stewardship of wealth, whereby what belongs to the wealthy is intended to be used for the poor by the proper stewardship of the wealthy.

Similarly, St. John Chrysostom of Antioch and Constantinople (ca. 347–407) in his second sermon on Lazarus and the Rich Man (1984: 39–55) argues that not to share one’s wealth with the poor is indeed theft. No matter how the wealth was accumulated, according to Chrysostom, it is theft from the poor. The accumulation of wealth by the rich is for the purpose of distribution to the poor. “This is why God has allowed you to have more,” Chrysostom states, “not for you to waste on prostitutes, drink, fancy food, expensive clothes, and all other kinds of indolence, but for you to distribute to those in need.” Furthermore, he states that our wealth is to be used “sparingly, as belonging to others, so that they may become our own.” By sparingly, he means that the wealthy do not use their wealth for their own needs, “but give equal shares into the hands of the poor.” Proper stewardship of wealth is what is called upon by the wealthy.

As we see in these fathers of the church, a seeming paradox emerges in their thought regarding wealth. As a whole, the fathers of the church argue that absolute wealth in and of itself is a gift from God. However, they also insist that relative wealth, the appropriation of wealth in society creating a cleavage between wealthy and poor is to be denounced as injustice. Poverty and wealth are in a causal relationship in patristic thought; what the wealthy have is a result of the impoverishment of the poor (Avila 1983: 132–34). Wealth is given by God to be enjoyed by all.

Additionally the fathers did not have a high regard for the idea of private property. Property and wealth were of God; there is no absolute right to private property, according to the thought of the fathers. Rather, human beings are stewards of creation and of the wealth that has been given to them for its proper use in caring for those who are deprived. Stewardship is the proper Christian stance toward property and wealth, rather than absolute ownership (Avila 1983: 140–41).

III. CONTEMPORARY VIEWS OF THE SOCIAL IDEAL

In 1934 the Russian theologian, Sergius Bulgakov in his Hale Lecture “Social Teaching in Modern Russian Orthodox Theology” criticized the prevailing social ethic of the Eastern Church that it had inherited from the fathers as being ascetic, quietistic, and centered upon individual salvation. He sums up the patristic thinking: “Poor people have to endure their destinies for the sake of God and the rich people have a responsibility to use their wealth according to the teaching in the Parable of the Rich Man and Lazarus.” Bulgakov (1999: 276) believes that because of this quietism, lack of critique of the social order, and the offering of an alternative social order by Christianity, set the stage for Marxism and communism in the twentieth century.

Yet, Paul Evdokimov (2001: 69) offers a different perspective whereby the fathers of the church offered an alternative social program that infused the legal and political apparatus of the East Roman Empire. He writes, “The Church proclaimed and preached the principles of the new Christian way of life but had no real power to modify the economic structures of the Greco-Roman world.” Yet, “the theology of the medieval period explicitly formulated the idea of society as *corpus Christianum*, the Christian body” (See Constantelos 1968). However, the idea of the *corpus Christianum* in the modern period has come to an end. “Religious individualism (*devotion moderna*) goes hand in hand with modern economic individualism” (71). Both capitalism and socialism, today, are manifestations of religious individualism expressed economically.

No Orthodox thinker argues this more successfully than Sergius Bulgakov (1871–1944) in his major economic work, *The Philosophy of Economy*. Bulgakov had been trained as a Marxist economist before his reconversion to Christianity in the early twentieth century. His critique of both socialism and capitalism is rooted in his understanding of *homo economicus*, which he views as a fiction based on an improper understanding of human nature. Political economy and the social sciences view human beings according to a “uniformity and typicality” which is socially determined, voiding human beings of their freedom and creativity. Economic materialism, either in its capitalist or socialist forms, denies the spiritual dimension of human beings. “Because capitalism, inasmuch as it is a product of a materialistic world-view, understands the human being only as a producer/consumer and not as a spiritual being capable of exercising her freedom apart from the laws of economy, it too must be understood as a work of the Antichrist” (Payne and Marsh 2009: 44; see also Boyle 1998: 13-67).

Instead of arguing for a social order based on a particular economic system—either Marxist or capitalist—Bulgakov finds his solution to the social problem in Orthodox Christian theology. He begins his argument by stating that human life is in tension between freedom and necessity. Human labor is necessary to conquer the necessity of human nature. Human freedom through labor is utilized to transform nature without

obliterating it. The Incarnation of Jesus Christ serves as Bulgakov's model, in that the human nature is joined with the divine without its destruction.

However, as a result of the Fall of humanity, human beings are subjected to "working by the sweat of their brow." Human beings in the Garden of Eden by nature were to offer transformed nature back to the Creator; yet, human sin prevents this sacrificial offering of creation back to God and nature is instead used for human survival. Consequently, human beings through their works of labor or economic acts, attempt to restore the lost linkage between themselves and nature in order to once again offer transformed creation back to the Creator. This transformation process of nature through labor is done through the participation of the individual in the Divine Sophia. It is the Divine Sophia (ideal humanity) which is the subject of economic activity, for it is in and through the Divine Sophia that the individual participates in the transformative economic act of offering nature back to God. In this manner, the human being actualizes his or her unique humanity. However, if the transformative economic act is utilized not for a sacrificial offering to God but rather for humanity itself, it becomes a diabolical act. Herein is how the human being actualizes his priestly role in the order of creation. In the words of Bernice Rosenthal, "The Gospels proclaim not freedom in and through the economy but from the economy. 'Economism' is the economic captivity of man, but Christianity proclaims a higher freedom: it preaches not power, but impotence; not wealth, but poverty; not wisdom in this century of 'economic magic,' but the holy fool" (Rosenthal 1991: 72). Bulgakov saw economic materialism, in both of its modern economic forms, as being anti-Christian because it deprived human beings of their freedom to enter into the economic act of restoring creation to its Creator.

The contemporary Russian Orthodox Church has also reflected upon the social and economic ideal of human society in its *Social Doctrine of the Russian Orthodox Church*. The *Social Doctrine* offers to Russian society what it believes to be the proper understanding of economics for an Orthodox nation. The *Social Doctrine* includes an entire section devoted to the issue of labor and its fruits. Beginning with Genesis, the work articulates a theology of labor: "Labour is the creative fulfilment of man who was called to be the co-creator and co-worker of the Lord by virtue of his original likeness of God." Yet, due to the Fall of humanity, labor has been transformed whereby humanity must work by the sweat of its brow for its survival. However, labor ideally is for the benefit of humanity in service to God. The doctrine states, "From a Christian perspective, labour in itself is not an absolute value. It is blessed when it represents co-working with the Lord and contribution to the realisation of His design for the world and man."

Additionally, labor is to be performed for two reasons. First, it is to be performed in order to prevent one from becoming a burden to others. The fathers of the church speak of *autarkeia* as the capacity of the human being to live independently upon the fruit of one's labor, enabling the preservation of human dignity. Secondly, labor is for the purpose of providing for those in need. In this regard, human labor is for the promotion of *koinonia* or sociality, which is an essential aspect of being human. Sharing one's possessions brought about by one's labor ends the separation of wealthy and poor in human society, achieving the social ideal of equality of all people in one *koinonia*. As Charles

Avila states, this is the precise reason why the fathers denounced private property: it went against the sociality of the human person and human society (Avila 1983: 146). The *Social Doctrine* promotes this patristic ethos through emphasizing that one's labor and its fruits are to help those who are without means of support. Human society is called upon to make an equitable distribution of resources for all people.

Furthermore, the *Social Doctrine* comments on property. While stating that human beings have a basic right to the fruits of one's labor, the church cautions against the acquisition of extreme wealth so that one is "carried away by 'cares and riches and pleasures of this life.'" One's relationship to property should be based on Jesus' command of "love of neighbor." Furthermore, utilizing the social ethic of St. Basil, the document argues that it is God who is the absolute owner of property. Property is a gift from God for the benefit of the owner and his or her neighbor.

While the *Social Doctrine* affirmed the social ideal of the fathers, it did not offer any practical advice for businessmen and entrepreneurs. This advice came later under the guidance of the Russian economist Vladimir Mau, who chaired a committee constructed by the Russian Orthodox Church for this specific purpose. The document entitled *Collection of Moral Principles and Rights of Business* that emerged from this committee proposed ten commandments for business practices. These commandments concerned such issues as the right of private property, the importance of labor and rest, the use of wealth for the benefit of others, the ethical treatment of workers, and the separation of economics from politics.

The Russian Orthodox Church in the late twentieth- and early twenty-first century has been in the forefront of articulating the social ethic of Orthodox Christianity. Sergius Bulgakov (1999: 278) stated that the Russian Orthodox have been the driving force of promoting the social ideal of the church. Attempts at formulating that ideal were put forth by Bulgakov, Evdokimov, and more recently by the Russian Orthodox Church itself. Based on the teachings of Jesus and the fathers, the Russian Orthodox Church has provided a vision for an Orthodox understanding of economics and one's responsibility to society. The social ideal as presented in the thought of St. Basil and St. John Chrysostom resonate today in the work of the Orthodox Church as it comes into the twenty-first century.

The problem of wealth and poverty as understood by the Orthodox Church is demonstrated by the cleavage that exists between rich and poor. The fathers of the Church believed that there was a causal relationship between the wealthy and the impoverished in that the wealthy stole from what belonged to the poor and what was common for all. Yet, they also argued that wealth was to be used for the care of one's neighbor out of love for him or her. The wealthy had the responsibility of caring for the poor out of their largesse. Wealth was not to be accumulated for its own sake or for the benefit of the owner. It was a gift from God, and as such the wealthy are called to be stewards of that gift in using it wisely for the benefit of all.

Human beings are not just called to be stewards of creation and the wealth that has been given to us. Bulgakov states that through labor in transforming creation and offering it back joyfully to the Creator, we participate in the Divine Sophia—the ideal

humanity—and achieve our high priesthood over creation. Creation is not to be obliterated through its transformation by humanity, nor is it to be used only for our selfish purposes, but rather it is to be utilized to glorify God through the benefit of all.

Metropolitan John Zizioulas offers a Eucharistic approach to understanding humanity's proper relationship with creation. He argues that the stewardship model is too utilitarian and does not present an accurate view of humanity. Instead, he articulates a theology of creation whereby humanity is understood as the priests of creation. He writes, "The priest is the one who freely and, as himself an organic part of it, takes the world in his hands to refer it to God, and who, in return, brings God's blessing to what he refers to God. Through this act, creation is brought into communion with God himself" (Zizioulas 2011: 137).

Creation and the fruits of labor are for the blessing of humanity, for the benefit of all. Orthodox Christianity offers a social ethic that affirms the dignity of creation and of humanity as an organic part of it. Orthodoxy affirms that wealth and its proper acquisition comes from labor which is blessed by God. Wealth and the fruit of one's labor are to be used in a virtuous manner for the benefit of all of God's creation.

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CHAPTER 12

REFORMED CHRISTIAN ECONOMICS

BOB GOUDZWAARD AND ROEL JONGENEEL

I. INTRODUCTION

AMONG the different species of so-called Christian Economics the variety of Reformed Economics has an own distinguished place. However the historical dispersion of reformed people over a multitude of churches, each of them convinced of their own truth, is echoed by an equally broad spectrum of thought among reformed economists. But there are also two interesting elements that connect their contributions, especially in the Calvinistic branch of reformed economics:

- The first element that they share is a kind of “innerweltliche Askese,” the term which Max Weber (Weber 1978) once used to characterize Calvinism in general. It stands for the attitude of being fully alive in the contemporary world (*innerweltlich*), without identifying oneself spiritually and mentally with its unlimited desire for always more (*askese*). Even where several reformed economists support in practice a full-grown free-market economy, there always enters in their reflections an element of “moral restraint,” which is usually connected with an awareness of a God-given morality for economic life.
- The second factor that connects reformed economists is their love for theoretical coherence. Reformed economists do not like dichotomies like those between natural and supernatural, or between facts and values. All of them try to preserve a logical unity in their scientific approaches. Perhaps this can be traced back to John Calvin himself, who was used to a coherent type of scriptural reasoning before implementing those insights into economic practice.

An interesting question is whether Martin Luther missed this coherence. Richard Tawney's judgment about Luther's utterances about the economy "that it is idle to scan (them) for a coherent and consistent doctrine" (Tawney 2000: 88) goes surely too far. Especially in his writings about the role of money, trade, and usury Luther reached no doubt some level of consistency. He combined it moreover with a remarkable relativizing view on economic wealth, calling it "the poorest gift" which God gives to mankind. But, as André Biéler showed in his remarkable book on Calvin's social and economic thought (Biéler 2005), it was Calvin who also gave a systematic treatment of the role and meaning of production, labor, distribution and consumption, and wrote letters about entrepreneurship, and the role of profits and of interest out of his deep awareness of God's calling to do justice and act as good stewards over God's creation.

The historical heritage briefly sketched above is indeed taken up by several reformed economists in many parts of the world who obviously see in Calvin's work a continuing source of inspiration. The influence of this classical reformed world and life view, sometimes elaborated in a puritan style, or refined by a Neo-Calvinistic way of thinking (Abraham Kuyper, Herman Dooyeweerd) can also be recognized in the existence of a shared terminology. Here we find often joint expressions like: stewardship, the economic mandate, economic normativity, common grace, the awareness of a sinful or fallen world, and the existence of different creational spheres of life.

II. FRAMEWORK OF ANALYSIS

In the analysis of these various contributions, we had to deal with the challenge of how to avoid a dull survey of all reformed economic publications. We therefore chose, as a first step, a selection of publications, with our main, though necessarily subjective, criteria: (a) theoretical significance; (b) scientific originality; and (c) typicality for the reformed tradition in economics. In a second step, the selected authors were also further categorized according to a limited set of (four) possible different entries or approaches to the economic debate.

It is, of course, not our purpose to pin down authors into only one specific category. Some authors adhere in their work to more than one kind of approach. But the main reason to use such a typology is to avoid the misunderstanding that Reformed Christian Economics already begins at the moment when some personal reflections are uttered about the economic meaning of one or more biblical passages. In our view at least some kind of systematic theoretical economic reflection should be present before one can speak of Reformed Christian Economics.

As part of the general academic discipline of economics indeed four different reformed "inputs" in economic theory could be distinguished relatively easy (see table 12.1).

Table 12.1 A Small Typology of Reformed Economic Approaches

Approach	Characteristic	Examples
Thematic	Uses one single normative key-concept	Economics of honor Economics of compassion
Embedded	Participate in existing school, but bring in correction	Vickers (Keynesianism) Reconstructionalist (neo-Austrian)
Welfare	Use own normative "welfare" concept	García de la Sienra Monsma Graafland
Renewed normative	Propose revisions of economic theory	Reformed Economics (Calvin) Van der Kooy Cramp Storkey Goudzwaard

A. Thematic Inputs

The first position which we identified could be called inputs of the *thematic type*. Here the author(s) start from some kind of normative, usually biblical concept, which in their view is near to the heart of what should matter in economic thought or reflection. Roelf Haan's *The Economics of Honor* centers, for instance, around the commandment to honor your neighbors (Haan 2009). Roel Jongeneel defends the need of concepts like charity and solidarity in economic theory and practice (Jongeneel 1996). Anthony Cramp coined already in the 1970s the expression "the economy of enough" (Cramp 1988). Goudzwaard and de Lange made references to the need of an economy of care (Goudzwaard et al. 1995). In the next paragraph we will follow in more detail some of those contributions.

B. Embedded Inputs

The second position we would like to distinguish is the *embedded type*. This interesting position is chosen by those reformed economists who, to a high extent, identify themselves with an already existing school of economic thought, but who also in an epistemological way like to come to some corrections or amendments. Usually this is done from the viewpoint of "control beliefs," a term stemming from Nicholas Wolterstorff's *Reason within the Bounds of Religion* (Wolterstorff 1984). The economist so to speak wishes to think within the boundaries of his or her own Christian faith.

C. Inputs Using the Welfare Economics Methodology

In the well-known distinction between positive economics and the more prescriptive oriented "welfare economics," several reformed scholars are attracted to the last position

as a starting point of their own normative economic reflections. Reformed concepts like the meaning kernel of the economic sphere, or biblically oriented views on justice and stewardship, so can enter into the domain of what could be seen as a (revised) type of “Welfare Economics.” García de la Sienna (2001a, 2001b) and George N. Monsma (1988) can be mentioned as belonging to this group of Christian economists. But also the important recent study of Johan Graafland (2007, 2010) about markets can in our view at best be discussed in the context of this category.

D. The Input of a Renewed Normative Analysis

The last position to be distinguished, we labeled as the *renewed normative economic analysis*. Here the present form or type of economic theorizing itself stands under critique. It is under attack because of its lack of awareness of, for instance, differentiated social responsibilities, and/or its refusal to take also the inherent normativity of economic life itself into account. Some renewal of economic thought is seen as needed and possible by these authors. Names attached to this position are Tjalling P. van der Kooy (1953, 1954a and 1954b), the research group of Calvin Center in Grand Rapids under the leadership of John Tiemstra (see Tiemstra et al, 1990), Anthony Cramp from Cambridge, Alan Storkey (1993) with his contributions on consumption theory, and Bob Goudzwaard (2001) in his work on causality and economic growth.

In the following sections, the four types of reformed economic thought will be further explained and illustrated.

III. ECONOMICS OF THE THEMATIC TYPE

Thematic reformed economic thought is no doubt an interesting phenomenon. From one or more central themes, chosen by the author, the scenery of economic life and thought is so to speak entered from a side-curtain. The usual aim is to detect on the base of biblical texts possibly wrong accents or dark spots in economic theory, and to subsequently submit them to a positive critique.

A good example of this kind of thought is Roelf Haan’s book, *The Economics of Honor* (Haan 2009). Already from the title it becomes clear that some concrete biblical reflections take a leading role. But his book entails an analytical economic specificity (as reflected in the use of notions such as “cost” or “productivity”). An example is the Old Testament history in which David refuses to drink water from the well of Bethlehem which three of his thirty chief men brought to him after breaking through the camp of the Philistines (2 Sam. 23:17). Haan uses this story to make his point on the cost concept. Modern economists see economic dealings often as a mere question of rationality

and of sound reasoning, but we meet here a quite different story: precisely because David is in the end utmost price-conscious, knowing that the life of his men was risked by his demand to drink water, the cost is now seen by him as too high: “Far be it from me, O Lord, that I should do this. This is the blood of the men who went at the risk of their lives.” What is at stake here is another rationality in viewing and calculating costs. A product does cost not only what it costs to me but also what it costs to others. As Haan concludes: economic dealings should lead toward the establishment of an economic system that allows for the life of the other (Haan 2009: 5). The fifth commandment to honor your father and mother stands between the two tables of the law of God, and so teaches us that serving God—being a religious act—is not a “higher” activity than serving fellow humans (Haan 2009: 37).

Roel Jongeneel, author of a (not-yet translated) book about *The Economy of Compassion* (Jongeneel 1996) forms a kind of contrast with Haan in method, though not in intention. In his search for a Christian normative vision on the economy, he makes a kind of discovery tour through Buddhist and Islamic Economics next to the economic models of the Old Testament (Mosaic model) and the New Testament (Jerusalem model), to prove that in human economic acts and thoughts always some kind of implicit “unproven” apriori is present: a vision of man, the society, and the world (1996: 31). Though the Bible is surely not an economic handbook, it speaks clearly about a given normativity for economic life which can probably best be described with the term “economy of compassion” or “economy of charity,” while it is based in the will and compassion of the living God Himself (1996: 259). This subsequently leads him into a thematic elaboration on employment and labor (of more than instrumental value), on entrepreneurship (which is a calling entitled to some kind of reward), on money (subjected to the measure of fairness), and on consumption (which can never be a goal in itself).

While these two Dutch economists start from thematic concepts with a mainly social accent, we see other Christian thinkers depart from themes with a more ecological characteristic. Wendell Berry, for instance, speaks in his *Essay on Christianity and the Survival of Creation* about the *economy of right livelihood* (Berry 1993), which he bases on the holiness of Creation, but also argues to be useful as a platform to detect forgotten ecological dimensions in economic thought.

What is the theoretical or analytical significance of these and similar approaches? The relatively strong subjective element implies, of course, also important theoretical and analytical restrictions. But are those limitations implicitly present in each thematic approach? This is not plausible if thematic choices are made, which can be adapted in present economic discipline relatively easily, so that also new analytical insights and concepts may be born.

Arjo Klamer’s book *In hemelsnaam* (For Heaven’s Sake) (Klamer 2005) can be mentioned here as an example. He does not refer directly to available biblical material, but starts from his own (spiritual and economic) insight that in a too materialistic society the economic significance of various forms of spiritual awareness is obviously neglected or undervalued (the subtitle of his book is *About the Economy of Affluence*

and *Displeasure*). This leads him to introduce the economic concept of “cultural values,” which points to the social need of a cultural awareness of meaning in the economy, of a sense of holiness and devotion, and of the value of sharing. According to Klammer, these cultural values are easily pushed aside by commercial interests. His plea is for a balance between those different values in economic life, “for heaven’s sake.” But it also leads him to the economic concept of a separate kind of economic goods, next to private and collective goods, which he calls *common goods*. These are goods that are shared by the members of a group or community (*oikos*) and are enjoyed by each member without the presence of any kind of legal (personal) property. Friendship is, for instance, something that can make people happy, just like also one’s belonging to a family or a community can do this. To maintain these values, economic investments (of time and human energy) are unavoidable. A growing deficit of communal goods can take away the enjoyment of other economic goods. Acting for our own material well-being without empathy for the other, so Klammer writes, is neglecting what makes us human in the image of God. Therefore, let the marketplace also be a place of acting in the name of God’s love, “for heaven’s sake,” so is his conclusion.

A somewhat similar approach can be found in Goudwaard and de Lange’s approach of an *economy of care* (Goudzwaard et al. 1986, 1995). Words like “care” and “careful administration” (of resources) are not unknown in economic analysis. However, usually they are identified with the narrow concept of efficiency in the use of scarce means. A concept like (economic) care has however a wider range: it covers also the side of the preferred ends. This in similarity with New Testament terms like *oikonomia*, *oikonomike*, and *oikonomos*, which, for instance, imply that workers should receive in time their daily food, while the well-conserved land should also bear sufficient harvests. The household (*oikos*) has to “take care” of these real needs.

In their study this insight leads in the first place to an elaboration of the idea of an *economy of enough*. In the authors’ view it is from an economic point of view irresponsible to choose in the already richest countries in the world for a continued expansion of material production and consumption, given the context of a strong vulnerability of the world’s ecosystem, the limited availability of its resources, and the still huge needs of so many poor people in the world. The concept of a *healthy economic growth* goes along with that: like the growth of a blossoming tree, which restraints itself in expanding in the vertical direction, just to be able to bear fruit. The fruits of a blossoming economy consist in more meaningful labor and the preservation of a society’s human, social, and natural capital.

From their study some new theoretical distinctions also emerge, with the distinction between *pre-care* and *post-care* being a prime example. Pre-care stands for the precautionary costs or outlays that are made before a process of production or consumption takes place, while post-care stands for the costs or outlays that have to be made afterwards. Poison belts hidden in the soil, occupational diseases, air pollution, and soil erosion can often be prevented at far lower costs than if they are dealt with afterwards. Also in this book a distinction is made between productive labor (labor which pays itself back via markets) and *transductive labor*. The latter stands for all human activity by which a society is sustained, thanks to the care of people like parents and volunteers.

They usually offer their services which is in fact an in-depth investment—without or with only very rudimentary forms of payment. Modern societies are according to these authors easily neglecting the necessary pre-care in most of their economic activities. Moreover, they orient themselves less to objects of care than to objects of use. Finally, they tend in their materialistic settings also toward an underdose of transductive labor.

VI. ECONOMICS OF THE EMBEDDED TYPE

Douglas Vickers, the eminent Australian economist and author of several books on economics, was, as far as we know, the first to use the word “embedded” in relation to Christian economic thought (Vickers 1982, 1995, 1997). In the Preface of his *Economics and Man*, he states already in the second sentence: “I have attempted (in this book) to show the manner, in which economics should properly be *embedded* in a firm theologico-philosophic and epistemological foundation” (Vickers 1976: vii). What is striking in this formulation is that the science of economics is not addressed in a judgmental way. Vickers even takes a personal stand in the choice for being a Keynesian economist. At the same time he is deeply convinced that economic science “as a flowing river of thought in time” always needs a kind of embedding, which should come from the outside (a theologico-philosophical and epistemological foundation) to be able to follow a safe course in what Vickers sees as “a fallen world.”

This position is indeed different from the thematic one. Next to the element of a direct attachment to a specific school of economic thought, also a methodological “overall approach” is followed. Vickers does not jump directly from biblical data to theoretical reflection. He refers instead to three formative principles of economics: *conservation, development, and equity*. Each of them relates only indirectly to his theological framework: “the notion of conservation, which stands in correlation with stewardship, derives from the correlative data of the sovereignty of God and the creaturehood of man” (Vickers 1976: viii). In a separate chapter he examines the three principal biblical data bearing on the economic question: “creaturehood, finitude, and sin.”

All this, however, does not imply that Vickers abstains from concrete viewpoints. In the matter of modern economic policy, he “deconstructs” his own three basic formative principles in no less than seven operational objectives (like full employment, economic growth, stable prices, external balance, etc.). It leads him into harsh debates with some other reformed thinkers and economists like R. John Rushdoony and Gary North.

Mentioning those names leads almost automatically to *Christian Reconstructionism*, a specific variety of reformed economic thought. At first sight the difference between the opinions in this school of thought and those of Vickers could not be greater. Reconstructionist economists are fully in favor of the free market mechanism (“the Bible mandates free market Capitalism,” so states Gary North), while they are as much

opposed to printed money as they are in favor of dismantling the Welfare State. Any kind of redistribution of property is rejected by these authors. But how different this type of thought may be, it can also be interpreted as just another kind of embedded reformed economic thought. This can be explained by digging somewhat deeper into this variety of economic thinking, helped by an excellent overview article of Edd S. Noell (Noell 1993).

First, also in this school some theological and epistemological starting points encompass all their economic reflections. The Bible is seen as “the master lens by which the believer must perceive all the data of created life” (Cornelis van Til). And it teaches us that man is placed in all his economic actions under the “dominion covenant,” the mandate to rule over the earth as God’s steward (e.g., Gen. 1:26–28; North 1974). Reconstructionalists furthermore adhere to a postmillennial eschatology. Jesus has already conquered the world so that gradually all people will accept His reign (a theological view which contradicts Vickers conviction of a still fallen and fully sinful world). Theonomic ethics is also present: the Reconstructionists adhere to the belief that God still rules the world with laws which are binding for all. Moreover, Mosaic law was pro-market, pro-private property, pro-foreign trade, and so these insights ought to also govern all forms of modern economic policy.

All this is about economic policy—but what about economic theory? Here another similarity pops up with the work of Vickers. Also Reconstructionalists show a clear affinity with a specific school of thought in economics, but in their case with the Neo-Austrian school (Friedrich Hayek, Ludwig von Mises). That affinity goes however not without a foundational critique. Neo-Austrians refer correctly to morality as a necessary prerequisite of each market, but their insight hampers what morality really is and ought to be. Also the monetary insights of the Neo-Austrian school are questioned. Reconstructionalists are, for instance, opposed to all kinds of fractional banking, in which the level of bank loans may surpass the level of the bank’s original deposits (as excessively happens during any global financial crisis). As a result of such lending practices, the value of money becomes untrustworthy and so directly violates the divine command that “a false balance is an abomination to the Lord, but a just weight is His delight” (Prov. 11:1).

Reformed economists may thus strongly differ in the choice of their embedment. But if the choice is made, the consequences touch their entire economic analysis.

V. REFORMED INPUTS USING THE METHODOLOGY OF A WELFARE ECONOMICS

Neoclassical welfare economics is the label for the recognized normative (or prescriptive) branch of economics that is practiced by mainstream economists in the West.

Welfare economics uses a methodology that therefore looks attractive for also several Christian normative approaches of the economic reality.

Garcia de la Sienna (2001a and 2001b) is a well-known Mexican economist who has made remarkable effort to translate in a superb mathematical way the Dooyeweerdian reformed normative insights in the economic sphere and of economic laws—centered on the sparing or frugal mode of administrating scarce goods—in the language and methodology of neoclassical welfare economics. He does so by constructing “normative functions,” which allow for making optimal normative social choices that are in accordance with objective economics norms, and so “lead the economic integration process towards a sustainable system of needs” (2001b: 72). The difference between Christian economics and neoclassical economics lies in his view “precisely in the introduction of a normative function in the place of the usual social welfare function.” This (global and local) normative function determines the space of admissible consumption menus, production processes, and distribution processes. This does not rule out markets, rather it sets the conditions for the creation of responsible markets (2001: 78). According to the author, in this way global disaster can be prevented and the world be led to a fair Golden Age system of needs (2001b: 83).

George Monsma (1988) provides a good overview of existing concerns about welfare economics in the reformed tradition. Economic welfare is invalidly treated as being separated from overall welfare and is built on false individualistic ethical assumptions. Someone’s welfare is assumed to increase if he can increase consumption, but this view neglects men’s calling as a social individuals: not only one’s own welfare but also that of the other (the Bible call this one’s brother or sister) should count. According to Monsma, this makes welfare economics impotent: it is not able to adequately address situations with income redistributions (i.e., winners and losers).

Monsma’s plea is to work on a reformed welfare economics, which accounts for basic Christian principles such as people being responsible to God, being stewards rather than absolute owners of resources, and ensures adequate access to the basic necessities for all families, including the development of their God-given talents. Such a welfare economics would still be concerned with efficiency and economic growth, but not in their own right, but only insofar as they contribute to provide justice for all, encourage loving behavior, and allow for the proper development of other life spheres.

In his book *The Market, Happiness, and Solidarity: A Christian Perspective*, Johan Graafland (2010) tries to clarify the links between ethical values, Christian faith, and economics. From his argument that ethics is the best link between Christian faith and economics also Graafland chooses a normative approach in the line of “welfare” economics, though his concept of welfare goes far beyond the economists’ traditional “utility” concept. Whereas standard welfare economics has a consequentialist or outcome-oriented approach, Graafland’s perspective focuses on applying the correct principles to human economic behavior. He demonstrates this clearly in his evaluation of markets and market behavior, by following a consequent multidisciplinary approach, in which he combines the disciplines of economics, ethics, and theology.

Graafland (2007, 2010) develops his normative perspective by viewing the market from three normative perspectives, namely welfare (or happiness), justice, and virtue. Graafland acknowledges that markets contribute to the growth of *welfare*, which as such fits in with a Christian perspective on a needs-oriented economic growth. But it also corresponds with the idea of a “moderate scarcity,” which requires man to use his talents, creativity, and power in order to meet his responsibilities toward fellow humans as well as to the environment (cf. Hengstmengel 2011). As regards *justice*, Graafland (2007) describes twelve principles of distributive justice in ethics, of which several are supported from a Christian perspective. Graafland further argues that a typical element of a Christian view on economic justice is the priority given to the vulnerable and the poor. To him this provides an argument for government intervention, although it should respect the wide range of income inequality that is still legitimate from a Christian point of view. Finally, with respect to how the market affects *virtues*, especially the Christian virtues of faith, hope, and love, Graafland examines the question of whether commerce and competition have a favorable impact on human manners and virtues or rather tend to erode them. Unlimited unregulated competition, so he concludes from his analysis, may erode the most central Christian virtue, namely the virtue of love.

Overall, Graafland’s conclusion is that it is better to focus on how the harmful consequences of market behavior can be diminished rather than to end in an unfruitful yes-or-no debate on markets.

VI. ECONOMICS OF A RENEWED NORMATIVE INSTITUTIONAL ANALYSIS

We now come to that kind of reformed economic thought, which leads to a different style of economic analysis itself, or even a switch of paradigm. Two cases deserve special attention:

- (1) Human economic actions are systematically placed against the background of a scala of—usually normatively qualified—different social institutions.
- (2) According to a separate branch of this normatively institutionalized approach also the concept of economic causality itself is in need of a normatively oriented theoretical revision.

Case (1). Usually, the starting point of the first type of renewed normative reformed thinking is a sharp rejection of the positive–normative dichotomy in neoclassical economic thought. While in conventional economic handbooks “positive economics” is seen as a value-free explanation of existing economic facts, in this the type of reformed economic thought economic reality *itself* has, already from the outset its own normative background and flavor (e.g., NT Greek: *oikonomia*). All economic actions are seen by

these authors as a kind of (positive or negative) answer to a normatively created reality, which consists of a whole number of socially differentiated mandates.

This view has, of course, important theoretical implications. For it implies that in the view of those economists no satisfactory explanation of economic facts and developments is even possible without taking the given normative background of economic life directly into account.

To understand this far-reaching position, it may be helpful to start from the view that economics is mainly a *social* science. Human beings interact with each other, directly or indirectly, via a great variety of social institutions. Because the human will is always involved, however, these social actions miss a secure outcome; they are often difficult to predict and sometimes even whimsical (what brought the famous German economist Walter Eucken in 1946 to his famous *economic paradox*: How does one build a real science like economics with laws and rules on the base of so much insecurity and irregularity?)

Generally speaking, under these premises, only two possibilities seem scientifically available. The first one is to *internalize security*; to presuppose within the science of economics some kind of security which is valid for all human actors. This solution was taken by those—mainly classical—economists who adhered to the concept of the *Homo Economicus* (J. Stuart Mill), the imaginary individual who always acts according rational insights to reach an optimum of wealth or personal happiness. Complete predictability is then reached, but at the price of practical and social irrelevancy. Therefore, most economists since 1870 choose the second possible option: to *externalize insecurity*. Or equivalently, to expel all forms of insecurity from economic theory itself. In line with Neo-Kantian thought (see R. Strigl 1923, also mentioned by Lionel Robbins 1932), it is, for instance, possible to develop a circular structure of “givens,” or *data-Kranz*, for all types of economic analysis. In the so-called data circle, all (insecure) human preferences, motivations, desires, and intentions find their place, together with the existing political structure, the stocks of nature, and the still available resources. Within that closed circle of data or external “givens,” fully determined value-free explanations still seem possible for all economic facts, micro as well as macro.

The choice of such a circle of data as a kind of *asylum ignorantiae* is, however, in itself not a value-free choice! Reformed economists see this choice, therefore, as a kind of escape route, a *deus ex machina*, to evade all kinds of value judgments within economic thought. According to these economists, this is now a straight denial of the normative character of economic life itself. In their view, economists should always be prepared to study and explain concrete human economic behavior against the background of some kind of normative contextuality.

Here primarily the name and work of the VU (Free University of Amsterdam) professor T. P. van der Kooy (1953, 1954a, 1954b) should be mentioned. Van der Kooy was strongly influenced by the philosophy of Dooyeweerd and Vollenhoven, the founding fathers of the Dutch reformational philosophy tradition. Van der Kooy denied not only the possibility of a pure positive economic science, based on autonomous human reasoning, but he also put emphasis on the relevance of norms for daily economic life.

Reality is characterized by several aspects, like the historical, the juridical, the economic, the social, and the ethical aspect, which are irreducible to each other. Not acknowledging this is the source of a lot of misconceptions and confusions in science and policy, for each of these aspects is characterized by its own specific normativity. An economic decision or choice has therefore not only to adhere to its own (economic) normativity (like efficiency or “doelmatigheid”), but should also simultaneously take into account the norms associated with the other noneconomic aspects (Van der Kooy’s so-called principle of a *simultaneous realization of norms*). Thus, for the final evaluation of each human economic action, an encompassing vision is required. People will always make economic choices based on moral standards. This implies for van der Kooy that with all the freedom which there is, economic ends ought always to be chosen to further a harmonic lifestyle and to be in accordance with “true humanity.”

If we put against this background the work of the study group on “Reforming Economics” of the Calvin Center in Grand Rapids—with as subtitle “Calvinist Studies on Methods and Institutions”—then it is just impossible to deny the kinship and deep similarity (see Tiemstra et al. 1990). Also in Reforming Economics (RE), the key concept is normativity, which is used in a double sense. On the one hand, it is normativity which characterizes structures or institutions such as the family, the firm, the church, the government, and, on the other hand, it is normativity which guides human action. Central to the Christian perspective developed in RE is that economic activity is interpreted as a response to God’s call for obedient living. For that reason a large amount of the work undertaken in RE is determining the essential characteristics of such an obedient life in the economic realm. After a close examination of the biblical teachings, the Calvin group develops their “great principle”: man is steward of God’s good earth and needs to use its wealth while taking good care. It is entrustedness, not scarcity, which describes the wealth God gives to men. Obedient behavior in the sense of economic stewardship implies that there is no room for human autonomy, nor for the pure pursuit of self-interest, because the central idea guiding human behavior should be service, service to God and his fellow people.

The root source of economic problems is in their view therefore located in disobedient choices. They cause disharmony in economic life. People should be able to take responsibility for the economic side of their lives, so not being kept away from ownership of wealth and means of production. Moreover, they need political and economic freedom to exercise their stewardship and ought to be involved in meaningful work and proper work relationships.

The Calvin group elaborates carefully the normative implications this has for personal and institutional economic behavior. *Families* are first and foremost characterized by mutual care and love, which also colors their way of involvement in economic transactions like consumption, labor supply, and household production (mutual care, gift relationships, etc.). Their conclusion is that the family is one of the most important and dynamic relationships in economic life, rather than consisting of passive economic pawns. *Firms* are assessed as essentially being economic communities for service to all the constituencies the firm relates to (e.g., consumers, investors, general public), rather

than as a black box, or as a production function governed by profit maximization. The role of the *government* in economic life also receives an elaborate but careful analysis. Following the reformed tradition, the state is recognized to be a God-ordained institution which is given the power to compel obedience, but which also itself is called to follow the norms God has given. In their view there are a number of areas in which capitalist market economies fail to give results which are in accordance with God's call for proper stewardship. The result is disharmony, economic injustice, and waste. The marginalization of families, the harm done to the environment, the concentration and misuse of economic power, they all may justify involvement of the government. The government should, however, in its reactions (regulation, taxes, or other incentives) always act in a just way (i.e. balancing various interests according to the principle of public justice and respecting people's rights, rather than pursuing selected stakeholder or pressure group interests).

As regards the macroeconomic policies, the Calvin group rejects the traditional growth-oriented objective of maximizing per capita output or consumption. They underline the need to distinguish among different types of output which meet different types of need among different groups of people. The notion of minimal guaranteed economic security is included in this economic redirection, because a just distribution of the economy's resources is seen by them as an inherent element in a Christian perspective on macroeconomic policies. Stabilizing output and employment should receive priority above stabilizing prices (against Monetarism).

Summarizing, it can be said, that the Calvin Center's project resulted successfully in the most coherent and elaborated study on reformed economics which until now has been made. It can be characterized as a full-grown effort to come to an incisive economic-theoretical renewal.

Case (2). There also exists, as already indicated, a branch of reformed institutional economic thought, which theoretically even goes further than the variety discussed under (1). This type goes so far as to include a different view on the concept of economic causality. This position can best be explained by referring to the well-known study on economic causality by John Hicks (1979). Hicks explains in this book why classical economists after the great earthquake in Lisbon in 1755 said farewell to the till then ruling ("old") type of causality in which the concrete behavior of economic actors (either persons or institutions like the government) could be seen as the real cause of economic effects. Instead of this who-oriented type of causality most classical economists, starting with Adam Smith, choose for the far more neutral "what" type of causality: which economic fact(s) can be seen as the cause for one or more explicit economic consequences to occur. This mechanic concept of causality, which was already widely used in the natural sciences, made it, for instance, possible for economists to explain price movements as an intersection of anonymous flows of supply and demand. Hicks clearly adheres to that view: "It was the old association between causality and responsibility which had to be rejected. Causality is a matter of explanation; but when we explain, we do not necessarily praise or condemn" (Hicks, 1979: 7).

However, this choice is, of course, not value-free. Several reformed economists (Cramp, 1988, Storkey, 1993, Goudzwaard, 2001) therefore express as their view, that such a full substitution of the “old” type of causality by the “new” mechanic type, necessarily implies an explanatory and also moral loss, because in this way all deliberate actions of “living” persons and institutions fall outside the scheme of economic explanation. Each possible accountable economic actor is so to speak leaving the scene. Economic evils like rising unemployment or a deep financial crisis can thus no longer be understood in terms of possible human misbehavior.

Therefore, these authors plead, though in different ways, for a legitimate return of “who” types of causality in economic science. A plea which is, for instance, not unsimilar to the approach of Amartya Sen in his famous enquiry into the causes of poverty and famines in Ethiopia and Bangladesh (Sen 1981). Acts of enrichment by landowners and corruption of municipal authorities are seen by Sen as the main causes of these evils: “the causation of poverty raises questions which are not easily answered” (Sen 1981: vii).

Anthony Cramp, fellow of Emmanuel College, Cambridge, joins fully the conviction that “economic norms are required to understand the economic aspect of reality” (Cramp 1988: 216). Quoting Barbara Wootton, Cramp states that every science needs a “base of reference” to serve as its necessary fundamental reference point. This consists for him in the norm of stewardship as the center of the economic life sphere. From this center, science should derive all its fundamental concepts, the concept of causality included. For Cramp, an enterprise ceases to be “economic” (stewardly responsible) if it cannot (in the long run) accumulate a surplus between the quantum of real needs and the “market” plus non-market resources which are sacrificed. In relation to consumption, the standard assumption made in economic theory that sovereign consumers always “prefer more to less” is wrong because it ignores the evidence that the limitless quest for more often leads to ill-discerned stress and strain. The norm of stewardship leads Cramp also to a plea for already rich countries to accept a horizon of “enough,” enjoyed and shared by all consumers. *Enough* is for Cramp the watchword of grace, a principle of guidance for the entire human living.

Also Alan Storkey underlines the need of a critical reappraisal of modern economic analysis in a normative institutional way. He demonstrates this in his thorough study on *Foundational Epistemologies in Consumption Theory* (1993). “Perhaps the most serious weakness which arises... out of the failure... of foundationalism... is the exclusion of the family from consideration in consumption theory as an economic unit” (Storkey 1993: 200). Here the typical reformed view of a normatively differentiated reality enters again into the picture. Women and men who are acting for or on behalf of their household do have different economic needs to fulfill than representatives of a voluntary association or agents who represent a governmental institution. Family-oriented economic needs are thus “ethically qualified” by the mandate to take care for other family members. “Economic activities within the family are characterised by gift, rather than exchange” (Storkey 1993: 221).

A good illustration that norms do matter for the possibility of a good economic explanation can for instance be found in the explanation of the so-called saving paradox. At first

sight, it seems utmost irrational if a family tends to save less if the interest level goes up. But from the viewpoint of family needs the ethically qualified economic goal of a safe reserve stock for the future is reached earlier with a high than with a low interest level. If the normative background for family actions is not taken into account the economic explanation fails.

In the last chapter of his book, Storkey “seeks to sketch a perspective on economic science which draws on Christian insights” (Storkey 1993: 204). He distinguishes in this context ten different consumption styles, varying from traditional and hedonist to ecological and meek, which can help the economist in studying concrete consumption behavior. In addition, he coins the concepts of *family efficiency* and *relational consumption*: “In daily consumption decisions, relational issues are always present” (Storkey 1993: 224–28).

Explanation is also a matter of accountability. In this respect also the theoretical work of Bob Goudzwaard (2001) can be mentioned. He sees economic reality as an aggregate of living economic actors, personal and institutional, who almost always react in relation to one or more external impulses (e.g., a declining income for a family, a lower profit for a firm, growing unemployment for a labor union, and sharper competition among banks). In this way easily some kind of economic over (or under) reaction can occur, for instance, resulting in (too) sharp price increases, excessive wage demands, or a lacking rate of coverage for loans. Goudzwaard’s theoretical work circles mainly around the question, originally suggested by Dooyeweerd, if in those cases not also an economic normative concept of causality should be introduced, with as correlate a possible basic concept of an economic responsibility and accountability of all economic agents.

Goudzwaard’s suggestions are obviously not induced by a desire to come to some kind of moral judgment. He looks primarily for a better explanation of rapidly growing disturbances in modern economies. These include not only financial disturbances (for instance made possible by an overreaction of banks to the possibility to give loans) but also the deepening of economic inequalities between rich and poor (enrichment as a possible economic cause of impoverishment). Last but not least also ecological disturbances may be caused by a misuse of the world’s vulnerable ecosystems as only a free economic good.

If we look for other economists working in the line of T. P. van der Kooy also the name of Bas de Gaay Fortman can be mentioned. He studied several forms of enrichment and impoverishment in Africa, based on his distinction between growth for the poor and growth by the poor. De Gaay Fortman (2002) also underlines strongly the significance of human rights in all forms of economic development.

VII. EVALUATION

We like to summarize our findings in some concluding theses.

1. For most Reformed economists the relation between faith and science is obviously a matter of natural attitude and inclination. If your faith relates to God as the Creator of the entire world, then it is almost impossible to evade this faith

in a world and mankind oriented study like economics. Even if this awareness is not consciously present, then nevertheless the economist's own way of thinking is almost unavoidably influenced. For each social science has been developed under the regime of various worldviews and is also always dependent from its open or hidden presuppositions.

2. This implies, however, that also differences in faith convictions sometimes (too) easily enter in economic theoretical reflections. The study of economics became even for some reformed economists a kind of battlefield (see the Vickers-North controversy). This aspect should, however, not be overstated. Reformed economists are usually united in their respect for the divine mandate of stewardship when they deal with economic matters.
3. Thematic-oriented Reformed Economics is an entry for theoretical economic reflections often enlightening and sometimes even refreshing. Their weak point is however that usually—with some exceptions—they do not lead to a coherent view of economics as a whole. Most Reformed economists who use this approach abstain, however, from elaborate theoretical reflections. They in particular write about economic life in general for their own, often reformed, public.
4. Embedded economic thought and the reference to control beliefs are on the contrary often primarily addressed to fellow economists, including those of a non-Christian background. This approach functions well to make their own presuppositions more explicit. Embedded economic thought functions however also mainly as a one-directional approach: going from faith commitments to economic thought, and seldom vice versa.
5. The methodology of Welfare Economics suits several Reformed economists to relate their normative views to a solid critique on the economic or political course of modern society. Their arguments may be strengthened by the involvement of economic ethics.
6. Normative institutional approaches appear to be in the long run the most influential and systematic type of Reformed economic thought. The path-breaking study of the Calvin Center group (cf. John Tiemstra et al.) stands as a beacon in time. But also the search for alternative concepts of economic causality looks promising. It is, for instance, remarkable that before Amartya Sen broke through, the Dutch philosopher Herman Dooyeweerd already made a plea for an accountability type of causality in economics. In the study of the concept of economic accountability—also for corporations—lies no doubt for Reformed economists a field of further future research.

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CHAPTER 13

THEONOMY AND ECONOMIC INSTITUTIONS

EDD NOELL

I. INTRODCUTION

SCHOLARLY thinking on the relevance of biblical law for economic life offers a wide-ranging set of perspectives. Those who rely on modern historical-critical methods often claim the laws of the Hebrew Bible offer several distinctive “voices” reflecting different epochs in Israel’s life, so that no consistent moral guidance emerges from these ancient Near Eastern texts (Walzer 2012). Others go so far as to understand the Hebrew laws as established to serve powerful interest groups in ancient Israel, while unwritten customs governed actual practices in small Israelite communities (Knight 2011; Bennett 2002). Some evangelical scholars do find key moral themes and spiritual themes to guide economic relations in the Old Testament (Kaiser 2012). Many evangelical scholars would dispute the notion that modern believers, let alone modern civil governments, are bound to follow the commandments addressing economic activity found in the Old Testament. Surely, it is suggested, while the Scriptures provide us with some broad principles regarding the value of work and God’s creation, and the importance of striving for economic justice and caring for the poor, the Bible is not a “textbook in economics” or any other social science.

Yet there is a significant Protestant theological tradition that finds in the Pentateuchal law the basis for the formation of particular social and economic institutions in the modern world, despite the lack of precise instruction for contemporary life that inherently is absent in documents from the ancient Mediterranean world. According to this particular school of Reformed thought, God’s law (literally, *theonomy*) remains binding upon and normative for twenty-first-century personal and social activities. Indeed, God’s law is “the standard by which to judge all social codes” (Bahnsen 1991: 12) for this Reformed approach, which traces the roots of its worldview stressing the sovereign rule of God to the Protestant reformer John Calvin and his *Institutes of the Christian Religion* (1960).

Civil government is seen by theonomists as an institution ordained by God to restrain human unrighteousness by punishing transgressions of the Old Testament civil law. Indeed civil magistrates are morally bound to enforce both the positive precepts and the penal sanctions found in the Old Testament civil law.¹ Theonomists affirm that the law of God “touches upon every area of life” (Bahnsen 1979: 304), including economic choices of how resources are employed and how products and incomes are distributed. For social concerns as varied as the proper monetary standard, the most effective means of welfare reform, and the responsibility of employers with respect to their employees’ wages, Christian economists who subscribe to theonomy find the application of Old Testament civil law necessary and appropriate.

This essay examines the key features of theonomic economic ethics. Theonomy draws upon biblical law for normative economic institutional arrangements as an alternative to modern “value-free” economics. Operating with a particular form of Reformed covenant theology, theonomists affirm all nations are made up of God’s image-bearers who though sinful remain bound by God’s “dominion covenant,” which commands them to subdue the earth. The Old Testament provides God’s moral apodictic law to direct the rule of nations. This law is also expressed to Israel as general principles of casuistry. Theonomists assert it is mandatory for modern civil government to enforce the “cross-boundary laws” found among the case laws. In regards to economic life, these statutes provide specific applications of the Mosaic covenant regarding theft and deceit in the form of case laws securing property rights, uniform standards for exchange, and timely wage payments. Theonomists aver that nations will enjoy long-run economic growth if their governments constrain their economic role to securing property rights, punishing economic fraud, and prohibiting economic abuse of the poor, judicial discrimination in terms of wealth or power, and a central bank monopoly over monetary creation.

II. THEONOMY AND CHRISTIAN RECONSTRUCTIONISM

Theonomists affirm that biblical law needs to be applied in the modern context because the statutes and institutions of modern governments have strayed very far from God’s intention. A radical transformation is required for civil government to conform to God’s norms. Thus, Bahnsen writes that “theonomists are committed to the *transformation* (reconstruction) of every area of life, *including* the institutions and affairs of the socio-political realm, according to the holy principles of God’s revealed word (theonomy)” (1991: 11). This commitment to broad social change is associated with Christian Reconstructionism, the movement among conservative Reformed Christians to extend God’s law to transform existing societal institutions. The Reconstructionist movement takes its grounding in the published works of Rousas John Rushdoony, whose *Institutes of Biblical Law* (1973) extensively explores the way in which the Ten Commandments remain

socially normative as the expression of God's law. Rushdoony's work seeks to develop the implications of biblical law for modern economic and political institutions. Following Rushdoony's lead, other Reconstructionist writers in the past forty years have pursued the detailed application of biblical law and its implications for a myriad of social questions.²

Reconstructionists seek to bring the whole world under the rule of God's law, an outworking of God's will consistent with the postmillennial return of Christ to earth to exercise His dominion. Post-millennialism contends that prior to the Second Coming of Christ his kingdom will be manifested in a worldwide conversion to Christianity. Reconstructionists who espouse theonomic postmillennialism assert that worldwide victory for the gospel will result in adherence by all nations to the standards found in biblical law.³ In accord with the purpose of God's creation, all peoples will submit to His lordship.

III. CREATION MANDATE AND ECONOMIC METHODOLOGY

Theonomic ethics is best understood as an outworking of a Reformed understanding of God's relationship with His creation and fallen humanity in need of redemption. As Creator, God is the owner and governor of all creation. Each human is created in God's image and in relationship with God through a covenant, that is, God's "creation mandate" (or dominion covenant), which orders the direction of human economic activity (Gen. 1:26–28).⁴ This covenant requires all mankind to serve the Lord through subduing the earth and ruling as His vice-regents over all of the created order. As stewards of the earth, humans are to act as God's appointed contractors.

In ruling over the earth's resources, those made in God's image are to follow God's example of valuing creation. When God declares "it is good" respecting His creation, He is imputing value to all its dimensions and objects. This includes the natural resources and labor at the disposal of humanity. Likewise human beings in pursuing the dominion covenant impute subjective value in weighing the benefits yielded by products fashioned with resources from the created order and in measuring the costs imposed by directing those resources in one direction instead of another.⁵ This, of course, presupposes that these resources have alternative uses which may be directed to satisfy human wants as part of the creaturely rule humans exercise; this question of alternative uses is made more evident in the face of the scarcity exacerbated by the fall of mankind into sin and the subsequent cursing of the earth as a consequence of disobedience to God's command (Gen. 3:15–17).

For the theonomist, the Scriptures provide the grounding point in regard to the ways in which the creation mandate is to be pursued in a fallen world that has seen its redemption begin by the work of Jesus Christ. Indeed, God's word is the master lens by which the Christian must perceive all the datum of created life and pursue the extension

of God's dominion extend into a fallen world plagued by scarce resources; this is what it means to "do economics." Following the insights of the Reformed theologian Cornelius Van Til, theologians affirm that the Christian apologetic must acknowledge God's sovereignty over the methodology of economics.⁶ Any social science methodology that concedes a measure of autonomy to non-Christian man in any area of life, however slight, is heretical. There is no neutral arena for non-Christians to appeal to, and no neutral ethic available to guide both Christian and non-Christian alike. Taking their cue from Van Til's apologetic method, theologians have sought to fashion a uniquely biblical economic epistemology.

Thus, theologians seek to set apart their economic methodology from all other approaches to gaining knowledge about the relation between resources and human wants and ordering economic institutions. In doing so they offer an extensive critique of the foundations of the methodologies relied upon by modern economists. While there are differences in the methodology employed by modern (and postmodern) economists, each school of economists affirms that it is not dependent upon biblical revelation and hence is practicing an autonomous economics. Indeed, North boldly asserts that "there is no academic discipline that is more self-conscious in its affirmation of human autonomy than economics" (2012a: 207). This autonomy has led the neoclassical paradigm of economics to focus on allocative efficiency to address the scarcity problem while seeking to avoid value judgments.

An example is found in the Chicago school of economics, which employs an inductivist, empirical methodology. Consider the typical formulation of the "Coase Theorem," which claims that, in a zero transactions cost scenario of establishing an efficient outcome, the values-free economist can ignore the factual question of the initiation of the violation of property rights. He or she can focus simply on establishing which party in a dispute has the property rights and then accordingly predict the allocative outcome. Yet for the Christian economist, any violation of property rights is a matter of "judicial equity" (North 1991a: 45), since individuals made in God's image impute value to products. This presupposition of biblical revelation gives coherence to any understanding of the economic facts. The Chicago school inductivism, in rejecting the significance of the validity of starting-point assumptions in economic analysis, loses rationality in its economic methodology. North argues that only the Christian doctrine of divine creation, with its emphasis on a system by which to comprehend facts (a system due to the counsel of God), can prevent economics from falling into pure irrationalism.

Austrian economics recognizes the role of values in economics. For example, F. A. Hayek affirms that moral values provide the foundation of a market economy. The pursuit of personal liberty is a moral quest that Hayek posits for independent individuals engaged in purposeful action. While criticizing "value-free" neoclassical economics, ironically Hayek cannot supply the basis for the moral foundation of markets from his own system and can only proclaim his faith that market processes evolve in a way that best serves humans. Theologians contend that an Austrian (deductivist) defense of market processes has no firm methodological footing.

Theonomists aver they have a surer foundation for the morality of market institutions, since their faith is ultimately placed in scriptural revelation. It constrains the Christian economist from grounding his or her methodology in autonomous value-free individualism or making excessive claims for the explanatory power of economic analysis. Thus, North argues, “The uniqueness of Christian economics is that the Christian economist has specific, concrete Biblical revelation concerning the limits of economic theory and practice” (1974: vii). A reliance on the Scriptures provides the theonomic economist with both the source of rationality and a moral foundation for engaging in economic analysis. Weighed in the balance, other economic methodologies will invariably fail, as North affirms: “Without the presupposition of the dominion covenant, and the revelation of God’s design for economic institutions and relationships, there can be no logical, consistent, reliable, self-attesting science of economics, whether deductivist or inductivist (logical or empirical)” ([1982] 1987: 355).⁷

Unique to Christian economics is the presupposition of God’s ownership of all assets and his relationship with humanity through a covenant making them stewards of creation. Likewise theonomists affirm that any social theory must begin with methodological covenantalism, instead of methodological individualism or collectivism. North depicts methodological covenantalism and its particular benefits in the following manner: “The Bible’s four oath-bound covenants—individual, church, family, civil—are the epistemological foundations of any biblical social philosophy, including economics. Without a covenantal foundation, Christian social theory becomes a mixture of the Bible and natural law theory or some other form of humanistic rationalism” (2007a: 29). Theonomists extend their critique of non-Christian thinking to defenses of the free market. North writes, “The free market has no external source of legitimacy in a world without God or permanent ethics” (2007a: 367–68). In contrast, theonomists find in biblical law the foundations for free market institutions.

IV. ECONOMIC APPLICATIONS OF BIBLICAL LAW

In regards to economic activity, theonomists see the role of the state as largely upholding and enforcing sanctions. These sanctions reinforce the strength and viability of market institutions, such as private property rights, exchanges free of deceit and fraud, and open competition so that no one group is given an economic advantage through special privileges provided by government. Biblical law forbids theft, dishonesty in exchange, and measures discriminating against noncitizens or favoring one group over another. A number of the “laws of the covenant” found in the Pentateuch provide these prohibitions. Thus, a brief examination of the connection of the covenants to biblical law and its economic applications is needed.

Following the “dominion covenant,” God makes covenants in the accomplishment of His redemptive plan. Through the Abrahamic covenant, God calls out a people for himself, as Abraham is promised a seed or progeny and land, and he is told his people (Israel) will be the instrument of worldwide blessing (Gen. 12:1–3). At Mount Sinai, God makes a covenant with Israel through the mediation of Moses, and in it specific direction for economic institutions is provided in the form of God’s law. The Mosaic Law is first given as apodictic law, expressed personally in the form “You shall not . . .” in the Ten Commandments. This apodictic law in turn is expressed in the ceremonial treaty form of covenant common in the ancient Near Eastern world. Yet the form of the Old Testament law (as covenant) is to be distinguished from the moral content:

The moral commands are distinguishable from the covenantal system in which they are found. . . . The old covenant form, which included the sacrificial system and other ceremonial requirements and was established only with Israel, encoded numerous divinely ordained moral requirements, which are the perpetually obligatory commandments of God. Unchanging moral requirements may be distinguished from the changing historical and redemptive trappings in which they are found. (Gentry 1993: 52)

This moral code finds its specific and practical outworking in the case laws of the Pentateuch, which embody specific examples of applications of the Ten Commandments (Rushdoony 1973: 10–12).

Case laws are the most frequent form taken by the Mosaic Law. They are expressed in the form of conditions. Knight points out that “the form comprises two parts—the protasis (‘If . . .’ or ‘When . . .’), which specifies the offense; and the apodosis (‘then . . .’), which prescribes the consequence, usually a punishment” (2011: 91). North emphasizes that a “biblical case law [is] a Bible-revealed statute that reveals a general principle of biblical law in a specific case,” adding that “God has provided us with *case laws in advance* in the form of *legally binding statutes*” (1994: 36) with penal consequences. Thus, the ancient Hebrew civil authorities applied the penalties associated with violating the “laws of the covenant” found in Exodus 21–24. This included capital punishment not only for murder but also for witchcraft, Sabbath-breaking, incorrigibility toward parents practiced by teenagers, homosexual acts, and worship of any other god than Yahweh.

Economic activities were governed in general by the apodictic laws prohibiting theft, false witness, and coveting (Exod. 20:15–17). In turn the case laws associated with the Decalogue included the regulations of scales and measures, multiple indebtedness, and landmarks for property boundaries. These “economic laws” have no penalties attached to them, though there are various levels of restitution required for theft (Exod. 22:1–13; Lev. 6:2–5). The Mosaic Law speaks of the punishment of criminals for these kinds of offenses, but otherwise “civil rulers are not authorized to legislate or use coercion [e.g., the economic marketplace]” (Bahnsen 1988: 25).

Most theonomists invoke a distinction between civil and ceremonial laws in thinking about the enduring and temporary provisions of the Mosaic Law. Economist North goes further in delineating the differences between land laws, seed laws, priestly laws, and

cross-boundary laws in order to identify which Old Testament apodictic and casuistic provisions have been superseded. He makes the following distinction: “Land laws and seed laws were laws associated with God’s covenantal promises to Abraham regarding his offspring (Gen. 15–17). There was a chronological boundary subsequently placed on the seed laws” (2008: 1440). God fulfills his promise to provide Israel a physical inheritance, and each of the tribes receives its particular portion of the land and has its family and tribal boundaries tied to the laws of inheritance (North 2008: 1440). The seed laws maintained tribal distinctions within Israel. Each tribe’s land was to ultimately remain with them, as the Law of Jubilee (Lev. 25) ensures. Ceremonial or priestly laws likewise governed the worship-related activities of the tribe of Levi, foreshadowing in the animal sacrifices for sin the atoning work of the future Messiah. With the coming of Christ and the destruction of the Temple in Jerusalem in A.D. 70, the dissolution of the nation of Israel and the functions of the Levitical priesthood abrogate the land, seed, and priestly laws. North explains that

The fall of Jerusalem and the abolition of the temple’s sacrifices forever ended the Mosaic Passover. The five sacrifices of Leviticus 1–7 also ended forever. There can be no question about the annulment of the inheritance laws by A.D. 70. But with this annulment of the inheritance laws also came the annulment of the seed laws. Once the Messiah came, there was no further need to separate Judah from his brothers. Once the temple was destroyed, there was no further need to separate Levi from his brothers. There was also no further need to separate the sons of Aaron (priests) from the sons of Levi (Levites). Therefore, the most important Mosaic family distinction within a single tribe—the Aaronic priesthood—was annulled: the ultimate representative case. (North 2008: 1441)

In establishing the New Covenant through His sacrificial atonement and resurrection, Christ fulfills the laws, seed and priestly laws.

Those laws not specifically abrogated by New Testament teaching remain in place. A guiding presumption for Theonomists is that “Old Testament standing laws continue to be morally binding in the New Testament, unless they are rescinded or modified by further revelation” (Bahnsen 1991: 12).⁸ Theonomists bolster their argument in noting that the detailed case laws are cited as binding in the New Testament (1 Cor. 9:8–12; 1 Tim. 5:18).

God still requires obedience among the nations to the case laws known as cross-boundary laws. This was true both during and after the period of Israel’s national life as God’s covenant people. Theonomists affirm that the civil governmental statutes of ancient Israel provide the standards for all subsequent civil governments, regardless of whether these nations ground their foundations on basic Christian claims or not.⁹ Gentry observes that “the nations around Israel were often judged for breaching God’s moral standards, but never for breaching the Mosaic covenantal form” (1993: 53). Examples of cross-boundary laws addressing economic matters include the law of honest weights and measures (laws prohibiting false balances), laws opposing fraud, laws enforcing restitution for theft, and the laws against economic oppression of the

defenseless, such as the proscription of withholding wages (Lev. 19:13) or its extension in the form of robbing the poor (Deut. 24:14–15). Here it is noteworthy that God judges pagan nations through the prophets for violations of economic aspects of the case law, including trade in slaves (Amos 1:6; cf. Exod. 21:16; Deut. 24:7) and abuse of loan pledges (Hab. 2:6; cf. Exod. 22:25–27; Deut. 24:6, 10–13) (Gentry 1991: 181 n. 45).

Theonomists offer application of the particular mandates of the Mosaic Law in several arenas of modern economic policy. Space considerations limit our discussion to private property rights, regulations governing exchange, labor markets, monetary standards, banking, lending of funds at interest, and welfare relief mechanisms. An examination of the theonomic exegesis and application of biblical law makes evident their desire for a transformation of the state's role in modern microeconomic and macroeconomic policy. Government's role is largely to be limited to negative sanctions alone.

A. Private Property Rights, Honest Exchange, and Economic Injustice

Only Christian economics begins with the presupposition of God's ownership of all assets (Ps. 24:10). God's exclusive ownership is grounded in the truth that He created all things. "God owns everything absolutely and comprehensively; man owns subordinately" (North 2012a: 20). Humans have a delegated ownership; their creaturely status undercuts all claims of human autonomy, so that economic systems grounded in autonomous self-ownership ultimately fail.

As Creator, God alone establishes the rules of ownership. God established it through His covenant with the first humans, as illustrated by the boundaries God drew around His property in the garden. The first humans violated God's property rights by eating of the tree of knowledge. Moreover, on earth God establishes the civil judicial system to administer a hierarchical system of property. This civil judicial system "is outside the system of private property rights" and enforces the delegated system of property rights based on the monopoly power of violence given to the government alone as God's representative on earth (North 2012a: 23).

Private property rights, though delegated, are nonetheless recognized in the commandment "You shall not steal" (Exod. 20:12). The biblical case law brings specific examples of how these rights are respected. The boundaries of ownership are established by the law of the landmark. By divine injunction, the boundary market is not to be moved on any land. This is a cross-boundary law that is the only explicitly economic law in the list of cursings for violating the law found in Deuteronomy 27:15–26. Other case laws endorse property rights for movable property (Exod. 22:1–14).

The Law of Jubilee required that in the year of Jubilee, all leased rural land in Israel was to be returned to the heirs of the generation that conquered Canaan (Lev. 25). These heirs would also be freed at that time from debt bond service. Theonomists such as North claim that these are land laws and not cross-boundary laws. Jubilee's primary

purpose was to preserve the ownership of land in the hands of the families of the twelve tribes of Israel. Its function also was to “keep the nation politically and economically decentralized.” This was done by prohibiting “the consolidation of rural land by the Levites or the king” (North 1990: 229).

As a land law, Jubilee pointed forward to the coming of the Messiah’s work of gaining freedom for both Jew and Gentile by redemption. Theonomists find that the Jubilee law (along with the laws dealing with foreign slavery) has been fulfilled in the ministry of Jesus Christ (as indicated in Luke 4:16–21): “This means . . . that the Old Testament’s ten-generation slave system for foreigners has been legally abolished. It also means that the land tenure laws of ancient Israel are legally abolished.” Now the ownership of the Kingdom of God has been transferred to the Gentiles; it is no longer “uniquely connected to the land of Palestine. . . . The Jubilee’s land-release system is therefore no longer judicially relevant in history, except as a type of Christ’s redemptive work in history” (North 1990: 229). Thus, the Jubilee is not a model for wealth redistribution by government as a form of structural change in capitalism, as some Christian social activists have claimed.¹⁰

Theonomists emphasize the principles of biblical law derived from the case law applications that are integral to the stability and preservation of a market economy. Among them are the right of private contract which is undergirded by the concept of the covenant between God and man. The right to private property is seen as a necessary extension of the commandment against theft. In stealing Naboth’s vineyard, King Ahab and Queen Jezebel illustrate the violation of property rights by the state which the Old Testament condemns (1 Kings 21:1–16). In contrast the prophets look forward to a time in which property owners can be assured of the security of their property and flourish economically.¹¹

Likewise, there must be moral foundations for market exchange grounded in private property rights. Predictable rules of exchange require uniform measures for trade that remain securely in place. Biblical case law requires honest dealings between parties voluntarily exchanging products and resources. In regards to goods, economic exchange must be transparent and avoid deception. Thus, the Mosaic case law prohibits false weights and measures, for these were fairly common ways ancient Mediterranean consumers would be overcharged for staple goods, or producers such as farmers and vineyard owners would be underpaid for their produce sold to wholesalers. This practice was facilitated by the decline of barter and the rise of money as a medium of exchange, so that “when people started bringing metals to the marketplace, it became easier for sellers to use dishonest scales” (North 1986: 30).

Deceptive weights and measures involve a form of theft that the Lord told Israel it was to avoid as it entered the land: “You shall do no injustice in judgment, in measurement of length, weight, or volume. You shall have just balances, just weights, a just ephah, a just hin. I am the Lord your God, who brought you out of the land of Egypt” (Lev. 19:35–36). Later in Israel’s history, the author of Proverbs affirmed that “a false balance is an abomination to the Lord, but a just weight is his delight” (Prov. 11:1). In the Old Testament, balances referred to scales, and weights, ephah, and hin were forms of measurement.

The party defining the weights is not identified in the case law or Wisdom literature passages; they presume certain weights and measures had simply come to be standard in exchange. Thus, sellers were to have accurate balances and weights according to the commonly accepted standards.

The poor in particular were victimized by dishonest balances. They were least able to protect themselves, and they suffered the most from the consequences of dishonest measures, as the prophet Amos affirmed:

Hear this, you who trample the needy, to do away with the humble of the land, saying, 'When will the new moon be over so that we may buy grain, and the sabbath, that we may open the wheat market, to make the bushel smaller and the shekel bigger, and to cheat with dishonest scales, so as to buy the helpless for money and the needy for a pair of sandals, and that we may sell the refuse of the wheat?' (Amos 8:4–6)

Asymmetric information may characterize the transaction in which "the seller, who is a specialist in his field, uses his specialized knowledge to defraud a buyer, who presumably is less well informed" (North 2007b: 154). Here one party leverages an economic advantage over another. Granted it may generate only a small gain, but as it is repeated over numerous transactions, the seller accumulates unjust profits. The prophets particularly condemned such gain coming at the expense of the economically disadvantaged.

Merchants could only persist in these deceptive practices with the cooperation of the civil authorities. The Wisdom literature makes this evident by speaking of the requisite role of the governing authority in accomplishing commercial justice through ensuring honest weights and measures: "A divine sentence is in the lips of the king; he doesn't transgress in judgment. A just weight and balance are the Lord's; all the weights of the bag are his work. It is an abomination to kings to commit wickedness; for the throne is established by righteousness" (Prov. 16:10–12). Economic injustice in the form of oppression in the product markets committed by the civil authorities against the defenseless in society comes under severe rebuke both in the Pentateuch and in the writings of the Prophets. North affirms that "almost always" this refers to judicial oppression (2012b: 95). Thus, Ezekiel speaks of the princes of Israel who have oppressed the stranger, fatherless, and widow, in contrast to the righteous, who has fed the hungry, clothed the naked, and not withheld the borrower's collateral (Ezek. 22:6–17).

Similarly, the worker as wage earner, working in a field for planting, cultivation, or the harvest, is likely to be in a disadvantageous position relative to the employer. Landowners can afford to wait for the harvest, yet the field worker needs to be paid much sooner in order to subsist. The employer might push the employee to allow for delay of payment of their earnings, a condition the worker accepts under some measure of economic duress. Such a practice is identified by the prophet Jeremiah, who declares the oppressive housebuilder withholds wages from the employee (Jer. 22:13–17). This can occur "only through the corruption of the civil courts" (North 2012c: 82), for case law requires that workers be paid without delay (Lev. 19:13). Recognition that a worker is in fact robbed of his or her pay due to weaker bargaining power leads North to

acknowledge that the requirement of paying the worker during the day (and not later) “is one of the rare cases in Scripture where God does prohibit a voluntary economic contract” (2008: 965).

Theonomists also provide a critique of economic injustice in the realm of monetary economics. The provisions for honest weights and measures lay the groundwork for an alternative monetary system which theonomists find superior to modern fiat paper money and fractional reserve banking.

B. Sound Money: An Alternative Banking System

The law of honest weights and measures prohibits deceit in a range of forms of economic exchange, including those associated with contemporary banking institutions. Theonomists affirm that monetary stability will be promoted through the abolition of the governmental monopoly over the money supply and the elimination of the fractional reserve banking system.

Consider the manner in which money functioned in ancient Israel. Private decision-makers settled on a monetary medium of exchange, relying on gold and silver coins which served as the monetary units. This system evolved out of the choices made by merchants and consumers regarding the desirability of using these metals (first as ingots, and later as coins) for exchange. The decision was not mandated by ancient Hebrew civil officials.¹² Gold and silver were measured in *shekels* and *talents*; these were both units of weight and monetary units. North notes that “standards of weight made it possible for people to test the full weight (precious metal content)” of the gold and silver ingots (1986: 34). An ingot would contain a specific quantity of gold or silver of a known fineness.

The prophet Isaiah spoke in judgment to Israel regarding the practice of currency debasement. To tamper with either the weight or the fineness of the coin fashioned out of the ingot would be fraudulent. It would be the equivalent of tampering with the scales (North 1986: 33). In the midst of addressing judicial and civil corruption, Isaiah tells Israel: “Your silver has become dross, your wine mixed with water” (Isa. 1:22). Dross was cheapened metal, which in ancient economies was found to be mixed with the silver or gold in an ingot. It would be added into the gold before it was shaped into coins. Obviously one could produce more “gold” coins through this practice of currency debasement. Yet it also marked the beginning of inflation. Sellers and buyers were exchanging dross-filled silver or gold coins as if they were of the standard quality. More and more of these coins would flood the market, and prices in the economy would rise. While the passage does not indicate that the government overtly debased the silver, it tolerated the currency debasement, for “it allowed false weights and measures” (2012b: 21).

In general, the phenomenon of currency debasement stems from the state’s monopoly power over the production of money. Theonomists such as North observe that this problem extends as well to the power of the federal government to issue

fiat money. With no limits on the issuance of paper money, the purchasing power of the dollar suffers tremendously. Moreover the inflation manifests itself in other forms, as product sizes shrink (for a product offered at the same price before the currency debasement) or producers use inferior quality raw materials or other inputs. Inflation engenders a theft of purchasing power across society, a larceny Rushdoony sees as pervasive: “falsity in weights and measures makes *injustice and theft* basic to a society and productive of a parasitic economy and eventually death” (2000: 2:1048, emphasis in original). He explains that fiat money “means a constantly changing standard of measurement; the whole economy is thereby falsified and rendered unjust” (2000: 2:1048).

Invoking a policy measure quite similar to Austrian economists, North and other theonomists declare that the civil government should have a minimal role in establishing a monetary standard. North states:

Civil governments should declare the legal standard—weight and fineness—for coins acceptable for the payment of taxes, including warehouse receipts to coins. Then the civil government should open the market to all producers of coins or issuers of warehouse receipts. The state should prosecute those producers of coins or bullion who debase the various private currency units. Producers would also have an incentive to monitor each other’s production, reporting to the civil authorities every known infraction by a rival. The cost of policing the monetary unit would be decentralized and overwhelmingly privatized. (2012b: 22–23)

While eliminating the government-granted monopoly of money creation is a priority for the theonomist, not all theonomists find a gold standard necessary to avoid currency debasement.¹³

A second theonomic criticism of modern monetary systems focuses on fractional reserve banking. Banks lend funds based on reserves that are only a fraction of the bank’s deposits, thus facilitating multiple indebtedness on the part of banks. This is a practice which theonomists claim violates the case law principle of Exodus 22:26–27. Here the lender is required to return items needed for survival (such as a cloak which functioned as covering for the evening), which have served as the borrower’s collateral. North observes that borrowers could potentially utilize the garment as collateral with other lenders unless the original lender kept the item during daylight hours. This would prohibit the creation of multiple loans based upon a solitary item of collateral; thus, “by permitting the lender to demand half a day’s collateral, Biblical law reduces the temptation on the part of borrowers to commit fraud” (North 1990: 739). Modern depository institutions create a multiple of new loans and deposits based on initial deposits into the banking system. North affirms that this violates the biblical injunction against multiple indebtedness.

Theonomic guidelines for a monetary system in regard to bank deposits and loans seek to facilitate a currency system marked by integrity. North affirms that deposits made in banks be made for one of two types of accounts. One account would hold funds for which there would be no interest paid, but upon which the depositor could

write checks. Banks might profit by charging a fee for this privilege (North 1986:108). The other depository account would serve as the basis for loans, which could be made for “a specified period at an agreed-upon rate of interest” (North 1986:108). While the case law prohibited lending funds at interest to a fellow Israelite, Deuteronomy 23:19–20 allows lending at interest to those outside of the covenant community. Business loans could impose an interest payment; this was evident in that the borrower could be sold into slavery until the next Jubilee year for failure to repay the loan. North adds, “There would be no provision for early withdrawal by the depositor,” thus preventing violation of the law against multiple indebtedness, for “two people cannot write checks on the same deposit, depositor and borrower” (North 1986: 108). In this way, “every transaction would be time-specific. There would be no long-term loans without long-term lenders. This would protect the banking system from bank runs. It would also protect the community from money being created by fractional reserve bankers” (North 1986: 109). Government regulation of banking would still be relevant for imposing penalties on those who “tamper with the scales” (North 1986: 103). North explains, “Government bank examiners would check the banks in the same way that they check scales of retail sellers. They would see to it that every loan had a corresponding deposit” (1986: 109). In this way the monetary system would be protected from multiple indebtedness.

The ways in which the theonomic monetary institutions tangibly manifest a superior form of economic integrity would only be manifested by wholesale changes in modern banking practices. Likewise, implementation of the desired theonomic institutions to replace current governmental arrangements for welfare relief would require wide-sweeping reforms.

C. Welfare Relief, Usury, and Provisions for the Poor

Theonomists are unequivocal in calling for the dismantling of the welfare state and the administration of aid to the poor through private means. This is what would embody a biblical system of charity. North argues that tithing and other provisions for widows, the fatherless, and strangers are morally mandated by biblical law: “To protect these groups, Biblical law imposes morally mandatory forms of giving on the part of neighbors. But there is no civil sanction attached to the moral obligation. Biblical civil law does not compel people to do good things for others; it imposes sanctions on those who do evil things to others. Biblical civil law is therefore a barrier to the creation of a state-funded, state-mandated welfare system” (1990: 686). The theonomic alternative to a government-funded welfare system is welfare relief through measures provided in biblical case law. The Old Testament forbids lenders from making interest-bearing loans to fellow believers who are poverty-stricken (Exod. 22:25; Lev. 25:35a, 36–37). Instead, zero-interest loans for the poor and the members of the covenant community are to be made by covenant-keeping households. North observes, “The poor brother who had fallen on hard times through no moral fault of his own was morally entitled to a zero-interest charitable loan (Deut. 15:1–7). This subordination aspect of a loan is

universal. This law was therefore not a land law” (2008: 881). Instead, interest-free loans to the poor are part of the moral injunctions of the Mosaic Law.

In contrast to this provision, the oppressive lender takes usury. In the Hebrew Bible, usury is not an excessively large interest payment. It is *any* interest payment taken from a poor individual who has requested a charitable loan and pledged himself as collateral (should he fail to repay the loan) (2012b: 99). What determines that the loan is to be made interest-free? North finds that it is a matter of both “the would-be borrower’s poverty and his status as legally protected” (2008: 882). He adds: “Not only was the economic status of the circumcised brother a criterion, so was the kind of loan. A charitable loan was morally compulsory” (North 2008: 883). Yet the Mosaic Law also expects reciprocity from the debtor, and his or her “expected repayment varies with economic circumstances and ability to repay” (Schaefer and Noell 2005: 7). If the debtor fails to repay, he or she faces servitude toward the lender. Sabbatical-year servitude is distinguished from jubilee-year servitude due to the length of servitude (six versus fifty years). Charitable loans, for which no interest could be charged nor collateral required, involve a six-year bondage if not repaid.

In identifying morally compulsory welfare provisions, the theonomist faces some complex questions. This is evident as well in considering another form of Pentateuchal welfare relief, the provisions for gleanings in the field to help the landless who are on the margins of society. This requirement of landowners to leave the corners of their field unharvested is expressed in the Pentateuch in three places (Lev. 19:9–10; 23:22; Deut. 24:19–21). The actual practice of gleaning is exemplified by the harvest-time activities described in the book of Ruth. It seems evident that the landowner would be the one determining the dimensions of the corner of the field. There is no penalty attached here for violation of this law. Yet it makes sense to think that the poor would be the ones “crying out” to the elders at the gates of the village when no provision for the widow, orphan, or stranger was being made in the local grain fields and olive groves. The landowner in a position of economic advantage over others reveals his attitude toward God and His law through his actions. Commenting on Proverbs 14:31, “He that oppresses the poor reproaches his Maker; but that honors him has mercy on the poor,” North states that “how you treat the poor reveals what you think of God” (2007b: 234). The mercy commended by Scripture is by nature voluntary, yet lack of mercy toward those in dire need amounts to economic oppression. For North, “gleaning was a form of morally compulsory charity. It remains the primary *moral* model for biblical charity” (1994: 196). North affirms, “God expects the more successful members of a community to provide economic opportunities” for those willing to work for their provisions (1994: 196). The complexity of this form of welfare relief seems evident in that here a theonomist such as North acknowledges no penalty for ignoring the provisions of this law, yet refers to it as a morally compulsory statute.

Theonomists apply biblical case law to a number of other economic institutions which will not be addressed due to space limitations for this chapter. Yet it seems evident from the previous examination of their research on economic institutions such as property rights, exchange, monetary standards, and welfare reform that they continue to present

significant (albeit often controversial) contributions to the ongoing discussion of applying a Christian worldview to economics.

V. ECONOMIC OUTWORKING OF THE THEONOMIC VISION AND ITS CHALLENGES

By calling attention to the relevance of biblical law for modern policy debates, theologians encourage other Christian economists to consider carefully the biblical foundation for their own positions. A serious consideration of Moses' declaration to Israel, "What great nation is there that has statutes and judgments as righteous as this whole law which I am setting before you today?" (Deut. 4:8) should spur Christian scholars in general to wrestle carefully with the claims of theonomy. Particularly for those Christian thinkers and social activists who concur that "the Old Testament law was given by God for a purpose that had a wider ethical relevance than solely the shaping of Israel" (Wright 2004: 405), the theonomic position remains attractive.¹⁴ Yet it still faces some challenges with respect to offering a coherent position in several areas.

Theonomists continue to wrestle with questions surrounding the actual implementation and reliance upon biblical law in civil policies.¹⁵ Even North concedes that the particular nature of portions of the Mosaic Law in its context of an ancient agrarian political economy limits its applicability. He explains that "many of the details of this political economy were tied to the Promised Land and the sacrificial system of that land. The economic laws of Leviticus were more closely attached to the Promised Land and the sacrifices than the laws of Exodus and Deuteronomy were" (1994: 196). Some Old Testament students go further and will not make a distinction between land, seed, and cross-boundary laws, affirming that all of the case laws are tied to ancient Israel's unique theocratic status (Kline 1978).

Other dimensions of the theonomic position on economic institutions and practices remain unsettled. Theonomists are in agreement that the scope of government intervention in a market economy ought to be severely limited and that the tax system should be designed accordingly. The tax system should be constrained so that government only raises funds sufficient to fulfill its mandate of applying negative sanctions to human behaviors such as murder, theft, and deceit. Theonomists are in consensus that taxes should not be discriminatory; however, there is no unanimity regarding the proper source of tax revenue. Some theologians insist that modern civil governments follow the government of ancient Israel's example in relying solely on a "head tax" as its source of revenue (Rushdoony 1973: 281–82). Exodus 30:11–16 indicates that the head tax was levied annually upon males age 20 and older as a source of funding. For modern governments the head tax would be mandatory as a fixed, flat fee. It would be implemented by the civil government upon every male age 20 and older and paid annually. The level

for this tax would be set low enough so that every man could afford to pay it (Fugate 2012: 7). In contrast, North finds no support for this position. He concedes that “the Old Testament never specifically says anything about what is proper for civil taxation, except in Samuel’s warning [1 Sam. 8:15–17] against the king’s collection of as great a percentage of a person’s income as 10 percent” (1990: 908). On this basis North contends that the “permanent economic restraint” on both the civil government and the church is 10% of a person’s net income. For “all combined levels of the State” as a whole, it may not claim more than 10% of a person’s income (1994: 53). Still, it seems evident that there is no property or land tax identified for those under the Mosaic covenant.

Resolving the question of the proper source of the state’s revenue is one of several critical questions that theonomists must address to make a more convincing case for their specific policy recommendations. At the same time, a recognition of the challenges facing theonomy should not lead one to overlook its particular contribution to Christian thinking about the framing of economic institutions and policies in the light of biblical revelation. Its distinctive understanding of how economies are impacted by how God works in history with respect to obedience and disobedience to biblical law provides a representative final example.

Theonomic economists are unique in their understanding of economic growth in history and the likely economic paths for nations in the future in light of their relation to the sanctions attached to biblical law. While carefully distinguishing their position from the modern “prosperity gospel” of health and wealth’ for individual believers, theonomists nonetheless declare that nations obedient to God’s law tend to prosper materially. God’s blessing falls upon a people obedient to His law, much as He declared to Israel (Deut. 28:1–14). As nations conform to God’s covenant, life expectancies are lengthened. This is not to say that theonomists are affirming the nations with longer life expectancies are necessarily Christian; rather, as North explains, God “rewards those *societies that obey His covenant’s external ethical requirements* even if they do not adhere to the formal theological affirmation of Trinitarian faith” (1990: 863, emphasis in original). Theonomists are careful to argue that growth for its own sake is not desirable. Growth comes as the fruit of obedience to God’s revealed will, but it is the faithfulness to God’s institutional arrangements and enforcement of laws governing economic transactions that is crucial: “We are to conform ourselves and our institutions to the requirements of biblical law. The result will be long-term growth. Growth is a reward for righteous living, not a goal to pursue at the expense of righteous living” (North 1990: 871).

At the same time, material prosperity can lead to detachment from dependence upon God in the form of autonomy. Wealth can lead to increased covenant-breaking. Nonetheless, economic stagnation is not desirable, as North observes: “We must not be deluded into believing that the fruit of righteousness is zero growth. Far less are we to pursue zero growth as a way of life” (1990: 871).

In fact, economic growth benefits both the participants in the particular institutions God has ordained to govern human behavior and the institutions themselves. North writes: “Both church and State are dependent economically on the blessings of God and the productivity of private citizens. They possess lawful authority as derived

sovereignties—derived from God and man—which means that they must derive their economic support from those over whom they rule and therefore also serve.” He adds that this principle drives the biblically mandated size for both tithing and taxing: “*This is one reason why both the tithe and civil taxes are supposed to be proportional to the net output and therefore the net income of those under their jurisdiction*” (1990: 872, emphasis in original).

Israel is told it will suffer economically for being disobedient to God’s covenantal laws (Deut. 28:15–68). Property owners who overlook their responsibilities to those on the margin of society fall short of God’s covenantal requirements. Likewise, when the civil government oppresses the poor, there are economic consequences. Discussing Isaiah 10:1–3, North writes that the civil authorities of Isaiah’s time “had acted unjustly with respect to the poor, to widows, and to orphans” (2012b: 44). In consequence of its treatment of the economically helpless, the prophet Isaiah declares God will bring desolation to Israel.

The discussion of the question of economic growth along with other examples considered in this chapter suggest the theonomic position on wealth, poverty, and the role of government cannot be caricatured as a simple “Bible-based libertarianism.” More of the nuances in applying biblical case law to contemporary economies remain to be explored. A promising pathway has been laid by a number of theonomic scholars. By refusing to be methodologically neutral and insisting on discussing in detail the legal and moral foundations of market economies found in biblical law, theonomists make a distinctive contribution to the formation of Christian thinking on economics.

NOTES

1. Bahnsen’s *Theonomy in Christian Ethics* (1979) offers the most complete exegetical treatment of this thesis, largely centered on Matthew 5:17–19. *Theonomy: A Reformed Critique* (Barker and Godfrey 1990) offers a critical evaluation of theonomy. It has generated several volumes in response from theonomists, including *Theonomy: An Informed Response* (ed. North 1991) and *No Other Standard: Theonomy and Its Critics* (Bahnsen 1991).
2. In economics, the outstanding example is the work of Gary North, who has authored a thirty-one volume economic commentary on the Scriptures, a series of works which began with *The Dominion Covenant (Genesis)* in 1982 and was completed with *Ethics and Dominion: An Economic Commentary on the Epistles* (2012c).
3. Some theonomists are amillennial in their eschatology and thus do not espouse the Reconstructionist affirmation of the future submission of all nations to biblical law prior to the Second Coming of Christ.
4. For this covenant and all subsequent biblical covenants, some theonomists contend there are five structural elements: God’s transcendence and immanence; man’s representative, hierarchical authority over creation and under God; God’s Bible-revealed law for all ethical decisions and taking dominion; God’s historical judgments and sanctions; and covenant keeper’s inheritance or succession, in time and eternity (Sutton 1992). Finding this arrangement crucial to understanding the Pentateuch, North proceeds to organize much of the material in his economic commentaries around this model.

5. North explains that “God’s judgments are objective in the sense of being both eternal and historical” (1997: 9). While a covenant is judicially objective, it is “perceptually subjective.” This requires that “God imputes meaning to it.” Since God is a person, “men can understand the terms of a covenant because God understands it and defines it, and men are made in God’s image” (North 2007a: 30).
6. Van Til advocates a presuppositionalist approach to apologetics, declaring that it is impossible to prove the validity of Christianity to unbelievers. Rather, as part of regeneration, the converted person comes to presuppose certain truths, including the validity and authority of Scripture. The Bible attests to its own truth; as “the infallibly inspired revelation of God to sinful man, [it] stands before us as that light in terms of which all the facts of the created universe must be interpreted” (Van Til [1964] 1967: 107).
7. North (1976) provides a detailed critique of both Chicago school inductivism and Austrian deductivism from a theonomic perspective. Terrell and Moots (2006) offer a helpful discussion of the Reconstructionist critique of Austrian value theory and the economic epistemology of both Milton Friedman and Ludwig von Mises.
8. In an ongoing theological debate, dispensationalists contend that only Old Testament laws repeated in the New Testament remain binding, while theonomists assert that unless an Old Testament law is specifically abrogated, it is still obligatory.
9. Reconstructionists express some ambiguity regarding the precise nature of the governmental arrangements they are pursuing. One the one hand, North and Reconstructionist pastor Gary DeMar (1991) affirm that theonomists seek to install a theocracy, understood as government by God, but not government rule by clergy or priests. Gentry observes that while church and state were in close relation in ancient Israel, they nonetheless remained separate. This is evident in that “There was a distinction between the civil ruler, Moses, and the priestly head, Aaron; between the offices of priest and king; between the temple and the palace (1 Samuel 13:11; 2 Chronicles 19:5–11; 26:16–21)” (Gentry 1993: 54). Other theonomists suggest that an immediate theocracy is not what is desired; rather, they aim to call Christians to join together to establish the rule of God over all of life, a work that ultimately can only be empowered by God: “It is as redeemed men seek to apply their faith and conform to God’s law that the Lord works mightily to convert the nations and their governing institutions. This is a long-term process” (Ortiz 2006: 32).
10. Sider (2005: 86–87) contends that if Christians would model this principle, secular governments would likely follow the example and there would be a dramatic improvement in the alleviation of poverty. Theonomists assert that relief of poverty was not the primary intention of this law.
11. Many, though certainly not all, theonomists are also post-millennialists. They contend that the Lord’s Kingdom will spread under godly rule before Christ returns, and the godly nations will enjoy the economic benefits that flow from adherence to biblical law. Isaiah 66 and Micah 4:4 both speak of the covenantal blessings of private property ownership. Instead of living under the threat of insecure property, as rural landowners faced in Israel’s northern kingdom in the eighth century B.C., the prophets spoke of a time of covenantal obedience. North avers: “In an era of widespread covenant-keeping, property rights will be secure. Men will be able to invest time and money developing their farms and businesses because the civil courts will defend their rights—immunity from seizure—as owners of titles to property. This development will increase everyone’s sense of personal responsibility. The consequences of the actions of owners will be borne by the owners” (2012b: 78).

12. North recognizes that “the state’s decision about what to tax clearly had an influence on the kind of money people accepted, but that decision was tied to the existing kind of money that was already being used by the people” (1986: 24).
13. To remedy the problem of the government having the power to print unlimited amounts of paper money, the gold standard provision might involve requiring “the state to define its official currency in terms of weight and fineness of gold, and then to buy and sell gold at this defined price” (North 1986: 107). In North’s view this approach opens the door for state control over the money supply. He declares “A traditional gold standard is better than a fiat (unbacked) money standard, but it transfers too much sovereignty to the state.” What would be preferable would be to “have the state policing private issuers of gold and warehouse receipts to gold, and then to collect its taxes in a specified form of private currency” (1986: 107). According to this policy, private individuals will freely determine which form or forms of money become most acceptable.
14. Examples from Christian economists and biblical scholars who are not identified with the theonomic approach yet seek to make modern applications of principles from the Old Testament law are discussed in Noell (1993).
15. Historical instances in which there were extended efforts to bring to bear the statutes and penalties of the Mosaic case law illustrate the issues. During the era of the Protestant Reformation in early modern Europe, the sixteenth-century Genevan civil government’s sumptuary legislation and juridical rulings capped interest rates and provided welfare relief modeled to some extent on the welfare provisions of the Mosaic Law. In seventeenth-century New England, the Massachusetts Bay Colony forthrightly drew on the Mosaic Law for its civil law proscriptions and penalties. This particular Puritan community directly adopted the Mosaic proscriptions into its civil code with respect to property rights, yet it also tolerated lending of funds at interest under an interest-rate ceiling (Logan 1990: 382–83). As might be expected, these communities only imperfectly adhered to the Mosaic case law in their particular setting.

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CHAPTER 14

ANABAPTIST APPROACHES TO ECONOMICS

JAMES HALTEMAN

I. THE HISTORICAL CONTEXT

WHAT are the ingredients of effective social glue? Authoritarian leadership tempered by wisdom was the answer for most of history. In the ancient and medieval world, resource allocation was limited by production that was assumed to hover near subsistence over time and so a just distribution would need to be something close to equality. Religion or philosophical wisdom blessed the efforts of the central authority and gave legitimacy and permanence to the social order. By the Middle Ages in the Western world, this social and religious framework called Christendom was firmly rooted as the prevailing social glue and those who challenged the system were guilty of treason. Everyone was baptized into the system where the prince and priest together maintained social order. Those who challenged the authorities were persecuted and often killed because they were endangering the very social structure on which people could depend. Religious views that challenged this social glue would destroy not only the spiritual life but also the economic and social existence of the population.

Thus, when Martin Luther challenged the papacy, he was striking a blow to the religious establishment, but he was not challenging the marriage of church and state. Rather, he was objecting to the corruption of the existing system seeking to reform it toward more faithful social and religious practices and beliefs. Luther's Saxony was no less a marriage of prince and priest than most of Christendom of earlier times. However, the Anabaptist vision of the reformation, sometimes referred to as the radical reformation, was a very different story. The Anabaptists called for a separation of church and state because no state could be expected to follow the teachings of Jesus, which were normative for Christians. Rejecting infant baptism challenged the notion that everyone joined the Christendom social system at birth and such a challenge was a dangerous idea to both Luther and the Catholic Church.

Because Anabaptist views of church and state were considered so dangerous, many were persecuted and killed by both Catholic and Lutheran authorities. This required some retreat to underground operations and alternative thinking about how society and the church should be constituted. A practice of separatism emerged, first from necessity and later from theological interpretation. When toleration came and greater integration into society became possible, Anabaptist thinkers began to develop views about how the church could best relate to economic systems. This chapter traces three components of this journey. First, a brief sketch of Anabaptist history shows how social context shaped faith and economic practice from the Reformation to modern times. A second section describes a two-kingdom theology, which involves both separation from and coexistence with the economic processes of the world. The third part of the chapter will describe the process of economic integration with the secular system while attempting to maintain the radical teachings of Jesus in a secular world. Thus, the journey is one of historical context, theological formulation, and cautious pragmatism.

Anabaptism was a pejorative term referring to believer's baptism as opposed to the infant baptism that was required in a world where priest and prince together ruled the social order and everyone was born into the Christian state. Ultimately, Martin Luther rejected the possibility of a church that was serious enough about Christian discipleship to stand apart from the secular world as a countercultural alternative. A community of faith that practiced mutual aid, worship patterns that spoke to the common person, and an alternative witness to the world seemed too idealistic to be practical. Speaking of the believers' church that emphasized these practices, Donald F. Durnbaugh suggests that "the tragedy of Protestantism is that when such groups did emerge in history, Luther and his colleagues could see nothing in them but enthusiasts, fanatics and rebels" (Durnbaugh 1968: 4). It would be a great simplification to overlook the various groups practicing separatist ideas that could fit the Anabaptist label in the fifteenth and sixteenth centuries, but to make the subject of Anabaptist economics manageable this study will focus on the groups that emerged from the Swiss Brethren. Ulrich Zwingli (1484–1531) sought church reform, but it was his followers that rejected a state church and became rebaptized into a believers' church that was separate from the state. This brought on intense persecution from Protestant groups beginning with the martyrdom of Felix Mantz in 1526. However, the protesters varied in their understanding of how true faith should be practiced. Some unity was created in 1527 when the Schleitheim Confession was drafted to articulate the central themes of the movement. Key ideas of the document included baptism upon belief (not birth), the Lord's Supper is for believers only, lethal force was not to be used by believers, behavior was monitored by church discipline, and those who rejected church discipline should be banned. The fourth article illustrates the background of the two-kingdom theology. "Whatever is not united with our God and Christ, is none other than the abomination which we must avoid" (Dyck 1967: 42). While the abomination focused mainly on practices of the Catholic Church, the article clearly contrasts the world in general with the true church of Jesus. In the view of medieval state churches, these ideas were indeed radical and considered socially destructive. Indeed, the entire framework of Christendom was being challenged and that was frightening for those who

saw the unity of church and state as essential social glue. For survival, Anabaptists created informal, often secretive, communities of faith practicing mutual aid and caring.

Despite the persecution, Anabaptist ideas appealed to many who observed the corruption and politicization of the existing institutionalized church. The movement spread to Germany and Holland where a priest named Menno Simons (1496–1561) rejected his Catholic roots and became a key leader of Anabaptists in the region and beyond. Mennonites, the largest group of Anabaptists today, take their name from Simons who became an influential moderate voice in the movement. Other groups took the names of their leaders but gradually the Mennonite name became the umbrella label identifying most of the radical groups of the Reformation. A full treatment of the evolution of Anabaptist economic ideas would consider journeys from Europe across several continents and historical periods with migrations to Russia, South America, Canada, and the United States. This mobility was necessary to escape persecution, but it also fostered a spirit of communal dependence and mutual aid. As the circumstances and economic conditions changed, the practices and beliefs about the social order were altered.

II. THE THEOLOGICAL FRAMEWORK

J. C. Wenger, a leading Mennonite scholar of the mid-twentieth century, summarizes the two-kingdom theological background common to Anabaptist thinking.

The Anabaptists with their conception of separation of church and state agreed with the Lutherans that the social order could not be Christianized, and they agreed with the Reformed in desiring to create a Christian society—but *they sought to do this only in the church*. This involved a certain “withdrawal” from one sector of the life of society, not a physical withdrawal into monasteries, but a certain “abandonment” of non-Christian society to its own management and a concentration on the evangelism of individuals from that non-Christian society. (Wenger 1991: 54–55)

Wenger’s italicized phrase points to the key difference between Lutheran and Anabaptist two-kingdom theology. Luther was concerned about the viability of the social order and, although he doubted that it could be governed exclusively with Christian principles, he believed Christians should participate in the secular kingdom if action needed to be taken. Anabaptists would participate only if such involvement was consistent with the teachings of Jesus. For example, if military action was necessary for social order, Luther encouraged Christians to participate as good Christian soldiers in the secular kingdom. Anabaptists maintained a pacifist position as the appropriate practice for Christians in the church and citizens first of the kingdom of God. Anabaptists supported a more separatist view where the church is a living witness to the teachings of Jesus. The difference could be characterized by recognizing that Lutherans lean heavily on the Romans 13 passages on subjection to governing authorities while Anabaptists put high priority on the Sermon on the Mount in Matthew 5–7.

There is always a tension facing Christians who must relate to a secular structure, on one hand, and at the same time feel called to model a radical lifestyle that the world sees as foolish (1 Cor. 2:14). Faced with compromises be they military action or self-oriented economic practices, Christians must decide how much participation in the culture is appropriate. Withdrawal from the social order, a practice common for the Hutterite and Amish Anabaptist groups, minimizes one's impact for good on the secular world. On the other hand, full integration in secular institutions may involve a sacrifice of convictions that are important to faith and practice. As attractive and complementary as modeling and integrating may seem, they typically come in competition with each other in practice.

To understand the opportunities and constraints Anabaptists feel as they view the social system around them in general and economic systems in particular, it is important to observe the relationship of the secular and sacred kingdoms in which they live. Figure 14.1 helps to put into perspective the complexity of relationships involved.

Each circle represents one kingdom of the two-kingdom worldview. Drawn in an overlapping fashion, three areas are created that need to be analyzed. Area A represents space where the kingdom of God is foolishness to the world and so Anabaptist practices reflect a counter-cultural radical witness. The area labeled C involves secular practices that Anabaptists find inconsistent with their beliefs. The middle area B is space where there is overlap between the two kingdoms, both sharing common values and practices. The more the circles are thought to overlap in figure 14.1 the greater is area B and the more Anabaptists will be integrated with society at large. Interaction and participation in social and economic institutions that share common values is encouraged and desirable because faithful involvement strengthens and perpetuates good practices. Clearly some Anabaptists find much less overlap in the two-kingdom cultures than do others, but the last century has been one of substantial change in how most Anabaptists see the secular economy. Increasing participation in Western market capitalism has been the trend, but that involvement has not come without a critique of the system at key points along the way. This movement has forced Anabaptists to consider economic systems and practices in ways that they have not done before.

The remainder of this chapter attempts to show the economic journey Anabaptists have been on as social acceptance, Enlightenment social theory, and evolving socioeconomic

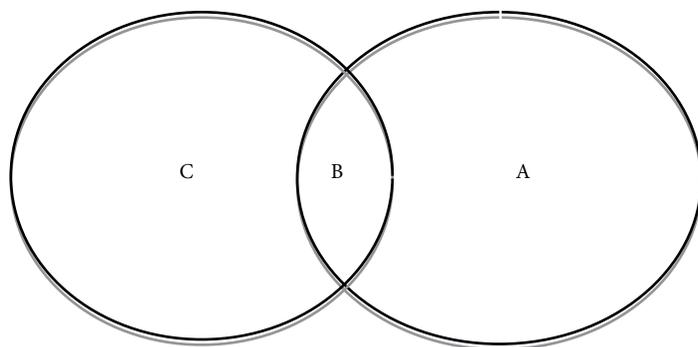


FIGURE 14.1 Secular Kingdom and Kingdom of God

institutions have impacted their culture. Clearly economic trends drive greater integration of life practices between the secular society and the church, and so an important part of the story recognizes the movement from a simple agrarian lifestyle to an urban-suburban environment with advanced education and increasing wealth. It is a journey of tentative acceptance of market capitalist institutions and practices in the context of a mixed economy. Anabaptist writing well into the twentieth century rarely engages the economic system itself in ways that suggest alternative systems or massive social reform. Their theology led them to hold low expectations for the secular world and so it is not easy to identify any school of economic thought that would be consistent with their thinking. However, it will be suggested later that the American Institutional critique of market capitalism might fit Anabaptist thinking best, but there is much in Anabaptist business and consumer practices that challenges this claim. After brief comments on the Hutterites and Amish, the Mennonite approach to economic systems will be explored.

A. The Hutterites

Present-day Hutterites look to Jacob Hutter (d. 1536) as their founding father. “Since the 16th century, the Hutterites have lived communally, sharing all of their material resources and maintaining as much isolation from the world as possible. Having outlasted most other communal societies, they provide a striking social and economic contrast and alternative to the individualistic way of life that is commonplace in industrialized Western countries in the postmodern world” (Jansen and Stanton 2010: xii). By the mid-nineteenth century, after migrations through Eastern Europe, they came to America, settling in the upper Midwest and Southern Canada. Nearly 50,000 American Hutterites live today in self-contained colonies averaging approximately 100 people for each colony (Jansen 2010: 2). The biblical model presented in Acts 2:44–47, where the people had everything in common and distributed according to need, is the theological background informing the Hutterites’ view of the appropriate economic system. There is no commentary in Hutterite literature on what institutional structures or economic practices would be best for the social order at large. Essentially they believe the two-kingdom theology where the kingdom of God and the secular powers function with differing worldviews and the primary task for Christians is to model an alternative to whatever model the existing secular culture embraces. Consequently, Hutterites have very little influence on the larger world and do not attempt to infiltrate the power structures of the world. Maintaining their practices and beliefs in an increasingly technological and interdependent world is an all-encompassing task.

B. The Amish

In 1693 Jakob Ammann split with the Mennonite Brethren and formed the Amish who completed their migration to America in the mid-eighteenth century. The Amish and Hutterites hold similar concerns about the secular culture but the Amish, while

promoting mutual aid, are less likely to share a common treasury. “To be Amish means to keep oneself separate from the wider society while at the same time being able to negotiate with it. . . . this struggle has numerous faces and manifests itself in many forms. Among those are the ongoing negotiations between the individual and the community, between freedom and regulation, and between tradition and modernity. It is within the crucible of these crosscutting and conflicting forces that Amish behavior and culture are generated” (Hurst and McConnell 2010: x). Personal and family security, serenity, contentment, the importance of the past, and the importance of people over technology are qualities that are valued over modern conveniences and progress as measured by the secular world. These qualities may be the reason that the Amish have not lost their children to the modern world in great numbers. According to one study, the Amish population in North America has more than doubled to nearly 250,000 in the last decade (Garcia 2010: 1). One Amish entrepreneur owned a very successful and sophisticated construction firm employing more than 30 persons. After a family council about the business he sold his business to a local Mennonite at a very reasonable price. He then opened a harness shop employing only his two sons and himself. When asked why he had done this he replied, “I saw that the business was running away with me. I saw that the business was interfering with my relationships with my family and church so I had to make a choice” (Redekop 2010: 46). This story illustrates two values essential to Amish beliefs. First, interaction with the secular world is possible within certain boundaries but such interaction involves considerable risk to an authentic Christian lifestyle. Second, decisions in the community of faith are not individual choices, but rather consultation and accountability are necessary ingredients of decision-making. These values help Amish folks to maintain a separatist modeling type of witness, but, as in the case of the Hutterites, infiltration of the secular order is restricted. In fact, neither infiltrating nor modeling to the world is high on the Amish agenda. Their discipleship is more focused on faithful living so they do not offer a vision of how the secular world should structure its economy. However, there are times when radical modeling inadvertently impacts the culture at large as the Nickel Mine case illustrates. Here acts of kindness to the mother of a murderer of Amish children received international attention causing many to ponder the role of forgiveness in tragic situations (Kraybill et al. 2010: xi).

C. The Mennonites

The various groups of Mennonites began migrating to the United States and Canada beginning in the late seventeenth century. According to the Mennonite World Conference statistics, all Mennonite groups worldwide now number nearly 1.6 million with approximately half that number located in the Americas. An active mission outreach has resulted in rapid growth rates in Africa that now is home to almost 40% of all Mennonites (<http://www.mwc-cmm.org>). While economic practices vary with the context, most of the Anabaptist literature relating economic belief and practice has evolved within the environment of American style market capitalism. Much change

has occurred over the last 300 years, but the principles of a believers' church have been constant reference points as economic practices have become more integrated with the economy at large.

Because of the many varied groups of Mennonites, it is difficult to generalize fairly across the spectrum so most of the discussion from this point on draws on literature from the Mennonite Church USA and Canada, the most economically involved group of Anabaptists. To understand this process of adaptation to the secular system, it is important to follow three complementary areas of change with the following questions. First, do Mennonites have a coherent commentary that relates to economic systems in the larger social order? Second, what has been the experience of Mennonites who have entered the markets as significant players in an industry? Third, with reference to these first two areas, has there emerged a unified belief and practice that could be called an Anabaptist view of economics?

It was not until early in the twentieth century that church statements began to openly encourage entrepreneurial activity as a calling of God. In the 1920s Daniel Kauffman wrote *Doctrines of the Bible*, which soon became a handbook for many Mennonites in their Christian practice. Commenting on business opportunities Kauffman writes "Christian men in business too seldom realize the power that falls within their sphere of opportunity" (quoted in Redekop et al. 1994: 395). This qualified endorsement of business opportunities included a litany of spiritual virtues and restrictions that would likely not appeal to a secular businessperson. Contracts with unbelievers were suspect and prices and profits should not be the primary signals guiding decisions. Kauffman did not speculate on the long run viability of a business operating in the prescribed manner, but his views follow the two-kingdom framework where Christians practice radical values where possible in the world and thereby witness to the world. Anabaptists of that era had not yet begun to explore the complexities of market capitalism as a social system. The implication was that no compromises with the secular world would be needed to survive as a business. Because businesses at that time were relatively small family operations and production was largely in primary goods, many of the complications of mass production, marketing, and supply chains did not apply.

By 1955 the General Conference Mennonite church sponsored a statement affirming business ventures. "We believe many persons are called to business as a vocation and as such are the servants of God and of the people. Therefore, we would urge young people to enter its portals as one avenue through which they might witness to the light which was in Christ Jesus our Lord and Savior, and through which they might earn a living" (Redekop, Krahn, and Steiner 1994: 400). The statement goes on warning those who take that route to be aware of the many spiritual dangers involved.

What is obvious in these and other similar statements is the concern for individual behavior and practice as a believer in the community of faith. Maintaining a right fellowship in the kingdom of God is the dominant theme. One searches in vain for a more comprehensive analysis of the economic system in which the practices occur. In the same way that Mennonite systematic theology emerged only late in the twentieth century, economic theory has lagged in Anabaptist thinking until recently. Anabaptists

took the secular system as a given rather than something to be analyzed and ventures into that secular world had to be done with great caution. This contributed to the late exploration of social systems in general and economics in particular. It also meant that business people, except for farmers, in the church were frequently viewed with suspicion and lacked the affirmation and support that was a cherished part of life within the community of faith.

But times were changing in Mennonite life as the twentieth century moved on. College education became a common goal of many in the last half of the century and the move off the farm to cities and suburbs required access to outside finance and dispersion across the country in search of job opportunities. Many Mennonites began voting and participating in local politics to serve the public and influence policy in preferred directions.

In 1973 the Mennonite theologian John Howard Yoder threw out a challenge to Mennonites who do not engage the system. First he used the creation account to claim “The Bible understands humans as economic beings.” Next we should have “an ordered, fruitful relationship with the world of things.” Finally, “Salvation as proclaimed by Jesus includes a new economic order” (Yoder 2009: 12). However, after discussing the prospects for a Reformed or Lutheran two-kingdom way of relating to the economic system, Yoder declares “the lifestyle of a confessional community does not need to be developed into an ethic for all. Moreover, the community of faith does not necessarily need to be in a position to rule the world with its ethics” (Yoder 2009: 13). These methods have failed and ultimately leave the system untouched except perhaps for a dutiful display of empty rhetoric. The best way to impact the secular system for good is to practice the values of the Kingdom of God in ways that keep challenging the social order on the margins. “The notion of a voluntary congregation bridges the tension between the individual and the system” (Yoder 2009: 13). Yoder concludes with a challenge to press for a lived witness that makes a difference in the larger system without the burden and unrealistic expectation of a Christian world. “Most of us, including Mennonites, end up in the “catholic” or “pietist” models, which leave the system untouched. Yet as individuals we hope that each in his or her little corner can improve something. But can we really presume thereby to have met the challenges and the offer of the gospel?” (Yoder 2009: 13). Yoder’s perspective points to the important space between infiltrating but being bought out, and modeling without effective impact. His challenge is to impact the world in areas like economics that have strong connections to Christian social ethics. While Kauffman hoped to impact individuals by business practices, Yoder extends that influence to the economic system at large requiring a much more involved exploration of the system and how interaction with it might proceed.

J. L. Burkholder, a Mennonite church leader and Goshen College president, was also an early proponent of more involvement in the economic system. Despite considerable opposition, he encouraged Mennonites to engage the world despite the risks. “It is the writer’s conviction that the present crisis in Mennonite life will require a revision of the present Mennonite approach to society”. This is not to suggest that Mennonites should consider “selling out” to the world culture because of the intrinsic difficulties of

embodying the ethic of Christ in the power arena. Rather it is to suggest that Mennonites must seek their traditional goals of brotherhood, peace and mutuality under the conditions of compromise. Mennonites must realize that they are a part of the world system and that they share the guilt and responsibility for corporate evil and that their attempts to be obedient to Christ and “be” the true church must take into consideration the “ambiguities of their actual situation” (Burkholder 1989: 223). This bold appeal recognized the complexity of involvement with the secular world, but suggested that the gains for the kingdom of God exceeded the possible cost of entering ambiguous territory in the secular kingdom where some compromise might happen. For Burkholder there is a fine distinction between compromises with the world and selling out to its ethos. The two are not the same.

Carl Kreider, professor of economics and dean of Goshen College, was unusual for his time in that he was formally trained in economics. He understood the market economy and its alternatives as well as the complexity of economic development. In both *The Christian Entrepreneur* (Kreider 1980) and *The Rich and the Poor: A Christian Perspective on Global Economics* (Kreider 1987), Kreider set out what might be called a value-added approach to Christian action in economic life. Recognizing the positives in a market economy, Kreider calls Christians to influence the market on the margins effecting some change where possible. In terms of figure 14.1, Kreider appears to see markets as operating largely in the B area where Christians are able to function effectively despite their A area uniqueness. His call to Christian entrepreneurs is to give witness to the A area uniqueness in hopes of moving it to general B area practices. In so doing one might also impact for good some C area unacceptable practices. In other words, Anabaptists could help to increase the overlapping area of the two kingdoms. In his words, “I do not reject the profit system. Instead I believe that (problematic) features of capitalism must be brought under the judgment of Christ so that they serve Christ’s purposes in promoting His Kingdom in the world” (Kreider 1980: 170). The *Rich and Poor* book illustrates this approach as well. Here Kreider analyzes the problems of poor developing countries in terms similar to what most mainstream economists would do. In cases like Third World debt forgiveness he sees the problem as complex with varied answers possible. However, along the way, and especially in the questions at the end of the chapter, Kreider calls for a Christian response that might work toward solutions even if that response cannot be expected of the secular world.

Kreider’s teaching led me into economics and inspired the book that is now called *The Clashing Worlds of Economics and Faith* (Halteman 1995). The general thesis of this book is that market capitalism mobilizes and allocates resources better than any other system available to the secular world. However, it does not readily promote many of the values that Christians should practice. In fact, given human nature as it is lived out, the secular system should not be expected to promote the radical teachings of Jesus. Therefore believers in a faith community will often feel a tension between what is an accepted practice in a market system and what is seen as the Christian ideal. That tension can be a constructive tool causing believers to seek support and accountability in a community of faith as they become participants in the secular economy.

Gradually, a message was emerging that included Yoder's call for countercultural modeling with systemic involvement, Burkholder's claim that some tradeoffs and compromises would need to be made in ambiguous areas, and Kreider's incremental value-added strategy. All agreed that the church was an important ingredient in discerning what was an appropriate response to and participation in a system that could not be expected to embrace the most radical components of the Gospel.

In 1990 a conference on "Anabaptist Faith and Economics: Breaking the Silence" was organized by a group of academics to stimulate more Anabaptist involvement in economic thinking. Three of the twenty presenters were listed as economists and one was from a Mennonite college. The twenty papers presented brought together some historical, sociological, theological, and economic perspectives. In the published proceedings Calvin Redekop, the senior editor, concludes that

The Anabaptist/Mennonite tradition has structured itself along a continuum of communistic, semi-communal, and mutualistic forms. Certainly all would agree that at minimum, Anabaptist/Mennonite communities have through the centuries been known for their unusual insistence on mutuality in the material world. But it is equally obvious that in recent times the movement has been toward becoming integrated into the predominate economic philosophies and operations of the main stream. . . . The prophetic edge in the Anabaptist/Mennonite tradition has been so seriously eroded that there is little hope that a "recovery" can be expected to emerge from the rank and file Mennonite membership in its ongoing community life. (Redekop 1994: 380)

The lament here is that Anabaptist/Mennonites have infiltrated the system so completely that they have lost their radical modeling distinctive. The key question now facing Anabaptism is whether that infiltration carries with it the witness promoted by Yoder, the compromise without sellout of which Burkholder spoke, and the value-added influence that was central to Kreider's message.

With this challenge before them, Mennonites began to stake out the territory for involvement and witness that required some analysis of the economic system and its compatibility with Anabaptist theology. Six guiding themes occur repeatedly in periodicals, journal articles, and books. Following Jesus as His disciples is the overarching belief that frames all of these themes.

1. All aspects of the created world are important to God and in need of careful stewarding.
2. Nonviolent strategies for conflict resolution are what Christians are called to practice.
3. Increasing material wealth does not lead to a fulfilled life and it can destroy true contentment.
4. Those who have should share with the poor, disadvantaged, and powerless to bring about justice for all.

5. One is accountable to the community of faith and so the church becomes a reference point for economic decisions.
6. Work and self-provisioning is a virtue that is exercised in both a laboring or entrepreneurial role.

Taken together under the umbrella term of good stewardship, these themes lead toward a critique of market capitalism with its individualistic, growth oriented, sometimes exploitative nature where competition is the motivating force. But the literature that fleshes out these Anabaptist themes rarely proposes a comprehensive alternative system. At best there is an admonition to change behavior, sometimes by regulation and sometimes by persuasion showing the futility of following core market values. Stuart Murray, in *The Naked Anabaptist* draws together these themes claiming: “Spirituality and economics are interconnected. In an individualist and consumerist culture and in a world where economic injustice is rife, we are committed to finding ways of living simply, sharing generously, caring for creation, and working for justice” (Murray 2010: 180).

One example of this would be a collection of essays on *Creation and the Environment: An Anabaptist Perspective on the Environment*. This insightful collection is convincing in its arguments that markets are driven by a growth mentality that is deceptive and destructive of the environment. Two economists, James Harder and Karen Klassen Harder, frame the issue as one of contrasting values. “The growth of the market economy is not delivering what it advertises—broadly shared prosperity and the prospect of a happy and secure future” (Harder and Klassen Harder 2000: 5). The market growth mentality is contrasted with a view that sees growth as the problem. This alternative view is grounded in values that are radical by secular standards and it is this alternative approach that fits a Mennonite view of ecology. Though not explicitly positioned in a two-kingdom framework, the book does offer a vision of how Christians should operate in a world that is insensitive to environmental problems. This example illustrates the fact that most Mennonite social science literature is focused on living with Kingdom of God values with the hope that the witness will impact secular world behavior. The assumption is that democratic capitalism will only follow the Anabaptist values if those values help to optimize secular goals. Therefore, Anabaptists should speak to the ultimate futility of secular activity that lacks the moral foundation of Christian values. Mennonite economist Norman Ewert summarizes this concern by declaring that “the market mechanism is amoral—it accepts no moral responsibility. There is no global system of redistribution, no canon of distributive justice guiding distributions, no institution monitoring the needs of the poor” (Ewert 1994: 316).

Anabaptist economist Henry Remple presents the theory of markets as more desirable than its practice. After observing its effects on consumers, creation, and many of the key values Mennonites hope to promote, he suggests: “The capitalism system is like a massive eighteen wheel truck barreling through history. It has an excessively powerful motor driven by the sum of all human selfishness. It has no brakes. The

steering mechanism is clearly faulty. As a passenger on this truck, are you inclined to ask where we are going?” (Remple 2003: 261). The solution, according to Remple, is a significant alteration in social and economic values and a system that accurately reflects full costs. Speaking for his reference group, Remple declares: “For us, a logical starting point is the church, the community that nourishes and encourages our religious beliefs and practices. . . . A real test of our commitment to working for the well-being of society will be our openness to join with others who also fear the violent, non-sustainable future we face if capitalism continues to propel us onward with faulty steering and no brakes” (Remple 2003: 280–81). This joining with others who are not necessarily part of the faith community extends the Anabaptist influence and broadens its base to influence the world for good. It also draws Anabaptists into coalitions with those of the secular kingdom in ways that erode the dividing lines between the two kingdoms. Thus no alternative to a market system is proposed by Anabaptist/Mennonite social scientists. The emphasis is on influencing the secular market system where possible, recognizing it will never fully adopt radical Christian values.

There is a wider selection of biblical and theological literature focusing on the problems with market capitalism and the spiritual dangers that surround its practice. Public regulation or significant institutional changes are usually viewed as the means for softening the downside of problematic market outcomes. Meanwhile, Mennonite entrepreneurs who have been players in the market, frequently labor without enthusiastic affirmation from their fellow congregants. What follows is a look at how both groups have contributed to the search for an Anabaptist view of economics.

III. BIBLICAL AND THEOLOGICAL CRITIQUES OF MARKETS

Ron Sider created a stir in Christian circles with his *Rich Christians in an Age of Hunger* (Sider 1990). For several decades this book, in the Anabaptist tradition, has challenged Christians to discipleship in resource use that goes beyond what market outcomes provide. God has a special concern for the poor and disadvantaged and accumulated wealth for personal consumption is hard to justify in a world of desperate need. While Sider’s challenge is first to the church, he insists that regulation of markets is essential if biblical principles of social justice are violated. “The biblical vision of the coming kingdom suggests the kind of social order God wills. And the church is supposed to be a model now (imperfect to be sure) of what the final kingdom of perfect justice and peace will be like. Thus as the church models the coming kingdom, it exercises a powerful leavening influence in society” (Sider 1990: 181). The leavening effect of those modeling biblical principles occurs best when those principles can be shown to be useful in the long run rather than by voluntary expressions of radical Christian values. In the final analysis, the

more radical the practice of alternative values, the more compromises will be required to infiltrate or leaven the social order.

Jim Wallis recommends caution in the acceptance of the market form of resource allocation. “It is the market now that has all the godlike qualities—all knowing, all present, all-powerful, even eternal—unable to be resisted or even questioned. Performing necessary roles and providing important goods and services are not the same things as commanding ultimate allegiance. The market can be a good thing and even necessary; but it now commands too much, claims ultimate significance, controls too much space in our lives, and has gone far beyond its proper limits” (Wallis 2010: 30). The prospect of idolizing a social institution and adopting its values by default is a frequent concern of Anabaptists who hold the two-kingdom theology.

To summarize the evolution of the two-kingdom theology over time, it would be fair to say that Anabaptists have moved from a position of separatism to a call for faithful interaction with the world even if ambiguities lead to some compromises. Anabaptists can improve the secular order on the margins by joining with non-Christians who share some of their values. For some, this is movement down a slippery slope to worldliness and for others this increased social involvement is light and salt to the world.

IV. INSIGHTS FROM THE PRACTITIONERS

It is one thing to articulate values of the kingdom of God and to critique existing economic structures, but it is quite another to work out the alternative vision as an operator in the business world. How much overlap is there between the two kingdoms and are there opportunities for Christians to infiltrate the secular world without sacrificing core beliefs? Can a person be deeply embedded in the economy without selling out to the spirit of the system? The answer to this question comes most clearly from the practitioners in the system.

The authors of *Mennonite Entrepreneurs* (Redekop, Ainley, and Siemens 1995) have researched this question with surveys and interviews of entrepreneurs in both Canada and the United States. Their findings support the claim that Mennonite life is unsettled as it seeks to balance its communal instincts with the individualistic and success-oriented culture. The following insights from the research add perspective to the search for an Anabaptist economics.

1. Regarding church involvement, Mennonite entrepreneurs often feel a pull away from their simple life tradition as they become successful in their business and they also frequently feel a push of skepticism from congregants as well.
2. Despite these distractions facing business people, they succumb to the call of the secular worldview in a manner similar to the church in general. “It is the gradual

secularization of the entire Mennonite community from the communal status which is pushing the classical entrepreneurs to the margin” (Redekop, Ainley, and Siemens 1995: 125).

3. Despite the secular drift toward individualism there is still a social consciousness apparent in Mennonite entrepreneurs. “The Mennonite community produces entrepreneurs as a function of its needs, much as the ancient oikos produced its merchant class to serve not only itself, but a ruling community as well” (Redekop, Ainley, and Siemens 1995: 163).

This last point offers hope that a life instilled with a social conscience can be integrated with the capitalist system in ways that model Anabaptist values to the world. The tight-knit communities may no longer be the best model if a vision of the social order can be put forth that requires a person to contribute to the community of humanity. As Mennonite professional and service organizations explore best practices in the marketplace, there is growing awareness that Anabaptist values can be preserved without the downside of narrow social and ethnic boundaries. Mennonite Economic Development Associates (MEDA) have helped bridge the gap between the church and business practitioners. Through conventions, *The Marketplace* magazine, and worldwide service projects, including a self-sustaining microfinance banking function, Mennonite business people have made visible the integration of market and faith practice. By describing many case examples and relating to theoretical and theological topics, *The Marketplace* has affirmed its members as they seek to find their way in the tension between the two kingdoms in which they operate. Ten Thousand Villages, a denominational fair trade retailing operation, has extended across North America with a business model dependent upon volunteers, but committed to paying Third World crafts producers a living wage. Mennonite Mutual Aid (recently renamed Everence) has a long tradition of offering financial services and insurance to Mennonites and others who share the commitment to good financial practices and service to the church. Through MMA, Anabaptist investment social screens and mutual aid to congregations and denominational organizations have been possible in ways that conventional market involvement would not offer. But MMA has operated with the belief that there is compatibility between mainstream market practices and Christian values. Howard Brenneman, past president of MMA, writes that “the Business principles that work are these: applying the Golden Rule, building loyalty, integrity, trust, communication, affirmation, coaching and mentoring. These are the same principles that should be found in church. Church and business are harmonious” (Brenneman 2005: 18).

These are just some examples of ways that community sensibilities and Anabaptist identity have been maintained. But still the pull of the secular system is relentless. The MMA name change illustrates the tension underlying so much of Anabaptist practice. The change was intended, in part to broaden the base to include more non-Mennonite participants. This could imply that the population base of those committed to mutual-ity within community was too small or it could indicate an increasing interest in those values by others outside of the Mennonite tradition. In any case the financial markets

are an interesting place to integrate secular market activity with kingdom of God values because the asymmetry of information in those markets requires a full measure of trust, transparency, and integrity.

V. IS THERE AN ANABAPTIST ECONOMICS?

Nearly all the deliberations so far have been framed by the tension between the two kingdoms in which Anabaptists function. In the minds of some, the B area in figure 14.1 is getting bigger making increased involvement in the secular institutions desirable. To others, the increased overlap is a false perception made plausible by a weakening of the community instincts of the Anabaptist heritage. Thus, an Anabaptist view of economic systems is scattered across a continuum ranging from those who accept market capitalism practices as the best the secular world can achieve to those who believe that participants in the kingdom of God should actively seek social justice by leaning on the social structures, believing they can do better. This group hopes to enlarge the B area in figure 14.1 by working for changes in social policy often through legislation and regulation. However, Mennonites have not articulated a specific view of government and generally seem to assume a benign form of democratic government rather than a public choice type model where many of the concerns of the market economy would also apply to the public sector. The calls for social justice generally rely on the church as the reference point of operation rather than any particular school of economic thought. Thus, there is very little theoretical social science analysis in Anabaptist literature and one searches in vain for direct identification with historical or contemporary schools of economic thought.

Given this lack of a unified theoretical approach to economic systems, one might speculate that the school of thought most closely related to Anabaptist thinking is the American Institutionalists. However, this claim is by inference rather than from any specific literature pointing to this school of thought. In contrast to mainstream market theory, Institutionalists view the economic system as primarily dependent on human action rather than on mechanistic natural laws. A *laissez-faire* economic environment coupled with the power of the highly concentrated industrial giants, concerned Institutionalist thinkers like Thorstein Veblen and John Kenneth Galbraith. Although Veblen was suspicious of religious motivations, his view of the acquisitive human instinct parallels the Anabaptist view that the pursuit of self-interest can have a destructive downside. Veblen's parental and workmanship instincts have similarities to Anabaptist views of community and creative work, respectively. Veblen would have resonated with Remple's critique (Remple 2003) of the consumption-crazed individual. Anabaptist concepts of social change are also similar to Veblen's understanding of institutional change. The economy is not a machine to which we must submit for

best results. Rather, social institutions are created by our values and habits, and they evolve over time and can be changed to give expression to our constructive rather than destructive instincts.

Anabaptists would sympathize with Veblen's comment that "not only is the individual's conduct hedged about and directed by his habitual relations to his fellows in the group, but these relations, being of an institutional character, vary as the institutional scheme varies. The wants and desires, the end and aim, the ways and means, the amplitude and drift of the individual's conduct are functions of an institution variable that is of a highly complex and wholly unstable character" (Veblen 1919: 242–43). While Veblen did not consider religion as uniquely vital to his analysis, he did paint a picture of the economic world that has similarities to how many Anabaptists view the secular kingdom's economic practices. However, it should be clear that Anabaptists do not expect the secular world to reform dramatically toward the values of the kingdom of God.

Galbraith, like Veblen, viewed the American economy as driven by the business power brokers who influenced many social institutions to their advantage. *The New Industrial State* (Galbraith 2007) depicts the consumer, government, and labor as willing servants of corporate technocrats. Despite some sympathy with these early Institutionalists' diagnosis of how the economic world works, Anabaptists are inclined to see some form of mixed market capitalism as the most workable secular system available today. The desired level of government involvement in the system varies among Mennonites, but for most, markets are valued for the good they achieve, and responsible participation in the economic mainstream is supported.

Unlike Veblen, Mennonites see the church as the institutional variable that can reorient behavior and refocus one's purpose. By their practice they also illustrate that even the institution of the church is a changing form that needs care. Constant vigilance is needed to maintain a right fellowship while relating to secular economic institutions. Mennonites are not optimists about bending the secular world toward Christian values, but they are hopeful of making an impact on the margins with the values of good stewardship, care for the needy, fair and honest dealings, and community.

Economists are beginning to see the world through glasses that are now tinged with shades of psychology, biology, political science, anthropology, and sociology. Jeremy Rifkin in *The Empathetic Civilization* (2009) describes research into the brain that suggests humanity is wired with empathetic tendencies that lead to communal instincts. According to Rifkin, these instincts have been suppressed by the forces of modernity, which highlight individualism, aggression, and competition rather than community and cooperation. If the challenges of the decades to come involve many areas that fit the category of public goods, solutions will require community action. In such a world, Anabaptists will be well situated to make a significant contribution that can help both the kingdom of God and the secular kingdom become more compatible despite significant core differences.

VI. SUMMARY AND CONCLUSION

Anabaptist economics today is a product of a simple theology derived from the radical wing of the Reformation. For Anabaptists the true church was a believers' church that followed the teachings of Jesus and the Bible so it would operate by an ethic that the secular society would not embrace. This led to a two-kingdom theology that required teaching on the internal relationships within the church and a strategy for relating to the secular world at large. Anabaptist practices range from the separatist approach of the Hutterites and the Amish to the cautious integration strategy of most Mennonite groups. Engaging the world with the values of the church may frequently work, but there is no expectation that the world will ultimately adopt Christian ethics. In the many cases where ambiguity exists or compromise is required for a higher good, Anabaptists teach reliance on the wisdom of the gathered community of faith. In practice it has not been easy for Mennonite business people to implement this two-kingdom strategy, but as Mennonites become increasingly involved in the secular world the contrasts between the two kingdoms have become less clear. Dealing with this tension of being in but not of the world will be an ongoing process that can never be fully resolved. Nevertheless, with the coordinated input from Anabaptist history, theological and biblical teaching, economic and other social science research, and from the front lines of the business world it is possible to work toward a dynamic yet coherent and helpful Anabaptist economics.

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CHAPTER 15

PENTECOSTAL APPROACHES TO ECONOMICS

SHANE CLIFTON

I. INTRODUCTION

THIS chapter is a tentative attempt to outline a Pentecostal approach to engaging with economics.*It is tentative not only because there has not been to date substantive Pentecostal thinking about economics but also because it is impossible to make categorical statements about a movement that is rapidly growing and transforming and that is radically diverse and notoriously fissiparous. There is, however, a prevailing spirituality, a set of values and attitudes that are common among Pentecostals, notwithstanding their diversity, that are capable of framing the tenor of a dialogue with economists. To draw out these values, this chapter provides a narrative overview of the movement, which can be understood as a free-market religion that has developed alongside the rise of globalizing capitalist society. As a result, Pentecostal engagement with economics can be contrasted with the tendency among mainline churches and theologians to reject capitalism and free trade. Instead, it argues that the Pentecostal embrace of the emerging systems of global trade are not mere capitulations to oppressive consumerism but, rather, participate in the redemptive transformation of the market.

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II. A PENTECOSTAL ECONOMICS?

As a scientific discipline, there is a certain sense in which economics remains outside the sphere of religion. There really is no such thing as “biblical economics” or, rather, the Bible does not provide a theory or model of economic systems that can be imported directly into a modern context. And while theologians may want to make economic pronouncements, if they do so as theologians, but not as economists, they are likely to be arguing for idealistic and ungrounded policies. Daniela Augustine, for example, has sought to construct a “Pentecostal communal economics,” based on the book of Acts and Pentecostal theology. Predictably, Augustine contrasts the “traditional capitalist priority of economic self-interest”¹ that frames modern economies with a Pentecostal “economic model of distributive justice as a witness of Christ’s resurrected life in the Spirit-filled community (Acts 4.32–33).”² The result is an economy of sharing as opposed to one of trading goods and labor.³ While such a conclusion has a pious tone, what it means in practice is anybody’s guess. The difficulty is not only that Augustine’s model bears no relationship to the modern world. More substantially, her analysis bears no resemblance to the practice of Pentecostal engagement with local and global economies.

Fortunately, for our present purposes, there can be no suggestion that there might be a peculiarly Pentecostal economics. Pentecostalism is not a scholarly or scientific tradition, and it has no history of engaging in economic analysis or public debate on financial policy. The link between Pentecostalism and economics is indirect. It arises from the impact of Pentecostal faith upon personal worldview and, thereafter, the cultural and social values of communities that support and direct economic structures.⁴ There is a two-way linkage between Pentecostalism and modern economics. Not only do Pentecostal values impact the economic realities of its members, from the other direction, the emerging structures of free-market economies have shaped Pentecostal institutions and attitudes. There is a very real sense in which Pentecostalism, for better and for worse, is the religion of the globalizing, free-market economy. To justify this assertion, we need to describe the emerging shape of Pentecostal Christianity.

III. PENTECOSTALISM AS FREE-MARKET RELIGION

Pentecostals trace their origins to a series of revivals that occurred at the turn of the twentieth century. These revivals brought together the diverse streams of voluntarist piety that had emerged from the democratization of Christianity in previous centuries. From the outset it was a multi-centered movement that transcended geographical boundaries. As Allan Anderson observes, “Pentecostalism has had many beginnings,

and there are many ‘Pentecostals.’”⁵ It is a global and globalizing movement, emerging from revivals in North America, Britain, Australia, India, Korea, China, and throughout the world. What connected the early revivals, and what enables us to describe as *Pentecostal* the bewilderingly diverse movements that emerged during the course of the twentieth century, is a shared orientation to and experience of the Spirit. This spirituality is symbolically connected to the outpouring of the “Holy Ghost” on the day of Pentecost, as described in Acts 2. Pentecostals have pursued the “baptism in the spirit,” understanding the associated gift of tongues as being universally available and empowering for people of all genders, races, classes, intelligences, and churches.

Pentecostalism is thus a spiritual movement, but far from being an abstract spirituality it engenders a concrete and practical approach to church and life. Grant Wacker, attempting to explain the persistence and success of this brand of religion, argues that “the genius of the Pentecostal movement is its ability to hold two seemingly incompatible impulses in productive tension . . . the primitive and the pragmatic.”⁶ This reference to primitivism describes a form of spirituality that seeks an unmediated relationship with God, empowered by the Spirit and directed to Jesus. It is not, however, otherworldly, since the spirit empowers people for mission and acts as a potent force for personal transformation and, thereafter, social and cultural change.⁷ And since, in the Spirit, Pentecostals feel free from the constraints of tradition, they are missiologically and ecclesially adaptive, prepared to work within and mold themselves to the shape of the social space in which they are located. In describing this pragmatism in early Pentecostalism, Wacker notes that:

Pentecostals proved remarkably willing to work within the social and cultural expectations of the age. Again and again we see them holding their proverbial finger to the wind, calculating where they were, where they wanted to go and, above all, how to get there. That last instinct, the ability to figure the odds and react appropriately, made them pragmatists to the bone.⁸

This combination of unity in the spirit and a unique capacity (at least among churches) to take on the shape of both local and global society, enabled Pentecostalism to emerge during the course of the twentieth century as a truly glocalised movement; adapting both to globalizing culture and, at the same time, indigenizing within the cultural and social realities unique to specific locations.⁹

David Martin describes Pentecostalism as a “fissiparous dynamism of untutored religious entrepreneurship.”¹⁰ Its ecclesiology is creative and metamorphic. For much of the early part of the twentieth century, for example, the movement modeled itself on the Free Church structures of Congregationalism and Methodism; a grassroots ecclesiology suited to democratic and individualist modern society. It was, and is, a truly “free market” religion; impelled by the urgency of mission, churches are planted by charismatic and entrepreneurial pastors. This spread is not planned in a top-down fashion—Pentecostalism is the antithesis of a planned economy. It is, rather, driven by the forces of [the Spirit in] a competitive religious market. Churches grow if they successfully adapt and decline (and sometimes disappear) if they do not. There is a deliberate focus

on attracting new members and, while the intention is outreach to the unchurched, the reality is that there is substantial transfer of membership between congregations. In Australia, for example, the growth of Pentecostal churches has been substantially higher than any other denomination but, according to the National Church life survey, Pentecostals also have the largest “backdoor” of any other tradition;¹¹ “Congregations tend to be very dynamic with the faces of attenders changing frequently.”¹² This dynamic membership is mirrored by the fluidity of Pentecostal communities worldwide. Commenting on the situation in Latin America, David Martin notes that “a number of groups have emerged on the fissile Pentecostal scene which both address and mirror the cultural strains of post-modern capitalism.”¹³ While such an observation might be considered damning (especially given the tendency for theologians to dismiss capitalism as inherently evil¹⁴), Martin also observes that the Pentecostal response to the economic and social situation, which is both spiritual and practical, “gives a powerful new sense of agency to individuals and groups.”¹⁵ As we shall note later, this has important ramifications for Pentecostal engagement with issues of poverty and justice, and with economic realities more broadly.

IV. MULTINATIONAL CHURCH (MNC)

Pentecostalism was birthed in the voluntarist stream of democratic Christianity and, as global economic institutions have been transformed by rapid developments in modern technologies and the globalization of trade, politics, and culture, so too has the shape of its ecclesiology. One illustration of these transitions is the rise of the mega-church, which has come to reflect the multinational corporation (MNC). Consider the example of Hillsong church. In 1976 Frank Houston established Christian Life Centre (CLC) in the heart of Sydney, Australia. Rather than adopting the traditional Pentecostal congregational/democratic governance, Houston moved to a more corporate form, vesting sole authority in a board of directors (Elders). The church grew rapidly and in 1983 Houston’s son, Brian, planted Hillsong church. Initially an independent assembly, the subsequent retirement of Frank saw the merging of these two churches under the leadership of Brian. Hillsong then took over churches in south-west Sydney (formerly MacArthur CLC) and Brisbane (formerly Garden City Church), and established extension services throughout Sydney.¹⁶ Hillsong churches have also been planted (and sometimes “taken over”) in London, Kiev, Cape Town, Stockholm, Paris, Moscow, New York City, and Konstanz, Germany—and many of these have extension services in other places, mirroring the Australian model.

Altogether, Hillsong in Australia has a constituency of more than thirty thousand, a figure that is multiplied many times over when the worldwide network is taken into account. More than this, its “brand” has a global reputation, with its music, conference, and leadership resources influencing churches worldwide. There are two (potentially complimentary) ways of understanding the phenomenal growth and structural changes

of the church. On the one hand, it can be understood spiritually, as testimony to the power of the Spirit and the blessing of God (a reading that is appropriate if it is an expression of humility but simplistic if it mirrors the primitive religious notion that God's approval manifests itself in earthly blessing and, conversely, famine, disease, and failure express divine wrath). On the other hand, the growth and transformation of the church mirrors the social and economic transitions of modern globalizing society. Hillsong's success is partly attributable to its capacity to embrace the technologies and trends of the contemporary music industry, as well as associated communication technologies, to create and build a global brand. Its musicians are pop idols, Brian Houston is a star attraction, and the organization utilizes all the latest forms of techno-communication to market its product: Facebook, Twitter, blogging, television, music streaming, pod casts, DVD and CD resources, book publishing, et cetera.¹⁷ This very modern global brand is organized by a centralized and corporate ecclesial structure. The church is not a fellowship of independent congregations¹⁸ (the organizing principle of most traditional Pentecostal movements). In Australia, Hillsong operates as a single entity with multiple campuses and extensions services (similar to branch offices). Its growth occurs both by establishing new markets (planting extensions throughout the city and beyond) and by way of takeover and mergers—all four of the key campuses (Baulkham Hills, Sydney City, South-West Sydney, and Brisbane) were once independent churches; now part of a single entity under the leadership of Brian Houston. None of these are financially or culturally independent. Brian and Bobby Houston are the senior pastors of all congregations, and the sense of unity in *The Church* (singular) is established in various ways; internally, among staff and leadership, there is a central administration and staff hierarchy, and joint staff and leadership meetings. For the wider congregation, there is constant emphasis on the single vision of Hillsong, and practical measures to reinforce this, such as rotating the preaching roster between congregations and regular live video streaming of sermons, which are beamed out to campuses throughout the country. Overseas, Hillsong “franchises” its brand. Churches are separately incorporated and financially independent but their governance is under a common board—the same board members oversee the church worldwide. More significantly, Brian and Bobby Houston are the senior pastors of the whole global church, ensuring that all campuses and extensions remain intimately connected to the vision, ethos, and brand of the conglomerate.¹⁹ There is also global participation in Hillsong conferences, the production of an annual vision video shown in all locations, international rotation of preachers, and shared aid and development projects. All of this to note that Hillsong church is a global institution reflecting the sort of social and economic changes that have given rise to MNCs.

Hillsong is not the only mega-church nor are all (or even most) Pentecostal churches “mega” or corporatized. Of course, the structures and institutions of modern economies are likewise diverse. Thus, Pentecostal churches, mirroring society as a whole, exist in the free-market interplay between the large and small, the global and local, the monolithic and the particular. The question becomes, how do we evaluate this? What should we say about a movement of churches that is so adapted to its society that it follows techno-economic and political trends? There is a tendency in theological contexts to

dismiss, as inherently evil, the institutions and structures of modern capitalism and free trade. Elisabeth Schüssler Fiorenza's analysis of economic globalization, and her linking of this to the religious right (in which she would, no doubt, include Pentecostalism, especially Pentecostal mega-churches), is typical:

Economic globalization has been created with the specific goal of giving primacy to corporate profits and values, installing and codifying such market values globally. It was designed to amalgamate and merge all economic activities around the world within a single model of global monoculture. . . . The economic and ecological impact of globalization and its attendant exploitation and misery have engendered the resurgence of the religious Right and of global cultural and religious fundamentalisms claiming the power of naming the true nature and essence of religion.²⁰

Schüssler Fiorenza's concern is with issues of poverty, injustice, and abusive power, but her assumption that these are, a priori, caused by globalization, free-market economics, and the so-called "religious right" (the right wing triumvirate of evil!) does not stand up to scrutiny. Globalization, as the compression and interdependence of the world, is an amoral reality—capable of being used to facilitate liberation as much as exploitation.²¹ Empirically, globalized free-market economics can be shown to have contributed to liberation from poverty, notwithstanding its potential for exploitation and the need to establish appropriate constraints and safety nets.²² Likewise, there is nothing inherently oppressive about the free-market dynamic of Pentecostal ecclesiology. In ecumenical circles, the fissiparous character of the voluntarist streams of Christianity is lamented as tragedy and scandal, an attack on the unity of the church. As I have argued elsewhere,²³ this position is blind to the ways in which voluntarism, even if competitive, empowers those normally alienated from church hierarchies, enabling the spirit to work in and through the poor and the oppressed. The remarkable growth of Pentecostal churches in the two-thirds world²⁴ is testimony to this empowerment.

Even the growth of the mega-church, itself a direct consequence of the very same voluntarist free-market religion spreading in the two-thirds world (where some of the largest mega-churches can be found), should not be understood as inherently negative, at least in any a priori sense. The mega-church may well be the ecclesial equivalent of an MNC (as is the Vatican and other global churches), but this merely implies that it has arisen as a practical response to the trends and transitions of modern society. It can certainly be argued that such churches provide an efficient and effective means of undertaking ministry and resourcing mission.²⁵ Increased size facilitates economies of scale, a fact that goes some way toward explaining "church takeovers." Congregations in smaller churches considering whether to amalgamate with a mega-church are not only influenced by the power of a churches "brand" but also by the potential to improve the quality and flexibility of services and facilities that comes with the resources of the larger institution. And while it might seem that participation in such churches is largely passive and consumerist, with a large front door offset to a certain degree by a large backdoor, this is to forget that there is a correlation between the fluidity of evangelistic

outreach and people moving into and out of churches in seemingly consumerist ways—strong levels of commitment take some time to achieve.²⁶ Examining commitment to church life, von der Ruhr and Daniels note that:

Mega churches succeed in attracting and retaining seekers by requiring little of them early in their association with the church, but after the high-quality (good fit) of their services is experienced, the church can expect more of the attendees. Thus, the price of a seeker-oriented mega-church charges is low initially, but then rises after the quality of the service is known.²⁷

This research suggests that what starts out as merely passive and consumerist—attending a glamorous church after being attracted to the “lights”—turns into something more substantial with time. These churches find ways of integrating people into the community (involvement in small groups and other church activities supplements the larger “event”) and providing them with a sense of belonging, of being part of the substantive vision of the church.²⁸ The “price” paid by attenders of mega and smaller churches includes commitment to supporting the church financially and volunteering in its ministry, mission, and vision. It is sometimes assumed that this “vision” is essentially monolithic and self-serving, directed at the power of the institution and its leaders. Indeed, given the entrepreneurial nature of Pentecostal churches and the tendency to adopt the structures and techniques of modern corporations, there is some potential for the medium to shape the message. This is perhaps nowhere more apparent than in the prosperity gospel that, to greater and lesser degrees, is common among Pentecostal churches.

V. THE PROSPERITY GOSPEL: A THEOLOGY OF BLESSING

The term “prosperity gospel” originates in response to the message of American televangelists who claimed that sickness and poverty were part of a curse defeated by Christ and, therefore, that healing and prosperity (health and wealth) are available by the “word of faith” and acts of faith, specifically giving tithes and offerings. It is perhaps unsurprising that the message of prosperity appeals to Western Christians, a capitalist faith for a capitalist society. It might also be argued that the motivating force of the prosperity message is the need for proponents to fund their ministries. Television is an expensive medium, as is the cost of building facilities, modern communication technologies, and salaries. This is true not just for televangelists but for growing Pentecostal churches everywhere, who do not have the preexisting wealth of mainline denominations.

The prosperity message is not just a Western one. A “theology of blessing” is central to the message of Korean Yonggi Cho, pastor of what is reputed to be the world’s largest church (congregation in the order of 700,000²⁹).³⁰ Starting with the assertion that God

created the material world, filled abundantly with good things for humanity's enjoyment, he goes on to note that God's intention to bless humankind was fulfilled in Christ. Citing Galatians 3:13, he states:

The reason Christ lived in such poverty while on this earth was so that we could live well and to remove us from the law of the curse. If we do not claim our rightful blessings as children of God, we are wasting the life of poverty which Christ led while on earth.³¹

It has been suggested that Cho's theology of blessing is as materialist as the prosperity gospel of Word of faith televangelists.³² More careful analysis, however, recognizes the contextuality informing its development. The first is the religious context of Korean shamanism. To a culture historically grounded in ancestral devotion, motivated by the hope that one's ancestors would provide, protect, and guide,³³ Cho identifies Jesus as the one in whom blessing is found. This is not, as has been suggested, mere syncretism; Christianized shamanism.³⁴ It is better to understand his theology of blessing as a specifically Pentecostal response to a culture informed by ancestral worship.³⁵ Traditionally, Pentecostals have summarized their message in terms of the "fourfold gospel";³⁶ Jesus saves, Jesus heals, Jesus baptizes in the Spirit, and Jesus is coming again. Cho adds a fifth element of the good news, the gospel of blessing. While it is easy to see how this might degenerate into a merely consumerist spirituality of the type described earlier, it can also be seen as a holistic conception of salvation. It is now widely recognized that the Christian tradition has tended to dichotomize and spiritualize the gospel, focusing its message of salvation on heaven rather than earth, the soul rather than the body, the spiritual rather than the economic, political, and cultural. From the beginning Pentecostals have insisted that "healing is in the Atonement,"³⁷ a notion that grounds a holistic anthropology and soteriology. The theology of blessing is a natural addendum to healing, recognizing that the gospel has implications for embodied existence in its totality. To proclaim the gospel is to participate in the good news of the kingdom of God, a symbol of human flourishing representing an all-out attack on the distortions of evil.³⁸ While the kingdom of God is a future reality, it nonetheless transforms the present, in the face of the surd of evil, seeking personal, social, economic, cultural, and religious flourishing³⁹—or to use Pentecostal phraseology, prosperity and blessing.

One final aspect of Cho's context, especially in the pioneering years of his ministry, was the "struggle for survival"⁴⁰ that resulted from the devastations of the Korean War. In such a context the gospel of blessing offered more than mere spiritual solace, but acted as a basis for hope and a motivating force for personal and social transformation. The fortunes of the church and its constituents were to flourish along with the rapid developments of the South Korean economy. Yet whatever the potential distortions that occurred in Korean churches as the message of blessing met the consumptive values of a newly wealthy nation,⁴¹ it is noteworthy that Pentecostal spirituality has provided hope and facilitated transformation among the poor throughout the two-thirds world.

VI. THEOLOGY OF BLESSING FOR THE POOR

The growth of Pentecostalism throughout Latin America and Africa is especially noteworthy. As Philip Jenkins observes, “Pentecostal expansion across the southern continents has been so astonishing as to justify claims of a new Reformation . . . with membership [running] into hundreds of millions.”⁴² As elsewhere in the world, it is a moving feast, dynamic and adaptive, diverse and sometimes competitive free-market religion that is nevertheless recognizable as *a* movement, its constituents sharing an experiential spirituality, charismatic worship, and a positive approach to faith and life.

This positivity is not so much a denial of the reality of poverty as it is a refusal to capitulate to it. Notwithstanding the cultural and political issues framing poverty, mostly Pentecostals do not take an explicitly political stance, nor have they tended to focus attention on issues of economic justice, concerned instead with personal spirituality and empowerment. As Donald Miller notes, however, “while Liberation Theology opted for the poor, the poor opted for Pentecostalism.”⁴³ Miller goes on to categorize an emerging stream of Pentecostalism that has taken up an explicitly social agenda. More commonly, however, Pentecostals’ impact upon local communities, economies, and politics is indirect. As David Martin observes:

You can dismiss what goes on in a Pentecostal church as yet another noisy ecstasy of the poor without fully grasping the relation between ecstasy in the church and discipline and trust in the home and at work. Trust is, after all, one of the great economic virtues. Confidence is another great economic virtue, and faith in divine Providence gives Pentecostals confidence in spades.⁴⁴

What differentiates the Pentecostal attitude to poverty from that of liberation theology is not that the former is essentially capitalist while the latter has tended toward Communist or socialist politico-economic agendas. Both are concerned with ending poverty but one focuses on communal, economic, and political structures and the other on individual lifestyle and spirituality. The key difference is that Pentecostals have refused to see themselves as victims, looking instead to the power of “the Holy Spirit to overcome the spirit of poverty.”⁴⁵ There is now widespread literature describing the socioeconomic impact of Pentecostalism. Peter Berger provides a typical illustration of the movement’s impact in Guatemala:

What takes place here is nothing less than a cultural revolution, sharply deviant from traditional Latin American patterns. This new culture is certainly “ascetic.” It promotes personal discipline and honesty, proscribes alcohol and extra-marital sex, dismantles the *compadre* system (which is based on Catholic practice and, with its fiestas and other extravagant expenditures, discourages saving), and teaches ordinary people to create and run their own grassroot institutions. It is a culture that

is radically opposed to classical machismo, and indeed is in many ways a women's movement—while most preachers are men, women are important missionaries and organizers. Even more important, women take on leadership roles within the family, “domesticating” their husbands (or, alternatively, kicking them out if they refuse to adhere to Protestant moral standards) and paying attention to the education of their children.⁴⁶

To a certain extent, what Berger is describing is not unique to Pentecostalism. As the seminal work of Max Weber has shown, Christian conversion often brings about personal transformation and thereafter impacts cultural values and the economic condition of constituents, and the communities in which they are part. What is unique is the scale and rapidity of Pentecostal transformations and their connection to the globalizing forces of economics, politics, and culture. The Pentecostal emphasis upon spiritual power also has strong resonance in African contexts, as does the connection between spirituality and personal success. To regions beset by tribal conflict and long-running cycles of poverty, the Pentecostal promise that Jesus is able to more than satisfy daily needs acts as a powerful motivator. Matthews A. Ojo summarizes the emphases that abound:

‘How to Turn Your Austerity to Prosperity,’ ‘Understanding Financial Prosperity,’ ‘The Art of Working Hard,’ ‘If Your Faith Says Yes, God will Not Say No,’ ‘The Use of Time,’ ‘Facing Life Problems,’ ‘Success Buttons,’ are among the titles of scores of popular confessional literature over the past two decades.⁴⁷

We have hinted throughout this narrative of the potential dangers attending to the alignment between faith and entrepreneurial prosperity, and nowhere is this more apparent than in the unstable social environments of Africa. Various researchers are identifying the ambiguous impact of some Pentecostal movements. Paul Gifford, for example, claims that an overspiritualized faith sometimes militates against practical measures for development—especially, for example, when pastors “trumpet their ability to cure aids.”⁴⁸ More substantial is the charge, not only that Pentecostalism is blind to the dark side of free-market economics, but that too often it is a participant. This becomes apparent when pastoral ministry is a career option valued for its power and prestige, when a ministers' status is underlined by his driving a Mercedes-Benz and living in a luxurious house,⁴⁹ when church leadership becomes a family affair handed down from fathers to sons.⁵⁰ Gifford argues that:

‘Big Man’ syndrome is the curse of Africa. The pastors themselves do not greatly avert to the fact that their cars and their houses (acquired through a particularly adaptive theology of tithing seed faith) are purchased at the expense of the people they are theoretically with serving.⁵¹

There are, no doubt, corruptions of the type described by Gifford that can be found in Africa and beyond. It cannot be said, however, that these constitute the major

part of Pentecostalism in Africa or globally. It is, however, an important reminder to Pentecostal movements of the need to maintain a critical distance from socioeconomic and cultural developments. Free-market economic forces may constitute the world in which we live, and Pentecostals may well have benefited by their preparedness to move within those forces. But such a movement intends, not to capitulate to the avarice of those forces but, instead, to seek their redemption. As Amos Yong asserts:

In the end, then, the problem is not the market per se, but the sinfulness and selfishness which characterize a consumer-driven economy. If the market economy is to be redeemed then the church has to provide an alternative *telos*—another set of desires—which can contribute to the healing of the world.⁵²

This *telos* is not profit, at least when “profit” is narrowly defined. The goal is the kingdom of God, which entails human flourishing in its totality, in connection with the whole of creation. This will, however, incorporate economic flourishing.

VII. TOWARD A PENTECOSTAL APPROACH TO ECONOMICS

I started this chapter by averting to the fact that there is no such thing as Pentecostal economics, since Pentecostals have not generally attempted to engage directly with political theory or economic modeling. If we are going to have anything at all to say to the topic, it needs to come from the narrative of the movement and its approach to spirituality and faith; hence the time that we have taken to tell (an admittedly selective) story, setting out the character, ethos, and habits predominant in global Pentecostalism. At this point in the argument a brief summary is in order:

1. Pentecostalism is a multi-centered movement that has been shaped by its emergence concurrent with twentieth-century globalization.
2. Its spirituality is concrete and pragmatic, concerned with the transformation of people and churches in the here and now.
3. Its grassroots ecclesiology is framed by a creative entrepreneurial spirit. This is illustrated by the rise of multinational churches, alongside a bewilderingly diverse array of churches of every shape and size.
4. It is a “free market” religion, operating in a competitive environment. As a result it is a fissiparous, dynamic, and diverse movement.
5. Notwithstanding this diversity, Pentecostals share an emphasis on baptism in the Spirit, an experiential spirituality, charismatic worship, and a positive approach to faith and life.

6. Pentecostals have tended to emphasize the power of God to heal and to bless. This has given rise to the so-called prosperity message; to a theology of blessing.
7. The Pentecostal message has been especially resonant and potent among the world's poor in Latin America and Africa.
8. Its social impact is achieved not by direct involvement with government economic and political structures but through the impact on the attitudes and values of spirit-filled people. Pentecostal people are taught not to see themselves as victims but as people empowered by God.

In this light, what might Pentecostalism have to say to the interdisciplinary discussion of theology and economics?

The obvious place to start is to note that Pentecostals will be more open to “orthodox” economic positions than is often the case. Where theologians typically decry capitalism and look for alternate ways of structuring economies, organizing trade, and redistributing wealth, Pentecostals instead find a way of making the current economic systems work in their favor. This is not the self-serving embrace of an unjust capitalism but, rather, a confidence that God can empower all people to enable them to succeed here and now. While the pursuit of alternate economic systems may be an invaluable exercise, Pentecostals are happy enough to leave such long-term—and potentially idealistic and naïve—tasks to others while they set about encouraging the poor and the rich alike to trust God. This trust arises from the experience of the Spirit, whose creativity stimulates confidence and entrepreneurship; in church and in all of life.

In embracing modern economic realities, Pentecostals have the opportunity to participate in their redemption. Consider, for example, the notion of “competition” that is central to modern systems of trade. Neoclassical economists argue that open systems of competitive trade facilitate economic growth that will benefit all parties; that competition and trade breed efficiency, encourage specialization, and, together with technological developments inspired by competitive creativity, generate increases in production and wealth to the benefit of the rich and the poor alike.⁵³ The policy implications will include reduced protectionism, opening markets to free trade, and subjecting participants to the challenges of market competition. The short-term cost arising from competition is the necessary price to pay for longer term prosperity for all. Or so the argument goes. Self-evidently, the entrenched fact of extreme global poverty, along with obvious instances of abusive and coercive trade, seems to belie the argument, suggesting that competition results inevitably in winners and losers, victims and victimizers. Of course whether the problems of poverty are a result of capitalism or of failures in the support structures that would enable the market to operate effectively in particular localities is a matter of debate—one that Pentecostals are likely to leave others to explore. Instead, a Pentecostal approach to economics embraces the competitive drive, the desire to win, but does so in a manner that seeks to avoid the winner/loser duality. Pentecostal spirituality establishes a confidence in people that enables them to believe that they do not have to be victims but, instead, that they can succeed and prosper, and do so in and through contemporary systems of trade and wealth creation. To achieve this they are going to

need to think differently. In their churches, pastors seek the Spirit for entrepreneurial creativity, hungry for change and growth in the face of the stagnation that has entrapped many churches in the context of secularizing society. Resisting the idea that the church is a lost cause, they believe God empowers them to flourish and grow their churches. In so doing they give confidence to families and communities, enabling them to change their way of life, to put to death attitudes and practices that are causing and sustaining failure and, instead, helping to establish winning habits and new ways of living.

Pentecostalism is a victorious spirituality, a trait it brings into the economic attitudes of its community. Setbacks and challenges will occur, but Christ died to bring victory, and the Spirit is present as a foretaste and promise that this victory is certain. To believe in victory, both personal and corporate, is to accept that life is a fight, a competition. This embrace of competition is not, however, “dog eat dog”; it is not winning over and against another. Instead, Pentecostals believe that everyone can win. Their message is not directed primarily at those with social and economic power (although they are not excluded) but, instead, at those generally labeled “losers.” Competition is not a way for the powerful to crush the powerless, but for each person to reach their potential. In his novel, *Infinite Jest*, David Foster Wallace describes the power of athletic competition as follows:

The true opponent, the unfolding boundary, is the player himself. Always and only the self out there, on court, to be met, fought, brought to the table to hammer out terms. The competing boy on the other side of the net: he is not the foe: he is more the partner in the dance. He is the what is the word *excuse* or occasion for meeting the self. As you are his occasion. Tennis’s beauty’s infinite roots are self competitive. You compete with your own limits to transcend the self in imagination and execution. Disappear inside the game: breakthrough limits: transcend: improve: win.⁵⁴

It is the Spirit that enables the Pentecostal to “transcend the self in imagination and execution.” And because the Spirit is available to all, this competitive drive is redemptive. Redeemed competition, including that which occurs in the market, aims at self-transcendence. To use more typical Pentecostal language, in the cross of Jesus there is victory as redeemed people are given power to break through personal weaknesses and social oppression. This provides Pentecostals with a way of understanding the supposed “win-win” that underlies the logic of neoliberal economics. It also encourages self-improvement through education, discipline, and hard work. Of course, competitive environments are subject to deliberate abuse (to the unjust and oppressive actions of people and corporations with economic and political power) and indirect hardship (as businesses and laborers are potentially forced out of competitive marketplaces). Ideally, Pentecostals understand competition in a way that resists the former and is able to respond to the latter. This is precisely because the Pentecostal message of empowerment is, at best, oriented to the poor. In this way, Pentecostals are able to contribute to the redemption of economic concepts of trade and competition.

As competitiveness is capable of redemption, so are other economic concepts. Pentecostals have been roundly criticized for their focus on money, for their concern

for prosperity and profit. It is worth noting that there is something ironic about wealthy and powerful media and property-rich churches aiming this criticism at a movement populated by the global poor—by everyday people normally invisible and powerless. Be that as it may, at its best the Pentecostal message of prosperity is redemptive because it turns the self-serving notion of profit accumulation into generosity. The Pentecostal message is not simply “give to God to get rich” but, rather, be generous to “the kingdom” to receive blessing for the sake of further generosity. Indeed, by encouraging tithes and offerings churches establish a virtuous habit of giving. And so the economic goal of profit can be reframed. It exists, not for its own sake, but as a means of sharing, of facilitating human flourishing. In this way, the concept of profit can be made to participate in the good news of the kingdom for the poor, who are not simply recipients of charity from the rich but themselves “givers” and able to prosper.

This redemptive logic should be starting to become clear but we might consider another example. Far from rejecting corporations and demonizing the MNC as the ultimate institution of greed and abusive power, Pentecostals become a globalizing movement, incorporate and establish Multinational Churches. Benefiting from economies of scale, brand recognition, and access to contemporary technologies, these churches offer a religious “product” that appeals especially to younger religious “consumers.” Precisely because this seems to be a capitulation to contemporary consumptive culture, these churches are dismissed by secular critics and often disparaged by other churches (consider the earlier criticism by Long). What critics fail to see, however, is the fact that the masses who make up these churches are not the wealthy and powerful but, rather, people from all walks of life, mostly poor (although a very few are rich), mostly socially and politically invisible. Together these seemingly insignificant people participate in the vision of a church that is so much bigger than they are, that gives them social, economic, and political significance. In this participation and enlargement, they are given confidence to enter into all levels and types of capitalist enterprise and work toward their own prosperity, as well as that of those with whom they come into contact. Thus, far from inherently impersonal and oppressive corporations, seemingly “corporatized” Pentecostal churches facilitate personal agency. This logic extends to the entrepreneurial spirit that Pentecostals bring to the businesses they establish, large and small. One Australian example is the founding of Gloria Jean’s coffee, a business with close ties to church and parachurch ministries—often maligned in the media for its generosity and Christian conscience!⁵⁵ Beyond entrepreneurial business founders and owners, Spirit empowered people find ways to contribute to all the myriad of workplaces of which they are part. In numerous ways they are able to bring their own redeemed values into the cultures, attitudes, and actions of companies—including MNCs. Corporations are not, after all, impersonal entities but, rather, their actions are framed by various stakeholders; shareholders, directors, management and employees, consumers, etc. Instead of the pious dream of an alternative to the corporation, Pentecostals (and all Christians) are able to “infiltrate” companies and participate in their transformation.

As was made clear, not all Pentecostal churches are mega-churches; Pentecostalism is made up of a bewildering diversity. There is, therein, an embrace of the spirit of free

and diverse trade, of reducing impediments to ecclesial and economic life, of allowing people to choose for themselves and make of themselves what they can and what they will. This is not to present Pentecostalism as an economic model, nor is it to embrace or reify capitalism. It is, rather, to argue that the Spirit of God is able to transform people, to change the way they think about themselves and others. By stressing spiritual power, especially to those who are victims of economic injustice, it becomes a movement that generates hope and “a sense of control, a heightened sense of agency,”⁵⁶ traits central to involvement in systems of production and trade. It is, therefore, a redemptive spirituality, not otherworldly but instilling a potency that affects the whole of life, including economic life. In concrete terms, this transformation is about character or virtue. The Spirit at work in the community of faith renews and instills particular virtues; faithfulness, hopefulness, creativity, responsibility, generosity, cooperation, trustworthiness, etc. Of course, these things are not at all unique to Pentecostalism. What the movement does, however, is bring a particular flavor, a vibrancy, to these virtues that contribute to personal flourishing and thereafter to the health of communities and the values of companies and practices of trade.

VIII. AVERTING TO THE DARK SIDE

Before we conclude, it is worth noting an important caveat. The long tradition of virtue ethics suggests that virtues lie in the mean, that there is a fine line between excess and deficiency. If Pentecostalism is to take its place as a force for economic freedom over the long term, it will need to start to appreciate that sometimes a more critical stance is necessary; that justice cannot be realized without self-critique and social and cultural discernment. In the first place Pentecostal concern for prosperity too often ends up in the excess of materialism; its entrepreneurial competitiveness can and does have a dark side; its victorious spirituality sometimes fails to recognize that poverty, sickness, and mental illness are a part of finite existence in the shadow of universal “original” sin. These are not always overcome by the casting out of demons or mere positive thinking. Indeed, I write this chapter from a wheelchair trying to make my way as a quadriplegic in a movement that emphasizes healing but does not really know how to cope with sustained sickness—just as it sometimes fails to appreciate that economic oppression is sometimes (often) entrenched—that renewed spirituality and changed attitudes is not always enough. There needs to be, therefore, a more deliberate self-criticism and self-awareness for Pentecostalism to be a truly redemptive economic force. In the second place, Pentecostalism needs to do more than merely embrace the cultural and economic horizons of global capitalized culture. If the movement, focused as it is upon church growth and success, merely legitimizes unlimited production and consumption then, as Samuel Zalanga observes, it will have “lost its original vision and may be nurturing a monster that will later turnaround and significantly incapacitate it.”⁵⁷ To this end Pentecostals need to listen to the prophetic edge of theologians like Moltmann, to be

more open to the ways in which unfettered capitalism generates and sustains injustice and consumerism and, further, potentially reaps cataclysmic environmental destruction—an issue that seems to have escaped the horizons of most Pentecostal churches.⁵⁸

IX. CONCLUSION

Pentecostalism is no longer an insignificant movement on the fringes of Christian society. It has become a new force in global Christianity, especially in the regions of the so-called Third World. This means that the broader church cannot continue to ignore the unique contribution of the movement to the cultural and economic values of twenty-first-century Christianity. Its charismatic spirituality is oriented to concrete transformation of individuals and communities and while, to date, it has not developed sophisticated public theologies engaging with economic theories and models, it does engender virtues and behaviors that are of economic significance. It also takes a very different approach to theological engagement with economics. Rather than rejecting neoclassical economics and globalizing capitalist trade, as being inherently antithetical to faith, Pentecostals enter into existing economic systems, believing that the Spirit can empower them to “victory”—to flourish in the midst of the difficult challenges of life. Having developed alongside the rise of global capitalism, Pentecostalism is a free-market religion, and this leads to an embrace of capitalism, of trade, of competition, of creativity and entrepreneurship, of prosperity—all for the purpose of empowering the poor (and rich) people of the Spirit, and encouraging generosity. As the movement enters into the so-called “mainstream,” it will need to be more conscious of its responsibilities. It will need to be more explicit in its self-analysis and more discerning in its embrace of contemporary culture. There is also a challenge for economists seeking to understand and engage with Pentecostalism, not only to take the empowerment of the poor as being central to their economic models and prescriptions but also to seek to comprehend the importance of a vital, generous, and charismatic faith for economic development and human flourishing.

NOTES

1. Daniela Augustine, “Pentecost Communal Economics and the Household of God,” *Journal of Pentecostal Theology* 19, no. 2 (October 1, 2010): 223.
2. *Ibid.*, 233.
3. *Ibid.*, 237.
4. This relationship between religious values, culture, and economics is derived from Bernard Lonergan’s analysis of the scale of values. See Bernard J. F. Lonergan, *Method in Theology* (London: Darton, Longman & Todd, 1972), 31 – 32. For further analysis, see also Neil Ormerod and Shane Clifton, *Globalization and the Mission of the Church* (London: T&T Clark, 2009), 28–38

5. Allan Anderson, "Revising Pentecostal History in Global Perspective," in *Asian and Pentecostal: The Charismatic Face of Christianity in Asia*, ed. Allan Anderson and Edmond Tang, Asian Journal of Pentecostal Studies 3 (Oxford, UK: Regnum, 2005), 153.
6. Grant Wacker, *Heaven Below: Early Pentecostals and American Culture* (London: Harvard University Press, 2001), 10.
7. Shane Clifton, *Pentecostal Churches in Transition: Analysing the Developing Ecclesiology of the Assemblies of God in Australia* (Leiden, The Netherlands: Brill, 2009), 73.
8. Wacker, *Heaven Below: Early Pentecostals and American Culture*, 13–14.
9. Ormerod and Clifton, *Globalization and the Mission of the Church*, 15–18.
10. David Martin, *Pentecostalism: The World Their Parish* (Oxford: Blackwell Publishers, 2002), 18.
11. Peter Kaldor, *Winds of Change: the Experience of Church in a Changing Australia* (Homebush West, N.S.W.: Lancer, 1994), 199.
12. Sam Sterland, Ruth Powell, and Keith Castle, "Inflow and Outflow Between Denominations: 1991 to 2001," *NCLS Occasional Paper* 8 (2006): 16, <http://www.ncls.org.au/default.aspx?sitemapid=5906>.
13. Martin, *Pentecostalism: The World Their Parish*, 80.
14. See the discussion of Elisabeth Schüssler Fiorenza's analysis of economic globalization that follows.
15. Martin, *Pentecostalism: The World Their Parish*, 78.
16. Hillsong distinguishes between campuses and extensions. The difference between the two seems to relate to the size and level of prominence, as well as the number of services offered; campuses will offer multiple services, whereas extension congregations usually offer a single service where participants are encouraged to attend a second service at one of the campuses. In Sydney, the church has three "campuses" (City, Baulkham Hills, South-West Sydney) and twelve extension services scattered around the city. It has another campus in Brisbane. See <http://myhillsong.com/services/extension-services>, accessed November 7, 2011.
17. See, for example, <http://brianandbobbie.com/>; <http://au.hillsongmusic.com/>, accessed November 8, 2011.
18. In fact Hillsong is a member of the Assemblies of God, which is constituted as a Fellowship of Independent churches.
19. The cultural unity of the church is apparent on their website: <http://www.Hillsong.com>. It is more difficult to ascertain the legal structures under which the conglomerate operates. This information has been obtained from discussion with church pastors.
20. Elisabeth Schüssler Fiorenza, "Feminist Studies in Religion and Theology in-between Nationalism and Globalization," *Journal of Feminist Studies in Religion* 21(1) (2005): 111–55.
21. R. Robertson, *Globalization: Social Theory and Global Culture* (London: Sage, 1992), 8. See also Ormerod and Clifton, *Globalization and the Mission of the Church*, 11.
22. Jeffrey Sachs, *The End of Poverty: Economic Possibilities for Our Time* (New York: Penguin Press, 2005), 31. Rodney Stark argues that "it seems doubtful that an effective modern economy can be created without adopting capitalism, as was demonstrated by the failure of the command economies of the Soviet Union and China.... Indeed, for want of both freedom and capitalism, Islamic nations remain in semifeudalism, incapable of manufacturing most of the items they use in daily life.... Without secure property rights and substantial individual freedom [i.e. liberalization], modern societies cannot

- fully emerge” (Rodney Stark, *The Victory of Reason: How Christianity Led to Freedom, Capitalism, and Western Success* (New York: Random House, 2005), 234).
23. Shane Clifton, “Ecumenism from the Bottom up: A Pentecostal Perspective,” *Journal of Ecumenical Studies* 47(4) (Fall 2012): 576–592.
 24. “Two-thirds world” is used as alternative to “third world,” and refers primarily to Africa, South America, and Asia.
 25. See analysis in Clifton, *Pentecostal Churches in Transition*, 173.
 26. Sterland, Powell, and Castle, “Inflow and Outflow between Denominations: 1991 to 2001,” 14.
 27. Marc von der Ruhr and Joseph Daniels, “Examining Megachurch Growth: Free Riding, Fit, and Faith,” *Economics Working Papers, Marquette University* (August 1, 2010): 10–11, http://epublications.marquette.edu/econ_workingpapers/7.
 28. Clifton, *Pentecostal Churches in Transition*, 177.
 29. See <http://english.fgtv.com/yoido/History3.htm>, accessed November 16, 2011.
 33. Wonsuk Ma, “David Yonggi Cho’s Theology Of Blessing: Basis, Legitimacy, and Limitations,” *Evangelical Review of Theology* 35(2) (April 2011): 143.
 31. Yonggi Cho, “Fivefold Gospel: The Gospel of Blessing,” <http://english.fgtv.com/gospel/Fivefold4.htm>, accessed November 16, 2011.
 32. Gil-Soo Han, Joy J. Han, and Andrew Eungi Kim, “‘Serving Two Masters’: Protestant Churches in Korea and Money,” *International Journal for the Study of the Christian Church* 9, no. 4 (November 2009): 333–360.
 33. Wonsuk Ma, “David Yonggi Cho’s Theology of Blessing,” 148. See also Allan Anderson, “The Contextual Pentecostal Theology of David Yonggi Cho,” *Asian Journal of Pentecostal Studies* 7(1) (January 2004): 105.
 34. As has been suggested by various commentators. Harvey Cox suggests, “What one finds in Yoido Full Gospel church of Seoul involves a massive importation of shamanic practices into a Christian ritual” (Harvey Cox, *Fire From Heaven: The Rise of Pentecostal Spirituality and the Reshaping of Religion in the Twenty First Century* (Massachusetts: Perseus, 1995), 226.
 35. This perspective is argued most convincingly by Anderson, “The Contextual Pentecostal Theology of David Yonggi Cho.”
 36. Donald Dayton, *Theological Roots of Pentecostalism* (Metuchen, NJ: Scarecrow, 1987).
 37. Clifton, *Pentecostal Churches in Transition*, 34.
 38. 40N.. Ormerod, “Church: Mission, Dimensions, Structures, Ministry,” *Unpublished Draft of a Book Chapter on the Topic of Ecclesiology, Catholic Institute of Sydney, Sydney* (2003): 7–8.
 39. Ormerod and Clifton, *Globalization and the Mission of the Church*, 19.
 40. Wonsuk Ma, “David Yonggi Cho’s Theology of Blessing,” 146.
 41. Han, Han, and Kim, “‘Serving Two Masters.’”
 42. Philip Jenkins, *The Next Christendom: The Coming of Global Christianity* (Oxford University Press, 2011), 9.
 43. Donald E. Miller and T. Yamamori, *Global Pentecostalism: The New Face of Christian Social Engagement* (Berkeley: University of California Press, 2007), 12.
 44. David Martin, “Another Kind of Cultural Revolution?,” *Faith on the Move: Pentecostalism and Its Potential Contribution to Development* (2008): 13.
 45. *Ibid.*, 12.

46. Peter L. Berger, "Max Weber Is Alive and Well, and Living in Guatemala: The Protestant Ethic Today," in *The Norms, Beliefs, and Institutions of Capitalism: Celebrating Weber's Protestant Ethic and the Spirit of Capitalism* (New York: Center for the Study of Economy & Society, 2004), available at http://economyandsociety.com/events/Berger_paper.pdf.
47. Matthews A. Ojo, "Modernity and Social Transformation in Nigerian Pentecostalism," *Faith on the Move: Pentecostalism and Its Potential Contribution to Development* (2008): 30.
48. Paul Gifford, *Ghana's New Christianity: Pentecostalism in a Globalising African Economy* (C. Hurst & Co. Publishers, 2004), 192.
49. I should note at this point that I own a Mercedes-Benz! That it is a courier van used to transport me and my electric wheelchair hopefully militates against my culpability.
50. Gifford, *Ghana's New Christianity*, 185.
51. Ibid.
52. Amos Yong, *In the Days of Caesar: Pentecostalism and Political Theology—the Cadbury Lectures* (Grand Rapids, MI: Eerdmans, 2010), 294.
53. Robert Gilpin argues that "capitalism is the most successful are creating economic system at the world has ever known; neither system has been a common as much. Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton NJ: Princeton University Press, 2000), 82.
54. David Wallace, *Infinite Jest*, 1st ed. (Boston: Little Brown and Company, 1996), 84.
55. There was widespread media comment, for example, about Gloria Jean's involvement with Mercy Ministries, a drug and alcohol rehabilitation program connected with Hillsong church. *The Australian* newspaper noted that "YOUNG [*sic*] women suffering mental illness were treated with Bible studies and exorcisms as part of a secretive ministry linked to Gloria Jean's Coffees and the Hillsong Church." (<http://www.news.com.au/top-stories/hillsong-church-linked-to-abuse-claims/story-e6frfkp9-111115815321#ixzz1gkO2FZ5L>). While Mercy ministries proved to have some problems, it did have a long history of care for abused women. And there was nothing secretive about Gloria Jeans' involvement—it donated large sums of money to a valuable care program and did so publicly.
56. Samuel Zalanga, "Religion, Economic Development and Cultural Change: The Contradictory Role of Pentecostal Christianity in Sub-Saharan Africa," *Journal of Third World Studies*, 27(1) (2010): 48.
57. Ibid., 49.
58. Shane Clifton, "Preaching the 'Full Gospel' in the Context of Global Environment Crises," in *The Spirit Renews the Face of the Earth: Pentecostal Forays in Science and Theology of Creation*, ed. Yong, Amos (Eugene, OR: Pickwick Press, 2009).

CHAPTER 16

INTERFACE AND INTEGRATION IN CHRISTIAN ECONOMICS

J. DAVID RICHARDSON

I. INTRODUCTION AND OVERVIEW

IN Richardson (1988), my last scholarly foray into these matters,¹ I endeavored to present the *natural interfaces* of mainstream economics and biblical discipleship. I think of these as topics in economics that should be naturally interesting to Christian scholars. I urged more ambitious exploration of these interfaces, in preference to weary defenses of capitalism over socialism and turgid frets over positivist and quantitative methods, neither of which the rest of the economics profession found very inspiring.²

Here I will briefly and selectively assess the past generation's notable and commendable exploration of those natural interfaces. I will then assess recent attempts to integrate faith and economics, a deeper and more demanding quest than interfacing, aiming at being true simultaneously to both distinctive Christian principles and to integral economic concerns. Carter (2005) is a thoughtful exemplary foundation for this. Integration is also illustrated by the parallel quests to establish a genuinely feminist economics or an integral Islamic economics. Integration has often been a sort of Holy Grail of scholars who labor in Christian economics. It comes close to what George Marsden (1997) conceived as "Christian Scholarship" and to what many others (e.g., Starr 2011) call "integration of faith and learning" or "distinctively Christian economics" (e.g., Williams 1996: 13; Oslington 2009b).³

What would be an observable measure of success at deep, integral integration? I endorse something very practical and familiar, but very daunting as well. Successful integrative work will be read with engagement—as measured by citation counts and related metrics—by both economists of any and all belief systems and by Christian scholars of any and all disciplines other than economics. Admittedly this measure

narrows the scope of what I survey. But if Marsden-style research is our focus, then dependence on citations cannot be dismissed as an unduly confining criterion. Indeed, citation is a huge part of the foundational consensus on what scholarship is, in contrast to commentary, exposition, interpretation, and application. I use a citation software package called Publish or Perish (Harzing 2007).⁴

I infer that my late-1980s hope to encourage scholarship in the natural interfaces of economics and faith was widely shared and reasonably well-received. Section III of my chapter describes highlights of such scholarship briefly, parts of which are detailed elsewhere in this volume.⁵

Section IV turns to recent and prospective integrative Christian scholarship in economics. I surmise that progress on recognizable (citable) integration is still in its infancy, but is growing healthily. There has been a proliferation of innovation in economics itself, almost all of which involves fruitful broadening of its traditional methods and subject matter. This broadening innovation creates fertile soil in which to pursue integrative Christian economics. But Christian scholars are, as yet, underrepresented, as judged by citation counts. Several recent high-profile American efforts along integrative lines are virtually uncited, even by fellow economist-integrators! I end the body of this chapter in section V by speculating about why Marsden-style integrative scholarship seems so hard in economics.

I have limited myself to easily accessed English-language contributions to interface and integration during the 1990s and 2000s. I am positive I have missed a number of thoughtful treatments authored in English by economists and others from the growing Church-of-the-“South,” and, of course, I have neglected non-English treatments. In the appendix, I briefly discuss my reasons for other limitations. In particular, this chapter pays little or no attention to the family of so-called “heterodox economics,” nor to economic interpretations of Scripture, nor to economics as a “helping profession” for denominations, para-church organizations, or voters, nor to economics and generic ethics, nor to material covered in other chapters of this Handbook.

II. PRELIMINARY DISTINCTIONS

A. Interface and Integration Scholarship

I view interfaces between faith and economics as natural meeting places, intersecting concerns, sometimes intersecting methods (e.g., stewardship and optimization). Integration, by contrast, connotes more overlap, topics that might be of common interest (e.g., collective goods, whose distribution is not subject to familiar scarcity), even common methods (e.g., moral suasion as an enforcement device). I do not mean to draw the distinction between interface and integration too rigidly. Of course there is a continuum, as might be captured by using the terms shallow and deep integration if they were used as synonyms.⁶ Integrative scholarship is inherently less casual, less incidental, harder.

In relating integration especially to Marsden’s “outrageous idea” of Christian scholarship, I am embracing his implicit insistence that it be of integral interest to both Christians and to incumbent scholars, whether Christian or not. In accepting the authority of “incumbent” scholars, and in employing citation counts, I am taking a stand that puts me at odds with so-called “prophetic” approaches to scholarship, approaches that insist that Christians remain skeptical, and even critical, of the scholarly powers-that-be, along with their methods and elitism. Henley (2004), for example, accepts this approach as “constructive engagement,” but accepts equally a more critical approach that he calls “prophetic detachment.” And Fea et al. (2010), reviewed by Chapman (2012), take Marsden to task for yielding too much ground to (secular) scholarly authorities, who could not care less about attempts by Christian (historians in their case) to integrate faith and discipline.

I side with Marsden’s constructive engagement, and especially to his first rule for accommodating religious scholars’ “messages to the legitimate demands of a pluralistic setting”—abjuring any argument based on “special revelation” (Marsden 1997: 11, 47–48). Henley and Marsden’s critics obviously find such pluralistic scruples distasteful and maybe downright unfaithful. As I observe above, this narrows my coverage.

B. The Broad Substance of Economics

My conception of economics is broader than what has historically occupied Christian writing. Because the broader conception emphasizes social groups and interactions, with individuals as an extreme, a group of one, it comes closer to the world of modern economics, as seen, for example, in Benhabib et al. (2011), Frank (2011), or Manski (2000). It also suggests a natural way for Christians to integrate their faith with economics, since Christian identity and social behavior are at the core of faith (more on this in section IV below).

What are the essentials of this broader conception of economics? Realizing objectives subject to constraints is central. Realizing objectives is merely purpose-driven activity. Activity can be intrinsically immaterial (hence unmeasurable, like entertaining, leading, learning, or consulting). Materialism, utility, profits, “preferences” are all less central. Constraints reflect many varieties of scarcity (time, energy, lifespan), and differ for collective (public) and private goods. Constraints include asymmetric and scarce information, especially regarding the (many) futures that exist, leading information to be considered an objective also, and expectations to be the poor substitute for information. Conservation of energy, time, and other scarce resources is central, leading to fundamental roles for productivity and cost-effectiveness. Maximization, rationality, and consumerism are all less central. Production, distribution, and exchange (transactions) are central. Markets are less central, whether local or global. Though property rights are central, where those property rights reside—with individuals, cooperatives, limited-liability “capitalists,” or governments—is less central.

C. The Real Domain of Economics

The “real” domain of this broad economics is ironically misperceived. Economics as purpose-driven, constraint-ridden behavior applies most naturally to groups formed for some narrowly defined objectives, that range from starting a family, to being an official agent (union) for workers, to producing any product or service. And group-to-group purchases and sales that involve employment, supply chains, and marketing far outweigh those that involve the hackneyed “individual consumer.” To illustrate using the most familiar such producer group, firm-to-firm transactions are more than half of real commerce, and even larger if we were to conceive charities, governments, multi-person households, and other noncorporate groups as “firms.” “Economic man” and economics as a study of individual preferences and choice are much overstudied, overrated, and overwrought. Exclusive self-interest as a possible human perversion is far less threatening than exclusive ethnic, corporate, and national interest.

Correspondingly, economics as a study of purpose-driven, scarcity-ridden firms, missions, and other social groups is woefully under-studied. But the economics of religion, the most successful of the past generation’s many interfaces, is beginning to change that, as discussed in section III. It builds on the well-established economics of the firm, seeing congregations, denominations, and even major religions as firm-like producers of an array of social and religious services. Firms themselves, of course, are cohesive social units, with identities (obviously and legally), cultures, and norms. Probing the frontier of economics even more deeply is the new social economics and identity economics of section IV. It begins to ascribe value to group membership itself, independent of the more familiar goods and services that a group might supply. Sometimes the value is positive—affirmation or belonging. Sometimes it is negative—nonconformity or stigmatization. In either case, purpose-driven agents begin to supplement their more familiar objectives with positional and relational objectives, such as being top-rated, or accepted as “white,” even though not, or as always avoiding bribery or corruption. Scarcity persists in these new worlds, but objectives (or preferences in the narrower language) expand to include new behaviors, many of which, such as conformity to norms and values, are normally associated with religion.

III. THE GROWING FULLNESS OF FAITH-ECONOMICS INTERFACES

I infer that my late-1980s hope to encourage scholarship in the natural interfaces of economics and faith was timely and reasonably well-respected. The 1990s and 2000s have witnessed, in my opinion, some outstanding contributions. Many of these have been grouped under the expansive and elastic field that has come to be called the economics

of religion, well represented in Part IV of this volume, in Oslington (2003: chs. 15–24), and in a dedicated *Oxford Handbook of the Economics of Religion* (McCleary 2011). Other scholarly interface contributions are less well developed, and some are, frankly, just nascent. My treatment below is consciously selective, because I am committed to Marsden’s conception of scholarship that engages both garden-variety scholars and Christians (and other religious adherents).

A. Economics of Religion

The “economics of religion” has come to span the application of established economic principles to the domain of conventional religion, its beliefs, behavior, and institutions. In a sense, it imposes economics on religion “to see how well it can do.”⁸ For example, it applies familiar micro- and inter-temporal economic frameworks to congregational and denominational (club) competition in providing elements of social capital. It anticipates research discussed below on how religious identity and norms affect altruism, fertility, education, and family production, then in turn how those may affect economy-wide institutions and development. It draws on sociology, psychology, ethics, and neuroscience while maintaining a clearly recognizable economics frame. It has become increasingly data-oriented and empirical (McCleary 2011: chs. 18–19).

Surveys of this literature, as well as peer-reviewed contributions to it, clearly pass the citation test of integral interest. Iannaccone’s (1998) survey of this literature has averaged almost fifty-seven cites per year in its fifteen-year life, and McCleary’s subsequent overview with Barro (2006) has averaged thirty-three.⁹

One of the implicit but important strengths of this work is its frequent focus on social groups as the agents of economic decision-making. This focus skirts the thorny questions of what motivates individuals, what it is to be a human being, though those questions are not neglected in this field. That skirting, in turn, makes natural and palatable the assumptions of purpose-driven (rational) choice toward objectives that usually have (scarce) resource costs embodied in budget constraints. Most social groups, after all, are purpose-driven “firms,” whose pursuit of those purposes rests on values such as charity, or stewardship (over time as well as in a particular time window), or fiduciary responsibility, that translate readily into warmly defensible measures of cost-effectiveness and maximal risk-adjusted return.¹⁰

To its credit, the economics of religion has also created a penumbra for safe scholarship by religious economists that does not exactly match its core concerns. This is not a minor accomplishment. Economists of no particular faith are much more naturally interested in pre-screened, pre-sanctioned, professionally embraced research, and much more likely to examine and cite it.¹¹ This is, by the conception of this chapter, a catalyst for safe scholarship in other interfaces, and a step toward integration of faith and learning in economics.

There are no strict boundaries for the economics of religion. Some of the interfaces described below could easily reside in its terrain. Yet their essence is distinctive enough to give them special attention here.

B. Other Interfaces

There are interfaces of faith and economics that fall outside the normally conceived boundaries of the economics of religion. I think two of these interfaces have special potential for Marsden-style Christian (and Jewish) scholarship in economics.

1. *“Positional” and Conflict Economics*

Judeo-Christian and most other religious value systems abjure coercion and its oft-occurring roots, envy, greed, and addiction to control.¹² Economics as a discipline prioritizes studies of noncoercive transactions (e.g., those in the “core”), and rarely assigns value to “position”—an individual or group’s economic outcomes relative to others. This imbalance of priorities is somewhat surprising. Relative status as an end, and coercion as a means, are facts of life even to the most casual observer. They are admittedly “zero-sum” transactions and relations, meaning that gains to one agent are identically losses to another, but they can still be studied using the familiar frame of pursuing objectives subject to constraints.

It is thus surprising how little Christian economists have interacted with this material. Though Charles H. Anderton has made several widely cited contributions to general conflict economics,¹³ his elegant (2001) exposition of possible Christian perspectives on conflict economics has zero citations in over a decade. And though Garfinkel and Skaperdas’s (2012a) handbook samples the widely scattered literature, religion is woefully underrepresented. There is one bland chapter, that sweepingly “reflects on . . . religion—as a possible source of both conflict and cooperation,” in the bland words of the handbook’s own editors (2012b).

Christians have interacted even less with positional economics, whose origins in Hirsch (1977) include recognizable Christian themes. Its modern treatment, especially by Frank (e.g., 2005), reveals the kind of misguided incentives and economic waste that normally tantalize scholars of faith.

Moreover, positional economics has pregnant relevance to persistent poverty, a natural Judeo-Christian concern, reviewed in the next part of this chapter in Loury’s (2002) and Barrett’s (2005) contributions to the “New” Social economics.

2. *Objectives, Incentives, Mechanism Design, Law-and-Economics*

Judeo-Christian economists have natural interests in the way law and institutions shape, “tutor,” discipline, and soften economic incentives. For example, the middle eighteen of the thirty-three chapters of Levine’s (2010) *Oxford Handbook of Judaism and Economics* are oriented this way, including chapters on labor unions, organ donation, and “efficient” breach-of-contract. Or, for example, there has been a lively, multi-decade debate

among British economists over whether the joint-stock, limited liability form of capitalist firm is really consistent with Christian values.¹⁴

Though these interface contributions are valuable, they are not frequently cited, in part because of their narrowly specialized topicality.

What has been lacking until recently are canonical forms to treat this subject matter in a framework that all economists would recognize and accept (and cite, as they build research extensions). Roland Bénabou and Jean Tirole have in my opinion pioneered such canonical forms, pregnant with potential relevance to Judeo-Christian economics scholarship.

Bénabou and Tirole (2011a), for example, is a broadly relevant mechanism design paper. It presents a formal-but-flexible characterization of preferences (objectives) that includes social regard among its arguments, either social esteem with positive value, or social stigma with negative values. It then presents a representative (a principal for the agents with preferences) whose objective is to maximize a carefully conceived metric for social welfare (the “common good”). The hook for Judeo-Christian scholars is that the representative’s (principal’s) ideal mechanisms include carefully defined “moral suasion” as well as material incentives. It should be especially interesting to them that the former often serves the common good better than the latter and “should” displace the latter. This way of thinking tightly about social esteem and stigma is redolent with Christian convictions that life in the Lord’s real “kingdom” ought to look very different from life in the crass “kingdom of this world.” And the Bénabou-Tirole approach, more than a decade old now, opens rigorous ways for Christian scholars to conceive many of their common concerns: changes in preferences when one is “re-born from above”; laws and policies that express and embody moral values (so-called “expressive law”); corruptions of the link between representatives and their agents (relevant to principals as diverse as heads of households, employers, pastors, and politicians).¹⁵

IV. THE QUEST FOR INTEGRATION

Though integrative Christian economics is conceptually a challenge beyond the economics of natural interfaces with religion, there is, of course, a continuum between the extremes of the implied spectrum. Section III of this chapter actually ordered its treatment, so that the very natural economics of religion came first, and somewhat more integrative interfaces came second. Likewise here in section IV, I begin with some recent efforts at integrative research that were, in my opinion, not truly integrative, at least not integrative enough to attract any attention. I then present some research in economic history (I call it telescopic) that combines interface and integration. I close with some recent and prospective efforts whose probability of success at integration seems likely to be much higher. These efforts come—or could come—from the “new” social economics, the economics of identity, and the potential for theological economics as a respected integrative scholarly field.

A. Unnoticed Attempts

One might have expected dedicated, peer-reviewed “bridge” journals¹⁶ between economics and faith to feature early efforts in integration, with subsequent development and refinement leading to broader audiences. This has been the pattern, for example, in behavioral and experimental economics, and in the “scientific” study of religion. Alas, such expectations have met little realization. For example, two such journals reviewed and published nearly twenty of the papers presented at a November 2002 Baylor University Conference “on the integration of the Christian faith and scholarship in economics,”¹⁷ with George Marsden keynoting the conference in the spirit of his influential manifesto for serious Christian scholarship (Marsden 1997). The twenty papers ranged across diverse material touching on anthropology, ethics, corporate organization, the philosophy of science, and theology. But few had any scholarly legacy in economics according to citation counts. One paper with both potential and pretension for integration, Green (2003),¹⁸ appears not to have been followed up by either the author or others (it also has no citations). Furthermore, the Henderson-Pisciotta book (2006) that included these and the rest of the papers from the Baylor Conference has only two citations in its first six years, and no customer reviews or discussions on the Amazon website.

B. Telescopic Interface-Integration Bridges

By “telescopic” scholarship, I mean scholarship that examines things at a distance with as much precision as possible. Historical distance is the obvious illustration, and economic history is the obvious subdiscipline to review. Here both Christian scholars and scholars who respect Christian influences have pioneered provocative and widely cited research in the past generation. Some of it has been macro-telescopic, some micro-telescopic.¹⁹ The former is usually narrative economic history with a strong diagnostic inclination. Fogel (2000) and McCloskey (2006, 2010) are exemplars.²⁰ The latter is usually economic history (cliometrics) that uses measures and indicators of Christian commitment or practice, controlling for other variables. Becker and Woessmann (2009), Becker (2011), and Woodberry (2011) are recent exemplars from scholars whose numerous contributions to this kind of work have established prominent professional reputations for them.²¹

Almost all of such research is logically and empirically rigorous, by the usual disciplinary standards. What makes it a bridge between interface and integration, however, is that faith is taken not only seriously but also subtly. The best scholarship in this vein is at pains to differentiate Christian (even Protestant) roots of social norms from other sources, and to test nuanced accounts of how these norms shape economic outcomes through intervening causal influences like global migration and support for public education and the economic contributions of women.

C. The “New” Social Economics

What has come to be called “social economics” in the first of several Elsevier Handbooks devoted to it (Benhabib et al. 2011a) has mushroomed in the past twenty-plus years.²² It is “the study, with the *methods of economics*, of social phenomena in which aggregates affect individual choices.”²³ The phenomena it covers—such as pursuit of status and other positional objectives (see the chapter by Heffetz and Frank 2011), network linkages and “matching,” social norms and conventions, and peer and neighborhood effects—have steadily widened and the rigor of its approach has continued to deepen.

These concerns would seem to provide a rich treasure trove for Christian economist-integrators to mine. They are, unfortunately, not yet well-represented, though they have begun to contribute to the closely related economics of identity, discussed below. And Christian economist-integrators actively contribute to an older, broader, and methodologically looser conception of social economics, sampled generically in a recent Elgar Handbook (Davis and Dolfsma 2008) and in the context of Catholic Social Thought in Finn (2012).²⁴

Barrett (2005), credited above for its interface contributions, is also tantalizing as a potential foundation for Christian economist-integrators. With the support of the Pew Charitable Trust for Christian Scholarship, Barrett gathered together a preeminent group of “new social” economists, not only in the edited volume but in a series of early 2000s collaborative workshops aimed at distilling the impact of the new methods for explaining persistent poverty. Though several of the authors have expressed Christian convictions publically, the focus was strictly on the new social economics and poverty. Among the richest chapters for economist-integrators were those that show how economically consistent evolutionary dynamics can create poverty cycles, based on nothing more than unsupported beliefs that one social group has about another. Those same chapters, however, suggest that there are often many such equilibria, some “better” than others, and each fragile in the sense that modest perturbations (e.g., religious renewal, affirmative-action initiatives) can dramatically ameliorate average social prejudice and the poverty cycle itself.²⁵ Barrett’s edited collection, unfortunately, is cited only a little more than two times per year.²⁶

In much the same vein, featuring stigma and statistical discrimination rigorously, Loury (2002) is a still-foundational account of the economic impacts and policy implications of arbitrary, socially assigned (“virtual”) racial identity. Christian economist-integrators, as Loury has sometimes been in Pew-Charitable-Trust-funded seminars for aspiring economists, would do well to build broadly, and perhaps beyond race, on Loury’s seminal work. It is Loury’s most cited research, with more than forty cites per year in the decade since its publication in 2002.

D. Identity Economics

Though identity economics is classified by many editors as a type of social economics,²⁷ its particular approach is narrower and more rigorously distinctive.

For purposes of modeling the relation of identity and intrinsically valuable moral beliefs²⁸ to individual objectives (preferences) and choice, the most comprehensively flexible and fertile approach is arguably that of Bénabou-Tirole (2011a,b).²⁹ This is also where Christian economist-integrators might comfortably begin building. The Bénabou-Tirole approach endogenizes “belief(s),” management of them, and investments in them, using formal economic logic, but drawing deeply on social psychology and sociology.³⁰ It allows people flexibly to be uncertain about their deep motivations (preferences), and models their attempt to reconstruct (infer) this information, though imperfectly (in a Bayesian sense), from their own observable actions.³¹ It implies a price-based conception of taboos. Because there are more than two periods of time (the last of which could be an afterlife), their approach can model moral failure, apostasy and ostracism. It includes destructive, dysfunctional,³² and oppositional identity formation, as well as more familiar pro-social identities. It can be generalized to multiple belief systems, with uncertain trade-offs among their intrinsic values, and to intergenerational transmission of values within some sort of “family.” It features varieties of sorting equilibria, sometimes multiple. It embodies a basic type of welfare analysis as well as mere behavioral prediction. The welfare conclusions include intriguing possibilities that investment in beliefs can be welfare-reducing. This possibility echoes the several contributions to Barrett (2005) that reveal how pursuit of identity can foment and maintain vicious poverty cycles.

Models of “group identity” are as yet more primitive,³³ though no less important given the dominant domain of inter-firm transactions in real life (see section II above). Corporate citizenship, Corporate Social Responsibility, membership criteria for trade associations and lobbying representation are all real-life moral concepts and institutions that depend on group identity. Real-life principal-agent problems have multiple and competing levels of agency. There is also the multiplicity of substitute and complementary “groups”—family, firm, faith, ethnicity, polity—whose objectives and responsiveness to other groups are dauntingly diverse. To make identity economics operational for group identities requires, at a minimum, accounts of the genesis of familiar terms like family values, corporate culture, norm-setting creeds, and ethnic or national identity. Such accounts are better constructed by sociologists, anthropologists, theologians, and political philosophers than by economists. But once such accounts are coherent, economists can and will translate the relevance of identity economics to inter-group environments. Christian economist-integrators might actually have a comparative advantage in doing so!

Christian economist-integrators are beginning to make noteworthy contributions to the professional Economics-and-Identity literature. Menzies and Hay (forthcoming 2012) is a particularistic³⁴ trial attempt to model and integrate Christian faith with identity economics; its economic and anthropological mechanisms, however, do not distinguish it very sharply from the generic economics literature that features a taste for altruism. Empirical research that examines whether a simple taste for altruism (distaste for inequality) does show interesting correlations with religious identity. Alesina and Giuliano (2011), for example, using the World Values Survey, find Christians and Jews

more pro-redistribution than atheists—controlling for other things—and other major religions more anti-redistribution. Using the US General Social Survey, they find all religious Americans more pro-redistribution than atheists—including political ideology among the controls—but Protestants least so.

Benjamin, Choi, and Fisher (2010) is perhaps the best exemplar along economist-integrator lines. They treat a broad array of economic behaviors that are thought to be causally associated (given other controls) with religious identity (Catholic, Christian but non-Catholic, Jewish, and Atheist/Agnostic). They creatively attack the causality challenge (economic behavior and religious identity are sometimes mutually causal, and almost always caused by third factors) by using sophisticated techniques from psychology scholarship to manipulate (“prime”) the intensity (“salience”) of religious identity in a laboratory experiment on more than 800 Cornell University students, thereby controlling for everything except their manipulation of religious identity, now arguably exogenous. They use game-theoretic proxies for trusting, taking on risk, contributing to public goods, thrift, generosity, and enthusiasm for work (the “work ethic”). They find diversely mixed results for many of these predictions (e.g., Protestantism, but not Catholicism, increases contributions to the public good, while Catholicism, but not Protestantism, increases risk-taking). Ironically, it is only Jews who embody the (“Protestant”) work ethic, contra Max Weber, and there are no religious identities that seem to raise generosity or lower the discount rate. Though still unpublished as of this writing, in its three-year life as a working paper, it has an impressive thirty-three citations.³⁵

E. Summing Up Integration Efforts, and Integration Bridges A-Building

Both social economics and identity economics deserve enormous credit for beginning to embody norms, ethics, and non-market values into economics in rigorous ways. They also deserve credit for beginning to constructively mediate the tension between individual rational choice and neighbor-mindedness that so vexes Christian economists.

But almost surely they are still only the beginning of scholarship that will be taken seriously by scholars who are not economists, other social scientists and philosophers and theologians. For example, Davis (2011) is an extended philosophical treatment of “economic man” as both “multiple selves” and as social (“other-regarding”). Yuengert (2012) is an extended argument for the reintegration of economics with moral philosophy, from Aristotle to today, rebalancing the neglected normative side of economics with the domination of positive economics (on which the current chapter has indeed focused).³⁶ Paul Oslington has for years been exploring the potential for an interdisciplinary field of theology and economics and has successfully attracted theologians to the cause.³⁷

V. WHY SO ELUSIVE THE QUEST FOR CREATIVE INTEGRATION IN ECONOMICS?

Integration of religious faith and scholarly discipline has progressed impressively in the past generation, aided by universities such as Baylor and Notre Dame, and by foundations such as the Pew Charitable Trusts and Templeton. But it seems to this observer to have gone deeper in disciplines like history, philosophy, political science, psychology, and sociology than in economics (and maybe deeper in natural sciences, too). Why might the quest for integration be more difficult in economics?

Is it because of the subject matter? Economics is intrinsically “in and of the world,” maybe more so than other disciplines. For arguable contrast, does not the subject matter of psychology or social psychology seem “closer” in some sense to Christian concerns, especially its views of broad human nature, than economics?³⁸

Is it because economics is inherently technical, like systematic logic? Iannaccone (2010: 6) comes close to claiming that “true integration” in economics is hopelessly quixotic:

There really is no honest way to Christianize mathematical theorems, computer algorithms, or the laws of physics. Nor is there any efficient way to Christianize microeconomic theory, econometrics, mathematical economics and other mainstream economic topics. Economic skills are hard enough to acquire through mainstream methods. Pity the poor souls charged with learning (or teaching!) standard skills through the lens of Christian thought.³⁹

Is it because of the insularity of the discipline, perhaps its sense of intellectual superiority? . . . making it resistant to constructive, integrative outreach from other Christian (and religious) scholars? . . . discouraging constructive, integrative outreach from such scholars . . . aggrieved animus instead? How did the psychologists (Daniel Kahneman, Amos Tversky) succeed in catalyzing behavioral economics . . . ?

Is it because evangelical Christians, who are a large number of the main movers-and-shakers in the integration agenda, are stereotypically impatient scholars, too preoccupied with piety and mission to devote their hearts and minds to the scholarly work? Neal (2005) expresses wry concerns that the research discussed under the heading “Christian Economics” is “not carefully crafted or precisely argued.” Neal goes on to confess that his prior “conversations . . . on the integration of faith and scholarship . . . usually left me wanting to pull my hair out,” and to worry that “the danger for the Church in . . . the economics of religion [his specific focus] . . . is that Christians involved in this enterprise may become a stumbling block because they become known as a group of people who do poor research, or worse, research that is intellectually dishonest.”

Is it because many evangelical Christians have intellectually accepted the American arguments for “separation of church and state” (read scholarship), which in some extensions and refinements creates “two spheres,” even “two kingdoms,”⁴⁰ in contrast to Muslims who have no such mixed-mind scruples as they research and debate alternative conceptions of Islamism?⁴¹

VI. CONCLUSION, COMMENDATION, AND FORECAST

Besides the limp “all of the above,” I have no firm answer to whether and why Christian integrative scholarship in economics is any harder than in other disciplines.

But I am encouraged by the trend in my non-answer. However hard it is, it seems to be becoming easier over the past generation. I commend the interfacers of the past generation, and especially the maturing integrators of the next generation. And I look forward to future integration in the wake of fecund and lively interface.

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APPENDIX

ORIENTATION AND ORGANIZATION: WHAT THIS CHAPTER IS NOT ABOUT

In my introduction, I admitted and defended a narrow approach. Here I discuss and defend it a little further. I describe what is this chapter *not* about. . .

It is not about how generic, transcendent, or ex cathedra ethics and economics, as described, for example in Van Staveren and Peil (2009), and with Christian foundation in Finn (2006), in turn further discussed by Monsma et al. (2007).

It is not about sectarian law and institutions. Many of the thirty-three entries in Levine (2010), for example, deal with how Jewish law⁴² interacts with secular law and institutions, sometimes positively and sometimes negatively, whereas critical research by Kuran (2004: ch.

6; 2011) is devoted to the generalization that important parts of Islamic law interact negatively with economic development.

It is not about discerning economics in the sacred documents.⁴³

It is not about how the insights of disciplinary economics scholarship can be useful in helping Christian congregations and para-church ministries to accomplish ministry better, or in educating their members better about the overlaps of faith and economics in social and political life (Dean, Schattner, and Smith (2005) and Claar and Klay (2007) illustrate the former and the latter admirably).

It is not about “Heterodox Economics,” though many Christian scholars are counted among its adherents. Tiemstra (2009), for example, is arguably the most dedicated promoter of “heterodox integration.” I, by contrast, find heterodox economics to be incoherent, a diffusely reactive branch of economics with its own unique and overwhelming integration challenges—integration within itself⁴⁴ and with the economics mainstream.⁴⁵ My commitment to citation measures of scholarly influence would not in principle have ruled out its consideration. My commitment to Marsden-esque Christian scholarship was the main reason—heterodox economics, for the most part, disparages mainstream economics methods.

NOTES

1. I briefly updated my Richardson (1988) “agenda” in a four-page introduction to its reproduction, Richardson (1994), and in a Richardson (2000) review of Marsden (1997). See also Hartropp (1997), for a comprehensive and carefully annotated bibliography of interfaces between Christian faith and economics (“what Christianity has to say concerning economics,” in his own words).
2. My intermittent North American sparring partner over this span, John Tiemstra, shares the first preference but not the second. See Tiemstra (1993), whose references to literature from the 1970s and 1980s, especially, are comprehensive. His (2009) reprise of his 1993 themes endorses “heterodox” approaches that his earlier paper characterized as “institutional” approaches. My view in the appendix to this chapter is going to be that the orthodox mainstream of economics has widened impressively to include the most promising of the approaches that Tiemstra endorses. Yuengert (2012), discussed below, can be taken to agree with this view of the widening of economics, but to fret properly that even wide, modern economics *still* allows the positive to dominate the normative, in a way that moral philosophy would challenge.
3. So-called integration has been a self-conscious Protestant priority, especially among evangelical and Calvin-inspired Protestants. Other Christians have treated it more naturally, hence implicitly giving it less priority. On distinctly Roman Catholic and Orthodox work in interface and integration, see this volume’s chapters by Payne and Yuengert; Part II of the volume also features other distinct and denominational approaches.
4. Citation counts are, of course, only part of scholarship’s foundation, an incomplete indicator of scholarly “quality,” however that term is conceived. But surely something discouraging can be learned when research contributions are rarely or never cited, an all-too-frequent occurrence below. And that, in turn, precludes the kind of fascinating research in citations themselves, which has blossomed fertile in the past few years, especially regarding “cross-citation” in interdisciplinary endeavors (Howard 2011). Harzing’s Publish or Perish software (Harzing.com) works with raw citations data from

Google Scholar. This has both advantages and disadvantages, compared to alternative citation sources like Thomson–Reuters ISI Web of Science, both documented transparently in Harzing (2007, 2008). The key advantages for our purposes—compared to ISI Web of Science—are its more inclusive treatment of citations in (and of) books; in (and of) leading series of Working Papers (e.g., from the British Centre for Economic Policy Research or the American National Bureau of Economic Research); and in (and of) “lesser” and more specialized journals. *Faith and Economics*, the refereed (since 1999) journal of the American Association of Christian Economists, is one of those lesser journals. Over its first decade of existence, it had less than one-third of a citation per year per article (leaving out the single leading article with thirty-nine citations). This compares quite unfavorably—by a factor of 4.5!—to another lesser, but more venerable, journal with a somewhat broader mandate, the *Review of Social Economy*, whose articles (excluding its most cited) averaged 1.5 citations per year per article. Both journals, of course, fall many dimensions short of general-readership economics journals. Comparable calculations for the *Economic Journal* and the *American Economic Review* over the same time frame are roughly seven and fifty-one, respectively (the fifty-one is for the top hundred-most-cited, and is hence not strictly comparable).

5. Specifically the entirety of Part IV in this volume (Economic Analysis of Religion), and its chapters on development and environment in Part III, and on happiness, poverty, gender, and gift in Part V.
6. Oslington (2011: 16, 17) implicitly accepts this distinction as he distinguishes the “economics of religion,” the most fruitful of the interfaces surveyed below, from integration—“religion enriching economics itself, just as engagement with psychology and sociology have [done] . . . in recent years.” Yuengert’s chapter, this volume, on Roman Catholic Economics also helps to clarify this distinction. He observes that recent generations of both church authorities and Catholic scholars have chosen to do economics (and theology) that would *serve* the church in its conception of and instruction in “good” human nature and society (the “common good”). They have not (as yet) developed much priority for developing “a fully integrated treatment of Roman Catholic theology and economics, a combined field.” Yuengert (2012), however, is an extended treatment of the way venerable moral philosophy might help them begin the integration quest.
7. Virtually any developed-economy input-output table shows that half or more of recorded transactions are inter-sectoral, not “final demand.” Even within sectors, predominant transactions are inter-firm sales and purchases.
8. The characterization in the first sentence is from Iannaccone (2010: 2), who also remarks, “Nor should one confuse the field with *religious economics*—be it Islamic economics, Christian economics, Catholic social doctrine, rabbinic writings on commerce, or biblical teachings about wealth and poverty.” In the language of this chapter, at least the first two categories are “integrative,” *not* pursued by the economics of religion. If the economics of religion is “when economics drives up to the door of a church,” as Iannaccone himself once claimed, then religious economics is perhaps when religious engines replace the original equipment in economics vehicles.
9. However, Iannaccone’s next-best-cited three papers in recognized economics journals attract thirty, eight, and six cites per year. McCleary’s corresponding next-best-cited three attract eighteen, twelve, and four per year. The *Journal for the Scientific Study of Religion*, in which Iannaccone, McCleary, and others in this interface field frequently publish, attracts only slightly over 1.2 cites per year per article for its top hundred, doing calculations comparable to those above in note 4.

10. See Frank (2004), where unyielding group commitment to nonmaterial values reaps a material reward after all, to the group and the society around it. See Oslington (2005a) on the potential for faith-based not-for-profit (NFP) groups to become successful contractors when governments outsource social services. In ongoing research, I show how freedom of entry for faith-based and other NFPs imposes cost-lowering and quality-raising competitive discipline on for-profit rivals. Many NFP health clinics, charter schools, and poverty-oriented service agencies have religious objectives. Roughly half of American hospitals are NFPs, though not all are religiously motivated.
11. Their attitude toward research that stands outside monitoring umbrellas like the economics of religion is understandable as statistical discrimination—nothing good comes out of Nazareth.
12. Coveting, theft, murder, war, “greed that is idolatry,” and “Lording one’s authority over them” are all behaviors with ample scriptural cautions.
13. Conflict economics is also called the economics of appropriation, predatory economics. It spans sub-disciplines that include defense and peace economics, the economics of genocide, and the economics of formally similar zero-sum activities, like gambling, on which Grinols (2009) is a representative interface contribution. Heterodox economists and other critics who complain that economics under-studies power relationships seem not to have examined this expansive literature.
14. See Hay (1989: 166–75), Copp (2011a, b), Higginson (2011), Beed and Beed (2011).
15. Moreover, their (2010) paper surveys formal models of corporate social responsibility, involving psychology as well as economics. Their (2011b, 2006) papers rigorously formalize a conception of social interchange among agents with “moral identity,” based on their valuation of social relationships that have the character of assets; agents’ valuation is dependent on deep and not-fully-detectable character (introducing signaling and even, perhaps, agent doubt). Bénabou (2009) formally models groupthink (close to what Christian scholars must mean by sectarianism or cults)—defined as “‘individually rational’ collective reality denial.”
16. For example, the now defunct *ACE (UK) Journal*, the American Association of Christian Economists’ *Faith & Economics*, or the *Journal of Markets & Morality*.
17. Henderson and Pisciotta (2003: 1), introducing six papers in *Faith & Economics*; the other papers appeared in the *Journal of Markets & Morality* 6(2) (Fall 2003).
18. Green formally models the way that “remembrance” can encourage current “investment” in future self-control, that in turn ameliorates the notorious time inconsistency of economic objective-seeking.
19. With a continuum in between, of course, as illustrated in, for example, Rachel M. McCleary’s work.
20. Their citation counts are twenty-eight per year for Fogel and forty-two and eighteen, respectively, for the two McCloskey books.
21. The Becker-Woessmann paper has been cited thirty-six times a year since publication.
22. See also Becker and Murphy (2003) and Durlauf and Young (2001).
23. The characterization is from Benhabib et al. (2011: p. xvii; emphasis in original). That Handbook also pulls evolutionary economics and identity economics, separately treated below, under its umbrella.
24. The older social economics covers a wide range of content, from conceptions and assessments of social justice and related institutions (e.g., labor unions, regulatory communities) to conventional studies in income and wealth distribution and economic mobility. Its principal peer-reviewed research outlet is the *Review of Social Economy*,

- though that journal welcomes contributions from any orientation, not necessarily Christian or even religious. Articles there are cited roughly 1.5 times per year.
25. See Darity et al. (2006: section 5), for a model in this same spirit, and Fogel (2000) for a rigorous economic-history argument in the same direction, featuring the central role of American Protestant “Awakenings” (such revivals, of course, occur elsewhere and in Catholicism and other religious traditions).
 26. Barrett continues to do and catalyze integrative work in these frames. He oversees a three-year colloquy called “The Economics of Global Poverty” with twelve younger scholars, as part of the twenty-year-old Calvin College Summer Seminars program. Its aim is “to help foster a community of scholars and teachers informed by the gospels and committed to rigorous innovation within the [economics] discipline and within the broader Christian community.”
 27. See, for example, Bisin and Verdier (2011) and Fryer (2011) in Benhabib et al. (2011).
 28. Such beliefs obviously spring from religion and other moral reasoning, but also include conformity to a company or community, simple tradition, distinctive cultural emphases, and even stereotype and prejudice.
 29. Akerlof and Kranton (2005, 2010) present an alternative conceptualization. But it is less comprehensive and more idiosyncratic and malleable. Davis (2007), for example, shows how their basic model can be reinterpreted (“inverted,” he says) to become an individual’s production-side model of multiple social identities. There are also a wealth of more targeted models of identity, for example, Fryer’s (forthcoming) three models of “acting white,” based on signaling, oppositional culture, and what he calls “sabotage.”
 30. Carter (2005), in a “biblically based theological reflection aimed at . . . economics . . . reality in the light of the resurrection,” seems to anticipate the flowering of integral Christian identity economics in a concluding section that he dubs “Role Economics,” and that references sociological research on the “self.” Menzies (2008) is an innovative, dramatic dialog expanding on the differences between representative economic man and representative Christian (wo)man. It wryly sets the stage for recognizable Christian identity economics.
 31. It puts technical flesh on Britton (2007: 25–26), alluding to the concept of meta-preferences.
 32. See also Fang and Loury (2005).
 33. By a model of group identity, I mean how a group establishes and manages its social identity vis-à-vis other groups with different group identities. I do not mean models of individual identification with pre-established groups and their values. That is well-covered in a general way by Bénabou and Tirole (2011a,b). More specifically, though Akerlof and Kranton sometimes imply that their approach could generalize to group-identity formation, the closest they seem to come is their (2005) model of employee identification with the organization that employs them (civilian and military), conceiving insider-workers as those who intrinsically value their employer’s pre-set values and outsider-workers as those who do not.
 34. Its particularism is in two characteristics: its convenient, but confining, choice of functional form (Cobb-Douglas with an intercept that varies positively with Christian “character” (= identity) and with altruism); and its ad hoc mechanics for allowing altruism to evolve endogenously over the long run, characterized by the authors themselves as “messy” in an earlier draft.
 35. Tan (2006) is a noteworthy predecessor in the same integrator spirit, with roughly five cites per year, and also using an experimental-economics frame. But Tan finds that offsetting

- channels leave no statistically strong evidence of overall religiosity influencing social preferences.
36. See also Long et al. (2007) and Halteman and Noell (2012). These scholars are beginning to shift economics in the direction of the kind of full-bodied, morally-rooted social science that Noll (2011: 72–73) briefly proposes, and that Smith (2011) envisions in his last two chapters.
 37. See Oslington (2000, 2003, 2009a, b, 2011), and Craig Blomberg's and Mary Hirschfeld's contributions to Oslington et al. (2011). Two theologians respond to Oslington's (2009a) wry model of a rational God implicitly beckons for theologians to pile on.
 38. The psychology profession's American Psychological Association, for example, has itself published a series of volumes on the interface of psychology with spirituality and religion, of which one of the more recent, Miller and Delaney (2005), has an explicitly Judeo-Christian orientation.
 39. Iannaccone goes on to contrast this quixotism with the economics of religion: "The economics of religion lets us have our cake and eat it, too. . . . We can cover any number of Christian examples and use them to illustrate any number of economic concepts, yet never stray from the models and methods of mainstream economics." For one among many precursors of his views, see Elzinga (1988).
 40. On "two-kingdoms" views, see Halteman (this volume). Not all evangelicals share this two-mindedness. Abraham Kuyper, the polymath Dutch Reformed public intellectual (educator, journalist, pastor, politician, public theologian) envisioned and embodied a "unified kingdom" view. Marsden (1997: 37–58) goes to great lengths to dismiss the "two-kingdoms" view as undermining Christian scholarship.
 41. Kuran (1997, 2004), however, echoes Iannaccone and Elzinga several notes above. "It is not self-evident why the twentieth century spawned a movement committed to developing an Islamic variant of economics. After all, there is no distinctly Islamic way to build a ship, or defend a territory, or cure an epidemic, or forecast the weather. Nor are there constituencies for basing such tasks on Islamic teachings." (2004: xi-xii). He argues forcefully and controversially that the development of Islamic economics was an identity-building-and-preserving exercise, not aimed in any purposive way at solving economic problems. He may be correct, but that would not matter for purposes of the present chapter. The point here is that—whatever its dubious genesis—today's Islamic economics is indeed coherent and distinctive, an "integral" and arguably "integrated" approach, as Kuran (1997) grudgingly admits in his last two paragraphs. Christian economists have yet to produce anything comparable; Kuran's (2004) collection of essays draws almost twenty cites per year since its publication, compared to, a miniscule 0.25 of a cite-per-year for the similarly conceived Christian collection in Henderson and Pisciotta (2006). Christians' commendable potential for contributions to identity economics, traced above, ironically feature the opposite causal link to Kuran. For Christian economist-integrators, exogenous identity alters economic outcomes; for Kuran, exogenous economic reconceptualization shapes and supports identity.
 42. Law as a distinct sub-part of the religion, that is, "law" is not the entirety of the spirit or essence of Judaism, nor, later in this sentence, Islam, as Kuran (2011) makes very clear.
 43. In Levine (2010), almost one-third of the chapters could be characterized this way. See, for additional examples, Brams (1980) or Smith (1999, 2000, 2002).
 44. Tiemstra (2009: 20) distills several "schools" of heterodox economics: post-Keynesian, Austrian, institutional economics, and the social-economics tradition. He then observes

that “many of these efforts overlap, since none of these schools offers a general canonical model in the way neoclassical economics does.” There are no citations to Tiemstra’s distillation-survey as of early 2012. See also Tiemstra (2012).

45. The University of Notre Dame is extinguishing its heterodox economics department (Glenn 2009). I adopt Marglin’s (2012: 1), perspective, though without apology: “What is economics? There is no high priest, no final arbiter of what constitutes economics. My characterization necessarily involves a subjective element; it is my reading of the center of gravity of an evolving discipline with a gamut of practitioners and practices. Notwithstanding the variety, there is a mainstream so dominant that the other streams have become mere trickles. If we focus on what is taught in the typical principles course, or on the entire undergraduate curriculum, or even on the content of graduate theory courses, there is consensus, and it is this consensus to which the term economics refers in this essay.”

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PART III

.....
**CHRISTIANITY, CAPITALISM,
AND DEVELOPMENT**
.....

CHAPTER 17

WEBER, THEOLOGY, AND ECONOMICS

MAX L. STACKHOUSE

MAX Weber (1864–1920) was neither a theologian nor an economist. He did not aspire to advocate, refine or refute the doctrines taught in the Bible, by Augustine, Thomas, Luther, Calvin, Wesley, Schleiermacher any other major Christian thinker. True, he was active for a time in the Protestant Social Congress, a European movement that represented a Christian ethical response to the social disruptions caused by industrialization. This European correlate to the Social Gospel movement in America advocated principled behavior by labor and management and reforming government involvement by legal regulation of deceptive or unfair industrial practices and social policies to aid the impoverished. He also had sustained conversations with noted theologians of his day, was remarkably familiar with the classic traditions, and an admirer of the writings of such American religious leaders as William Ellery Channing and Theodore Parker.¹ Similarly, although he taught the history of economics and economic institutions for a number of years,² he cannot easily be identified with the theories of the great modern economists such as Smith, Ricardo, Malthus, Marx, or Marshall, or, for that matter, with the likes of later notables such as Keynes, Hayek, or Friedman. Still, he was fascinated by English economic developments and conversant with the leading political economic theories, shared their interest in identifying the key factors that could overcome poverty and enhance the well-being of nations, and advised the German government on labor, management, and trade practices and business law.³

Instead, he is best seen for our purposes as the leading founder of a mode of social science that sought to account for changes and variations in economic and political attitudes, structures, and behavior in different social contexts and over time. If the laws of economics were the controlling constants in social matters, like the laws of physics are said to be for the physical universe, how does it happen that economic systems are so different and that individuals and peoples react so differently to economic possibilities? Why did some societies generate highly productive industrial economies and others not? One might say that it is because different cultures develop differently, but that

only pushes the question to a different level. Why and how do cultures make such a difference? And if one thinks that specific political-economic conditions and interests are determinative for cultural life, it is possible to ask why the responses to political and economic changes are so diverse, with some cultures embracing and enhancing the possibilities and others rejecting or inhibiting them? Weber, who, according to his wife's biography of him,⁴ had famously identified himself as "religiously unmusical," nevertheless studied the ways in which factors interact and came to the conclusion that there was in the case of Reformed Christianity, and perhaps there always is, a discernible influence of a widely held theology on its host culture. Each culture forms an ethos that shapes the society to which it is attached, even in their most "secular" and "materialist" dimensions even if there are also material interests that influence the ways in which a regnant religion is adopted and adapted. Of special concern for him, as a child of the Enlightenment, was the interaction of such factors and their fateful implications for the historical developments of what we call "modern rational civilization." If he is correct, Weber would be of great importance for any who would want to study theology or economics for they could not do it without taking account of the effects of each on the other through religious, cultural, and ethical as well as material influences.

In the course of his inquiries, Weber collected mounds of data from a diversity of sources—from historical, textual, and regional studies. He also constructed new terms for the analysis of the data and wrote comparative interpretations of social structures and dynamics of the great civilizations of the world. His efforts, while contested in many ways at several points, remain as central texts in the social sciences. He purported to show that religiously held worldviews which are not alert to the economic consequences of their implications would likely have them anyway, often in ways that contradicted their author's or believer's intentions. Further, his work implies that a theory of economic life that did not take account of religious and cultural influences in personal behavior and social ethos would be incomplete and incapable of understanding what is going on or of charting substantive developments in economic history and policy formation. Among the terms he developed for social analysis are "ideal types," "elective affinities," "mental experiments," "rationalization," "charisma" and its "routinizations," etc. These continue to aid in the posing of important questions and suggestive hypotheses about the relationship of the factors that interact in the complex matrix of social history.

His famous *The Protestant Ethic and the Spirit of Capitalism* is well known as the locus of many of his central arguments. It was first published as a two-part essay in 1904–5 and was expanded in 1920. This was translated into English in 1930.⁵ While the focus is on Calvinist and Puritan forms of Protestantism, it also stresses the difference of those forms of Christianity from traditional Catholicism. But lest one think that his research was only Eurocentric, this book should be seen also in the context of his *The Religion of China: Confucianism and Taoism* (1916),⁶ *The Religion of India* and *The Sociology of Hinduism and Buddhism* (also 1916),⁷ and *Ancient Judaism* (1917).⁸ And in many essays he comments on still other traditions as I will note. In this essay I shall try to identify the main themes of these studies and to survey the arguments of major critics or supporters

of Weber's efforts as they bear on the relationship of religion and society. I will give special attention to implications for theology and economics as academic disciplines. That should prepare us to offer some basic assessments of the degree to which we should adopt, adapt, revise, expand, reject, or ignore this body of work.

It is widely acknowledged today that if religious leaders are to be taken seriously as a source of moral and spiritual guidance they must attend to the social sciences, especially as they deal with the economic realities that define so much of the common life since the Industrial Revolution, the rise and collapse of Soviet socialism, the current dynamics of globalization and the worldwide recession. They have not always done so wisely, as Bailor has argued in his *Ecumenical Babel*.⁹ Yet the concern for economic matters is not new to theology. The sacred texts of the world's religions and the official doctrines taught over the centuries to Christians have always attended to ethical issues raised by economic life and they have reservoirs of theories about work, exploitation, honesty in dealings, theft, covetousness, gluttony, usury, taxes, charity, wealth and poverty, just wages, fair prices, slavery, hospitality, the blessings of plenty, the need for generosity, etc. It is less obvious to scholars and many believers alike whether the reverse is true: whether, and if so, how the discipline of economics should take religion, faith-based ethics and theology into account in a substantive way, even if some schools of economic reflection did so in the past.¹⁰ Thus, we can ask in what senses could it be the case that Weber was right, that economics should take theology and faith-based ethics seriously?

I. THE FOCUS OF THE QUESTIONS

Weber's main thesis is that Protestantism, especially in its Calvinist, Puritan, and some derivative sectarian forms, provided a historically influential psycho-spiritual motivation for Reformed workers, craftsmen, and merchants to forsake traditional attitudes toward work with its fixed view of their stations in life and to invent new modes of technology, modified institutions, and fresh management methods that made production, capitalization, and commercial practices more rational, efficient, and just. These developments were based in the theological concepts of a transcendent, sovereign God who predestined some for salvation, yet providentially guided life in this world and called everyone to a vocation through which God's divine purposes could be more nearly approximated on earth. This "calling" could be for producers, merchants, artisans, factory owners, and financiers as well as for monks, nuns, and bishops. When such ideas were internalized by laity in every sphere of life, it formed a historically distinctive ethos that generated a "spirit" of capitalism that helped animate the development of the bourgeois, industrial societies of modernity. The empirical claim was that, in regions of the West where this ethos of "this-worldly asceticism" took root, believing Protestants were more able to leave their feudal and hierarchical culture behind, adopt rational ways of understanding the world, and reform their personal habits, social patterns, and technologies. This dramatically expanded the middle classes and increased their income

and wealth, which in turn reinforced the sense that a new, religiously shaped ethic had put them on the right track and given them a more probable assurance that they were among God's elect.

From the first years of its appearance, the thesis received celebrative approval, sharp rejection, and almost everything in between from noted, internationally recognized scholars. The debates have continued, even multiplied (although many are highly repetitive), until today. It would be tedious to rehearse all the responses to the Protestant Ethic thesis, but we can survey some of the most memorable. The Italian economist and Catholic social theorist Amitore Fanfani argued that indeed, Weber was right: Protestants created capitalism as another link in the new chains of modernist liberalism, and that, thank God, Catholics would never do such a thing.¹¹ Whether, in fact, Weber had argued what Fanfani presumed he had is one major issue, for Weber had argued that Protestantism was one factor among many, not a sole cause. But in another sense, Fanfani, his followers, and Weber seemed to occupy some common ground on one key issue. While they obviously took contrary sides on whether a Catholic or a Protestant spirituality should be seen as providing the best ground for interpreting and guiding economic policy and practice, they basically agreed with the liberal Lutheran theological and ethical historian and Weber's colleague at Heidelberg, Ernst Troeltsch, that Reformed Protestant theology tended to have an "elective affinity" with modern economics, political democracy, the legal recognition of human rights, an accent on science-based education, and the view that modern economics could not be accurately understood without seeing Protestant influences interacting in all these spheres of social life to produce a new ethic that challenges traditional church teachings.¹²

Some other schools of thought though were less charitable toward the idea of religion as an historical cause at all. There were the heirs of Karl Marx who had argued in the debates over "the Jewish question" (whether German Jews should be given full citizen rights).¹³ He argued that the Jews were the creators of capitalism, then it was imitated by many Christians. The impulse, he had suggested, was reflected in their atonement practices whereby they haggled with God for a better deal. But Marx's argument seems confused for he spliced this argument with his materialist, class-based philosophy of history, which presumed that religion is a false consciousness created by the ruling classes to control the proletariat. If material interests determine religious practice, then the religious orientation expressed by Jews or any other group can hardly be a determining factor in social history. It would only be an epiphenomenon, as he argued elsewhere. In a related theory, Weber's contemporary, the German social theorist, Werner Sombart, turned from his earlier Marxist Socialism to National Socialism, which he thought could organize the economy according to "German principles of idealism and solidarity." However, he continued to think that the Jews were the creators and controllers of capitalism. He rejected capitalism as "uninhibited mammonism" and "materialistic technomania" driven by a blind faith in general human progress.¹⁴ Both these arguments smell of anti-Semitism and have been widely discredited on this and other grounds. Sombart ignored the fact that Judaism never gained dominant influence in the Western ethos nor did the Jews economically dominate any of the societies that were

fostering the new capitalist industries. In fact, in a section of his largest work, *Economy and Society*,¹⁵ Weber offers an interpretation of the Jewish relationship to capitalism that refutes every attempted argument by Sombart. He also points out that “Pariah Groups” in several cultural contexts have often adapted well and made contributions as a minority economically and professionally in open societies, even if they did not organize or dominate them.

On the formation of open societies, we should mention the important work of the noted Weberian scholar, Benjamin Nelson, *The Idea of Usury*, which documented the fundamental shift in the understanding of the taking of interest at the time of the Reformation. The Old Testament (Deut. 23:19–20) forbade the taking of interest from one in the tribe, and the teachings of Aristotle (on the grounds that money was not fecund) opposed the taking of interest (a prohibition which is still held to be valid in orthodox Islam). It was immoral and illegal in the medieval religious and civil codes to take interest from loans to someone of your own faith group, but permissible to do so from those of other groups under certain conditions. Calvin and his followers’ interpreted the New Testament parable of the talents (Matt. 25:14ff.) as commanding responsible investment, thus granting permission for a faithful steward to deal honorably with the brother or the other equally in lending or borrowing—in the sense that one of a differing or same ethnicity or faith is to be treated justly and equally in business and finance. The widespread adoption of this argument brought an increase in universalism with implications for ethics, Law, and, over time, in principle changed the financial norms if not always the practices of capitalism in the West.¹⁶

However, another account of the relationship of religion to capitalism was convincing to many. The British Anglican and Laborite historian of social life, R. H. Tawney wrote *Religion and the Rise of Capitalism*, claiming to present a “more balanced” view than Weber’s by pointing to the “other side” of Weber’s hypothesis.¹⁷ He thought Weber to be too much an idealist who needed to be more dialectical. Thus he argued that as industrializing capitalism developed on the essentially secular ground of material interest. The change was less to be celebrated than lamented. The Gospels “solidarity with the workers” was abandoned, and those who were beneficiaries of the new industrial developments converted to Protestantism by synthesizing their material interests with its liberal individualism so that they could share in capitalism’s booty. What was needed was a reassertion of Christian communitarianism. But if modern capitalism has been formed on purely secular grounds, why could we believe that the assertion of Christian values could change the trajectory? Besides, Weber is fully aware that material interests can sometimes shatter traditional communal ethics, but he was also aware that communalism often trapped people in poverty. Yet, although he was also aware of the importance of voluntarily formed religious congregations, free political parties, communities of conviction, and what we now call non-governmental organizations (NGOs) in the formation of a viable civil society. Still, Weber never developed, to my knowledge, the fuller implications of the biblical idea of covenant as it was developed in the ecclesial, social, and political philosophy of the Calvinist, Puritan, and some Jewish traditions (as has been recently traced by Elazar).¹⁸ Thus, in England, Tawney’s view became so dominant

that many textbooks refer to the “Weber-Tawney hypothesis.” More careful interpreters say that a “Weber-Troeltsch hypotheses” is more accurate.¹⁹

One other voice should be mentioned in this brief overview of the major responses to Weber’s work that of the British social historian Hugh Trevor-Roper.²⁰ He argued that Weber is quite right in holding that the early development of capitalism was mostly led by the Protestant Calvinists, but that some Catholic areas were also quite advanced—until the Counter-Reformation. This reaction to the Protestant Reformation caused a tightening of church control over lay belief and behavior and reinforced the most conservative reactions against not only capitalism, but political democracy and human rights advocacy—especially in Spain, Portugal, Italy, France, and other Catholic countries. But he also argues that the Protestants were not the only group to resist that reaction, and in France, the French Revolution, well after the Huguenots were driven out under the influence of the Counter-Reformation, turned to a decidedly secular form of humanistic rationalism that took root among the intelligentsia and bourgeoisie, even if large percentages of the population remained Catholic. This also generated a cultural ethos and expectation of social change that overthrew traditionalism and adopted technological, legal, and economic models of organization that rather quickly caught up with the advances made by the Protestants elsewhere—and made plausible to many the idea that the Protestant roots of the new economic ethic were not the only possible route to modernity. It could be emulated on non-theological grounds and could even be enforced by statist policies, in the French case (and some others)—residues of the tradition of a strong monarchy and of subsequent statist Republics.

But Talcott Parsons, the American translator of Weber’s *The Protestant Ethic*²¹ had still a different way of accounting for the changes Weber identified, one that attempted to integrate the valid aspects of various social scientific perspectives including Émile Durkheim’s work into “structural-functional” systems view. Against the Marxist writers since the 1960s, Parsons argued that a plurality of social systems interact with each other and with religio-symbolic factors, and in times of social change the way the latter factors interpret the other systems, legitimate or delegitimate distinct structural or functional changes that bond with other factors with which they have an elective affinity.²² This approach seeks to account for a kind of dynamically adaptive continuity in modern societies in contrast to the relative failure of most revolutionary societies.

None of these critical interpretations or emendations of Weber’s argument focused on the implications of the new productivity for the dramatic changes it brought to consumption. The data is quite clear: in the shift from a “natural economy” to a “human economy,” the standard of living went up dramatically and created new middle classes, compromising any argument that modern capitalism contributes to the polarization of the rich and the poor.²³ However, neither the earlier debates about Weber’s argument nor these more recent attempts to confirm its effects focus on the formation of a parallel ethic that gradually became wedded to the capitalist spirit. That is what Colin Campbell has attempted to address as one indebted to Weber.²⁴ He argues that Weber is right: there is a positive relationship between the ascetic Protestant ethic and modern, rational, highly productive capitalism. And this has become incarnate in the wider

Western ethos. But he also argues that there has to be a consumer market for all that is produced to be bought. Whence came the impulse to buy all the stuff produced? As populations grow, of course, there was a built-in desire for consumer goods at home, even if there were relatively fewer resources among the lower classes to purchase it all. Thus, the new ethic of capitalism, like the later Protestant revival movements, seeks new consumers among the less affluent both at home and in international markets. At home, he argues, the “Romantic Ethic” stimulated new desires and want that shaped the modern form of consumerism. Abroad it influenced what some called the neocolonialism of the import market. The Romantic movement as a reaction against a sterile rationalism ironically shared by some “orthodox” Puritan believers and Enlightenment deists or agnostics who demanded that the authentic self consult not only one’s faith-based or science-based duty when at work or to rationally weigh one’s felt needs, but to heed one’s spontaneous inner longings, passions, and impulses when off-duty. Indeed, the new arts of advertising use romantic motifs to induce new desires that nurture new longings, passions, and impulses that, in turn, fed the productive system which no longer needed the earlier doctrinal underpinnings to keep it going. Indeed, it led not only to shopping for goods as a kind of entertainment connected to self-image, but made religious “shopping” for feel-good experiences an evangelical event.

Four new books, two by historians of American Puritanism and two by sociologists of contemporary manifestations of Protestant capitalism offer still other perspectives on early manifestations of this issue. Mark Valeri’s *Heavenly Merchandise*²⁵ and Stewart Davenport, *Friends of the Unrighteous Mammon*²⁶ have examined the diaries, journals, and letters of Puritan business leaders and their pastors and documented the ways in which they struggled to construct a faithful and functional ethic in the new economic world they were creating. And Bethany Moreton’s *To Serve God and Wal-Mart*²⁷ and Nelson Lichtenstein’s *The Retail Revolution*²⁸ exhume and offer critiques of the current most successful retail enterprise in the contemporary world which is based on faith-based values that echo many features of Weber’s argument about the rationalization of production and marketing as well as exemplifying Campbell’s recognition of the romanticization of consumption.

One interesting thing about these representative reactions in subsequent research is that they all saw some relation between a theologically based ethos and the development of modern capitalism. At stake is the question of how we can understand dramatic shifts in the ethics of economic life. What religious (or religiously held ideological) factors are at work and how do they influence serious changes, such as those that reconstitute a major sector of the dominant social system? Some saw superstructural factors shaping substructural ones, while others saw substructural ones shaping superstructural ones. Some saw individuals who reshaped history while others accented collective units of solidarities influencing individuals. What made the critics so different was that they had dramatically differing assessments of religion and its power, on the one hand, and the basic character of capitalism, on the other—which means that many social scientists may not have surpassed ideological readings of both religion and capitalism.

These perspectives, however, do not exhaust the major options. Still others did not accept either the “idealist” or the “materialist” explanations or view the matter as either individualist or collectivist. One of the key objectors to the way the debates were usually conducted was the Swedish economist, Kurt Samuelson,²⁹ who held that religion and economic life were actually separate realms that had little to do with each other, just as the inner life of piety and the exterior evolution of social systems are basically independent of each other. He pointed to evidences of capitalist activity here and there in the world where there was no little Calvinist or Puritan (or Jewish) religious belief and where there were strong influences of this sort but no evidence of early modern capitalism. It could even be said that he represents a set of arguments that can be seen as a concrete manifestation of what some theologians and social theorists (including both Troeltsch and Weber) see in the Lutheran and Pietistic doctrine of “two kingdoms”—that God rules the world both through the laws by which it operates as creation in physics, politics, and economics, and rules the soul through the inner spiritual powers of piety and the passions, but one has relatively little to do with the other. While he admitted in a few places that there was some effect of the one upon the other, he did not think that Weber had it at all right. Various versions of this view became dominant among no small number of theological and economic scholars, and is widely manifest in the university, media, pulpit, and pew today. Each “science” could go its own way, each star stayed in its own orbit. Economics has no need of the God hypothesis as the butcher, the baker, and the candlestick maker take care of business; and theology had best avoid the calculating quest for visible results on earth and all that profits.

Such observations have been set aside, however, by a flurry of contemporary social scientific and economic scholarship that is revitalizing discussion of the Weberian hypothesis. That is precisely because the world, for all its preoccupation with economic triumphs and failures, has refused to secularize, even if much of academia, including Weber, thought that it inevitably would or already had. Representative examples of the scholarly arguments that religious influence persists can be cited easily: Peter Berger’s, *The Capitalist Revolution*³⁰ and *The Desecularization of the World*;³¹ and Lawrence Harrison and Samuel Huntington’s *Culture Matters*.³²

II. SOME REFINEMENTS OF THE ISSUES

The re-recognition of the connection between theology and economics does not, of course, violate the separation of church and state, or imply the imposition of a specific religious ethics on the public ethos. Still, it does involve a historic change in our perception of the social fabric, in which both the decisions pertaining to one’s spiritual or material well-being had been governed by the patriarchal head of the family, and/or by the political regime, both seen as legitimated by sacred authority and the twin natural centers of identity and well-being. But the formation of the corporation, the enterprise, and the factory as the chief centers of production, separate from the institutions

of consumption, the family, the state, or religious institutions brings a structural change in social history that seems so obvious and natural today that it is seldom seen that it entailed a revolutionary change in Western thought and behavior, and seems strange in some parts of the world today. This signals something that Weber recognized: the differentiation of distinct institutions or spheres of life in modernity, which entailed a form of institutional secularization. The gods of the sacred hearth or the deities of the state cult are not absolute. But this does not entail the necessary demise of religion or the loss of theological influence. It means that they have to be mediated by a compelling ethic and a functional ethos which believers and nonbelievers can reasonably adopt. Indeed, Weber's entire project involves the presupposition that some kinds of religious worldview or theology support certain forms of secular rational development and may, indeed, be necessary to them while demystifying other spheres of life. Still, reason needs a transcendent ethical ground. But in these debates about the relationship of religion and economics, and in the disputes about the character of each, Weber's argument was often subtly and sometimes wildly distorted by his critics, sometimes because he drew on themes developed by such authors as those mentioned above but put them in a new context. Each critic seemed to have a mental image of both religion, its faith-based ethic, and of the role of ideas and ideals in actual historical life. Each also seemed to have an operating definition of what counts in real causation in social matters and the relative autonomy and rationality of economics as a discipline and as a practice. Indeed, each seemed to be operating with a distinct view of rationality and what counted as being reasonable or discussable in terms of scientific understanding. This forces the question: What did Weber actually argue? The question has two parts: What did he mean by "The Protestant Ethic" and by "The 'Spirit' of Capitalism?"

When Weber wrote of the "Protestant Ethic," he was clearly aware of Luther's break with the Catholic monastic and hierarchical traditions and of his new accents on justification by grace through faith and vocation; but that was not his central interest. He believed that Luther preserved too much of the ethic of obedience to ecclesiastical authority. He knew that Luther also advocated hard work in one's station in life, but he also thought Luther understood "station" in a too static way. Instead, Weber focused on the ethical implications derived primarily from a Calvinistic worldview, which expanded on Lutheran themes and he included Puritan attitudes as well as the later (Baptist and Methodist) traditions influenced by them. Even then he meant less the formal principles and methods of ethical discipline set forth by reforming theologians than the ways these were received among the people, internalized in the consciences of the believers and woven into their changing patterns of life. This is theology less in its formal "output" form than in its adaptive "intake" form. He was convinced that it encouraged the adoption of new lifestyles and the formation of new institutions in the world. In brief, he assumed that religious ideas and doctrinal theology made a difference, even if their effect was not always direct. They often were filtered through the experience-shaped consciences of the convinced, which were widely variant even if they belonged to a general family of piety—a "this worldly asceticism." Moreover, once they were established in an ethos, the values, ideals, and patterns of mind that had generated

them began to shape those who lived under the influence of the ethos, whether they believed or not. Thus, scholars can point to “Protestant Christianity” or even to “the Judeo-Christian tradition” in the modern West and not be far removed from either the legacy of the early Reformers or from the “civil religion” unofficially established in modern society. There were certain widely shared, general theological assumptions that have generated a set of common tendencies in the direction and character of the “Protestant ethic.” These assumptions and tendencies could be identified by charting a sketch of the “ideal type,” a portrait of what the ethic would look like if it were consistently worked out. These “mind maps” are intellectual constructs useful in socio-historical analysis for identifying substantive social developments even if the empirical examples of that constructed type have multiple variations and exceptions.

“The Protestant Ethic” is such a construct. In Weber’s view, it involved a set of theological assumptions that had become convictions that were widely shared in the Reformed wings of the Christian tradition. They held that there is one universal and transcendent God who has created the world and who rules history in ways that we cannot fully understand, but whose will stands at the center of a potent comprehensive worldview. The world, history, and human creatures who are invested with some capabilities for reason, will, love, and life, but they are not divine. While they are created good, they are tempted by rationalization, willfulness, misplaced affection, and the power of death from which they cannot find relief. But, God in his inscrutable will has elected some humans for salvation (in and through Christ), although we do not know whom, how many, or whether we are among them. This creates a tension in the human soul. At the same time, however, each of us has been placed in the context of material, historical, and social life by God’s grace and is called to serve God’s purposes in this life with the capabilities we have been given in ways that would glorify the Giver. Thus, each person is expected to live a disciplined life, to seek to know and obey God’s laws, and to become an instrument of God’s purposes in all spheres of society—not only in the “spiritual realm of religion,” but in the “material fields” of familial, technical, political, cultural, and even in economic life. Hence, the material fields of service shaped by a “this-worldly asceticism,” a work ethic that seeks a mastery of the contingencies of nature and history as it reforms personal character and the social ethos. This could lead to financial success, which many took as a “sign”, not a “certainty,” that one may be among the elect and a chosen agent of God’s will in one or several “vocations” (i.e., church member, spouse, parent, worker, citizen) on earth. This legitimated innovative participation in the emergent, nontraditional, rational, technological, “secular” culture and in the new social institutions to sustain it. Not only was each person to see himself or herself as belonging to the “priesthood of all believers,” but to the “prophethood of all believers” and to the “kingship of all believers.” Thus, in one’s vocations one had to minister to his neighbor’s need, demand the right to speak out on ethical matters, and to participate in the governance of all worldly institutions. What is especially notable is that this idea was applied to economic action, the most materialist and in some ways temptation-laden sphere of life.

If that is the theological core of the ethic that interests him, how does it relate specifically to the economic sphere? What is “the spirit of capitalism?” This too is a conceptual

construct. Weber knew that markets appeared in history wherever peoples encountered each other, that there were many examples of capitalist behavior among the trading peoples of the world, and that crafting items for trade had many historical precedents throughout the world. He knew of large-scale extraction and agricultural production institutions from fishing fleets, salt mines, and grain, olive, and vineyard “plantations” of the Mediterranean region in the Roman Empire. And he knew about the organized systems of cloth-making for export that were developed in several regions of ancient Europe and Asia. He also knew of “state capitalism,” centered in the palace when a ruler would grant monopolies, charter colonies, or commission ships to seek and bring home profitable goods from abroad (e.g., spices, metals, jewels, slaves). He also knew of “adventure capitalists”—ship owners or speculative financiers one step removed from piracy who would subsidize independent fortune hunters to seek bounty by fair means or foul.³³ And he studied the tradesmen and merchants of the medieval guilds who established, protected, and regulated businesses in the emerging cities of early modern Europe around the castles, garrisons, or cathedrals, especially in the free cities of the Hanseatic League, noting that some of these developments anticipated aspects of the modern forms of capitalism, even if the modern ethos did not arise from these antecedents.³⁴ Indeed, he wrote in an “Introduction” to a comparative series on the *Sociology of Religions* that Parsons attaches as the “Author’s Introduction” to *The Protestant Ethic* that:

an actual adaptation of economic action to a comparison of money income with money expenses takes place, no matter how primitive the form. Now in this sense capitalism and capitalistic enterprise have existed in all civilized countries of the earth. . . . In China, India, Babylon, Egypt, Mediterranean antiquity, and the Middle ages, as well as in modern times. . . . In any case, the capitalistic enterprise and the capitalistic entrepreneur, not only as occasional but as regular entrepreneurs, are very old and very widespread.³⁵

But he was interested in the distinctive forms of modern, industrial capitalism, the convergence of structural factors, and, particularly, its ethos and distinctive social psychology as they differ from these traditional forms and helped make something new.

What generated the capitalism that has become dominant in most developed nations over the last three centuries? Contrary to common belief, in his day as well as in our own, Weber argued that this new cultural pattern, which is so fateful for modern life, cannot be attributed to greed, which is by no means new or confined to the modern West.

The impulse to acquisition, pursuit of gain, of money, of the greatest possible amount of money, has in itself nothing to do with (the) capitalism (that most interests him). This impulse exists and has existed among waiters, physicians, coachmen, artists, prostitutes, dishonest officials, soldiery nobles, crusaders, gamblers, and beggars. One may say that it has been common to all sorts and conditions of men at all times and in all countries of the earth. . . . It should be taught in the kindergarten of cultural history that this naive idea of capitalism must be given up once and for all. Unlimited greed for gain is not in the least identical with (this) capitalism, and still

less with its spirit. [It] . . . *may* be identical with the restraint (by internal or external means), or at least a rational tempering of this irrational impulse. But . . . [this capitalism] *is* identical with the pursuit of profit, and forever *renewed* profit by means of continuous, rational, capitalist enterprise, [for] in a wholly capitalistic order of society, an individual . . . enterprise that did not take advantage of its opportunities for profit-making would be doomed to extinction.³⁶

But profits fairly gained can be turned into capital and become the empirical sign of blessings for dutiful action in such enterprises, not to be used for sensuous enjoyment but for further disciplined deployment to create wealth for the commonwealth and to meet the needs of the earth's population.

Weber proceeds through most of the remainder of the book to elaborate on the historic connections between "the Protestant ethic," in its variety of theological expressions, rooted in the belief in the sovereignty of a providentially given vocation to a disciplined, ascetic pursuit of profit through peaceful production and trade. The latter, of course, presumes the existence of several preconditions of capitalist society not yet mentioned: laws regarding private property, the rights of "formally free" labor, the enforcement of contracts, and social trust gained by common membership in a civil society that fostered quality control, constrained commercial cheating, and exposed and punished adulteration of products and corruption of officials. However, he does not extensively spell out the full implications of what he intends by the "means of continuous, rational, capitalist enterprise." Although he has a rather high estimate of the importance of individual action, which takes account of the reaction of others in social interchange, by "enterprise" he means more than the initiative and focused energy of those persons who found and cultivate a business by serving the wants or needs of others. Through a number of passing references, such as the development of accounting systems that separate business accounts from personal budget, church wealth, or governmental treasury, he points to the existence of non-familial and nonstate institutions of cooperating management and "formally free" labor (not serfs, slaves, or peasants feudally bound to a master). Further, he refers in "The City" to various partnerships, confraternities, and contractual cooperative ventures that are rooted in religious associations and that anticipate what we call corporations. That is, he points to voluntarily organized autonomous economic associations operating in the context of a society of incorporated institutions working under a legal system that both protects and regulates such enterprises.³⁷

In the separately written essay, "The Protestant Sects and the Spirit of Capitalism," which recent printings of *The Protestant Ethic* often include as an Appendix, Weber does take account of the church as a body with indirect social and economic significance. The essay is based on an encounter which he had in America with a salesman. The informant wore his church affiliation on his sleeve, so to speak, and displayed it as evidence that would certify his character, a likely solid worker or trustworthy deal-maker. Participation in a recognized church also provided a network of contacts for him. Clearly, church membership of this sort seems utilitarian, but it also signifies the existence of a space for voluntary associations in a free society and permits the formation of independent organizations, including business enterprises, with ease.

Uncharacteristically, however, Weber does not pursue the question of the religious origins and development of the idea of such autocephalous institutions, in spite of the fact that he was a student of Otto von Gierke, the great historian of such institutions. In 1888, Weber had written his doctoral dissertation on the history of medieval trading companies, but he did not extensively trace the religious groupings beyond family and regime from mystery cults and the ancient synagogue to the formation of Christian church, and especially through its conflicts between the familistic clans and tribes of antiquity and the chaste orders of the early church, and later between the priest and noble, bishop and king, or pope and emperor. (Similar struggles took place still later between the magistrates of the cities and the masters of the universities which they founded but could not fully control.) In these long, now obscure struggles, the church claimed a divinely given right to exist outside the control of the “natural” institutions of society. He does draw distinctions between those primal forms of religious life based in ethnic or kinship solidarity and led by a patriarch or hereditary shaman, those based on the gods of a particular regime and led by an appointed priest, and those congregations who are called into being under the leadership of a prophet.³⁸ The boundaries between these types of organizations are somewhat fluid, but the “non-natural” organizations, operating under God’s watchful eye, in obedience to righteous law and for beneficial purposes, yet in principle independent of the bonds and interests of blood relations and political ambitions, established the right to form and self-regulate, produce and exchange goods and services in Western law. The long-term result of such developments made possible the formation of for-profit corporations, paying just wages and charging just prices as supervised by limited liability “trustees” as a realm of service to human needs. But Weber did not recognize the importance of these collective institutions in the Calvinist and Puritan traditions.³⁹ These developments were in effect and actively changing the world in Weber’s day although also coming under the growing influence of the French Revolution, German Enlightenment, and British Utilitarianism, which claimed the ability to supply secular reasons for forming such institutions. Whether subsequent experience confirms that ability is one of the questions Weber poses. Critics of secularization argue that communities of voluntary commitment demand both a certain esprit de corps working in a particular ethos that can animate the quality of cooperation that serves both individual and collective interests. It may only be possible under a sense of purpose rooted in a commanding metaphysical-moral vision able to invigorate and guide the “spirit” of a viable global economy where the ties of blood relations and national spirit is severely compromised.⁴⁰

Similarly, Weber was deeply interested in the development of science and technology as they influenced economic life, and he saw these as part of the rationalization process. However, he does not treat the religious influences on the development of science or technology as extensively as subsequent scholars have suggested is warranted.⁴¹ Robert Merton, for example, argued that the development of a science-driven technology, a critical ingredient of the modern corporation and thus for modern capitalism, was rooted in the Reformed and Puritan presuppositions and supported by essentially Protestant institutions—an argument refined and partially revised by Toby Huff.⁴² And

Robert Noble, in a suggestive but more ideologically laden argument, traces the theological roots of the mechanical arts in early Christian and Medieval theological developments of the notion that humanity has been commissioned to intervene in the fallen bio-physical world to repair its defects and its unfulfilled potential.⁴³ They both confirm Weber's conviction that the rational quest for truth in knowledge and efficiency in social activities does not derive from nature, but from cultural constructions that are influenced by a religion (or a metaphysical-moral worldview religiously held), although Weber did not see the theological underpinnings behind these modern rational developments. Further, they expose the question: If the underpinnings falter or fail, are the prospects for further development of the "modern capitalist" ethic dire?

In several famous concluding paragraphs of *The Protestant Ethic*, Weber almost poses this question to his own argument. He observes that "the Puritan wanted to work in a calling; [but] we are forced to do so."⁴⁴ He carried his religious asceticism into everyday life, but it has now become an "iron cage" in a mechanized cosmos wherein "victorious capitalism" no longer needs its support. "The rosy blush of its laughing heir, the Enlightenment, seems also to be irretrievably fading, and the idea of duty in one's calling prowls about in our lives like the ghost of dead religious beliefs." Thus in places like the United States, "the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions." This, he suggests, promises a Nietzschean world of "specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved."⁴⁵

But he does not leave off his reflections only with this bleak portrait of his times, even though they have had many echoes in the dark nights of the Fascist and Communist threats of the twentieth century and again resonate in the Great Recession horizon. But he briefly sketches two other possibilities for the future, acknowledging that they have to do with "the world of value and of faith," not with the historical argument that he has sought to make. One is the possible rise of "entirely new prophets, or there will be a great rebirth of old ideas and ideals."⁴⁶ In other words, there could be a resurgence or revival of forgotten, overtly religious commitments and ethical concepts. And the other is to ask what could follow from the secularization and demystification of the now defunct Protestant Ethic by working out "the content of practical social ethics... for the types of organization and function of social groups from the conventicle to the State. Thus its relations to humanistic rationalism, its ideals of life and cultural influence; further to the development of philosophical and scientific empiricism, to technical development and to spiritual ideals would have to be analyzed."⁴⁷

III. COMPARISONS AND CONTRASTS

Weber does not attempt this in any systematic way, nor did he live long enough to find out whether there were "new prophets" or a "rebirth of old ideas and ideals." True prophets are always few and far between. Still, there have been several kinds of "rebirths" of

“old ideas and ideals” that bear on his argument. For one thing, Catholics, especially lay business leaders but also some theologians and even popes have adapted the Catholic tradition to the realities of living in a capitalist ethos without fully or overtly embracing its Protestant foundations, as Catholic ethicist Dennis McCann has argued, not unlike China, which has adopted a modified version of capitalism by fusing it with previously undeveloped elements from its Confucian past with newer adopted themes. His point is that Weber’s thesis was too exclusive and that other worldviews can, under certain conditions, generate a convergent or parallel ethos.⁴⁸ This is true although Weber ends his study and his study of the religions of China by drawing sharp contrasts between the ethical visions of Confucianism and Puritanism. Moreover, the noted British Methodist sociologist of religion, David Martin, has traced the rapid development and socioeconomic impact of the evangelically oriented Pentecostal movements in South America and to newer developments in Africa and East Asia.⁴⁹ These movements have generated a non-Calvinistic ascetic ethic that is driving many developments that parallel those of the Puritans. Weber himself linked *The Protestant Ethic* to his studies of other religions, cultures, and economic systems in his design of the series on the comparative sociology of religion. In that series, he wrote on the religions of China, soon to be followed by his book on the religions of India, and later by his book on Judaism. He never finished his projected work on Islam, but we shall take up his shorter references to it in other writings as well as to his references to Islam, Eastern Orthodox Christianity, and Marxism. All of these today now manifest something of a “rebirth of old ideas and ideals” which he did not live to see. We shall review some of the salient arguments in these works both as they were originally published and as we can now see how these traditions have been revived in recent decades, especially under the impact of globalization.

It is quite understandable that he would begin the comparative works with the study of Confucianism and Taoism in China, for many Enlightenment authors were fascinated with it as a possible model of a functioning civilization based upon a naturalistic cosmology and humanistic ethic which supported a rich culture and technical accomplishments that surpassed the West for centuries when Westerners thought that the foundations of the West were crumbling. China was a mostly agrarian society of peasant villages administered by a centrally governed vast empire that had acculturated many tribes, ethnic groups, and regions into a relatively integrated unity by demanding knowledge of the classics and mastery of the literary language for all officials. The administration was led on the ground by a bureaucracy of classically trained intellectual elite literati who were committed to maintaining a traditional society and preserving a stable, unified civilization that lived in harmony with an aesthetically viewed cosmos that included nature, heaven, human virtue, and family loyalty. Often noting certain parallels with the stratified medieval West, still Weber points out that on several grounds, China did not have some of the preconditions for developing a modern economy in place. For instance, many Western and Chinese towns formed around a garrison or palace had merchants, artisans, and enclaves for guilds. But none of these in China had gained an autonomous organization with civil law to which citizens swore allegiance. A city in China was a collection of villages, populated by extended families with

clan ties to their region of origin. Authority resided in the officials who were appointed to administer some regional or local level of the central government, collect taxes, and carry out imperial edicts. These two centers of authority overlapped for both were made basically inviolable by kinship loyalty, made sacred by “ancestor worship,” which was symbolically tied to the bureaucratized dynasties of the imperial state cult. Economic competition for wealth and status was intense between families and between the capable youth of families who could pay for their training in the classics so that they could take the exams that qualified them to become appointed officials in the stratified governing system. And while some Taoist centers, Confucian “schools” for the study of the classics, and later Buddhist monasteries were founded in historic China outside this system, they never were fully accepted into the dominant traditions and never won the right to exist as autocephalous institutions independent of regime or kinship bonds—as did congregations and church orders, free cities and universities or, later, political parties, professional associations, economic firms, and news media—all incorporated in the West. Thus the idea of autonomous corporations formed by voluntary agreements under universalistic principles discerned and accepted by members became known only as a recent foreign import.

Weber argues that while some of the preconditions for the development of a modern society and economy were present in Chinese history and culture, such as merchants, markets, coinage, a written language, and many highly advanced technical and craft skills, other aspects of the culture inhibited the possibility. Among these, according to Weber, were the popular shamanistic cults, which were powerful among the population. People worshiped the spirits of the earth and of folk heroes usually ritualized with offerings at temples or shrines tended by Taoist or Buddhist priests. Thus, paralleling the metaphysical, aesthetic, and moral cosmology of the Confucians was the enchanted world of the magical-mystical populist forces which demanded magically correct ministrations if heavenly, earthly, and social harmony was to be maintained. Indeed, the Literati and even the emperor had to recognize the power of these religious forces. Indeed, that was one of the chief functions of the emperor. Neither the popular nor the imperial religiosity generated a prophetic ethic which could judge or seek transformation of the “natural order of things.” Thus, there was little impetus to overcome naturalism and traditionalism. Even the marvelous technical achievements, which Joseph Needham has subsequently documented in multiple volumes,⁵⁰ such as massive irrigation and time-keeping devices, astronomy, medicine and pharmacology, and so on, are widely reputed to have been developed to better integrate the existing individual body into the cosmic order of things and the traditional social order, not to transform the world for the sake of a divine justice, to fulfill human potential, or to secure eternal salvation.

It has often been pointed out that the climax of Weber’s book on China is the final chapter which contrasts the ethos-shaping ideals, social psychology, and rationality of the typical Confucian with the Puritan. They represent not only two of the great visions of the world and of the purpose of life that have shaped great civilizations but also illustrate how a theological or a religiously held metaphysical-moral perspective

has consequences in social and economic history. One key element was their attitude toward the magical and mystical worldviews. The Confucian (and Taoist), as was mentioned, tolerated and partially embraced the shamanistic powers of ritual, whereas the Puritan (and the Protestant generally) repudiated all notions that the performance of sacramental rites could bring spiritual, moral, or social change. They saw such practices as merely externals which detracted from genuine faith—fear of, trust in, and gratitude for God’s law and mercy, which demanded ethical behavior in active engagement with the realities of history and the formation of new communities of the committed seeking to obey God’s will on earth. The Confucian’s idea of morality had to do with the cultivation of the virtues which were present in human nature and in natural human relationships. This contrasts with the Puritan, who felt a tension with the natural inclinations, social conventions, and traditional rituals of life, and felt a call to serve God, who was creator of and ruler over nature, to obey the divine commandments which surpassed all that natural impulses, conventions, and rituals could reveal. Instead, the Puritan knew a drive to become an agent of God’s will in history in a way that could point to a new heaven, a new earth, and the New Jerusalem—the promised vision of a complex civilization in which all is transformed for the healing of the nations. The gist of Weber’s argument is this:

Completely absent in the Confucian ethic was any tension between nature and deity, between ethical demand and ethical shortcoming, consciousness of sin and need for salvation, conduct on earth and compensation in the beyond, religious duty and socio-political reality. Hence there was no leverage for influencing conduct through inner forces freed of tradition and convention.⁵¹

In brief, what in Weber’s view traditional Catholicism ambiguously manifested in the West, Confucianism manifested unambiguously in the East—in contrast to Calvinism and Puritanism. To be sure, Weber knew of the Taiping civil war (in the 1850s), saw it as a heterodox Christian movement which had repudiated the magical elements of folk religion (as had Judaism and Calvinism in other settings), dominance by a ritualized imperial polity and the privileged status and ethic of the literati. They did this in the name of the “Heavenly King” and for the “Kingdom of Peace.” Indeed, he saw the elements in the movement that could have paralleled the Puritan movement—and even compared the revolutionary army that challenged the Qing Dynasty to that of Cromwell. He also saw the beginnings of a Chinese-Christian theology in the writings of the leader of the movement, Hung Hsiu-ch’uan, who identified himself as “the younger brother of Christ.” Of course, Weber did not live to see the long-term effects of the Christian missionary-inspired revolution as it was (positively) interpreted by Mao a century later, but he did note that the “fetters of sib and magic” were in principle broken by that social explosion. He could not have seen, however, that the heretical Christian movement of Marxism-Leninism led, after it failed in the Soviet Union, to a new kind of a party-led dynasty that would adopt a new form of “social market” corporations permitted by the state if often founded by families as independent “firms” in our time. This has been highly productive and now forms the second largest economy in the world—interestingly one in which a

massive conversion process to Christianity is also taking place both among the peasantry and increasingly among the urbanizing industrial classes.⁵²

Something of a similar story can be told about developments in India. The first few pages of Weber's book on Hinduism and Buddhism extends the defense of his thesis in *The Protestant Ethic* against those critics who say that modern capitalism is caused by material and sociological conditions not related to religion. Thus, he begins by pointing out some of the main structures or dynamics that were present in the classical East which parallel those found in pre-Reformation Europe. The land we now call India had many parts, most of which were involved in trade, foreign and domestic, with long traditions of credit and usury, a merchant class, periods of rationalistic enlightenment, extensive forms of political theorizing, disciplined armies, state contracting, rational science, mathematics ("the technical basis of all calculation"), developed handicrafts, occupational differentiation, and so on. If these individually or together are sufficient preconditions for generating a modern economy, surely it would have developed in India. Weber wrote: "Yet modern capitalism did not develop indigenously before or during the English rule. It was taken over as a finished artifact without autonomous beginnings. Here (therefore) we shall inquire as to the manner in which Indian religion, as one factor among many, may have prevented capitalistic development (in the occidental sense)."⁵³

In Weber's view, the chief inhibiting factor in India was the caste system. A caste (*varna* = "color") is a fixed status and occupational group, hierarchically arranged and governed, that represent a direct link between religious beliefs and endogamous gene-pool identity. By tradition there are five ranks of these castes with each of these ranks divided into many sub-castes (*jati*) with distinct "vocations," ritual practices, dietary and marriage restrictions, and social standing. At the top are the priests and gurus, second are the political rulers and warriors, next come the merchants and artisans, and fourth are the skilled laborers. The remaining ranks are outcastes and tribals, both outside Hindu society and held to be lower on the scales of ritual, social, and economic status. The whole social system is embedded in a twofold system: a system of land ownership (or, more generally, productive capital) and a metaphysical-moral system of purity/pollution, which grades the social cosmos, from the one Oversoul manifest in the gods above to the animals and plants and material reality below. Orthodox belief held that all living beings have a soul (*atma*) which is a fragment of the Universal Oversoul (*Brahma*) and may be reincarnated at a higher or lower level after their physical death, in a recurrent cycle of life accordingly as they fulfilled or failed to fulfill the duties of a life (its *dharma*) at its proper level. The goal of life is the development of the soul so that it can be purified and reunited with the Oversoul and leave materiality behind.⁵⁴

Weber viewed this wheel of rebirth, as one of the most rationally consistent systems of ethical reward and punishment ever designed. He also pointed out that it entailed an ethical pluralism (different duties for each caste or *jati*) in historical life with much less accent on the kind of "Laws of God" ethical universalism found in Christianity, Judaism, and Islam. The universalism it sought was more purely spiritual than social or ethical. It also differs from both the cosmocentric naturalism of the Confucian (and Taoist) purpose of attaining societal harmony with the earth and heaven.

Buddhism can be seen, in some ways, as the “Protestantism” of Indian religion, which accents the cultivation of an ascetic discipline of detached spiritual consciousness which induces the ability to experience the bliss of no-thing-ness. However, Robert Bellah was to argue in his *Tokugawa Religion* (1985), that Japan, deeply influenced by both Confucian imperial polity and some schools of Buddhist thought and Shinto, developed an economic ethic that roughly paralleled the Calvinistic ethos in a way that made it ready to adopt modern economic practices making it the pioneer of capitalism in the East. Still, the goal of life, possibly after centuries of rebirth at higher and higher levels of spiritual cultivation was to attain a consciousness of “The All.” More recently, partly following the model of Christian organizations, but with a distinct metaphysics, some Buddhist movements have developed forms of “activism” that are more favorable to engagement with social reform in political as well as economic areas.⁵⁵

There is, to be sure, stratification and a respect for spiritual wisdom in every society, but Hinduism (and Buddhism in remarkable degree) establishes an ontological system of vocational inequality and spiritual hierarchy with a mantle of spiritual wisdom that seldom accents economic development as a religious priority. In their classical forms these views rendered no prophets and thus no indigenous drive for social reform, technological revolution, modernization of the economy, democratization of the political order, or demanding universal human rights. And, Weber points out, none has appeared in India out of these traditions.

However, Weber did not live to see Gandhi’s movement which, for all his emphasis on nationalist rule and Hindu metaphysics, also advocated the interfaith cooperation of Hindus with Buddhist, Islamic, Marxist, and Christian activists who would join in new movements to advance what Weber doubted could occur. Gandhi represented a “rebirth of old ideas and ideals,” which included a reactionary economic policy, symbolized by his spinning wheel, and a Hindu Nationalist movement that spawned a militant who killed him. Still, it generated a drive for human rights and constitutional democracy plus the rise of new prophetic voices in Dalit populations, which prompted numerous excluded tribals and outcastes to convert to one or another of these imported religio-cultural movements, especially Christian and democratic-socialist. Thus, Independent India adopted value patterns and modernizing techniques from the West. It established the largest constitutional democracy in the world with multiple parties requiring interfaith and inter-caste cooperation and officially abolished outcaste status. At first basically socialist in design postcolonial India has increasingly turned to a substantially deregulated, market and corporation-organized, high-tech economy that is pulling its millions out of poverty as is contemporary China. Here too we can see practical developments of a peculiarly Indian culture modulated by principles and purposes that derive from sources beyond itself, the impetus for which is rooted in theological insights that we find first in the Hebraic tradition.⁵⁶

The third work in Weber’s studies on the sociology of the world religions is on *Ancient Judaism*, written explicitly to discover the base differences between Oriental and Occidental religiosity and the grounds of their respective socioeconomic influences. Unlike the ideal of the Confucian gentleman literati or the faithful Hindu caste

member, the Jew, the Puritan Christian, and, indeed, major strands of Islam and modern humanism are characterized by an active, this-worldly asceticism which calls humans to become an instrument of the divine in human history throughout the course of their lives.

The early Chinese, Indian, and Palestinian histories were all rooted in tribal or clan organizations, often engaging in conflicts and struggles for land with various war lords and dynastic empires rising and falling, each with its own deities and with various “holy men” or shamans seeing visions, reporting miracles, and doing magic to seek the favor of the spiritual powers. But rather than the subduing and socializing ethnic groups into a relatively unified culture of peasants and workers governed by the ruling dynasties and the literati functionaries of the Han people who enacted the sacred rituals of cosmic order as in China; and rather than the stacking of ethnic groups into spiritually graded occupational, status, wealth, and opportunity hierarchy of spiritual consciousness, as did the priests of India, supported by the hereditary kings, the elders of the ancient tribes of Palestine formed a confederacy by oath-taking mutual consent to a God-initiated “covenant”—an agreement among the tribal peoples on commonly recognized laws of justice which they saw as given by the one sovereign, ethical God. This God was held to be the creator of the universe and the source of all wisdom (which meant that neither nature nor human natural consciousness could be the ultimate authority). The Creator was also the Lord of history, which meant that dynamic development was part of a providential plan and conducive to a holy life. Thus, this God, the source and norm of life, was thought to defend the people when under attack as the God of war, to free them from slavery when they were oppressed, to lead them in the wildernesses, to guide them as they formed a new people when they were as a scattered flock, and to settle them in a promised land. Thus, they turned a personal, transcendent reality whom they thought had revealed Himself in the events of history whose meaning was to be interpreted by inspired prophets, faithful priests, righteous kings and wise sages who called the whole people to be witnesses to His deeds and agents of his purposes and laws before all nations. The ancient, tribal war god became the God of righteousness. Indeed, the prophetic dimension of this faith expected a messianic savior and a new covenant, motifs taken up and transformed by the Jesus movement and developed in distinctive ways by the Eastern Orthodox, Roman Catholic, and the Protestant traditions and in secularized form by the liberal and radical Enlightenment. In fact, these developments rebounded on Judaism and stamped modern forms of it with Protestant—and Enlightenment—style ethical attitudes toward education culture, democracy, the vocation of the professions, human rights and “the spirit of capitalism.” Weber believed that these are themes that turned out to be key sources of the ethos that was so fateful for Western civilization.

This overview of Weber’s sociology of the world religions is necessarily a condensed interpretation due to the fact I have suggested developments beyond those that Weber traced and due to the fact that Weber himself never completed his projected plan to treat Islam, Eastern Orthodoxy, Roman Catholicism, and modern secular humanism as well as the three volumes just summarized. He did, however, make scattered references to these other traditions which allow us to note, if briefly, his direction of thought on these

religious worldviews. We can do so by gleaning some revealing themes from the superb essays in *Weber on Islam* edited by Huff and Schluchter and from the translations and commentaries on some of Weber's other writings.⁵⁷

Islam shares much of the ancient tribal background of the Mid-East traced in his volume on Judaism. We have also seen the importance of "familism" in China and "caste" in India, both rooted in metaphysically validated kinship relations, which never quite shed what Weber held to be the "fetters of sib." Neither did Judaism, although they are compromised in the ancient world by a covenantal alliance to which the prophets witnessed, calling the newly constituted people to a vocation to be witnesses to the laws and purposes of God before all the nations, not only for the Jews. In Islam, the tribalism became covered over by the way it drew the tribes into a military coalition that sought to conquer the world and establish an Islamic Caliphate, the dream of which has been renewed by contemporary militants. To be sure, there were great dynasties in China, maharajas in India, pharos in Egypt, soter-conquerors in Greece, Caesars in Rome, Tsars in Russia, and Holy Roman Emperors in Western Europe claiming to be divinely legitimated rulers to which the world should pay homage. The situation was similar in the Arabic world in which Islam arose when Mohammed was taken to be the final prophet of the one God's true message for humanity, correcting and completing what was held by Jews and Christians. Mohammed was not only held to be a religious prophet, he was commander in chief of the army, judge in legal conflicts, wily and wealthy merchant, patriarch of a harem, and exemplary model of virtue. The reins of all sectors of society ran to his hands (and later to his successors Caliphs). His rulings became the basis of the legal code (Shari'a), interpreted in accord with the recited revelations (Qur'an), on one side, and the "Sayings" (Hadith), on the other. In spite of differences about who the successors should be, which brought about the split between the Sunni and Shi'a wings of the faith, and between differing schools of jurisprudence, the radical monotheism of Islam united the warring tribes into a powerful military force which conquered the world by (jihad) from Afghanistan to Morocco within two centuries, and from Indonesia to Spain and Vienna later on. Weber argued that the purpose of jihad was not conversion, but to establish an Islamic control of the world's societies. Thus, in a sense, Islam is as much a political-legal and military movement as a religious one, and it is held that the latter supports the former and the former the latter. Wolfgang Schluchter, one of the premier interpreters of Weber writes of these matters:

For Weber, universal history dissolves into a plurality of developmental histories in and between civilizations. However, this plurality does not imply that the dimensions one chooses for their reconstruction are arbitrary. The recourse to organizational forms, especially to economic ones, is never sufficient, for these are only some of the important elements shaping conduct. Other important elements are normatively based conceptions of duty.⁵⁸

Thus, Schluchter goes on to argue, while Weber recognized that although Islam shared common roots with Judaism and Christianity, and developed a high civilization engaged in extensive trade during the Middle Ages, it did not develop those independent

institutions and dynamic processes, such as a free citizenry with guaranteed rights, non-familial and non-political firms, or a constitutionally limited regime able to engender a productive industrial capitalism. To be sure, multiple schools of jurisprudence were developed, Sufi bands were formed, and Islamic Brotherhoods were formed though their autonomy was severely limited and often suspect. Such structural factors, which Huff illuminates quite clearly, are not enough to explain why they did not develop the independent institutions. Also necessary are the “value elements” which work their way through the minds and hearts of the people who live in these structures. And these, as Schluchter argues, drove the prophetic impulses of Islam in another direction and nurtured another system of life, an ethic for warriors—one characterized, as Weber suggested, toward military-political-legal domination, not to economic development.⁵⁹ The theological logic worked like this, compared to the Protestant Ethic, a consequential difference exists between predestination (as the biblical and Calvinist traditions had it) and predetermination (as the Islamic traditions had it). One led believers to seek evidence of the possibility that one may be “saved” by God’s inscrutable will and /forgiving grace. There is no final certainty in this life, although the possibility could be signaled by success brought about by the diligent, peaceful living out of the vocation to which one is called by engaging successfully in rationally organized, peaceful production in a way that creates goods, services, and wealth to be reinvested for further rationally organized, peaceful production in the future. The other, by contrast, can lead to a fatalism (*kismet*) about when one is to meet death and about the prospects after death. Thus, a warrior’s death while fighting the enemies of an Islamic Regime is believed to be predetermined and rewarded by an immediate entrance into paradise. The difference in the life orientation of the individual believer is compounded if either ideal becomes the reigning ethos of an entire culture. (It is plausible to argue that some of the Christian Crusades and the Jewish Zionists adopted an ethic somewhat akin to this logic and took their logic from a fundamentalist reading of their scriptures.) Of course, there are other elements in Islamic and Calvinist traditions, many of which overlap and provide possible bases for dialogue and mutual regard; but this theological difference seems to have been terribly important for Weber’s central argument, and it remains an issue for how we read current developments in the world today.

Indeed, Weber’s remarks near the end of *The Protestant Ethic* about a “possible rise of entirely new prophets” as well as a “great rebirth of old ideas and ideals,” beyond the biblical and Qur’anic ones, seem prescient. And we should note that he also asked what could and should we do if we have to face not only a “rebirth” of the old “gods,” but a secularized demystification of all religion and theology that could also be on the horizon. Should that happen, as he expected, then we would have to work out “the content of practical social ethics . . . for the types of organization and function of social groups from the conventicle to the State. Thus its relations to humanistic rationalism, its ideals of life and cultural influence; further to the development of philosophical and scientific empiricism, to technical development *and to spiritual ideals* would have to be analyzed,” as mentioned earlier (emphasis added).

In fact, the secularism that Weber speculated about was already afoot in the nineteenth century, especially among academics, and became dominant in the twentieth in several forms. But it turned out that many of these developments were not all that secular. They are all driven, as Weber suggests, by “spiritual ideals” but now disconnected from any idea of a sovereign and living God, of a universal moral law and of a master narrative that promised a transcendent destiny. One is the neo-pagan view of the Nazis, celebrating a mystical attachment of a people to “Blood and Homeland.” This ideal was basically defeated in World War II, but this kind of totemistic idolatry lurks still in racist and nationalist loyalties in many places. Another is the overtly anti-religious forms of communism, which read history as a “scientific treatment” of a salvific drama of class warfare which was supposed to lead to a perfect classless society by a worldwide revolutionary triumph of the “oppressed” classes over the “oppressing” capitalists. Here we see the spirit of class warfare, with the victim class seen as the self-evident savior of humanity. Although many have seen Marx as the new prophet in this mold, Weber held a mixed view of Marx’s legacy. He acknowledged the importance of material interests and class conflict in social history, but he doubted that they had the determinative power that Marx attributed to them. Rather, such a view became most powerful only when it was projected as an ideological master narrative onto every social conflict or historical development. Indeed, in his comments on Marxism in his essays on *The Russian Revolutions*,⁶⁰ he saw the creation of a “secular religion”—a comprehensive ideology, religiously held, that promised salvation for peasants and workers from the exploitive evil forces of the emerging capitalist world. It consisted of a romantic view of primal communitarian life tied to echoes of the revolutionary Jacobinism of the French Revolution, which in Russia became infused with the ideals residual in the Caesaro-papist theology of the Tsar. As Weber suspected, it, like Fascism, would lead to a highly authoritarian, centralized, bureaucratic “state capitalism” that he thought could not work in the long run. It is no accident, as Marx used to say, that Weber’s essays began with his analysis of the unsuccessful uprisings in 1905, just as Weber was publishing his essays on *The Protestant Ethic*, and culminated in the year of the Russian Revolution 1917, when Weber was finishing his series on the world religions and involved in the debates about forming a German Republic (at Weimar). During that period, he wrote the notable essay, “Bourgeois Democracy in Russia,” and when the Tsar abdicated, Weber published several articles on “Russia’s Transition to Pseudo-Constitutionalism.”⁶¹ Among other things, he argues that none of the social preconditions or theological bases for a peaceful change to a viable social and economic system were present in either the traditional or the revolutionary options. Although the latter brought with it positive attitudes toward scientific and technological capabilities, the lack of a transcendent reference in Marx’s thought, he said, would not liberate Russia, but further preserve the serfdom of the people. Indeed, we can now see that it would bring about a more oppressive “iron curtain” than the “iron cage” that he said characterized the post-theological form of bourgeois capitalism. Again, however, he did not see the more recent developments along the lines he was tracing.

The old tradition of political economy has had a rebirth in what critics call “Neoliberalism,” a religion-like conviction among some that free-market capitalism can save the world from want and conflict by economic development, without any appeal to religion, theological belief, or ethical principles outside the operations of economics laws themselves. Robert H. Nelson, however, has convincingly shown in two major volumes that the presuppositions of the economists who advocated this view are not really secular. Their basic assumptions are laden with elements that are only comprehensible if they are seen as secular paraphrases of Christian theological motifs: creation, fall into sin, conversion by a revolutionary event which promises salvation—all translated into inner historical phenomena and articulated in humanist or naturalist terms, set forth with little more overt reference to any transcendent bases than can be found in Marxism. In short, he argues in *Reaching for Heaven on Earth*⁶² and *Economics as Religion*⁶³ that the deep presuppositions of mainline economic scholarship are rooted in Christian doctrines but have scuttled any overt references to religion, vocation, covenant, and stewardship as found in the biblical theological traditions, while functionally preserving them in many of their convictions. What are we to make of this? Thus, the modern dominant mode of economic thought is something that Weber anticipated but did not develop, but it is not clear whether the theological tradition discovered something valid that was later discovered by other disciplines, whether Western economists were so deeply enculturated that the channels of their minds ran in older grooves that they thought they were leaving behind or whether genuinely new truths were discovered that could only be grasped by the general public if it spoke in almost recognizable conventional forms. It is a version of “secular religion” or “Calvinism without God” as Nelson names this.

Furthermore, Nelson has recently argued that we have seen in the last few decades the birth of another version of “secular religion”—environmentalism. This too can be traced from Puritan influences through its quasi-religious form in philosophical Transcendentalism to current advocates of the ecology movement in which humans as corrupt sinners inviting the wrath of Mother Nature needing the Green movement to save the world. This view is in contention with the dominant economist’s view in many regards, but it also has strong traces of theological presuppositions. Thus, he sees our contemporary situation as one of deep theological conflict, signaled by his title: *The New Holy Wars: Economic Religion vs Environmental Religion*.⁶⁴ Weber could not have foreseen this development, but in fact his work opened the door to the argument that the West generally and the United States particularly is being intellectually guided by a clash of “secular religiosities” that are less post-Christian than they think.

If these perspectives are confirmed by subsequent research, the implications are vast. We may be at the end of the “age of ideology” if we mean by that fascism and communism; but it does not appear that we have come to the end of religious worldviews and their influence in modern economics or ecology. Indeed, the vibrancy of the resurgence of religion and the failures of the modern economic system without it to supply meaning and the incapacity of economics as a science to supply the moral fiber necessary

for responsible stewardship by business and financial leaders suggests that economics needs theology.

IV. FINAL BRIEF ASSESSMENTS OF WEBER ON THEOLOGY AND ECONOMICS

Given this overview of Weber's famous hypothesis about the place of religions and even of theology in shaping the social and cultural ethos in which they become dominant, how shall we assess his argument? I think it is clear that he needs to be taken more seriously than is usually the case among both theologians and economists, in spite of the fact that some of the data he had at hand was incomplete, some of the judgments were mistaken, some of his conclusions unwarranted, and some subsequent developments have outrun his arguments. Still, more than most celebrants and critics of contemporary economic systems, he has seen more deeply than just about anyone else and, I think, was posing the right questions: Is the fabric of our economic lives embedded in a multitude of social forces that are often outside the perspective of our economic models yet determinative for our economic future? Or to put it another way, must it be said that economics is not and cannot be an autonomous discipline? And if so, are the various spheres of social life themselves embedded in metaphysical and moral perspectives that shape and guide, enhance or inhibit them? Weber and no small but growing number of "Weberians" and Weber-influenced economists and social scientists think that the answer to these questions is "yes," although they are, for the most part, more generally open to recognizing the influence of religion than of theology, although it is likely that the deeper study of religious belief and action will drive the investigator to theological questions. To be sure, some economists are at least in dialogue with other social scientists and cultural analysts and are seeking ways to include recognition of religious factors that are ordinarily left out of consideration in the substance of their work. Here we must recognize that there are disciplinary "rules of the game" that such efforts tend to bend if not break, for every academic guild is inclined to have boundaries on the kinds of evidence and reasoning it recognizes as acceptable. Even more, business managers, labor leaders, politicians, and journalists tend to isolate economic issues from these wider considerations because simplified views appear to require simplified responses. Still, if the "yes" answer proves to be more capable of interpreting what is going on in social history, those boundaries might have to be renegotiated and it is the responsibility of the professional economists and other leaders of public opinion on socioeconomic matters to grind a wider lens to read it and possibly to reform or redirect that social history.

The issues for theology are more difficult, in part, because some dimensions of theology are not subject to empirical confirmation or disconfirmation. If Weber has shown that religions make a difference as conscience, society, and economy shaping

phenomena, and has convinced serious scholars that it is worthwhile to investigate how particular theologies have pervasive consequences when they are held to be true, as I believe to be the case, it is not clear that we can say, on that basis, that the truth of that theology is shown and that the moral value of those consequences is confirmed. That is because divergent theologies may have similar consequences under certain conditions. Theologies are complex systems of conviction, interpretations of cosmic dynamics, historical experience, symbolic or poetic paradigms, and philosophical thought. They change under the influence of internal development, external exposure to other religions or cultures shaped by other religions, or by adopting and adapting social patterns of thought or organization (e.g., technology or corporations) into societies that did not generate them. New questions are posed that require nuanced rethinking, and use of metaphorical and analytical thought, and the constant reform of its social and cultural expressions patterns if it is to be pertinent as well as faithful to the task of sustaining the constituting “truths” of the faith in question. Of course, those who are seekers or believers will attempt to conform or bend their thoughts and actions in the direction of the official theology of the faith that attracts them; but it is also the case that they will attempt to conform or bend that same theology and its ethics to the life circumstances in which they live. If one sees some sort of divine plan in the dynamics of history, it is perhaps less a selling out to the culture than it is a recognition of the incarnation of the faith in the realities of human societies. The basic truths that we find in the religion we seek to follow may stand in judgment not only of our efforts to make it work for us, but over the entire human condition. Thus the consequent tension that we experience when we see this clearly is what makes religion necessary in the first place. Perhaps humanity needs a theology thick enough to deal with this fact. That is what I believe Weber thought he found in the Calvinist and Puritan traditions. But the histories of Calvinism and Puritanism were not unchanging—as the other traditions Weber treated were not. Thus, I have tried to sketch how Weber viewed them and beyond, suggesting that a Confucian-informed Christianity and a Christian-informed Confucianism or Hindu-informed Christianity or a Christian-informed Hinduism, a humanism-informed Christianity or a Christian-informed Humanism may seem no more strange to theology than is a Greek Orthodox Christian theology, a Roman Catholic Christian theology, and a Pentecostal Protestant Christian theology. In fact these are developing very rapidly today. Whether a Muslim-informed Christianity is possible is yet to be determined.

I think the survey we have completed above invites us to think through again whether the social scientific study of religious influences on economic life can continue to make any difference if it neglects theology. I think not; but I also think most contemporary theology is not up to the task that is required in our global age. But Weber, as much as any other thinker, has cut a path that this and the next generation need to pursue and expand.

Thus, I end these observations and reflections with a set of questions for the next generations. Can the modern economic system with its spiritual core hollowed out be reformed and made sustainable on the basis of material interests alone? If it cannot, can the traditions that derive from the theological heritage be rethought in dialogue and

debate with the world's religions as well as social scientists and ecologists, and supply the now global ethos with a broad and deep enough worldview to correct its deficiencies? If that is possible, it will surely have to draw deeply from one of its best features: Reformed theology has long held that it and the churches that carry its message to the world are "always reforming and always in need of reform."⁶⁵

NOTES

1. W. H. Graf, "The German Theological Sources and Protestant Church Politics," in *Weber's Protestant Ethic: Origins, Evidence, Contexts*, ed. H. Lehmann and G. Roth (New York: Cambridge University Press, 1993), 27–50.
2. See R. Swedberg, *Max Weber and the Idea of Economic Sociology* (Princeton, NJ: Princeton University Press, 1998).
3. G. Roth, "Introduction," ed. H. Lehmann and G. Roth, 1–26, and "Weber the Would-Be Englishman," ed. H. Lehmann and G. Roth, 83–122.
4. Marianne Weber, *Max Weber: Ein Lebensbild* (Tubingen, 1926).
5. M. Weber, *The Protestant Ethic and the Spirit of Capitalism*, tr. by Talcott Parsons (New York: Charles Scribner's Sons, 1958).
6. M. Weber, *The Religion of China: Confucianism and Taoism*, tr. and ed. by H. H. Gerth (New York: Free Press, 1951).
7. M. Weber, *The Religion of India and The Sociology of Hinduism and Buddhism*, tr. and ed. by H. H. Gerth and D. Martindale (New York: Free Press, 1958).
8. M. Weber, *Ancient Judaism*, tr. and ed. by H. H. Gerth and D. Martindale (New York: Free Press, 1952).
9. J. J. Ballor, *Ecumenical Babel: confusing Economic Ideology and the Church's Social Witness* (Grand Rapids, MI: Christian's Library Press, 2010).
10. See M. L. Stackhouse, D. McCann, and S. Roels, eds., *On Moral Business: Classical and Contemporary Resources on Ethics and Economic Life* (Grand Rapids, MI: Wm. Eerdmans Publishers, 1995).
11. More recent Catholic scholars continue the Catholic dispute about Weber. For instance, the noted Princeton historian of economics Jacob Viner defends a more plausible Catholic critique of Weber's view and suggests that Weber actually argues for a view that confirms a "leftist" critique of capitalism. See his *Religious Thought and Economic Society*, edited by J. Melitz and D. Winch (Durham, NC: Duke University Press, 1978). While noted Catholic author at the American Enterprise Institute, Michael Novak, even more recently argues that since contemporary Protestantism has increasingly turned left with its adoption of "liberationist" postures and abandoning the ethical foundations of capitalism, the teachings of Pope John Paul II about the perils of socialism and communism can be taken to encourage Catholic business leaders to take on the moral and spiritual task of realistically guiding the modern economy. See his *The Catholic Ethic and the Spirit of Capitalism* (New York: Free Press, 1993). And, in 2009 Pope Benedict XVI issued the new encyclical, *Caritas in Veritate*, which articulates an economic ethic for a capitalist world.
12. E. Troeltsch, *Protestantism and Progress: A Historical Study of the Relationship of Protestantism to the Modern World*, tr. by W. Montgomery, 1912 (Boston: Beacon Press, 1958).

13. K. Marx, "On the Jewish Question" (1843), *The Marx-Engels Reader*, ed. R.C. Tucker (New York: W. W. Norton & Co., 1972).
14. W. Sombart, *The Jews and Modern Capitalism* (1911), tr. M. Epstein (Kirchener: Batoche Books, 2001).
15. M. Weber, *Economy and Society*, tr. E. Fishoff et al., ed. G. Roth and C. Wittich (New York: Bedminster Press, 1968), 611–35.
16. Benjamin Nelson, *The Idea of Usury: From Tribal Brotherhood to Universal Otherhood* (Chicago: University of Chicago Press, 1969).
17. R. H. Tawney, *Religion and the Rise of Capitalism* (London: Oxford University Press, 1922).
18. Daniel Elazar, *The Covenant in Politics*, 4 vols. (New Brunswick, NJ: Transaction Press, 1995–2004). See also the older collection of primary documents by E. S. P. Woodhouse, *Puritanism and Liberty* (Chicago: Chicago University Press, 1938).
19. See Graff, note 1 above.
20. Hugh Trevor-Roper, *The Crisis of the Seventeenth Century: Religion, Reformation and Social Change* (Indianapolis: Liberty Fund, 1999).
21. The accuracy of that translation at a number of critical points has been disputed by Stephen Kalberg, *The Protestant Ethic and the Spirit of Capitalism with Other Writings on the Rise of the West* (New York: Oxford University Press, 2009). Parsons, who was one of my teachers, has been defended in several writings, but my interpretation of some portions of *The Protestant Ethic* has been informed by Kalberg.
22. Talcott Parsons, *The Structure of Social Action* (Glencoe, IL: Free Press, 1949), Part III.
23. See David Landes, *The Wealth and Poverty of Nations: Why Some are so Rich and Some so Poor* (New York: Norton, 1998); Benjamin Friedman, *The Moral Consequences of Economic Growth* (New York: Alfred Knopf, 2005); Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World* (New York: Princeton University Press, 2007); and Robert H. Nelson, "Max Weber Revisited," in Ilkka Pyysiainen, ed., *Religion, Economy and Evolution* (Berlin: Mouton de Gruyter, 2010). Each documents the positive effects in human well-being in those areas of the world influenced by the ethos generated by the Protestant Ethic. This is not the place to review that data, but it is widely available.
24. Colin Campbell, *The Romantic Ethic and the Spirit of Modern Consumerism*, rev. ed. (Cambridge, MA: Basil Blackwell, 2005).
25. Mark Valeri, *Heavenly Merchandise: How Religion Shaped Commerce in Puritan America* (New York: Princeton University Press, 2010).
26. Stewart Davenport, *Friends of the Unrighteous Mammon: Northern Christianity and Market Capitalism* (Chicago: Chicago University Press, 2008).
27. Bethany Moreton, *To Serve God and Walmart: The Making of Christian Free-Enterprise* (Cambridge, MA: Harvard University Press, 2009).
28. Nelson Lichtenstein, *The Retail Revolution: How Wal-Mart Created the New World of Business* (New York: Picador, 2010).
29. Samuelson, K. (1961) *Religion and Economic Action*. Scandinavian University Press.
30. Peter Berger, *The Capitalist Revolution: Fifty Propositions about Prosperity, Equality and Liberty* (New York: Basic Books, 1988).
31. Peter Berger, et al., *The Desecularization of the World* (Grand Rapids, MI: Wm. B. Eerdmans, 1999).
32. Lawrence Harrison and Samuel Huntington, *Culture Matters: How Values Shape Human Progress* (New York: Basic Books, 2001).
33. Max Weber, *General Economic History*, tr. Frank H. Knight (New York: Collier Books, 1961).

34. Max Weber, "The City," Chapter XVI, *Economy and Society* (New York: Bedminster Press, 1968), 1212–1375.
35. Weber, *The Protestant Ethic*, 19 f.
36. *Ibid.*, 17.
37. "The City," *Economy and Society*, ed. G. Roth and C. Wittich (New York: Bedminster Press, 1968), 3:1212–1374.
38. See *Economy and Society*, 2:439–64.
39. See, for example, Harold Berman, *Law and Revolution: The Formation of the Western Legal Tradition* (Cambridge, MA: Harvard University Press, 1983); his *Law and Revolution: The Impact of the Protestant Reformation on the Western Legal Tradition* (Cambridge, MA: Harvard University Press, 2003), especially 341ff.; and my *Public Theology and Political Economy: Christian Stewardship in Modern Society* (Grand Rapids, MI: Wm. B. Eerdmans Publishers, 1987), especially ch. 7.
40. James Skillen, *Prospects and Ambiguities of Globalization: Critical Assessment at a Time of Growing Turmoil* (Lanham, MD: Lexington Books, 2009).
41. Robert Merton, *Science, Technology and Society in Seventeenth-Century England* (1938, reprinted and expanded New York: Howard Fertig, 2002).
42. Toby E. Huff, *The Rise of Early Modern Science* (New York: Cambridge University Press, 1993).
43. Robert Noble, *The Religion of Technology: The Divinity of Man and the Spirit of Invention* (Cambridge, MA: MIT Press, 1995).
44. *The Protestant Ethic*, 181.
45. *Ibid.*, 182.
46. *Ibid.*, 182.
47. *Ibid.*, 181.
48. D. McCann, "Reforming Wisdom from the East," in *Christian Social Ethics in a Global Era*, ed. Max L. Stackhouse (Nashville, TN: Abingdon Press, 1995).
49. David Martin, *Tongues of Fire* (London: Wiley-Blackwell, 1993); and *Pentecostalism* (London: Wiley-Blackwell, 2008).
50. Joseph Needham, *Science and Civilization in China* (London: Cambridge University Press, 1959–). See Simon Winchester's *The Man Who Loved China* (the story of Needham's life and work) (New York: HarperCollins Publishers, 2008).
51. *The Religion of China*, 35–36.
52. See Chen Confu, *Christianity in Transformation: A Case Study of Christian Development in Zhejiang Province* (Shanghai: Scholars Press, 2005), especially 135–202; and David Aikman, *Jesus in Beijing: How Christianity Is Transforming China and Changing the Global Balance of Power* (Chicago: Regnery Publishing, Inc., 2003).
53. *The Religion of India*, 3–4.
54. See Luis Dumont, *Homo Hierarchicus: The Caste System and Its Implications*, tr. G. Weidenfeld (Chicago: University of Chicago Press, 1970). This "classic" treatment of caste confirms much of Weber's analysis, but also claims that this Hindu system is closer to human nature than the "egalitarian society" which has been the dream of the modern West in general and of Weber in particular with its focus on the individual as the basic social, political, and economic unit instead of the organic "wholism" which he sees in the Indian traditions.
55. See Christopher Queen, et al., eds., *Engaged Buddhism: Buddhist Liberation Movements in Asia* (Albany, NY: State University of New York Press, 1996); and Christopher Queen, ed., *Engaged Buddhism in the West* (Somerville, MA: Wisdom Press, 2000).

56. See Max L. Stackhouse, *Creeds, Society and Human Rights* (Grand Rapids, MI: Wm. Eerdmans Publishers, 1984).
57. Toby E. Huff and Wolfgang Schluchter, eds., *Max Weber on Islam* (New Brunswick, NJ: Transaction Press, 1999). Compare, Bryan Turner, *Weber and Islam* (London: Routledge, 1974) and Toby E. Huff, *The Rise of Early Modern Science: Islam, China and the West* (New York: Cambridge University Press, 1993).
58. *Max Weber on Islam*, 57.
59. W. Schluchter, "Hindrances to Modernity," in *Max Weber on Islam*, 75–101.
60. G. C. Wells and P. Baehr, trs. and eds., *The Russian Revolutions* (Ithaca, NY: Cornell University Press, 1995).
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62. Robert H. Nelson, *Reaching for Heaven on Earth: The Theological Meaning of Economics* (Lanham, MD: Rowan and Littlefield, 1991).
63. Robert H. Nelson, *Economics as Religion: From Samuelson to Chicago and Beyond* (University Park, PA: Pennsylvania State University Press, 2001).
64. Robert H. Nelson, *The New Holy Wars: Economic Religion vs. Environmental Religion in Contemporary America* (University Park, PA: Pennsylvania State University Press, 2010).
65. My thanks to Robert Nelson, Stephen Healey, Shirley Roels, and David Miller for their very helpful comments on an earlier draft of this essay.

CHAPTER 18

ECONOMIC RELIGION AND ENVIRONMENTAL RELIGION

ROBERT H. NELSON

OVER the course of the twentieth century, historians increasingly recognized that modern systems of secular thought were not as novel as they had once seemed (Lowith 1957). The core beliefs of the Enlightenment included large elements of Christianity, if now partially disguised. Marxism in retrospect drew heavily on Christian religion, involving an original happy harmony with nature (a new Garden of Eden), a moment of the fall (the beginning of economic surplus and the class struggle), a resulting corrupted condition of human existence (a state of human alienation), an all-controlling set of economic laws (an omnipotent god), a cataclysmic clash between the capitalist and working classes (an apocalypse), and the arrival at a communist paradise (a new heaven on earth).

Marxism was only one of many “economic religions” of the modern age, including the beliefs of the economic mainstream of the second half of the twentieth century (Nelson 2001). While they often had much different economic prescriptions, all economic religions shared the conviction that economic progress—however it might best be achieved—would save the world. The foundational premise was that external factors in the environment shape the individual, these factors are predominantly economic, and thus by perfecting economic outcomes it will be possible to perfect the individual and society as well. Economic religions provided the theological justification—and thus the religious legitimacy—for the rise of the modern welfare and regulatory state.

In the last several decades of the twentieth century, however, economic religion was increasingly challenged by a new secular faith, “environmental religion” (Dunlap 2004). Indeed, the clash between these two forms of secular religion might be described as “the new holy wars,” the most important religious controversy in the public arena of recent times, the results doing much to shape environmental and natural resource policies around the world (Nelson 2010b). Large numbers of people who in earlier times would have dedicated their energies to the economic progress of the world now turned instead

to protecting nature from what they saw as the damaging—indeed immoral—consequences of the headlong pursuit of economic growth and development.

As Max Weber forcefully argued, Protestantism and especially Calvinism contributed significantly to the rise of capitalism and modern economic growth. While there has been much debate, on the whole, the Weber thesis holds up well one hundred years later (see Nelson 2010a—and Stackhouse’s chapter in this volume). It was not, however, because Calvin or his followers intended this result. Indeed, they would have been shocked and appalled if they could have ever known that Calvinist religion would be a key contributing factor in the creation of modern capitalist society. Instead of obeying God’s commands, modern men and women increasingly pursued their own pleasures and selfish interests. Instead of worshipping God, they increasingly worshipped scientific and economic progress.

The historical successors to the Calvinist religions of old today bear little relationship to the original versions of Calvinism four hundred years ago. Congregationalism in the seventeenth century was the official church of Puritan Massachusetts, but the present-day Congregational Church in the United States (now part of the United Church of Christ) is simply another mainstream liberal religion that rejects much—probably most—of what Calvin taught. This does not mean, however, that Calvinism has disappeared altogether. Ironically, it has reappeared in a new disguised form, contemporary environmentalism. For environmental religion, as it would have been for Calvin, the modern worship of rapid economic growth is a false religion, resulting in the wanton destruction of much of God’s good creation. Depraved human beings, as Calvin also saw the human condition, have spread their sinful behavior across the earth. Indeed, they threaten to become a new “cancer of the earth,” as some leading environmentalists have in fact labeled the explosive population growth and other pervasive modern impacts on the natural world.

Those who worship false gods, as the Bible tells us, will incur the wrath and the severe punishment of God. In the Old Testament the punishment usually takes the form of a great flood, famine, disease, pestilence, earthquake, or other natural calamity. It is no coincidence that contemporary environmentalism foresees virtually the same environmental disasters. Environmental forebodings of doom today represent a secularization of the terrible justice of God as found in the Old Testament. Much of the great attraction of environmentalism has been the ostensibly scientific character of such beliefs, even as they have actually restored key elements of the Calvinism of old to the contemporary public stage. As did the original version, the environmental Calvinism of today again condemns the excesses of human pride and the pervasive substitution of human purposes and methods in place of the true God.

For economic religion, the world of nature is seen as a “natural resource.” Nature is to be put to good use by human beings as an instrument of economic progress. The progressive management philosophy for the public lands in the United States, for example, was long known as “multiple use” management (Nelson 1995). In environmental religion, by contrast, nature is seen as having “intrinsic value.” Human beings have a fundamental ethical obligation to protect and preserve nature that transcends any economic or other such “anthropocentric” concerns. Again, the implicit message is that nature is God’s creation and that human beings must respect God’s wishes—and not simply

follow their own selfish economic motives—in the use and treatment of nature. There is no greater sin than for human beings to seek to “play God” with the world, as they have increasingly done for the past three hundred years.

I. ENVIRONMENTALISM AND PROTESTANTISM

Many environmentalists today do not believe in a Christian God and do not know a great deal about Christian theology. Thus, they will probably be surprised to hear that the goal of “nature untouched by human hand,” as commonly described in contemporary environmental writings, is a secularization of “the Creation” as related in the Bible in Genesis. For Christians, there is, moreover, a reason why it is so essential to protect and preserve nature in its original unaltered state. God at the Creation made the world according to a design of His own. Thus, the natural order of the world, insofar as it is unchanged by human actions, can serve as a conduit to the thinking of God. God is not literally in nature which would be the heresy of pantheism. But unaltered nature is, as it were, a mirror or reflection of the mind of God.

In Christian theology, there are only two such avenues of direct access to the mind of God. One is the Book of the Scriptures and the other is the Book of Nature. The importance of reading the Book of Nature is found throughout Christian theology but is especially emphasized in Protestant religion—which emphasizes the necessity of learning about God only by direct forms of divine communication. In the Roman Catholic Church, another main way of learning about God is from the authoritative teachings of the Church itself, as they have been developed and refined over many centuries through its own internal workings. The Pope is inspired by God and the wider religious message of the Catholic Church similarly reflects a divine assistance and guidance. Since this potentially large body of authoritative church knowledge about God is ruled out in Protestantism (as a “human” creation in itself and thus not a direct communication from God), the Scriptures and the Book of Nature are left as the sole direct sources of divine truth.

As this chapter will show, the roots of contemporary environmentalism lie in Protestant sources and above all in Calvinism (see also Nelson 1993, 1997). I am not suggesting that environmentalists today look literally to Christian history and theology for the development of their own thinking. Indeed, most of them are unaware of the close connections between Christian religion and environmental religion. Believing that they have rejected Christianity, many environmentalists might even be distressed to discover that they have transferred their religious allegiance to a new—if secular—expression of much the same old Christian faith. Many environmentalists today might be described as unknowing believers in an “implicit Christianity.”

The importance of the Protestant roots is reflected in many aspects of environmentalism, including the religious backgrounds of leading environmentalists themselves. The

American historian of environmentalism, Mark Stoll, comments that “natural theology lay much of the groundwork for European natural science in general and ecology in particular, and justified and encouraged the study of nature as a religious activity” (Stoll 2006: 57; see also Stoll 1997). It was, moreover, a process dominated by ecologists with Protestant—and in the United States, mostly Calvinist—backgrounds:

Virtually all founding ecologists, the theorists of the communities of nature, had Protestant backgrounds. Prior to the Second World War, American and European Protestants very nearly monopolized ecological theory: first German and Scandinavian Lutherans, then Swiss Reformed, English Anglicans, and American Protestants. American Protestants from only certain denominations participated in developing this new science: ecology as a science crystallized mainly out of the Calvinist Puritan tradition that planted Congregationalism and Presbyterianism in America. Within the general attitudes toward and doctrines of these and their daughter churches, and not within the much larger Catholic, Methodist, and Southern Baptist denominations, lay the taproot of modern American ecological science. (Stoll 2006: 54)

It was not only the field of ecology that had strong Calvinist ties; environmental philosophers Baird Callicott and Michael Nelson (1998: 5) comment that “many of the most notable and most passionate . . . defenders of the wilderness faith have a direct connection to Calvinism.” The Calvinist roots of American environmentalism go well beyond certain cultural or behavioral similarities—a common disdain for luxury consumption or a shared drive to save the world, for example. From the beginning, nature occupied a central place in Calvinist theology and there were powerful Christian reasons to visit and experience nature.

After Martin Luther, John Calvin was the most important of the sixteenth-century Protestant Reformers. Calvinism carried the criticisms of the Roman Catholic Church and the way of thinking of the Reformation to their fullest logical consistency, making fewer compromises as compared with Luther. Max Weber (1958) showed the large historical role of Calvinism in bringing about the rise of capitalism but a much less appreciated role is the large contribution of Calvinism to the rise of the contemporary environmental movement. If Weber could speak of “The Protestant Ethic and the Spirit of Capitalism,” one might now speak of “The Protestant Ethic and the Spirit of Environmentalism.”

II. READING THE BOOK OF NATURE

Calvin wrote in his great systematic statement of his theology, *Institutes of the Christian Religion*, that “the knowledge of God [is] sown in their minds out of the wonderful workmanship of nature.” For those able to turn away from the “prodigious trifles” and “superfluous wealth” that occupy the minds of so many, it will be possible to be “instructed by

this bare and simple testimony which the [animal] creatures render splendidly to the glory of God." Human beings must show respect for the natural world because it is especially in its presence that they can find "burning lamps" that "shine for us . . . the glory of its Author" above (Kerr 1989: 26–27, 99). As Calvin believed, God had created the world a mere few thousand years ago, and it was still possible to see in nature His handiwork, altered only in minor ways since the Creation.

Indeed, as noted above, there were considered to be two great books of authoritative religious truth, the Book of the Bible and the Book of Nature. Both must command the attention of the faithful; with the aid of each, as Calvin wrote, "let us study to love and serve him with all our heart" (Kerr 1989: 43). If only people will make the effort, they will be inspired and uplifted in contemplating all of God's creatures and other parts of the Creation here on earth. As Calvin wrote,

The final goal of the blessed life, moreover, rests in the knowledge of God [cf. John 17:3]. Lest anyone, then, be excluded from access to happiness, he not only sowed in men's minds that seed of religion of which we have spoken but revealed himself and daily discloses himself in the whole workmanship of the universe. As a consequence, men cannot open their eyes without being compelled to see him. Indeed, his essence is incomprehensible; hence, his divineness far escapes all human perception. But upon his individual works he has engraved unmistakable marks of his glory, so clean and so prominent . . . Wherever you cast your eyes, there is no spot in the universe wherein you cannot discern at least some sparks of his glory.

[Thus], there are innumerable evidences both in heaven and on earth that declare his wonderful wisdom; not only those more recondite matters for the closer observation of which astronomy, medicine, and all natural science are intended, but also those which thrust themselves upon the sight of even the most untutored and ignorant persons, so that they cannot open their eyes without being compelled to witness them. . . . Ignorance of them prevents no one from seeing more than enough of God's workmanship in his creation to lead him to break forth in admiration. . . . It is, according, clear that there is no one to whom the Lord does not abundantly show his wisdom. (Kerr 1989: 24)

Yet, human sinfulness often limits the ability of the faithful to see the many wonderful opportunities presented in nature to learn from God's workmanship. As Calvin wrote, "although the Lord represents both himself and his everlasting Kingdom in the mirror of his works with very great clarity, such is our stupidity that we grow increasingly dull toward so manifest tendencies and they flow away without profiting us." Even when it is possible to "grasp a conception of some sort of divinity" in contemplating the Creation, yet "straightway we fall back into the raving or evil imaginings of our flesh, and corrupt by our vanity the pure truth of God." Weakened by our fallen natures, "we forsake the one true God for prodigious trifles." This often happens not only to "the common folk and dull-witted men, but also the most excellent and those otherwise endowed with keen discernment, [who] are infected with this disease." There is still hope, however, that we can witness "the invisible divinity [that] is made manifest in such spectacles"

in nature because we may find “the eyes to see” when our efforts are “illuminated by the inner revelation of God through faith” (Kerr 1989: 24–26).

This is all part of the wider circumstance, as Calvin taught, that “our nature, wicked and deformed, is always opposing his [God’s] uprightness; and our capacity, weak and feeble to do good, lies far from his perfection.” Indeed, it is partly man’s misplaced “pride” in his knowledge, skills, and power—in the modern age becoming a supreme confidence in human scientific and economic capabilities exceeding anything that Calvin might have imagined—that is “the beginning of all evils.” Calvin warned that, if humanity did not turn away from its evil ways, such as the excessive worldly pursuit of economic goods for their own sake, God’s plan for sinners was “wrath, judgment and terror”; their future he “would devote to destruction” (Kerr 1989: 56, 65, 99–100, 115). The form of God’s punishment would often be a natural calamity—a great flood, a drought, a famine, or some other disaster—as foretold in the Bible to be the fate of the many sinners of the world. Environmentalism today foresees much the same divine retributions for modern men and women who now seek in the name of economic progress to play God themselves with the world.

In order to avoid such a fate, and as present-day environmentalism also instructs us, Calvin said that a person must “indulge oneself as little as possible” and we must all discipline ourselves and “insist on cutting off all show of superfluous wealth, not to mention licentiousness.” Calvin does not, of course, speak of any requirements for “biodiversity,” but he does instruct his followers that God has “wonderfully adorned heaven and earth with as unlimited abundance, variety, and beauty of all things as could possibly be. . . . [They are] the most exquisite and at the same time most abundant furnishings” imaginable. Human beings are told to “follow the universal rule, not to pass over in ungrateful thoughtlessness or forgetfulness those conspicuous powers which God shows forth in his creatures” of the natural world. Given their importance in the divine plan, Calvin also specifies that God intends “for the preservation of each species until the Last Day” (Kerr 1989: 99, 41–42). It would seem that not only Noah but all the Calvinist faithful have a religious obligation to protect the threatened and endangered species of the world—and this divine command should not be subject first to an economic test.

The Protestant Reformation banished many of the religious accoutrements of the Roman Catholic Church. There were to be no great cathedrals such as Notre Dame or Chartres; no future Michelangelo or Leonardo should adorn the walls of a bare and simple Calvinist church. The Book of Nature thus was all the more important because it offered a less harsh and more aesthetically pleasing element within an otherwise austere Protestant faith, and which was among the most severe of all in the teachings of Calvin. To this day, the experience of wild nature is less important in Roman Catholic theology and Catholics have played a less significant role in the rise of the environmental movement. Callicott, for example, notes that “the wilderness idea,” based on going to wild nature to directly encounter God’s essential truths at the Creation, “plays no significant role in the intellectual environmental history of Catholic Latin America, only in that of Protestant Anglo-America (and, revealingly, Protestant Anglo-Australia)” (Callicott 1998: 389). Unlike most other areas of American intellectual life, Jews have also played

a limited role in the development of environmental thought—especially those aspects relating to the search for God by reading the Book of Nature, as in a wilderness area. (One exception is Robert Marshall, a founder of the Wilderness Society, and among the few Jews involved in the early development of American environmentalism.)

III. CALVINISTS IN THE MASSACHUSETTS WILDERNESS

Calvinism moved to England's American colonies when groups of Puritans (the English branch of Calvinism) began moving to Massachusetts in the early seventeenth century, often to escape religious persecution. A first order of business for the Massachusetts Puritans was to build their towns and villages. This would mean that forests would have to be cleared, animals killed for food, and fields made ready for farming—nature, in short, would have to be put to use for human purposes. These tasks were undertaken with the usual great energy and firm discipline of the Calvinist faithful. Nature in this respect might be instructive about God, but it was also something which first had to be overcome and then put to good use in the new world (Nash 1973).

Jesus had fasted for forty days and nights in the wilderness, fighting off the temptations of the devil, before learning of God's great plans for him. Similarly, if the Puritans could survive their initial hardships in Massachusetts, as Catharine Albanese (1990: 37) explains, the "wilderness was still a place of testing, the backdrop for a spiritual purification in which the corruption of old England might be permanently purged. As a proving ground for the saints, the wilderness might also protect them from worldly evil and even invigorate them. Indeed, it might become God's chosen place for conferring religious insight." Echoes of such thinking are still heard to this day in another side of the American experience of wild nature—as a place that challenges a person's physical strengths and capabilities and thus reveals and forges his or her special character.

The Massachusetts Puritans were well aware of, and were inevitably influenced significantly by, theological developments among their brethren in England for whom the natural setting was more conventional. In England a leading Puritan theologian, John Preston, explained in 1633—sounding much like Calvin a century earlier—that "the heavens are the worke of his [God's] hands, and they declare it, and every man understands their language" and "when a man lookes on the great volume of the world, there those things which God will have known, are written in capital letters" (quoted in Miller 1956: 77). In Massachusetts, Thomas Hooker expressed a similar view: "There are some things of God that are revealed in the creation of the world. . . . A man looketh into the fabrike of the world, and seeth the making of the earth, and the Sea, and all things therein, hee cannot say but God hath beene here, and infinite wisdom, and an almightie power hath been here" (quoted in Holifield 2003: 33). Characterizing the writings of a prominent Puritan theologian of the time, Brooks Holifield (2003: 33) states that they

“recited the familiar arguments for God’s existence—design and order and the need for a sufficient cause to account for the world—and he thought that the ‘workmanship’ of the creation should prove to any rational person the reality of a God worthy of worship.” As Perry Miller (1956: 77), the great Harvard historian of American Puritanism, wrote, “quite apart from faith, therefore, there are two important sources of truth to which man has immediate access: himself and his experience of the world. Hence secular knowledge—science, history, eloquence, wisdom (purely natural wisdom)—is doubly important for these Puritans; for knowledge is not only useful, it is a part of theology.”

By the early eighteenth century, surviving the wilds of Massachusetts was no longer a main issue. Indeed, the colony was increasing in population, wealth, and otherwise was more and more prosperous. Indeed, many feared that the new economic growth posed an increasing challenge to traditional Puritan piety. With more time to contemplate the larger questions of religion, Cotton Mather authored two major works of theology, the first book about the Christian revelations of the Bible, and the second about the Christian revelations to be found in Nature. Mather (one of whose descendants, Stephen Mather, became the first director in 1916 of the US National Park Service) informed his readers that nature was a “Publick Library” into which they should “walk with me into it, and see what we shall find so legible there”; it will be a “Temple of GOD, built and fitted by that Almighty Architect.” He found in a simple plant seed a wonderful set of qualities—evidence of God’s marvelous workmanship—in that this “small Particle no bigger than a Sand” could contain all the information to produce a full “Plant, and all belonging to it,” which exhibited an “astonishing Elegancy.” Observing the physical properties of magnetism, Mather thought them also wondrous and that this “leads us to GOD, and brings us very near to him” (quoted in Albanese 1990: 41).

IV. THE GOD OF JONATHAN EDWARDS

Jonathan Edwards is, by many accounts, America’s greatest theologian who sought to address the growing religious skepticism of the eighteenth century and the substitution by many of a new faith in science and economics for the old faith in God. Although he was well aware of the latest scientific developments and addressed them in his writings, Edwards stoutly defended traditional Calvinist understandings and conclusions. He represented the American bridge between the traditional Calvinist thinking of the sixteenth and seventeenth centuries and the New England transcendentalism of the nineteenth century.

The objects of Edward’s most famous writings were matters such as free will, the effects of original sin, and the proper interaction of church and society. But he did sometimes preach about issues relating to the natural world and in his early years devoted much thought to theological questions being raised by Newton’s discoveries and other increased knowledge of the scientific workings of nature. Partly owing to the transcription and publication in the twentieth century of Edward’s private journals and other

writings, it is now possible to study more closely his early thinking on such matters. In a virtual echo of Calvin's *Institutes*, Edwards wrote that when "we look on these shadows of divine things" in nature, it is as if "the voice of God [is] . . . teaching us these and those spiritual and divine things." Encounters with nature "will tend to convey instruction to our minds, and to impress things on the mind and to affect the mind, that we may, as it were, have God speaking to us." The Bible and nature are complementary as the two main avenues of God's instruction: to see in nature the Creation firsthand "will abundantly tend to confirm the Scriptures, for there is an excellent agreement between these things and the holy Scripture" (Edwards 1948: 69). As Edwards summed up his thinking about the central religious importance of nature (in contemporary language, of the "environment"):

It is very fit and becoming of God who is infinitely wise, so to order things that there should be a voice of His in His works, instructing those that behold him and painting forth and shewing divine mysteries and things more immediately appertaining to Himself and His spiritual kingdom. The works of God are but a kind of voice or language of God to instruct intelligent human beings in things pertaining to Himself. And why should we not think that he would teach and instruct by His works in this way as well as in others, viz., by representing divine things by His works and so painting them forth, especially since we know that God hath so much delighted in this way of instruction. (Edwards 1948: 61)

In his leading biography of Edwards, George Marsden thus explains that, while Edwards's theology of nature involved some changes in emphasis and a few new elements, in most respects it was the traditional Calvinist message. In Edwards's "conception of the universe," as Marsden explains, "God had created lower things to be signs that pointed to higher spiritual realities. The universe, then, was a complex language of God. Nothing in it was accidental. Everything pointed to higher meaning" (Marsden 2003: 77). The encounter with nature was not merely educational but for Edwards also a profoundly moving religious experience of the world's wonders as well:

[Edwards's] contemplative joys were of a piece with his philosophy and theology. His ineffable experiences as he walked along in the fields were of the beauties of God's love communicated in nature. That created world was the very language of God. As Psalm 19 said, "The heavens declare the glory of God." The beauty of nature proclaimed the beauty and love of Christ. Indeed, in creation, as the Lord declared to Job, "the morning stars sang together, and all the sons of God shouted for joy" (Job 38:7). Enraptured by the beauties of God's ongoing creation, Jonathan recorded, "it was always my manner, at such times, to sing forth my contemplations." (Marsden 2003: 78)

These views about nature were not the main source, however, of his theological fame. Edwards was particularly concerned to combat the many spreading falsehoods of the Enlightenment period. He harshly condemned the new thinking and reasserted traditional Calvinist messages with great force, as illustrated graphically in his most famous

sermon, “Sinners in the Hands of an Angry God.” At one point in this sermon, he applied his theological views to consider briefly the relationship of human beings and nature, emphasizing that human beings were altogether undeserving themselves and had only God to thank for the many useful things they were able to obtain from the products of the natural world. Indeed, without God’s great mercy and His assistance, gravely sinful men and women long ago would justly have perished from the earth. As Edwards explained to the congregation sitting before him:

Your wickedness makes you as it were heavy as lead, and to tend downwards with great weight and pressure towards hell. . . . Were it not for the sovereign pleasure of God, the earth would not bear you one moment; . . . the creation groans with you; the creature is made subject to the bondage of your corruption, not willingly; the sun does not willingly shine upon you to give you light to serve sin and Satan; the earth does not willingly yield her increase to satisfy your lusts. . . . God’s creatures are good, and were made for men to serve God with, and do not willingly subserve to any other purpose, and groan when they are abused to purposes so directly contrary to their nature and end. And the world would spew you out, were it not for the sovereign hand of him who had subjected it in hope. (Edwards 1998: 26)

Prominent environmentalists today see human actions in “raping,” “killing,” and otherwise abusing nature—often justified by economic religion—as evidence of a similar depravity. The one large difference is the absence now of any environmental mention of a divine plan behind it all. Even though human beings were often loathsome creatures in Edwards’s view, God had a purpose for them, and they ultimately would be saved (or at least some of them) and would join with God in heaven. Without God’s saving actions, and if there were any justice in the world, it would now seem that the disgusting human creatures that have defiled the natural order, as Edwards so vividly portrayed them, might best rapidly perish from the earth. This conclusion does in fact readily follow from some of the main founding premises of current secular environmentalism, a “Calvinism minus God”—although pragmatic environmentalists, recognizing a great danger here politically, have hardly been anxious to clarify such radical implications of their theology for the American public at large.

One of America’s foremost environmental historians, William Cronon, finds that this logic, as he agrees is embodied within the core tenets of environmental theology, is a significant problem for the environmental movement. Environmentalism seeks to protect wilderness areas from human impacts as a core statement of its religious convictions. But, as Cronon notes, if the main message of environmental religion is carried to its full extent, “it is hard not to reach the conclusion that the only way human beings can hope to live naturally on the earth is to follow the hunter-gatherers back into a wilderness Eden and abandon virtually everything that civilization has given us.” We would have to renounce the economic progress of the modern age. Indeed, it might be even more logically coherent to conclude that, “if nature dies because we enter it, then the only way to save nature is to kill ourselves.” While the vast majority of environmentalists would no doubt reject this conclusion, if presented so baldly, Cronon finds that the line

of thinking of “radical environmentalists and deep ecologists all too frequently come[s] close to implicitly accepting” an ending of the human presence on earth “as a first principle,” the ultimate goal (Cronon 1996a: 76, 78; see also Cronon 1996b). In a world without God, Edwards would have very likely agreed with this verdict, as suggested in his sermon quoted above.

V. CALVINISM WITHOUT ORIGINAL SIN

Edwards, however, was on the losing side of intellectual and theological history for more than two centuries after his death in 1758. The great successors to Edwards in New England religion were Ralph Waldo Emerson and Henry David Thoreau who offered a more favorable judgment on the human condition. Perry Miller comments that, nevertheless, “certain basic continuities persist in a culture” and this was no less true in New England from the mid-eighteenth to the mid-nineteenth century. Miller expected that “Jonathan Edwards would have abhorred from the bottom of his soul every proposition Ralph Waldo Emerson blandly put forth in the manifesto of 1836, *Nature*.” An essential religious connection, however, “is persistent, from . . . Edwards to Emerson [which] is the Puritan’s effort to confront, face to face, the image of a blinding divinity in the physical universe, and to look upon that universe without the intermediacy of ritual, of ceremony, of the Mass and the confessional.” Emerson no less than Edwards reflected “the incessant drive of the Puritan to learn how, and how most ecstatically, he can hold any sort of communion with the environing wilderness.” One might thus, as Miller states, “define Emerson as an Edwards in whom the concept of original sin has evaporated” (Miller 1956: 184–85).

The traditional Christian understanding of original sin was already proving difficult for the modern mind well before Emerson. How could one poor judgment by one man and one woman long ago in a distant Garden (assuming Adam and Eve even existed) have condemned the entire human species to many thousands of future years of terrible sinfulness and depravity? Moreover, since God was omniscient and omnipotent, He seemingly could easily have prevented it. Modern scientific discoveries were also showing that rational human capacities could be extraordinarily great, apparently contradicting Calvin’s expectation of the warping and other harmful consequences for human reason of original sin. Indeed, it seemed increasingly likely to many people that modern science and economics might enable human beings to build a whole new wonderful world of their own design—that human beings might in fact be acquiring the necessary knowledge to build by themselves their own new heaven on earth.

If original sin was removed from the Christian equation, however, and as Edwards had full well understood, the result would no longer be the historic Christian religion. As the Bible taught, Jesus atoned for the sins of mankind but Christ’s life would now have much less meaning in a world without original sin. Emerson was a pivotal figure in American intellectual history because he and others like him in New England transcendentalism

represented the critical point of transition to a new type of Christianity (or, for some people, they might not recognize it as a legitimate form of Christianity at all; Richardson 1995). There was much talk of God in many transcendentalist writings but little of Jesus Christ.

The radical theological implications of discarding the idea of original sin are seen in the much altered significance of “human nature.” As described above, Calvinism had traditionally looked outward to the natural world—the Creation—as an accurate mirror of the mind of God. Looking inward to human nature with the same objective was problematic at best because the original human nature at the Creation had been so severely warped and distorted by Adam and Eve’s transgression. A man or woman looking inward thus would find something that was a misleading or even a perverted version of God’s original plan at the Creation. But what if original sin was a false doctrine of superstitious and ignorant centuries preceding the modern era of Enlightenment? Looking inward, a person might now find yet another accurate reflection of the mind of God. Indeed, Christianity had long taught that human beings were created “in the image of God” but now this divine resemblance might be much more readily accessible to introspective viewing by uncorrupted human beings.

Emerson thus wrote that “the whole of Nature is a metaphor or image of the human Mind.” The natural world was not only a mirror of God’s thinking but the minds of ordinary human beings as well. The newfound extraordinary ability of the physical sciences to penetrate the mysteries of nature—to establish precise correlations between mathematical ideas formed in human minds and the workings of the natural world—suggested this as well. Again in Emerson’s own words, “the love of nature—the accord between man and the external world— . . . is . . . but the perception how truly all our senses, and, beyond the senses, the soul, are tuned to the order of things in which we live. . . . I am thrilled with delight by the choral harmony of the whole. Design! It is all design. It is all beauty. It is all astonishment” (quoted in Ekirch 1963: 51). There was one great cosmic order of the universe to be found in heaven, in the natural world, and within human beings themselves, available to be seen and experienced by those who merely knew how to look closely. As Emerson wrote in his hallmark 1836 essay “Nature,”

If a Man would be alone, let him look at the stars. . . . One might think the atmosphere was made transparent with this design, to give man, in the heavenly bodies, the perpetual presence of the sublime.

The stars awaken a certain reverence, because though always present, they are inaccessible; but all natural objects make a kindred impression.

In the woods too, a man casts off his years, as the snake his slough, and at what period soever of life is always a child. In the woods, is perpetual youth. Within these plantations of God. . . . we return to reason and faith. There I feel that nothing can befall me in life,—no disgrace, no calamity (leaving me my eyes) which nature cannot repair. . . . All mean egotism vanishes. . . . I am nothing; I see all; the currents of the Universal Being circulate through me; I am part or particle of God.

There seems to be a necessity in spirit to manifest itself in material forms; and day and night, river and storm, beast and bird, acid and alkali, preexist in necessary

Ideas in the mind of God, and are what they are by virtue of preceding affections in the world of spirit. A Fact is the end or last issue of spirit. The visible creation is the terminus or the circumference of the invisible world. (Emerson 1990: 17–18, 32)

In *Man and Nature in America*, Arthur Ekirch thus explained that Emerson was a “secular preacher” and that New England “transcendentalism was not a formal philosophy but was rather a faith—one might almost say a religious faith” whose basic tenets provided “substitutes for the teachings of the [Christian] church.” In Emerson’s new—but in many ways old—theology, “all nature . . . was a unity in which man as an observer played his part—observer being fused with the observed” in a happy mutual interconnection. Invoking a long-standing Calvinist formulation, Emerson still agrees that the natural world is “intermediary between God and man” and thus has “carried a portion of the Divinity to each individual.” In a more novel element, however, in seeking to find a mirror of God, “what faculty could be relied on for the finding with more confidence than the intuition of the individual man, made in the image of the Maker.” For Emerson and others in New England, “the transcendentalists’ God was a God of love, not of hate, who revealed himself in man and nature,” as found right here and now on this earth (Ekirch 1963: 47–51).

Yet, there were some discordant notes, if no longer attributed to original sin in the traditional biblical manner. Indeed, the consequences of original sin had not disappeared altogether. The corrupting influence, however, was no longer to be found in a snake in a garden but in the rapid pace of economic development of mid-nineteenth-century America. Human beings could be led into many evils by the pressures and the temptations of the surrounding industrial world in which they lived. Thus, at times, “Emerson was wont . . . to inveigh against society and the uncritical admiration of progress . . . If society seemed noxious, nature was the antidote against its baleful influence” (Ekirch 1963: 53). In this respect, Emerson reflected a new trend to find the main source of corruption of human motives and behavior, not in a biblical Eden, but in the external economic conditions of this world. Today, the environmental movement also newly questions the true human benefits of rapid economic growth and development. To worship economic progress is for environmentalism yet again to worship a false god.

Henry David Thoreau was a better writer, a closer observer of the details of nature, and in general showed an iconoclasm with respect to social conventions not found in Emerson (Richardson 1986). Thoreau was still more skeptical of the directions of modern industrial civilization and all its works of “progress.” The rapid rate of economic growth was eradicating more and more of the natural places where the handiwork of God could be seen. In these respects, he was closer to the present-day environmental movement and Thoreau in fact holds a higher position than Emerson among the saints of environmentalism. The language of Thoreau seems contemporary while Emerson, however central to American intellectual and religious history, speaks in an idiom with which most people now have little familiarity. Both, however, as the environmental philosopher Mark Sagoff (2008: 111) puts it, following in the long Calvinist tradition of New England, “thought of nature as full of divinity,” as a “refuge from economic activity, not

as a resource for it.” When economists today advocate using “natural resources” more efficiently, it is yet another example of the wide spread of economic heresy in our times.

VI. EMERSON’S SIERRA DISCIPLE

For all his radical language at times, John Muir was well within the American mainstream. He was the founder of the Sierra Club in 1892, helped to bring about the creation of Yosemite National Park, vigorously advocated the preservationist cause in leading national magazines, consorted with American presidents, and was in general a mover and shaker of his times. While some of his writings and lifestyle were closer to Thoreau, his ability to influence American society directly through his public exhortations was closer to Emerson. Muir himself was well aware of the debt, regarding Emerson as his mentor and spiritual inspiration.

Well before he became a celebrated national figure, Muir spent much of his thirties wandering through the Sierra Nevada mountains of California, experiencing wild nature directly. He published a few items from these years but most of his thinking was recorded in personal journals from the 1870s. Although largely unpublished in his own lifetime, they were later assembled in a 1938 publication (reprinted in 1979). As the editor, Linnie Marsh Wolfe, comments, they showed Muir developing his “transcendental philosophy [that] he poured white-hot into his journals.” It provided a written record of how “when John Muir went into the wilderness, he went in absolute surrender of self and all the concerns of self,” experiencing the wilderness as a place “filled with warm God” (Wolfe 1979: xii, xi). Muir had been brought up in a devout Calvinist family and—even as he rejected much of Christian religion as an adult—never lost the traditional Calvinist celebration of nature as a direct conduit to the mind of God.

Muir also had a characteristically Protestant skepticism of formal theology and other human efforts to communicate the word of God such as played a larger role historically in Roman Catholic religion. He explained in 1872 that “I have a low opinion of books; they are but piles of stones set up to show coming travelers where other minds have been, or at best signal smokes to call attention.” Having less confidence in the Bible than his Calvinist predecessors, Muir was preoccupied with nature, the one remaining source for him of direct communication with God, writing that “no amount of word-making will ever make a single soul to *know* these mountains” but a person encountering them directly would discover that “the pure in heart shall see God” (Muir 1979: 94–95). Drawing heavily on Emerson, and Calvin and Edwards in earlier centuries, Muir elaborated on the divine messages he encountered in the Yosemite region:

The glacier-polish of rounded brows brighter than any mirror, like windows of a housing shining with light from the throne of God—to the very top a pure vision in terrestrial beauty. . . . It is as if the lake, mount, trees had souls, formed one great soul, which had died and gone before the throne of God, the great First Soul, and by direct

creative act of God had all earthly purity deepened, refined, brightness brightened, spirituality spiritualized, countenance, gestures made wholly Godful!

Not a cloud-memory in the sky. Not a ripple-memory on the lake, as if so complete in immortality that the very lake pulse were no longer needed, as if only the spiritual part of landscape life were left. I spring to my feet crying: 'Heavens and earth! Rock is not light, not heavy, not transparent, not opaque, but every pore gushes, glows like a thought with immortal life! (Muir 1979: 83–84)

Muir similarly wrote of the arrival of spring that “rising from the dead, the work of the year is pushed on with enthusiasm as if never done before, as if all God’s glory depended upon it: inspiring every plant, bird and stream to sing with youth’s exuberance, painting flower petals, making leaf patterns, weaving a fresh roof—all symbols of eternal love.” In urbanized “cities by the sea,” by contrast, many people’s lives were “choked by the weeds of care that have grown up and run to seed about them.” Economic cares diverted them from deeper realities. There was hope for them, however, because “earth has no sorrows that earth cannot heal, or heaven cannot heal, for the earth as seen in the clean wilds of the mountains is about as divine as anything the heart of man can conceive.” The sinners of the world can be saved, if only they will go to wild nature to see God’s Creation there. Muir himself saw a close connection to Christian religion in his own brand of proselytizing, writing in 1871 (at the age of 33) that “heaven knows that John [the] Baptist was not more eager to get all his fellow sinners into the Jordan than I to baptize all of mine in the beauty of God’s mountains” (Muir 1979: 86, 97–99).

The Sierras for Muir thus were a source of religious ecstasy to match that felt by any monk, pilgrim, or other Christian faithful of the past. Describing how he was transfixed by religious enthusiasm, losing all sense of earthly concerns, in the experience of Sierra wild nature, Muir wrote:

Mountains holy as Sinai. No mountains I know of are so alluring. None so hospitable, kindly, tenderly inspiring. It seems strange that everybody does not come at their call. They are given, like the Gospel, without money and without price. 'Tis heaven alone that is given away.

Here is calm so deep, grasses cease waving.... Wondering how completely everything in wild nature fits into us, as if truly part and parent of us. The sun shines not on us but in us. The rivers flow not past, but through us, thrilling, tingling, vibrating every fiber and cell of the substance of our bodies, making them glide and sing. The trees wave and the flowers bloom in our bodies as well as our souls, and every bird song, wind song, and tremendous storm song of the rocks in the heart of the mountains, is our song, our very own, and sings our love.

The Song of God, sounding on forever. So pure and sure and universal is the harmony, it matters not where we are, where we strike in on the wild lowland plains. We care not to go to the mountains, and on the mountains we care not to go the plains. But as soon as we are absorbed in the harmony, plain, mountain, calm, storm, lilies and sequoias, forest and means are only different strands of the many-colored Light—are one in the sunbeam. (Muir 1979: 92)

From 1890 to his death in 1914, Muir was the leading figure in American public life in advocating the preservation of wild nature in parks and other areas specially set aside for this purpose. The national parks, as Muir thought, would be the American cathedrals of an environmental religion in which a person could experience at first hand the artwork of God in nature. Occasionally, Muir even seemed to suggest that God might literally be in nature, crossing a fine line that can easily lead to the heresy of pantheism. As law professor Joseph Sax acknowledged (1980: 104), he and other preservationist advocates for the National Park System were “secular prophets, preaching a message of secular salvation.”

VII. SINNERS AGAINST THE EARTH

The high point of American optimism was the Progressive Era that extended from the late nineteenth century through the first two decades of the twentieth century. The follies of World War I, however, severely challenged the great hopes for human advance based on scientific and economic progress, and there would be even more horrifying events to come in the 1930s and 1940s. Besides the many examples of terrible human treatment of other human beings, there were also growing evidences of human sinfulness in the callous treatment of the natural world, including the elimination of some plant and animal species from the earth, or in many more cases reduced to small remnant populations. The times were ripe for a reassertion of the Calvinist belief in human depravity as a central feature of human existence.

It was in environmental religion, in opposition to the progressive optimism of economic religion, that such Calvinist themes reappeared. One outlet for a revived Calvinism was the environmental organization Earth First! (founded in 1980). Its founder, Dave Foreman, had been brought up in the same branch of Calvinist religion as Muir (the Cambellites, an offshoot of Presbyterianism), and briefly considered becoming a minister. Instead, and like Muir, he became an environmental preacher. Reflecting the secular temper of the late twentieth century in environmental circles, Foreman said little about either God (in this respect unlike Muir) or Jesus (more like Muir). As one outside observer commented, however, there was an obvious character of “residual Protestant evangelism” to Foreman’s own efforts and the reactions of his followers (Cittadino 2006: 104).

Earth First! never sought to be and never was an important player in the Washington halls of power. In several important ways, however, it has a significant place in the history of American environmentalism. First, important environmental writers such as Edward Abbey (1968) identified and worked closely with Earth First! Second, Foreman and others in Earth First! pushed logical premises widely accepted throughout the environmental movement to more radical conclusions and outcomes than mainstream environmentalists were willing to reach—whether for reasons of personal timidity, political calculation, intellectual confusion, hypocrisy,

or whatever. And third, by taking radical positions, and gaining wide public attention, Earth First! helped to shift the mainstream of environmental debate (Foreman 1991). The leading environmental organizations never came close to adopting Earth First!'s full agenda but its radical positions made it politically more acceptable to move in those directions. As Susan Zakin (1993: 259) reports in her history of Earth First!, "after the Bald mountain blockades" in 1983, "Earth First! became a prominent feature in the political landscape of the [Pacific] Northwest," helping to set the stage for the large-scale elimination of federal timber harvesting in the region that would occur later in the 1980s and early 1990s in the wake of the northern spotted owl controversy (Chase 1995).

It should also be said that an important factor in Earth First!'s success was, bluntly, its success in applying terrorist methods. It was motivated, like a number of other terrorist organizations, by a powerful sense of religious mission. Again like other terrorists, it was particularly skillful in the use of violent tactics to gain wide publicity. This was before 9/11 and Americans were more tolerant of, and sometimes even fascinated by, such tactics. Earth First! also limited its terrorist acts to destruction of logging equipment, ski lifts, power lines, government offices, housing projects, and other public and private property. No person, as it appears, was killed by an Earth First! act of "monkey wrenching," although some may have been injured (Abbey 1976).

Political scientist Martha Lee wrote her doctoral dissertation on Earth First!, based on four years of research, and published it in a revised version in 1995 as *Earth First!: Environmental Apocalypse*. As Lee (1995: x) comments, "throughout Earth First!'s history, its adherents grappled with issues such as the nature of political community, the definition of justice, and the degree to which human life is meaningful." None of their conclusions were written down in any authoritative book, but the members of Earth First! did agree on many things. Lee personally interviewed, sometimes multiple times, the leaders, and studied the many inspirational political and other pamphlets produced by Earth First! As Lee (1995: x) says, "if we take environmentalism seriously, and follow it to its logical conclusion, we must confront many of the issues" that Earth First! so aggressively pushed before the American public.

In 1980, as Earth First! was being organized, Foreman wrote the following founding "Statement of Principles:"

Wilderness has a right to exist for its own sake.

All life forms, from virus[es] to the great whales, have an inherent and equal right to existence.

Humankind is no greater than any other form of life and has no legitimate claim to dominate Earth.

Humankind, through overpopulation, anthropocentrism, industrialization, excessive energy consumption/ resource extraction, state capitalism, father-figure hierarchies, imperialism, pollution, and natural area destruction, threatens the basic life processes of EARTH.

All human decisions should consider Earth first, humankind second.

The only true test of morality is whether an action, individual, social or political, benefits Earth.

Humankind will be happier, healthier, more secure, and more comfortable in a society that recognizes humankind's true biological nature and which is in dynamic harmony with the total biosphere.

Political compromise has no place in the defense of Earth. (Quoted in Lee 1995: 39)

As Lee comments, "these principles form the basis for a radical critique of the traditional way environmental questions are addressed in American society." They are the core of a "biocentric perspective" that emphasizes the importance of protecting "biodiversity" in the world. Narrowly economic human concerns are to be spurned. The "absolute good," against which "all actions should be judged," is found in "wilderness" values. In terms of the species of the earth, all are "recognized as being equal and of [the same] intrinsic value." Any political or other "compromise" with wilderness goals, such as the destruction of nature for economic purposes, "becomes an act against good, that is, evil." As a result, because their actions were "destroying the ecosystems that sustained the planet," it was a fit moral judgment to declare that "the American government and corporate infrastructure embodied the evil of human greed." As Lee explains, "Earth First!ers transplanted these ideas from the realm of philosophical speculation to human action" and thus elevated them in public visibility and political impact—indeed, with remarkable success for such a small number of people (Lee 1995: 39–40).

Although Lee labels it a "philosophy," the character of Earth First! efforts is essentially religious. There were other elements traditionally associated with religion, and specifically Western religion. Earth First! documents were filled with prophecies of the "imminent collapse" of Western civilization. Lee comments that in such writings "the inevitability of the impending crisis is a certainty, but its specifics and the exact date of its occurrence are unknown. The nature of the coming disaster will, however, reflect society's abuse of the environment, and it is understood to be imminent." This was certain because of the total "corruption" of the system. It was also an outcome to be desired because each day that the system's "destruction continues, more irreplaceable wilderness is lost." Without radical change soon, the whole world faced "biological meltdown" (Lee 1995: 40–41). It was the Old Testament rewritten to 1980s environmental metaphors, yet another story of human beings behaving in evil ways and thus bringing on the punishments of a just Earth (God).

The members of Earth First!, like many other religious sects before them, also believed that they had a unique access to the truths that will "dictate the order of the world," and as the "bearers" of this truth, they are the "chosen people" whose role will be "pivotal in the history of the world." They could foresee and were urgently warning of the looming "ecocatastrophe" that would cause the loss of one third to one half of the earth's species, if drastic changes in contemporary ways of living were not made (stated in more biblical terms, if human beings did not curb their wicked ways). Writing in the Earth First! journal, for example, one early member described "the salvation that Earth First!ers envisioned" (Lee 1995: 17, 42–43):

The Earth is our first love, our first concern. Our children must be imbued with an unswerving sense of responsibility and respect for Her, and a recognition of the significance of *our* role leads to even greater dedication. Grant understanding to our fellows but show no compromise... Earth first!... [She] must live Her healthy, tumbling life, free from a dread of infestation and misdeed. As Her seed, we become ambassadors [*sic*], emissaries in the final drama, and our mission is indeed grand. (Quoted in Lee 1995: 43)

The members of Earth First! had the characteristically Protestant skepticism of any formal theology, arguing that the scholarly study of books was of limited benefit, directly experiencing “Earth” was central, and mainly a person either “got it,” or didn’t, and there were only a select few in the former category, leaving the mass of Americans in effect among the ignorant—the new condemned. Similarly, echoing the traditional Calvinist idea that the elect are predestined, Foreman believed that recognizing and acting on the truths of biocentrism required having the right “gene”—you were either born with it (God had chosen you) or not. The Earth First! theology was in fact Protestant and specifically Calvinist through and through. The powerful Calvinist elements, however, were buried in a torrent of linguistic obfuscation, likely designed to hide the Calvinist origins, not only from the American public, but from the Earth First! members themselves.

The translation of the Earth First! religion to ordinary language is less difficult than say the deciphering of the hieroglyphics of the Ancient Egyptians. In fact, in many cases, it requires a mere substitution of one new word, “God,” in place of the word “Earth.” There is not much novelty in a Western religion of “God First!” Consider a few of Foreman’s founding principles as described above and the effect of merely substituting the word “God” for the word “Earth.” The result is a set of religious commandments including: (1) “All human decisions should consider God first, humankind second”; (2) “The only true test of morality is whether an action, individual, social or political, benefits God”; and (3) “Political compromise has no place in the defense of God.” Or, consider the Earth First! statement above that “The Earth is our first love, our first concern,” which would become “God is our first love, our first concern.”

When Foreman and others in Earth First! profess to find a basis for a new morality in the defense of mother “Earth,” it is obvious that they are not listening to anything the mountains and trees are saying literally in words—since they are saying nothing. They are not regarding the earth in the manner of physical science, as a domain in which mathematical laws of nature control the behavior of all the objects ranging from atoms to planets. They are also not thinking of a Darwinist world of bitter competitive struggle to the finish. What the members of Earth First! mean is actually the same message that Calvinists have preached in various forms for centuries. God has created the world and so one finds in the natural world a mirror or reflection of the mind of God. By entering and experiencing nature, or as Foreman now rephrased it, by heeding the messages of “the Earth,” one is gaining access to the divine truths of the universe. Obedience to God’s requirements as thus revealed must command a higher priority than any economic or other mundane human concerns of this world.

Compared with Muir, Foreman also added considerably more of the traditional Calvinist sense of human depravity—a significant new dose for environmentalism, as one might say, of Jonathan Edwards, reflecting the increased awareness by the late twentieth century that human sinfulness in the world hardly seemed to be abating and indeed could even be increasing. The terrible sinners of the current world will soon be punished severely, and yet in the massive ecological collapse there will be the hope for better things to come—a world that will have seen many of the evils of “the system” washed away by the widespread destruction.

VIII. CONCLUSION

Calvinism, as brought to the United States by the Puritans in the seventeenth century, has had a great influence on American history. The American sense of offering a missionary example to the whole world, the strong individualism as seen in free markets and democratic political institutions, the tendency to see public events in terms of a basic struggle between good and evil, and other main themes of American history all derive in significant part from the nation’s Puritan heritage. Most of these connections have been exhaustively explored by historians and other writers. In the case of American environmentalism, however, the Calvinist and Puritan roots have attracted less attention. Indeed, many recent commentators have missed them altogether, portraying environmentalism as some kind of “pagan” or “eastern” religion, alien to the American experience. Yet, the rise of environmentalism is yet another episode in the Puritan history of America. The large public impact of American environmentalism in recent decades reflects the fact that it has resonated so well and so deeply with the nation’s long-standing Puritan habits of thought.

Many Americans, to be sure, are also devout believers in the redeeming benefits of economic progress. This creates a deep tension in American thought that might be more disconcerting to Americans if they recognized it more clearly. Environmental religion also faces a large theological problem in that, as I explore in detail in other writings, its vision of “the creation” is difficult to reconcile with Darwin (see Nelson 2010b: Part 3). But it is hardly unprecedented to find a nation—or an individual—believing in contradictory things. Yet, intellectual—or theological—confusion is likely to lead to policy confusion, as has been evident at many times and places in American economic and environmental history.

In the near future there is not likely to be any simple resolution of the conflict between environmental religion and economic religion. Much of the task of American intellectual life of the next few decades will be to sort out these competing worldviews, seeking an adequate blending of their clashing understandings of the human condition. Rather than continuing “the new holy wars,” perhaps one can at least hope for a new era of “secular ecumenicism.”

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CHAPTER 19

CHRISTIANITY AND THE PROSPECTS FOR DEVELOPMENT IN THE GLOBAL SOUTH

PETER S. HESLAM

THERE are two key facts about development that are obvious yet often overlooked: the solution to material poverty is material wealth and the only sphere of society that generates such wealth beyond subsistence is business. From these two foundations, the argument in this chapter is that Christianity can be, and often is, conducive to the kind of environment that business needs to flourish and for business to contribute to the well-being of society. While this is a contrarian argument, it is not as controversial as might be assumed. It is true that business and religion are often seen as causes, rather than cures, of contemporary problems, and the anti-capitalist and neo-atheist movements of the late twentieth and early twenty-first century have only compounded that perception. But more remarkable is the extent to which the role of religion and business are ignored in mainstream development thinking. This is reflected, for example, in the work of two of the most highly acclaimed development economists in the early twenty-first century, Jeffrey Sachs and William Easterly, who make no reference to religion or entrepreneurship in their best-selling books (Sachs 2005; Easterly 2006).¹ Yet two of the most remarkable trends in the developing world since the latter part of the twentieth century are the rise of religion and the rise of entrepreneurship, and it is the convergence of these two trends that represents significant development potential.

One reason this is generally overlooked is that the development community has tended to focus on definitions and causes of poverty. If, however, the study of poverty is to be of practical help in addressing the reality of poverty, a different question needs to be asked—what causes wealth? This is one of the foundational questions of economics, as reflected in the title of the book by its founder, Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, published in 1776.² Seeking to provide

answers to this question moves the debate beyond understanding the plight of the poor to responding to the cry of the poor, which often embodies the kind of dignity, self-reliance, empowerment, and hope for the future that are associated with entrepreneurship. While one of the favorite statistics cited in development circles around the turn of the millennium was that more than half the world's population lives on less than two US dollars per day, the question this statistic ought to have raised is "what happened to the other half?" Through the ages, members of small elites have used various means to insure themselves against the threat of poverty, such as heredity, taxation, and exploitation. But the greatest wide-scale deliverance from material poverty the world has ever seen has occurred relatively recently in human history. It has been driven by the rise of market economies based (however imperfectly) on property rights, the rule of law, a limited state, and a model of free exchange in which entrepreneurs innovate, invest, take risks, and compete, all in an effort to organize human creativity, ingenuity, and productivity in ways that efficiently and profitably serve the needs and desires of their fellow human beings.

The dynamism of such economies is best understood by contrasting capital with money. Fundamentally, capitalist economies are not so much about money as about know-how. Whereas money in itself is static, when coupled to know-how in a sound investment in innovation, it becomes capital, which is organic and productive, acquiring institutional, relational, moral, and spiritual dimensions as it is used in the service of humanity. Indeed, money can only become capital if it is placed in a social context where it is exposed to the risk, initiative, and creativity that are required for such service. Money can never, therefore, be a sustainable solution to poverty, as reflected in some regions of the Gulf, which may have sufficient money but insufficient capital. Economies abounding in capital are full of the opportunity that comes when people with varying capabilities and assets voluntarily engage in multiple mutually advantageous exchanges of value in pursuit of their aspirations. The fact that such activity involves attitudes, beliefs, habits and norms, means that even regarding economics largely in terms of financial capital is too reductionist. Other types of capital that are crucial both for successful development and for successful business can be construed as institutional capital, relational capital, moral capital, and spiritual capital. Elsewhere I have discussed how business can contribute to the building of such forms of capital (Heslam 2010a). I have also argued for the important role that is played in this by the virtue and habit of thrift, contending that, because the credit crunch of 2007–9 stemmed from a deeper institutional, relational, moral, and spiritual crunch, thrift needs to be rediscovered and reinvigorated as part of any serious attempt to recover long-term economic stability and its associated benefits for the poor (Heslam 2010a, b). Against this background, I will focus in this chapter on the potential of Christianity to foster the kind of worldviews, values, relationships, and institutions that are fundamental to human development. The question it addresses, in other words, is how Christianity helps build some of the wealth-enhancing beliefs, attitudes, and behaviors that ever since Max Weber's work can loosely be referred to as the "Protestant ethic": hard work, honesty, diligence, discipline, frugality, a sense of calling, and the rational and productive stewardship of resources (Weber [1905] 1930). The

confines of this chapter only allow a consideration of a selection of these and of other “factors of production” that were not part of Weber’s thesis but are of comparable economic significance. A full treatment of such factors would need to include, for instance, trust, the empowerment of women, and church-based social outreach (Sherman 1997; Marshall and Keough 2004; Marshall and Van Saanen 2007; Miller and Yamamori 2007; Soothill 2007; Deneulin 2009; Brusco 2010). Much more research is needed in this crucial yet embryonic interdisciplinary field at the nexus of Christianity, entrepreneurship, and development. This chapter can do little more than provide a basis for such work to proceed. When it proceeds, any assessment of Christianity’s potential to stimulate development through enterprise must include unintentional as well as intentional dimensions. This can also take its cue from Weber, whose thesis was not that Protestantism deliberately invented capitalism but that it expounded and endorsed an ethic of everyday conduct out of which capitalism arose. For Weber, capitalism and the wealth it generated were outcomes, not goals, of certain belief-driven behaviors. He suggested that the industriousness of Protestants sprang from their desire not for material riches in themselves but for pleasing a holy God and fulfilling their worldly calling.³ Moreover, Weber’s claim was not that these behaviors suddenly burst into human history in the sixteenth century but that Protestantism had the effect of invigorating and generalizing them, making them normative among large numbers of ordinary people for whom they became a pathway out of poverty.

It is not necessary to agree with Weber to observe that the wide-scale deliverance from abject poverty in recent decades has occurred simultaneously with the global turn toward capitalism and religion (Thomas 2005; Xiping 2006; Mishkin 2006; Åslund 2007; Micklethwait and Wooldridge 2009; Rosenberg 2009; Toft, Shah, and Philpott 2011; Ferguson 2011; Lin 2012; Meltzer 2012). The fact that this turn involves capitalism that is distinctly entrepreneurial in character and religion that is predominantly Christian, highlights the contemporary relevance of Weber’s thesis, whatever its deficiencies, and wherever the balance lies between correlation, causation, and mere concurrence (Chan and Yamamori 2002; Jenkins 2007; Hylson-Smith 2007; Baumol, Litan, and Schramm 2007; Sheshinski, Strom, and Baumol, 2007; Audretsch 2007; Huang 2008; Acs 2009; Hart 2010; Parthasarathi 2011; Phan 2011; Juergensmeyer 2011; Tong 2012; Yang 2012). The current growth of Christianity is its greatest ever advance and its fastest growing form is Protestantism. Around 80% of Protestantism’s global growth is attributable to Pentecostalism, which in Africa is outpacing other expanding religions and is growing twice as fast as Roman Catholicism and three times as fast as other forms of Protestantism.⁴ It amounts to a wide-scale “great awakening” that has social as well as religious repercussions because a conversion to Pentecostal Christianity generally bears with it a cultural revolution, not least in attitudes and behaviors regarding work, leisure, money, health, the status of women, and the nurture and education of children.⁵ The question, therefore, of Christianity’s potential in human development needs to be focused on Pentecostalism.

Before applying this focus, a word of clarification is needed regarding the use of the term “Pentecostalism.” When it is used in this chapter, it refers to a movement that

includes many varieties of charismatic and evangelical spirituality that do not call themselves Pentecostal but share some of its key characteristics, such as an emphasis on the Bible, preaching, evangelism, and the spirit-filled life. A more accurate term to use for Pentecostalism in this chapter, therefore, is the Evangelical-Pentecostal-Charismatic Movement (EPCM) and the abbreviation EPCM and Pentecostalism will be used here interchangeably.⁶ This clarification is also important in seeking to make sense of estimates as to the size of Pentecostalism. Estimating the size of any major religious grouping is fraught with difficulty and in the case of Pentecostalism estimates vary by a factor of more than 100%. It is clear, however, that those citing around 250 million adherents restrict their focus to self-described Pentecostals, whereas those like the Pew Forum on Religion and Public Life that cited around 584 million in 2011 include “charismatics” in independent churches and traditional denominations—in other words, all active churchgoers whose faith and practice prioritizes key Pentecostal or “renewalist” characteristics, such as speaking in tongues and miraculous healing.⁷ Whichever figure is used, this movement ranks as the largest and fastest-growing major religious movement in history.⁸

Size does not necessarily equate to significance and, for many observers, this movement is an unlikely place to find any of Christianity’s potential for human development. For them, “Pentecostal” is almost a synonym for “prosperity gospel”—the belief that God’s redemption extends to the realm of personal finances, where it replaces poverty with riches for those with the faith to believe it. The image of developing-world Pentecostal pastors, accordingly, is of men in smart suits and flashy cars subsidized through the tithes of their slum-dwelling congregants. In ill-disciplined and chaotic services these congregants are repeatedly exhorted in rousing sermons full of individualism, fundamentalism, and a truncated American dream, to claim God’s promises for personal material blessing, even while they donate beyond their means to support their pastors’ lavish lifestyles.

This chapter will not seek to challenge the validity of this image as it has a firm base in reality. But it will avoid the trap of allowing it to become a stereotype that so dominates the narrative that little space is left for consideration of more sober and thrifty elements within the movement. Their existence has been highlighted by two of the most eminent sociologists of religion, both of whom are authorities on Pentecostalism, Peter Berger and David Martin. Berger attributes to Martin the view, which he endorses, that Pentecostalism is a reincarnation of what Max Weber called the Protestant ethic. In making this point, Berger uses a phrase that reflects the burgeoning of Pentecostalism in the great cities of the Global South: “Max Weber is alive and well, and living on the outskirts of Santiago de Chile!” (Berger 2001: 450).⁹ The point both scholars wish to make is that the attitudinal change and behavioral impact (however unintentional) of the EPCM stimulates nascent capitalism and its associated upward social mobility. Martin writes that “there is certainly evidence of a vigorous Protestant work ethic, domestic discipline and willingness to look to the longer term rather than immediate self gratification” (Martin 2011: 79). This reinforces points he made earlier in his career: “Pentecostalism works by constant adjustment on the ground . . . [it] belongs by nature to open markets”

(Martin 2002: 170–71); and “Evangelical religion and economic advancement do often go together, and when they do, appear mutually to reinforce one another” (Martin 1990: 206).

Martin’s words highlight the fact that, after more than a century of debate about the Weber thesis, it is questionable how fruitful are historical arguments about causality that focus on the issue of which came first—Protestantism or capitalism? More important is the less contestable observation that they stimulated and strengthened each other in a complex symbiosis and this certainly seems to be born out in places, such as in China, where they have both been undergoing a rapid rise (Bao 2006; Xinping 2006; Redding and Witt 2007; Sanneh 2008; Xi 2010; Cao 2011; Tong 2012; Yang 2012; Yining 2012). While the debate about causality is likely to continue, it is hard to refute the idea Weber helped spawn that there is some kind of link between capitalism and Protestantism and that this link is relevant to understanding Christianity’s pro-poor potential. The academic bias against acknowledging the causal significance of religious belief must not be allowed to downplay this relevance. Postulating economic reasons for faith can certainly be enlightening but it cannot be assumed, simply because that side of the equation is given more attention, that the economic consequences of religious belief are less important for human development. While for most social scientists religion is something that has to be explained, for most religious believers it is something that explains. This means that when poverty and religion are studied together, the prevailing academic presupposition that religion is the dependent variable and poverty is the independent variable does not have to be accepted. Religion can have profound economic consequences, not least because it lies at the heart of the culture—the complex matrix of beliefs, values, customs, norms, attitudes, and (formal and informal) institutions that affects the way people see the world and the way they behave in the world (Landes 1999; North 1990: 138–40; North 2007; De Soto 2000; Mancur Olson 2000; Barro and McCleary 2003, 2007; Kuran 2010; Christopher 2011; Noland 2011; Acemoglu and Robinson 2012).

Having outlined the foundations for the argument in this chapter, it is now time to give attention to some key ways in which Pentecostalism offers potential for development. These all stem from something fundamental to the Protestant ethic as Weber understood it—a sense of calling.

I. CALLING

A profound sense of being called to Christ lies at the heart of the EPCM. This is reflected in two ways, in particular, the first being the emphasis on personal conversion. The EPCM is the only major religious tradition in which an active individual decision is central. You cannot be born into it, nor initiated into it through a formal rite of passage, nor succumb to it through demographic pressure, the point of a sword, or military defeat. It requires, and seeks to encourage, an inner spiritual rebirth that takes precedence over all external observance. The fact that this rebirth

is unique and personal and demands a choice highlights why evangelicalism is so “modern,” given the fact that for much of human history the socioeconomic conditions in which people lived lay outside the realm of choice. It also helps explain why, against all expectations associated with the secularization thesis, modernity has not reversed the EPCM’s fortunes but enhanced them. Moscow, Beijing, New York, Buenos Aires, London, Bangalore, and Kuala Lumpur are hosts not only to modernity—reflected in their enthusiastic embrace of technology—but to flourishing evangelicalism. In centers such as these all over the world, personal computers and personal faith are ubiquitous and share a common orientation around something that is central both to modernity and to postmodernity—individual choice. This is missed by those who contend, often along Weberian lines, that religion and technology are ultimately antithetical. The ability to choose lies at the heart of human empowerment and progress and the EPCM emphasis on the need to choose Christ tends to produce converts with a strong sense of personhood. Rejecting any sense of fate, they gain a new power to make changes to their personal and social circumstances. The transformative potential of this is particularly evident in cultures that severely restrict or negate the autonomy of the individual, as a sense of self-hood and the capacity to choose helps unleash entrepreneurial endeavor. This is only increased by a sense of gratitude for what converts believe to be the change God has wrought in their lives and for the leading of the Holy Spirit. Fundamental to the development potential of the EPCM, therefore, is its insistence that people, not just society, need to be transformed. It is only when *people* are spiritually liberated, which involves discarding the anti-values and false perspectives of oppressive social structures, that those structures will begin to change.

A related characteristic, secondly, is the emphasis on the use of the Bible as a guide to the patterns of thought and behavior that are inherent in the perceived call to follow Christ. Within the EPCM this emphasis functions in ways not dissimilar to how it functioned within the Protestant Reformation, in terms of its effect on ordinary people. The key impact is on levels of literacy: new believers are motivated to become literate in order to read the Bible. But regular engagement with Scripture also appears to stimulate conceptual and intellectual frameworks that deliver a sense of self-worth and empowerment that runs counter to dependency, victimhood, or entitlement mindsets (Etounga-Manguelle 2000; Shao 2001). David Martin writes that Pentecostalism “cuts loose from Western professional theology as it enables lay people to feed at will on the biblical text. It is indifferent to the ideological maps of the Western secular intelligentsia and allows an eruption from below” (Martin 2005: 41).¹⁰ Likewise, David Lehmann (1996: 220–22) points out that one of the most radical features of Pentecostalism is an indifference to sponsorship and patronage from learned elites. Believers of whatever class or race are understood to have direct access to God and exercise a range of lay ministries without the need for a priestly class. The political ramifications of such egalitarian theology for the development of democracy include support for the idea that citizens have the right and duty to vote and to hold governments to account. The impact of this can be profound in autocratic regimes in which authority is centralized in unelected

rulers. The same applies to the perception that the Bible contains values and norms that are relevant to the socioeconomic sphere, such as creativity, freedom, responsibility, property rights, and the rule of law.¹¹

II. HOPEFULNESS

A notion of calling centered on conversion and Scripture highlights the fact that Pentecostalism is about being moved in the mind, not just in body and soul. While many intellectuals reflect Marxist mental models in discounting religion as a crutch for the vulnerable, or as an opiate that pacifies and makes people ineffective, one of the mindsets the EPCM encourages is a belief in, and commitment to, positive internal and external change. Rooted in the belief that, with God's help, it is possible to change one's life and make a difference in the world, sin and adversity provide grounds not for defeat but for the exercising of faith and perseverance in the sure hope of God's power. The ensuing pro-activism and sense of agency represent the kind of social value identified as social capital by Robert Putnam (2000, 2010); as habits of the heart by Robert Bellah (1985); as trust by Francis Fukuyama (1995); as capabilities by Amartya Sen (1999); as well-being by Avner Offer (2006); and as happiness by Richard Layard (2005). Layard is one of a growing number of social scientists who find correlations between religion and happiness (Myers 1993; Seligman 2002; Taylor, Funk, and Craighill 2006; Brooks 2008; Myers 2008; Veenhoven 2009; Kaufman 2010; Franklin 2010; Diener, Tay and Myers 2011; Kahneman 2011). Causation is, of course, much harder to establish, especially as the study of happiness is still a new science. The economic consequences of religion are likely, however, to be closely connected to the contribution religion makes to happiness as expressed in psychological and social well-being. In outlining the contribution of Christianity to human development, the eminent Chinese scholar Zhuo Xinping pays tribute to Christianity for opposing the "defeatist and nihilist mood in the radical 'post-modern' trend of thought to bring about a hopeful, optimistic, positive and active temperament."¹²

Partly because of the emotional resilience this temperament engenders, the EPCM is often characterized by warm, affirming, and supportive relationships. Many of its churches and related cell groups, courses, and outreach activities provide an inspiring and energizing milieu, and the sense of Providence and supportive community they embody help build confidence and trust—two key economic virtues—that translate into a generally relaxed, trusting, and positive attitude toward others, including strangers (Sherman 1997: 47–48; Putnam 1993, 2000; Fukuyama 1995; World Economic Forum 2002). This, together with the affirming and joyful ethos these attitudes encourage, tends to stimulate social mobility. In part this occurs because the EPCM is associated not merely with buoyant mood and jubilant worship but with virtues such as hope, self-esteem, patience, resilience, future-mindedness, and sacrificial service that help build personal and social well-being and resist zero-sum mentalities (Foster 1967;

Sherman 1997: 13, 47–48, 65, 150–51; Etounga-Manguelle 2000; Miller and Yamamori 2007; Rand and Cheavens 2011).

III. DEFERRAL OF GRATIFICATION

The fact that these virtues also underpin the human capacity to defer gratification—a capacity psychologists increasingly correlate with happiness—reveals their connection with the positive emotion for which the EPCM is renowned. While the deferral of gratification as a phrase postdates Weber, the idea of forgoing the satisfaction of desires by means of self-control and frugality is very pronounced in his work. For Weber's Protestants, it meant being disciplined about consumption, not merely about production. Avoiding debt and excess, they developed habits of saving and investment that helped them establish businesses and to reinvest profits back into them, thereby stimulating the rise of capitalism (Heslam 2010b: 22–23).

Weber often uses the term “worldly asceticism” to capture this apparently contradictory combination of material engagement and detachment. His insistence that Protestantism was “worldly” must not, however, be confused with “materialistic” as this would ignore the anti-consumerism he highlighted. He wrote, indeed, that “worldly Protestant asceticism . . . acted powerfully against the spontaneous enjoyment of possessions; it restricted consumption, especially of luxuries” (Weber 1930: 115).¹³ This does not mean that Weber understood Protestantism to be a largely internal affair. This could be the impression given by Weber's use of the term *innerweltliche* asceticism, which can be loosely translated as ‘inner-worldly’. Weber's English translator Talcott Parsons rendered this term, however, simply as ‘worldly’ and this avoids confusing the asceticism Weber had in view with the interior explorations of the ascetic tradition within monastic mysticism (Weber 1930: *passim*). The term ‘worldly asceticism’, referring as it does to lives that are self-denying but do not withdraw from the world, captures Weber's meaning. While Weber expert Peter Berger sometimes refers to Weber's notion of ‘*this-worldly* asceticism’, he more often refers to Weber's ‘*inner-worldly* asceticism’ and a generation of English-speaking social scientists have followed his lead (see, for instance, Miller and Yamamori 2007: 172). The result is that the genuine paradox between commitment to the material world and detachment from it that Weber appears to have implied is often lost among commentators. Yet for Weber this is the creative tension that helped propel the entrepreneurial capitalism he sought to describe.¹⁴

If worldly asceticism is what characterized Weber's Protestants, qualitative research suggests it also characterizes at least a proportion of their spiritual heirs within the EPCM, the prosperity gospel notwithstanding (Bernice Martin 1995, 1998; Cox 1996: 228–41; Sherman 1997; Garner 2000; Martin 2002; Comaroff and Comaroff 2003: 126; Gifford 2004: 141–44; Cunfu and Tianhai 2004; Kim 2006; Schlemmer 2008; Woodberry 2008, 2013; Bernstein and Rule 2011; Shah and Shah 2011; Center for Development and Enterprise 2012). The research project behind the last three of these

publications focused on the socioeconomic potential of Pentecostals in South Africa. It found among them not only a disciplined approach to work and savings but that their “emotional rejection of worldly concerns relaxes them and releases energy for the same worldly matters, precisely because these things mean so little to them” (Schlemmer 2008: 77, 86).¹⁵ Much quantitative research would be needed to establish the relative prevalence of “ascetic” versus “prosperity” attitudes within the EPCM. But the qualitative research findings suggest that scholars have generally been too willing to frame their economic analysis of Pentecostalism on the basis of the prosperity gospel alone. It appears that the personal and communal discipline within the movement, when combined with the helpfulness and trust already noted, provides an attractive alternative to the drivenness of materialist mindsets and stimulates the flexibility and effectiveness in responding to challenges and opportunities that characterizes productive and sustainable enterprise (Casson et al. 2006; Landes, Mokyr, and Baumol 2010).

IV. STIMULATING ENTREPRENEURSHIP

Such flexibility and effectiveness are also needed in the founding and leadership of EPCM churches, which typically provide many opportunities for transferable learning between the spheres of church and enterprise. Of particular significance for development are the administrative, organizational, and innovative skills and attitudes that are nurtured and developed among churchgoers as these are readily transferred into the commercial sphere (Sherman 1997: 43–44; Martin 1990). EPCM churches are generally highly entrepreneurial, their pastors founding and growing new churches, organizations, and companies from scratch, often several times over in the course of their working lives. In addition to administrative and organizational skills, this requires creativity, innovation, determination, responsible risk-taking, flexibility, discipline, and the ability to build, inspire, and manage leadership teams—all capacities required of commercial entrepreneurs (Casson et al. 2006; Landes, Mokyr, and Baumol 2010; Acs and Audretsch 2011). This is reflected in the fact that the movement’s pastors, trained more in the school of life than in seminaries, have been called “religious entrepreneurs” (Martin 2011); “pastorpreneurs” (Jackson 2004); or “boss Christians” (Cunfu and Tianhai 2004; Heslam 2011; Ferguson 2011). Children growing up in these churches tend to adopt entrepreneurial outlooks and habits in natural and largely subconscious ways. As they become young adults in need of livelihoods, they often find the entrepreneurial “DNA” they have inherited from their churches helps them transfer those habits with ease into the commercial sphere.

Some of this is intentional on the part of EPCM leaders—the aim being to nurture a generation of young Christians who create jobs and livelihoods for themselves and others through their use of artisan, agricultural, construction, and technological skills; or who run for public office; or who enter the learned professions after attending university (perhaps one of the burgeoning number of EPCM-founded universities in Africa). The

hope is that, with a commitment to biblically based principles and the support of their worshipping communities, this new generation will help stimulate wide-scale social transformation. Watoto Church, a leading EPCM church in Kampala, for instance, runs an internationally renowned orphans' program with the explicit purpose of "raising the next generation of African leaders" that will stand up to corruption, disease, poverty, and the infringement of human rights and become trail-blazers in an African renaissance. Housed not in orphanages but in orphan villages made up of "family" units of eight children to each adopted mother (usually an AIDS widow), they are provided not only with wholesome role models and meticulous care but also with outstanding educational, cultural, social, sporting, and vocational opportunities. The many traumatized children that are taken in by this program are thereby helped to become optimistic, resilient, and resourceful young citizens keen to contribute to Uganda's success and to help those less fortunate than themselves.

Increasingly, EPCM churches are also providing more tangible support for small-scale enterprise, including community banking, agricultural and legal services, mentoring and skills training for business founders, venture capital competitions and prizes, various micro-finance services, and income-generating projects that can be developed into viable enterprises. Many churches use multi-media training material developed by Christian business organizations dedicated to stimulating biblically informed entrepreneurship. Video recordings that feature in such material have even been used, once safely shorn of explicitly Christian elements, by the Chinese authorities to screen on national TV in an effort to inspire its citizens to entrepreneurship. Some mega-churches, like the Rhema church in South Africa, even provide business schools. All this is made more remarkable by the fact that the dominant models of church in mainstream denominations in developed countries tend to be those that disincentivize and delegitimize risk-taking and innovation.¹⁶

Whether the stimulation that EPCM churches give to commercial enterprise is intentional or not, the emphasis on lay initiative and responsibility within church activities stimulates not only the development of new skills but also self-confident mindsets and behaviors. Their transferability into "secular" workplace situations is enhanced by the general competence EPCM churches exhibit in marketing messages, setting up franchise operations (church plants), providing customer services (pastoral and social care), managing employees and volunteers, developing talent, building teams, competing for adherents, fundraising, book-keeping, and implementing strategies. When combined with the social enterprise and educational opportunities provided by such churches, involvement in the EPCM often translates into distinct competitive advantages for individuals and communities in the economic sphere. The basic principle at work in all this, however implicitly, is that it is more effective and sustainable to invest in people's capabilities than in the meeting of their immediate needs. While many development programs begin with a "needs assessment"—identifying the needs of a community in order to draw up a strategy about how to meet them—needs are often perpetuated when needs-based solutions are pursued. The materially needy become dependent on those who feel the need to

perpetuate help. More effective, it seems, is to bolster the existing human assets (or “human capital”) of needy people, which involves identifying their sources of hope, energy, initiative, and promise (Dean, Schaffner, and Smith 2005; Johnson 2001: 195–96; Rangan 2007; Powell 2008; Corbett and Fikkert 2009; Greer and Smith 2009; Hoksbergen 2012).

In practice this is often underpinned with a form of liberation theology quite unlike the sort that generally goes under that name. Typically within EPCM churches, believers learn to seek liberation not through political revolution but through the supremely entrepreneurial ethos of EPCM spirituality. In this spiritual universe, squarely based on the voluntarist principle, creativity, innovation, risk taking, determination, and charismatic leadership are the norm. Young people starting to make their way in the adult working world, find patterns of resourceful and decisive leadership that inspire emulation. Churches do not need to run entrepreneurship training programs or business schools—though increasing numbers of large EPCM churches do—to function as centers for entrepreneurial learning (Freston 1998: 353; Coleman 2000: 37; Micklethwait and Wooldridge 2009). As such learning finds expression in economic empowerment and freedom from the bottom up, they act as alternatives to the “base communities” promoted by liberation theologians.

V. RATIONALIZATION

For Weber, another important ingredient in economic development was a worldview relatively free of superstition and magic. The Protestant sense of calling, he argued, stimulated rational conduct, including the “rational organization of free labour” made possible by the separation of business from the household and by rational book-keeping (Weber 1930: 122, xxxvi).¹⁷ This is the shift sociologists often refer to as the “disenchantment,” or “desacralization,” of the world.

The EPCM is pre-eminently disciplined, rational, technophile, and organized, even though many assessments mask this, confusing the emphasis on healing, deliverance, speaking in tongues, prophecy, and other signs of the “supernatural,” with ill-discipline, other-worldliness, and with the very belief in magic to which the EPCM mainstream is vigorously opposed. The growth of the EPCM no doubt partly represents a response to the flat, materialistic Enlightenment worldview in which everything can be explained rationally through empirical verification. But whereas the “manifestations of the gifts of the spirit” that are commonplace in Pentecostal services are eye-catching to observers, reporters, and researchers, most “spontaneous” activity is anticipated in careful planning and follow-up procedures. The rationality and discipline applied to such procedures reflect the importance that is attached to what is regarded as spirit-filled ministry in the movement’s mission and self-understanding. The rational and disciplined organization of such ministry—generally facilitated by vigorous use of management and ICT know-how—helps account

for the wildfire growth of the EPCM as much as that form of ministry itself (Cox 1996: 228–41; Dempster, Klaus, and Petersen 1999). It is true that the EPCM's acceptance of the inspired world is one reason for the rapport it has found in parts of the developing world where that world is accepted as a reality, and in many places is practiced along with animism in various kinds of syncretistic mix (Meyer 1999; Gifford 2009). But the EPCM mainstream is decidedly and explicitly opposed to all forms of spiritism, including fortune telling and magic. It accepts the supernatural because of its profound belief in a supramundane, rational, omnipotent, omnipresent, and omniscient God but it affords no place for the capricious and irrational deities found in much of the folk religion of the regions in which the growth of the EPCM is most spectacular (Kay 2009, 2011; Anderson 2004, 2013).

In the economic sphere, this translates into a sense of providence, rather than of “good fortune.” In this, as in most other respects, Pentecostals stand in Christianity's mainstream; as Rodney Stark has argued, the preeminence of Christianity in the West was, in the first place, the victory of reason (Stark 2005). The victory was facilitated by a belief in a rational God and a rational universe, an immutable code of ethics, absolute standards of right and wrong, and a notion of justice that was consistent—good is rewarded and evil is punished. Notwithstanding the stereotypes that portray the EPCM worldview as anti-modern, pre-modern, or “primitive,” the extension of this victory by the EPCM makes it a significant purveyor of both modernity and postmodernity. This does not, of course, apply to the versions of modernity and postmodernity that advocate (whether implicitly or explicitly) moral and cultural relativism. Those versions tend only to weaken democracy because they make impossible the case for inalienable human rights. Belief in transcendence acts as a bulwark against the state claiming absolute authority for itself, which so often proves to be the start of a descent into totalitarianism. Moral and cultural relativism is, in any case, made implausible by the finding that some worldviews are more socioeconomically conducive than others in terms of the attitudes and behaviors they encourage (La Porta et al. 1997; Knack and Keefer 1997; Guiso, Sapienza, and Zingales 2003, 2006; Mokyr 2009; Harrison 2000, 2011, 2012; McCloskey 2011). An obvious example in the case of EPCM converts in many low-income countries is that, in ceasing to consult witch doctors, appease jealous deities, and take part in lavish religious ceremonies, they find that more of their income is available to make investments that align with their values, such as in sanitation and education (Sherman 1997; Miller and Yamamori 2007; Brusco 2010). While relativism may pass the “political correctness” test because of the respect it purports to show toward indigenous cultures, too often it exacerbates poverty because of its inevitable support for the status quo. To encourage the pursuit of socioeconomic freedom via entrepreneurial aspiration and activity is not by definition an attempt to impose Western norms on vulnerable indigenous cultures (Chua 2004; Pfeiffer, Gimbel-Sherr, and Augusto 2007). As the increase in economic and political freedoms during the latter part of the twentieth century and early twenty-first century appear to demonstrate, the hunger for such liberty is universal.

VI. VOLUNTARY ASSOCIATION

David Martin sees Pentecostalism reflecting the early church in being a “dramatic instance of a successful transnational and voluntary form of Christianity” (Martin 2011: 63). This voluntary association, he points out, manifests an ecumenism of spirit while being organizationally fissiparous. He notes that the disciplines of the group generate solidarity and assist “every kind of betterment” including material betterment (Martin 2005: 41; Martin 2011: 64, 71). Pentecostal communities thereby represent “amazing networks of religious social capital...small and large hives of religious industry in every sense of the word” (Martin 2011: 68).¹⁸ This social dimension is often lost by commentators on the EPCM, who confuse the status that is given to the individual with excessive individualism that is destructive of community. While the EPCM emphasis on personal calling and conversion legitimizes a greater role for the individual, it also helps create alternative communities that can make disproportionate contributions to the wider societies in which the movement operates (Greeley 1997; Ma 2007; Johnson, Tompkins, and Webb 2008; Kalu 2008; Kärkkäinen 2009; Putnam and Campbell 2010; Anderson and Tang 2012).

It is able to do so because it shows such versatility in adapting to indigenous cultures that the EPCM truly qualifies as an indigenous movement, despite its global scope. One of its defining characteristics is that it is not governed from any “center” (in the West or elsewhere). Too often characterized as essentially an American phenomenon (Brouwer, Gifford, and Rose 1997), Pentecostalism has been a global phenomenon from its earliest days. Its ability to combine the ancient and modern in terms of its beliefs, worship, and communication has helped it to find expression in a great range of locally grounded varieties (Porter 2006: 571–74; Kalu 2008; Kim and Kim 2008; Kim 2008; MacCulloch 2009; Adogame 2010: 507–10; Phan 2011). As these varieties compete with each other in terms of the social value they represent and the social provision they make, the EPCM acts as a stimulus for the kind of social pluralism that helps build the civil society that is a requirement of economic and democratic development (Sherman 1997: 133, 144–46, 153; Anderson 2001; Smidt 2003; Marshall and Keough 2004; Marshall and Van Saanen 2007; Aikman 2006; Eberly 2008; Deneulin 2009: 73–88; Oladipo 2009; Woodberry 2013). This reflects an important meaning of the widely used term “social capital.” Often it is taken only to mean the way groups of people contribute to the well-being of the societies in which they live. This, however, pays insufficient attention to the second half of the term—“capital.” Reflecting the explanation of the meaning of this word provided earlier in this chapter, social capital should also be taken to refer to the economic potential of strong societies. Whatever other benefits sociality provides, its economic benefits need to be considered in discussions of social capital, especially those focused on developing contexts. It is primarily because the EPCM’s contribution to society is so conducive to the development of commercial entrepreneurship that this contribution can be conceived of in terms of social capital—together with the other forms of capital mentioned in this chapter—and regarded as a powerful force in human development.

VII. CONCLUSION

The focus of this chapter on the wealth-enhancing potential of Pentecostalism is not to deny the contribution made by other Christian traditions, nor is it to be blinded to its problems and pitfalls, such as those associated with an over-accentuation of the spectacularly miraculous in understandings of divine immanence. Some EPCM churches could actually retard development. Others run programs that are so dependent on the creative drive of a founder-leader that it is not yet possible to tell how durable they are. Within highly entrepreneurial movements, moreover, there is plenty of scope for making mistakes, not least by those leaders who lack the training and experience to run large complex organizations or who are self-interested manipulators. But it is the glass half full, rather than half empty, that has been the focus of the “appreciative enquiry” pursued in this chapter. The EPCM delivers enough to be a means of hope for many who are hopeless and to trigger tangible changes in attitudes, behaviors, and material well-being. Even those parts of the movement that are in thrall to the prosperity message help awaken and sustain that hope and EPCM churches are increasingly developing innovative and progressive social outreach initiatives even while they highlight more miraculous forms of provision. As the market economy is embraced around the world, the EPCM has the potential to help provide the institutional, relational, moral, and spiritual context it needs, both to function efficiently and promote human flourishing. This includes political as well as socioeconomic development, not least because market economies appear to be a necessary (though not sufficient) condition for democracy. Although for neo-atheists, it is precisely the wrong sort of Christianity that is flourishing—liberal denominational religion would be more palatable—the social legacy of the EPCM goes above and beyond what many secularists believe is possible from voluntary associations. Free from the survival-orientation of many traditional churches in the West, EPCM churches are able to act as transformative communities. Treating people as subjects, rather than objects, of development, they are helping them to realize their full potential and to use their talents and creativity to contribute to the betterment of their communities. In doing so, they nurture community-driven, not merely community-based, solutions. And they are helping to bring responsibility and accountability down to the lowest levels of society in ways that encourage those undervalued yet crucial aspects of development potential that are inherent both to Pentecostal spirituality and to entrepreneurship—dignity, self-reliance, empowerment, and hope for the future.

NOTES

1. It can be assumed, in Easterly’s typology of “planners” and “searchers,” that entrepreneurs belong to the latter category. But he writes that everyone can be a searcher who looks for “piecemeal, gradual improvement in the lives of the poor, in the working of private markets, and in the actions of Western governments that affect the Rest” (2006: 26), making it so

- broad a category as to be of little use in understanding the role of entrepreneurship. It is particularly remarkable that a book using the phrase “white man’s burden” in its title, as Easterly’s does, should contain no references to religion, given the significant contribution missionaries and other Christian leaders made to the debate around that phrase. Sachs’s and Easterly’s blind spot afflicts other ground-breaking and authoritative works in development economics, including Amartya Sen (1999), Joseph Stiglitz (2006), and Paul Collier (2007).
2. Pope John Paul II’s willingness to ask this same question makes his encyclical *Centesimus Annus* of 1991 distinctive in Catholic Social Teaching (Heslam and Andradi 2006).
 3. More well known is Weber’s claim that the pursuit of wealth was driven by the desire of Protestants, kindled especially by Calvinistic understandings of predestination, to prove to themselves and to others that they belonged to the elect (Weber [1905] 1930). Historical evidence in support of this claim is, however, somewhat less than robust.
 4. Data on religious demography produced by the Pew Forum on Religion and Public Life, much of it deriving from the Center for the Study of Global Christianity at Gordon-Conwell Theological Seminary, is generally considered reliable by scholars. Sound guidance on the use of such statistics can be found in Anderson et al. (2010).
 5. David Martin claims that Pentecostalism is a revolution “mainly at the cultural level” (2001: 65), but this goes too far as it implies that its religious revolution is secondary to its cultural one.
 6. While my use of the broader EPCM term is not incompatible with Peter Berger’s designation of Pentecostalism as a subset of Evangelicalism (Berger 2011, 2012), it acknowledges the fact that many Christians imbibing “Pentecostal” forms of spirituality belong to historical mainstream churches that may describe themselves as “charismatic” but not as “evangelical.”
 7. Over recent decades, the share of world Christianity that belongs to the EPCM has grown from around 6% to around 27% (Pew Forum 2011: 17).
 8. Martin’s estimate in 2011 was around 250 million, though he readily conceded that numbers depend on how Pentecostalism is defined. While he evidently excluded charismatic Evangelicalism in Europe from this figure, he admitted that this is a “closely affiliated movement” to Pentecostalism. He also excluded “classical Evangelicals,” who tend to lay more emphasis on the letter than the spirit of the Bible and believe that miracles ceased after the apostolic period (Martin 2011: 66).
 9. Berger later gave a variant of this phrase in a title of a speech: “Max Weber is Alive and Well and Living in Guatemala” (Berger 2004), published later as a journal article with the same title (Berger 2010). Somewhat confusingly, Berger claimed in 1999 that this exact phrase comes from an unnamed “commentator on Martin’s work” (Berger 1999: 4), whereas Martin attributes the phrase to Berger, even though he suggests the end of the phrase should be amended to São Paulo or Buenos Aires, given the strength of the EPCM in those great cities (Martin 2011: 79). The same year, Berger reiterated the Weber-Pentecostalism link he discerns (Berger 2011) and is likely to have agreed with Martin’s reference to the significance of São Paulo as he previously had called that metropolis “the world capital of Pentecostalism” (Berger 2004: 5).
 10. Elsewhere Martin writes that “Pentecostals feed voraciously on the whole bible” (Martin 2011: 69). Paul Gifford (2009), in contrast, emphasizes their highly selective use of Scripture and dubious interpretations, though his analysis is restricted to certain churches in Kenya. An overview of the use of the Bible within the EPCM is provided in Jenkins (2006).

11. Interest in Christianity's socio-political ramifications and impact is increasing. See, for instance, Stark 2003; Schmidt 2004; Hill 2005; Bao 2006; Xiping 2006; McGrath 2007; Freston 2008; Ranger 2008; Lumsdaine 2009; Joireman 2009; Lindsay 2009; Hart 2009; Hunter 2010; Spencer 2011; Mangalwadi 2011; Woodberry 2012a, 2012b.
12. Zhuo Xiping, "Christianity and China's Modernization," *Länderbüro China*. A Religion and Modernization Forum Paper (no date). http://www.kas.de/wf/doc/kas_6824-544-1-30.pdf, accessed April 11, 2012. See also Xiping 2006.
13. Simon Coleman and Birgit Meyer are on shaky ground with their insistence that Weber overlooked wealth consumption in favor of wealth production (Coleman 2004: 424–25; Meyer 2007: 8–12), not least because Weber's key notion of asceticism and its resulting "iron cage" are directly related to consumption (Weber 1930: 181). Better founded is Meyer's claim, which she borrows from Campbell (1987), that capitalism provided the context for the rise of a consumerism that was stimulated in part by a romantic ethic that developed alongside the puritan ethic (Meyer 2007: 9–10).
14. Amongst neo-Calvinists in the EPCM, this tension is characteristically expressed in the dual doctrines of common grace and the antithesis (Heslam 1998).
15. The findings of this research project have been challenged by Birgit Meyer but this is largely based on her apparent preference for economic reasons for religion, rather than for religious drivers of economic change (Meyer 2007: 10–12). A further challenge has been mounted in an article by Paul Gifford and Trad Noguiera-Godsey (2011) but only on the basis of their study of one church.
16. Fresh expressions of "pioneer ministry" in some developed world denominational contexts signal the possibility that this is set to change (Iverson and Croft 2008; Goodhew, Roberts, and Volland 2012). Organizations seeking to resource and promote the activities outlined in this paragraph include ChinaSource; African Leadership Partners; Business as Mission (YWAM International); Reconxile; Enterprise 500; Latin American Mission (Defus 2005); International Christian Chamber of Commerce (Gunnar Olson 2002); Partners Worldwide (Seebeck and Stoner 2009; Hoksbergen 2009); Opportunity International (Lutz 2010); Five Talents (Heslam 2010b: 24–25); Living Stones Foundation (Eldred 2005); Transformational Business Network (Griffiths and Tan 2009); and the Nehemiah Project (Tsague 2006).
17. Weber made an implicit connection between the emergence of modern methods of book-keeping and a heightened sense of God's moral book-keeping (Weber 1930: 77).
18. This reflects the findings of research on twentieth-century Dutch Calvinist immigrants to Brazil, which reveal how their religion provided the social glue that held the community together (Jongkind 1989).

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CHAPTER 20

FAITH, RELIGION, AND INTERNATIONAL DEVELOPMENT

KATHERINE MARSHALL

“DEVELOPMENT” is a versatile term but the core sense is change, generally for the better. Since the end of World War II, it has progressively come to refer to the processes of social change that are transforming the world, part and parcel of the many dimensions of globalization. More specifically, international development is associated with the various ideas, institutions, and processes that revolve around purposeful efforts to improve the welfare of the world’s poorest nations and citizens through various forms of assistance, public and private. A vast array of religious, or faith-inspired, ideas and actors are also deeply engaged in the same terrain, though often from quite different perspectives and in different ways. Indeed, a central issue, and the leading theme for this chapter, is that important segments of the two worlds and perspectives have been in tension or divorced one from another, while they share much common ground in a concern for human dignity and welfare and for translating these ideals into reality.

An important backdrop for a discussion of development and faith is the expectation that has taken hold that richer countries have a responsibility to help and support their poorer brethren. While there is an obvious kinship to ancient notions of charity, this global imperative is a new phenomenon, one that was barely a glimmer before the 1940s. Today the responsibility involved is in contest as wealthier nations debate their obligations and roles beyond their borders, but the “right to development” is part of the Universal Declaration of Human Rights. Nowhere is the notion of shared responsibility for this right more clearly articulated than in the Millennium Declaration, which 193 countries signed in the year 2000 at the United Nations:

We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development

a reality for everyone and to freeing the entire human race from want. . . . We resolve therefore to create an environment—at the national and global levels alike—which is conducive to development and to the elimination of poverty.

International development institutions and a complex set of foreign aid practices and approaches have thus taken shape, largely in the years after World War II. They have followed a complex trajectory, heavily influenced in the early decades by the international relations of the Cold War era but also by postcolonial politics and history. Successive geo-political changes, notably the post-1989 transformation of the former Soviet bloc and the series of world-shaking economic booms and busts, have shaped ideas, institutions, and practices. The development system has evolved with the changing norms and understandings within various professions, prominently economics but also, *inter alia*, sociology, anthropology, and political science. Yet few, among leading development specialists, have considered that religion or theology had much relevance to the effort. The early decades of evolving development thinking were for the most part times when secular assumptions took the likely dimming of religion's importance as societies advanced as a given. There was a tacit or explicit assumption that religious beliefs belonged to the private, not the public sphere and were not particularly relevant in looking to global poverty or equity challenges.

As development institutions, public and private, evolved in their thinking and practice from a focus on reconstruction and humanitarian assistance toward long-term, multifaceted approaches that set social progress as their objective, a host of institutions and ideas with a faith inspiration were also at work and also were undergoing a constant process of change. Their trajectory in many senses echoed the patterns of their secular counterparts. In the early post-World War II period, in view of destitute societies, lingering conflicts, and crippled infrastructure, humanitarian relief was a primary concern. Institutions and programs were built on ancient traditions of charity and care for those in greatest need. Rebuilding was a central focus. But as time went on, the inadequacies of simply responding to crises with relief and humanitarian aid became glaringly apparent, and institutions in many different parts of the world came to look to longer term solutions that would build sustainable societies, develop human resources, and, as the common phrase put it: “teach a man to fish” rather than simply handing out fish to eat. The understanding that poverty and conflict were related, albeit in complicated ways, took root and it was especially in religious communities and circles that these links were explored and related to a broad quest for social justice. Indeed, in 1967 in his Encyclical *Populorum Progressio*, Pope Paul VI issued a plea in stark terms: “Knowing, as we all do, that development means peace these days, what man would not want to work for it with every ounce of his strength? No one, of course. So We beseech all of you to respond wholeheartedly to Our urgent plea, in the name of the Lord.”

Over the past two decades the largely separate paths pursued by secular development institutions like United Nations agencies, bilateral aid agencies, and multilateral institutions, such as the World Bank, but increasingly also a fleet of international nongovernmental organizations, foundations, and private companies, and those of faith-inspired

organizations have, at least to a degree, begun to converge. What has prompted this rethinking and change in tactics and approach is, first, increasing awareness in many quarters of the impressive common ground that unites very different organizations that work to promote international development and fight poverty and, second, a series of crises (economic, social, and political) that have forced many development actors to engage more actively with one another. It is no accident that the eighth Millennium Development Goal (MDG) that emerged from the 2000 Millennium Summit focuses on partnership, because competing or simply disjointed and discordant ideas and actions among the development institutions that have grown exponentially in number have become such a serious problem that it has demanded a succession of world summits whose aim is aid harmonization. The religious tensions that became apparent with the Iranian Revolution of 1979, religious conflict in different world regions, and mounting terrorism, notably the attacks on the United States on September 11, 2001, have forced a new recognition and appreciation that indeed religion is neither dead nor defunct but is probably in resurgence and is taking new and complex forms.

In the past two decades, both secular and faith-inspired institutions, individually and in ecumenical and interfaith settings, have taken steps to bridge the gulfs that separated the development worlds of faith and international development. However, the path of mutual engagement and partnership has been tortuous and its future direction is far from clear. Looked at with a somewhat jaundiced eye, the complex contemporary interactions of secular and faith development actors shed a rather harsh light on issues of church–state relations and understandings of religious freedom. Mutual suspicions still run high in many quarters and the ideals of constructive partnership are as often a chimera as a reality. However, taking a more optimistic view, the engagement of religious with secular development actors stands to enrich both understandings and practice of development, thus deepening the social roots of development progress, assuring more careful adaptation of global ideas and experience to different societies, and thus better chances of sustainability.

I. DEVELOPMENT AND FAITH: DEFINITIONS AND CHALLENGES

This complex and often sensitive topic merits some comment on terminology, a reflection on approach, and some caveats.

Religion and faith are huge subjects. The most basic terminology itself is fraught. Religion, faith, spirituality, theology, and secular: each is a contested term. To some, religion is a straightforward description of institutions and approaches; for others, it implies institutional formality, in keeping with the word religion's Latin root, "to bind." Religion can also signify simply a broad and not always precisely defined set of beliefs and practices. Spirituality can suggest the essence of religious belief; alternatively, to

some, spirituality conveys a sense of a transcendental belief distinct from (and sometimes contrasted with) organized religion. Faith can imply a set of specific beliefs or convictions, a tradition that extends well beyond organized religion, or simply a belief in something mystical that cannot be seen or measured. A sensible colleague commented: “Everyone has faith; the question is, faith in what?” The assumption that believers are organized in formal communities (a church or congregation) and share an articulated set of beliefs sits uncomfortably with some faith traditions. Hindus, for example, even as other believers (some Buddhists, for example) maintain that they do not have “faith” in the commonly understood sense of the word, a belief in one or more gods. And while the significance of “secular” is clear and virtuous to some, in other settings it can imply a godless outlook and, by implication, an approach that is not guided by meaningful values.

In short, definitions are difficult. This chapter generally uses the term *faith* on the understanding that it conveys a broader and less formal connotation than *religion*. The term “*faith-inspired*” institutions as opposed to “faith-based” organizations or FBOs suggests a wider net. In practice many institutions that have a faith inspiration (the Aga Khan Development Network, for example, but also Habitat for Humanity and many local based Sufi-inspired organizations) do not view or present themselves as faith based. Many institutions, Catholic Relief Services and Islamic Relief, for example, do have formal religious affiliations but their faith inspiration is also clear. The vast array of institutions that are involved in this faith-inspired universe is another complicating factor. The institutions most commonly looked at in academic literature and practice are indeed the faith-inspired organizations, but also playing active roles are communities and congregations, spiritual movements and orders, interfaith organizations, and informal groups operating at local levels. It is important to appreciate that no definitions satisfy all concerns. The reality is that the ideas, practices, and institutions involved are complex, highly varied, and quite dynamic (Marshall, 2013).

“Development” also refers to a complex universe of institutions and ideas, and it too is in flux. The term can refer to widely different approaches, top-down planning versus bottom-up community development, for example. The rather common tendency to view development institutions or groups of countries in a simplistic fashion (for example, as representing the “North” and the “South”) reflects misapprehensions and oversimplifications that can be misleading. Further, thinking and practice about development have changed markedly in recent decades, yet stale stereotypes tend to dominate both debate and scholarship. For example, general and often warranted critiques of so-called neoliberalism rarely reflect the complex changes that have shaken confidence in anything like a “Washington Consensus.” Community engagement and empowerment and a gender lens were barely mentioned three decades ago but today, for most development institutions, community “ownership” is a moral and ethical imperative and a gendered approach is a *sine qua non*. The real questions today center on how to carry these ideals into effect.

The term “development” today encompasses broader and broader groups of countries and, in practice, virtually any topic or sector—transportation, technology, climate

change, democracy, security, education, and health, just to begin with. Over the past century two hypothetical maps depicting world welfare would show radical changes. A first, in the early 1950s, would show countries grouped in two categories, developed and underdeveloped, and a world also divided into three, capitalist, communist, and “other.” The second, 2011 map would suggest a very different and far more complex picture. The contemporary development map would resemble a multicolored and dynamic kaleidoscope reflecting the many very different country situations. In effect the very term “developing nations” has limited meaning.

In short, discussion of development and faith must be set in the context of a remarkable geopolitical and social change. International development is about fighting poverty at its most fundamental level, but in practice far more than abject poverty is at stake. Development work confronts a vast array of questions about ideal society or societies, and thus aspirations about social justice in its many forms. It involves what is often termed “positive peace,” that is a notion of societies run on the basis of human rights rule of law. Likewise the development enterprise, whether it involves faith-inspired or secular actors, involves a complex array of goals and areas of policy, investment, and administrative intervention.

This was not always so. Early development strategies and plans were, on paper, far more straightforward, and assumed a steady progression toward modernity. Today’s scene is far different. Development is well understood to involve different paths and often different ends. Human development—education and health in the first instance, social capital beyond that—is well appreciated as both a priority goal and means. Participation by communities and individuals in every aspect of the process of change is an accepted prerequisite for successful programs and is linked to what is nearly a mantra today: country ownership. Equity as a goal takes on new importance, as it becomes increasingly clear that the goals of development go far beyond simply ending avoidable misery. Equity suggests balance, access, and opportunity. It includes jobs, decent health care, and “education for all.” What is desired is not equality in the sense of the same outcomes and paths. The language of human rights has thus entered deeply into development thinking and the framing of objectives.

An important and relatively recent shift in focus is toward the poorest among the poorer countries (variously termed least developed, poorly performing, failed states, low-income countries under stress, etc.). The very poor have long been a special focus of development efforts (for example, in the designation of “least developed countries”). Recently, however, a new understanding has taken hold, that a definable group of societies and countries facing special challenges need and deserve a different approach. One reason is that many are held down by recurring conflict and violence, another that weak institutions and governance produce a vicious cycle that dampens progress and deflects investment. Among the strategies for such cases are more explicit emphasis on security and rule of law, truth and reconciliation efforts, and a heavy emphasis on building capacity and, increasingly, combating corruption. In virtually all such societies faith-inspired organizations are active, though it is rare that systematic effort has gone to enlist them in the difficult development challenges they face. That is an important missing link, and

it is an example of a topic involving the worlds of faith and development that merits attention.

II. PATHS TOWARD ENGAGEMENT OF DEVELOPMENT AND FAITH

Development issues and institutions and religion and faith are linked in a wide variety of ways. There are clear, practical intersections between what have in practice been relatively segregated worlds. For example, faith-inspired organizations run a vast array of schools and universities, health services, HIV and AIDS programs, water investments, and microfinance institutions. It is symptomatic that the estimates of market share by faith institutions, even at a country level but above all at a regional or global level, are exceedingly rough, but clearly their inputs and impact are substantial, and they are important if poorly appreciated players. Trickier and more elusive are questions about how religion is linked to social tensions and conflict, as well as to conflict resolution and peace building. At its most simplified, religion is part of the problem and part of the solution, but the way in which religion is involved in any one conflict is distinctive: the role of religious ideas and actors both in tensions and reconciliation in Kashmir, Aceh, Uganda, South Africa, and Honduras, just to cite a few instances, are complex and quite different. The deepest, hardest to answer questions turn around how religious and spiritual motivations affect social change and social welfare. They plainly have great importance on health behaviors and attitudes toward corruption and leadership, to take a few examples, but pinning down the specifics is no simple matter. It is a continuing subject of reflection, with roots at least to Max Weber, how religion affects a society's approaches to key factors in development like investment and savings, commitment to education, and willingness to enter into trusting partnerships.

In sketching the arenas within which contemporary interactions between development and faith-inspired actors take place, it is useful to focus on engagement at different levels, with evident implications for scale: the community level, affecting day-to-day lives; national approaches, including in particular legal and policy dimensions; transnational faith organizations like the Catholic Church, which exercise particular sway; and transnational interfaith initiatives linked to development, a growing area of interaction. From the very global to the very local, there is a rich array of engagement, a "spiritual capital" to draw on, and a host of issues to address.

A review that looks to the history of development/faith engagement can be helpful in appreciating the complexities of today's relationships and challenges. Different stages of the journey suggest a historical time dimension and a narrative that illustrates issues that have emerged as different communities and approaches have come increasingly into contact. What follows is a simplified narrative whose primary purpose is to highlight the dynamics of a changing set of perceptions and relationships.

A. Ships Passing in the Night

During the early decades after World War II, when international development ideas and institutions were taking shape, there was remarkably little explicit engagement between faith and development institutions. Ideas and individuals, of course, traversed porous boundaries. For example, as early as the 1920s the Director General of the International Labour Organisation (ILO) observed that both trade unions and employers, even when they were in conflict, shared deep faith commitments. He sought to understand Catholic social teaching as a guide in developing his fledgling institutions and to make contact with the Vatican. Many very secular development institutions—Oxfam and the International Red Cross, for example—had essentially faith-inspired origins. The World Council of Churches (WCC) was deeply engaged in pioneering work to thrash out global health policies. Confucian principles influenced, albeit in subtle ways, the shaping of Singapore’s remarkably successful trajectory from hopeless basket case to one of the world’s sterling socioeconomic transformations. Many individuals who led action and intellectual aspects of secular development work drew inspiration from their faith traditions.

But searches of academic publications, white papers, library records, and conference proceedings about development essentially turn up virtually no mentions of faith or religion beyond passing references to Max Weber and the Protestant roots of economic success. The United Nations Development Program (UNDP) and most other official aid bodies rarely, if ever, made reference to religion. Ironically, especially in the case of Europe, faith-inspired actors like ICCO, Norwegian Church Aid, and the Community of Sant’Egidio (just to name a few) were highly influential in shaping ideas and reactions to specific issues but generically and generally faith was simply invisible in policy and program debates. The common working assumption was that religion belonged in the private sphere while the focus of formal development work labeled as such was on public institutions and on private investment.

Viewed from the angle of the complex worlds of religion, institutions like World Vision, Engaged Buddhists, Islamic Relief, the Salvation Army, and Catholic Relief Services were emerging as vital and large organizations managing active programs in many world regions, but they were rarely seen by the main development actors as particularly distinctive or “religious” in nature. Likewise theological debates about the merits of development paths were taking place, notably within the Vatican’s Pontifical Council on Justice and Peace and the WCC and its regional and national affiliates, but the true impact of such reflections and debates on development thinking was barely visible and, even with the benefit of hindsight, rather difficult to discern. Mutual knowledge and systematic exchange were limited.

During the decades through to the 1970s, the clearest practical engagement was in the area of humanitarian relief. Many faith-inspired organizations were active players and slowly but steadily their experience and voice was recognized at policy tables. But in general, civil society, so visible and significant today, was rarely seen as a critical element

in the development equation. Religion, often viewed as part of civil society, was treated in roughly the same fashion—out of sight and out of mind.

B. Voices of the Poor and the Civil Society Revolutions

An array of new communications among secular and faith actors were inspired, in fits and starts, by a growing appreciation among development professionals that development would not come by applying simple recipes or by fiat from above. Progress was rarely linear, and it very often defied predictions. At the same time, vocal and visible critics were at the door of what had been rather staid and proud development institutions, challenging both the secrecy of development practice at the time and its most cherished assumptions. These various socio-political shifts as well as disappointments in the performance of projects launched with much verve and confidence prompted a quest for a deeper appreciation of what poverty meant. Robert McNamara in 1974 demanded a focus on the “poorest of the poor,” the “lowest 40%” in a series of 1970s speeches and analytic techniques seeking to ensure that resources went to the bottom rungs of the economic ladder became increasingly sophisticated as time went on. All this was part of what we can now see as the civil society revolution, a changing era where growing norms of democratic participation brought new institutions into the public arena and public debates. They were direct actors and advocates for a wide range of changes but above all a voice in the debates. Civil society institutions of many shapes and sizes grew steadily in importance.

Among the studies and experiences that contributed to the more complex appreciation and sharper focus on poverty was a massive study of poor communities in the late 1990s, coordinated by the World Bank, that came under the heading “Voices of the Poor.” The studies brought home how poverty meant far more than material deprivation, though obviously low incomes and limited access to services were important. These large and participatory surveys had hard data interspersed with individual stories and testimony of poor people. They conveyed, as few studies and evaluations had before, the complexity and deep hurt of poverty, the central roles of risk and uncertainty, and how human development, especially education and health, were tightly linked to opportunity. The special impact of poverty on women came through clearly. Research and operational experience thus combined to challenge simplistic formulas of what poverty and development involved. The complex and nuanced pictures that emerged brought in culture, gender, governance, and many other dimensions. For the researchers a surprising finding was the importance poor communities attached to religion and the trust they expressed in religious leaders and communities.

The Voices of the Poor review and similar exercises changed both development thinking and development discourse, part of a sort of democratizing process linked to the civil society revolution and post 1968 and 1979 winds of change. It was during this period that a new mantra for the World Bank was proposed by a management team in training: “our dream is a world free of poverty,” that to this day is etched in marble at the

entry of the World Bank's Washington, DC headquarters. A concomitant vision was: "to fight poverty with passion and professionalism," again a significant shift from the days when sober economics held sway. Both reflect a strong ethical call and the broadening understanding of what poverty involved. One can deduce a glimmer of awareness that spiritual realms had something to do with it. The new appreciations of poverty enriched development discussions and they happened together with an opening of doors to new actors. They gave rise to more hunger for understandings that began at the community level, to understand behavior, and to move beyond recipes and common paths to prosperity.

C. Tensions, Demonstrations, and Challenges

These subtle but significant shifts in development thinking came during a period when development institutions were coming out of the dark, smoke-filled halls of decision-making, not because they sought the limelight but because they found themselves confronted with a widening array of challenges and critiques. From the late 1970s, development institutions found that their paths had become rather bumpy. The hopes that had accompanied fresh independence for many nations, especially in Africa, and expectations of a steady upward trajectory toward prosperity met bitter disappointments, not everywhere but in many countries. Tanzania, for example, was a darling of development commentators for its egalitarian Ujamaa approach but its economy floundered. World oil price increases shocked economies, development projects launched with fanfare failed miserably, generally because management was appalling, and growing populations and rapid urbanization swamped plans that called for universal primary education and health care for all. Development organizations, both by necessity and belief, shifted their focus from a project by project approach to one which centered on efforts to support and influence national policies and to programs directed toward economy and sector-wide changes, often termed *structural adjustment*. These policy shifts were rarely the product of careful reflection. Most often they represented urgent and often inescapable emergency responses to crises and virtual national bankruptcy but to say they were politically unpopular is an understatement.

Many faith-inspired leaders and institutions, largely informed by what they were hearing from communities where the disappointments of projects and ripple effects of policy changes were playing out, responded with round critiques and protests. They saw the failed projects as avoidable results of top-down design and erratic financing, and the policy changes (for example, cuts in food subsidies, rising costs of health care and education) as cruelly neglecting the social needs of the people. With a virtual absence of dialogue, the result was a climate of anger, charges, and countercharges.

Development, willy-nilly, came out from the shadows of technocracy into politics. Ill-prepared for the limelight and indignant at the demonstrations and critiques, most

actors responded clumsily. Tensions between civil society movements, revolutionized both by changing politics and technology, and official institutions, national and international, mounted. Protests grew and in some places erupted into violent confrontations, the most prominent examples being international meetings in Seattle in 1999 and Genoa in 2001. Institutions like the WCC issued blistering critiques of the development institutions. Protests focused on a widening set of charges and projects, from dams to water to forestry and religious institutions and leaders were often in the vanguard.

The geopolitical scene affecting development work, meanwhile, was changing dramatically. The revolutions of 1989 and 1990, the fall of the Berlin Wall, the disintegration of the former Soviet Union, and the rather abrupt close of the long Cold War chapter of world history challenged development thinking and organizations profoundly. Political standoffs and alliances had importantly, though indirectly, colored approaches to many poor countries since the early 1950s. Longtime support for regimes like Mobutu's Zaire could no longer be justified. New countries, termed the "transition economies," in east and southeast Europe and central Asia, which had stood outside the fray, suddenly were part of the development equation, though they faced fundamentally different challenges. Raw and long-standing conflicts, for example, in the Balkans and in Africa, took on new forms. China had for decades essentially sat out the international development scene (except for some project support) but now emerged as a central player, first as a large aid recipient, later as an investor and aid partner.

During the first years of the parallel revolutions of civil society activism and post-communist transition, religion did not appear to play prominent roles and religion as a distinctive set of institutions and a topic was still largely ignored. However, social forces were also transforming the religious landscape. Paralleling the civil society revolution that brought new actors and voices into global debates, within religious institutions new forces were at play. These were not, of course, primarily presented in terms of development thinking but the intersections came above all in terms of voice and challenge to established orders. Churches found themselves forced to respond to the HIV and AIDS pandemic in southern and eastern Africa beginning in the mid-1980s. Religious leadership (Catholic, Protestant, Orthodox, Muslim) at first was deeply in denial, condemning the disease as a product of sin and outside influence. Meanwhile, however, communities and orders responded with extraordinary compassion and resources. Over time the two currents confronted one another (and to a degree do so to this day). Pentecostal churches spread with great vigor and shook established faith communities at their roots. Within Islamic communities, the growing influence of Wahhabism in Muslim societies but also of Sufi movements went along with and shaped social change. The growing environmental movement, at global levels as science was pitted against creation narratives and religious beliefs, but even more in local communities as they confronted the reality and prospect of climate change, came to engage many faith actors. All these issues brought secular and religious institutions into direct contact in areas that the secular development institutions had seen as their *chasse gardée*.

D. Millennium Reflections, Jubilee 2000, and Poor Country Debt

The development world was plainly jolted by the new era of criticism and new currents of thinking about equity and paths to social change. The engagement of faith institutions in responding to the coming challenges of the turn of the millennium in 2000, and in their confrontation on approaches to poor country debt offer an illustration of how interactions unfolded.

It was the approach of the year 2000 that prompted many actors and observers, both religious and secular, to take stock of their impact and approach. One current focused on the long series of promises made at many levels by political leaders, including a long series of large global summits, and the failure both to live up to them and to hold the promisers to account for their failure. This critique was what in large part led to the Millennium Development Goals, with their elaborate framework of timetables, specific targets, and mechanisms to assure accountability. The deliberations that produced the Millennium Declaration and the Millennium Development Goals (MDGs) tended to play out largely at the level of nation-states, with heavy inputs from the largest international nongovernmental organizations. There was an effort to engage faith communities, notably in a large summit of religious leaders held at the New York headquarters of the United Nations in August 2000. However, that meeting focused more on peace and conflict and on an unsuccessful effort to win a formal place for faith communities in United Nations decision-making. Faith communities did not initially take on the enormous challenges that the MDGs represent and were somewhat tepid in response. From about 2008 onward, the large global interfaith bodies (Religions for Peace and the Parliament of the World's Religions) and other groups like the Micah Challenge focused more sharply on the global poverty challenges and on building alliances directed to translating millennium ideals into reality.

Also goaded largely by the approach of the year 2000, a diverse set of actors, from several different faith traditions, and different continents, took on what had been a sacred issue of principle for the development community. The faith communities presented the heavy burden of unpayable debt that faced many poor countries in the wake of economic crises and poor economic management as cruelly unjust. For the development community, "moral hazard" arguments presented any erosion in the clear rules that had emerged calling for responsible servicing of debt contracts as a first step toward global economic chaos. The debt movement, coalescing into the Jubilee 2000 movement, succeeded in a remarkably short time in changing both the rules governing poor country debt and, more important, political and public understandings of what development was really about.

The focus within a set of religious communities on the question of what had gone wrong for poor countries crystallized around the issue of debt and the Jubilee 2000 movement. This movement clearly emerged out of religious thinking and institutions, and it broke new ground in drawing on biblical wisdom in calling for debt cancellation

for poor countries. The mobilization around Jubilee 2000 turned a technocratic issue, where few people outside the technical financial world truly understood the elaborate mechanics of the moving financial world consensus on debt relief, into a moral imperative. World leaders listened, especially as crowds of demonstrators included pastors and mothers' unions. The glacial movement on debt picked up momentum. Sadly, debt was only part of the problem, and the year 2000 passed by, but the impact of Jubilee 2000 on development thinking was significant.

E. Alliances and Partnerships

A combination of changes in development thinking and the profound shifts in geopolitical realities have led, with bumps and spurts, to a set of new approaches to relationships among secular and faith-inspired institutions. While it is rather rare to find a carefully thought out strategy among major development institutions toward faith institutions or toward religion more generally, there are a growing number of examples of cooperation and of alliances. The most vivid examples are the wide array of alliances and partnerships that have taken form as part of the response to the HIV and AIDS pandemic. In the United States, advocacy by religious groups was a major factor that inspired the George W. Bush administration to give high priority to HIV/AIDS and to launch the ambitious President's Emergency Plan for AIDS Relief (PEPFAR) program. That advocacy in turn contributed to a more purposeful US administration approach toward working with faith-linked groups, especially from the Evangelical community. In several European countries, a combination of awareness of the importance of religion for the communities they sought to help and the presence of growing immigrant communities that increased religious pluralism prompted a series of reflections and research projects. The British aid agency's support for the University of Birmingham Religions and Development Program is the most prominent example, but the Swiss and Netherlands governments both have undertaken thoughtful reviews of the relationships between development and religion, and events in Sweden, Norway, and Portugal have taken stock of relationships. The practical results in terms of specific programs and policies are modest but overall there is a trend toward greater awareness. There are also cases of what some term "strange bedfellows," or unlikely alliances, for example, bringing together politically quite alienated groups to work together for a cause like fighting sex trafficking.

Among multilateral organizations, two very different institutions have devoted substantial efforts to the development-faith relationship: the World Bank and the United Nations Family Planning Agency (UNFPA). The World Bank, inspired by the very personal leadership of its president, James D. Wolfensohn, launched a purposeful dialogue jointly with the then Archbishop of Canterbury in 1998, responding to the puzzling hostility he found among faith groups toward the World Bank. This dialogue led to a series of high-level meetings, country-based pilot programs, and research and partnerships over a period of almost fifteen years before the effort was "mainstreamed" in 2011.

Among other activities this involved a several year dialogue process, together with the International Monetary Fund (IMF) with the Geneva-based WCC, whose aim was to understand better the sources of tension that divided the institutions. A booklet that WCC prepared in advance of the encounters illustrates well the general unease at engaging with the secular development world: "Lead us not into Temptation." The work at the World Bank was sharply curtailed following Wolfensohn's departure in 2005, but it continues through the World Faiths Development Dialogue (WFDD), from a base at Georgetown University.

UNFPA, also under a dynamic leader (Thoraya Obaid), took the position that the social changes involved in reproductive health could not be achieved without engaging with religious leaders and communities. UNFPA thus began to work through its country offices, to the point that every office can report some partnership with faith communities. Further, UNFPA sponsored a UN interagency working group and a first UN system-wide strategic training forum in religion and development. These are the most systematic efforts but other UN and regional bodies also have recognized that religion is a key actor and, at least indirectly, a player in the many aspects of policy and action in humanitarian and development work. The United Nations Alliance of Civilizations is among the entities that have pioneered work in this area.

This history of gradual engagement between faith and development actors, moving from indifference and ignorance to tension to something approaching rapprochement, has many more chapters. But over time it is possible to discern a growing interest in working in an array of new partnerships across the international development community, and with a quite wide range of faith institutions more specifically.

III. BUMPS ALONG THE ROAD

The journey outlined above has parallels in other areas, for example, in relationships among development institutions and trade unions. The history of religious encounters in the development field, however, exhibits some special elements. The process launched in the World Bank, for example, was entered into in the full expectation that a dialogue with faith institutions was beneficial and carried few if any real risks. However, unexpected tensions and objections emerged. Some were peculiar to that institution and moment in history, but they are nonetheless of broader interest, as they illustrate graphically special sensitivities that attach to both dialogue and alliances involving secular and faith-inspired institution. Tensions took a form that involved both formal reactions from representatives of the World Bank's 184 member governments and tepid support and sometimes outright hostility from the institution's own managers. In parallel, reactions of faith institutions and thinkers, ranging from institutions to academic departments in universities, were often wary and sometimes hostile.

Critiques of the faith dialogue were often very broad but several quite distinct currents can be discerned. Stepping back, it is clear that some tensions (from within both secular

institutions like the World Bank and faith institutions like the WCC) were related to lack of mutual knowledge. This was evident in explicit recognition of, for example, how hard it was to understand the complex institutions of the Catholic Church and the impenetrability of economic jargon. Significant differences in language and approach grew from the general lack of familiarity with the specific disciplines and traditions involved. However, the reservations and doubts expressed over several years of engagement stem from deeper causes and include a series of preconceptions and views about religion, especially among secular institutions, and of the secular globalized world, that often stood and still stand in the way of more active engagement and cooperation.

Succinctly, almost in the form of a caricature, official representatives of many governments expressed keen reservations about engaging with religion because they saw religion as often if not generally *divisive* (interfaith and intrafaith tensions, personal jealousies, church–state tensions). They were doubtful that the essential objectives of religious actors were compatible with the development mission because they saw faith institutions as supporting the status quo in many situations. They read faith motivations as more about future worlds or converting new members than about transforming society. Especially on topics like gender equity and reproductive health, they saw religious views and politics as *dangerous* for development. And crudely put, many assumed that religion as a global force was essentially *defunct* or diminishing in importance and thus of low priority. If one seeks a counter view, again highly simplified, of preconceptions held many faith institutions, the key critiques would be that the development institutions are the tools of new multinational *empires* whose primary goals are to exploit poor countries for the benefit of wealthy nations, that *economics* is so much king that other perspectives and disciplines are drowned out, that the institutions lack an *ethical* grounding for their work, and that the institutions are so complex as to represent an *enigma*.

Extensive dialogue has tempered and informed these views, and far more doors are open now than at the time when faith and development institutions began a more formal engagement. Dialogue itself has elicited and helped to define the hesitations of faith actors about the development world and vice versa. There have always been wise leaders and actors in both sets of institutions. But it would be disingenuous to suggest that the dialogue among development and faith actors is smooth or technically driven. The history and emotions around both topics are an essential part of the scene.

IV. CONTEMPORARY SITUATION AND CHALLENGES AHEAD

Religion and development share large common ground and many goals are similar if not identical. Faith and religious beliefs and practice are important elements shaping values, incentives, and behaviors that drive social change and social relations. Disentangling

the faith element is obviously fraught with difficulty. At the broadest level, faith is part of the human endeavor to define ideals for society and paths to achieving them. More concretely, the calls to conserve resources, save money, and attend school all have faith links. Different faiths may (or may not) approach these questions differently, coloring the path of social change accordingly. This essential backdrop is largely about understanding (without, obviously, seeking to convert or change values). Better knowledge and appreciation can inform design of programs at many levels. Poor knowledge has led to countless blunders and suboptimal programs and policies.

Illustrations of areas where knowledge is particularly weak are: faith roles in generating, preventing, and resolving conflict, the impetus and impact of the spread of Pentecostal churches in poor communities, and the contemporary social roles that Sufi and other movements are playing in Muslim societies.

Faith institutions shape ideas and values, but they are also very practically engaged in service delivery. Education and health, the most significant areas of direct overlap, are central to the Millennium Development goals. Imperfect knowledge of the concrete work of faith institutions in these two critical sectors is an important knowledge gap. Another is the large and largely unmapped role of faith-inspired organizations involved in virtually every aspect of development work: microfinance, water, garbage and sanitation, tree planting, and so on. Faith institutions support migrants, provide safety nets for the destitute, work with the disabled, and care for orphans. These, in turn, are high-priority topics for development institutions. The field for investigation of both quantity and quality of this work is vast and there is ample room for coordination and common engagement.

The bumpy road of partnerships among religious and secular partners on important development policies suggests that more effort is needed on thoughtful dialogue leading to better understanding. Reproductive health and gender roles are by far the most contentious and important topics. Approaches to corruption and governance more broadly also need better understanding.

Engagement of faith and development institutions often centers on very practical and immediate issues. Stepping back, the engagement also poses, for all concerned, many fundamental challenges that touch on the very objectives of development: What are the visions of an ideal society? How can traditions and traditional beliefs and cultures survive with the catapulting changes of the contemporary world? How much diversity can be sustained within a framework of common human rights and ideals of equity and equal opportunity?

In international development circles the observation is often heard that “religion is part of the problem and part of the solution.” That same statement is echoed by many thoughtful religious leaders, even as others find it offensive. The assessment is obviously simplistic, but it highlights three important dimensions. First, in approaching this topic, perceptions matter, and perceptions of what religion is, does, and should be are deeply held and varied. They are not abstract when they translate into real action (for example, when a public health official dismisses faith voices from a planning session because he says their approach is not evidence-based or a pastor reinforces stigma by refusing to

bury a parishioner in the churchyard who died of AIDS). It is not abstract when faith leaders denigrate what they describe as the crass material motivations of dedicated development professionals and vice versa. Second, highlighting the positive and negative facets of faith roles underscores the obvious diversity in religious experience and approach. Few would contest that various religious sects, among them Uganda's Lord's Liberation Army, which has torn its northern regions and now neighboring countries asunder, are evil and imperil human progress. Some religious views that call women to obey their husbands are (to put it kindly) contentious and seem quite incompatible with human rights. In contrast, the love of learning nurtured by many religious institutions and their dedicated roles as inspired teachers give meaning to goals of universal education. Thus, a nuanced approach to the topic of religion and development is one to nurture and inculcate, an approach that acknowledges the enormously significant roles and potential for good of religious institutions and beliefs, but also acknowledges where there are true differences and problems.

Faith dimensions of development offer a lens more than a special field of study. These dimensions are so embedded in an enormous range of topics that separating them out is problematic if not impossible. It is hard, looking through this lens, to see how development work could have progressed without understanding its many religious dimensions. Yet the topic, in all its complexity, has been largely neglected by both academics and operational actors, with important negative consequences. The neglect has led to missteps and, above all, missed opportunities. It has curtailed efforts to understand what have proved to be complex processes and challenges. The reasons why faith ideas and institutions have met with such neglect are important and, as always, the reasons have a history. They involve lack of knowledge, above all a divorce of fields of study and institutions. Mapping of relevant religious work is still very partial, and mutual knowledge is often lacking. But the separations of worlds also arise from tensions on specific issues like gender and reproductive rights. Acknowledging the tensions and working to find more common ground (for example, seeking ways to cut child and maternal deaths) might help in bridging gulfs.

The disconnects and frictions between the worlds of development and faith are real and they matter. They result in wasted resources and in the kind of tensions that sap will and operational efficiency. Still more, they dampen the potential energy and ingenuity creative partnerships could generate. They matter above all because they represent missed opportunities in the global effort to confront the challenges of global poverty and inequity.

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CHRISTIANITY
AND THE GLOBAL
ECONOMIC ORDER

PAUL S. WILLIAMS

I. A COMPLEX RELATIONSHIP

“OUR daily habits of action are dominated by an implicit faith in perpetual progress which . . . is rooted in, and is indefensible apart from, Judeo-Christian theology.”

So wrote Lynn White in his famous critical essay, “The Roots of our Current Ecological Crisis.” White understands our economic behavior as essentially destructive of the environment, and he finds the root of that tendency in Christian theology, particularly the Protestant understanding of the command to have dominion on the Earth (White 1967). White is part of an extensive corpus of literature seeking to understand the complex relationship between Christianity and political economy. His particular line of criticism has been influential among Western critics of modern capitalism. Conversely, the country contributing the most to global economic growth in the twenty-first century is fascinated with Christianity’s role in promoting the economic success of the West. Chinese intellectuals have largely come to believe that Christianity is an essential cause of the West’s success and a necessary feature of China’s developing economic culture (Aikman 2003). The tight bureaucratic encouragement of the official Three Self Church is an expression of this belief.

Christians, particularly those of a Protestant persuasion, have tended to divide along essentially political lines. On the one hand, those aligned with the political left typically agree with White’s diagnosis but disagree with his particular assessment of the problem’s provenance, believing instead that institutionalized greed and selfishness are to blame, and that embracing the Christian call to steward and care for the Earth as God’s Creation is the solution. On the other hand, Christians on the political right also blame selfishness and greed for capitalism’s ills, though with more emphasis on individuals than

institutions, and find solutions in the Christian virtues of hard work, creativity, thrift, and generosity that are encouraged and enabled by a free enterprise culture (Gay 1991).

We see then some strange ironies in this situation. Christianity is blamed for the ills of the global economic order by Western critics of capitalism, while being praised for its contribution to the West's economic success by Asian observers, yet these comments take place in a secular environment seeking to banish Christianity from public discourse. Christians themselves tend to function remarkably ahistorically—accepting neither blame nor praise for the West's economic success but blaming sin for capitalism's faults and commending various emphases within Christian theology as solutions.

The complexity of the relationship that I have sketched arises I suggest because of the nature of economic behavior and the particular characteristics of Christianity. In the first instance, I maintain that religion and economics are necessarily bound together. Economic behavior, because it involves human choosing in relation to life in the world, is an inherently spiritual activity. It raises questions of the purpose of existence and the nature of the good that religion in general seeks to engage. Secondly, Christianity in particular can make a good case for being the religion that gave birth to capitalism. Both critics of capitalism, such as Lynn White, and supporters, such as Michael Novak, make this connection. Many of the ironies we witness in the contemporary relationship arise because modernity has largely lost sight of the basic truth that economics and religion belong together. Modern secularism's rejection of Christianity, and its attempt to banish Christianity from the public sphere, fuels this contemporary blindness. Western intellectuals might readily distinguish distinctively Islamic forms of economic behavior, such as those generated by Shari'a law's treatment of interest, but cannot see the essentially religious nature of capitalism itself.

In this chapter, I seek to make visible the religious nature of capitalism and the economic impetus of Christianity. I shall argue that whatever may be said about the religious origins of capitalism, contemporary capitalism and contemporary Christianity are both profoundly affected by one another. On the one hand, the incredibly rapid growth of Christianity in the developing world is bound up in problematic ways with its perceived connection to Western economic success. On the other hand, capitalism in late modernity has increasingly taken on the characteristics of a religion. The New Testament records Jesus' saying that you cannot serve both God and Mammon. The modern attempt to do so has resulted, I suggest, in a compromised Christianity and an idolatrous economy. My focus will be at the level of ideas, probing the ideology of capitalism and the ideals of Christianity. I focus here because I suggest that as the religious nature of economic activity becomes more apparent, these ideas will become more significant to public policy debate.

II. THE GLOBAL ECONOMIC ORDER

Throughout this chapter, I shall use the term "capitalism" relatively interchangeably with the phrase "global economic order." Nevertheless, it will help us in our task of unraveling

the complex relationship between this capitalist order and Christianity if we distinguish “capitalism,” as an ideology or story about the nature and purpose of the market economy, from the market economy itself. It is common to treat “capitalism” and the “market economy” as synonymous terms, but this popular usage masks some important realities. We can begin to identify some of these realities by parsing the terms of our title.

First, the economic order is *global*. By this is meant not simply that the same kind of market-based economy is spread throughout the globe, nor that there are extensive trading links between different parts of the globe (though both of these propositions are evidently true), but rather that the economy itself is globally organized. Economic decisions are made not simply with respect to options available within a particular city or country, but with respect to options available throughout the globe. Investment opportunities are managed across a global market; production is organized by transnational corporations so that functions such as manufacturing, assembly, design, and marketing are spatially separated but globally integrated; and consumers are presented with a global array of choices with which to satisfy their increasingly internationalized preferences.

At this stage I want to note that these fairly commonplace facts about globalization are not in any sense inevitable or accidental. The movement of vast amounts of financial capital across national borders on a daily basis, or the ownership and control of billions of dollars of assets and the employment of hundreds of thousands of people across countries in Africa, Asia, Europe, and the Americas by a single corporation headquartered in New Jersey are historically novel developments made possible only by sustained intentionality on the part of corporations, governments, and international policymakers over many decades. The idea that these activities are simply the result of allowing the market to do what it wants is naïve in the extreme. Why has so much energy been expended to create the legal and social conditions that make such activities not only possible but routine?

Secondly, the global order is *essentially economic*. Clearly the global order is not *only* economic—there are readily identifiable cultural, political, and technological dimensions to it—but the economic nature of the modern global order is essential to its existence and for the most part subsumes all other dimensions within its own particular logic and ethos. Cultural differences feature largely in this order as experiences to be consumed, not as traditions to be understood and honored; political activity, even *within* countries, is almost entirely directed toward the economy as are the educational and scientific institutions of all the developed nations. Why is it that even the threat of planetary environmental disaster has not altered the basic subordination of international political action to economic calculus?

Finally, there is an *order* to the global economy. There are two aspects to this claim. The first is basic, though significant. It is that political institutions have developed to manage and direct economic activity and that these institutions are increasingly organized on a supranational and global scale. Examples include the World Bank, the International Monetary Fund, and the European Union, as well as the dominance in international affairs of groupings of global economies in the G8, G12, G20, and so forth.

The growth of these supranational political structures is a continuance at the international level of the growth of political structures to manage domestic economies. Despite all the “laissez-faire” rhetoric accompanying the development of a capitalist economy since the late eighteenth century, the reality is that whether measured in economic terms (percentage of GDP) or political terms (the extent and reach of state regulation) the state has increased in size and power almost constantly during the last two hundred years. Why has a sustained increase in the extent and scope of the market economy been associated in fact, though not in rhetoric, with a sustained increase in the scale and reach of state power?

The second aspect of the claim that there is an order to the global economy is that all this political power is itself ordered, or directed, toward a particular set of goals. At whatever level we care to look, public policy and the institutions that convey it seek to order economic life toward the end of economic growth. To some extent it is no longer clear who is ordering who. Certainly public policy is dominated by a discourse seeking to maximize economic efficiency and growth. Equally, however, governments find themselves disciplined by the “market” to so structure their economies that maximal economic growth is assured. It appears that the economic genie is now out of the government bottle and resident in the bond market. To put this another way, it is no longer evident that government is fully outside the global economic order and able to change it, but rather is also constrained to follow its dictates. Why has economic growth become the overarching goal of modern life?

III. THE RELIGIOUS CHARACTER OF CONTEMPORARY CAPITALISM

How did we get to this point? Addressing the questions raised by this brief engagement with the main terms of our title will help us explore the religious nature of the modern economic order.

Our culture’s focus on economic growth, and derivatively on economic cost-benefit analysis, as the primary arbiter of public policy discourse, is best understood as the triumph of Utilitarianism. At the beginning of the nineteenth century, political economy was still a branch of moral theology but with the publication of Alfred Marshall’s *Principles of Economics* in 1890, economics established itself as an autonomous social science, self-consciously modeled on the natural sciences. A version of John Stuart Mill’s *Utilitarianism* provided an attractive framework for this new science of choice because it enabled the claim of ethical neutrality. Individual economic agents act to maximize “utility” or happiness, understood as the benefits of pursuing their chosen ends (whatever they may be), less the costs. By relating the “utility” derived from individual transaction choices to the market price system, economists believed they had found a way to measure utility in proxy form. Further heroic (but frequently made) assumptions then

enabled economists to sum individual transactions into an aggregate measure of social utility or “welfare,” namely Gross National Product (GNP). Economic growth thus became a policy goal, representing as it did improvements in social happiness.

This particular economic theoretical defense of capitalism also provided detailed advice on what kind of economy would generate the most economic growth. Economic models of the perfectly competitive market could be shown to maximize social welfare, so the economic policy task became to identify areas of the real world that failed to conform to the theoretical ideal of the perfect market and then to propose policy changes that would help narrow the gap. Cost-benefit analysis has become the tool most often invoked to make public policy choices in issues as wide ranging as public health care, labor relations, and criminal justice. Once one has developed the methodology to price, for instance, the cost of human life (average years of earning power remaining), labor-management relationships (expected average length and cost of union disruption), and prison reform (average reoffending rate, likely earnings on reentering the job market), any decision can be reduced to a calculation of money benefits versus money costs. This economic toolkit has thus offered governments the attraction of scientific management of society to achieve maximal “happiness” by technical means. This confidence in the techniques of scientific management of society to achieve progress helps explain the counterintuitive growth of the modern state in a period largely extolling the benefits of deregulated markets.

The progression of economic thought from being a branch of moral theology to its establishment as an independent secular discipline during the twentieth century is usually understood as a movement away from a religious mode of thinking toward a value-neutral technical science. Instead, I argue that it was merely the replacement of one religious paradigm with another.

That the contemporary economic order has a religious or ideological character, rather than merely a technical “scientific” one, should be evident from the observation just made of the actual operation of economic policy. The very nature of the search for truth in any area of human enquiry is that theories and hypotheses are adjusted over time in the face of appropriate evidence to better conform to observed reality. In the case of economics, however, we find almost the reverse taking place and doing so over a sustained period of time. The institutional arrangements and policy paradigms of the global economic order described at the beginning of this essay are in fact the result of a sustained and intentional effort on the part of international policymakers and their economic advisors to more closely conform *reality* to the theoretical *models* of mainstream economic thought. Such behavior on the part of policymakers would be unthinkable in the case of the natural sciences (“our model of the atom incorporates a higher degree of electron charge at such and such a temperature than we observe; therefore we will try to change the electron charges to conform to our model”), but it is routine in the case of economics (“our model of the labor market suggests that people will move location and between jobs more frequently than we observe; therefore we will try to improve labor market flexibility and make them move as much as our model suggests they should”). Clearly, when it comes to the labor market, though not when considering atomic

structure, society or at least its effective leaders, believe that things *should* be other than what they are.

This “should”—so apparent in the development of the contemporary economic order—is necessarily moral or ideological. When we believe that things “ought” to be different, we are necessarily invoking some set of assumptions, some goal or orientation for life whose purposes are not being fully realized but should be and can be if we take the right actions. In the case of contemporary capitalism, a version of Utilitarianism has provided these assumptions, goals, and frameworks for action. In the second half of the twentieth century, economics has been aided by similar developments in psychology. As psychologist Paul Vitz argues: “It certainly proved convenient that, just as Western economies began to need consumers, there developed an ideology hostile to discipline, to obedience, and to the delaying of gratification. Selfism’s clear advocacy of experience now, and its rejection of inhibition or repression, was a boon to the advertising industry, which was finding that the returns on appeals to social status and product quality were diminishing” (1994: 91).

Thus far I have been concerned to argue that the global economic order is essentially moral in character. It might be expected that my next move will be to critique the moral *content* of contemporary capitalism. In fact, I shall argue that the primary problem facing modern societies at present is not that the moral character of capitalism is deficient from the perspective of orthodox Christianity (though I think that it is and will return to this point in due course) but rather, that the moral character of the global economic order is masked and unacknowledged. Public discourse on economic matters continues for the most part as if the economic order itself is a morally neutral structure (as distinct from, say, the actions of individual agents operating within it who, especially in times of extremity such as financial crises or major bankruptcies, we might acknowledge to have exhibited greed or perpetrated fraud) or one whose existence is a “given” arising from the nature of things and to which there is no alternative. Global capitalism is frequently presented as something inevitable, or, as the “best system we’ve got.” Interestingly, when capitalism is presented as the “best available” model we typically do not discuss the question of “best for what?” or “best on what basis?” Rather it is routinely assumed that we mean “best for maximizing economic growth.” In this way public discourse hides rather than reveals the moral nature of contemporary capitalism. Again: critics of the global economic order are almost automatically assumed to be opposed to markets and enterprise but never do we ask ourselves what it is that we want markets and enterprise to do or how they are to serve the common good.

This inability to even perceive the essentially moral nature of decision-making about how we order our economic lives is characteristic of modernity itself. That is, although this problem of moral inarticulation is particularly significant in the case of economics, it is by no means confined to the economic realm, but is rife throughout the social sciences and in public policymaking concerning a wide range of subjects. It is a fundamental tenet of modern secularism that public policy choices be made on the basis of arguments and evidence that conform to the methodologies of “science”—which from this perspective excludes on principle any argument based on moral or religious

accounts of human reality. Such accounts are regarded as no more than the expression of individual preferences or emotions and certainly not as frameworks within which public action should be framed and evaluated. The modern secular mindset regards reality as essentially value-neutral or value-free. What we mean by “value” or “moral principle” is simply an expression of our personal preferences and prejudices and therefore not of relevance to public reasoning.

This principled secular exclusion of moral and ethical reasoning from public human affairs arises, I suggest, from a giant category mistake in the history of Western thought. There are two aspects to this category mistake in which inherently moral questions are dealt with as if they are technical and value-free. First, as the Enlightenment progressively secularized and sought to rebuild Western thought on a rational basis that did not require theological or moral presuppositions, Western culture increasingly adopted a materialist scientific methodology that was self-consciously “value-neutral.” While moral and theological values—now safely removed to the private sphere—might still *motivate* scholars to study the world, they would play no role in the actual process of learning. Second, this secularization of the academy was made all the more problematic by the failure to distinguish different domains of knowledge. The so-called “social sciences” of economics, politics, sociology, and psychology emerged in the shadow of the stunningly effective Newtonian revolution in physics, and all to one degree or another aped the methods and claims to certain knowledge of the physical sciences. The Chicago economist Frank Knight regarded this quest as an “absurdity” (Knight 1951), since a positive science of human behavior is simply impossible when the analysis itself cannot be independent of what is being studied, but Knight’s protestations went against the grain of modern thought. Centuries earlier, Enlightenment thinkers had ruptured Aristotle’s distinction between the domain of analytics, in which logic and inference could be used to demonstrate knowledge of those things which could not change; and the domain of rhetoric, in which reasoned argument and persuasion were needed to make decisions in the domain of things which could change (see Perelman 1982). This second, personal and human realm includes precisely those kind of questions addressed by the social sciences: Is my spouse trustworthy? Was it right to invade Iraq? How should we order our economic and political communities? How should we design modern cities? Such questions cannot be answered by analytical demonstrations of proof, even though evidence and reason will be employed. Unlike the question of “what is the circumference of the Earth?” these questions do not have answers that are demonstrable but rather answers that are better or worse, more or less insightful, adequate, wise, and compelling. They necessarily invoke moral notions such as justice, fairness, goodness, and beauty.

That modern secular thought seeks to deny this reality does not alter it. Instead, inherently moral and religious questions and arguments are masked or dressed up as technical scientific ones. Nowhere is this more apparent than in the contemporary discussion of global capitalism. The economist Robert Nelson has provided the most telling recent characterization of this false god of economic salvation (2001, 2010) in which the main elements of Christian theology are mirrored in secularized form. At root is a fundamental materialism in which the “evil” of scarcity is understood as the cause of “sin.” All

manner of societal ills will be cured, according to this doctrine, if we embrace the salvation offered by progressive economic growth as directed by the “high priestly caste” of economists. Nelson sees this dominant secular religion of economics increasingly challenged by another secular religion: environmentalism. The most likely version of environmentalism to succeed, I suggest, is one that embraces the confident progressivism of modern economics while modifying the goal of economic growth with the imperative to protect the environment for human survival. Such an outcome would leave this secular religion little altered. Still a relatively small elite of professionals would be advising public policymakers as if political problems and questions of resource allocation are matters not to be resolved via public discussion of moral issues such as justice or goodness, but by application of expert models based on scientific analysis.

Thus I repeat my argument that the primary problem facing modern societies at present is that the moral character of the global economic order is masked and unacknowledged. The masking of the moral nature of global capitalism takes place in two main ways. First, decisions with fundamentally moral characteristics are presented in technical terms, such as when trade union power is limited on the basis of improved labor market flexibility, or when the debasing of a currency through state-sanctioned purchase of bad bank debts is discussed under the euphemism of quantitative easing. Second, technical arguments about the best way to manage society toward the goal of economic growth are presented as genuine moral and political alternatives. The classic example of this second type of deception occurs routinely during election campaigns in Western societies. Right-wing parties offering “more market” are pitted against left-wing parties offering “more state,” but in reality both subscribe to the fundamental notion that wealth is a proxy for human happiness, markets are desirable as efficient means of creating wealth, but market failures create a role for government to regulate and redistribute. In both cases, the role of government is understood to be the management of society toward the objective of economic growth. The only difference is the extent to which markets are thought to require government intervention in order to maintain maximal efficiency.

The global economic order is fundamentally religious or ideological in nature because it posits an overarching goal for human life and seeks to pursue that based on a particular understanding of human nature. That it does this at all is not in itself a problem: the force of my argument thus far is that it could not help but do otherwise because political and economic arrangements are essentially morally laden. Rather, global capitalism, as the major carrier of modern secularism, is fundamentally deceptive and fosters self-deception. The global economic order presents fundamental moral decisions as the outcome of inevitable processes of scientific reasoning. This deceptive nature of global capitalism thus renders it oppressive and a major threat to human freedom.

There is a final irony in a political ideology that promises individual freedom of choice free of moral or traditional religious restraint, but which in fact imposes its own vision of human happiness on Western societies and prevents genuine moral discourse in the name of secular tolerance. The threat to human freedom is magnified by the practical outcomes of global capitalism. Under this system, power has been concentrated in both the state and big business at the expense of individuals, families, local communities, and the environment.

IV. CHRISTIANITY AS A GLOBAL RELIGION

Christianity, like capitalism, is also a global order but one whose nature and function is quite different.

Christianity is, and almost always has been, global in scope. From its origins it has had a universalizing impetus. Immediately prior to his Ascension, Jesus told his disciples that they would be his witnesses “in Jerusalem, and in all Judea and Samaria, and to the ends of the Earth” (Acts 1:8). The early church indeed began as a Jewish sect centered around Jerusalem but Christianity very quickly spread not only throughout the Roman Empire in Europe but also into Africa and Asia establishing everywhere church structures and practices adapted to local circumstances. As Christianity has grown and spread, the center of Christianity has shifted variously from Jerusalem, to Antioch, to Rome, Ireland, Britain, and the United States. Today the center of world Christianity has shifted to the southern hemisphere and with each shift of center Christianity has adapted itself to local circumstances. There is within Christianity itself a tension between a universalizing tendency—arising from the belief that Christ died for all people, regardless of race, gender, creed, or culture—and a localizing or indigenizing tendency, arising from the belief that Christ became incarnate as a man in a particular culture at a particular time and that God thus affirms the diversity of peoples and cultures all and any of which can image God in various ways. These tendencies can combine in negative ways—such as when Christianity is identified with one particular local expression of itself which then seeks to universalize the particular forms of a territorial church, or when local expressions of faith are left to their own devices without any meaningful interaction with the wider Christian community—but also can correct one another such that diversity enhances the unity of the global Church (Walls 2002). Christianity’s catholicity of belief binds otherwise diverse groups together and actively seeks unity in the face of wide-ranging diversity as an expression of the gospel’s reconciling power. Christianity’s indigenizing tendency allows a wide range of cultures to develop their own expressions of Christian belief and practice, and provides theological support to limit the dominance of any one particular culture’s interpretation of faith over others.

Consequently, although Christianity is the world’s largest religion, it has not developed a centralized global infrastructure in the way that the world’s largest firms have. Even less does global Christianity exhibit a homogeneous monoculture in the way that global consumer capitalism does. Indeed, Christianity today is astonishingly diverse and multicultural (Walls 2002; Jenkins 2002).

Rather, the order that keeps global Christianity together is far less formal and structural than that which maintains the economic order of global capitalism. It is based not primarily on the self-interest of parties in an economic transaction but rather on the shared life and experience of parties in a familial relationship. Christians understand

themselves as members of God's family. Like any large human family, it is not expected or necessary that all family members be alike or even likeable to one another. It is only necessary to share a commitment to the family to be able to live and work together. The basis of this mutual trust and commitment is twofold. On the one hand, the family "culture" of Christianity is sustained by Scripture, and the various ways that different local churches and denominations seek to embed the teachings of the Bible into their particular local circumstances. On the other hand, there is a far more ephemeral but nonetheless real quality, which is the experience of shared worship of Jesus Christ as God. The net result is that many Christians have the experience of traveling to a foreign country, attending a local church (whose congregation and liturgies may be very different from what they are used to at home), and finding a deep sense of connection with human beings whom they have never met. Many if not most of the visible connections between Christian churches throughout the world (such as denominational groupings, mission agencies, social justice movements, etc.) arise from or are sustained by this kind of deep relational connection. It is not difficult to find exceptions to these ideals, but it is precisely a return to the transnational voluntary association of the early church that David Martin highlights as a particularly significant shift in global Christianity today, especially within Pentecostalism (Martin 2011). Pentecostalism is, on the one hand, prone to the charge that it offers an individualized version of faith highly attractive to the aspiring poor of developing countries. On the other, however, it is attractive precisely because it offers an effective community of belonging functioning apart from the state and capable of organizing in opposition to it and to the monolithic forces of globalization.

Finally, Christianity is ordered, or directed to a particular goal. This goal is expressed in the Old Testament Scriptures as *shalom*—a state of peace, wholeness, and well-being for individuals and societies—and in the New Testament as the reconciliation of all things in Jesus Christ. Fundamentally then the Christian vision is about the quality and character of our relationships. Christianity views the world as good but broken, and views Jesus Christ as God's chosen means of mending the fractured and fragmented nature of our lives. The scope of Christian salvation is thus not merely personal and private but also social and public, because it is recognized that brokenness and fragmentation affects not only our personal lives but also society and the institutional structures that people create. The goal of Christianity thus includes the economic realm but is not limited to it, and its focus is on the nature and quality of our relationships together and especially with God.

V. CHRISTIANITY AS ECONOMICS

The ideals of Christianity are thus very different from those of capitalism, even though Christians are not immune to the consumerist appeal of capitalism, nor churches to the ideology of growth as the measure of success. These ideological differences, combined with the complex historical relationship between capitalism and Christianity, provide

the basis for a creative engagement between Christianity and global capitalism in the coming decades. As the religious nature of capitalism becomes more visible, the ideological distinctions between Christianity and capitalism are becoming more obvious to Christians, leading to renewed probing of the appropriate Christian affirmations, and denials, of the global economic order. This increasing role for explicitly Christian reflection on matters of public policy is a special case of the more general breakdown of the secular paradigm and the growing insistence that religious and spiritual ideas once again play an important part in public discourse. The dialogue between Christianity and capitalism however is particularly significant. Both animate truly global orders— attempts to frame and structure the whole of human affairs in service of a particular vision of human flourishing. While they have much in common, the ideology of capitalism and the ideals of Christianity are essentially incompatible. It is of no small significance therefore, to understand the directedness of a Christian socioeconomic vision.

There is a sense in which the global order of Christianity is economic. The modern word “economics” is derived from the Greek word, *oikonomia*, meaning the management or stewardship of a household. In Christian theology, divine economy concerns the ways in which God has chosen to steward or manage the created order in which humanity lives. The primary image used by the biblical authors to describe the relationship between God, creation, and humanity is found in the early chapters of Genesis and generated in dialogue and critique with the competing ancient near eastern cosmologies of Babylon and especially Egypt. Temples contained a physical image of the god which, through the appropriate rituals, was thought to actually be filled with the spirit-presence of the god on Earth. In Egypt, the Pharaoh alone was considered the image and representative of the god. Genesis deliberately and radically democratizes these concepts, not only to all men but to women and slaves as well. The Garden of Eden, as a prototype for the entire planet, is depicted as a Temple in which every member of humanity is an image bearer and representative of the Creator God. All material creation is thereby understood as sacred space and every human life given sanctity. The work of humanity in cultivating the earth, making it fruitful, guarding, keeping and caring for it is described in exactly the same language as that used later of the priestly tasks in the tabernacle. Work is thus a form of worship or divine service whose goal is the glorification of God, service of neighbor, and the preparation of a place where God and humanity can meet. These themes are repeated in the final chapters of the last book of the Bible, the Revelation of John, in which the entire cosmos is depicted as a temple, the fruits of work and economic activity are received as worship by God, and God is fully present to humanity and Creation. Contrary to the popular notion of “going to heaven” when you die, Christianity actually looks forward to the coming of heaven to earth.

In this biblical vision then, the economic activity of purposeful work is intended to bring together and sustain a relationship between God, humanity, and creation. Economic life is inherently religious—a form of worship. It is not surprising therefore that work is also affected by the Fall. The Fall of humanity into sin is essentially a failure to guard, keep, and care for this place of intimate relationship between God, creation, and humanity safe from the evil of pride and autonomy. Sin fractures all these

relationships; redemption involves restoring them and as with any broken relationship, someone must bear the cost of forgiveness. The primary theological theme that Christ himself uses to describe his salvific role is an economic one. Luke's gospel records the moment when Jesus first stands in the synagogue, reads the text from Isaiah 61, and applies it to himself:

The Spirit of the Lord is on me, because he has anointed me to proclaim good news to the poor. He has sent me to proclaim freedom for the prisoners and recovery of sight for the blind, to set the oppressed free, to proclaim the year of the Lord's favor. (Luke 4:18–19)

In other words, the announcement of the “year of the Lord's favor,” the Jubilee proclamation of liberty, is central to the Christian gospel proclamation. Described in detail in Leviticus 25, the biblical Jubilee is best understood, I suggest, as the lynchpin in a nexus of socioeconomic institutions designed to limit the effects of the Fall on Israel's social fabric and promote the relational ideals of Genesis 2 and Revelation 21. Although far removed from our own culture, the economics of the Jubilee are important because, like capitalism (and unlike communism, for instance) they take human sin and selfishness seriously, but unlike capitalism, the Jubilee reorients economic activity toward a particular moral end and does so through market mechanisms rather than state intervention and redistribution.

The main elements of the biblical Jubilee are that liberty is proclaimed “throughout the land to all its inhabitants” and everyone returns to his own family property. The land also is given a Sabbath rest by being left fallow every seven years and for two years when the fiftieth Jubilee year is reached. The overriding objective of the Jubilee provisions is to ensure the permanent socioeconomic inclusion of each Israelite family in the community and to establish a relation between community and place. The Jubilee sets out to provide a secure place of relationship in the land of God's provision that cannot be destroyed by economic hardship or greed. Each Israelite family was granted a land-holding following possession of the land. The Jubilee laws ensure that each family continues to maintain such ownership over time, so that the relationship between God, a worshipping community, and the Stewardship of God's land, is not broken. Those who fall into debt or wage-labor are first released and then restored to their property and community.

Typically, in the event of a bad harvest or bad management, a family might fall into economic difficulties. Fellow Israelites were then obligated to lend without interest. Moreover, these debts were to be cancelled at the end of every seven years (provisions which strongly aligned the interests of the lender with those of the borrower). If things got so bad that the family had to sell their land, a fair price had to be paid on the basis of the number of years to the next Jubilee Year, at which time the land would be returned. The family was then to be offered positions as hired laborers within the community. Far from representing an abandonment of the laws of supply and demand or enforcing economic loss on those dispossessed of land on the Jubilee Year, these provisions create

a perfectly transparent leasehold market in land. The text is explicit in this regard—the longer until the next Jubilee (i.e., the longer the buyer gets to enjoy the land for and extract its harvest), the higher the price to be paid for the land. What is at the same time prohibited by this text is a freehold market in land. Fundamentally, the Jubilee laws were designed to prevent the accumulation of land ownership in the hands of a few wealthy farmers and the permanent alienation of any Israelite families from the economic and social foundation of their society.

The archaeological evidence suggests that adherence to these laws may have limited inequality in Israelite society up to the end of Solomon's reign around the tenth century B.C. After this, and certainly by the time of Israel's captivity in the eighth century B.C., there are much more marked differences in house size (de Vaux 1965: 72–73). The prophets Isaiah and Micah both draw attention to the accumulation of property by the rich and the oppression of the now landless poor. The warnings of Leviticus 26 concerning what will happen if the Jubilee provisions are not observed are picked up directly by the prophet Jeremiah as the reason for exile: God will scatter the people among the nations and the land will be allowed to enjoy its Sabbath rests. Most tellingly perhaps, prophetic visions of the restoration of Israel as a nation and of the new Heaven and new Earth draw directly on the Jubilee motif. Isaiah, for example, envisions a new creation in which each family is restored to their own inheritance and to the enjoyment of good work (Isa. 65:17–25).

The Jubilee can be read as part of, and as the culminating part, of the Exodus narrative, itself prototypical of Christ's deliverance of all humanity. In Pharaoh's Egypt, an economic crisis leads first to widespread indebtedness, then to dependence on Pharaoh and his regime because of the loss of any means of production as the people sell their cattle and land to buy food, and then finally to slavery. Israel is delivered from this slavery by God and the Jubilee represents a new way of living in God's Promised Land that will reverse the logic that leads to this downward spiral from debt to slavery.

The parallels to our own context are obvious. Global capitalism is experiencing crises of increasing depth and frequency. Each one leads to yet further indebtedness, increasing inequality in society, increasing dependence on the state and big business, and increasing debt slavery for literally millions of people. Our society desperately needs its own Jubilee that will reverse our downward spiral into debt slavery and environmental destruction.

We are, of course, living at great distance from the spiritual, cultural, and economic assumptions of ancient Israel. Might the Christian tradition provide anything to help us find a modern Jubilee? Two things that may strike us in considering the biblical Jubilee is that although the biblical horizon affirms markets, unlike capitalism it places a deliberate restriction on capital mobility by banning the freehold sale of land. Moreover, it bans the charging of interest thereby removing the incentive for financial capital to be mobile (i.e., it is not possible to earn a higher return somewhere else). From these restrictions flow many of the different outcomes of the Jubilee model yet these are achieved without the need for state intervention. Rather than believing that markets automatically create good (or the least bad) outcomes—as “right wing” economic liberals do—or trying

to correct market injustices after they have occurred through the tax and welfare system—as “left wing” interventionists do, the Jubilee institutions *shape* markets by setting boundaries to the areas of life that can be traded and thereby direct markets along a different course.

Two central features of contemporary global capitalism stand in marked contrast to these two functional emphases of the Jubilee. First, the internationalization of capital markets is not merely a pragmatic feature of contemporary capitalism—it is an ideological goal of capitalism. Capital mobility is celebrated in mainstream economics as a sign of the efficient allocation of resources. Yet, it is this capital mobility that leads to inequality and instability. Huge flows of capital between regions, cities, and countries have created enormous imbalances, whereby savings earned and deposited in one place are largely invested elsewhere. Labor mobility has then increased as people have moved in search of work. Typically though it is only the most skilled who move in this way. Over time, this means that wealthy regions or cities gain more and more skilled workers, leaving economically disadvantaged places with fewer skills. Not surprisingly the wealth gap between places is increasing markedly whether we consider this within or between countries.

The labor mobility generated by these capital flows is a major source of community breakdown, as families move away from their traditional home locations in search of work. More generally, many neighborhoods have become little more than transit camps for mobile workers, offering little prospect for genuine community. Not only small communities but even large regions are becoming “ghettos” of rich or poor. Socially mixed communities are increasingly rare. House prices become highly unequal between different places, reinforcing the *relative mobility of some at the expense of others*. Globalization is itself driven by the same process—mobile international capital is gradually undermining the nature of “national places” and creating a borderless world in which everyone belongs equally anywhere but nobody is at home in community.

Second, far from accepting a ban on interest, the monetary system of the modern economy is based on compounding debt. By this is meant something far more profound—and disturbing—than that modern currencies are debt instruments representing a claim on a country’s central bank. Rather it is that the modern financial system has lost control of the amount of debt that is being created. That money is a form of debt is not a problem so long as the promise to pay offered by central banks is backed by something solid—some real productive asset that can in fact deliver payment. Putting aside for the moment the measurement problems related to environmental costs, in a well-functioning financial system we would therefore expect a relatively stable relationship between the size of the banking system and the real productive assets of the economy. Modern currencies have typically maintained such a connection either by using a physical commodity base, such as gold, or by tracking a basket of real goods. Today, however, the ability of the financial system to create debt—obligations on the future—is completely detached from the ability of the environment to generate the growth or supply the real resources needed to meet those obligations. Financial market liberalization and deregulation during the latter half of the twentieth century has enabled an

unprecedented explosion of debt. Overall debt levels have been rising much faster than the growth of real assets. Indeed, there is no longer any necessary link between the monetary economy and the real *oikonomia*. There is in other words a systemic disconnection between the modern economic order and the environment on which it ultimately depends.

This debt-addicted system can be seen as the modern equivalent of Pharaoh's Egypt. Those who control the issuing of debt—the State and the Banking system—and those who can secure early access to the debt that is issued—large corporations and wealthy individuals—will necessarily be able to control an increasing share of the economy as the monetary value of the holdings of the ordinary person falls because of the inflation generated. It is not surprising that in each successive financial crisis of the postwar period, inequalities in wealth have increased. Debt creation is a hidden, bloodless but nevertheless certain means for transferring wealth from poor to rich.

Consideration of the economics of the Jubilee, thus suggests that the marked disconnection and alienation that we experience from others and from places, as well as our growing indebtedness and destruction of the environment, stem from these two central features of the modern global economic order: unrestricted capital mobility and unrestrained debt creation. Moreover, it also suggests the kind of orientation to adopt in reforming these two aspects of contemporary capitalism.

VI. CONCLUSION

In this chapter, I have not attempted to articulate any kind of Christian policy response to global capitalism, but I have sought to show the intellectual relevance of Christian theology to the global economic order and to argue that the intellectual marginalization of Christian theology from public discourse on these matters cannot last.

Modern secular pluralism is a historical aberration. Human nature is inherently religious, including and indeed especially in the economic realm. By disembedding cultural values and then placing them in the service of consumer markets, capitalism is a primary carrier of secularism, gradually reducing all values, all beliefs, all meaning to a matter of taste, preference, and consumption habit. There is a limit, however, to how long secular society can ignore the religious and spiritual nature of human life. Secularism is already breaking down even in its Western heartlands of Europe and North America. The huge category mistake of the Enlightenment will eventually be corrected and what society is turning to appears to be a religious pluralism in which the moral and religious character of humanity is understood and explicitly connected to a wide range of public policy and social issues.

Added to the intellectual arguments on which this chapter has focused are the demographic realities that will increasingly shift the center of the global economy toward the center of global Christianity. Capitalism will increasingly be engaged by a more conservative and less marginalized Christianity than previously.

Capitalism cannot remain immune to these changes. As the dominant ideology of the modern secular economic order, the unmasking of the religious nature of capitalism will also make visible the religious nature of secularism itself. Christianity, as the religion most closely connected with capitalism's rise, has an important role to play in capitalism's changed and explicitly moral and religious future.

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PART IV

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ECONOMIC ANALYSIS OF
RELIGION
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CHAPTER 22

ECONOMIC MODELS OF CHURCHES

ROBERT MOCHRIE

I. INTRODUCTION

EVERY week, as part of worship, millions of Christians affirm their belief in the Holy Catholic Church. Through this practice, despite substantial differences in doctrine, the faithful maintain that there is only one true church, which, through its teaching, has conveyed the substance of faith for two thousand years. While there may be division within the church, and indeed separation of groups of believers into distinct denominations, there cannot truly be more than one church. It is not only in the traditional creeds but also in more recent documents, such as the Dogmatic Constitution, *Lumen Gentium* (Paul VI 1964), that the Catholic Church is defined as the communion of all its members gathered together.

In developing economic theories of churches, we lay aside such transcendent claims even though they are central to a church's self-conception. Economic theory happily reduces a church to a social organization that has to use scarce resources in order to achieve its ends, whether these are seen as the glorification of God through worship or, as in models that we explore below, the well-being of members (Iannaccone 1992; Barros and Garoupa 2002; Eswaran 2011), maximization of profit (McBride 2008, 2010), or the harvesting of economic rents (Ekelund et al. 1996, 2005). While this is sufficient to bypass metaphysical constructions such as "the Church," the term, "church" is still ambiguous. While it may refer to a denomination, it may also refer to a congregation.¹ Indeed, it seems that denominations such as the Society of Friends, or the Unitarian Universalist Association of Congregations, or the Salvation Army, which do not use this term in their title, are in the minority.

The decision not to use the term "church" is theological, emerging from an understanding of the nature of religious associations that differ substantially from the Catholic

tradition. One of the largest such groupings, the Southern Baptist Convention, in setting out a new version of its statement of faith affirmed:

Baptists cherish and defend religious liberty, and deny the right of any secular or religious authority to impose a confession of faith upon a church or body of churches. We honor the principles of soul competency and the priesthood of believers, affirming together both our liberty in Christ and our accountability to each other under the Word of God.” (Southern Baptist Convention 2000)

The traditions of the Convention impose strict limits upon its ability to exercise authority across its members. Indeed, where the teaching of the Roman Catholic Church emphasizes unity under its vicarious exercise of Christ’s authority, maintained through the apostolic succession, the Convention is little more than an assembly of congregations, any of which might choose to withdraw from membership at any time. For many Baptists, belief and choosing to become a member of a specific congregation are matters of individual conscience. The Catholic Church mediates the relationship between God and believer; the Baptist Convention considers that relationship to be personal and direct.

Such large differences between denominations are associated with differences in the structure, conduct, and performance of religious organizations. For example, Baptist congregations choose their pastors; but Roman Catholic Bishops appoint priests to parochial charges, setting each priest’s charge so as to manage the resources of the diocese well. The Roman Catholic Church has a hierarchical structure, with a single global leader. The Southern Baptist Convention has to vest substantial authority in local congregations, because this is the structure through which individual members must cooperate. Economists of religion are aware of these distinctions, but as Eswaran (2011) has noted, they play very little part in the development of theory.

This all suggests the need for precision in defining the term “church” in the economics of religion. In developing some theories of the churches (e.g., modeling churches as an economic club), there appears to be an implicit assumption of congregational independence; otherwise, it would be difficult to avoid exploration of denominational structure. This seems perfectly given that religious services are necessarily provided by, for, and through, local communities of believers. On the other hand, for analysis of competition within religious markets, and applied work, it may be better to assume that “church” is largely synonymous with denomination (e.g., if denominational market share is the variable of interest). We shall try to make this distinction clear as we review the alternatives, where possible, identifying linkages between these two possibilities that are yet to be explored fully.

II. ECONOMIC MODELS OF CHURCHES IN *THE WEALTH OF NATIONS*

“With two centuries separating its first and second publications, there is no denying that the economics of religion got off to a slow start” (Iannaccone 1998: 1465).

The first publication is the account, “Of the Expence of the Institutions for the Instruction of People of all Ages” (Smith 1776: section V.i.g).² It is the starting point for the alternative models that we consider here, the club model of religion, largely due to Iannaccone (1992), and the treatment of the church as a rent-seeking firm, to which the primary contributors are the several authors of Ekelund et al. (1996).³

Smith (1776) begins by demonstrating what appears to be the superiority of a free market in religion over a state-administered one, but concludes by commending the Established Church of Scotland, which considered itself to be the only legitimate expression of Christian faith in the country. The turn in the arguments follows Smith’s extensive quotation from Hume (1770: section iii.29). Where Smith noted that:

The teachers of a new religion have always had a considerable advantage in attacking those ancient and established systems, of which the clergy, reposing themselves upon their benefices, had neglected to keep up the fervour of faith and devotion in the great body of people; and having given themselves up to indolence, were become altogether incapable of making any vigorous exertion in defence even of their own establishment.

He also drew attention to Hume’s condemnation of enthusiasm—or evangelical fervor—among ministers of religion:

Each ghostly practitioner, in order to render himself more precious and sacred in the eyes of his retainers, will inspire them with the most violent abhorrence of all other sects, and continually endeavour, by some novelty, to excite the languid devotion of his audience. No regard will be paid to truth, morals, or decency, in the doctrines inculcated.

Smith recognized that this is indeed a danger, but quietly criticized Hume for presuming that sects seek state protection. His interpretation of the historical evidence was that the state had often sought legitimacy by allying itself with a substantial religious organization, especially during periods of political crisis, and had then rewarded that religious organization by granting it privileges, which impeded competition in the market.

For Smith and Hume, free entry will lead to vital religion. This was problematic because of the undesirable effects of entry for the ordering of society. In more modern language, they believed that a free market in religion would generate negative externalities, so that regulation is important. To both Smith and Hume, establishment seemed necessary: they are perhaps examples of the “elite few” (Finke and Stark 2005), opposed to a free market in religion. Smith’s discussion concluded with a discussion of how best to manage established religious institutions, avoiding both the emergence of monopoly power and the risk of sectarianism. He concentrates his arguments on the possible effects of the absence, and (alternatively) the certainty, of payment for religious professionals, and thereby he found much to recommend Presbyterian government, as practiced by the Scottish churches.

A. The Historical Context

Scottish historians, notably Brown (2009) and Devine (2006), have devised the term “parish state” to describe local government arrangements in Scotland in the late eighteenth century. The Church of Scotland, the Establishment, took a large role in local administration, providing the bulk of public education and managing arrangements for poor relief. Brown (2001) takes up the claim that the church was sovereign in its own sphere,⁴ noting that there is no record of a civil court ever agreeing to review a decision of a Kirk Session, the church’s parochial court.⁵ Parish ministers’ conduct was subject primarily to review by the higher courts of the church: Presbyteries, Synods, and General Assembly.⁶

B. The Church and the Right Ordering of Society

Smith concluded his account “Of the Expence of the Institutions for the Instruction of People of all Ages” with the following encomium:

The most opulent church in Christendom does not maintain better the uniformity of faith, the fervour of devotion, the spirit of order, regularity, and austere morals in the great body of the people, than this very poorly endowed church of Scotland. All the good effects, both civil and religious, which an established church can be supposed to produce, are produced by it as compleatly as any other. (1776: section V.i.g., p. 813)

He believed that the needs of a well-ordered society can best be met by an establishment in which there is: equality of ministers; widespread distribution of authority; and funding of parochial ministries at a level that is sufficient to secure the independence of pastors as teachers—of morality, rather than pure dogma; and not such generous funding as to foster their indolence.⁷ It seems that Smith considered the Church of Scotland, with its general condemnation of pluralities, and, as described in Gibson (1960), parochial stipends derived from teinds, or (the income associated with) hereditary rights to the produce of land, as a private organization, which was funded by private endowments and to have adopted a very efficient mechanism for the production of the public good, “*instruction for people of all ages*.”

Smith’s understanding of the church—indeed, quite possibly of the Church—tends to be what we have called Catholic, rather than congregational. For example, Smith gives no indication of thinking that people might have to make a decision to adhere to a particular denomination, only believing it important that the institutions of religion should be ubiquitous and that there should be tolerance of all traditions. This, together with the argument that the church is a public service provider, is difficult to reconcile with the arguments of Ekelund et al. (2005) that Smith believed markets for religion should maximize consumer sovereignty.⁸ Parishes, as Leathers and Raines (2008) have noted, following Griswold (1998), were designed, in largely rural Scotland, to be local

monopolies, within which there would be a single congregation. Leathers and Raines (2008) underscore the extent to which Smith's normative argument identifies value in such arrangements as an efficient method of promoting public order.

III. THE RATIONAL CHOICE RESPONSE TO THE SECULARIZATION HYPOTHESIS

If Smith has a modern descendant, it is perhaps not in what is conventionally considered to be the economics of religion, but in rational choice theories in the sociology of religion (Stark and Bainbridge 1985; Young 1997). Incorporating rational choice as the basis of theory in sociology is rather more controversial than in economics. Where economists have a very clear conception of choice as the outcome of deliberation about how to achieve ends, so that it is a matter of will, for many sociologists, reality is constructed through perceptions and social interactions. Choices may therefore be socially determined without being rational. For economists, choice is rational, and therefore predictable; but for sociologists, it may not be possible to make a stronger claim than that there is a rationale for choice, so that it is explicable.

Stark and Bainbridge (1987) consciously adopt a Popperian epistemology (Popper 1959, 1963), setting out a general theory of religious activity in a series of conjectures about the nature of religion that are, in principle, predictions, and hence falsifiable. The research program that flows from this general theory refers frequently to religious economies (Stark and Bainbridge 1985; Finke and Stark 2005). This is not Aristotelian "household management," but a market-oriented analysis of the supply and demand of religious services, understood to include access to *post mortem* rewards. Iannaccone et al. (1997) effectively propose that the demand for religious services is constant, arguing that differences in religious participation levels across countries can be explained largely by differences in the structure of markets in national markets for religious services. This argument follows the first part of Smith's account of religion, although its claims about the desirability of effective competition and vital religion run counter to Smith's thinking.

This "supply side" approach to the sociology of religion can be interpreted as a reaction to some of the claims of the traditionally dominant secularization approach (Berger 1967; Bruce 2002). We can crudely state the "secularization hypothesis" as the claim that over time the capacity of religious beliefs and institutions to motivate, influence, and regulate human activity has declined. The approach to research is largely explanatory, ordering both historical and current evidence so that it is corroborative of the underlying hypothesis. Thus, Bruce (2002) sets out a series of interlocking processes, many of which are related to the effects of capital accumulation—physical, human, and social—as well as increases in knowledge and technological progress. As societies become wealthier, as they become more tolerant, as life expectancy increases, and, perhaps most

importantly, as individual autonomy increases, the capacity of religion to provide meaning or valued rewards declines. One of the claimed strengths of the encompassing model of Stark and Bainbridge (1987) is that it can accommodate the secularization approach, while also providing the basis for their own economics of religion research program.

It may seem possible to infer that in a society within which the processes that lead to secularization operate religious affiliation will also decline.⁹ Finke and Stark (2005) have shown that in the United States, religiosity has increased over several decades. Stark and Bainbridge (1985) explain such an outcome by referring to the distinction frequently made between sects and churches, working within the tradition initiated by Niebuhr (1929) that emphasizes the life cycle of many religious organizations, from foundation as austere and rigorous sects, through their development into broad and liberal churches, with successive waves of sect formation essential to the restoration of vitality to the church over time.¹⁰ Where a sect is often characterized as being in a state of tension with the society in which it is located (Johnson 1963: 1202; Stark and Bainbridge 1985: 133–34; Iannaccone 1994: 1202; Iannaccone et al. 1997), rejecting many social norms and imposing rules of behavior upon members that are costly, a church's relation with society is much more relaxed.

This in itself is standard within the sociology of religion, but Stark and his collaborators have applied this approach to markets for religion in the United States (Stark and Bainbridge 1985; Finke and Stark 2005), arguing that they approximate very closely to the Smithian free market for religious services and predicting that successive waves of sectarian entry will enrich the market for religion. Where the church is eternal, these North American denominations have a life cycle, beginning as sects, developing into mature churches, and then declining in the face of new entry into the market for religion. If the secularization approach is based on a plausible story about the reasons for decline in the strength of religious affiliation, in which schism and entry weaken the plausibility of religion as a satisfier of needs, the economics of religion approach recognizes the opportunities for reform that entry brings. *Ecclesia reformata semper reformanda est.*

IV. DEVELOPMENTS IN THE ECONOMICS OF RELIGION

One implication of what we have called the economics of religion hypothesis is that when a denomination imposes increasingly strict rules upon its members, so that it becomes higher tension and more sectarian, its growth rate will also tend to increase (Iannaccone 1994). Should we be able to operationalize the concepts of strictness and growth, the economics of religion hypothesis generates empirically testable claims.

A series of papers, Iannaccone (1991, 1992, 1994, 1998) and Iannaccone et al. (1997), sets out substantial theoretical advances, corroborated by evidence in favor of the economics of religion hypothesis, and anchored in terms of economic theory by the use

of a club model of a church (Iannaccone 1992). In these models, churches exist to provide services to members. Although we argue below that the services that a church provides often relate to assurance of survival of the soul beyond death, Iannaccone (1992: 272) abstracts from this assumption, claiming “merely that religious activities provide utility in proportion to the scarce resources devoted to them.”¹¹ The club theory recognizes that because of the way in which they produce these services churches are likely to experience free rider problems, and it shows how strictness might be used by churches to resolve this problem. The perpetuation of high tension with society encourages participation in a church’s activities but restricts the numbers willing to participate. This matter is complicated further since consumption of church services by one member represents production for other members: those who lead worship, engage in intercessory prayer or pastoral visitation, or conduct Bible studies, for example.

In this approach, the church is quite passive: it is a mechanism that permits people to attain personal objectives, perhaps by solving some kind of coordination problem, but it is not clear that there is a role for faith. Eswaran (2011) has recently made substantial steps toward integrating the activity of a church with the role of faith by distinguishing between piety (represented by “time on task” in worship and community) and giving (in the form of monetary donations). This important paper, along with McBride (2010), is the first to offer a model that analyses both individual and congregational objectives to provide a complete model of the church as a market entity.

A. Applying Price Theory to Churches

Within standard microeconomic theory, we identify two types of participants: (1) people, who are the ultimate owners of factors of production and also the consumers of final goods and services; and (2) firms, which hire factors of production, in order to produce goods and services. A church does not fit either category well. Mochrie et al. (2008) define a church as a local organization that provides services to people through collective, public acts of Christian worship, but also associated pastoral care and instruction in matters of faith. The capital required to produce these services is typically fixed, being little more than a (furnished) building for worship and, in some traditions, housing for professional staff. While many churches employ full-time professional staff to deliver services, often requiring them to complete extensive training before being permitted to enter the professional ministry, an important feature of many churches is dependence upon voluntary labor. For a church gathered in congregation, services are often provided freely and informally by members for one another, and indeed often for non-members.

This brings us to perhaps the most distinctive feature of church organization: the reliance upon voluntary contributions, whether in kind as labor or other forms of donation, or in money, that are not necessarily fees for, or in any way associated with, access to services. For an economist, this is immediately problematic, opening up the possibility

of the consumption of services without any form of payment, or free riding; although as McBride (2007) and von der Ruhr and Daniels (2012) have noted, strategies for encouraging church growth may include toleration of free riding among participants who have not spent much time in a congregation. It is nonetheless necessary that a congregation develops some revenue-generating mechanism to ensure its survival, and one obvious strategy is to exploit claims to be able to mediate between God and humanity. For example, Ekelund et al. (1992, 1996) examine ways in which the medieval church was able to exploit its monopoly power to extract rents, particularly through the development of the doctrine of purgatory, with the church able to obtain payments that were claimed to reduce time in purgatory.¹²

A common characteristic of these income-generating mechanisms appears to be some form of intercessory prayer or petition of God, managed either by professional ministers, or by the congregation as a whole. We may conclude that an important element of a church's product—indeed, perhaps the only part that could only be offered by some type of religious organization—is a mechanism for the assurance of salvation after death. Theological explanations of the value of donations might run in terms of it being a faithful response to God's promises, or to the operation of grace. Such arguments support the generation of the revenue needed to pay indirectly for services that members consume.

B. Club Models: Strictness as a Screening Device

We have already noted that modeling a church as an economic club was an important development in the economics of religion. A variant is the impure public good (see Cornes and Sandler 1996: 290–99), which accommodates both the private benefits from, and the (positive) externalities of, participation in religious activities, as in von der Ruhr and Daniels (2012) and which also allows for individual payoffs to depend upon prior engagement with religious activities. Within this type of model, there is typically underinvestment in religious participation. When people decide how to allocate resources between religious and secular goods, they do not take into account the externality effects. The implication is that the church can increase total welfare if it can design a mechanism that elicits greater contributions.

It is here that Iannaccone (1992) introduces strictness as an economic tool. In the presence of free riders, other participants are likely to reduce their effort. We might expect the church to subsidize attendance.¹³ Yet, if subsidized participation encourages effort, it also encourages free riding. As in models of credit rationing (Stiglitz and Weiss 1981), the price mechanism is not sufficient on its own to support an efficient outcome, but has to be accompanied by a separate tool to enable the identification of free riders, with the church reserving the right to impose sanctions, including expulsion, upon those identified. Strict rules relating to engagement in secular activities, such as abstaining from consumption of tobacco, alcohol, caffeine, pork, or cosmetics, avoiding public places of entertainment, strict Sabbath observance, observing a dress code,

or adopting a particular hairstyle, can all be understood as signals: activities that are costly for anyone to engage in, but whose costs vary across the population. If the church observes someone failing to emit the signal, it infers that there is also a high probability of their free riding, and so may impose discipline. This supports analysis of a club good, rather than an impure public good because of the possibility of excludability from participation.

Iannaccone (1992) argues that many of these signals are intended to reduce earning capacity, and that they are therefore more costly for people who have higher productivity in the labor market.¹⁴ It follows that people with relatively few earning opportunities will be more willing to affiliate with a strict religious group, while those with plentiful and highly remunerative earning opportunities will be willing to affiliate with church-like groups that do not impose such strict requirements. Strict groups, being formed by people signaling their willingness to make substantial sacrifices to be members, obtain a high level of individual contributions. Lax groups, on the other hand, formed from those unwilling to make substantial sacrifices, obtain a low level of individual contributions. Eswaran (2011) obtains a similar result in his rather more complex environment in which low tension organizations are willing to accept financial contributions rather than participation.

Within this class of model, strictness is almost always depicted as a variable that can be defined in a single dimension. This has led to the development of models adopting the Hotelling (1929) analysis of horizontal differentiation, with the taste for strictness among the population indexed between 0 and 1, and churches locating themselves optimally within that space (see Barros and Garoupa 2002; Montgomery 2003; McBride 2008, 2010; and Eswaran 2011, although in this last case, the variable is not strictness in the conventional sense, but a parameter measuring the theological stance of the church). As in the industrial organization literature, these models assume that that people face some sort of psychic adjustment cost from participating in a church that has chosen a level of strictness that is different from their own. This approach has allowed consideration of the nature of competition among churches in markets but also brings into focus the objective of a church. Barros and Garroupa (2002) and Eswaran (2011) assume welfare maximization, subject to some sort of revenue constraint. Montgomery (2003) and McBride (2008, 2010) effectively assume profit maximization.

As noted already, Eswaran (2011) rejects the use of strictness as a criterion for classifying churches. His proposal is a parameter that sets the proportion of monetary donation to temporal participation expected of members, where a high value of the parameter is typical of lax denominations. The model also assumes that there will be differential costs of cultivating piety, so that two people may concur on the nature of the ideal denomination, but one might find the cultivation of piety much more difficult than the other. A similar mechanism has an important role in McBride (2007). Like von der Ruhr and Daniels (2012), this chapter gives reasons for churches being willing to invest in the development of human capital, extending the approach to allow for *ex ante* uncertainty in the outcome of the investment process.

C. Possible Developments of the Club Model

There has been substantial progress in the development of this family of models in the last twenty years, with the most recent research probing the limitations of the static club model. Further work on understanding the emergence of the megachurch movement might be particularly fruitful, McBride (2007) and von der Ruhr and Daniels (2012) have shown that megachurches have found an alternative to signaling to eliminate free riders, by investing in the human capital of “seekers,” and then extracting contributions from those who affiliate with the congregation. These organizations seem to have found a technology for evangelizing to a segment of society that other, more traditional organizations have not reached. By use of small groups, within which close observation of behavior is much easier, they can identify incipient free riding at relatively low cost. This distributes and reduces the costs of monitoring to the organization; and so we can consider it to be an example of innovation in the technology of production of religious services.

There is also, as Iannaccone and Bose (2011) note, a substantial gap in economic models of the church relating to finance. One interesting example relates to the split of the established Church of Scotland into two roughly equal parts in 1843. Those leaving to found the Free Church achieved nationwide coverage in a matter of months, largely through a mechanism for funding ministerial salaries, which Thomas Chalmers, its first Moderator, had developed over the previous two years (Sawkins 2012). This created a new free rider problem, at the congregational level, and quickly led to the creation of a central bureaucracy, raising issues of central governance that took nearly twenty years to resolve (Sawkins and Mochrie 2011). Financial and institutional innovation quickly became entwined in general matters of governance.

In this context, the claim of Stark and Bainbridge (1985) that the majority of sects reach their maximum size on the day that they are founded is important. Sects must adopt an efficient technology of production of religious services and pay attention to the financing of activities, especially where there is reliance on paid, rather than voluntary, labor. Even that may not be enough for growth. One sect may consider evangelization to be a priority, actively seeking converts. Another may believe that it (alone) represents a faithful remnant of the church and, if not seeking to withdraw from the world, would place substantial barriers in the way of anyone who might wish to join the sect. Both sects may be in a state of high tension with the world, yet we would not expect both to grow rapidly, since one believes that growth fulfills God’s purposes, and the other does not.

All of these considerations suggest a need for better economic models of denominational activity. While issues of finance, governance, leadership, and control are important to single congregations, it seems likely that they become yet more prominent in denominations. For example, there are reports of the paid leadership of churches wishing to reduce tension with society, while the members prefer to remain in high tension, and so remaining sectarian. Such circumstances, as sociologists have realized for many years, are likely to lead to schism and the formation of new sects. Economists can add value to this by developing models in which church leaderships

have clearly defined objectives. Where Iannaccone (1992) posits a passive leadership that seeks to maximize members' welfare, or Ekelund et al. (1996, 2006) treat the leadership of a church as being interested in maximizing rents, we might recognize the variety of goals that church leaders might pursue. In some sects, considerable attention is paid to total membership numbers, but leadership objectives in other strict groups might be expressed in terms of maximization of the production of the religious club good. The models that have already been developed abstract from many of these differences and so are applicable across a wide range of denominational structures. Introducing more structure while retaining the plausibility of our general applications will be nontrivial.

V. PUBLIC CHOICE MODELS OF RELIGIOUS MARKETS

Ekelund et al. (2005) interpret Smith (1776) as the basis of their economic modeling of church behavior. Their formal model is much simpler than the club models that we have already discussed, relying on the assumption that churches can very easily be captured by their professional staff, so that their doctrine and activities become skewed in order to produce the largest possible economic rents that the staff can then appropriate. This seems to be at least as much the argument of Hume (1770), who, for example, explained the genesis of the German Reformation in terms of the need of Pope Leo X to generate funds through the sale of a general indulgence.¹⁵ Setting aside the historical analysis, deeply interesting though it is, for Ekelund and his collaborators, religious institutions should be structured so that consumer sovereignty is maximized, and this outcome should emerge not through regulation, but from the interactions of market participants.

The general model of religious services industries presented in the series of papers initiated by Ekelund et al. (1989) is that there is a demand for religious services, such as afterlife assurance.¹⁶ This demand is fixed, in the sense that the churches that supply it do not affect it through their activities. Fixed demand could be interpreted as meaning that consumers demand either a single unit of "afterlife assurance" or else remain out of the market. Yet many churches seem to succeed by changing demand, both by evangelism that attracts new members, and by enabling religious human capital formation among adherents, and encouraging a lifelong commitment to, and relationship with, a religious organization rather than a single purchase of assurance.

If we understand afterlife assurance, in the terminology of Stark and Bainbridge (1987) to be a compensator, rather than a reward, the quality of the assurance must depend upon the credibility of the religious organization as a certifier. This public choice research group therefore treats religious services as a credence good, with competition among the churches taking the form of theological claims that affect the price of afterlife assurance.

The notion of price is problematic given that widespread reliance upon voluntary giving, with revenue raising and access to services generally being governed by different processes. Ekelund et al. (1996, 2006) therefore make much of certain practices of pre-Tridentine Catholicism, relating to the sale of indulgences. Condemned by Luther and other Reformers, in Roman Catholic tradition these were also formally condemned by Decrees of the Church in Council in 1563 (Waterworth 1848: 232–79). In economic terms, these practices related to the bundling of donations to the church with a proclamation of complete absolution from sins and assurance of a state of grace, allowing immediate access to Heaven upon death, rather than requiring a period of time to be spent in Purgatory. To be effective, such bundling required theological warrant, and so this research program has proceeded by identifying theological innovations that enabled the church to offer afterlife assurance in exchange for payment, which could then be appropriated by its priests.

For this reason, analysis of the economic effects of the doctrine of purgatory on the behavior of the church has a central place in Ekelund et al. (1989, 1996, 2002, 2004, 2006). Without the concept of purgatory to delay entry of the soul into heaven, indulgences would have no purpose. In this approach, the role of doctrine is not to explain the operation of divine grace, but a form of product development by a monopolist with the capacity to deter entry, allowing the substitution of payment for effort. That the church had the capacity to use extreme means, such as the suppression of heterodox beliefs, to retain market dominance in late medieval Europe is certainly true. It was only when the Elector of Saxony saw political and economic benefits from affording Luther protection from ecclesiastical censure that the barriers to entry were surmounted.¹⁷

It seems possible to apply something similar to the critique of secularization approaches developed in Finke and Stark (2005) that it generates market entry, reversing the secularization process. Any church that attempts to engage in rent-seeking activity, effectively becoming more lax, invites entry. Luther, through his emphasis on the operation of grace, was able to challenge the offer of afterlife assurance being made by the dominant firm. His counter-offer involved rebuttal of the doctrine of purgatory, but presumed an ongoing personal relationship with the church—hence his translation of the Bible into the vernacular to enable its widespread study—and so we might understand this innovation as using a different technology of production for afterlife assurance, substituting time inputs for money. Where the club model emphasizes the experience of the individual, this public choice approach emphasizes the processes by which denominations might compete with one another. The two should complement one another very effectively, but little work has been done to date to bring them together. Until then, we shall continue to work with disparate models of the churches, rather than a unified one.

NOTES

1. The congregation in which I worship is known as St Michael's Parish Church; it belongs to the denomination, the Church of Scotland, which has named the parish simply as

- Edinburgh: St Michael's. In terms of denominational organization neither the building, nor the congregation, is "a church."
2. Iannaccone's "second paper," Azzi and Ehrenberg (1975) introduces the concept of afterlife consumption into a Beckerian model of household decision-making, and so need not concern us further here.
 3. Apart from a few remarks in Iannaccone (1998), users of the club model have rarely analyzed Smith on religious instruction in detail. We review the arguments of Ekelund et al. (2005) below.
 4. See MacLean (2009) and Rodger (2008) for recent accounts of this doctrine, and Sjölander (1963) for a clear account of how Free and Established Church interpretations of this doctrine were brought together, largely by emphasizing that the state can only recognize the church's spiritual sovereignty.
 5. Brown contrasts this with the repeated interventions of civil courts in the decisions of higher courts of the church, some of which led to the constitutional crisis known as the Ten Year Conflict (Brown and Fry 1993; Drummond and Bulloch 1973, 1975; Fleming 1927).
 6. We do not set out details of how these courts operated here. Again, see Burleigh (1960), Brown (1997), Brown and Fry (1993), Devine (2006), Drummond and Bulloch (1973), and Fry (1987) for detailed discussion, and in particular the sources and nature of tension between the parallel civil and ecclesiastical jurisdictions throughout the nineteenth and early twentieth centuries.
 7. These ideas were developed into a coherent theory of the church as an economic entity in the life and writings of the nineteenth-century divine, Thomas Chalmers; see, for example, Chalmers (1826, 1827, 1832, 1838) for discussion of the role of an endowed Establishment in society; Brown (1982) and Cheyne (1985) for discussion of Chalmers's career, as well as Leathers and Raines (1999) for a useful discussion of the positions of Smith and Chalmers on the finance of education and religion, and Sawkins (2012) for an account of developments in his thinking on church finance after 1840.
 8. The argument that they give, based on the tastes of different classes, seems unconsciously to mirror that of the character of Henry Crawford, in a debate with Edmund Bertram, about the role of the church in Austen (1814); although fictitious, the comparison is not a happy one.
 9. Bruce (2002: 41) denies that this is an implication of the secularization approach, while also arguing that "the decline in the social significance of religion... reduces the number of people interested in religion... [T]he connection is causal rather than a matter of definition. But... there is no expectation that religion will disappear."
 10. The process is, of course, quite clearly delineated in Smith (1776).
 11. It seems plausible, as in Iannaccone (1990), that at an individual level, participation in religious activity leads to the formation of some kind of psychic "religious capital," which alters the utility of current consumption both of religious services and/or other consumption goods, as in models of rational addiction (Stigler and Becker 1977; Becker and Murphy 1988).
 12. Roach (2005) demonstrates that the *perfecti* of the Cathars provided a very similar service, through a sacrament, *consolamentum*, designed to prepare the dying for their reception into the life to come. For offering such services, the Church declared the Cathars heretical, and suppressed them violently; an extreme form of anti-competitive behavior.
 13. Effectively, this is what von der Ruhr and Daniels (2012) permit in their model of megachurches in which people may initially participate without contributing, so that they build up religious capital, enabling higher levels of participation to be sustained over time.

14. Berman (2000) argues that attendance at a *yeshiva* among the *haredim* is a signal that destroys formation of general human capital, and so, as a verifiable signal, has, in the context of Israeli domestic policy toward this religious group, had theoretically plausible, but socially undesirable, consequences for this community.
15. Indeed, one might read Hume (1770: section iii.29) as suggesting that had Leo X not required the revenue from the sale of indulgences so quickly that he sold licenses for their collection, thereby excluding the Augustinian Order, to which Martin Luther belonged, from a share of the revenues, the German Reformation might not have taken place as it did. Iannaccone and Bose (2011) note that Leo's choice of fundraising mechanism was feasible because advances in printing by the early sixteenth century enabled the mass production of certificates.
16. The exact form of the good is never clarified: it is simply some form of Beckerian Z-good, produced from commodities purchased in the market and time inputs.
17. Berman (2009) provides a very good account of the German Reformation from the standpoint of the economics of religion, applying insights from the club model approach.

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CHAPTER 23

THE ECONOMICS OF RELIGIOUS SCHISM AND SWITCHING

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I. INTRODUCTION

LITERATURE on the economics of religion, though relatively new in modern times, has enjoyed a small but steady growth (as this and other volumes certainly reveal). Instituted by none other than Adam Smith in his *Wealth of Nations* (1776), interest in the subject among economists rather than sociologists and anthropologists languished until a seminal paper by Azzi and Ehrenberg (1975). This paper developed an approach which allowed individuals to allocate their full resources (goods and time) to temporal and afterlife consumptions (an idea promulgated by Gary Becker).¹ Their results, while using rational economic behavior as a ground, do not differ in substance from the traditional sociological interpretations of religious behavior. Several avenues of inquiry followed on the economics of religion which integrated rational self-interest with other aspects of behavior. Iannaccone (1992) developed a model of religious behavior featuring “club effects” where shirking and free riding is dealt with through strictness. The historical development of religion utilizing the tools of industrial organization, microeconomics, and public choice, on another front, analyzed the economic evolution of religion from the origins in Christianity (Ekelund and Tollison 2011) to the high-water monopoly of the medieval Roman Catholic Church (Ekelund et al. 1989, 1996) to the break of Protestantism from the Roman Church in the early sixteenth century (Ekelund, Hebert, and Tollison 2002, 2006).² One aspect of all religious establishment and observance pervades these developments—schism, splitting, and switching from one system of belief to another takes place in virtually all cases when strict monopoly or force is not

involved. This occurred up to and after the Council of Nicaea and, most spectacularly, when Martin Luther successfully broke with the Roman Church in 1517. These phenomena are hardly new or unknown. But a formal economic model and tests of this important aspect of religion using contemporary data has not been forthcoming. That is the purpose of this essay.

II. SCHISM IN HISTORICAL CONTEXT

Schism—a split from one belief system to one or more *new* systems—is as old as religion, and it was probably a feature of the earliest cults as one shaman offered a different or better product than another. Monotheistic religion, at least as we know it today, was founded in approximately 1800 B.C.E. by the Patriarch Abraham. Judaism, the oldest of the “Abrahamic faiths,” was according to tradition the product of Abraham’s break with his father’s worship (and sale) of idols. The Jewish religion was established by the three Patriarchs, Abraham, Isaac, and Jacob (father of twelve sons who established the twelve tribes of Israel), who were guided by God to establish rights and obligations pertaining to belief and behavior. They founded a religion that eventually, by the time of Christ, had split into three branches—the Sadducees, the Pharisees, and the Essenes.³ Importantly, all sects of Judaism enshrined the written word—the Torah, Old Testament—as guiding belief and behavior (with tradition important in some interpretations).

Christianity in its earliest forms was a Jewish schismatic sect. Although Paul and other apostle-entrepreneurs appealed—successfully—to gentiles, Christians were first regarded as a schismatic branch of Judaism, which spread to Italy and elsewhere.⁴ Christian apostle-entrepreneurs were quite successful in growing the new religion right up to the time of Constantine (272–337 C.E.). The “written word” of what it meant to be a (traditional) Christian—the New and Old Testaments, the Acts of the Apostles, and so on—was set in stone at the Council of Nicaea (325 C.E.), although there were many variants of faiths based on Christ before and after Nicaea (Ehrman 2003, 2005; Ekelund and Tollison 2011). Many of these “branches” of Christianity (Gnostics and the many mixtures of traditional Christianity with Greek, Roman, and earlier philosophies and beliefs) were undoubtedly created by schisms (as defined in our theory above).

Traditional Roman and Orthodox belief survived until the Great Schism of the eleventh century when a number of the Eastern churches refused to accept the primacy of the Roman Church.⁵ Large parts of that schism remain today. But in the Middle Ages, for example, the official church would be seen as a part of the glue of the social order, and support from the church was an indispensable pillar of government and civil authority.⁶ Rulers held their positions from God, and attacks on civil authorities therefore had a spiritual dimension. In such a world, a schismatic movement was simultaneously a rebellion against the state, and such efforts could expect ruthless and violent suppression. The vestiges of this system persist today in the Established Churches of many European constitutional monarchies, the rules of the British succession, state support

for ministers of the churches, inclusion of sectarian instruction in government schools, and so on.

III. SCHISM IN THE MODERN WORLD

The Reformation brought on a full flowering of schismatic activity so that today some estimates place the number of Christian religions (worldwide) at over 23,000, with perhaps several thousand existing in the United States.⁷ The place of religion (and specifically Christian religion) in United States and Western European society and culture has never been more fluid. According to credible estimates, church membership in Europe has fallen to new lows; religious “brand shifting” and deleted affiliations in the United States have risen to new highs (Pew Forum 2009).⁸ Whole nations, though nominally dominated by state religions, are more accurately deemed “culturally religious” (Zuckerman 2010) rather than actually religious. Such brand shifting in religious affiliation is related to growing secularism as well with the number of atheists, agnostics, and “unaffiliated” reaching more than 16% in recent polls in the United States (Kosmin et al. 2001; Pew 2008). But secularism, as we have noted elsewhere (Beard et al. 2010), may be religious, political, or “cultural” in definition. Secularism may accompany, if not cause directly, switching from one religious brand to another. Changing belief structures at a social level, including secularism, may lead to more seismic events of a religious nature including schism. Schism, as we define it, is the formation of an entirely new religious brand, rather than simply a switch between existing brands.

Contemporary disputes leading to schism center on social, cultural, and theological differences such as the “life issues” of abortion, stem cell research, euthanasia; cultural issues such as gay marriage or the role of women in the family or as priests or ministers; and theological matters such as the nature, directives, and interpretations of Christian (or Islamic) writings. Is, for example, the Old and New Testament to be believed as the literal and inerrant word of God or as a metaphor for modern living? The apparent development of actual or potential schisms affecting contemporary Christian faiths (included Baptists, Lutherans, Episcopalians, and, to some extent, Roman Catholics if “brand switching” is a form of schism) are integral to such issues. Formally, schism is relatively easy to define from its Latin and Greek root—to split. Typically the split will be a kind of breach of union *within* some religious “family” or groups over ritual, the form of ritual, or over theology and/or doctrinal interpretation. Indeed, the very term “schism” presupposes some initial unity over ritual and/or theology. There are a number of interpretations to the word “schism,” some of them loosely definitional in nature. The word is often applied to a split or departure of a group of individuals from a church or synagogue to set up a competing church (but not a *new* religion). *We attempt to provide more specificity and interpret schism as a split which creates the establishment of a new religious brand and switching as a movement from one extant religious brand to another.*

The purpose of this essay is to explore some of the dimensions of religious schism and switching in economic terms. First, we present a simple theoretical analysis of schism—one focusing upon a religious market characterized by product differentiation and monopolistic competition in a Hotelling-styled (1929) context. Our theory focuses on the formal requirements for the establishment of a new brand of religion on both supply and demand sides of the market.⁹ “Switching” religions (or to “unaffiliated”) may be considered a substitute for schism: it will also be analyzed. In particular, we examine the organizational structure of alternative demand and supply of Christian religions in order to better understand the number and nature of splits within major denominations in the United States.¹⁰ Next using descriptive statistics, we examine schism which has occurred in religious families, the prevalence of religious switching and anecdotal discussion of recent and (possibly) forthcoming intra-denominational splits. Next we analyze brand switching as a substitute for schism. Particular emphasis is placed on contemporary movements between Roman Catholics, Protestants, and the “unaffiliated.” Evidence is offered for possible reasons for schism and switching. Finally, the data is related to our hypothesis relating to schismatic activity.

A. A Theory of Schism and Religious Choice

The modeling of religious affiliation as a market decision, and the analysis of the emergence of schismatic faith traditions within an essentially economic framework, has the advantage of requiring one to think carefully and precisely about how religions might be supposed to differ, and why some are “successful” while others are not. In this framework, it is clear that religions or churches may differ in several senses, and these different dimensions will have dissimilar consequences for competition between churches for adherents, and for the “entry” of new competitors into the religious marketplace. We begin this section with this idea, and then describe how these considerations will affect our interpretations of religious behavior.

In industrial organization economics, it is common to distinguish between product characteristics that one could term “vertical,” from those styled as “horizontal.” In application, two goods differ in some vertical characteristic if all potential buyers agree that more (or less) of the characteristic in question is unambiguously desirable. For example, if one light bulb lasts longer than another and this was their sole difference, all would agree that the more durable one is preferable. Hence, “durability” is a vertical characteristic of light bulbs. In contrast, if the bulbs differed in the color of their light, buyers may express dissimilar preferences, some preferring one style and others the other. The color would then be a matter of taste and would be called a horizontal characteristic.

Religions, though, are more complicated than light bulbs, and a primary source of this distinction arises from the social and political roles religions have historically filled. The modern world presents an environment of church-state relations that is far more amenable to analysis from the economic point of view. “Entry” by a “new firm” (i.e., the creation of a new, schismatic sect) is no longer subject to state-sponsored “barriers-to-entry”

(suppression), and it is not difficult to conceptualize competition between churches for adherents and support as similar to competition between sellers of rival products in a commercial market. Thus, it is quite likely that the circumstances which explain important historical schisms, such as the Reformation or the break between the Eastern and Western churches in the eleventh century, differ substantially from those relevant to the modern American religious landscape, for example. In particular, it is unlikely that political factors will be decisive in the modern context, since the political clout of most churches today falls far short of that in earlier times, and many industrialized countries enshrine disestablishment as a constitutional principle. Thus, in what follows, we will limit our conceptualization to those motives that more easily have close analogs in the economics literature on differentiated products competition under conditions of more or less free entry by sellers (church groups) and free association by buyers (adherents).

To begin, it is useful to briefly review the first economic models with at least some of the characteristics necessary to our task. Hotelling (1929) proposed a highly influential model of firm location and pricing in which two firms (a “duopoly”) selected both their spatial locations and prices in competition with one another for customers who were distributed uniformly along a line segment of a given length. Potential buyers care both about their locations relative to the vendor (since, for example, this determines their travel costs) and the prices charged for the goods on offer. Because there are very many buyers whose locations are fixed, a firm can gain an advantage with respect to a given buyer by moving closer to her location. This action, though simultaneously moves the seller farther from other buyers. Likewise, lower prices are desired by buyers, although again price cuts have a downside as they simultaneously reduce earnings from other buyers who would purchase the seller’s wares anyway. Thus, the firms are viewed as struggling within these two dimensions of prices and locations in a quest for profits. This model was soon discovered to be quite a bit more complicated than was first apparent.

One reason Hotelling’s analysis was so influential with economists was that it was soon realized that the idea of firm “location” could be interpreted very broadly: for example, location could be thought to refer to some characteristics of the seller’s products, such as flavor, style, or the like. These, however, would necessarily be horizontal characteristics, as buyers would not all agree what locations were “best.” In this analysis, only prices can be thought of as vertical characteristics, since all buyers prefer lower price. The combination of both vertical and horizontal differentiation is the source of the model’s complexity.

More or less contemporaneously with Hotelling’s analysis, models of “monopolistic competition,” pioneered by Joan Robinson and Edward Chamberlain, provided a rather different conceptual arrangement for the analysis of competition with differentiated goods. In these models, there can be many firms and, although each sells a differentiated good, each variety is symmetrically placed in the sense that no offering enjoys a special status. Firms enter continuously until the economic profit one obtains on entry is effectively zero, a result of a crowded marketplace which limits each firm’s sales combined with some fixed cost of entering. Thus, monopolistically competitive markets can be thought of as highly competitive, but with some product variety.

Later research has combined some characteristics of both sorts of models and, under strong assumptions, they are closely related. However, it is not necessary for our purpose here to delve into that degree of technical detail. Rather, it is sufficient to identify those aspects of each relevant to a realistic economic description of competition between churches for adherents, and determine what implications these features have for the issue of schism. To this end, we will focus primarily on the decisions made by potential “firms.” Thus, we will speak about “profits” from entry when, in fact, these profits will not generally be of the purely monetary kind (though sufficiently monetary to cover the monetary costs of entry).

A church can be thought of as a pair of elements, one describing the church’s teachings/theology, and the other representing the costs believers bear in following them. Let the doctrine be interpreted as a horizontal characteristic which appeals strongly to some consumers (those located near this point), and less so to others (those located further away). We ignore vertical differences at this stage. If a church/doctrine is located at point X , say, then a consumer located at point Y , should he become an adherent to this church (“buy their product”), would experience a utility or benefit equal to:

$$U(Y; X, P_X) = V - \delta(X, Y) - P_X \quad (1)$$

Where V is a given positive constant, $\delta(\cdot)$ is the “distance” between X (the church’s teaching) and Y (the adherent’s ideal teaching), and P is the full price (economic or opportunity cost) the potential follower would incur when complying with the church’s requirements (e.g., tithing, attendance at various rites, observance of disciplines, etc.). This simple formulation can be readily made more realistic by having P_X and V depend on some other characteristics of the potential buyer or the church in question, but this is sufficient here. We will also assume that the consumer subscribes to at most one church.

There are many consumers distributed smoothly, though presumably not uniformly, along some interval I . Each consumer surveys the available church offerings and either selects the best one available (if it offers a positive benefit), or else buys no religious affiliation (if all available choices yield negative net benefits.)

Churches exist when they are economically viable. This viability requires that they be able to attract a sufficient number of adherents so that they can pay their expenses. For clarity, suppose that a church must pay expenses C equal to:

$$C = F + c \cdot N \quad (2)$$

Where F is a “fixed cost” that must be paid regardless of church size, N is the number of adherents who are members, and c is the cost of servicing each member. (Again, this can be made much more complicated.) Thus, a church is viable if $N_i(P_i - c) - F > 0$, that is, the church can at least “break even.” We assume there is a large number N of potential members over whom the churches compete by their selections of locations X_i and prices P_i where the subscript I identifies an individual firm.

We now have the ingredients to provide a useful, if grossly simplified, view of the religious marketplace. A set of k churches $\{(X_i, P_i)\}$, $I = 1, 2, \dots, k$ is an equilibrium for

the religious market if (1) each church is viable, and (2) there is no location/price pair which would allow for profitable entry by a new church. Thus, the viable niches are filled with sellers, and those unfilled are not viable given the distribution of consumer locations, the size of the believer pool, the degree to which consumer benefit is reduced by imperfect matches between consumer preferences (Y) and church location (X), and the cost structure. There is much potential equilibrium for such models, and their appearances differ widely. However, we can make some useful observations that have empirical analogs.

First, two churches i and j will not have locations (doctrines) close to one another unless there is a heavy concentration of potential adherents with views (locations) nearby, because otherwise there would be insufficient adherents to support the ecclesiastical apparatus. Second, the larger is the sunk cost F of entry, the fewer churches one expects to observe. Third, “prices” will never be driven down to marginal costs of adherents, since that outcome is not sufficiently remunerative. From the cost standpoint, there will be “too many” churches, since each church will operate where the average costs of memberships is declining. However, the social welfare consequences are quite complex, even in the simplest versions of this model: more churches mean believers can find better fits for their needs, yet more churches also imply more “duplication” of those costs necessary to establish a sect.

Schism in a Simple Model

The issue of schism is, in this context, just the issue of “entry.” Generally, firms enter in response to profitable opportunities. The profitability of entry depends on the existence of a doctrinal location which allows sufficient followers to be recruited to sustain operations. These niches can occur due to shifts in the distribution of consumer locations, failures of existing churches, and so on. Undoubtedly entry cost F plays a critical role, as does the expectation of an entrant regarding the severity of price competition.

Schism, though, implies a “breaking away” from an existing religious organization, and this can be easily envisioned here if, for example, there is a reduction in the sunk costs F , or an influx of members with, however, non-ideal locations given the location of the church. In both cases, one sees the creation of viable entry, although the results can differ dramatically. When the costs of founding the schismatic church F are lowered, one expects a departure of like-minded believers from the “edge” of the current church’s boundaries, doctrinally speaking. The new church will be similar in doctrine to the old one. In contrast, if a church experiences an influx of members who are deposited within the church by some exogenous process (say by one church absorbing another due to merger or conquest), then the schismatic church may differ substantially in doctrine from its parent. Finally, if persons who find themselves somehow members of a church that is a “poor fit” are in a mature, densely packed religious market, then it is likely they will merely change affiliation to an existing church which provides them greater benefits. Thus, schism is less necessary when existing offerings are varied and plentiful, but is more likely when the costs of founding a schismatic church are lower. Switching, from say church A to B, is thus common when fixed costs to schismatic activity are high and/or when “the commodity

space” (e.g., religious offerings) is full or “full enough.” Schism is thus related to switching in this manner—switching is the low-cost alternative to formal schism.

We emphasize the role of the costs F of schismatic separation because this factor appears wholly consistent with the conjecture that, by and large, schisms are *less likely* in churches that have strongly hierarchical structures. This appears so for several reasons. First, hierarchical churches have far greater legal claim to the physical properties of individual member churches, so schism will necessarily require funding new facilities and so on. This implies a much higher cost F . Second, schisms presumably occur among a subset of members who (ironically) may have more in common with the parent church than they generally do with outsiders. Groups such as the Lefevbrists¹¹ in the Roman Catholic Church are doctrinally speaking Roman Catholic—their complaint with doctrine concerns a set of reforms within the parent church.¹² There is no existing church they would recognize as legitimate to which they could flee. They are fringe believers among the existing set of adherents. This is a very difficult circumstance, and the numbers of such schismatics is extremely small. In contrast, millions of individual Catholics have left the Roman Church for other denominations: they are switchers, not schismatics because the (fixed) cost of schism is high and/or because there are close substitutes that satisfy the utility of demanders for religious services.

The existence of many churches in the market (filling up of commodity space) means that schisms will be fewer and the theology of the schismatics will be close to the church they break away from. Under a hierarchical church, the higher sunk cost (high F) means no or few schisms. With a congregational church (with down-up powers and weak central authority), F is very low, and schisms will be more common with expectations that they will be little different from the original church. The higher these costs, and the more crowded the “commodity space,” the more switching of religious brands and the less schism is expected.

These principles may be viewed in graphical form as in figure 23.1 (a modified “Hotelling diagram”). Figure 23.1 shows a segment of a line where each point represents a particular price-doctrinal combination (a combination of P and X). The religious consumer Y is located at a point on line, where this point represents Y ’s preferred price-doctrinal combination. A religious brand with combination (X_1, P_1) perfectly matches Y ’s initial preferences, so that brand is chosen over nearby alternatives (X_2, P_2) and (X_3, P_3) .

Now, assume Y ’s price-doctrinal preferences change moving her to position Y^* . The question facing Y is to find a different faith among all possibilities depicted by each point

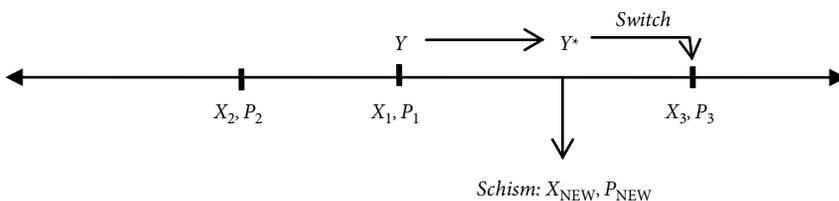


FIGURE 23.1 Religious brand locations and choice

on the continuum. Our theory suggests that the pick will be a combination of religion that is close to Y^* . In the figure, the best choice among available alternatives is point (X_3, P_3) . However, a presently nonexistent combination would more accurately match Y 's preference set (say X_{NEW}, P_{NEW}), where this new combination represents a schism from existing religious brands. Will this combination be established? Our theory tells us that the foundation of a new religion (X_{NEW}, P_{NEW}) will depend on whether or not there is a sufficient number of persons like Y (those with beliefs close to Y) in the population so that revenues are sufficient to cover entry costs F . If that is the case, a schism—the foundation of a new X - P combination—will take place. If not, Y will switch to another existing religion, one that is a close match to her preference set but one that is not a “perfect” match. In this case, the switch is to brand (X_3, P_3) . Naturally if the “price-doctrine space” is well filled, switching rather than schism may be expected, since close matches are easy to find.

B. Schism and the Character of Religions in the United States

The plethora of Christian traditions that developed through schism (or entrepreneurial adoption of new “brands” of belief) that occurred after the Reformation in Europe has also been a feature of Christianity in the United States and from the earliest days. There are perhaps more than 1,000 Christian denominations in the United States, some of them consisting of a single church with a single theological or interpretational angle. Some are “biblical” in orientation where scriptural authority as revealed by God in the Bible is the supreme authority guiding behavior (naturally there are exceptions for slavery and other issues). Others are “Eucharistic” where emphasis is placed on celebration of the Lord’s Supper as a foundation for doctrine, some such as the Roman Catholic Church believing in transubstantiation, others denying that belief. But for our purposes especially, Christian churches may be identified as (a) “congregational”—a bottom-up organizational structure wherein church leaders are elected by members (or a combination of members and prelates), or (b) “episcopal” whereby a hierarchical administration (pope, bishops) guide church affairs, theology, and theological interpretations. Recall, that we have argued that less formal schism is expected in Episcopal structures than in Congregational since the sunk cost (F) of leaving the hierarchical church is larger than for bottom-up congregational style Christian faiths. In short, there will be less schismatic activity in such churches.

Collected data on religion in the United States is generally plentiful, except for detailed statistical analysis of historical schisms. Further, there are a very large number of methods for collecting and assembling “religious families” by particular attributes. A number of contemporary sources are valuable, however, in this regard. The open-access sources, the Association of Religion Data Archives (ARDA), and the Pew Forum on Religion and Public Life collect and assemble data on US (and other country’s) religions, their

membership, establishment, and other details. In order to understand schism and the implications of our theory, consider ARDA's compilation of and numeration of major "families" of Christian religion in the United States in table 23.1. Several caveats are in order to begin the discussion. No adjustments for size of the denomination pertain to the data on religious families. Thus, a member of the Methodist family may number in the millions of adherents, while another in the same family may number only a few thousand. Further we must consider that other identifications of "families" of religions may yield alternate results. Given these factors, consider table 23.1.

Church organization in the principal families differs as it has from the founding of these religions. The Roman Catholic, Anglican, Mormon, and part of the Methodist families are hierarchical in organization—that is, there is a top-down line of authority in the matter of official practice, belief, and the interpretation of belief. In contrast, and this existed from the beginning in some religious families, congregationalism is the hallmark of Baptist, Lutheran, Pentecostal, and Presbyterian churches. This means that "elders" of church leaders are, in general, democratically "elected" by church members.

One very important expectation of our theory is that, due to sunk cost of schism under hierarchical religions, formal schisms are less expected. In terms of the theory, the value of F would be higher if congregates did not own property and were forced to abandon fixed capital upon departure. This seems to be the case in terms of table 23.1. Even given all of the caveats regarding the data, it would appear that far fewer formal schisms (founding of churches) have occurred when churches are organized under an

Table 23.1 Characteristics of Selected US Church Families

Church Family	Number of Churches in Family	Number of Active Churches (2006)	Founded Before 1950	Founded 1900–1950	Founded 1950–2010
<i>Episcopal Organization</i>					
Anglican/Episcopal	5	5	3	1	2
Catholic	9	4	5	3	4
Methodists	46	17	30	7	1
Mormons	7	3	5	0	0
<i>Congregational Organization</i>					
Baptist	46	25	27	13	7
Lutheran	42	16	18	13	6
Pentecostal	55	27	37	34	10
Presbyterian	37	22	18	10	7

Source: The data and components were downloaded from the Association of Religion Data Archives. Available at: <http://www.TheARDA.com>. No adjustment for size of church. Calculations by the authors.

Episcopal structure. The number of churches and schisms of the Anglican/Episcopal, Catholic, and Mormon churches are clearly lower than under Congregationalist administration. (Methodists, as ARDA enumerates churches in the “family,” contain churches with both episcopal as well as congregational structures and will be dealt with below). Church facilities, under congregational organizations, are often owned by “elders” or a set of parishioners. It is often easier to extricate resources from the church for schismatics who wish to form their own congregations. Further, where doctrine and ritual is not rigid, as with episcopal leadership, a subset of a congregation is often able to “rent” facilities (in abandoned malls, Wal-mart stores, etc.). Often, moreover, the requirements for “pastorhood” are far lower in some congregational (and often smaller) churches.

A second issue that table 23.1 illustrates is that schism, at least in the families studied by ARDA, are declining over time. Clearly the trend in the number of *new* churches founded over the twentieth and early twenty-first centuries is in decline. That is true for churches under both organizational structures. A number of explanations might be given for these phenomena. It is possible that theological and interpretational disputes lessened in the second half of the twentieth century. This does not seem to be the case, however. The role of women in society has increased in every sphere, including their inclusion in formal church administration (in some “families” of faith). The cause of gay rights in the clergy and elsewhere, including legitimization of gay marriage in a small number of US states, has divided congregations and created very visible acrimony. A more plausible explanation, given in our theory of the location of church brands, is that the “commodity space”—in this case of alternative theologies, rituals, interpretations, and belief requirements—has “filled up.” This means that those individuals who would otherwise create a new religion have one that fits (or approximately fits) their preference sets. Factors adopted by church leaders—episcopal or congregational—that could lead to schism, actually engenders switching. A dissident in religion A who would otherwise desire to create religion “B” between A and C, moves to C because it is “close enough” to the individual’s preference set. That does not mean that new religions (schisms) were not created in the period 1950–2010—only that they were created at a clearly lower rate.

Structure, Schisms, or “Near Schisms”

Fears of “approaching schism” in many churches may involve a split that either does or does not create or found a new religion. In short, there may be splits with schismatic activity that results in a new religion. Consider some examples:

Hierarchical/Episcopal Religions

Perhaps the most famous case or set of cases involving possible schismatic activity relates to the Episcopal Church and its Anglican affiliates in the United States and abroad. (The Anglican Church is a hierarchical structure of loosely affiliated churches consisting of approximately 77 million members worldwide, with its largest membership in the Third World, including Africa). ARDA lists five members of the Anglican family of US churches, including the Anglican Orthodox Church of North America, the Apostolic Episcopal Church, the Episcopal Church (with more than 2 million

members in 10,000 parishes in the United States, by far the largest), the Mar Thoma Syrian Church of India, and the Reformed Episcopal Church. Some of these churches and others as well, as we will see, are affiliated with the Anglican Communion based in England with the Archbishop of Canterbury (Rev. Rowan Williams currently), others are not. While affiliated and non-affiliated churches within the Anglican family have, for more than a century, espoused a more conservative stance than the Episcopal Church in the United States, more recent changes in doctrine, liturgy, and practice in the latter have raised the specter of schism and switching. In terms of our model, some contemporary Episcopalians find themselves at some point (Y in figure 23.1) but would desire to be at some other point in the spectrum of church brands. What are these differences? The US Episcopal Church has been at the forefront of “liberal” causes such as civil rights, affirmative action, and opposition to the death penalty since the 1960s. Today, the chief issues with Episcopalians, as with many mainline Protestant churches, are the roles of women and gays in the ministry and the status of same-sex unions at the parish level. In 1976 the Episcopal General Convention approved the ordination of women and in 1997 the change was mandated and in 2006, Katherine Jefferts Schori, was elected the first woman in the Anglican Communion to serve as bishop or “primate.” Particular dioceses have not complied with these mandates and members of the Anglican Communion in Africa and Latin America (for example) do not recognize women or Schori’s primacy over a branch of the Anglicans.

The furor raised over women in the clergy was perhaps mild compared to the recognitions of gays and lesbians into the diaconate, clergy, or as bishops. Small steps to do just that began in the mid-1970s and by 2009 the General Convention affirmed that lifelong-committed gays and lesbians could be ordained, leaving the individual bishops in American dioceses to decide on the blessings of same-sex marriages.

How might these issues be interpreted in terms of our model? Clearly there have been Anglican groups in existence in the United States that have (or have not) been in communion with Canterbury. The Anglican Orthodox Church, not in the Communion, formed in 1963 as a counterweight to what was perceived as the liberal political and theological policies of the Episcopal Church. This Anglican-affiliated Church and others were “schismatic” in our interpretation—that is a new church was founded on the continuum of Anglican Church brands. (Official Episcopal membership has declined due to these schismatics who moved in conservative direction, although the decline has, so far, comprised only about 200 to 400 parishes). Conservative congregations and dioceses have coalesced to form a new schismatic Anglican church—the Anglican Church in North America (an amalgam of dissident conservative churches, some with new names), which claims about 100,000 members. After the split over the role of women and gays in 2009, this church petitioned Archbishop William and the Church of England for recognition in the Communion. Bishop Schori of the US Episcopal Church urged against this since, according to her, such a move would give pain to “many Episcopalians in several places of being shut out of their traditional worship spaces, and the broken relationships, the damaged relationships between people who have gone and people who have stayed.”

Differences in demand profiles and the specifications for conditions for attainment of eternal salvation have, in other words, led to schism in this Christian denomination. It is somewhat unclear if the schism consisted of the creation of new brands of Anglicanism or of a switch by conservatives to existing more conservative brands of Christianity—for example, either of an Anglican variety or with reunification with Roman Catholicism. Pope Benedict XVI, in a bid to attract conservative Anglicans to the shrinking ranks of the priesthood, issued a formal program through which disaffected Anglican priests (and members as well) could join the Roman rite. Regarded as “poaching” by some observers, the Anglican establishment has had mixed feelings about both the fragmentation of its own church and the attempt by Roman Catholics to accept the conservatives.¹³ These events reveal that the marketplace for Christian beliefs—which are heavily dependent on demand factors—is alive and well. Schisms or switching may occur in strongly hierarchical religions, as the Anglican example shows, but they are far more common when direct demands of congregational religions make policy.¹⁴

Formal schism in the contemporary Roman Catholic Church is extremely rare, but challenges to hierarchical control and declarations of schism are not unknown. The issue of schism, revolving around monetary and property issues as well as progressive theology, as in the Episcopal case described above, was raised in the case of a Polish parish, St. Stanislaus, in St. Louis, Missouri. A unique aspect of the parish was that it was owned and run by a lay board of directors governing the parish. Further, the parish congregation owned the property and monetary assets of the Church. In 2003, the archdiocese moved to take over St. Stanislaus. When the congregation refused—fearing a close-down of their church—the archbishop removed the diocesan priests from the Church, leaving the congregation without sacraments or ministers for two years. To the rescue came Polish Reverend Marek Bozek who not only ministered to the flock but also espoused liberal policies for married, women, and gay priests. Bozek was excommunicated *for schism* by the archbishop (Raymond Burke, made a cardinal by Benedict in 2010) of St. Louis and the excommunication was affirmed by the Vatican. However, Bozek continued his ministry and, in spite of continued attempts to buy out the congregation’s property, the bishop’s proposals have been refused. Despite his progressive views and his excommunication, Bozek (as of 2010) had a large following whose confidence and credence in the hierarchy of the church is less than their confidence in Reverend Bozek and his ideas (see Gay 2010). If the conditions outlined in our theory permit—that is a sufficient demand group exists and costs of organizing and creating a new denomination are low—such a movement could lead to a variant of Roman Catholicism, but likely one that is “congregational” in nature. Bozek’s brand of Roman Catholicism might also lead to switching to existing churches that appeal to his followers’ preference sets.

Congregational Churches

Similar issues have affected “congregational churches” as well where schisms and switching is a far more common occurrence than in hierarchical churches. Debates over women’s role in liturgical and church practices, along with the matter of the place and role of

homosexuals have split—through formal schisms and the foundation of new churches or through switching—congregations and families of religions where parishioners pick their pastors. The Evangelical Lutheran Church in America (ELCA) in 2009 created a “grey area” concerning human sexuality urging respect for views that contain a metaphorical interpretation of scripture. In short, ELCA, the largest Lutheran denomination in the United States with 4.5 million members, developed a tolerant attitude to the elevation of gay and lesbians to the clergy and to those pastors who wish to bless same-sex commitments. A new church, the North American Lutheran Church, was formed in August 2010 in order to counter this perceived change in theology constituting an actual schism as described in our model. Churches, about 2% of 10,000, have left ELCA over 2010 presumably switching to other Lutheran or other-Protestant styled organizations (Hartley 2010).¹⁵

Other congregationally organized churches have experience seismic shifts and splits in membership. It would be a mistake, for example, to categorize all Baptists as conservative or non-welcoming of women and homosexuals. The extremely conservative Southern Baptist Convention left the American Baptist Convention (USA) because of its failure to condemn or penalize churches that welcomed openly gay members. The American Baptist Churches Pacific Southwest region did the same in 2006. For its part, the American Baptist Convention (USA) defended individual churches and each individual’s right to interpret Scripture according to the dictates of conscience, affirming the fundamental rights of congregationalist organizations (Tomlin 2006). Under such circumstances, given the multiplicity of possible scriptural interpretations, we expect greater schismatic (and switching) activity among this form of market organization.

Other religious groups are far more “liberal” on the matter of women’s and gays’ role in religion. The United Church of Christ (in 2005) voted to approve the conduct of same-sex marriages and commitments. The Unitarian Universalist Association of Congregations did the same in 2006.

The plethora of faith traditions that are congregationalist in nature would suggest that formal schism (the founding of new churches) would be greater than for hierarchical churches but fairly rare nonetheless. That statistic is borne out in table 23.1. Each of the religious families would appear to have existing alternatives when demanders perceive that theology or practice has changed, either in a conservative or liberal direction. In short, we would expect a good deal of “switching” among non-hierarchical religions for reasons given in the theoretical section of this paper.

IV. “SWITCHING”

Switching from one religion to another is common when different brands of religion are varied, numerous, and close to one another in theory, requirements, and so on. A motive for switching is to be found in changing demands or preferences based on theology, interpretation of doctrine, ritual, or monetary demands or practices. This large

portmanteau may be that the adherent's church has become "too liberal," "too conservative," dogmatic, exclusive (or inclusive), unaccepting of women or gays, rejection of the pastor's views or others in the congregation or a myriad of other reasons. Our theory provides reasons for switching. The cost of establishing a different sect may be high, a factor which encourages switching. But, it would appear, that the hundreds, perhaps thousands, of religious brands in the United States provides a basis for switching religions from one that no longer fills the preferences of adherents to another that is "close by" but which represents a better fit to demander's utility set.

One important early analysis of switching is Rodney Stark and Charles Y. Glock (1970). Stark and Glock analyzed changes in denominations using two (admittedly limited) data sets—one from northern California (taken in 1965), the other a national data set of religious retention and switching. As we will see, their data, just as today, found that Americans switch religions often. They found that 46% of Protestants switched *within* Protestant denominations—switch rates which exceeded those between Protestants, Catholics, and Jews. Unlike our discussion to follow, these authors were only "secondarily interested in shifts from Protestantism to Catholicism and vice versa" (1970: 184), which, they believed, were largely the product of intermarriage rather than for (unspecified) ideological reasons. Using the California sample, they studied the stability of membership in various Protestant sects, finding that the most stable groups were Episcopalians and the least stable Congregationalists. Overall, Stark and Glock infer that the California data show an "important general trend"—"people who change their church tend to move from more conservative bodies to theologically more liberal ones" (187). Most importantly, in 1970, the authors, by collecting denominations into Liberal, Moderate, and Conservative, found that there was a movement in both the (more limited) California sample and in a US Census Bureau sample survey (from 1957) that there was a movement away from conservative Protestant denominations to more liberal and moderate ones.

These results, it is important to remember, report findings within the Protestant tradition that amount to "switching" rather than schismatic activity, which, as table 23.1 reveals was fairly active within particular faith families. Further the data are only a snapshot from the mid-1950s and mid-1960s and reflect the values and culture of that time. One might hypothesize that quantum changes occurred in denominational preferences over the decades that followed, first becoming even more "liberal" over the late 1960s and 1970s and then, as social and moral issues began to rise as issues influenced politics at all levels, more conservative. Indeed, these trends in membership are, at least partially, discussed and documented in the literature (Iannaccone 1998).¹⁶ Of enormous import for contemporary religious schism and switching, as we have already suggested, is the legalization of abortion by the US Supreme Court in 1973, the rise of the gay rights movement and the possibility that a genetic "gay gene" exists, the development of the genetic code, in vitro fertilization, and many other scientific advances. These issues weigh heavily in any analysis of schism and switching in contemporary investigations.

Some of the contemporary research into the question of switching add gravitas to some of the earlier literature and conclusions and appear to challenge others.

One thing is clear—the adult population of the United States is more mobile than ever in terms of religion. Table 23.2 reveals shifts in Catholic, Protestant, and “unaffiliated” Americans from data gathered by the Pew Forum on Religion and Public Life in a large sample. Table 23.2 reveals that more than half of Americans either do not belong to their childhood faith or have changed faith at some point in their lives, returning to the same faith as childhood. About one in ten Americans is a former Catholic with the move about evenly split between becoming “unaffiliated” and converting to a Protestant religion. There is also plenty of movement within Protestant denominations among those raised Protestant. A full 22% of Protestants are either unaffiliated or a member of another Protestant religion and this comports with the earlier conclusions drawn by Stark and Glock. (It is important to note that “unaffiliated” does not mean that some of these individuals are not “spiritual” or “self-medicating” in orientation—that is, unaffiliated may but does not necessarily connote atheist or agnostic.) Statistics on movements from Catholicism to/from Protestantism to/from unaffiliated certainly indicate a good deal of “switching” as earlier surveys have revealed.

The question of what underlies switching is more important. It would appear that the decline in formal schisms (table 23.1) has been accompanied by far more switching along the continuum of religious brands and to the fastest-growing category of “unaffiliated” (approximately 16% of all Americans claim to be “unaffiliated,” but this fact does not mean no spiritual activity which could even include unaffiliated Christian belief). It is important to understand the reasons underlying the switches. Clearly, some change

Table 23.2 Shifts in Catholic, Protestant, and Unaffiliated Beliefs (US Population Sample)

Religious Status	Share of US Adult Population (%)
Do Not Now Belong To Childhood Faith	44
Raised Catholic, now unaffiliated	4
Raised Catholic, now Protestant	5
Raised Protestant, now unaffiliated	7
Raised Protestant, now different Protestant faith	15
Raised unaffiliated, now affiliated	4
Other changes in religious affiliation	9
Same Faith As Childhood	56
Changed faith at some point	9
Have not changed faith	47
TOTAL	100

Source: Pew Forum: “Faith in Flux” (2009). Available at: <http://pewforum.org/docs/?DocID=409>.

religions when marrying others of a different faith tradition, but in contemporary times, theological reasons appear also to be important.

Table 23.3, also from Pew Forum research, provides a survey of reasons for switching from childhood religion conducted in 2007 and revisited in 2009. Sixty-five percent of those who are raised Catholics apparently become unaffiliated due to a decline in the belief of the religion's teaching and half of Protestant's do the same. Interestingly, however, half of Catholics who become Protestant of some kind leave due to reduced belief in Catholic teachings, whereas only 15% of Protestants cite that as the reason. While we have no data on the matter, it may be that Catholics may be rejecting some of the implications of traditional Catholic teachings. According to Pew Research (2009: 9):

In response to the yes-or-no questions about why they left the Catholic Church, nearly six-in-ten former Catholics who are now unaffiliated say they left Catholicism due to dissatisfaction with Catholic teachings on abortion and homosexuality, about half cite concerns about Catholic teachings on birth control and roughly four-in-ten name unhappiness with Catholicism's treatment of women.

However, Pew research reveals differences in the destination of Catholics to Protestant churches that are "evangelical" versus mainline Protestant churches. Those destined for evangelical churches were more likely to have stopped believing in Catholic teachings generally and about the Bible specifically. Converts to mainline Protestant churches were far less likely to disbelieve Catholic teachings, including teachings about the Bible. The high-switching rate of Protestants (15% of American adults) is less likely to say that they have left due to disbelief in the religion but because they found a religion that they preferred. The higher "switch rate" among Protestants likely means that their "commodity space," being fuller than Catholics or Anglican/Episcopalians, give Protestants a more nuanced choice of packages of doctrines, rituals, and interpretations.

It is important, from both theoretical and practical standpoints, to distinguish between switching due to doctrinal disagreements, which one can take as an alternative to schism, and switching due to non-theological motives such as interfaith marriage, relocation, and the like. Doctrinal switching is of the "non-random" sort contemplated in our theoretical narrative: presumably switching of the other kind is not explained by such factors.

Some additional evidence on switching can be constructed using data collected by the Pew Forum on Religion & Public Life.¹⁷ The *U.S. Religious Landscape Survey* is based on extensive interviews with more than 35,000 adults (18 and older) regarding religious practices, beliefs, affiliations, views on the proper role of religion in the public square, and it also includes information on respondent demographics. The data was collected over the summer months of 2007. The survey is widely cited in both formal research and the media. As part of the survey, respondents are asked not only about current religious affiliations but also about any religious affiliations in their youth. These questions allow the construction of some basic statistics on affiliation switching, although the switching may occur over somewhat long periods of time. Thus, the results to be presented below are subject to two large qualifications. First, we look at total switching, regardless

of motive *without* an “unaffiliated” category. Second, the motive for switching from the faith of childhood may differ substantially from later switches during greater maturity. Hence, our figures are suggestive at best.

Considering only Christian religions, we divide the main faith traditions into four major groups: (a) Roman Catholic; (b) Anglican and Episcopalian; (c) Mainline Protestant (Methodist, Lutheran, and Presbyterian); and (d) Fundamentalist (e.g., Baptist, Church of God, Assembly of God, and so forth). This is admittedly quite arbitrary, but it is motivated by a relatively plausible notion the types of theological motives that animate switching. In particular, it is reasonable to say that such motives can be divided into two main sets. First, we have doctrinal beliefs regarding the church, scripture, liturgy, and so on—what one might term the “theology of the church.” In contrast, there are also the divisive issues of social consequence which often divide churches, such as abortion, homosexuality, and gay marriage. We do not claim these are completely separate issues. However, it seems plausible to make a distinction between such politically relevant matters as abortion, and other, primarily theological matters such as ordination of women. If this crude distinction is accepted, one can contemplate the following 2 x 2 scheme of classification.

Applying stereotypical judgment, one could style Catholics as both theologically and socially conservative, since they accept the most traditional interpretation of the Church as a visible institution, commissioned by Christ in his lifetime, and so on, while also opposing abortion, gay marriage, and related social hot-button issues. Episcopalians (in the United States at any rate) accept the same notion of what the Church is, but have far less difficulty with abortion, gay marriage/clergy, and so on. Thus, Anglicans in the United States are styled “theologically conservative but socially liberal.” In contrast, Mainstream Protestant churches do not accept the Catholic/Anglican notion of what makes the church legitimate, and often adopt socially liberal views on gay marriage, and so on. They can be styled “socially and theologically liberal.” Finally, the “fundamentalist” churches, which are not liturgical, are socially quite conservative, yet theologically “liberal” (they would not welcome or agree with this characterization). We have informally constructed a 2 x 2 square, with our four traditions at the corners. We use this schema to look at switching below.

In table 23.4 we first classify each survey respondent by the religious tradition of their childhood. Next, we classify each respondent by their present religious tradition. The relative frequencies of migration are summarized in the table. Since we start with the initial tradition, the rows always sum to 100%. The table demonstrates a high level of religious cohesion over time. Of those raised Roman Catholic, 82% remain so. About 85% of those raised in more Fundamentalist form of Protestantism are unlikely to leave that tradition. Slightly weaker coherence is observed for the “Anglican and Episcopalian” and Mainline Protestant groups, with both having roughly a two-thirds cohesion rate. Also clear from the table is that among the Protestant traditions, most switching remains in that tradition. Of those raised Mainline Protestant, for example, 92% remain in the Protestant tradition, whether of the more Mainline or Fundamentalist forms. The Protestant cohesion rate for Fundamentalist is 95% in the Protestant traditions generally.

In contrast, those brought up in the Catholic traditions, including Roman Catholic and Anglican and Episcopalian, do not stay in the Catholic traditions when switching, with most of the migration going to the more Fundamentalist traditions. We suspect, as Stark and Glock (1970: 184) contend, that much of this migration is related to marriage. We provide further evidence below that supports that view.

To some degree, the patterns shown in the table are not inconsistent with the conceptualization offered above. When one switches “diagonally,” say, from Catholic to Mainline Protestant, or from Episcopalian to Fundamentalist, one is making a significant break in two directions at once, both theologically and socially. On the other hand, a switch from Catholic to Fundamentalist, say, involves only a single deviation, that of the theological dimension, since teachings on abortion and the like are quite similar. This is at least not inconsistent with the very low rate of Catholics leaving to join the Mainline Protestant tradition compared to departures for Fundamentalist fellowships.¹⁸

We emphasize the danger of overgeneralizing from the sort of information given here. As noted, many switchers are responding to interfaith marriage circumstances, and their actions are probably not theologically or socially significant. Such switching will not be explained by theological or social sensibilities. These switchers probably constitute an actual majority of switchers. However, of those who have switched religion (see table 23.3), many, including Catholics, in fact cite theological reasons. And, it is perhaps useful to remember that the “unaffiliated” are not included in our table (table 23.4) on switching.

Table 23.3 Reasons for Switching from Childhood Religion

Initial →	Catholic	Catholic	Protestant	Protestant	Unaffiliated
Current →	Unaffiliated	Protestant	Unaffiliated	Protestant (Other)	Affiliated
Gradually drifted away from religion	71	54	71	40	—
Spiritual needs not being met	43	71	39	51	51
Stopped believing in religion's teachings	65	50	50	15	—
Found religion they liked more	10	70	11	58	46
Unhappy with teachings about the Bible	29	43	36	23	—
Dissatisfied with atmosphere at worship services	26	32	29	39	—
Dissatisfied with clergy at congregation	18	27	25	36	—

Source: Pew Forum: “Faith in Flux” (2009). Available at: <http://pewforum.org/docs/?DocID=409>.

Table 23.4 Evidence on Switching Denomination Types (%)

Current → Raised↓	Roman Catholic	Anglican and Episcopalian	Mainline Protestant	Fundamentalist
Roman Catholic	82	1	04	12
Anglican and Episcopalian	7	64	11	18
Mainline Protestant	6	2	67	25
Fundamentalist	3	1	10	85

Source: Pew Forum: U.S. Religious Landscape Survey (2008); author calculations.

V. CONCLUSIONS

Our separation between schism (the formation of a new church) and switching (the movement from one established church to another) is, as far as we know a novel method for analyzing churches and religious “brands.” Several conclusions have been drawn from considering data associated with these two types of changes: (1) Schismatic activity is far more likely under congregationally organized religions than under Episcopal or hierarchical ones; (2) The reduction in the number of new formal religious brands since 1950 appears to reveal that “commodity space” (increasing numbers of brands of religion) permits dissidents from one religion to find another—usually close to the abandoned brand—that more closely fits the demander’s preference sets. This helps explain a higher volume of switching between and (in the case of Protestantism) within religious families and churches than in Catholicism (for example).

Earlier developments on switching suggest (Stark and Glock 1970: 183–203) a movement from conservative to liberal/moderate faiths. That trend probably reversed that movement for the latter decades of the twentieth century, but that trend may return. Cultural and scientific developments have created different patterns of brand formation and movement in contemporary times—possibly leading to movements to both ends of the distribution of brands of Christianity (liberal and conservative) and to the “unaffiliated” category as well. (Further study and data sources are necessary to provide insight into these issues.) Table 23.5 provides some hints that might explain the future of schism and switching. High percentages of all denominations believe that religion is important, have faith in God, and, with some exception for Anglican believers, think the Bible is the word of God. But the remainder of the table presents a very different picture. Except for Fundamentalists (evangelicals, Pentecostals, and so on), less than 50% of responders have negative views of gays and lesbians or abortion. The same obtains for belief in evolution and *literal* readings of the Bible. Only conservative Protestants (Fundamentalists) have strongly negative views of homosexuals and evolution. They also strongly believe

Table 23.5 Cultural and Religious Opinions of Various Christian Denominations

Responses reflect a "conservative" reply	Roman Catholic	Anglican and Episcopalian	Mainline Protestant	Fundamentalists
Homosexuality	40%	33%	47%	68%
Abortion	48%	22%	36%	60%
Religion and government affairs	9%	6%	11%	26%
Evolution	20%	15%	28%	53%
Religion determines right and wrong	24%	23%	30%	51%
Religion important	58%	54%	60%	78%
Absolutely certain there's a God	75%	71%	78%	89%
Absolutely certain there's an Afterlife	52%	51%	58%	72%
Bible is word of God	65%	49%	71%	85%
Bible taken literally?	21%	12%	27%	57%
My religion only true one	14%	6%	14%	34%
Only one way to interpret church teaching	19%	8%	17%	41%
Church should preserve tradition	37%	36%	41%	60%

Source: Pew Forum: U.S. Religious Landscape Survey (2008).

in literal interpretations of the Bible and in scriptural inerrancy. Since most statistical studies and surveys indicate that younger Christians of all kinds are more “liberal” (with stability in views as they age) than their elders on virtually all of these matters, along with general social opinion as well, new shifts—either formal schism or switching—may accelerate in the future. These factors will change the preference sets of individuals and could create “brand” changes in religious affiliation.¹⁹

There is no doubt that the issues of political, cultural, and religious schism and switching will be at the fore of debate within US society for the foreseeable future. Change is the nature of politics, science, technology, culture, and, not least, religion. Perhaps, a religion without schism or movement and “switching” is a dead religion.

NOTES

1. Becker has, famously, applied the tools of rational behavior—those that guide economics—to areas heretofore believed to be in the province of anthropology, history, sociology, and other social sciences. He and those who accept his approach have analyzed myriad institutions. See, for example, Becker’s analysis of dating, marriage, divorce, polygamy, and other institutions in his *Treatise on the Family* (1981). Our work on religion, in addition

- to that of others (for example, Lawrence Iannaccone), owes much to Becker's insights on implicit markets.
2. A review of the literature on the economics of religion may be found in Iannaccone (1998).
 3. The Essenes were an ascetic group of Jews who practiced celibacy and monasticism. They were likely extinct prior to the birth of Christ (and were likely part of the sect that authored the Dead Sea Scrolls). The Sadducees were aristocratic Jews, were well-connected politically—at times, making compromises with the Romans, and did not believe in an afterlife, a spiritual dimension, or anything approaching resurrection from the dead. The Pharisees were made up of a “middle and lower class” and contrasted with the Sadducees on theology and “practice” as well.
 4. There is some evidence that Christians were in Rome by the time of Claudius's reign (41–54 C.E.). According to Suetonius (Claudius 25, quoted in Warrior 2006: 123), Claudius tried to expel the Jews “because the Jews were constantly causing disturbances at the instigation of one Chrestus” (presumably, “Jewish” disciples of Christ). Nero indisputably placed the blame on Christians (regarded by Romans as another Jewish sect) for the burning of Rome in 64 C.E. (Simon Peter was among those executed), but there was some time before Christianity was regarded as a separate religion rather than as a schismatic branch of Judaism.
 5. The “Great Schism” of 1054 divided the Eastern Orthodox Church and the Roman Catholic over the primacy of the Bishop of Rome and over relatively small theological issues. Today, some orthodox sects are in communion with Rome and others are not. These churches, like the Roman Catholic Church, are organized in hierarchical fashion. Orthodox sects, however, most built around nations and languages, are actually conciliar in nature (that is, run by a council of bishops) unlike Roman Catholicism.
 6. Indeed the Roman Church managed to achieve vertical integration of upstream and downstream elements of the sale of the religious good, at least in part, through a quid pro quo mechanism. This mechanism consisted of church support for civil governments in exchange for protection of the Roman church from its enemies and interlopers (see Ekelund and Tollison 2011).
 7. Martin Luther, in fact, predicted the proliferation of Christian religions (schisms). In his *Letters*, Luther queried, “How many different masters will the next century follow? The confusion will reach new heights. None of them will be willing to be governed by the opinion or authority of the others each will want to set up as his own *rabbi*.” Luther changed the complexity of Roman Catholicism by reducing the belief system to the Apostle's Creed, the Ten Commandments, and the Lord's Prayer, including only three sacraments—baptism, the Eucharist, and penance.
 8. These statistics do not imply that areas characterized by religious observance in Europe do not score higher in levels of life satisfaction. Religion according to a large statistical study (Clark and Lelkes 2005) acts as a buffer against many untoward events commonly experienced in life.
 9. A different economic analysis of schism, chiefly from a perspective of product innovation may be found in Maloney, Civan, and Maloney (2010). These authors focus upon the religious schism of the Islamic faith.
 10. Our focus, though not exclusive, is on Christian religions in the United States.
 11. In 2009, in order to repair a schism on the right in the Roman Church, Benedict XVI admitted dissident right-wing bishops that were excommunicated by his predecessor John Paul II. French bishop Marcel-François Lefebvre, who died in 1991, refused to accept

the liberalization of the church in Vatican Council II and founded the ultraconservative Society of Pius X in 1970, ordaining four bishops in 1988. (Lefebvre was suspended by Paul VI in 1976.) One of the bishops readmitted is a well-known Holocaust denier.

12. Modern-day visitors to the Christian (Roman Catholic specifically) cafeteria would include arch-conservative members of Opus Dei, liberation theologians, and liberal thinkers such as Hans Kung, folk Catholics, and actors like Mel Gibson. But, while it might be true that a pre-Nicaean Christian had genuine choices in the matter of Christian theology that is likely not true for contemporary Christians most of whom follow the received body of Scripture.
13. See Ruth Gledhill and Richard Owen, "Pope's Gambit Could See 1,000 Quit Church of England," *London Times*, October 21, 2009. Available at: <http://www.timesonline.co.uk/tol/comment/faith/article6883151.ece>. As many as 400,000 new Roman Catholic members may be the result of the switch. Also see Gledhill and Owen (2010). The volume of potential defections on the matter of women's and gays' role in the church suggests a high elasticity on the part of Christian church members.
14. An interesting development might even lead to a change in the organizational structure of the US Episcopal Church. The elevation of a lesbian bishop in 2010 led to the Episcopal Church being removed from committees of the Anglican Communion, a move proposed by the archbishop of Canterbury Rowan Williams. The interesting response, with respect to our analysis of church organization, came from US Episcopal presiding bishop Katharine Jerrerts Schori, who pushed back against the Anglican action, arguing that "Anglicans have always been led by local churches, not a centralized body of powerful clerics" (Burke 2010; also see <http://pewforum.org/Religion-News/Episcopalians-booted-from-Anglican-bodies-over-gay-bishops.aspx>). (To the best of our knowledge, no formal down-up organization of the Episcopal Church in the United States has ever existed.) But Bishop Schori is suggesting that a "bottom-up" organization characterizes the Anglican Communion, an assertion that rejects the conciliar, hierarchical form of Anglicanism since Henry VIII. Perhaps a change in organization will accompany the schism between Anglicans and Episcopalians, at least for the latter.
15. For example, the Lutheran Church-Missouri Synod affirms the strict biblical position on same-sex marriage claiming that homosexuality is sinful in all forms and situations. This would appear to be an obvious (and close) belief set for disaffected ELCA members.
16. Along with these trends have been assertions that the "secularism hypothesis"—whereby increasing wealth and the revelations of science are supposedly displacing religion—is dead (Stark and Iannaccone 1994). Contemporary trends may not add weight to this speculation (Beard et al. 2011).
17. <http://religions.pewforum.org/>.113.
18. It must be remembered, additionally, that table 23.4 is expressed in percentages. A few percent of Catholics constitutes hundreds of thousands of switchers. The percentage switch from Episcopal to Catholic is much larger, but that may be because there are only about 2 million Episcopalians. Also, the size and scope of the Catholic Church is so large that many people can find a particular church that they can live with—traditional, "moderate," or liberal parishes—comprising a "cafeteria effect."
19. The same is true of splits in Jewish sects where switching has become more common (see Zuckerman 1999).

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CHAPTER 24

SPIRITUAL CAPITAL

THEODORE ROOSEVELT MALLOCH

THE social sciences are replete with a mature literature and treatments, both empirical and theoretical, on culture and economic development.¹ The concepts of social capital and human capital are by now rich and extend beyond economics to management, human resources, political science, and sociology. Indeed, both have become in recent decades important, twin pillars in capitalism and democracy. They each operate at individual, corporate, societal, and global levels. Spiritual capital has come to prominence in recent years due to the combination of three related trends: the failure of secularization/modernization theories to account for reality; a rise in religiosity globally; and, the lack of ethics and virtue evidenced in the financial crisis and an ongoing plague of corporate scandals. Conceptions of spiritual capital on offer range from those by Fogel to Coleman to Berger and Putnam and appear more regularly in the economic and social science literature and popular accounts. In that sense, the concept of spiritual capital is emerging.

I. DEFINING SPIRITUAL CAPITAL

A succinct definition of spiritual capital is “the fund of beliefs, examples and commitments that are transmitted from generation to generation through a religious tradition, and which attach people to the transcendental source of human happiness.”²

Development requires economic growth; growth requires the catalytic drive of the entrepreneur, and entrepreneurship exists only where freedom of action is combined with personal responsibility. In all its myriad forms, accountability is a spiritual asset that is forged by the faith that inspires and governs it, and it does not easily come into being in other ways.

Wherever faith dynamically arises, you see hope, swelling in its wake, as currently witnessed in the dynamism of Indonesia, in offshore Chinese communities, in the now-burgeoning economy of India, and in the Latin American evangelical communities that are creating islands of free commerce despite strict, and often corrupt, state

control. Human beings, guided by faith and hope, add value to nature and transform it in powerfully positive ways. This has been happening in Europe and North America since the seventeenth century and gave rise to modern capitalism. Without faith or hope, humankind exploits the natural world and leaves it weakened, threatened, and very much at risk.

The creation of wealth requires capital investment, and the most essential part of that investment is arguably the spiritual capital with which enterprise begins, then flowers and bears fruit—talents creating and sustaining still more talents, and all of us thriving in a vital spiritual bond.

The concept of spiritual capital is pregnant with possibilities drawing on the intersection of economics and religion and such classic works as R. H. Tawney's, *Religion and the Rise of Capitalism*³ and Max Weber's *The Protestant Ethic and the Spirit of Capitalism*⁴ as well as more recent political economy thinking on economics and development. The notion of "spiritual capital" is just beginning to pass the so-what test. It may possibly be the hidden motivation in economic booms as far apart as Ireland and Singapore. How exactly religion affects economic behavior at both the macro and micro levels is a bone of contention. Many scholars are now trying to more fully demonstrate the relevance, validity, and potential of the notion that spiritual mores and underpinnings demonstrably effect development and economic behavior from consumer habits to firm organization to following ethical practices and standards.

The hypothesis is: In the ultimate sense is spiritual capital a missing leg in the stool of economic development, which includes its better known relatives, social and human capital? Is it a subset of social capital or a category all on its own? How does it relate to various ideas of culture—corporate culture, national culture, and economic/political culture?

II. RELATIONSHIP TO SOCIAL CAPITAL

In *In Good Company* (2001), Don Cohen and Laurence Prusak⁵ examine the role that social capital—a company's "stock" of human connections, such as trust, personal networks, and a sense of community—plays in thriving organizations. Social capital, it turns out is so integral to business life that without it, corporate action—and consequently productive work—is not possible. Social capital involves the social elements that contribute to knowledge sharing, innovation, and high productivity.

The World Bank defines social capital as: "the norms and social relations embedded in social structures that enable people to coordinate action to achieve desired goals."⁶ Robert Putnam, the Harvard political scientist, describes it similarly. "Social capital" Putnam writes, "refers to features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit."⁷

In Cohen and Prusak's recent seminal study, social capital consists of the "stock of active connections among people, the trust, mutual understanding, and shared values

and behaviors that bind members of human networks and communities and make cooperative action possible.”⁸ Social capital makes any organization or any cooperative group more than a collection of individual’s intent on achieving his or her own private purposes.

The term first appeared in print in 1916 in the context of academic debates on the decline of America’s cities and close-knit neighborhoods. In present decades sociologists have given the term more credentials. Glenn Loury used the phrase in 1977⁹ to describe sources of certain kinds of income disparities and Pierre Bourdieu¹⁰ described it as one of the forms of capital that help account for individual achievement. Chicago sociologist, James Coleman is best known for his employment of the concept.¹¹

As yet, most of this literature has little to say about how managers can actually increase an organizations’ stock of social capital. And most recently, Nan Lin’s trilogy on social capital (*Theory of Social Structures and Action*, *Theory and Research*, and *Foundations of Social Capital*) has further refined what has become a more and more widely used social construct now in popular parlance.¹²

In the realm of politics, Robert Putnam’s landmark 1993 book, *Making Democracy Work*,¹³ convincingly demonstrated that the political, institutional, and economic value of social capital is substantial. In 2000 Putnam brought out *Bowling Alone*,¹⁴ a scholarly and provocative account of America’s declining social capital. Numerous findings of comparative economic studies by the World Bank and United Nations corroborate Putnam’s thinking; that is, some regions of the globe lag behind while others thrive due to social capital. His latest work, *American Grace*, shows how religion both divides and unites society and is based on comprehensive surveys conducted on religion and public life in America.¹⁵

III. RELATIONSHIP TO HUMAN CAPITAL

The term “human capital” first appeared in a 1961 in an *American Economic Review* article, “Investment in Human Capital,” by Nobel Prize winning economist, Theodore W. Shultz. Economists have since loaded on much baggage to the concept but most agree that human capital comprises skills, experience, and knowledge. Some like Gary Becker add personality, appearance, reputation, and credentials to the mix.¹⁶ Still others, like management guru Richard Crawford, equate human capital with its owners, suggesting human capital consists of “skilled and educated people.”

Newer conceptions of Total Human Capital (THC) view the value as an investment. Thomas O. Davenport, in *Human Capital: What It Is & Why People Invest It* (1999), looks at how a worker performs depending on ability and behavior. For him, the choice of tasks also requires a time allocation definition. The combination of ability, behavior,¹⁷ effort, and time investment produces performance, the result of personal

investment, $THC = A \& B \times E \times T$, where a multiplicative relationship enhances the outcome. Davenport further elaborates a worker investment notion, describing what it means to work in the relationship nexus between the employee and the employer. He explains in mostly anecdotal, company-specific detail, how companies that treat workers as investors can attract, develop, and retain people. These people both get much value from their organization—and give so much in return that they create a competitive advantage for their firms. A further quantitative refinement in this field is the so-called business case for Return on Investment (ROI) in human resources. Works such as *The HR Scorecard* by Jack Phillips, among others, put forward a measurement case for viewing the employee as a human asset.¹⁸ It has become almost trite to recite the fact that in both economic development and in firm behavior—the most important assets are the human ones.

IV. THE FUTURE OF SPIRITUAL CAPITAL TIED TO THEORIES OF ECONOMIC DEVELOPMENT AND CULTURE

When you do a thorough web search not much comes up on the topic spiritual capital. In Amazon.com an index search of all categories, books included, yields much the same result. It turns up *Seven Capital Sins* by Bishop Fulton Sheen; *Witchcraft and Welfare in Puerto Rico*; and an out of stock pamphlet on capital cities and urban planning. So why bother? Is this a virgin field or a foolish endeavor? Can the development literature fill in any of the gaps and provide an adequate framework on spiritual capital?

Among the many facts that confront us in the contemporary world, uneven development is among the most glaring. One stark reality of the twenty-first century is that most of the world has little wealth or power. The majority of citizens in developed countries and a small elite in developing ones—are well fed, housed, educated, and live relatively long and healthy lives. The overwhelming majority of persons in developing countries, by contrast, are subsisting in a preindustrial era. The economies they know are, by and large, based on either subsistence agriculture or the export of primary products. The standard of living in much of the world hovers perilously close to the level of subsistence. Except for a small elite, the populations of much of the globe are afflicted by a myriad of ills in their shortened lives. This set of problems is the stage for development economics.

The concept of betterment or “development” is based on the hope that people everywhere will attain an improved standard of living. Beyond this statement—little agreement exists about development or the various forms of capital on which it is based. Standard indices of development abound and typically include such elements as: per

capita income, the poverty line, ratios of energy consumption, railroads, telephones, Internet usage, TVs, schools, teachers, students, literacy, death rates, you name it.

Some economists working out of various ethical frameworks have argued that standard of life should not be narrowly defined, as is sometimes the case in positive economics.

Development, for them would also include aspects of human well-being, or what economists call welfare, such as health, food, education, housing, employment, the environment, religious and cultural values, and the even sustainability of each of these. Significant as any of the indices of development may be, this view suggests they do not alone capture the whole sense of what it means to develop.

Nearly fifty years of economic research has concluded that improvement in the standard of life is difficult to imagine in countries or in populations with environments dominated by tribal and agrarian elites who do not want change; who lack the administrative capacity to stimulate, regulate, and coordinate activities; and who are plagued by violence caused by either external or internal actors, and uncertainty about rewards. Researchers, however, do not agree on the goal or vision underlying development or on the significance of anything called spiritual capital.

“Neoclassical,” “neo-Marxist,” and “structuralist”—have become prominent theories over the course of the last five or so decades. Each has in its own way affected development economics and the policies pursued by developing and developed countries, alike.

The early neoclassical or “modernization” models, rooted in the growth experiences of Western industrial nations, assumed that development occurred when nations progressed through “stages of growth” as articulated by Rostow, among others beginning in a traditional society and arriving at the final stage of high-mass consumption. The history of South Korea, Taiwan, Hong Kong, and Singapore were often cited as illustrations. All economies it was argued could be expected to pass through these same stages, as technology, skills, and attitudes were transferred and transformed via development aid and foreign direct investment. The modernization model (*à la* Apter) said that the burden of change rested on the developing countries themselves. It emphasized entrepreneurship and innovation, the mobilization of domestic resources—including human and social capital—capital formation and technical progress as the sources of economic growth. It also considered favorably the role of external finance and the need for liberalized and expanded trade. Focusing on economic growth, the neoclassical theories are widely accepted today by most professional economists, developed country aid agencies, and the postwar international economic institutions, such as the World Bank, IMF, and WTO. The “dependency” perspective on development was derived from Marxist assumptions. It maintained that the industrial countries had enriched themselves at the expense of the Third World.

This occurred first in colonial exploitation and later through capitalism and imperialism, particularly through the vehicle of the transnational corporation. According to various dependency theorists, exploitative relations have to be broken in order for true economic development to occur. Little attention was focused on the internal dynamics for growth in individual nations. Rather, the international capitalist system was

castigated.¹⁹ Borrowing heavily from earlier Marxists, the dependency theorists sprung up, first in Latin America and then via the New International Economic Order throughout the entire developing world. They utilized dialectical logic to present capitalism as the sole cause of developing country economic stagnation. Underdeveloped “peripheral” regions with their cheap labor and raw materials were they thought drained by the developed “core” countries in Europe and North America.

It was argued that diffusion of modern farm technology to large farmers caused prices of crops to drop due to increased supplies; land holdings to increase in size; and poorer farmers—who could not adopt—to migrate to cities to look for unskilled wage labor. Some even argued that foreign aid programs increased inequalities between countries and among social classes within countries because of built-in biases “against the poor.”

“Structural” hypotheses about development were formulated in the 1960s and 1970s by numerous Third World economists. They argued that general inflexibility applied to developing countries and that production structures in those countries were “essentially different” from those in developed countries. According to these authors, in order to achieve development the structures in the Third World needed to more closely approximate those of developed countries. While distrusting the price mechanism, the socialist-oriented structuralists tended to ignore the influence of prices.²⁰ Interdisciplinary in focus, these structuralists offered more of a socio-political, than a technical economic, theory of the development process.

The structuralist position held that the money supply is exogenous, and that only by changing the structure of the economy—land reform, import substitution to make the economy less dependent on foreign trade, educational advancement, and improved fiscal systems—is of any avail in the long run. An inelastic supply of exports, or inelastic world demand, or both were essential parts of the structuralist view. Import substitution was favored, as were overvalued currencies, import controls, rapid industrialization, and the discouragement of export-led growth.

In the last two decades more recent debates in development macroeconomics have revolved around debt management and relief, the appropriate role of the price mechanism, trade policy, the effect of policies in developed countries on the rest of the world, and the transition from closed or centrally planned economies to open market ones. At the micro-level, questions concerning choice of planning techniques have continued with a renewed debate on whether capital-intensive projects and globalization produce the most growth. There has also been at the UNDP, in particular, an emphasis on human economic development in a broadly defined sense.²¹

But development is not just a goal of rational actions in the economic, political, and social spheres. It is also, and very deeply, the focus of redemptive hopes and expectations. In an important sense, as Peter Berger reminded us in *Pyramids of Sacrifice*, development is also a “religious category.”²²

Even for those living within this frame of reference, economic development can be seen as a process through which persons and communities learn to care for and use the resources that sustain life. In economic development as creative management of endowed resources, genuine economic growth is guided by normative laws, character,

and principled habits and practices that take into account the preservation needs of human beings, their environments, and their physical, mental, social, cultural, and spiritual lives. In the ultimate sense, spiritual capital may be the third or missing leg in the stool which includes its better known relatives, namely: human and social capital.

Since the 1980s international relations theory and development economics have similarly argued that as more advanced nations progress with respect to technology, a “feedback” effect on culture, politics, and society occur.²³ This capital formation, growth, and diversification of economic sectors flourishes in an era of rapid globalization and greater “interconnectivity” and interdependence across national boundaries. To what extent are spiritual variables or spiritual capital the missing components ignored in much of recent academic inquiry and policy analyses of global economic growth?

One can rightly ask which factors and issues development economists and practitioners should add to their future studies to gauge this missing link. In other words, can we operationalize spiritual capital so that the concept and the empirical findings can be made more plausible and evident? Since the notion of spiritual capital is closely connected to ongoing debates on trust, corruption, governance, sustainability, and entrepreneurship, this is the critical next step.

V. WHERE RESEARCH IS HEADING

Some things to look at include:

- The practical wisdom of the major faith traditions for management;
- The role and scope of personal religious ethics on private economic decisions;
- The exegetical, economic, and historical traditions, which give rise to contrasting work ethics and economic systems;
- The role of societal institutions based on faith ranging from companies to trade unions to political parties to nongovernmental and intermediating structures;
- Interpretations and practices concerning interest, investment, inflation, growth, government authority, charity, and trade in various spiritual worldviews;
- The impact of religion on conduct and rules as employees and employers, consumers and producers, and citizens at every level of existence; and,
- The degree to which religious practices and policies directly or indirectly affect economic behavior, choices, and economic policy.

There may be no one set of religious principles regulating any given economic polity but all religious peoples, regardless of their faith community, make individual and collective choices in which personal faith colored by long-standing and deeply rooted historical religious traditions are highly relevant and important factors.

Spiritual capital is becoming a useful concept and term for a vital feature of economic development that has been largely overlooked in modern theories of development. It is

being applied in case studies of individual companies such as Yale University School of Management Spiritual Capital Initiative. Indeed, the often used terms “social capital” and “human capital” themselves are based to a large extent on the existence of good faith, trust, stewardship, a sense of purpose, and other moral characteristics or virtues which cannot persist in the absence of the piety, solidarity, and hope that come from religion and spiritual sentiments. When this is lost, societies and economies often decline rather than grow. When this abounds societies, corporations and economies prosper.

NOTES

1. See the “Annotated Bibliography” on this topic by Fred Van Dyke, AuSable Institute, Madison, WI, 1996.
2. Ted Malloch, *Spiritual Enterprise: Doing Virtuous Business* (New York: Encounter, 2010).
3. R. H. Tawney, *Religion and the Rise of Capitalism* (London: Mentor, 1928).
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6. The World Bank, *World Development Report* (1985), 29.
7. Robert Putnam, ed., *Democracies in Flux: The Evolution of Social Capital in Contemporary Society* (New York: Touchstone, 2001).
8. Cohen and Prusak, *In Good Company*, 14.
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13. Robert Putnam, Robert Leonardi, and Raffaella Nanetti, *Making Democracy Work* (Princeton: Princeton University Press, 1993).
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16. Gary Becker, *The Economic Approach to Human Behavior* (Chicago: University of Chicago Press, 1978) and other works.
17. Thomas O. Davenport, *Human Capital: What It Is and Why People Invest It* (San Francisco: Jossey-Bass, 1999).
18. Jack Phillips, et al. *The HR Scorecard* (New York: Butterworth, 2001).
19. See for instance: Cardoso, Emmanuel, Frank, Hymer, Leys, Wallerstein, Finn, and Brown.
20. See for instance: Rodan, Lewis, Prebisch, Chenery, and Nurske.

21. This is in part due to the resurgence of neoclassical development economics in the late 1970s (Solow, Kaldor, Kahl, and Smith), which coincided with a more radical movement toward increased concern for unemployment, poverty, and “basic needs.” Some of these thinkers would place themselves outside of the mainstream of development thinking (Healy, Myrdal, and Singer, among others).
22. See the works of Peter Berger.
23. See Willy Brandt on North-South and the generation of literature on sustainable economic development.

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CHAPTER 25

RELIGIOUS LABOR MARKETS

IAN SMITH

I. INTRODUCTION

DESPITE the heavy reliance of congregations on volunteer labor to staff their various activities, the contribution of clergy is widely considered to be central to the performance of churches. Whether outcomes are measured in terms of numerical growth, member satisfaction, congregational giving, the size of the Sunday School or missionary support, it is the choices, personalities, and leadership qualities of the clergy that are often perceived to matter most. Given the pivotal role of clergy inputs in church outputs, it is important to understand religious labor markets: how clergy are allocated to churches, how they are motivated and remunerated, and the implications of these factors for the performance of both the churches and the denominations to which they belong.

Churches and Christian charities are a major component of the nonprofit sector in many countries and share some of the distinctive features of secular nonprofits. In particular, commitment to the mission of the organization is a primary motivation for working in the sector. That clergy care about the mission of the church has significant implications for understanding the determination of their pay. Specifically, the existence of mission preferences reduces the role in clergy contracts for explicit incentive pay that links salary to performance. Indeed clergy labor markets typically have only weak incentive mechanisms in terms of bonuses, layoff risk, or well-defined career ladders that can be relied upon to induce high effort levels.

Nevertheless ministers do make choices over the intensity of their work and material incentives are not irrelevant in considering the operation of religious labor markets, especially given that practical concerns about financial security are salient for many clergy. Salary incentives primarily exist in the form of promotion tournaments for appointment to a higher paying church or to a more senior leadership

position in the existing congregation or elevation within the denominational hierarchy. Drawing on developments in the literature on personnel economics (Rebitzer and Taylor 2010), clergy contracts and their consequences are studied in detail in section II.

There are several characteristics of religious professionals that are not typical of the secular nonprofit sector. For example, clergy are usually motivated by a strong sense of divine calling to the profession, a call that is ratified through ordination. They are given occupational status in the form of a title such as “Rev.” or “Father” and the wearing of special garments such as robes and dog collars. In some cases, there exists institutionalized gender discrimination in the form of the restriction to exclusively male priests in Roman Catholic and Orthodox churches and some conservative Protestant denominations. Celibacy is required among parish clergy and members of religious orders in Roman Catholicism. Congregational tenure is often limited in Methodist circuits and many clergy have few promotion opportunities.

The fact that these attributes apply unevenly across Christian denominations illustrates their considerable organizational diversity. A principal form of heterogeneity arises in the degree to which denominational governance permits congregational control over labor market decisions. In highly centralized denominations such as Roman Catholicism, the diocese sets clergy remuneration and allocates priests to parishes. At the other end of the spectrum conservative Protestant groups tend to be congregationally governed with clergy hiring and pay determined by each local congregation. Mainline Protestant denominations, on the other hand, tend to combine elements of both centralized and local decision-making. These alternative governance models have important implications for religious labor markets and church performance and these are described in detail in section III.

There are some powerful long-term trends in Christian ministry that appear to be common to many denominations. Two trends that have attracted particular attention are discussed in section IV. These comprise, first, the feminization of the clergy as women increasingly enter the profession and, second, growing problems of recruitment and retention of suitable clergy. There are, of course, important differences across denominations. For example, the serious clergy shortages affecting Roman Catholicism in many countries are less severe in the Protestant case (Condon 2002; Gill 1998; Hoge 2008).

As a caveat to what follows, it should be noted that spiritual factors inevitably play a role in choices made by both churches and clergy, reducing their responsiveness to market forces. The importance of faith, however, does not exclude a significant role for rational criteria and economic modeling. In the case of clergy recruitment by churches, for example, Wildhagen, Mueller, and Wang (2005) observe that when congregations have discretion to choose their pastor, hiring is primarily based on the systematic scrutiny of CVs and interviews in a bureaucratic screening process rather than a simple reliance on intercessory prayer and calling.

The focus of this chapter is primarily restricted to religious labor markets in the United Kingdom and the United States. The transatlantic contrast turns out to be both

striking and informative given that, in comparisons of sister Protestant denominations, there is much more pay regulation and uniformity in Britain than in America.

II. CLERGY CONTRACTS AND PERFORMANCE INCENTIVES

The clergy compensation package typically consists of a fixed wage and benefits-in-kind such as rent-free church housing, and payments for work-related expenditures on books, transportation, and other expenses. In many cases, total remuneration is relatively low compared to other professions with similar levels of skill and training. Notably absent from most contracts is any explicit pecuniary incentive for effort, such as discretionary bonuses or payment schemes related to performance outcomes. There are, of course, exceptions to this general observation. For example, the Church of Scotland introduced in 2004 a short-lived Additional Voluntary Stipend scheme that permitted sufficiently wealthy churches to pay an annual bonus of up to 15% of the stipend to their minister (Smith, Sawkins, and Mochrie 2007). Likewise some American congregations annually review the performance of their clergy and pay a discretionary bonus if they are evaluated as meriting a financial reward.

To explain the design of employment contracts, the literature draws attention to specific job characteristics. The job description of clergy is highly multidimensional. Studies of ministerial time allocation identify a complex array of tasks (Perl 2002; Carroll 2006). Significant time inputs are accorded to a mix of pastoral care, conflict resolution, evangelism, prayer, preparation for worship services, especially composing sermons, general administration and planning, leading church meetings, organizing church staff and volunteers, and participation in fundraising and local community activities. The benefits accrue primarily to the members of the congregation and to a lesser extent to the local community and the denomination more generally. The value of these benefits depends on clergy effort levels but much of this effort input is not directly observed (personal prayer, sermon preparation) or at best only partially measurable and costly to monitor such as the quality of (confidential) pastoral care or hours of work or work intensity. Moreover, some aspects of pastoral performance may be infeasible to evaluate if they mainly bear fruit in the long term such as investment in youth work.

Since effort levels are partly private information to the clergy, Zech (2001, 2007) suggested that a natural starting point for thinking about the clergy contract is the classic principal-agent framework. The minister is the agent who in the standard model is assumed to supply labor but to dislike effort and prefers instead to take actions that may be hidden and inconsistent with the goals of the principal. Such actions could comprise, for example, squandering too much time on reading academic theology or investing insufficient effort on pastoral visitation. The principal makes the decision on clergy compensation and can use pay to motivate the agent to choose effort levels that

maximize the net benefits to the principal. In the ecclesiastical context, the principal to whom clergy are accountable is typically (a board of) the local congregation or else a representative of the denomination such as a bishop or presbytery.

As monitoring ministerial effort is costly, an alternative solution to the moral hazard problem is to condition remuneration on observable components of output correlated with effort such as church membership or congregational giving. The more a church grows and its revenue expands, the greater the stipend awarded. Even if these performance measures provide a noisy signal of the minister's hidden actions, a simple bonus contract for sufficiently high productivity could in principle incentivize efficient clergy effort levels. Indeed Adam Smith (1776) long ago recognized that temptations to shirk are reduced if salary is linked to performance. In the eighteenth-century British context, he argued that the financially well-endowed clergy of the established church lacked zeal and industry compared to the Methodists and dissenters who depended for their income on the voluntary donations of their flocks (Anderson 1988). More recent models of the supply side of the religious market have likewise highlighted the importance of strong financial incentives to motivate clergy to be highly productive and energetic in growing their congregations. Stark and Iannaccone (1994) cite the case of Sweden where the monopolistic Lutheran Church is supported by the state, and clergy enjoy secure lifetime jobs and salaries with few incentives vigorously to recruit new church members. Partly as a consequence, Swedish church attendance rates are among the lowest in the Western world.

Given the potential motivational benefits, the lack of explicit contractual performance incentives in religious labor markets requires explanation. There are several complementary reasons for the absence of such incentive mechanisms and these rely on the highly imperfect relationship between clergy effort and productivity that render observable performance indicators problematic.

First, performance measures often depend on the inputs of a team of paid and voluntary members. As a result, output information on membership and giving may be only weakly related to a pastor's individual marginal product. On the other hand, if the minister has a decisive entrepreneurial input in initiating, developing, and coordinating programs, this can have a profound influence on overall performance. Doubtless, clergy behavior and choices are more consequential for church outcomes than those of any other member. On this ground, then, there may be a case for specifying high-powered bonus incentives for ministers.

However, even ignoring the problem of team production, the principal would also want to avoid compensating clergy for outcomes that reflect exogenous shocks, that is, (good or bad) luck more than personal effort. For example, some high-earning church members may move into (or out of) the local area and join (or leave) the church for work-related reasons. Where the inherent level of risk is higher in performance outcomes, this will tend to reduce effort levels given that effort is then less important in determining measured productivity. Why should clergy work hard to meet particular targets if outcomes are largely outside their control? This is a standard result in the literature on risk sharing and incentives: the greater the uncertainty in measured outcomes

arising from random factors, the less closely should pay be aligned to performance for risk-averse workers. In an important study, Hartzell, Parsons, and Yermack (2010) present econometric estimates consistent with this argument for clergy contracts in United Methodist churches in the United States. They sampled more than 2,000 pastors in the state of Oklahoma over the forty-three-year period 1961 to 2003. The authors report that for those congregations in which membership is naturally more volatile or more sensitive to external factors, the reward placed on the recruitment of an additional member is correspondingly lower in the setting of ministerial pay. There is a trade-off between risk and incentives.

Furthermore, given that clergy perform multiple tasks, rewarding observable targets will be dysfunctional insofar as it distorts a minister's allocation of time and effort. This is because clergy enjoy high levels of discretion in allocating time to their various tasks rather than working under a highly regulated job design. They have freedom to choose the length of time spent on different aspects of their ministry. As a result, incentivizing specific outcomes in the employment contract could lead to crowding out of other productive activities as clergy overinvest in pursuing rewards at the expense of tasks that are not recompensed but would contribute significantly to the quality of their ministry. This neglect of some tasks may be undesirable even if high effort levels overall are induced. Of course, if observable measures such as membership growth or giving to the church are viewed as informative indicators of effort, and task distortion is not too costly, then linking pay to these output metrics would be warranted.

An interesting result on distorted incentives is presented by Hartzell et al. (2010). They find that a United Methodist congregation effectively provides a salary reward to a minister for adding a new member by transfer from another Methodist congregation that is almost twice as high on average as that from adding an unaffiliated member. The authors interpret this premium for United Methodist member transfers in terms of the provision of incentives to ministers to recruit those who require the least marginal cost of effort to enroll. The defection of members from other Methodist churches demands little ministerial time in terms of the instruction of new recruits and may also provide immediate benefits in terms of the contributions they can offer to church activities. By contrast, the time demanded to reach and socialize an unchurched individual is much greater. The marginal cost of ministerial church growth effort then is minimized through poaching from other Methodist congregations rather than through evangelism and conversion. While incentivizing "sheep stealing" from other flocks may be optimal for a given congregation, Hartzell et al. point out that implicitly paying a salary premium for such transfers is collectively wasteful as it constitutes a zero sum game for the denomination as a whole. There is a risk that the short spells that many ministers spend with any given congregation under the Methodist rotation system further encourages pastors to invest in member poaching activities that generate short-term results and augment their reputation.

Given the difficulties of using material incentives to motivate clergy, a substitute is to rely on nonfinancial considerations. Besley and Ghatak (2005) define motivated workers as those who derive non-pecuniary benefits from the success of the organization

over and above the monetary income they receive from it. That is, they care about the mission of organization. In the ecclesiastical context it is clear that most clergy share strong non-financial motivations in their occupational choice, reflecting an emphasis on divine calling and vocation and a profound personal identification with the goals of the church. It is their zeal for the cause rather than pecuniary considerations that drive the clergy. The implication is that strong financial incentives are not required to induce effort as clergy are already motivated by an intrinsic and ardent desire to promote the mission of the church.

Indeed high-powered performance incentives and close monitoring of clergy activities could be counterproductive. There is a risk that they would crowd out goodwill insofar as they signal a lack of trust in the clergy to work hard without them. If incentive pay is sufficiently corrosive of the intrinsic motivation of clergy, it would be inefficient to rely on it to secure high effort levels in the motivated worker case.

An important insight from Besley and Ghatak (2005) is that not all motivated workers will share precisely the same mission preferences. They may value the various non-pecuniary aspects of the job differently. In the ecclesiastical context, some clergy may care more about pastoral work; others may prefer preaching or involvement in social projects for the disadvantaged. An implication is that productivity maximization requires organizational diversity, such that clergy are able to match with churches that share their particular mission and theological preferences. The opportunity to sort according to specific ministry attributes promotes strong effort incentives, since it permits clergy to choose churches where they will be the most intrinsically motivated. In particular, the existence of a competitive selection process reduces the risk of a misalignment in the goals of the clergy and their churches. Indeed there is evidence that significant divergence can generate conflict between the clergy and the congregation and reduce clergy job satisfaction (Mueller and McDuff 2004). Clearly the greater the variety in clergy mission preferences, the greater the importance of church diversity to minimize the impact of mismatch on intrinsic motivation. Diversity yields a double dividend. Not only does it enhance clergy productivity through matching on mission preferences but it also provides worshippers with more choices to meet their religious needs.

In addition to the effect on effort of strong intrinsic motivation, a further consequence is the willingness to accept lower remuneration than would otherwise be the case. The value of following the call reduces the level of the reservation wage. An advantage of relatively low pay then is that it functions to select those who are more vocationally motivated. In the arguably similar case of the nursing profession, Heyes (2005) builds a model of the impact of vocation on nursing pay. He divides nurses into two groups according to whether they are motivated by vocational considerations. The vocationally motivated group are modeled as producing a higher (unobserved) level of quality of nursing services. He argues that the higher the wage, the lower the proportion of nurses who pursue nursing as a vocation and so the lower the average quality of nursing. The reason is that at relatively low wages, nursing will tend to attract those for whom the fulfilling nature of the work as a vocation compensates for unfavorable remuneration. Higher wages would generate an adverse selection problem insofar as they attract

workers who are motivated primarily by pecuniary considerations. The same selection argument also applies to the use of pecuniary performance-related incentives, since they select into the profession the type of individuals who not only expect to be more productive but who also care more about financial rewards.

There is also a related credibility argument that can be used to explain relatively low pay for most clergy. Religion is a credence good in that it is difficult to evaluate the quality of theological claims and promises *ex ante*, especially distant afterlife benefits and intangible spiritual gains (Iannaccone 1995). Hence, the credibility of the clergy is important to religious consumers and this is enhanced by the clergy's willingness to sacrifice through relatively low lifetime income. The effect is to signal the authenticity of the commitment of the religious leader, since it is a price that only those who are truly convinced of the importance of their message would be willing to pay. Likewise, the celibacy requirement for Roman Catholic priests functions as a signal of the credibility of their commitment.

III. CENTRALIZED AND DEREGULATED LABOR MARKETS

A key defining characteristic in the operation of religious labor markets is the structure of denominational governance. Several writers have distinguished between Christian denominations that are organized hierarchically and those where there is more autonomy at the level of the congregation (Bonifield and Mills 1980; Carroll 2006; Haney 2008; McMillan and Price 2003; Zech 2001). The more hierarchical a denomination is, the greater the degree of central control over the academic credentials of clergy, their ordination and deployment to churches, and the regulation of their compensation. The Roman Catholic Church lies at the most hierarchical end of the spectrum. Bishops direct the placement of priests to a parish and the diocese sets their pay. The dismissal threat for a priest for shirking is also weaker in centralized denominations in which the congregations have relatively little voice in hiring and firing decisions.

By contrast churches with congregational government, such as Baptists and Pentecostals, as well as independent churches with no denominational affiliation, have considerable local discretion in appointment decisions and pay determination. It is the congregation that hires the pastor and sets the stipend. On the supply side, clergy have discretion to choose their churches in an open labor market characterized by a competitive matching process. The denominational leadership operates in a predominantly advisory capacity with very little control or intervention. This independence generates a quasi-free market in clergy services and a significantly wider pay distribution than in the hierarchical sector.

Of course, there are also hybrid alternatives to these polar cases. Mainline Protestant denominations such as the various Lutheran, Episcopal, and Methodist churches

contain elements of both centralized and local autonomy in labor market decisions, a so-called connectional mode of governance (Carroll 2006; McMillan and Price 2003). In US Methodist churches, the circuit system for allocating ministers is centralized but the local church determines compensation. Conversely, in the Church of Scotland, a stipend scale that varies according to length of service is imposed at the national level, but individual congregations are free to advertise their vacancies and appoint their preferred applicant in a competitive hiring process.

It is also the case that the degree of church autonomy in the labor market has varied significantly over time within some denominations. Historically, both the Church of England and the Church of Scotland, for example, permitted the stipend to be determined by local resources. Sister denominations may also operate differently across countries. Although Anglicans, Presbyterian, and Methodist denominations currently set stipends at the national level in the United Kingdom, there is much more congregational pay determination in the United States. Even in the American case, however, pay in these mainline Protestant denominations will often be constrained by a recommended minimum stipend reflecting the high level of educational investment required for ordination. Guidelines may also vary the minimum salary according to the length of time since ordination or the size of the church but, importantly, they do not impose a pay ceiling as with their centralized British counterparts.

A. Pay Differentials

Compared to the wide distribution in compensation when stipends are set locally, highly centralized wage determination tends to restrict the variation in clergy pay and to insulate it from market factors. Adhering to a principle of uniformity, the Church of England regulates the range of possible stipends within a very narrow band (Clergy Stipends Review Group 2001). Only modest differentials are permitted for those promoted to positions of greater responsibility such as a canon, dean, or bishop or for those serving in non-parochial positions as a military or university chaplain. Despite this hierarchy of jobs and corresponding pay scale, promotion opportunities are very limited and the career ladder is weak for most Anglican clergy in the United Kingdom. The majority of other mainline denominations in Great Britain are also equalitarian in the stipends paid to clergy. Both the Methodist and United Reformed churches, for example, fix a standard salary that applies to all of their ministers.

The uniform wage policy is motivated chiefly by equity concerns. It is a matter of economic justice that clergy sharing the same call and the same occupational position are paid similarly. An obvious objection is that a flat stipend should be considered unfair in that it fails to reflect the productivity, skills, and drive of individual ministers as well as significant differences in church characteristics such as unequal pastoral workloads and the stipend preferences of the congregation.

Efficiency considerations may also be relevant to the compression of the pay distribution. To the extent that clergy care about income comparisons, a uniform stipend avoids

disaffecting and demotivating those who would be paid less in an unregulated market and have an aversion to such inequality.

In addition, a flat pay structure may promote clergy mobility in that pay is not a barrier to moving unless there are substantial regional differences in local labor market opportunities and the cost of living that are not compensated. However, pay may also affect mobility indirectly through spousal employment considerations. If clergy remuneration is inadequate such that it forces the spouse to work this may restrict mobility. Dual career marriages may require the minister to move with the spouse or only work in locations that provide employment opportunities for their partner. A possible consequence is a reduction in the quality of the matching of clergy and churches on mission preferences.

An advantage of a centrally determined stipend is that it is predictable and this may encourage recruitment into the profession to the extent that most entrants find themselves initially working in a smaller church that would have paid a much lower wage in the absence of a regulated stipend.

A further consequence of uniform pay is that the temptation for clergy to engage in personal rent-seeking, bargaining with their churches for higher wages, is removed given that salary cannot be used by churches as an instrument to retain or poach clergy. The poaching of a minister by one church from another imposes a negative externality on raided churches, which then need to incur potentially high costs in searching for a replacement. In an open labor market, smaller churches are especially vulnerable if their congregations are unable to compete in terms of wage offer. The economic point is that the turnover of ministers may be inefficiently high if raiders do not internalize the costs imposed on churches from poaching their clergy.

Nevertheless, the conventional view is that resource inefficiencies arise if pay cannot be used as a market signal to allocate labor to where it is most highly valued. In addition to mismatch considerations, a number of important efficiency concerns arise from minimizing pay inequality for clergy. First, compressed pay differentials blunt the pecuniary incentives ministers face to expand church size and to persuade existing members to invest more time and money in church activity.

Second, at the level of the denomination, uniform pay inevitably requires taxing affluent churches and cross-subsidizing those that are not financially self-supporting. For example, in the Church of Scotland, only one-third of churches are entirely self-funded. This regime could be counterproductive for clergy effort incentives to grow both taxed and subsidized churches. Relatedly both the Church of England and Church of Scotland are experiencing serious difficulties funding their uniform stipends. A consequence is that their pay levels are declining relative to average earnings and to comparable professions demanding similar educational qualifications (Clergy Stipends Review Group 2001). Despite an emphasis on “calling” and vocation rather than career in Christian ministry, it is difficult to ignore the role of low relative pay as a factor that negatively affects morale, recruitment, and retention, particularly in the face of work overload.

Third, uniform pay selects those workers for whom it is desirable that pay is unrelated to performance. Higher ability workers who expect to achieve better performance, and for whom financial rewards matter, will tend to select those denominations that offer stronger performance-related pay. The type of payment scheme selects those who expect to benefit from it.

B. Church Size and Pay

In the congregational wage-setting sector there is considerable evidence of a strong positive relationship between church size and clergy pay (Bonifield and Mills 1980; Haney 2008; McMillan and Price 2003; Trawick and Lile 2007; Zech 2007). In their study of the United Methodist church, Hartzell et al. (2010) find that most congregations pay relatively modest salaries to their clergy, though one minister in the sample earned \$196,000 at 2008 prices. The authors report a positive but inelastic relationship between church membership and ministerial pay: for every 10% increase in membership, the pastor's compensation is 2.1% higher on average. There are several possible explanations that can account for why church size matters.

First, in a large congregation, there are more demands in terms of rites of passage and pastoral needs. Higher monthly earnings, then, compensate for longer working hours. On the other hand, a larger active membership provides a greater supply of volunteers who can relieve clergy of administrative burdens. Bigger churches are also more likely to provide paid secretarial support and to hire pastoral assistants, youth workers, and associate ministers though this correspondingly increases the degree of managerial responsibility in terms of staff supervision and coordination. Although it is not strictly the case that required effort levels necessarily increase with church size, this is the usual presumption.

Second, the market determined church size/wage profile may simply reward ability in terms of pastoral, leadership, and preaching skills, assuming that higher productivity clergy are more likely to match with larger congregations and that their talent is more valuable in larger churches. By offering higher pay, larger churches facilitate matching with the more able clergy they require to lead their activities.

Third, in addition to compensating for human capital and working conditions, wages may reflect rent sharing (Trawick and Lile 2007). Gifted clergy in churches with large budgets may extract some of this surplus for their own remuneration, reflecting the search cost to the church of replacing them with a pastor of at least equal ability.

Fourth, following the argument of Akerlof (1982), clergy may perceive pay that is higher than some benchmark as a gift, intentionally fair or generous, and as a result be motivated to reciprocate with the gift of high effort levels. If affluent churches fail to share their income with the pastor, this may be perceived as a negative signal and undermine clergy morale, effort, retention, and motivation. There is some North American evidence to support this perspective. Wildhagen, Mueller, and Wang (2005) argue that

clergy who perceive they are not remunerated fairly are more likely to search for another position.

Note also that the degree of centralization in wage setting interacts with church size to determine the rewards to clergy. While clergy in larger churches may be better remunerated when congregations choose the stipend, ministers in smaller and poorer churches will typically receive higher compensation when pay is set centrally or a minimum level is specified. Given that the majority of Protestant clergy minister in smaller churches, the average pastor is financially better off in a denomination with more centralized pay guidelines.

The empirical evidence suggests that clergy in small churches with locally determined stipends often find themselves on very low wages (McMillan and Price 2003). Their unregulated salaries may be insufficient to pay for a child's university education, to repay their own educational debt, or to save for retirement. The availability of substitute part-time, retired, student, or non-stipendiary clergy may further put downward pressure on clergy pay in small churches. For ministers who did not establish an alternative career prior to ordination, their transferable skills and outside options are limited. Their labor supply is relatively inelastic as there are few occupations beyond religious education that constitute close substitutes for ordained clergy.

C. Career Concerns

Career structure differs according to mode of governance. Where pay is set centrally, upward mobility primarily occurs by promotion through the hierarchy, for example, to bishop or archdeacon. In denominations with congregational government, career advancement takes the form of moving to a larger, more affluent and prestigious church with higher pay and status or else taking a more senior role in the current church. The distinction between governance modes is not always as sharp as described, since switching congregations from, say, the deprived inner city to an affluent middle-class suburb with a large manse, good schools and low crime rates may bring substantial non-pecuniary payoffs even if the denomination operates a uniform stipend policy. And within denominations governed congregationally there may also be prestigious options to switch from the role of a pastor and serve as a regional officer or national leader.

Whatever the precise form of the career ladder, Zech (2007) points out that the prospect of promotion provides an indirect effort incentive for clergy. There is a form of internal labor market within denominations. At entry level, there exists some uncertainty about the innate ability of clergy. Ministers are paid a relatively low wage and implicitly compete against each other to establish a strong reputation based on measured dimensions of productivity or favorable subjective assessments of ability in order to gain the reward of promotion to a more attractive position or church. It is akin to a tournament with a limited number of prizes based on relative performance and it is this that incentivizes effort. Given that most clergy anticipate long futures within the church, career concerns rather than immediate monetary payments are a more important

motivation. The model predicts that the greater the wage gain from promotion, the greater the effort level it induces to achieve it. And for a given wage differential, clergy have a greater incentive to work hard the greater the role of effort rather than luck in securing advancement.

Another implication of the model is that the larger the number of clergy competing for the prize of an attractive position, the more likely it is that chance determines the outcome and the weaker, therefore, are the effort incentives. And if there is significant heterogeneity in ability levels across clergy, the more likely it is that those of lower ability become discouraged about their chances and reduce effort levels. This is an important observation since opportunities for promotion appear heavily restricted in many denominations (Chang 2005). For example, in the US Roman Catholic Church, the ratio of parish priests to bishops is around 150:1. And within Protestant denominations, most congregations are small in size. The American National Congregations Study (Chaves and Anderson 2008) reported that the median congregation has only 75–80 regular participants and an annual income of \$90,000. This means the typical pastor serves in a small church and may have few opportunities to move to a larger congregation no matter how hard or long he or she works. Moreover, while the incentive to build up a reputation clearly applies to younger clergy, it is less salient for those nearer the end of their career with deteriorating prospects for attaining a more senior position. However, insofar as larger churches or senior positions within the denominational hierarchy require more highly skilled personnel, the promotion tournament approach is a potentially efficient method of allocating ministerial talent, assuming clergy are concerned about career.

In their study of United Methodist churches, Hartzell et al. (2010) find that promotion to a larger church is the most secure route to a higher stipend. Among ministers that moved, the largest pay gains accrued to pastors whose previous church grew more through professions of faith or transfers from other denominations rather than through transfers from other Methodist congregations. The denomination then uses its clergy rotation policy to reward with higher paying posts those pastors who are most successful in recruiting new members rather than those clergy who simply absorb recruits defecting from sister congregations.

IV. SECULAR TRENDS

There are two striking trends that characterize Christian clergy in many denominations in Western countries, namely, feminization and growing ministerial shortages.

A. Female Ordination

Since the 1960s, there has been a marked increase in the number of denominations ordaining women, especially in the theologically liberal sector. Nevertheless some

denominations still prohibit the appointment of women, notably Roman Catholics and most conservative Protestant groups. Nevertheless, in the United States, women represent almost one-third of those currently in training in Protestant seminaries. And the proportion of congregations led by a woman is set to rise steadily as older and almost exclusively male clergy cohorts retire (Chaves and Anderson 2008).

Despite this liberalization, it is evident that even in those denominations that are nondiscriminatory in principle, female ministers are underrepresented in the larger, more affluent, better paid congregations. Compared to men with similar training and experience, women are more likely to minister in smaller, financially less stable, lower paying churches (Smith, Sawkins, and Mochrie 2007). This may partly be the result of self-selection. Evidence from the United States suggests that female clergy may be less ambitious than their male counterparts. Relative to men, women ministers tend to value pastoral care and interpersonal contact more than status, pay, and career (Perl 2002). The implication is that a smaller congregation with a deeper sense of community and intimacy may have stronger appeal to women on average.

Experimental evidence suggests that women respond differently than men to tournament style incentives (Gneezy, Niederle, and Rustichini 2003). Women generally shy away from incentive schemes that involve tournament competition and self-promotion that typify religious labor markets. In contrast, self-promotion is not stigmatized for men who, if anything, are more likely to overestimate their ability and be overconfident with respect to their chances in a competitive tournament.

Alternatively, to the extent that smaller congregations place fewer demands on clergy time, they may better enable women to manage both work and family responsibilities. Another observation is that women ministers are more likely to be the secondary earner in dual income families and working part-time. Compared to male clergy, women's location decisions will depend more heavily on their spouses' employment and this will tend to constrain their mobility and career prospects.

On the demand side, the distribution of female clergy by church size could also reflect church hiring practices insofar as the larger congregations tend to be more theological conservative and disinclined to appoint a female minister. Women face a stained glass ceiling then in terms of promotion to the more prestigious pulpits or to other senior positions within a denomination.

Whatever the reason for the gender gap in clergy salaries and working conditions, there is evidence that female ministers are more likely to report higher job satisfaction than their male counterparts in similar sized churches, perhaps due to their lower aspirations for professional advancement (McDuff 2001).

Despite the erosion of religious institutional discrimination against women, strong objections to the ordination of women in some sectors persist. However, this may prove unsustainable as men's attitudes become more supportive of female ordination and as the inefficiency of not making full use of women's skills becomes increasingly wasteful in egalitarian societies (Chiswick 2010). Continued resistance partly reflects the perceived downward pressure this would exert on the prestige and remuneration of the professional ministry as well as theological concerns. This is especially true in the face of

secularization which itself has served to marginalize the clergy and diminish their social status and moral authority.

B. Clergy Shortages

There is a growing clergy shortage in Roman Catholicism, especially in the United States but also across many other countries with ordinations well below half of the level required to replace those retiring and resigning (Hoge 2008). This is attributed to various causes. Schoenherr (2002) argues that it is the restriction of the priesthood to celibate men during a period of gender and sexual liberalization that has rendered priestly vocations increasingly unattractive. Alternatively, Stark and Finke (2000) propose that it was the shifts in church policy arising out of the second Vatican Council in the mid-1960s that rendered ordination less appealing as the special status of priests declined.

On the other hand, Condon (2002) draws attention to the role of the monopsony power of the Catholic Church in its hiring of priests whose religious skills are only partially transferable to a non-Catholic religious competitor. Monopsony power entails that the church faces an upwardly sloping labor supply function, and one that is relatively inelastic due to the restriction to celibate men. The denomination would be able and willing to hire more priests at the existing wage and it is this that generates the sense of a persistent shortage. But as it is not desirable to pay all clergy more both employment and pay are restricted below competitive levels. Controlling for other variables in an earnings equation, Condon reports that Catholic priests earn on average 41% less than other clergy. Unlike their non-Catholic counterparts, there is no statistically significant correlation of their earnings with schooling and experience.

The Catholic clergy shortage is important as it affects the capacity of the church to service its parishioners and retain their membership. In response to priest shortages and declining numbers in religious orders, deacons have been increasingly ordained to preach and conduct rites of passage and lay people are also performing some traditional priestly functions in voluntary and paid parish ministry.

Likewise in many mainline Protestant denominations in North America, it is evident the supply of church vacancies for fully ordained clergy is rising, especially for small churches in depopulated rural areas. Chang (2004) reports a strong inverse relationship between vacancy rate and church size. In the Presbyterian Church (USA), for example, 77% of congregations with less than 50 members had a pastoral vacancy in the year 2000 compared to a vacancy rate of 47% for churches with between 51 and 100 members and a rate of only 1% for churches with more than 800 members. This contrast mainly reflects the inability of small congregations, especially if not subsidized by the denomination, to offer a sufficiently attractive salary for ordained ministers who may have large educational debts to pay off. Conservative Protestants, however, with a stronger tradition of ordaining pastors without requiring extended formal theological education have fewer clergy supply problems.

In terms of age structure, there has been a dramatic drop in the proportion of ministers under the age of 40 in most mainline denominations since the 1950s. This is due to a declining number of young clergy, increasing numbers pursuing ordination later in life as their second career and retired clergy continuing to work on a part-time or temporary basis so that the average age of clergy is increasing secularly especially in mainline denominations (Carroll 2006). If anything, then, clergy supply problems look set to become more chronic.

V. DIRECTIONS FOR FUTURE RESEARCH

Despite early discussion by Adam Smith, religious labor markets have not subsequently attracted much theoretical or empirical attention from economists. There are some basic questions that remain largely untouched or unresolved. What factors affect clergy productivity and what difference do wage incentives make? How important is clergy input in church performance outcomes? These questions have profound implications if supply side theories of religious consumption and growth are correct that clergy incentives and motivation are ultimately the fundamental factors determining the vitality of the religious economy (Finke and Stark 2005; Stark and Iannaccone 1994). It would mean, for example, that far more of the steady decline in some mainline Protestant denominations could be attributed to factors related to denominational governance rather than the traditional demand side explanations based on social change. The organizational diversity of religious labor markets and compensation arrangements both across denominations within a country and within denominations across countries suggests there is great potential for empirical research to investigate further the effect of this variation on clergy behavior.

Most religious labor is unpaid but the contribution of volunteers to church performance has received little research attention in the literature. Speculatively, the growth in participation of married women in the formal labor market over the past forty years has reduced the supply of voluntary labor available to congregations. As a result, the activity of church groups and associations reliant on female labor has declined. As the opportunity cost of their time rises, women in secular work are likely to substitute financial giving in place of time (Iannaccone 1990). It is plausible that with this additional income, wealthier churches have responded by hiring more paid labor to replace the lost volunteers.

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CHAPTER 26

REGULATION OF RELIGIOUS MARKETS

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THE history of religious organizations is bound tightly with the history of governments. For much of human history, the religion of the people has been the religion of the ruler, and often one of the duties of the ruler has been to support—financially and otherwise—the religion of the people. As a result, state support of religion has usually been accompanied by control over the practice of the favored religion and stringent restrictions on the practice of all other religions. In the modern era, state support for religion has declined, especially in the developed countries, but many restrictions remain. Gill (2008) points to a number of regulations imposed on religious groups in various times and places. Most directly, governments can seek to preserve a favored indigenous religion by banning foreign missionaries or by prohibiting the teaching of certain disfavored religious doctrines. Even if new religions are not directly prohibited, selective application of requirements that all religious groups register with the government can be used to deter entry of religions deemed unsavory. And when direct regulation of religious groups fails, seemingly nonreligious laws (such as zoning and broadcasting laws or laws on personal attire) can be enforced in ways that favor some religions at the expense of others. On the other hand, government favoritism toward particular religious groups can function as a subsidy to individual participation in the religion. Sometimes such favoritism takes the form of direct financial support, and at other times it takes other forms, such as the required teaching of certain religious doctrines in public schools.

Generally though, favoritism toward some religious groups goes hand-in-hand with restrictions on other religious groups. This chapter summarizes the economic literature on the regulation of religion and presents suggestions for future research. In focusing on the “economic” literature, I include work done by economists as well as sociologists and political scientists. What binds together the various research strands discussed are two main factors: the research emphasizes human decision-making as affected by costs and benefits and scarcity of resources, and it is built around equilibrium behavior in light of

self-interested actors. Furthermore, I emphasize the major contributions to this literature, rather than attempting a comprehensive listing of all works.

The chapter begins with a summary of the debate between David Hume and Adam Smith over the wisdom of a state-sponsored religion, followed by an account of the debate on the relationship between religious pluralism and religious participation that took place mainly among sociologists in the 1980s and 1990s. Next is a description of the current state of the economic theory of regulation of religion. The chapter concludes with a lengthy empirical section, beginning with research specifically on state religion and followed by research on religious regulation more generally. The final section concludes with some suggestions for future directions for economic research on the regulation of religion.

I. SMITH VS. HUME ON STATE-SPONSORED CHURCHES

It is often said that Adam Smith's *The Wealth of Nations* was the first publication in the economics of religion (e.g., see Iannaccone 1998). Despite the gap in time between *The Wealth of Nations* and the modern economics of religion (sparked by Azzi and Ehrenberg 1975), a brief passage Smith wrote on religious establishments has had a profound impact on how economists and other social scientists have thought about the connection between church and state. The passage comes from Book V of *The Wealth of Nations*, where Smith wrote that the clergy

may either depend altogether for their subsistence upon the voluntary contributions of their hearers, or they may derive it from some other fund to which the law of their country may entitle them; such as a landed estate, a tithe or land-tax, an established salary or stipend. Their exertion, their zeal and industry, are likely to be much greater in the former situation than in the latter. In this respect the teachers of new religions have always had a considerable advantage in attacking those antient and established systems of which the clergy, reposing themselves upon their benefices, had neglected to keep up the fervour of faith and devotion in the great body of the people, and having given themselves up to indolence, were become altogether incapable of making any vigorous exertion in defence even of their own establishment. The clergy of an established and well-endowed religion frequently become men of learning and elegance, who possess all the virtues of gentlemen, or which can recommend them to the esteem of gentlemen: but they are apt gradually to lose the qualities, both good and bad, which gave them authority and influence with the inferior ranks of people, and which had perhaps been the original causes of the success and establishment of their religion. (Smith [1776] 1981, section V.i.g.1, pp. 788–89)

Based on this passage, one of the guiding ideas among social scientists studying state churches has been the “lazy monopoly” theory (e.g., Finke and Stark 1992; Iannaccone 1998). Stated briefly, the theory says that the clergy in a state-supported monopoly church

will become lazy—or “indolent”—in their religious service, paying more attention to maintaining their state salaries than to nurturing and caring for their flocks. A church led by lazy clergy will not attract worshippers and will experience a decline in participation.

Smith’s analysis of the role of state churches in religious markets came as a response to the views of David Hume, Smith’s contemporary in the Scottish Enlightenment. Indeed, Smith quoted an extended passage from chapter 29 of Hume’s *The History of England* as a base upon which to build Smith’s own analysis. Like Smith, Hume thought that clergy forced to depend for their livelihoods on the donations of their followers will be harder-working than those who are paid by a state church. Thus, both Hume and Smith agreed that the clergy of a state-supported church were likely to be lazy in their duties and ineffective providers of religious services.

From Hume’s perspective though, a “wise legislator” should not discourage but rather should rely upon this tendency of state church clergy to ignore the wants and needs of their parishioners. Regarding churches supported financially by their own members and led by a motivated clergy, Hume wrote:

[T]his interested diligence of the clergy is what every wise legislator will study to prevent; because in every religion, except the true, it is highly pernicious, and it has even a natural tendency to pervert the true, by infusing into it a strong mixture of superstition, folly, and delusion. Each ghostly practitioner, in order to render himself more precious and sacred in the eyes of his retainers, will inspire them with the most violent abhorrence of all other sects, and continually endeavour, by some novelty, to excite the languid devotion of his audience. No regard will be paid to truth, morals, or decency in the doctrines inculcated. Every tenet will be adopted that best suits the disorderly affections of the human frame. Customers will be drawn to each conventicle by new industry and address in practising on the passions and credulity of the populace. And in the end, the civil magistrate will find, that he has dearly paid for his pretended frugality, in saving a fixed establishment for the priests; and that in reality the most decent and advantageous composition, which he can make with the spiritual guides, is to bribe their indolence, by assigning stated salaries to their profession, and rendering it superfluous for them to be farther active, than merely to prevent their flock from straying in quest of new pastures. And in this manner ecclesiastical establishments, though commonly they arose at first from religious views, prove in the end advantageous to the political interests of society. (Hume [1778] 1983: 135–36)

Thus, to Hume, an unfettered religious market was a dangerous thing to be blunted by the power of the purse through the establishment of a state church. Once created, the secular powers could “bribe” the state church clergy to “indolence,” thereby limiting the threat of active opposition to government from independent church leaders and laity.

Smith differed from Hume because Smith believed that competition among churches would result in moderation of religious doctrine, rather than the extremism predicted by Hume. Smith wrote:

But if politics had never called in the aid of religion, had the conquering party never adopted the tenets of one sect more than those of another when it had gained the victory,

it would probably have dealt equally and impartially with all the different sects, and have allowed every man to choose his own priest and his own religion as he thought proper. There would in this case, no doubt have been a great multitude of religious sects. . . . Each teacher would no doubt have felt himself under the necessity of making the utmost exertion and of using every art both to preserve and to increase the number of his disciples. But as every other teacher would have felt himself under the same necessity, the success of no one teacher, or sect of teachers, could have been very great. The interested and active zeal of religious teachers can be dangerous and troublesome only where there is either but one sect tolerated in the society, or where the whole of a large society is divided into two or three great sects; the teachers of each acting by concert, and under a regular discipline and subordination. But that zeal must be altogether innocent where the society is divided into two or three hundred, or perhaps into as many thousand small sects, of which no one could be considerable enough to disturb the public tranquility. . . . The teachers of each little sect, finding themselves almost alone, would be obliged to respect those of almost every other sect, and the concessions which they would mutually find it both convenient and agreeable to make to one another, might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every mixture of absurdity, imposture, or fanaticism, such as wise men have in all ages of the world wished to see established. (Smith [1776] 1981: section V.i.g.8, pp. 792–93)

And even if Smith were wrong about the moderating effect of competition on religious doctrine, he still doubted that extremism by religious sects would produce many “hurtful effects,” because none of the sects would be large enough to have any widespread influence among the common people (Smith [1776] 1981: section V.i.g.9, pp. 793–94).

Carried into modern times, this debate between Smith and Hume over the effects of state religion motivated first sociologists and then economists in the formulation of their theories of how religious competition might affect the extent of religious participation in various places and times. It is to this subject that we now turn.

II. THE PLURALISM–PARTICIPATION DEBATE

Among the first empirical approaches to examining the consequences of the regulation of churches was an extensive debate, primarily among sociologists, on the relationship between religious pluralism and religious participation. In general, religious participation was measured by either church attendance rates or church membership rates, while religious pluralism was measured using a Herfindahl index of religious suppliers in a geographically defined market. The debate spanned about a decade-and-a-half and in some ways got particularly ugly. In this section, I summarize the pluralism–participation debate as it applies to the regulation of churches.

The traditional view among sociologists of religion was that the presence in one place of many religious teachings would undermine the credibility of all religions. Berger

(1967) represented this view quite well, asserting that religion can only be widely followed and practiced when a single commonly shared set of religious beliefs creates a “sacred canopy” over all of society. Otherwise, the conflicting teachings of various religious groups would all undermine each other to the point that no one would believe any of them.

In response to this “sacred canopy” theory of religious vitality, a group of sociologists led by Rodney Stark began in the 1980s to argue for a market-based approach to the sociological study of religion. Drawing in part on Adam Smith and applying basic ideas from modern economics, Stark and his co-authors William Sims Bainbridge and Roger Finke began to carve out a theory of religious economies, in which churches compete with each other for followers. Though the theory was developed incrementally over a couple of decades, Stark and Finke (2000: ch. 9) provided a fully formed summary. In their view, religious economies feature heterogeneous demand; that is, potential religious adherents differ in their preferences for types of religion. Stark and Finke cast this heterogeneity along an axis of “tension” with society, and potential adherents are distributed along this axis into demand niches ranging from “ultra-strict” at the high-tension end to “ultra-liberal” at the low-tension end.

Within Stark and Finke’s (2000) framework, religious organizations are present in the various demand niches, and adherents choose churches in their preferred niche. The reason that pluralism increases religious participation is that more people will find churches that they like as the number of churches in the choice set increases. In consumer goods markets, producers can serve multiple product niches by creating a differentiated product line of laundry soaps, brands of toothpaste, and so on. In contrast, a single church realistically cannot serve multiple niches along the axis of tension with society. The inherent nature of a church is such that it is unable “to be at once worldly and otherworldly, strict and permissive, exclusive and inclusive, expressive and reserved, or (as Adam Smith put it) austere and loose” (Stark and Finke 2000: 199). Because potential adherents have differentiated preferences for church-types, an unregulated market will lead to a variety of types of churches. In this way, Stark and Finke expected that pluralistic markets would be characterized by higher participation rates.

The first salvo in the pluralism-participation debate came in Finke and Stark (1988), where the authors examined data on religious adherence rates in 150 US cities based upon a 1906 census of religious organizations. To measure participation, Finke and Stark (1988) used the adherence rate—the number of religious adherents in a city divided by its total population—as the dependent variable. They measured pluralism with a Herfindahl-based statistic that came to be called a “pluralism index.” Mathematically, the pluralism index for a city with n religious denominations was defined as:

$$PI = 1 - \sum_{i=1}^n S_i^2 \quad (1)$$

where S_i is the share of *adherents* in denomination i . A pluralism index close to 1 indicates a large number of small denominations, while a pluralism index of 0 indicates that all religious adherents in the city belong to a single denomination. Conceptually, a higher pluralism index is consistent with a more competitive religious market. Thus, Finke and Stark (1988) and numerous others after them tested various data sets to see whether higher pluralism—and thus more competition—was associated with higher or lower religious participation. A positive relationship was considered confirmation of the religious economies model, while a negative relationship was considered confirmation of the sacred canopy hypothesis.

In the 1906 US cities data, Finke and Stark (1988) found a significant negative simple correlation between the adherence rate and the pluralism index. However, in a regression that also included the percentage of the population that was Catholic, the relationship between the adherence rate and the pluralism index was positive. Based on the positive regression coefficient, Finke and Stark concluded that the data supported the religious economies model.

The next shot came from Breault (1989), who studied data on religious adherence rates in US counties in 1980. Constructing his regressions just as Finke and Stark (1988) had done, Breault found that the counties in his sample also showed a negative simple correlation between pluralism and the adherence rate. Unlike Finke and Stark's (1988) results though, Breault found that the pluralism-participation relationship was still negative when the Catholic population share was included in a regression. These findings raised questions about how generally Finke and Stark's (1988) findings could be interpreted.

After Finke and Stark (1988) and Breault (1989), there was a flurry of papers studying the pluralism-participation relationship. Much of this literature is summarized in Chaves and Gorski (2001). The bottom line is that, in 26 published articles containing 193 separate regressions, there was no consistent set of findings on whether pluralism and participation were positively, negatively, or not related.

As the debate over pluralism and participation continued to rage, a devastating critique of the entire literature appeared in Voas, Olson, and Crockett (2002). The biggest problem with the whole pluralism-participation exercise was that the use of the same data to construct measures of both participation and pluralism introduced mathematically induced biases into the cross-sectional estimation process. A simple example drawn from Voas, Olson, and Crockett shows the problem. Consider table 26.1, which posits two different possibilities for three towns and two religious denominations in a single cross-sectional sample. In Panel A of table 26.1, the variation in adherence across the three towns is wholly within the large denomination, and this results in a negative correlation between pluralism and participation. Panel B shows that, when the variation in adherence happens within the smaller denomination, a positive correlation is generated. Voas, Olson, and Crockett (2002) performed simulations on several of the data sets used in prior literature, showing that the built-in correlations in the data sets were driving the various positive, negative, and insignificant results on the relationship between pluralism and participation. Their conclusion was that the non-causal correlation built into the methodology used to calculate the pluralism and participation measures

Table 26.1 Noncausal Correlations in Participation and Pluralism in Cross-Sectional Data

Panel A. Variation in the Large Denomination Generates a Negative Correlation

Town A	Anglicans	45%	Total Participation	65%
	Methodists	20%	Pluralism Index	.426
Town B	Anglicans	50%	Total Participation	70%
	Methodists	20%	Pluralism Index	.408
Town C	Anglicans	55%	Total Participation	75%
	Methodists	20%	Pluralism Index	.391

Panel B. Variation in the Small Denomination Generates a Positive Correlation

Town D	Anglicans	50%	Total Participation	65%
	Methodists	15%	Pluralism Index	.355
Town E	Anglicans	50%	Total Participation	70%
	Methodists	20%	Pluralism Index	.408
Town F	Anglicans	50%	Total Participation	75%
	Methodists	25%	Pluralism Index	.444

overwhelmed any effect that might be due to competitive or sacred canopy effects. Simply put, none of the results summarized in Chaves and Gorski (2001) could be trusted to tell us anything about the religious economies or sacred canopy hypotheses.

The reason that the studies of cross-sectional data turned out to be uninformative is that patterns of denominational variation represented in table 26.1 are often based primarily on historical factors rather than factors related to competition among denominations. For example, heavy immigration of Scandinavians to the upper Midwestern United States resulted in a heavy concentration of Lutherans there, while mostly Catholic immigrants from Italy, Poland, and the Catholic regions of Germany settled in large US cities. The Mormon migration to Utah resulted in a heavy LDS concentration there, and the American Southwest has a large (and growing) number of heavily Catholic Hispanics. The denominational variation across geographical regions is undoubtedly tied to historical factors, and these variations in denominational adherence rates likely led to non-causal nonzero correlations within most data sets used in the pluralism-participation debate. Voas, Olson, and Crockett's (2002) critique essentially gutted any further research on the pluralism-participation question.

There were at least two key factors in why the pluralism-participation literature went so far astray. First, the assumption in Finke and Stark (1988) of heterogeneity of preferences among potential adherents has always been carried too far. This is best

shown in Stark and Finke (2000), where the authors present the proposition that “all religious economies include a set of *relatively stable* market niches” (Stark and Finke 2000: 195; emphasis added). Similarly, they assume that the potential adherents in most societies have preferences over “tension” that are roughly bell-curve-shaped (Stark and Finke 2000: 196–97). These assumptions about the demand for religion lead to the prediction that unfettered religious economies will become pluralistic. Consider, however, a hypothetical county in Utah in which most of the population most prefers the combination of teachings and practices represented by the LDS Church. In such a place with fairly homogeneous demand, the outcome of unfettered competition in a religious economy is that most people would be Mormon, and they would not be easily attracted to a particularly charismatic Methodist preacher at the church down the street. The religious economies model thus needs a better specified theory of religious preferences than what was offered by Stark and Finke (2000).

Second, the “lazy monopoly” theory upon which much of the religious economies model of Stark and Finke (2000) was based is unsound. In standard economic theory, firms do not have the ability to be lazy just because they are the sole providers of a service. Rather, they can only afford to be lazy or inefficient when they are the sole firm in a market that is somehow sheltered from competition; dominant firms in unprotected markets are rarely lazy. For example, in the US counties data studied by Breault (1989), the most religiously concentrated counties were heavily Catholic or Mormon. While historic factors will determine the likelihood of Catholic or Mormon dominance in a given county, neither church can afford to take its followers for granted, as the “lazy monopoly” theory suggests they will do, because the American religious market will allow other churches to enter the local market and compete for followers. Dominant firms in various consumer industries (e.g., Microsoft, Coca-Cola, Proctor & Gamble) must work hard to keep their customers from switching to other products and to keep other firms from entering the markets. In the same way, dominant churches in unprotected markets must constantly work to keep their followers attached to and involved in the church lest new entrants come in and steal away their flocks. The implication of this theoretical flaw is that a search for a correlation between pluralism and participation was ultimately doomed, regardless of the computational problems raised by Voas, Olson, and Crockett (2002). Instead, the theory of competitive markets pointed toward the need to explore barriers to entry in religious markets as the source of “lazy” monopolies, not just the fact of a church with market dominance. In the remaining sections of this chapter, I will discuss the theoretical underpinnings of and the empirical evidence on the regulation of religion, emphasizing those studies that have focused on how various barriers to competition in religious economies affect measurable outcomes.

III. A THEORY OF RELIGIOUS REGULATION

One of the most glaring shortcomings in the economic understanding of regulation of religion is the lack of a complete theoretical model of the problem. Iannaccone (1991) set forth some theoretical considerations based on theory and evidence on public education, reasoning by analogy to generate predictions about what he labeled “public religion.” North and Gwin (2004) presented a model of individual choice of religious consumption in response to regulation, rooted in Azzi and Ehrenberg’s (1975) and Sullivan’s (1985) household production models. Focusing on the market as a whole, McBride (2008, 2010) has developed a Hotelling-style model of religious participation that allows interaction of religious providers and households. Unfortunately, no one has yet developed a complete theoretical model that combines the choices of religious consumers with the choices of religious providers and the choices of government in regulating religion. This lack of theory has left a hole in how the economic analysis of church and state has progressed to date—but it also provides an opportunity for an innovative researcher to contribute mightily to this line of inquiry in the future.

Iannaccone (1991) argued that studies of the provision of public education throughout the world could enlighten our expectations about the likely effects of a public religion. By that term, Iannaccone referred to countries (such as a few of those in his eighteen-country data set) where the state subsidizes some “public religion” using its taxation power to raise the funding. However, he also contemplated that such countries would allow nonstate religions to function with only a few restrictions, and that individuals would have the freedom to choose whether to participate in the state religion or to participate in another (or no) religious group. In this way, Iannaccone considered public religion to have many of the same traits as public schooling (though the lack of mandatory attendance rules in church attendance keeps the analogy from being completely on point).

Referring to literature on public schools, Iannaccone (1991) drew several predictions about the effects of “public religion.” First, he argued that “the public provision of religion will be characterized by inefficiency,” whether arising from shirking or from rent-seeking activities of government-funded clergy. Second, where religion is publicly provided, the content should reflect the interests of government officials who oversee the public religion. Third, any public religion necessarily must take a position on key theological matters, such as monotheism or polytheism, or the sacredness of various religious texts. If the public religion has a dominant position in a country, then this narrowing of the consumers’ choices will result in less satisfaction and thus less consumption of the public religion than would occur in a competitive religious market. Fourth, Iannaccone predicted that any negative effects of religious regulation would be long-lived, with adverse effects on religious participation persisting for several

generations. Because religion is often taught within families, there is a certain amount of religious capital that is built up through participation over time. If a person does not participate in religion as a child because her parents did not provide religious training, she is less likely to participate in religion as an adult. Such religious capital can be lost within a generation and take multiple generations to rebuild.

The main drawbacks to Iannaccone's (1991) theorizing on the effects of public religion were that he did not set up any formal economic models of the processes he described, nor did he effectively test his predictions. Rather, his empirical analysis (discussed in the next section) was a variant of the pluralism-participation research described above and thus did not test directly for the effects of a publicly provided religion.

North and Gwin (2004) presented a narrower theoretical model of household choice of religion, including in it the possibility of choice among denominations. Drawing on the earlier modeling by Azzi and Ehrenberg (1975) and Sullivan (1985), they built a household production model in which households derive utility from consumption of both nonreligious goods and religious goods, which they produce themselves using both physical inputs and time. With income and available time as constraints, North and Gwin derived equilibrium conditions for the household's choice of the amount of time to devote to religious production. By introducing choice of denominations into the model, North and Gwin also showed that any regulations that reduced the number of denominations in a religious market could lead to a reduction in the amount of time spent in religious production.

A different approach to modeling the problem came from McBride (2008, 2010), who developed a Hotelling-style model of heterogeneous religious preferences in a religious market. Though other authors had worked with similar theoretical models (Barros and Garoupa 2002; Montgomery 2003; Barro and McCleary 2005), McBride provided the most thorough and rigorous analysis. He examined how various changes in population, religious technology, and the regulatory environment would affect the equilibrium distribution of denominations and adherents. Relevant to this chapter, McBride (2008, 2010) considered the impact of regulation of both secular and religious activities on religious participation and religious pluralism.¹ He concluded that both participation and pluralism were likely to be high in countries with little regulation on either religious or secular activities. However, where religious regulations are high but secular regulations are low, both participation and pluralism are likely to be low. Finally, where both religious and secular regulation are high, participation is likely to be high and pluralism is likely to be low.

The most complete theory to date of religious liberty and the interaction of church and state is Gill (2008), though his approach was rooted in the qualitative analysis of political scientists rather than the formal mathematical models of economists. He derived several predictions about the nature of religious liberty. First, religious organizations whose adherents are a high percentage of a population will prefer more regulation, primarily to uphold monopoly status. Second, politicians will choose to embrace specific religious organizations when doing so helps them maintain social control and preserve their positions of political power. Third, the influence of religious organizations in the

political process will vary with both the set of secular sources of political power and the job security of political decision-makers.

North and Gwin's (2004) model provided a formal explanation of why governmental restrictions on the choice of religious providers will induce households to participate less in religion, and McBride (2008, 2010) offered a formal mathematical model that interacts the choices of both religious consumers and providers. However, neither study modeled government decisions to regulate the religious market. Both Gill (2008) and Iannaccone (1991) offered qualitative analyses of government decisions, but neither created a formal economic model. Thus, to date there has been no fully satisfactory model of the actions of the government in choosing how to regulate religion, much less a satisfactory model that shows the interaction of decisions by households, religious providers, and government. Until success is found in modeling these decisions, it is not clear how much future progress is possible in interpreting the empirical results being obtained by economists and others on the effects of religious regulation. The remaining sections of this chapter describe several categories of empirical studies, beginning with the most basic decision—whether to establish a state-sponsored religion.

IV. ESTABLISHING AND DISESTABLISHING RELIGION

As reflected by the discourse between Smith and Hume, a foundational question for any government is whether to establish a state religion. To date, empirical economic analyses of this decision are few. In part, this is a data problem, because there are not many sources of data on religious practice from the times when the various state religions around the world were adopted. It is also a theory problem, because (as discussed in the previous section) no one has yet developed a thorough formal model of the interaction of church and state. Even so, there is a nascent literature among economists on the establishment and disestablishment of state religion.

Barro and McCleary (2005) presented the basics of a model of monopoly religion by assuming that provision of religious goods is a natural monopoly—that is, it entails high fixed cost and a low marginal cost. To account for heterogeneity in preferences among consumers, they sketched out a Hotelling model of the consumers' preference space. They reasoned from this framework that an equilibrium with only one religious provider is most likely to arise when the distribution of preferences is relatively compressed, the size of the market is relatively small, and the fixed costs are relatively high. Barro and McCleary also discussed a variety of reasons why a government might want to establish a monopoly state religion—to benefit from positive externalities in belief, to minimize the negative externalities of a religiously intolerant society, to foster social control, or to constrain competition in ideology—but they did not formally incorporate these considerations into their model.

Empirical studies on state religion vary in their methodological approach. Ekelund and Tollison (2011) examined the process through which Christianity became the favored religion in the late Roman Empire. They argued that the decision on the part of the Roman government was rooted in using the church to provide social services, to provide legitimization with church adherents (who were likely a majority of the Empire's population by the age of Constantine), and to assist in maintaining social control through teaching moral behavior. From the church's perspective, Roman favoritism prevented entry of new competitors. Through the suppression of heresy, it also allowed a homogenization of Christian doctrine that enabled the church to consolidate power in Rome and to squelch alternative interpretations of Christianity. However, Ekelund and Tollison's (2011) evidence is mainly narrative, and they do no statistical testing of their hypotheses.

Similarly, Ekelund et al. (2006) studied the rise of Protestantism in the sixteenth and seventeenth centuries, again using a narrative-based economic history approach. They argued that the medieval church had gained monopoly power in the religious market of Western Europe and had used a variety of doctrinal innovations to allow a high degree of price discrimination. The high prices charged to nobles for indulgences generated wealth for the church but also led to varying degrees of resistance among the nobles. In the more traditional feudal societies such as France, Austria, Italy, Spain, and Portugal, wealth was dynastic and quite unequally spread. The church facilitated the maintenance of these primogeniture-based dynasties by providing career alternatives to younger sons and daughters (as bishops, priests, monks, and nuns). In societies where commerce was more important and wealth was more evenly distributed, such as the Netherlands, Scandinavia, England, and much of Germany, the incentives were to embrace Protestantism and its lower price of adherence. Thus, Ekelund et al. (2006) explained why Protestantism was successful in certain parts of Europe but not in others. However, their explanation did not come with rigorous statistically based hypothesis testing, nor did they provide a detailed account of the role of the territorial rulers in the adoption of Protestantism in the sixteenth and seventeenth centuries.

In contrast, Cantoni (2012) provided an empirical analysis of the decisions of the kings and princes of the sixteenth century to convert their territories to Protestantism. He studied a sample of territories and cities in the Holy Roman Empire to determine factors associated with the rulers' decisions to remain Catholic or convert to Protestantism. He determined that the sovereignties most likely to convert to Protestantism were those that were closer to Wittenberg (suggested to be a proxy for information flow about Protestantism), that were farther north within Germany, that were not ruled by a bishop-prince, and that were not major contributors to the budget of the Empire (this was suggested to be a proxy for population size and economic and military influence within the Empire). Cantoni also found that a given territory was more likely to adopt Protestantism if neighboring territories had already done so.

Finally, Barro and McCleary (2005) conducted an empirical analysis of which countries in the twentieth century maintained state churches. Using a sample of 188

countries drawn from Barrett et al. (2001), they examined the probability that a country had a state religion in 1970 and 2000 as a function of a number of variables, including population size and religious heterogeneity, economic development level, and numerous historical and institutional factors. They found that state religion was very persistent; countries that had a state religion in 1900 were still very likely to have a state religion in 1970 and 2000, especially if there had been no major political regime change (defined as decolonization, splitting a new state away from a larger country, or adoption or elimination of a communist government). Greater religious homogeneity was also associated with a higher probability of having a state religion. Finally, population had a nonlinear effect on the probability of a state religion: up to 3.6 million people, an increase in population increased the probability of having a state religion, possibly due to simple economies of scale in providing a single national religion. Past 3.6 million people though, increased population was associated with lower probability of a state religion.

In summary, state religions appear to be most likely in smaller—but not too small—countries with homogeneous populations. They are likely established for political reasons that serve the interests of both the state and the favored religious group, and state religion can be quite persistent over time. In the next section, I discuss the empirical research studying how state religion and other forms of religious regulations affect various measures of religious vitality.

V. EMPIRICAL STUDIES OF REGULATION OF RELIGION

Most of the empirical studies of regulation of religion have been cross-country analyses, relying on variations in country-level institutions to identify the effects of religious regulation. The biggest problem to date has been the limited amount of data available on religious practices and beliefs across countries and especially over time. For example, Iannaccone's (1991) study on the correlations between market structure and various measures of religious participation was built on a sample of eighteen countries from the first wave of the World Values Survey (WVS). North and Gwin (2004) studied a sample of fifty-nine countries from the second and third waves of the WVS, while McCleary and Barro (2006a) expanded the sample size to eighty-one countries, drawn from the first four waves of the WVS plus two waves of the International Social Survey Programme (ISSP). In all of these cases, the samples of countries were disproportionately Western, Christian, and developed, so that it has never been clear how much the findings of such studies could be generalized to out-of-sample parts of the world. Despite these limitations, though, economists and other social scientists have learned much about the effects of regulation of religion, including the effects of "state religion."

A. Cross-Country Studies of State Religion, Religious Regulation, and Religious Outcomes

The most common approach to analyzing the effects of religious regulation has been the use of international cross-sections where the unit of observation is a country. This section describes the main studies using this cross-country methodology. I have separated the studies into three generations, as described below, with each succeeding generation of studies improving on the previous one in terms of both increased sample size and improved measurement of religious regulation.

Iannaccone (1991) was the first paper in the first generation of cross-country studies. His empirical analysis focused on the eighteen developed countries in the first wave of the World Values Survey (fourteen European nations plus Canada, the United States, Australia, and New Zealand). He asked whether religious market concentration had any effect on various measures of religiosity, including weekly attendance rates as well as the portions of the population who pray and who held various beliefs about churches, God, the afterlife, heaven, hell, and the devil. One conclusion he drew is that religious concentration was strongly negatively correlated with weekly religious attendance in the twelve countries whose populations were 50% or less Catholic, though inclusion of the six countries with strong Catholic populations (all 80% or higher) rendered the correlation near zero. Figure 26.1 presents a graph of Iannaccone’s (1991) data on religious

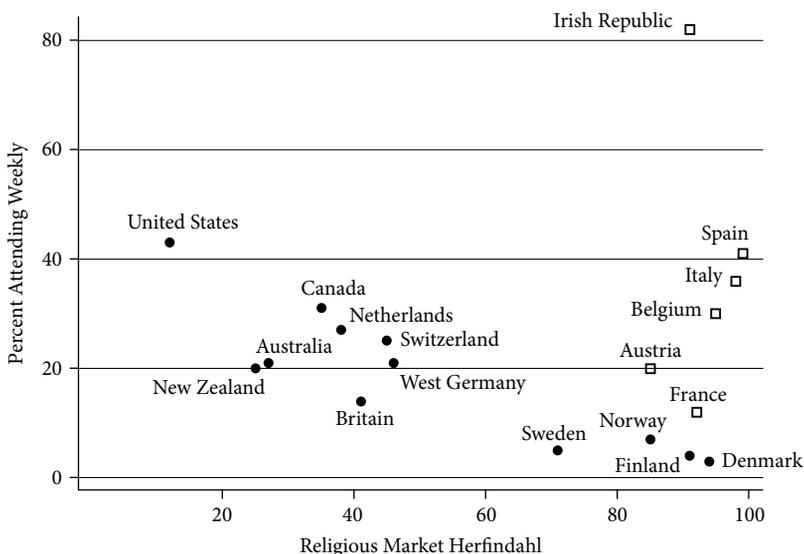


FIGURE 26.1 Religious attendance and religious market concentration in eighteen countries, from Iannaccone (1991)

Sources: Iannaccone (1991: table 1). This graph replicates figure 1 in Chaves and Cann (1992). Predominantly Catholic countries are shown with a square marker.

attendance and religious concentration; the twelve countries with 50% or lower Catholic populations are represented by circles, while the six strongly Catholic countries (80% or more of the population) are represented by squares. There is a clear negative relationship between religious concentration and the percentage of the population reporting weekly religious attendance in the twelve non-Catholic countries, but that relationship vanishes when the six predominantly Catholic countries are included. For present purposes, it is worth noting that the five non-Catholic countries with the lowest attendance rates in figure 26.1 are the ones that had formally established state churches (Britain and the four Scandinavian countries).

Iannaccone (1991) acknowledged that the Herfindahl measure of religious concentration was at best a proxy measure of regulation, and he also acknowledged that his results did not explain the attendance rates in Catholic countries very well. Picking up at this point, Chaves and Cann (1992) addressed these shortcomings on the same sample of eighteen countries by generating a religious regulation index. They constructed the index by focusing on six forms of government regulation or involvement with religion: whether (1) there is a single, officially designated state church; (2) there is official state recognition of some denominations but not others; (3) the state appoints or approves the appointment of church leaders; (4) the state directly pays church personnel salaries; (5) there is a system of ecclesiastical tax collection; and (6) the state directly subsidizes, beyond mere tax breaks, the operation, maintenance, or capital expenses of churches. The index ranged in value from zero to six and was simply calculated as the number of these factors that held true in each country. Figure 26.2 presents

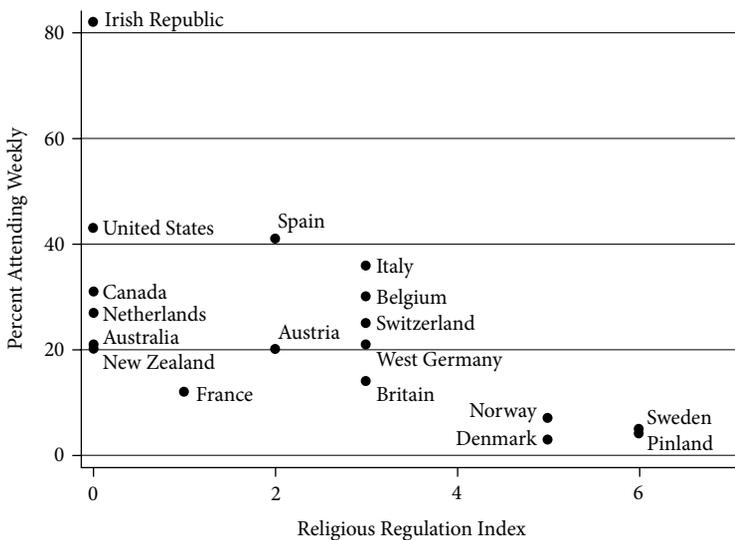


FIGURE 26.2 Religious attendance and religious regulation in eighteen countries, from Chaves and Cann (1992)

Sources: Iannaccone (1991: table 1); Chaves and Cann (1992: figure 2).
This graph replicates figure 2 in Chaves and Cann (1992).

the relationship between weekly religious attendance and Chaves and Cann's (1992) religious regulation index. As can be seen, the relationship is strongly negative, with a simple correlation of -0.606 that is significant at the $.01$ level, and this correlation held up in OLS regressions. Thus, with Chaves and Cann (1992), social scientists had begun to focus on measures of regulation of religious markets rather than measures of market concentration.

Chaves et al. (1994) quickly followed up on the new emphasis on measuring regulation. This study focused on a measure of religiosity not generally seen in the literature—the percentage of Muslims in the eighteen-country sample who made the *hajj* (the sacred pilgrimage to Mecca) in the years studied. Chaves et al. (1994) found a strong negative correlation between the religious regulation index from Chaves and Cann (1992) and the *hajj* participation rate, once the average socioeconomic status of Muslims in each country was accounted for. The authors concluded that low levels of religious regulation were associated with higher levels of religious practice among religious minorities as well as majorities. Similarly, Gill (1999) constructed an index of religious regulation for twenty Latin American countries based upon twenty-one items measuring state involvement with religion. Performing OLS regressions, he concluded that the countries with less religious regulation experienced greater growth in religious pluralism between 1970 and 1980, stemming mainly from growth among Protestant minorities.

The second generation of cross-country studies of regulation of religious markets (Barro and McCleary 2003; North and Gwin 2004; McCleary and Barro 2006a, 2006b) featured larger samples of countries and modest improvements in measuring regulation. North and Gwin (2004) examined a sample of fifty-nine countries drawn from the second and third waves of the WVS to determine the relationship between regulation and religious participation. Based upon the US State Department's *International Religious Freedom Reports*, they created dummy variables for nine measures of religious regulation: (1) the existence of a state or official religion; (2) the requirement that religious groups register with the government; (3) the censoring of religious beliefs or gatherings; (4) the censoring of religious media; (5) government influence on religious schools; (6) mandatory religious teaching in state schools; (7) forced religious conversion or prohibition of voluntary conversion; (8) restriction of missionary groups; and (9) government funding of certain religious groups. In the spirit of Chaves and Cann (1992), North and Gwin (2004) then created an Index of Restrictions on Religious Freedom by summing these nine dummy variables. Finally, North and Gwin also created a variable for the earliest date that each country provided formal legal protection of religious freedom, which functioned as a proxy for the strength of religious freedom protection in each country.

North and Gwin's (2004) results showed that higher levels of religious regulation were associated with lower religious attendance, with each one point increase in the Index associated with a 3.3 percentage point reduction in the percent of the population reporting at least weekly religious service attendance. In particular, a formally declared state religion was associated with about a 15 percentage point reduction in religious attendance. Also, North and Gwin (2004) concluded that each decade of legal protection

of religious freedom was correlated with an increase in religious attendance of about 1.2 percentage points.

McCleary and Barro (2006b) performed a similar analysis using data from the first three waves of the WVS, the 1991 and 1998 waves of the ISSP, and the 1999 Gallup Millennium Survey. Whereas North and Gwin (2004) performed ordinary least squares estimation on a single cross-section of countries, McCleary and Barro (2006b) performed SUR estimations on six identically specified equations, using each of the above data sets in its own equation and apparently restricting the coefficient estimates to be equal across all equations. The resulting empirical specification was a system of equations with sample sizes differing across equations and ranging from as few as fourteen countries to at most forty-eight countries. Across all equations and data sets, McCleary and Barro's (2006b) sample included up to sixty-eight countries.

To assess the effects of religious regulation, McCleary and Barro (2006b) included a dummy variable for state religion, a dummy variable for religious regulation, and a Herfindahl-based religious pluralism index. For the state religion variable, the authors followed the coding for state religions in Barrett et al. (2001).² The variable for religious regulation was set equal to one if the government of a country appoints or approves church leaders. This conception of religious regulation was narrower than the indices created by Chaves and Cann (1992) and North and Gwin (2004). Finally, the religious pluralism measure was drawn from the data in Barrett et al. (2001) and calculated as in equation (1) above.

McCleary and Barro's (2006b) dependent variables included two measures of religious attendance (weekly and monthly), percentages of the population believing in God, heaven, hell, and an afterlife, and the percentage of the population who considered themselves to be religious people. They concluded that state religion was positively correlated with attendance but not the various belief measures, while regulation of religion (measured as state control over church leadership) was negatively correlated with most of the measures. The state religion coefficient estimate was only significant when the regulation dummy variable was included in the specification, suggesting that the state religion variable from Barrett et al. (2001) was picking up something like a subsidy effect. Thus, the soundest conclusions to draw from McCleary and Barro's (2006b) results were that state support of religion was associated with higher attendance rates but not higher beliefs, while regulation of religious markets was associated with lower levels of attendance and beliefs. However, because state support and state regulation frequently go hand-in-hand, whatever causal effects exist apparently offset each other in the aggregate.

McCleary and Barro (2006a) performed an analysis similar to their 2006b article, with the biggest difference being that they incorporated data from the fourth wave of the WVS into their analysis. This increased the total sample of countries in the four waves of the WVS and the two waves of the ISSP to eighty-one, with the largest sample in any one survey being sixty-four in the fourth wave of the WVS. The results were similar to McCleary and Barro (2006b), except that state religion had a significantly positive effect on measures of belief in hell and belief in the afterlife when McCleary and Barro (2006a)

included the additional wave of the WVS and excluded the Gallup Millennium Survey from the SUR system of equations.

The third generation of studies is now underway, driven by substantial improvements in measuring religious regulation and by continuing expansion of cross-country samples as new data sources become available. The improved measurement comes from Jonathan Fox's Religion and State Project (e.g. Fox and Sandler 2003; Fox 2008; Fox and Tabory 2008) and from Grim and Finke's (2006) International Religion Indexes. For each of these sets of indexes, the authors and their research assistants performed detailed coding on a wide variety of factors related to state involvement in religion. These factor codings were then consolidated into indexes and subjected to a variety of validity tests. Now in completed format, both data sets are available for download from the Association of Religion Data Archives at <http://www.thearda.com>.

Fox's Religion and State ("RAS") Project developed an index measuring Government Involvement in Religion, comprised of several sub-indexes measuring "official support" for religion, "general restrictions" on some or all religions, "religious discrimination" against minority religions, "religious regulation" on most or all religions, and "religious legislation" whereby government enforces religious teachings through law. Thus, the RAS Project allows finer measurements of how government can be involved in religious matters in both supportive and restrictive ways.

Grim and Finke's International Religion Indexes were based on the US State Department's *International Religious Freedom Reports* and measured three different types of religious regulation: government regulation of religion, government favoritism toward some or all religions, and social regulation of religion (in which nongovernmental agents put pressure on some or all religious groups). These three indexes allow scholars to separate the effects of positive and negative treatment by government, as well as assess the effects of nongovernmental antipathy toward religious groups. With the RAS and International Religion Indexes in place, scholars are now free to explore more deeply the connections between different types of religious regulation and various religious outcomes.

The only third-generation study published so far to take advantage of improved measures was Fox and Tabory (2008), who examined the relationships among several measures of religious behavior and the six RAS indexes. Their sample was based on the first four waves of the World Values Survey and two waves of the ISSP, the same as McCleary and Barro (2006a). Fox and Tabory (2008) generally found negative relationships between the different measures of religious regulation and religious attendance. However, there was little evidence of any relationship between the regulation indexes and beliefs in God, heaven, hell, or an afterlife, or in people considering themselves religious. In contrast to McCleary and Barro's (2006a, 2006b) conclusions about subsidization of religious practice, the "official support" index did not show a positive effect on either participation or beliefs. The authors concluded overall that religious regulation was negatively associated with religious attendance but showed no correlation with religious belief.

Some preliminary third-generation research by Swift (2012) has examined the connections between religious attendance and practically all of the measures of religious regulation discussed above. Swift's (2012) sample consists of ninety-two countries from the fourth and fifth waves of the WVS, and one hundred and sixteen countries from the Gallup World Poll. This increased sample of countries is the biggest expansion yet of a cross-country sample into developing countries and non-Christian countries. Contrary to much of the published research, Swift found few significant relationships in the full sample between religious attendance and the state religion measures from Barrett et al. (2001), from North and Gwin (2004), and from the RAS Project coding. However, when limiting the analysis to the smaller samples of earlier researchers, the results were similar to the other second- and third-generation results, suggesting that differences from prior research are due to the addition of new countries to the sample.

Analyzing the Grim and Finke indexes and the various RAS indexes, Swift (2012) found patterns suggesting that there are both positive and negative effects from various forms of religious regulation, but that the regulations tend to be correlated with each other so that the net effect is often zero. Though Swift's results are still quite preliminary, they suggest that the negative relationship between state-sponsored religion observed in previous studies may be primarily a phenomenon of Western Christian (and perhaps even just Protestant) countries.

The third generation of cross-country studies currently underway has taken advantage of expanded sample sizes and improved measurements of state and other social involvement with religion. What we learn from these new sources of information may radically alter our understanding of the empirical relationship between religiosity and religious regulation.

B. Other Empirical Approaches

In addition to the cross-country regression analyses in the previous section, there have been a few additional studies using different methodologies to evaluate the relationship between religious participation and religious regulation. Olds (1994) conducted a historical study of the disestablishment of the state churches in Connecticut and Massachusetts in the early nineteenth century. After the American Revolution, the Congregationalist churches remained as state-supported churches in New Hampshire, Connecticut, and Massachusetts, until 1818, 1819, and 1833, respectively. Olds focused on data from Connecticut and Massachusetts on the number of ministers from Congregational and dissenting churches, the salaries the ministers were paid, and the funding methods used by churches (including support from public taxation). He concluded that both the number of ministers per capita and ministers' salaries increased following disestablishment in Connecticut and Massachusetts and attributed these outcomes to increased demand for religious services following disestablishment. Olds concluded that, at a minimum, the privatization of the churches was likely a necessary condition for supplying enough new churches to meet the growing demand for religion.

Sawkins et al. (1997) studied various economic and social factors associated with church attendance in Great Britain, using 1991 data on self-identified Christian individuals from the British Household Panel Survey. Conducting an ordered logit study of frequency of church attendance, they found (among other things) that people who self-reported being in denominations other than the Churches of England and Scotland (the two established churches) attended services more frequently than Anglicans or Presbyterians. Two explanations for this result are plausible. On one hand, it may be that members of the established churches are less active than members of “nonconformist” churches. On the other hand, it may simply be that people who rarely attend services are more likely to claim to be affiliated with the established church. The authors suspected the latter explanation, but the data did not allow testing of the question.

Iannaccone, Finke, and Stark (1997) provided a narrative account of five separate incidents of deregulation of religious markets. The five historical examples presented were the history of the Church of Sweden, the spread of legal guarantees of religious freedom in the United States from 1776 to 1850, the so-called “Rush Hour of the Gods” in Japan following World War II, the regulation and subsequent deregulation of religious programming on American radio and television in the middle of the twentieth century, and the interest in Eastern religions in the United States following a legal reform in 1965 that eased immigration from Asia. In each of these cases, the authors argued that the presence or absence of government regulation of religious groups had a substantial impact on the success or failure of religion in each of the settings.

Turning toward the behavior of religious leaders, Gill (1998) studied how Catholic national bishops’ councils responded to variations in protection and favoritism from Latin American governments. In those countries where the government favored the church and restricted entry by Protestant competitors, the bishops’ councils were more likely to support the government (including oppressive authoritarian governments) and to de-emphasize the preference for the poor that emerged out of the liberation theology movement in the 1960s and 1970s.

While the cross-country studies have been the most common way of analyzing the effect of religious regulation on participation and beliefs, the studies cited in this section combine to show that religious regulation is correlated with a number of effects on religious practice and belief. Studies using both national-level data and micro-level data from various places and times have shown that regulation of religious markets is associated with substantial effects on religious practice.

VI. CONCLUSION

This chapter has traced the economic literature on the regulation of religious markets from Adam Smith and David Hume to the latest theoretical and empirical research. I have shown that, in general, the literature finds strong negative correlations between restrictive regulations and various measures of religious vitality, especially religious

attendance, while more recent research suggests that some types of supportive regulations may have positive effects on religiosity. The bundle of regulations that tends to comprise “state religion” is generally negatively associated with religious attendance, though it is not clear that this result will persist as data become available for more non-Western and non-Christian nations.

In the future, more work needs to be done on developing a complete theory of church–state interaction. Models developed to date have not been able to explain jointly the decision-making of governments, religious organizations, and religious households in creating and adapting to religious regulation. Empirical research will likely continue to take advantage of improved measures of religious regulation and the expansion of international survey programs into more and more countries. Similarly, other approaches may also bear fruit, especially if they allow the inference of causation in a field still exploring correlations. Though we have already discovered many things about the regulation of religious markets, there still is much more to be known.

NOTES

1. The so-called “blue laws” prohibiting commerce on the Sabbath are one example of regulations on secular activities that could affect religious participation (Gruber and Hungerman, 2008). Similarly, increases in public welfare spending may crowd out the social insurance function that has been part of many churches, thereby leading to a reduction in the number of people attending religious services (Gill and Lundsgaarde 2004).
2. Barrett et al. (2001: 834–35) provide an assessment of the church–state relations in 236 countries and overseas territories for four different years: 1900, 1970, 1990, and 2000. They code countries as “Religious,” “Secular,” or “Atheistic.” For those classified as religious, the authors distinguish between countries that support religion generally and those that support a single religion. McCleary and Barro (2006) treated only those countries that support a specific religion as having a state religion.

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CHAPTER 27

BEHAVIORAL ECONOMICS OF RELIGION

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BEHAVIORAL economics carves a more realistic image of the extant man, in contrast to the neoclassical school's abstract painting of a cold and calculative *homo oeconomicus*. The recent decades have spun many behavioral research papers reporting deviations of actual human behavior from the benchmark predictions theoretically derived with neoclassical analysis and assumptions. The interesting bit then follows: explaining the economics of such behavior, for example, by invoking alternative assumptions on preferences, or by applying alternative models of decision-making. Behavioral economics has largely been inspired and informed by empirically founded psychological insights, in particular work on cognitions (Neisser 1967), group dynamics (Brown 2000), individual differences and personality (McAdams 2006; Tyler 1947). Prominent examples include theories of risk preferences (e.g. Kahneman and Tversky 1979), social preferences (e.g. Fehr and Schmidt 1999; Bolton and Ockenfels 2000), and group identity (Akerlof and Kranton 2000). A nascent branch of research considers these behavioral economics themes in the context of religion.

This chapter concerns the behavioral economics of religion. Consistent with the focus of the Handbook, I focus on Christianity. The main themes considered here include how religion potentially shapes individual preferences, the possible implications of religious affiliation for interaction within and between social groups, and the religious institution as a unit of the economy at large. This chapter is written with three main purposes in mind. The first is to consider different ways by which religion and economic behavior are potentially related. Religious people are subject to doctrinal instruction and are thus motivated. This argument is built on the foundational premise that God desires the trust and obedience of men, who have been called according to His purpose (Rom. 8:28), and that the deviation thereof is sin (a theme originating from Gen. 3). We ask how the religious man should conduct himself before God and unto others, in view of the interplay between moral, ethical, and social dimensions of Christian living. This chapter therefore discusses economic behavior in relation to the Christian as a religious economic agent,

and then in relation to the agent when embedded in a religious commune and the economic implications thereof.

The second purpose of this chapter is to consider the research methods employed to answer this variety of research questions. I shall outline the procedures of these methods, discuss related issues regarding the identification of motives, and in turn the interpretation of results. Particularly because of the “clean” nature of such data, the domain of a study’s validity is sensitive to the chosen method and also depends largely on experimental parameters. Methods discussed include the measurement of religiosity and psychological priming of religious mindsets or group belonging, which are typically used in experimental laboratory studies. I also discuss field experiments conducted in selected natural settings. Behavioral economics does not rely exclusively on experimental tools; I also consider non-experimental studies that employ ethnographic methods, and survey or happenstance data. The relationship between religion and economic behavior has been evidenced in various empirical studies, for example, relations to beliefs and economic growth (Barro and McLary 2003) and positive economic attitudes (Guiso et al. 2003), church attendance and crime rates (Lipford et al. 1993), religious affiliation and trade patterns (Guiso et al. 2009). These relationships can be microfounded and the foundations further tested and understood by obtaining controlled data at the level of the decision-making unit. Experimental data and survey data can thus mutually complement. Hoffmann (2011) provides a comprehensive survey on the experimental economics of religion. This chapter mainly differs in that it focuses interpretively on how Christian theology relates to behavioral theory and evidence.

I propose that a well-defined research question on the relationship between religion and economic behavior should be clear on at least three respects: define “religion,” specify “behavior,” and state the (likely) relationship between “religion” and “behavior.” This is crucial for research efforts attempting to establish the relationship between religion and economic behavior. For example, what constitutes “prosocial behavior” in the context of Christian living? This chapter urges the researcher to carefully select measures of religiosity and behavior that best fit the research objective at hand—a recommendation that is also generalizable to research on how individual differences and behavior relate. Sharper measurement tools do not merely imply quantitative precision; they can also be used to seek deeper qualitative relationships that are elusive at surface level. For example, how do different motives that are relevant in a social interaction relate with different dimensions of religiosity and what are the respective effects as we vary the strength of these dimensions?

This brings us to the third purpose of this chapter, which is to contemplate the relevance and significance of results from behavioral studies in terms of what they mean for economic theory and religious practice. I discuss ways by which different dimensions of religious background, such as religiosity and religious affiliation, relate to pro-sociality and group processes. To reiterate, because methods are often specific to the research objective, and in turn intertwined with the results and significance thereof, the discussion to follow will be thematically organized.

I. THE RELIGIOUS AGENT

How religious are you? A direct method of testing if some religious variable is related to some behavioral variable is to establish if there is a statistical relationship between measures of the two. First, one must measure how religious a person is. Next, one must then match this statistic against the same person's behavior—which is experimentally or empirically observable and thus measurable.

An economic agent can be religious in a few ways. He can have strong beliefs in the sense that they closely conform to the religion's theology. This concerns, for example, the existence and nature of the divine being, what this divine being desires and how humans fit into this master plan, and what he has to do to satisfy the divine master. The religious agent can also be religious in a ritualistic sense: spending time in meetings of fellowship, worship, and praise with fellow devotees, tithing, and private devotion by prayer and the study of Scriptures. The agent can also be religious in the sense of experience, for example, the degrees to which one has encountered and been moved by the divine, and the degrees of perceptions of salvation, sin, closeness to and fear for the Divine. There are also dimensions such as religious knowledge, and social attitudes and morality that are related to religiosity, arguably in a peripheral way.

Hill and Hood (1999) provide a comprehensive collection and solid review of many different religiosity measures used to measure an individual's degree of religious beliefs and practices (Brown and Lowe 1951; Heist and Yonge 1968), attitudes (McCullough and Worthington 1995), commitment (Altemeyer 1988), maturity and orientation (Dudley and Cruise 1990; Allport and Ross 1967), experience (Hood 1970), spirituality (Kass et al. 1991), and fundamentalism (Altemeyer and Hunsberger 1992). The model of multidimensional religiosity is a popular approach to characterizing and measuring the degree to which an individual is "religious" because it is a comprehensive measure which allows the researcher to simultaneously consider the relationship of behavior with different aspects of religiosity. This description of religiosity is multidimensional in nature, and there is evidence in support of its validity (e.g., Stark and Glock 1968; De Jong et al. 1976).

This approach of measuring religiosity is consistent with the fact that there exist many facets of religion which are interrelated. It is ideal, then, if the measurement method takes this into account. Measurements made on a multidimensional level provide a more comprehensive and fine-grained capture of a person's religiosity. It accommodates the heterogeneity of types with respects to the relative weights different individuals place across components and gives them due respect. The measure of overall religiosity derived from the combination of dimensions is therefore more reliable. It also helps us home in on the relationship between specific aspects of religiosity and behavior.

Gorsuch (1974) argues that the weight placed on participation in religious activities varies across denominations. Biased measures of religiosity will therefore result if the researcher relies solely on religious participation in subject pools with denominational-cum-participatory heterogeneity. Variables such as "religious

affiliation” can lose also their predictive value because of the acculturation of norms in matured religious societies, rendering a lack of variance by causality (e.g., workers apply the same work ethic regardless of religious affiliation). This implies that religious affiliation does not necessarily equate with religiosity: the former is at best a proxy for general religiosity (i.e., the effect of religion). More importantly, it does not provide data that allows us to specifically test the various possible relationships that economic behavior might have with different dimensions of religiosity.

A. Charity and Giving

Charity is consistent with the Christian tradition. Gifts should be made out of generosity not out of grudging obligation, “for God loves a cheerful giver” (2 Cor. 9:6–7). Blessings abound for givers (see also Ps. 41:1 and Matt. 6:4), such that they will have abundance for every good work, and the giver is therefore an administrator of God’s righteousness (2 Cor. 9:8–9). Indeed, charity (or love) is classed above the other virtues, faith and hope (1 Cor. 13:13). Mere giving without love, however, does not spiritually profit the giver, as pointed out in 1 Corinthians 13:3, “And though I bestow all my goods to feed the poor, and though I give my body to be burned, and hath not charity, it profiteth me nothing.” On this note, it is important for researchers to carefully translate the notion of charity as mentioned in doctrine to its practical implications in economic settings.

In behavioral economics, generosity has commonly been experimentally measured using the dictator game, which is due to Forsythe et al. (1994). In the dictator game, Player 1 is a proposer who has to decide how to divide a surplus, S , passing x_2 to Player 2 and keeping the remainder $x_1 = S - x_2$. Assuming perfect self-interest, nothing will be passed, so $x_2 > 0$ implies altruism in the broad sense. Deviations in actions therefore imply deviations from self-interest (i.e., generosity). Broadly defined, altruism motivates acts of kindness, where others’ welfare matters. Inequity aversion theories (e.g., Fehr and Schmidt 1999; Bolton and Ockenfels 2000) specify utility functions that suffer losses from guilt and envy when one is of a better or poorer standing relative to others, respectively. Thus, welfare differences matter. In relations to fairness, altruism can be narrowly defined as the concern for another’s welfare regardless of relative positioning (Tan and Bolle 2006).

In the recent years, there has been an exciting development in the use of “subtle cues” as an experimental method to tease out the “religious inner being.” Shariff and Norenzayan (2007) used scrambled word tasks to prime subjects before experimental game play of a dictator game. Shariff and Norenzayan compared the results of three treatments of the dictator game, one with no priming manipulation, one with a religious prime, and the other with a nonreligious prime. They found subjects who had been primed with religious scrambled word tasks gave significantly more in dictator games than those who were not primed and at least as much as with the secular prime. This effect was more pronounced for religious people. Religious cues might have operated through the semantic association with pro-social behavior such as generosity and

charity. Alternatively, subtle cues can activate the sense of supernatural monitoring or ideometers of pro-sociality in the subjects. In the words of Shariff and Norenzayan, “God is watching you.” The fact that religious priming had a bigger impact on religious subjects hints at relevance of a religiously motivated pro-social code of conduct or cultural norm that is intrinsic to the religious individual.

The dictator game can be extended *à la* Andreoni and Miller (2002) by varying the price of being nice by multiplying x_2 by a variable factor t , and varying S . Andreoni and Miller showed that preferences were rational in the sense of Generalized Axioms of Revealed Preferences. With such data, Tan and Bolle (2006) empirically showed that altruism and fairness can be estimated as separate components to obtain a finer-grained identification of motives. This might be useful when different aspects of religious background relates differently with different types of preference. The measurement of social preferences has been criticized for the restrictive use of test parameters, for example, in Binmore and Shaked’s (2010) words, “slender data.” Bolle and Kaehler (2007) alert us to the hazards of restrictive parameters used in trust experiments. Varying parameters such as budget sets yield richer data sets to analyze—we expand the domain of validity.

Instead of priming, one can combine the use of experimental and religiosity measurement tools to elicit data that can be jointly tested. This method distinguishes itself from that of subtle cues in that it uses data on the naturally occurring variations between subjects, which are then compared to behavioral differences between subjects, whereas subtle cues induce a heightening of religiosity or its effects within subject. Put briefly, subtle cues induce while religiosity questionnaires measure; the two methods can also be used in complement (i.e., interacted). Laboratory research by Tan (2006) applied De Jong et al.’s (1976) multidimensional religiosity inventory to elicit individual religiosity and used this data to complement experimental data from the same subjects to a series of dictator and ultimatum games. Tan also used a wider parameter set in both dictator and ultimatum games to help tease out religiosity effects across a wider domain. If doctrine prescribes charity, then measures of individual ritualism imply the degree of indoctrination (e.g., via religious attendance and Bible use) and should in turn be positively related to dictator giving. The positive relationship found in Tan’s regression analysis of dictator giving and measures of religiosity dimensions that capture indoctrination lends support.

The data also suggested a substitution effect between participation in religious-related activities with giving. The substitution effect works in an opposite way: giving decreased with the frequency of participation in church-related activities, for example, reminiscent of the trade-off between secular and religious production that Barro and McLear’s (2003) found. Tan further argued that selection effects might find their way into the data through a few ways. For instance, certain religiosity variables such as tithing or sacrifice of time and effort to serve the church or community are at least partly reflective of pro-social preferences. Further, social preferences may carry over from religious to nonreligious contexts.

The results on religion and dictator giving are mixed, though. Benjamin et al. (2010a) used Shariff and Norenzayan’s (2007) scrambled word task before subjects played the

dictator game, but unlike Shariff and Norenzayan, they did not find significant increases in dictator giving. Ahmed and Salas (2011), on the other hand, replicated Shariff and Norenzayan's result, but found no direct relationship between religiosity and dictator giving. Strictly speaking, dictator games allow us to measure generosity to anonymous strangers. To ascertain the relevance of these results, one must understand how subjects frame the decision problem and perceive the significance of generosity in non-religious or religious terms. As Binmore and Shaked (2010) argue, "To say that agents are money-maximizers does not imply that they are selfish. If Mother Teresa (Hitchens (2003)) had been a subject in one of Fehr and Schmidt's experiments, she would likely have sought to maximize the money she made with a view to distributing it among the poor and needy."

B. Justice and Forgiving

Forgiveness is salient in the teachings of Christ (Matt. 5:38–39), "You have heard that it was said, 'An eye for an eye and a tooth for a tooth.' But I tell you not to resist an evil person. But whoever slaps you on your right cheek, turn the other to him also." The Lord's Prayer (Matt. 6:9–13) asks God for the forgiveness of sins "as we forgive those who sin against us." Love is also long-suffering, kind, and does not envy (1 Cor. 13:4).

One way of testing the degree of forbearance for moral trespasses is by using the ultimatum game, due to Güth et al. (1982), which is an extensively researched bargaining game. Player 1 proposes how to divide S , offering player 2 x_2 and to himself $x_1 = S - x_2$. Player 2 can accept or reject the offer. If accepted, the pie is split as proposed, but if rejected both walk away with nothing. Money-maximization implies that even miniscule offers will be accepted, because more is better than less. By backward induction, the proposer offers the smallest division possible ϵ .

Fehr and Schmidt (1999) and Bolton and Ockenfels (2000) show how fairness concerned responders reject unfair offers because they prefer the equitable (0,0) to a sufficiently inequitable one ($S - \epsilon, \epsilon$). Fehr and Schmidt model the notion of envy as disutility that arises when one's income is lower than the income of others. The likelihood of rejection of unfair offers, *ceteris paribus*, increases with fairness concerns. Fairness increases generosity in the dictator game but also increases "punishment" in the ultimatum game. Justice driven by fairness concerns spurns antisocial acts (rejection of unfair offers in the ultimatum game), whereas a heart of forgiveness punishes not. Paradoxically, if pro-sociality is defined in terms of social welfare, then "positive" fairness yields negative social outcomes. Altruism, however, reduces the likelihood of rejection—it consistently yields positive social outcomes across both games.

Indeed, Tan's (2006) regression analysis of data on the minimum offers acceptable by responders in ultimatum bargaining suggest that more indoctrinated individuals tend to be willing to accept less, that is, they are more tolerant and forgiving of unfair behavior. This is in line with how forgiveness is central to Christian psychology (Cohen et al. 2005), as portrayed by the Scriptures at the beginning of this subsection. Tan found that

more spiritual individuals were more inclined to retaliate. This relates with how people, particularly the young, exact justice as an expression of spirituality (Engebretson 2002; Chile and Simpson 2004). There is a cultural interplay between social norms and Christian behavior, for example, a religious sense of justice driven by an underlying secular concern for fairness. The Bible asserts that it is God's will that justice in society be exercised and administered by human authorities (Wright 2004), rather than through some individually delivered vendetta.

Evidence of religiously driven punishment is also reported by McKay et al. (2010). They extended the dictator game by allowing the responder to eliminate the proposer's earnings (at a cost) after observing the dictator's choice of allocations. They found that by priming subjects with religious concepts, more punishment of unfair behavior was observed. The authors explain that religious priming might have operated through the feeling of being watched by a supernatural agent who would evaluate the subject negatively if punishment was not implemented—although interpersonal punishment for justice conflicts with doctrine as I have previously discussed—or the primes activate cultural norms such as fairness and in turn behavior consistent with such norms. Whereas religion should serve as a constraint to such punishment, via the fallen human nature “righteous intentions” can manifest as violence in the name of religion.

C. Trust and Responsibility

The betrayal of Christ leaves a stinging tear on the cheek of the believer and is a poignant example of abused trust (John 13). Indeed, the aversion to betrayal is expressed in the cries of David (Ps. 41:9), “Even my own familiar friend in whom I trusted, Who ate my bread, Has lifted up his heel against me.” Trustworthiness is consistent with doctrine, which helps inculcate ethical and moral conduct in social interactions (Iannaccone 1998). Indeed, the parable of the king's ten servants that Jesus told (Luke 19:12–27) admonishes trustworthiness: one is responsible for using wisely so as to fulfill the trust invested in him.

Trust facilitates positive social outcomes such economic growth, because of the lower downside risks, which breeds increased trade amidst reduced transactional costs and default-related loss (Arrow 1972). The quality of life is high in societies where trust can be vested in the government and the law, and when citizens live without fear of being victim to corruption (La Porta et al. 1997). The investment of trust implies an expectation of return, from the fulfillment of trust, but it opens up the truster to the risk of having trust abused. Successful relationships, be it in the private or professional sphere, are often characterized by trust and reciprocity that yields mutual benefits to the parties involved, such that they are efficiently realized without the need to incur monitoring costs. There is social capital in an environment where one can trust others with the confidence that it will be fulfilled—trust is social capital (Glaeser et al. 2000). The investment of trust is driven by the belief of reciprocity (Gneezy et al. 2000; McCabe et al. 2003), and often this belief is based on observable characteristics of potential trustees.

Experimental evidence corroborates. Examples of such characteristics include one's skin tone (Eckel 2007), ethnicity (Fershtman and Gneezy 2001), and gender (Croson and Buchan 1999).

Unlike the ultimatum game, in which negative reciprocity could yield as a by-product of religion, there are games in which we can expect religiosity to relate with pro-sociality in an unambiguous direction. The trust game, following Berg and Dickhaut (1995), is an example where religiosity motivates positive reciprocity. Player 1 has S and for every unit given up, Player 2 gets triple, that is, if he passes $S - x_1$, Player 2 gets $3(S - x_1)$. Player 2 then decides how much to return to Player 1 (y_1). There is scope for cooperation: both players stand to gain. Alas, because Player 2 will prefer more money to less, so $y_1 = 0$ —by backward induction Player 1 will not trust, so $x_2 = 0$. The amount subjects send (return) thus reflect trust (trustworthiness). Altruism, fairness, and reciprocity unambiguously and univocally predict more trust and (positive) reciprocity.

Tan and Vogel (2008) applied a similar experimental procedure used by Tan (2006) to trust games, and extended it by providing religiosity information to opponents. They found that more religious people trust those of high (low) religiosity more (less). More religious trustees were indeed found to be more trustworthy. Tan and Vogel found that trustworthiness increases with religiosity, and regression analysis shows that this is attributable in particular to the dimensions of belief and ritual. These results suggest that the stereotype that more religious people are more cooperative is a legitimate belief, in the sense that trust is indeed fulfilled by those who have been stereotyped in this light. Indeed, trust can be modeled as a decision which banks on the degree of belief that trust will be fulfilled (Dufwenberg and Kirchsteiger 2004). Tan and Vogel also found that the use of this stereotype increased with the religiosity of the truster (see figure 27.1). These results are compatible with the psychological literature on how stereotypes are more frequently used by people who are more familiar with the type of social categorization involved (Bruner 1957). Tan and Vogel argue that “the use of religiosity as a category was perhaps more accessible for the ‘more religious,’ because religion is a more central and salient concept in their lives, and is thus used when making decisions.” These results are also consistent with the role that positive social history, that is, the reputation of cooperativeness of a group or institution based on the history of interaction (Berg et al. 1995), can play in promoting cooperation.

Anderson et al. (2010) found, however, no significant relationships between religious affiliation or attendance and trust and reciprocity in their experiments. When we contrast this with the previous results, it seems plausible that this contrast might be due to the different types of religiosity measures used (varying in depth and scope), and other differences such as in experimental design and subject pool. Given the potential sensitivity of experimental results, akin to that reflected in the studies on dictator games, it is useful and important to further consider the topic of religion and trust from a broader perspective and thus across a wider domain of relevance. In the following section, therefore, we further contemplate the issue of religion and trust in communes at the levels of the workplace, society, and global marketplace.

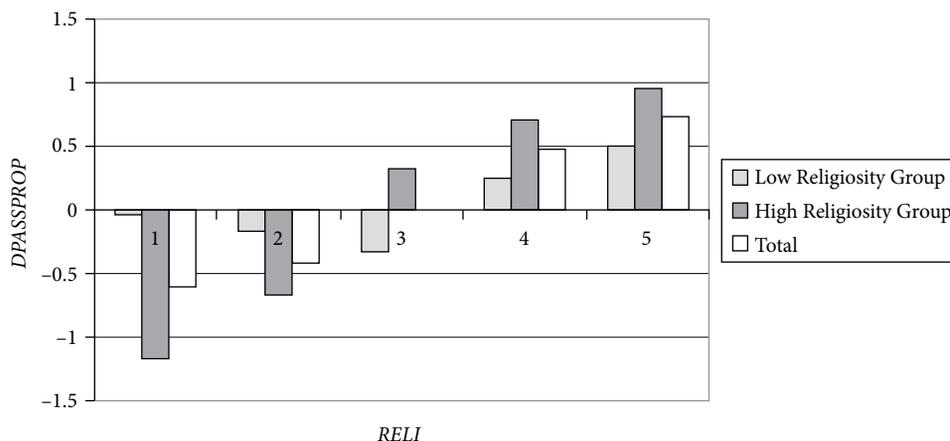


FIGURE. 27.1 Trust (proportion of surplus entrusted) in trustees of varying religiosity (1–5) by trusters of low or high religiosity (median split) from the data of Tan and Vogel (2008)

II. THE RELIGIOUS COMMUNE

A. Responsibility at Work

The workplace is one common application of trust and reciprocity, between employer and employee (Fehr et al. 1997), because of the risk of shirking and costly monitoring that can be circumvented. Fehr et al., for example, showed that by paying a fair wage in excess of equilibrium wages engenders reciprocity in terms of high quality work from reciprocating employees. In Ephesians 6:5–8, Paul the Apostle instructs “servants” to obey their “masters,” not to please men but to fulfill God’s will, and that this be done from the heart even in the absence of monitoring.

There is nonexperimental evidence on the impact of religion on trust in labor relations and economic consequences; these studies also use religiosity measures. Users of large survey data sets such as the General Social Survey (GSS) or the German Socio-Economic Panel Study (SOEP) will find entries on religiosity variables spanning at least the dimensions of belief and practice. The set of questions found in such surveys have been shown to work quite well. With this approach, religious values, particularly those of Christianity, have been found to promote the practice of fine work ethics (Guiso et al. 2003). This finding is in line with Max Weber’s Protestant Ethic. Using a large data set spanning across a panel of countries and religions, Barro and McLeary (2003) find that economic growth increases with beliefs, in particular those in the afterlife. They characterize beliefs as outputs of the religious sector, where the prospect of heaven serves as a carrot while the prospect of hell serves as a stick. The admonishment against sloth is contained in the teachings of early Christian times; sloth is found amongst

others such as envy and wrath in *The Seven Deadly Sins* of Pope Gregory I (see also *The Divine Comedy* of Dante).

Religion can also yield economically undesirable outcomes when economic resources are shifted from nonreligious production to religious production. This is compatible with Matthew 6:24, “No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.” Lipford and Tollison (2003) found that religious participation and secular income are negatively related, because of the way religion shapes preferences and affects earnings potential. There is a trade-off between the amount of resources (e.g., time and money), which can be used in alternative modes of production—in our context religious and secular ones. This trade-off has been modeled as a substitution effect in the seminal work of Azzi and Ehrenberg (1975). Gruber (2004) finds that this result generalizes to church-related activities besides Sunday services and also to nonreligious giving. The confluence of complementary and substitution effects are best captured in the work of Barro and McCleary (2003). Whereas beliefs in heaven and hell are religious sector “outputs” that positively relate with economic growth, church attendance are religious sector “inputs” that draw from other forms of production and thus negatively relate with economic growth. Economic growth decreases with church attendance: it functions as inputs into the religious sector, i.e. resources diverted away from other economic modes of production. The Church is, in this light, an economic resource hungry entity.

Joint economic production can also be modeled as interactions where roles are symmetric, i.e. interactions between peers rather than trustee-trustee. The public goods game (Palfrey and Rosenthal 1984) captures a social dilemma where players can benefit from positive externalities from costly public good contributions. Each player has an endowment S and for every unit given up by a player, each player gets t , that is, if he contributes x_i , and other players contribute o , he gets $S - x_i + tx_i$ and the other players each get $S + tx_i$. Because a player will prefer others to bear the cost of contribution, he will contribute nothing, so $x_i = 0$. If all players reason alike, there will be no public good. This is known as the free-rider problem. This game can be played repeatedly with different co-players (“strangers”) or the same co-players (“partners”).

Anderson and Mellor (2009) and Anderson et al. (2010) found that neither religious affiliation nor church attendance is significantly related to cooperation in the public goods game. Anderson and Mellor, however, found that religiously affiliated subjects decrease their contributions over time at significantly lower rates. Ahmed and Salas (2011) find that religious priming using the scrambled word task (like those used by Shariff and Norenzayan, 2007) induces more cooperation from religious subjects in a prisoner’s dilemma. Benjamin et al. (2010a) found experimental evidence that public good contributions made by Catholic subjects decreased after being religiously primed with a scrambled word task, which in contrast had a positive effect on the public good contributions of Protestant subjects.

Referring to insights from field data, it was reported by Lipford et al. (1993) that “preaching matters” in the sense that religious teachings on pro-social behavior serve as a public good. Communities with more churches have lower rates of socially deviant

behavior and crime. Hull and Bold (1995) replicated this result, and further showed that churches have incentives to promote positive behavior via property rights enforcement, as its efficacy attracts an increase in membership. Whether or not religion per se serves the public therefore seems to depend on the context in which contributions are to be made.

B. Identity and Trade

Economic growth and trade is consistent with doctrine, as Wright (2004) argues, because it is required for the regeneration and expansion of the human population. Stewardship is involved in handling, distributing, exchanging, and trading the resources provided by God. This theme was discussed in Deuteronomy 8 in relations to provisions catered to the needs of the sojourning Israelites in their forty years in the wilderness. Economic transactions, however, can be fraught with moral conflict, as seen in the numerous power struggles documented in the Old Testament (for a start). Contrary to the Lord's advice to "Love your enemies and pray for those who persecute you," (Matt. 5:44), there is a dark side of religion that could manifest in various settings with scope for cooperation. Discrimination that arises from intergroup rivalry is largely attributable to the similarity or dissimilarity between interacting agents in terms of group affiliation (e.g., Sherif et al. 1961; Brown 2000; Tan and Zizzo 2008). Tajfel et al. (1971) observed intergroup biases of a rivalry motive after applying a "minimal groups" manipulation where subjects are divided into groups using an arbitrary criterion (e.g., grouping people according to their preference for Kandinsky and Klee paintings).

Beyond minimal groups, discrimination can be well expected among naturally occurring groups. Fershtman et al. (2005) observed that Israeli students from an ultraorthodox college in Jerusalem trusted co-players from another ultraorthodox college more than they trusted co-players from a secular university and co-players with unknown academic affiliations. A similar observation was made on students from Flemish and Walloon universities in Belgium, where outsiders were trusted less than insiders or anonymous co-players. In a field experiment, Ruffle and Sosis (2006) observed more cooperation between kibbutz members than with co-players from the city. They argue that based on the premise of successful previous interaction, more cooperation is anticipated from fellow kibbutz members. Similar laboratory evidence on minimal groups has been found by Hargreaves Heap and Zizzo (2009).

Experimental evidence on the positive effects of cultural similarity on cooperation is found both in the laboratory (Ben-Ner et al. 2009) and in the field (Chuah et al. 2007). In a multicultural experiment where subjects from different racial and religious backgrounds participated, Chuah et al. (2011) found that religiously similar subjects were more cooperative to each other in a repeated prisoner's dilemma, compared to when they were culturally dissimilar or when information on cultural identity was absent. This effect increased with the subject's religiosity, in particular, measures of fundamentalism. As argued by Chuah et al. (2011), the amplification of group biases via religious

values is consistent with an interpretation of Akerlof and Kranton's (2000) identity theory. In terms of identity theory, the cost of deviation from an act that preserves the group, versus one that threatens the value of the group, should increase with the degree to which the individual is embedded in the group. Put differently, the more one identifies with the group, the more one should maintain a cooperative norm that strengthens the group, and the less one would contribute to the strengthening of outsiders. Chen and Xin (2009) experimentally show that subtle cues of group belonging increases group biases. Benjamin et al. (2010b) similarly found that activities related to group-related norms have been shown to increase when subjects were primed with subtle cues.

Cooperation in international trade increases with the degrees to which partners are culturally similar in terms of race and religion (Guiso et al. 2009). Group biases are also evident in noneconomic survey data on self-reported prejudicial attitudes to strangers (Gorsuch 1974) and the willingness to help (Jackson and Esses 1997). Indeed, scholars such as Altemeyer (2003), Hunsberger and Jackson (2005), Jackson and Hunsberger (1999) have shown us the relationship between prejudice and religiosity or fundamentalism. Gorsuch argues that this result is rather robust, as it holds across samples of students at different locations and church members of different denominations.

C. Signals of Commitment

Economic production within a commune is facilitated by a disciplined conformation by its members to "traditions" such as diligence rather than idleness at work (2 Thess. 3:6–13). Whereas Orbell et al. (1992) also found that subjects believed that religious people were more cooperative, they found that religious subjects were more cooperative only when matched with those of the same religious affiliation (the Mormons in Logan). A complementary interpretation for the observation that religious people are trusted more by religious people is that religiosity is a hard to fake signal of commitment (Irons 2001). Individual displays of religious behavior serve as costly signals of commitment to God and group, which promote pro-sociality, for example, in the context of trust. Members of religions share a belief and commitment to God's desire for their conformation to a set of morals and ethics. Adherence to the corresponding code of behavior *signals* one's commitment to cooperating with other group members toward its preservation (Irons 2001). For example, the longevity of religious communes, as compared to secular ones, is attributable to costly signals that maintain an adaptive culture of cooperation (Norenzayan and Shariff 2008). Reliable signals must be costly; signals easily mimicked by opportunists have no bite.

It should then follow that the costlier a signal is, the more trust it should engender. The social capital of trust facilitates exchange/trade, reduces transaction costs, and so enhances welfare—trust and reciprocity are pro-social. Mutual benefits accrue if trust is reciprocated, but trust exposes the truster to the downside risk of opportunism, which can undermine trust: one will not trust given a sufficient risk of abuse. It follows that if costly religious behavior (e.g., avoiding taboos, lifestyle choices, and ritualism)

signals one's commitment to cooperate, then anticipated (i.e., beliefs of) cooperation breeds trust. Ethnographic studies suggest the signaling role of religion, for example, the East African Orma converted to Islam as a signal of commitment to elicit trade (Ensminger 1997), or as in the trade networks of the medieval Jewish Maghrebi (Greif 1993). Norenzayan and Shariff (2008) argue that these results are possibly confounded by the motive of gaining access to pre-established networks. Empirical studies such as Sosis (2003), Sosis and Alcorta (2003), and Sosis and Bressler (2003) find that costly signals correlate with commune longevity, via trust and cooperation. However, trust and cooperation were not measured directly. Further, the direction of causality cannot be determined with such data. Besides the signaling interpretation, such correlations may be resultant of more cooperative people *self-selecting* into religions requiring costlier commitments; also, as argued in the previous section, *indoctrination* may promote pro-sociality.

Seemingly harmless secularization of behaviors may thus be detrimental to the good of the commune. Examples of strict religious codes that are found in the Bible include Romans 14:21, "It good neither to eat flesh, nor to drink wine, nor *any thing* whereby thy brother stumbleth, or is offended, or is made weak." Here, a simple mundane act of abstinence serves a higher purpose of preserving the integrity of the commune. From a practitioner's viewpoint, this is not to say that religious signals should be instrumentally used for economic gain, but should be pursued by the religious agent because they accord with the purpose of God, as captured, for example, in Proverbs 2:9, "Then shalt thou understand righteousness, and judgment, and equity; yea, every good path."

III. CONCLUSION

Religion could operate through increasing the salience of social norms or by shaping social preferences, that is, a regard for the welfare of others as a principle of action. It can motivate pro-social behavior via concerns for altruism, equity, efficiency, and positive reciprocity. The dark side of it can motivate antisocial behavior via spite, envy, and negative reciprocity. Our concern is with whether and if so how social preferences might vary with the *degrees* to which a person is religious. When group membership is salient, social cognitions can yield perception and in turn behavioral biases (i.e., in-group love versus out-group hate) (Tan and Zizzo 2008). Religious biases might operate through differentials in social preferences or beliefs and stereotypes of others (Fiske and Taylor 1991; Fiske 1998), for example, how trustworthy they are (Tan and Vogel 2008), depending on whether they are in the same group. Adherence to religious codes of publicly observable conduct (e.g., taboo avoidance, lifestyle choices, and ritual) serves as costly signals of one's commitment to cooperating with other members toward group preservation (Irons 2001). Religion can thus serve to coordinate trade.

Combining the right tools to elicit and measure religiosity and economic motives with a theoretical expectation of how the two sets of variables should relate allows

for clearer identification. It also allows for clearer interpretation of results in terms of their relevance and significance. The first step that should be taken in experimental or empirical is to examine the theoretical relationship between “some” aspect of religion and “some” form of behavior. It tells us what to test and, if the test makes sense such that there is a theoretical link between religion and economic behavior, what to measure in order to test the empirical link between a specific form of behavior and the degree of involvement in religion along a specific religiosity dimension (e.g., belief, practice, or experience). Alternatively, one can induce a religious mindset or sense of identity and belonging to a certain group. Data can also be collected in the wild, where certain properties relevant to the test naturally occur, for example, the existence of religious groups or certain activities that can be manipulated such that doing so yields testable experimental data.

Specifying behavior precisely and understanding the relevance of such behavior to religion guides the construction of a well-defined research question. The seemingly mixed results on religion and economic behavior found in the literature might thus be attributable to non-overlapping domains of validity across studies. The results of behavioral studies should thus be interpreted with discernment regarding their respective domains of validity. Finally, the significance of these results should be put in the context of how it can advance economic theory in a tractable way from which further progress may extend, and how their implications might be significant to the practitioner. In particular, assuming that testing methods do not deviate from the specified research objectives, are observed deviations of behavior from theory then suggestive of deviations of the human actor from doctrine? The potential difficulty in constructing valid tests that allow lucid identification and interpretation poses a challenge for researchers concerned with the behavioral economics of religion.

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PART V

INTERDISCIPLINARY
EXCHANGES

CHAPTER 28

ECONOMIC JUSTICE

ALBINO BARRERA

I. THEOLOGICAL FOUNDATIONS

CHRISTIANITY has had a long-standing interest in economic justice. Christian thought and action are founded on Revelation, that is, God's initiative of self-revealing the divine interior life. Such divine self-revelation finds its perfection and completion in the life, gospel, ministry, passion, death, and resurrection of Jesus Christ. In his Incarnation, Jesus gave a concrete example, for emulation, of what it is to be fully and truly human.

There is disagreement among various Christian traditions on what constitutes Revelation. On the one hand, the Catholic Church holds that Revelation is comprised of two critical pillars—Sacred Scripture and tradition—that are served by a third element, the teaching office of the church. Sacred Scripture is the written word of God (commonly known as the Bible), and tradition is defined as that which receives, preserves, records, transmits, and interprets that which has been received in Revelation. Examples of what is included in tradition are the writings of the Patristic Fathers (e.g., Augustine) and Scholastic Doctors (e.g., Thomas Aquinas), the ecumenical councils, and some of the earlier modern Catholic social documents (see Vatican Council II 1965a). On the other hand, the Reformation traditions believe that Revelation is found only in Sacred Scripture. Neither tradition nor the teaching office of the church is accepted as part of Revelation.

Despite these differences and their disagreements over ecclesiology, church discipline, and even social thought and praxis, these various Christian traditions converge in their core beliefs, such as, monotheism; the Blessed Trinity (three persons in one God); the divinity and humanity of Jesus Christ, the second person of the Blessed Trinity; salvation came only through the passion, death, and resurrection of Jesus Christ; the reality of sin; people's absolute need for grace; and the innate dignity of the human person. These are the bedrock axioms for Christian thought and practice on economic justice, a subject which properly falls under moral theology. In addition, these various Christian traditions subscribe to the inspired nature of Sacred Scripture whose integrity

is guaranteed by God, its principal author. Moreover, they hold that the New Testament is the completion of the Old Testament. Jesus Christ fulfills the promises made in the Old Testament.

II. BIBLICAL ROOTS

Given this privileged role of Sacred Scripture, in order to fully appreciate economic justice in Christian thought and practice, we have to understand its biblical roots. Early Israel was governed by an ethos of mutual solicitude. Such a social ethic was partly driven by necessity because in the harsh pastoral and agricultural life of precarious subsistence, mutual assistance was a rational strategy for mutual survival (Von Waldow 1970). When they gave up their nomadic life for settled agriculture, the ideal was for every household to have access to land. This ensured a livelihood for all. Early Israel was egalitarian and was comprised of small independent landholding families engaged in animal husbandry that provided for their needs. Many of these nomadic practices were codified as the tribes gradually formed into a nation (e.g., debt legislation such as lending without interest).

This caring society changed with the emergence of the monarchy. Driven by its military expenses and massive building projects, the royal court imposed heavy exactions on the people in the form of taxes and forced labor. In addition, the crown accumulated land as a source of revenues. A collateral effect of the institution of the monarchy was the emergence of an elite class of court officials and military officers. These, too, were bent on accumulating land for themselves. Another unintended consequence was the need for export revenues because of the elites' appetite for imported luxury goods and the court's foreign purchases of military equipment. Thus, subsistence crops were gradually replaced by far riskier cash crops, such as olive oil and wine. Many households incurred heavy debts that ultimately led to their debt slavery and the foreclosure of their ancestral land. We see the "latifundization" of the nation (Chaney 1986).

This deterioration in socioeconomic conditions was the larger context of the classical prophets (e.g., Amos, Micah, Isaiah, and Hosea). In addition, it also partially accounts for the nature of the Old Testament law codes. The pre-exilic, social prophets condemned the elites for their abuses and warned them of imminent punishment. Out of this emerged one of the more important themes of prophetic preaching: moral integrity is a necessary condition for the genuine worship of God. The elites' and the court's cultic observances were hollow and abominable before God because of their injustice. Lives characterized by steadfast love, mercy, and righteousness are far more pleasing to God than animal sacrifices. Another important prophetic theme is how God hears the cries of the poor and will not stand idly by in the face of evil and injustice (Premnath 2003).

Similarly, the priestly class reacted to the aforesaid deteriorating social conditions by rewriting the law codes (Von Waldo 1970). Earlier economic ordinances were redacted and new ones were added as a vivid reminder to the elites and the court leadership of

their concrete obligations under the Covenant. Moreover, these additional economic statutes were meant to reiterate the nation's egalitarian tradition of mutual solicitude that had then been lost. Thus, legislation on debt forgiveness, slave manumission, justice for the poor at the city gates, land redemption, land return, gleaning, almsgiving, a triennial poor tithing, shared festivals with the poor, and Sabbath fallow may either be part of the early codification of nomadic practices or of a later priestly reaction to the nation's unraveling social conditions. In addition, we find many admonitions on the proper treatment of the stranger, widow, and orphan and the numerous motive clauses reminding the Chosen People that these laws were merely asking them to extend to others the same favors they had received from God in their own moment of need. Not surprisingly, care for the poor and the distressed is a hallmark of Old Testament laws.

The New Testament raised these tough standards even higher. Contrary to the Greco-Roman status-consciousness and patronage that held "inferiors" in subservience and dependence, the Gospels and the Acts call for *koinōnia* in treating one another as equals, as friends, as brothers and sisters. Unlike the sanctimonious clean/unclean categories of the Pharisees, Jesus Christ freely associated with one and all in an unconditional table fellowship that accepted everyone as a child of God and as a human person deserving of respect. This included sinners, tax collectors, the Gentiles, the Roman occupiers, the lepers, and all who were traditionally shunned as pariahs. In addition, people will be held to account for the unmet needs of their distressed neighbors (e.g., Matt. 25:31–46; Luke 16:19–31). Moreover, they are to share not only out of their surplus, but out of their substance (see Nardoni 2004).

In sum, the Old and the New Testament are distinctive in their teachings on economic justice because of the formidable and difficult positive obligations they impose. This is not surprising, since just moral conduct (both individually and collectively) is constitutive of faith. We find this from the earliest roots of Christianity in the prophetic and wisdom teachings on how worship of God is genuine only when accompanied by moral integrity (e.g., Isa. 1:11–17). This is affirmed in the rest of the Old Testament and in the New Testament whereby nothing less than righteous conduct (*tzēdāqâ*) is expected of both the old and the new People of God. *Tzēdāqâ* is defined as the satisfaction of all the requirements of one's relationships (Achtmeier 1962). Its best English equivalent is "righteousness" rather than its more common, but inadequate, contemporary translation as "justice."

III. POST-BIBLICAL PERIODS

The biblical array of positive duties was adopted by the Patristic Fathers who, just like the prophets, deemed it an injustice to withhold from the poor that which people can give. Typical of their posture on economic justice was their claim of God's gift of material abundance to the world. Chronic destitution is *prima facie* evidence of human sin in the failure to share the goods of the earth with one another, especially the poor (Phan

1984). The Scholastic Doctors dealt with issues of usury and the just price. Even on the eve of the commercial revolution and the modern era, merchants were still viewed with suspicion as a sinful lot because of the public's perception of their singular pursuit of profits.

In the twentieth century, we see a steady stream of official church pronouncements and exhortations on economic justice and the Faith. What is impressive about these modern teachings is not only the breadth and timeliness of the issues addressed but also the wide range of Christian traditions that are deeply concerned with economic injustice. These various churches are by no means homogeneous in their social teachings or praxis. In fact, Protestant traditions are often differentiated according to their stance on social issues. On the one hand, we have the evangelicals and fundamentalists that are conservative in their political philosophy and pro-market in their economic thinking. These lean to the right of the political spectrum. On the other hand, we have the mainline Protestant traditions that are relatively more pro-active and liberal in addressing social ills. These call for a more vigorous oversight of the marketplace. The Roman Catholic Church is liberal itself in its thinking on political economy, and it is more inclined to call for market interventions.

Despite their differences in theology, ecclesiology, and social philosophies, these disparate Christian traditions—from the liberal mainline Protestant traditions and the Catholic Church, on the one hand, to the conservative, market-oriented evangelicals and fundamentalists, on the other hand—arrive at the same conclusion: their Christian discipleship compels them to address economic injustice in our own day and age (see Barrera 2011: chs. 2 and 9). To this end, they subscribe to common social principles, such as accountability for our actions, our responsibility for our own development, our obligation for mutual assistance, preferential option for the poor, the earth as a divine gift meant for all, stewardship of the earth, and respect for human work.

The Catholic Church goes even further in many of its social principles. For example, it subscribes to the superfluous income criterion whereby people are obligated to use their excess income or wealth for the benefit of their needy neighbors. Superfluity is not to be measured in terms of the donors' own needs to maintain their social standing. Instead, what is superfluous in the donors' resources is measured by the relative unmet needs of their neighbors (see Vatican Council II 1965b: part II, ch. 3, n. 10). This is reminiscent of Scripture's call for self-forgetfulness in the face of a neighbors' great need. Recall, for example, the debt legislation of the Old Testament and the Good Samaritan in the New Testament (Luke 10:29–37).

In terms of work on behalf of the poor, the history of poverty relief is closely associated with the Christian faith. To this day, many schools, hospitals, and social service agencies are still run by various Christian groups. In addition, many contemporary secular institutions were, in fact, founded by Christian churches. Indeed, Christianity has vast philosophical and theological resources on the conceptual foundations of economic justice. In addition, it has an equally long and well-established track record of actual work and advocacy on behalf of the poor and economic justice.¹

IV. LOOKING AHEAD

A. Challenges and Possibilities

Given the space constraint for this essay, I can examine only three forthcoming moral problems related to economic justice for which Christian thought is particularly suited in finding solutions. We are in the midst of a global economic integration whose scope and intensity we have never witnessed before. Driven by information technologies, globalization is turning the world into a single workshop in which parts are designed and manufactured in different continents and then assembled as a completed product at predesignated sites for distribution throughout the world. For example, there is no longer an American- or Japanese-made car because the major components of these vehicles come from different countries. It is a similar phenomenon from the most complex, cutting-edge products like the Boeing 787 or the Airbus 380, to the most common electronic products like laptops and cell phones, to our everyday apparel. Fresh-cut flowers from South America or Africa are transported to the Netherlands for auction, and then flown again all over the world for distribution. Blue-fin tuna caught in the Mediterranean find their way to sushi bars in Tokyo within days. And, of course, we have the familiar back-office call centers in India and the Philippines serving the major US and EU markets halfway across the globe. Consider three challenges that have arisen in the wake of such global economic integration.

First, we have unprecedented global economic growth. We have long known from trade theory that specialization according to a nation's comparative advantage and then trading in the market is a win-win proposition for all parties involved in such an exchange. Recall the four gains from trade, namely: (1) Consumers reap a *de facto* increase in their real incomes because of cheaper imports. (2) Exporters enjoy production gains because, by concentrating on goods or services in which they enjoy a comparative advantage, they can get a better price and a good share of the global marketplace. (3) Resources, idled for want of domestic demand, are employed to produce for overseas markets. (4) Technological change is more vibrant given the economies of scale and specialization from international trade. And indeed, it is believed that in the first twenty years of our current period of globalization over 400 million people rose above the poverty line of \$1.00 per day (Chen and Ravallion 2004). We see the growth of the middle class in China and India. While it is true that sub-Saharan Africa has regressed in the face of globalization, we have witnessed a rise in the standards of living in most of the mainstream economies.

A formal characteristic of economic growth is the expansion of the economic agent's opportunity set. In other words, economic growth brings about more choices. It represents an expansion of market participants' economic freedom. Unfortunately, such freedom is often dissipated in frivolous or overindulgent consumption. A greater range of choices does not necessarily translate to wiser choices. We are all too familiar with

anecdotal accounts of the super wealthy's unconscionable expenditures and the nouveau riche's excesses in order to flaunt their wealth. Even ordinary people have been prone to short-sighted, immediate gratification. Prior to the 2008 "Great Recession," consumption constituted roughly two-thirds to even as much as 70% of the US economy. The US savings rate was at an all-time low during the boom years that preceded the 2008–2009 sub-prime debacle.

Thus, note the first challenge: Will the human person as a subject, as a moral agent, make quality choices in the face of the opportunities created by economic growth? It would be paradoxical if economic growth, far from advancing civilization, becomes an occasion for humanity to regress. Economic growth relieves the human person of want; "expands" time through labor-saving and organizational innovations; and provides the necessary resources for the pursuit of higher needs, such as truth, goodness, and friendship. It would be tragic for the market participant to waste this opportunity and to reap instead materialism, consumerism, and individualism. The challenge is to use the fruits of economic growth and development wisely and well. To this end, it is important to know the end (*telos*) for which such prosperity exists.

Consider a second challenge pertaining to the human person again, but this time, the human person as an object, rather than as a subject. Globalization has led to greater "marketization," that is, an expansion of the market's geographic reach and an intensification of its operations. With this comes more intense competition between potential suppliers and the need to keep production costs down, especially labor costs. We have witnessed owners of capital scouring the world for cheap, but politically stable, production sites. Thus, we have the phenomenon of international vertical specialization as a hallmark of contemporary globalization in which whole chains of subcontractors spread across the globe supply the major consumer markets of Europe and North America. Unfortunately, workers are often treated merely as factors of production, no different from capital, equipment, and raw materials. Employers view them as expendable and do not even make the effort to develop long-term relationships with their workers and to get to know them as fellow human beings. Hence, owners of capital have been called "footloose" because they stay in a particular site only until they recover their investments and find an even more cost-efficient production site, often in another country that is even poorer and even more desperate for jobs.

One consequence of an expanding market is the loss of personal contact and relationships between consumers and suppliers. In moving from local to global suppliers, market exchange is increasingly consummated between anonymous parties. First World consumers do not get to know the Third World workers who sewed their clothes or shoes, and vice versa. It becomes a purely commercial transaction, nothing more. There are no other parallel interpersonal exchanges accompanying such economic interdependence. Many realize that something is seriously awry with this arrangement, and we have witnessed recent grassroots movements and campaigns in the United States urging communities to buy their produce from local farmers—their neighbors whom they should know and support in the first place.

In sum, the second challenge is about avoiding the commodification of the human person, that is, treating the worker as a commodity or as a factor of production. Similarly, it is about the problem of treating people merely as potential consumers, customers, or suppliers, and not as human beings. This is the problem of impersonalism that ever expanding markets bring about.

The third challenge pertains to the tension between individual and collective responsibility when it comes to governance. Globalization is producing a whole set of issues and problems that can be effectively addressed only at a global level. Not only are we ever more interdependent, but we are jointly producing ever larger problems. Thus, as a world economy, we are precipitating major climatic changes through our carbon emissions. The global commons, such as the fish stocks, fresh water supplies, clean air, and tropical forests, are being depleted rapidly, along the lines of the classic “tragedy of the commons” (Hardin 1968). The near meltdown of the world’s financial system in 2008 painfully brought home the point that there are weak global mechanisms to prevent the misuse of financial markets.

Thus, we face a third challenge: even as markets have transcended borders, we have lagged in our capacity to formulate and agree on collective rules for a global market. We have yet to come up with effective and timely responses to global disequilibria. Unfortunately, our governing structures are still based on nation states. The latter are understandably zealous in preserving their national sovereignty.

B. Potential Contributions

As economic growth expands people’s choices and freedom of action, it is all the more important to understand the end (*telos*) of economic life, lest such freedom be used in counterproductive, self-defeating ways. It is also all the more important to appreciate the nature of the gifts of the earth in light of the pressure economic development will bring to bear on the even more intensive use of these gifts and the more rapid depletion of nonrenewable resources. And since segments of the population will find themselves harmed or marginalized by these economic changes, it is also essential to understand and appreciate the nature and dignity of the human person.

The tension created by national sovereignty, on the one hand, and problems requiring global solutions, on the other hand, underscores the need to appreciate the dynamics between the good of the individual and the good of the collective. It is all the more important to understand what the common good entails.

Contribution 1: Tandem of Justice and Charity

Christian thought has much to offer in response to the aforesaid challenges. In particular, consider some of its potential contributions. First, unlike most secular notions of justice, Christian thought argues that justice cannot operate by itself. It necessarily finds its completion and perfection in charity (understood in its theological sense as friendship with God rather than the common usage of charity as a handout). A world

that operates on the basis of justice alone (defined minimally as giving people their due) is an impoverished, unhappy, and terrifying place to live in. People are judged merely on the basis of their deserts, and there is no room for error. It will be an unforgiving world.

In Christian thought, justice is merely a minimum condition that has to be met. It is a necessary, but not a sufficient, condition for human flourishing. Justice is merely an entry point to the even greater value of charity, defined as friendship with God. And since love of God is inseparable from love of neighbor, charity also entails friendship with our neighbors.

Justice is about giving people their due; charity is about self-giving. Justice is rooted in laws; charity is founded on friendship. Justice is measured in what it dispenses; charity is unmeasured by its nature. Justice's highest civic virtue is mutual tolerance; charity's crown is love. Justice aims for the establishment of a juridic order; charity settles for nothing less than a union of hearts and minds.

An example of a community that bloomed beyond justice into charity is the early Christian community described in Acts. They were of one heart and one mind and shared everything they had in common (Acts 2:41–47; 4:32–37; 5:1–11). Those who had property sold it and gave the proceeds to the community. People contributed according to what they had, but took only according to what they needed. Indeed, we are told that there were no needy among them, the fulfillment of what had long been held as the ideal in Deuteronomy 15:4 that there will be no poor among them.

Consider another illustration. In neoclassical economic theory, a key assumption that is needed to make its mathematical models work is that individual economic agents maximize their own preferences, and not anybody else's. Otherwise, the maximization problem will be indeterminate. In contrast, the selflessness of charity and its outward orientation to others means that it is other people's welfare, rather than one's own preferences, that takes precedence. After all, charity is characterized by a sacrificial self-forgetfulness and concern for others, especially the neediest.

In practical terms, for Christian faith, the newfound freedom of action and the wider choices afforded by economic growth should not be dissipated in frivolous or self-indulgent consumption. It is the poorest who stand to benefit the most from economic growth, if people would only take to heart the superfluous income criterion. Paradoxically, it is the Christian vision of justice-charity, and not the secular justice of giving people their due, that satisfies Rawls's (1971) second lexical rule of allowing inequalities only to the degree that such inequalities benefit the least advantaged. Furthermore, national sovereignty will not be an impediment to finding a collective solution to international problems because an economy founded on the Christian tandem of justice-charity seeks the good of the global whole rather than its own national interest. And, of course, charity, by its nature, will never permit the treatment of the person as a commodity whose services are to be bought and sold. It requires higher standards of care and solicitude for the treatment of humans as equal. It goes beyond Kant's (1785) admonition to treat people as ends rather than as means because it calls for nothing less than love as the end result and crown of justice.

A practical effect of charity involves people being more accommodating of others' needs and perhaps even being generous and being deferential to others' preferences. There are many gray areas in social ethics, including economic life. Charity is an effective solution to collective actions problems, such as the well-known prisoners' dilemma and free ridership. In foregoing self-interest, charity produces the optimal solution.

To be realistic about it, an economy driven by charity will be faced with formidable moral hazard problems. Original sin and its lingering effects are real. For this reason, charity, while a necessary condition itself, is not a sufficient condition for human flourishing. Charity presupposes justice; it requires justice. There can be no friendship, no union of hearts and minds without justice.

Contribution 2: Common Good

A second key contribution of Christian thought is its notion of the common good. Many people mistake this as the public good. It is not. In its theological sense, the common good is about people enjoying a union of hearts and minds because of their common orientation toward God and their eventual shared union with God in the beatific vision of the eschaton. Obviously, the Christian notion of the common good has deeper roots and requires much more of individuals than secular justice's public good. The latter merely demands mutual tolerance in its efforts to create peace and order within a community. The downside, of course, is that the Christian common good has a clearly specified, "thick" notion of the good (based on Revelation) compared to the secular "thin" minimalist stance that can accommodate many competing visions of the good.

Despite its expansive, soaring vision, the Christian notion of the common good is nonetheless still unsatisfactory. It is too abstract. To be sure, it is unrealistic to think that we could ever completely define the common good because social life is too dynamic and complex to permit that. However, we do not need a fully specified notion of the common good in order to apply it in practice. Even a partial definition, especially one that is carefully formulated, can be extremely helpful.

As a start, what are the minimum conditions that any reasonable account of the common good must satisfy? As mentioned earlier, *tzēdāqā* (righteousness) is the biblical foundation of Christian justice. It is about living up to the requirements of our relationships. Herein lies a key to partially defining the common good. Any reasonable account of the common good must, at a minimum, satisfy the requirements of at least five key relationships: (1) the person's relationship with God, (2) the person's relationship with others, (3) the community's relationship with every member in its ranks, (4) the person's and the community's relationship with the marginalized, and (5) the person's and the community's stewardship of the gifts of the earth. Any deficiency in these relationships will impede the attainment of the common good. In fact, one way of concretely evaluating the common good is to assess whether these five relationships are thriving.

These five relationships mutually reinforce one another. From a Christian viewpoint, the first relationship (person to God) is the primary relationship that defines and shapes the duties of the four remaining relationships. Thus, the individual's love of God (relationship 1) overflows into a love of neighbor (relationship 2), creates a shared communal

obligation to promote the well-being of each person (relationship 3), gives rise to a preferential option for the poor (relationship 4), and leads to a desire to be good stewards of God's gift of the earth (relationship 5).

Applied to the aforesaid three challenges, the Christian notion of the common good based on biblical *tzēdāqâ* will not permit the dissipation of the gains from globalization. Instead, these will be used to ensure integral human development, that is, the development of every person in a holistic manner: body, mind, and spirit. The end (*telos*) of common life, including the economy, is the nurturing of integral human development. The gifts of the earth are accorded protection (relationship 5) and cannot be misused or abused in the name of economic development. Since the common good has a "thick" notion of the good, it is not as open-ended as secular approaches, such as neoclassical economics that leaves *homo oeconomicus* sovereign in setting and pursuing consumer preferences. Consequently, consumerism, materialism, and individualism have no place in an economy that aims for the Christian notion of the common good. And because of the strict attention paid to interpersonal relationships (2, 3, and 4 above), such an economy precludes the treatment of human beings as commodities. Furthermore, impersonalism is the antithesis of the union of hearts and minds that comes with the common good.

Christian thought has even more to contribute to the problem of governance. At its root, the tension between national sovereignty and the need for collective solutions to global problems mirrors the tension between the principles of subsidiarity and solidarity (or alternatively, socialization). Subsidiarity is the Catholic social principle that says that higher bodies should not arrogate for themselves functions that lower bodies (or individuals) are able to perform for the common good (Pius XI 1931). In other words, higher bodies should nurture and protect private initiative. Individuals (and lower bodies) should be doing what they are able to accomplish for themselves, instead of being dependent on others or on higher bodies. The exercise of such private initiative is constitutive of integral human development. People can grow in the responsible use of freedom only to the degree that they are given ample opportunities to exercise such freedom and to learn from such experience.

Solidarity is the genuine and active concern for the welfare of others. Socialization is the Catholic social principle that says that higher bodies have an obligation to intervene and provide assistance to lower bodies (or individuals) that are no longer able to function for the common good. Note that there is a healthy complementarity between subsidiarity, on the one hand, and solidarity and socialization, on the other hand. Subsidiarity averts free ridership and the paternalism or dependency that solidarity and socialization can inadvertently breed if misused. For their part, socialization and solidarity prevent the use of subsidiarity as an excuse to walk away from one's social duties.

This tandem of Catholic social principles (subsidiarity-socialization/solidarity) is a key to responding to the problem of global governance in an age of economic integration. However, the difficulty is obvious: How do we know when to apply which principle? What criteria are to be used? Note how the common good is an essential reference point for both principles. On the one hand, individuals or lower bodies should be left on

their own for as long as they are able to accomplish tasks required by the common good (principle of subsidiarity). On the other hand, intervention is necessary once the common good is at risk (principles of socialization or solidarity). The aforesaid five minimum relationships of the common good can serve as a diagnostic test in deciding which principle should take precedence.

Take the case of the 2008 global economic debacle. Should there be harmonized global financial regulations to prevent a recurrence of the abuses that triggered the near collapse of the market? Or, should this be better left to the judgment and sovereignty of each nation to regulate their respective markets as they see fit? Better yet, should we simply leave the financial industry to police itself? We begin with the most generous concession by giving private initiative the benefit of the doubt (principle of subsidiarity). The burden of proof should be on those who want to impose restrictions. Clearly in this case, the financial industry cannot be left to police itself. We already know this to be one of the major reasons behind the 2008 fiasco. The dismantling of long-established regulations precipitated excesses in the financial sector, even among traditionally conservative firms.

Should nations then be left to set their own regulatory standards? The advantage to this is that it is a compromise between respecting private initiative versus the more draconian intervention at the multilateral (global) arena. Again, we have ample empirical evidence that this will not work. To begin with, there is the potential problem of a race to the bottom in which nations might be intentionally lax in overseeing their industries in an effort to draw business away from nations that are too restrictive. Furthermore, regulation at the national level is insufficient because of the globalization of the financial industry. There has to be a harmonization of rules, since it is a single global market. Most of all, the 2008 crisis illustrates the central role of the financial industry for the entire global economy. Trouble that emanates from Wall Street can and will wreak havoc on Main Street, not only in the United States but also in Frankfurt, Helsinki, and elsewhere. The tens of millions worldwide who lost their employment on account of these abuses underscore the need for a global approach to the problem. The common good is obviously at risk if there are no international rules to prevent a repetition of the underlying abuses. Thus, the principles of solidarity and socialization should take precedence over subsidiarity in this particular case.

It is a similar problem for global warming. Should caps be left to the discretion of each nation, or should there be a global mechanism to allocate and enforce these caps? The same questions apply for over-fishing and many other issues related to the depletion of nonrenewable natural resources. For example, should there be a global standard for vehicle-mileage gas efficiency?

Contribution 3: Theological Anthropology

A third distinctive contribution of Christian thought is its theological anthropology. This includes its understanding of the nature of the person, the nature of the human community, and the nature of the person in community. Christianity is a staunch champion of the human person. It has long defended, promoted, and taught about the dignity

of the human person. Its belief and respect in the goodness and supreme worth of the human person, of every human being, is unwavering even in the face of withering popular criticism from secular society, as in the case, for example, of its stance against abortion and embryonic stem cell research. And in the case of the Roman Catholic Church, it is even willing to lose membership and endure widespread disenchantment within its ranks in boldly teaching against practices that it believes are contrary to human dignity and life, as in the case of artificial contraception (Paul VI 1967). The commitment to human dignity is a bedrock axiom for Christianity.

Such firm belief stems from its understanding that every human being has an innate dignity because every person (1) is created and sustained by God with a personal love, (2) is made in the image and likeness of God, (3) has been redeemed by Jesus Christ, and (4) has a standing personal invitation for eventual union with God. The first of these reasons requires a further brief explanation in order to appreciate fully the extent of its claims. Creation is not a one-time divine act because it is not in the nature of creatures to exist. In other words, theirs is not a necessary existence. They are merely contingent in their existence because creatures are destructible and subject to decay. In the case of humans, we grow old, become sick and enfeebled, and eventually die. Because of their contingent existence, creatures have to be sustained by God, the Creator, in continued existence for every moment. Otherwise, they would revert back to nonexistence. Thus, there is not a moment in any person's life that escapes the loving gaze and providence of God. Every person must have a purpose in God's plan to warrant not only such continued existence but also to receive the other three aforementioned gifts. If the human person is treated with such care, love, and respect by God, can we do any less?

In Christian thought, understanding of the nature of the human community is also another important contribution. Unlike many secular philosophies, Christian thought views the human community as familial in nature rather than contractual. The human community comes as part of human nature. It is not a contractual human arrangement for convenience, expediency, or mutual gain. It comes as part of God's order of creation. This distinction is important for our study partly because of its implications for the nature and the binding strength of its resulting obligations. The duties that arise from a familial view of community have a firmer grounding and stronger claims relative to obligations that are merely contractual. We can walk away from the latter, but not from the former. For example, we can cancel a contractual obligation to buy goods or services from the local store, but we cannot walk away from our duties to assist the poor. The latter is a strong claim on us by virtue of being part of a human community.

Because of its familial nature, the end of the human community is the perfection of its individual members. The community cannot use the human person as a means to further the collective's interests. (This stems from the preceding point on the central importance of the dignity of the human person.) In fact, the community exists so that it might further integral human development. Consequently, the good of the community is inextricably linked to the good of the individual. The good of its individual members is a necessary condition for the good of the community.

At the same time, the person has obligations to promote the good of the community. To begin with, recall that integral human development comes in two parts: (1) it is the holistic development of the person, and (2) the development of every person. Thus, people who are indifferent to the destitution of their neighbors cannot claim to have attained integral human development. What is striking about integral human development is that it is a journey that we complete together. After all, recall that charity, the crown of human flourishing, is outwardly oriented toward others. Moreover, this also explains the importance of the scholastic notion of legal justice, that is, the individual's obligation to contribute toward the promotion of the common good according to one's resources and societal role. Furthermore, we find a theological basis to this claim in the scriptural affirmation that we belong to the one Body of Christ. Love for Christ necessarily elicits the best effort from every part of that Body (every person) in order to promote the good of the whole. In fact, God gave people a wide diversity of unique personal gifts, so that they might use them in the service of and for the welfare of the whole Body (1 Cor. 12). Individual gifts are meant to complement each other and produce a synergy in the process.

Thus, far from being at odds with each other, the good of the individual and the community are necessary conditions to one another. On the one hand, the person thrives only within community (Maritain 1947). On the other hand, the end of the community is to work toward the perfection of its individual members.

The implications of this theological anthropology for the aforesaid challenges are straightforward. The newfound freedom of action and the additional resources afforded by economic growth are used by the human person to pursue the higher needs called for by integral human development. Materialism, consumerism, and individualism are antithetical to integral human development. Just like the end of the community, the *telos* of economic life is also the perfection of every member of the community. Thus, it is clearly unacceptable to treat human beings as commodities. It is immoral to view them as mere factors of production to be used for profit-making and then cast away. In fact, economic relationships are used as occasions to deepen one another's knowledge and concern for each other.

With respect to the challenges posed by global governance, we find an important balance in the insight that the good of the individual and the good of the community are necessary conditions to each other. On the one hand, the claims of national sovereignty can be abused and used as an excuse for multilateral inaction. It is an expedient argument to use in cases in which individual nations find that they will have to make sacrifices for the sake of the global good. (Think of carbon emissions caps, or the excessive use of oil, or rampant deforestation or the lowering of labor or environmental standards in order to be competitive.) In such cases, we have the obligation of legal justice, that is, the duty to do our share in solving communal problems and even to sacrifice our own advantage for the sake of the good of the whole.

On the other hand, the claims of the global good can potentially be abused to overregulate and amass more power for a central governing body. Since we are far from having a global government, this as yet is not a serious problem, especially given the zeal with

which nations hold on to their national sovereignty. At any rate, in the future, should a central global authority arise, it would be well for it to remember that the end of the community (and the global authority for that matter) is to work for the perfection of every individual member in its ranks.

C. Practical Goals

Given the wide disparity between secular thought and the aforesaid Christian contributions, it will be an uphill battle for Christianity to have a large role in shaping the public's evolving market morality. Nevertheless, there are two operational goals that should guide its efforts. First, the fact that there is an alternative, religious vision of market morality presented in the public arena is in itself a major accomplishment. In the first place, it is an acknowledgment that faith has something to contribute in public debates, even in secular, pluralistic societies. Moreover, even if there is no palpable change in public policy or attitudes, by making its voice heard, Christianity can nevertheless still sensitize society to the value of every human person, the familial nature of the human community, and the *telos* (end) for which the economy and the earth exists. These are all unmerited gifts, and we enjoy them only because of the graciousness of One who gives them to us. This Christian vision can seep into the public's moral sensibilities.

A second practical step Christianity should pursue is to put forth its notion of the common good and why it is distinct from the public good. In particular, it should underscore the need (1) to promote the five aforesaid relationships, (2) to use benchmarks in monitoring progress in advancing the quality of these critical relationships, and (3) to continually ratchet up the public's minimum standards for each of the five relationships. Since Western societies are secular and pluralistic, relationship 1 can be reformulated as the role of the highest of human values of truth, love, justice, and friendship in the person's life. This substitute does not come close to capturing the fullness of what is involved in the person's relationship with God, but it is a good starting point for conversation in the public arena.

CONCLUSION

In conclusion, let us recall some famous historical precedents that Christianity has played in the fight for economic justice. To begin with, there is Bartolome de las Casas who had fought his own countrymen for the better and humane treatment of the native Indians of Latin America. We have Wilberforce and company who tenaciously worked for the abolition of the slave trade in the United Kingdom. There is the long-standing support afforded by various Christian churches to the cause of workers fighting for their rights and better working conditions. And then, there is liberation theology and the

many, whose names are known to God alone, who were martyred for the cause of economic justice and their faith.

Note two common features in these examples. First, they walk in the footsteps of the Old Testament prophets whose faith beckoned them to devote their lives to righting wrongs. Second, none of the above examples produced immediate results. In many cases, they did not even see the fruits of their labor and sacrifices. History warns us that this kind of work often produces mere incremental, minuscule results, and over a very long period of time at that. It requires patience and, more importantly, faith. Christianity has both. It can afford to be patient and to sacrifice much for very little obvious results, if at all, because of its belief in the certain triumph of love and goodness over hatred and evil. God does not stand idly by in the face of evil and oppression. Sacred Scripture is a chronicle of this particular divine characteristic. God's track record on economic justice is impeccable.

NOTE

1. However, this is not to overlook instances in which the church had been part of economic injustices perpetrated, especially when it wielded great economic and political power at one point in its history.

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CHAPTER 29

HAPPINESS

BEN COOPER

THERE has been a revolution in how economists treat the subject of happiness. The Swiss economist Bruno Frey suggests three areas in which this is true.¹ The first is in the area of *happiness measurement*. Happiness is not directly observable and under the logical positivist agenda which held sway in economics for most of the last century it was therefore deemed outside the remit of a scientific approach. However, psychologists have been working on how to measure happiness for some time and it has become increasingly acceptable to use survey-based measures of subjective well-being as an empirical proxy for utility.² The second area mentioned by Frey is the plethora of *new economic insights* related to happiness. Happiness seems less related to income, and more related to social relations and processes than traditional economics once assumed. The third is the area of *policy consequences*. Policies such as those designed to boost economic growth may be less effective in boosting average happiness than once thought.

So economists are thinking and talking about happiness in ways they never have before. This then has the potential to set up a very stimulating dialogue, because theologians have been thinking and talking about happiness for centuries. In this chapter I shall work through one possible imaginary exchange of views. There are many insights from the new economics of happiness one could begin with, but an obvious one to choose is the new awareness in economics of the unreliability of economic growth as a source of happiness. Not surprisingly, we shall find that the immediate response of the theologian to this insight will be to say, “We know!” Theologians have always been clear about the limitations of material growth in providing happiness. We shall also not be surprised to find the theologian then attempting to argue that this supports his or her claim that true happiness can only be found in God, as can be argued from the Scriptures (and we shall consider both Ecclesiastes and the Gospel of John below). Thus far, the exchange has been quite predictable. However, the conversation need not end there. I shall be arguing below that the economist is then able to help the theologian refine and clarify what he or she means by “Christian happiness.” Moreover, there is a further dialogue to peruse, one which goes beneath the surface of “happiness.”

So the last word has yet to be said, but we shall give the first word to the economists . . .

I. ECONOMISTS TO THEOLOGIAN: “ECONOMIC GROWTH ISN’T RELIABLY MAKING US HAPPY”

What *would* the economist say to the theologian concerning economic growth and happiness? Certainly, the survey-based data on subjective well-being cannot be reduced to one crude summary interpretation, such as “Money can’t buy you happiness.” For example, the data suggests that an increase in relative income *will* result in an increase in subjective well-being. Nevertheless, it also seems relatively clear that an increase in national income (above a certain level) will not *reliably* result in an increase in average subjective well-being across the same nation. This claim is robust to a number of objections, which we shall consider below. There are various possible explanations. One of the more important suggestions is that average subjective well-being is restrained by what we might call “status competition.” We shall also consider this briefly below.

So, first, relative income does seem to affect significantly reported subjective well-being. Take David Blanchflower and Andrew Oswald’s 2004 study of happiness in Britain and the United States, which finds that relative income matters even when absolute income is held constant.³ This seems to be a consistent result across the literature: “As a robust and general result, it has been found that richer people, on average, report higher subjective well-being.”⁴

However, Blanchflower and Oswald also find the phenomenon of “happiness stagnation” or the “happiness paradox” in the time-series data. They consider a twenty-five-year period from 1973 to 1998, a period in which, on average, economic growth has left people with around 60% more real GDP per capita at the end than they had at the beginning.⁵ However, they find that happiness has declined slightly in the United States between 1973 and 1998, and remains flat in Britain. Similar results have been reproduced in a wide range of studies beginning with Richard Easterlin’s seminal work in the 1970s.⁶ This is not to say that happiness is static in all situations. The happiness data do pick up rising happiness in countries recovering from crises (the number of unhappy responses fell in the period immediately following World War II, for example). Developing nations also seem to have rising levels of happiness.⁷ But beyond a certain level (the consensus seems to be: when average annual income reaches about \$US20,000), happiness stagnates.⁸

A first objection to this claim might be to dispute the interpretation of the data. There has been some debate on this. Ruut Veenhoven and Michael Hagerty published a paper in 2003 challenging the “happiness paradox” and suggesting that happiness had increased in many prosperous nations between 1972 and 1994, including the United States.⁹ Richard Easterlin replied, effectively saying, “No it did not.”¹⁰ Veenhoven and Hagerty responded with, “Yes it did.”¹¹ However, even in this response the suggested increases in average happiness in the United States between 1946 and 2004 are tiny.¹² If

half a century of steadily rising prosperity has resulted in greater American happiness, it has not been very much.

A more thorough challenge to Easterlin's claims has been mounted recently by Betsey Stevenson and Justin Wolfers. This challenge is in part quite persuasive. For example, Stevenson and Wolfers successfully question Easterlin's claim that the positive relationship between income and subjective well-being within countries is much larger than between countries. They find no such difference.¹³ However, their results on the time-series data for national income and subjective well-being are much more mixed. They reproduce the result in Blanchflower and Oswald regarding the United States: "Americans have experienced no discernible increase in happiness over the last thirty-five years (and, indeed, happiness among U.S. women has declined)."¹⁴ More generally, subjective well-being has held steady or fallen in some countries, such as Belgium and the United Kingdom, but has risen with national income in some others, such as Japan and a number of European countries, including Denmark and France.¹⁵ More recently still, Easterlin has offered a counter-critique: "The main problem with the Stevenson and Wolfers analysis is that they, in fact, estimate a positive short-term relationship between life satisfaction and GDP, rather than the long-term relationship, which is nil."¹⁶ Perhaps the safest conclusion one can reach from all these debates is that rises in national income do not *reliably* translate into a rise in subjective well-being, especially in the long term.

A second objection to the "happiness paradox" is to question the survey-data on subjective well-being itself. Is subjective well-being really measurable? Now, certainly we may admit some difficulties in communicating our happiness. (Does "I am happy" mean the same today as it did in 1950? Does it mean the same to a Swiss person as it does to an Australian?) However, a good case can be made that we are able to communicate our levels of happiness, and identify with what people tell us. This is supported by evidence that different measures of subjective well-being correlate well with one another.¹⁷ Furthermore, the happiness data do not seem to be random or meaningless, but rather follow regular patterns. Here are some highlights from David Blanchflower and Andrew Oswald's 2004 study: Well-being is U-shaped in age, reaching a minimum, on average, in peoples' late thirties or very early forties. Other social factors greatly depress happiness. For example, to compensate someone for being unemployed in 2004 would cost around \$US60,000 a year. A lasting marriage was estimated to be worth \$US100,000 a year.¹⁸

A third response to the "happiness paradox" is to agree that it exists, but to argue that it can be solved. *Can* the problem of happiness stagnation be solved? Richard Layard is confident that it can, once we have refocused on happiness as an aim. He concludes: "I believe passionately that progress is possible."¹⁹ To slow down the "hedonic treadmill" and promote happiness we should increase taxes, discourage performance-related pay, control advertising, slow down mobility—even promote better mood-improving drugs.²⁰ On the other hand, libertarian economists such as Johan Norberg are adamant that such intervention would be a bad idea.²¹ Norberg argues that one of the constituents of our happiness is the degree of opportunity and freedom of choice we enjoy.

A heavy-handed state intervention to slow things down would then have the opposite effect on happiness than the one intended. If the problem underlying happiness stagnation is status competition, then Ed Hopkins and Tatiana Kornienko would agree that interference may make things worse. In their model of the economy, the poor are made *less happy* by the greater equality that might result from redistributive taxation.²² Such conclusions are contestable, but what is certainly true is that the constituents of our happiness are so complex and complexly inter-related that it is unsurprising that there is no consensus on an externally imposed solution.

So why does happiness in growing economies seem to stagnate at a certain level? There are many possibilities. The answer may have nothing to do with the process of economic growth at all. It may just be that there are other unrelated social factors depressing happiness (the break-up of the family, the loss of community, etc.), and that if it were not for economic growth, things would be even worse. If it could be demonstrated that these changes were unconnected to changes in prosperity, then one might be able to salvage the idea that the rising prosperity caused by economic growth does indeed raise happiness. However, most of the studies on reported subjective well-being over time do control for at least some of these other social factors.

Or perhaps we have an insatiable desire for novelty. A high desire for novelty would require a constant stream of new and better products to keep our happiness level. A constant level of growth would be associated with a constant level of happiness, which is roughly what we observe. A related suggestion is that we have flexible “aspiration levels” which are related to comparisons with other people and adapt upwards over time.²³

Or perhaps happiness stagnation is due to competition for status: “keeping up with the Joneses.” This might further explain *why* we have a desire for novelty and *why* our aspiration levels might change. The “new thing”—the car, the gadget, the re-fitted kitchen—differentiates us from our neighbours. It signals to the world in general that we have financial clout—even, perhaps, money to burn. This desire for goods that give us status (“status goods”) might also explain why new products result in temporary happiness for some but fail to make people happy *on average*. If what we are after is status, then this can only make us happy at someone else’s expense. If part of my motivation in buying that new car is to buy status relative to my neighbour, and he and I both value status, then I will feel better but he will feel worse. The overall benefit from buying that car is considerably less than it would have been if nobody cared about status.

Proving the existence of “status goods” in an economy is not as easy as one might think, but there have been some persuasive efforts. Take the study conducted by Anglea Chao and Juliet Schor in 1998 on status motivations in the consumption of lipstick and mascara.²⁴ When Chao and Schor plotted the quality of mascara in their survey against its price, they found that (roughly speaking) the more you pay for mascara, the better it tends to be. They then plotted the quality of lipstick in the survey against its price, but they found no difference in quality. To check this, they secretly swapped round the cases of the cheapest and most expensive lipsticks, and got the same results.

The difference between mascara and lipstick suggested in the study was that one is very publicly visible, and the other is not. Mascara is used mostly in the privacy of the user’s

home, but lipstick is more frequently used in public. So what is the consumer spending \$US181 an ounce for Chanel lipstick getting compared to the consumer spending \$US18 an ounce for the cheapest lipstick on test, a brand called “Flame Glow?” Chao and Schor concluded that what they are buying is status. They are paying for other people to envy them.

If these sorts of status effects are incorporated into models of whole economies, the effect can be dramatic. This is because buying status only makes you happy at someone else’s expense. To be real status, someone has to envy, to covet, what you have. So if status becomes more and more important, the effect on *average* happiness is negligible. Indeed, if people shift their money to buy status goods away from other things, goods with intrinsic value, and producers respond by putting all their effort into innovating and promoting status goods, then average happiness may even fall—even if an economy seems perfectly healthy, prosperous, and booming. This is a possibility I was involved in exploring with two other economists while in full-time economics research.²⁵ Ed Hopkins and Tatiana Kornienko conclude similarly: “an increase in average income may be consistent with a decrease in social welfare. More plausibly, social welfare may rise only slowly in response to economic growth.”²⁶ These results do depend somewhat on how you set things up. It is possible to have people caring for status in a model without this having any adverse effect.²⁷ But it is probably more plausible to suppose status-seeking does hurt us.

II. THEOLOGIAN TO ECONOMISTS: “SO FIND HAPPINESS IN GOD”

The insights we have considered from the new economics of happiness are these:

- Relative income *is* related to happiness (at least, to reported subjective well-being).
- Economic growth does not reliably lead to significant increases in overall happiness.
- The explanation may in part lie in the social phenomenon of status competition.

These conclusions are unlikely to surprise theologians. As mentioned above, theologians have always been clear about the limitations of material growth in providing happiness and they have also always counselled against envy and the dangers of seeking status. But, of course, the theological interest in happiness goes way beyond this, relating happiness ultimately to our experience of God. Such concerns are deeply rooted in the canonical Scriptures. Let us consider two of many possible examples: one from the book of Ecclesiastes and the other from the Gospel of John.

Qoholeth, the first-person speaker for the bulk of Ecclesiastes, might be called the happiness expert of the Hebrew Scriptures. Or, perhaps more accurately: the *unhappiness* expert. The experiment Qoholeth sets himself at the beginning of the book is to explore everything “under the sun” (Eccl 1:14). This is a *theological* reflection on life, and a world

that exists under the shadow of death.²⁸ He is exploring the boundaries of what one can expect in a world that has been distorted by “the unhappy business” God has given his people (Eccl 1:13), a world that is “crooked” and “lacking” (Eccl 1:15).²⁹ “Consider the work of God,” he says; “who can make straight what he has made crooked?” (Eccl 7:13). Many of Qoholeth’s observations prefigure those of contemporary economists.³⁰ There is “the case of solitary individuals, without sons or brothers; yet there is no end to all their toil, and their eyes are never satisfied with riches” (Eccl 4:8). “The lover of money will not be satisfied with money; nor the lover of wealth, with gain” (Eccl 5:10). Indeed, “the surfeit of the rich will not let them sleep” (Eccl 5:12). Moreover, much of this failure of wealth and labor to deliver on its expectations may be attributed to the pursuit of relative status: “Then I saw that all toil and all skill in work come from one person’s envy of another” (Eccl 4:4). These are just a tiny fraction of a torrent of bleak observations tearing down an exaggerated perception of what we may expect from our “lot” in life.

Based on his observations, Qoholeth reaches three main conclusions. The first and most prominent conclusion is that every activity under the sun is *hebel*—a word which is variously translated: “vanity” (KJV, NRSV), “meaningless” (NIV), “futility” (HCSB). This conclusion forms an *inclusio* around the first-person teaching from Qoholeth (Eccl 1:2; 12:8), and also appears as a conclusion to many of his individual observations. Perhaps a more helpful gloss for *hebel* would be “transitory, like breath.” Seven times Qoholeth uses *hebel* in parallel with the phrase “a chasing after wind [Hebrew: *ruach*, breath, wind, spirit]” (Eccl 1:14; 2:11, 17, 26; 4:4, 16; 6:9). In other words, the activity he observes perhaps has something to it, some limited value, but no *lasting* value; like breath, it may not be held on to. Often, but not always, it is then implied that this (ultimately) renders the activity worthless or futile.³¹ Qoholeth is also clear on what it is that ultimately restricts the benefits of every activity under the sun: it is the inevitability of *death* (Eccl 2:16; 3:2, 19; 7:2; 8:8; 9:1–4; 12:1–8). This is as true for his economic observations as it is for many others: “As they came from their mother’s womb, so they shall go again, naked as they came; they shall take nothing for their toil, which they may carry away with their hands” (Eccl 5:15).

Qoholeth’s second conclusion is scattered throughout the book, a conclusion that once one has seen clearly one’s lot in life, then it makes sense to make the most of it as a gift from God. Sometimes Qoholeth suggests a genuine happiness made possible through coming to terms with this. For example:

¹⁸ This is what I have seen to be good: it is fitting to eat and drink and find enjoyment in all the toil with which one toils under the sun the few days of the life God gives us; for this is our lot. ¹⁹ Likewise all to whom God gives wealth and possessions and whom he enables to enjoy them, and to accept their lot and find enjoyment in their toil—this is the gift of God. ²⁰ For they will scarcely brood over the days of their lives, because God keeps them occupied with the joy of their hearts. (Eccl 5:18–20)

In other instances this conclusion has a bitter or even sarcastic edge to it. For example:

⁹ Enjoy life with the wife whom you love, all the days of your vain [*hebel*] life that are given you under the sun, because that is your lot in life and in your toil at which you

toil under the sun.¹⁰ Whatever your hand finds to do, do with your might; for there is no work or thought or knowledge or wisdom in Sheol, to which you are going. (Eccl 9:9–10)

Qoheleth's third conclusion flows from his first and second and is less frequent still. To recognise every activity as *hebel* and limited by God, and yet also a gift from God, is to ascribe to him a unique control: there is an enduring quality to his activity not shared by those "under the sun." Qoheleth infers: "whatever God does endures forever; nothing can be added to it, nor anything taken from it; God has done this, so that all should stand in awe before him" (Eccl 3:14). If God is the only enduring "fixed point" in life, then he should not be treated lightly: "Guard your steps when you go to the house of God" (Eccl 5:1); "fear God" (Eccl 5:9). Although Qoheleth expresses this conclusion relatively infrequently, it is taken up by the narrator in the epilogue and therefore forms the note on which the book ends:

¹³ The end of the matter; all has been heard. Fear God, and keep his commandments; for that is the whole duty of everyone [lit.: *this is the whole of man*]. ¹⁴ For God will bring every deed into judgment, including every secret thing, whether good or evil. (Eccl 12:13–14)

So we might summarize by saying that Ecclesiastes has a double message. One part of the message is concerned with "tearing down" false expectations of happiness and leads to the "vanity of vanities" [*hābēl hābālīm*] conclusion of 1:2 and 12:8. The other part of the message is concerned with "building up," with suggestions for making the best of the bad deal that is life, leading to a limited expectation of happiness, and to the conclusion of the epilogist in 12:13 to orientate one's whole life around the "fixed point" of God and his instruction.³² But although the book of Ecclesiastes thereby ends on a moderately positive note, it also leaves the problem of death underlying the *hebel* of activity under the sun conspicuously unresolved.

Within the Christian canon of Scripture, the book of Ecclesiastes then contributes to the portrait of a world under the shadow of death into which the Gospels declare Jesus Christ coming as the victorious solution. This declaration is true across all four canonical Gospels, but especially conspicuous in the Gospel of John where the theme of Jesus coming as life-giver is all-pervasive. John opens the Gospel thus: "in him was life, and the life was the light of all people. . . . The true light, which enlightens everyone, was coming into the world" (John 1:4, 9). Life or light is reflected in a number of Jesus' self-designations: "I am the bread of life" (John 6:41, 48, 51); "I am the light of the world" (8:12; 9:5); "I am the resurrection and the life" (John 11:25); "I am the way, the truth and the life" (John 14:6). To give life is Jesus' self-declared purpose in coming into the world: "I came that they may have life, and have it abundantly" (John 10:10). It is also John's self-declared purpose in writing down the signs performed by Jesus (culminating in his resurrection to life): "these are written so that you may come to believe that Jesus is the Messiah, the Son of God, and that through believing you may have *life* in his name" (John 20:31).

If Jesus came to remove the problem that causes the *hebel* observed by Qoholeth (and many others before and since), then we would expect this to open up new possibilities for lasting happiness. Indeed, as Jesus addresses his disciples in the discourse that runs from John 13 to John 17, preparing them for his coming death, resurrection, and exultation—and for life after that, separated from his physical presence—we find that an important theme is the movement from grief to joy [Greek: *chara*]. Jesus explains that the disciples will experience that movement in two related phases. The first is in their encounter with *his* progression from death to resurrection life. This is most explicit toward the end of the discourse:

²⁰ Very truly, I tell you, you will weep and mourn, but the world will rejoice; you will have pain, but your pain will turn into joy.²¹ When a woman is in labour, she has pain, because her hour has come. But when her child is born, she no longer remembers the anguish because of the joy of having brought a human being into the world.²² So you have pain now; but I will see you again, and your hearts will rejoice, and no one will take your joy from you. (John 16:20–22)

So Jesus' resurrection will provide the occasion for some form of enduring happiness for the disciples. However, it is also apparent from the discourse that something more will be needed to *complete* their joy. Jesus is clear that after his departure the disciples will have to experience what he is and is just about to experience in terms of trouble, suffering, and even death. Where he is going they will follow later (John 13:36). In this time, they will need the presence of the Paraclete, the Holy Spirit, to receive peace in times of trouble (John 14:25–27). They will need to persevere “in him” for their joy to be made complete (John 15:11). They will need to pray in his name for help for their joy to be complete (John 16:23–24). They will need the intercession of Jesus and the protection of the Father for their joy to be complete (John 17:13). From the wider context in the Gospel, we may infer that this completion of the disciples' joy will happen when they receive in full what Jesus has promised them: resurrection life in his name.

There is, of course, much more we could say on the issue of happiness from elsewhere in the biblical canon. However, even these two books, Ecclesiastes and John, are sufficient to provide the Christian theologian with a constructive response to the testimony of contemporary economics to the frustrations of pursuing happiness. They help the theologian to begin a response from a point of agreement: the pursuit of happiness is indeed a frustrating experience. From then on, the claim gets more challenging. The frustration of happiness is intentional. It is, as Qoholeth argues, imposed upon humanity by God. However, a degree of “joy” (alongside suffering!) may be found now by faith in Jesus Christ. And a *complete* joy is promised for those who persevere and participate in the resurrection, the great removal of the fundamental constraint on happiness, which is death.

Quite how individual theologians have engaged on this issue with their surrounding culture at different times in history is another matter, of course. Most theologians engage with the issue of happiness or unhappiness in some way in their writings, but for some it is much more central to their thought. One such is Blaise Pascal, the French

polymath, writing in a seventeenth-century context. Pascal's *Pensées* (his notes for *An Apology for the Christian Religion*, which he did not complete before his death) contain a huge quantity of material around the subject area of happiness and unhappiness. It will have to suffice to trace one line of thought through his provocative and eminently quotable observations—in which he does resemble a seventeenth-century version of Qoholeth.³³ The tone is similarly bleak. For example, note 24 summarizes man's condition as "Inconstancy, boredom, anxiety." A number of *pensées* then argue that our true condition is exposed by our need to seek *diversion*. From note 70: "If our condition were truly happy we should not need to divert ourselves from thinking about it." Or consider this, from note 136:

Imagine any situation you like, add up all the blessings with which you could be endowed, to be King is still the finest thing in the world; yet if you imagine one with all the advantages of his rank, but no means of diversion, left to ponder and reflect on what he is, this limp felicity will not keep him going; he is bound to start thinking of all the threats facing him, possible results, finally of inescapable death and disease, with the result that if he is deprived of so called diversion he is unhappy, indeed more unhappy than the humblest of his subjects who can enjoy sport and diversion.

This seeking of diversion is the desperate act of those frustrated in the pursuit of happiness, a pursuit in which we are all participants, whether we are aware of it or not. From note 148:

All men seek happiness. There are no exceptions. . . . This is the motive of every act of every man, including those who go and hang themselves. . . . What else does this craving, and this helplessness, proclaim but that there was once a man a true happiness, of which all that now remains is the empty print and trace?

We seek happiness, but do not find it. The condition of man is "blind and wretched" (note 198), with a greatness only because, unlike a tree, he can know that he is wretched (note 114). Man has abandoned God, his true good, and since doing so is capable of seeing good in anything, "even his own destruction, although it is so contrary at once to God, to reason and to nature" (note 148). The mere possibility of God should change all this, but bizarrely it does not. Note 418 describes Pascal's famous "wager":

Do not hesitate then; wager that [God] does exist. . . . here there is an infinity of an infinitely happy life to be won, one chance of winning against a finite number of chances of losing, and what you are staking is finite. That leaves no choice; wherever there is infinity, and where there are not infinite chances of losing against that of winning, there is no room to hesitation, you must give everything. And thus, since you are obliged to play, you must be renouncing reason if you hoard your life rather than risk it for an infinite gain.

We shall return to "Pascal's wager" below.

More recently, the pastor-theologian John Piper has also placed happiness at the center of his system of thought. While we might well link Pascal's observations of human

wretchedness to those of Qoholeth, Piper's "Christian Hedonism" has stronger links with Jesus' teaching on joy in the Gospel of John. Indeed, quoting Jesus' exhortation to pray "that your joy may be complete" (John 16:24), Piper asks, "Is this not a clear invitation to Christian Hedonism?"³⁴ However, Piper's more explicit starting point is the answer to the first question of the Westminster Catechism: *Man's chief end is to glorify God, and to enjoy him forever*. This he modifies to read "Man's chief end is to glorify God by enjoying him for ever."³⁵ He describes himself as being influenced by in this by Pascal, C. S. Lewis, and perhaps most especially, Jonathan Edwards. The following quote was particularly important for the development of his thinking: "God is glorified not only by his glory's being seen, but by its being rejoiced in."³⁶ Piper's final summary statement of Christian Hedonism (although it ought to be stated clearly that he makes many important qualifications and clarifications along the way) is *God is most glorified in us when we are most satisfied in him*.³⁷ This statement can be found scattered liberally across Piper's other writings.

Christian Hedonism suggests the following response to the testimony of modern economics regarding the pursuit of happiness:³⁸

1. We can agree that the longing to be happy is a universal human experience, and it is good, not sinful. (This point is in part based on Pascal, *Pensée* 148, which we saw above.)
2. We should seek to intensify this longing and nourish it with whatever will provide the deeper and most enduring satisfaction. Economic growth does not seem to be a good place to find this, and the satisfaction to be gained from other kinds of economic advantage seem fairly limited too.
3. The deepest and most enduring happiness is found only in God. Not from God, but in God.

III. ECONOMISTS TO THEOLOGIAN: FINE-TUNING THE WAGER AND CLARIFYING CHRISTIAN HEDONISM

What, then, will be the counter-response of the economist? Well, no doubt most economists would be intrigued by the congruence of observation between the economic and theological perspectives. They might also be interested to learn that the utility-maximizing assumption of neoclassical economics has a counterpart in the happiness-maximizing claim of Pascal and Piper. Whether a non-Christian economist would then be persuaded by the arguments to find happiness in God is another matter,

of course! And a significant impediment here would be certain aspects of the arguments employed by theological thinkers like Pascal and Piper, which would be distinctly puzzling to someone with training in economics.

Take Pascal's "wager." It is probably unfair to criticize Pascal, given that the *Pensées* are unpublished thoughts made in preparation for a work he was unable to complete. Nevertheless, we have to face up to some difficulties in the argument. One difficulty is that the "wager" does not seem to have an explicit counterpart in Scripture. Another is that, as an apologetic argument (as it stands) it is deeply unpersuasive. With his seminal intuitions regarding decision theory and probability, Pascal may in the end have worked out—had he had the time—that it was a mistake to posit infinite payoffs in a decision problem. As is frequently pointed out, one can suggest infinite payoffs for *anything at all* that is a mere possibility, and it then makes sense to wager for it.

However, a number of new avenues of thought and dialogue are opened up if we correct Pascal's mistake and think instead about finite, but possibly very large, payoffs. What we get then is an argument with strong biblical parallels. We can tabulate the modified Pascal's wager as a decision problem, like this:

	God exists (Promise of Resurrection is true.)	God does not exist (Promise of Resurrection is false.)
"Wager for God" (comply with gospel message)	Cost now Resurrection joy later	Cost now Nothing later
"Don't wager for God" (Don't comply.)	Same now Punishment later	Same now Nothing later

Suppose first the decision-maker is absolutely sure that the gospel message is false—this is the right-hand column. In the future, there is nothing. In the present there is a cost from being a Christian, which we suppose to be worse than the status quo from not complying.³⁹ In this case, it does not make much sense to "wager for God." If we comply with the gospel when it is not true, then, as the apostle Paul puts it, "If in Christ we have hope in this life only, we are of all people most to be pitied" (1 Cor. 15:19).

The middle column, showing expected payoffs if God exists and his promises are true, corresponds to the biblical claim that one might find, for example, in Matthew 16:24–26. (Here, to deny oneself, take up one's cross and follow Jesus—that is, to "lose one's life"—corresponds to "wager for God" in the table. To "save one's life" corresponds to the alternative choice: not wagering for God.) This is what Jesus said, according to Matthew:

²⁴ Then Jesus told his disciples, "If any want to become my followers, let them deny themselves and take up their cross and follow me. ²⁵ For those who want to save their life will lose it, and those who lose their life for my sake will find it. ²⁶ For what will it profit them if they gain the whole world but forfeit their life? Or what will they give in return for their life?"

One interesting implication from this table is that even if a decision-maker believed God existed with probability one, he or she still might not wager for God and comply. If someone were so focused on the present, for example, that the future meant nothing to them, then they would not comply. If someone had a vast amount to lose in the present, then they would not comply. (Which is why, as Jesus said, it is so hard for a rich man to enter the kingdom of the heavens, Matt 19:23.) Or if, like “the demons who believe” in Jas 2:19, someone so hated the idea of an eternity relating to God that they preferred the punishment instead, then they would not comply (although, as James comments, they might well shudder). In other words, belief is not sufficient for compliance. One can believe with absolute certainty, but still not comply—or comply in a faltering manner.

Unlike Pascal’s original, the modified “wager” then helps us to see how Scripture *functions* to bring about a wholehearted compliance. And it does so not just by persuading its readers concerning the truth of the message—although that is very important, of course—but also by persuading readers of the *relative value* of being in the kingdom of God and how that overwhelms the short-term cost of suffering, tribulation, and persecution. The vision in the book of Revelation, for example, functions by bringing the future close: the enormous value of vindication for the enduring saints and the enormous cost of punishment for the stubborn enemies of God overshadowing the temporary costs of persecution.⁴⁰

The modified Pascal’s wager may also help us clarify what is meant by “Christian Hedonism.” The summary statements of Christian Hedonism—such as “God is most glorified in us when we are most satisfied in him”—if taken to be referring to happiness, unhelpfully blur the distinction between the Christian’s experience of happiness now, and their experience of happiness in the future. They might be taken to imply that unless I am deeply happy *now* as a Christian, then I am not giving God the glory he deserves. However, while the person “wagering for God” in the table above may do so as a happiness-maximizer, their *present* experience might well be a deeply unhappy one. In their *present* experience, they are not giving glory to God through their happiness, but through their perseverance and faithfulness. They might well experience some sense of joy as they meditate on the resurrection of Jesus (John 16:20–22). They might well rejoice deeply as they meditate on their future inheritance (1 Pet 1:3–9). They might even take *some* sense of joy from present suffering, knowing that by teaching us where happiness does not lie, it teaches us to persevere (Jas 1:2). Nevertheless, suffering in a broken world still groaning under the shadow of death remains suffering, and by nature, an unhappy experience. Likewise, the persecution that may result from faithful witness and endurance is also by nature an unhappy experience. The reported subjective well-being of Christians might well be justifiably *lower* than that of the culture around them, depending on their circumstances.⁴¹ As in all things, the pattern is set for them by Jesus: for the joy *set before them* they endure the unhappiness of present suffering or persecution (compare Heb 12:2).⁴²

IV. THE FUTURE DIALOGUE: BEYOND THE PURSUIT OF HAPPINESS

The modified Pascal's Wager provides one possible framework for further dialogue between economists and theologians on the issues surrounding happiness. It is in a form most economists will understand, but most theologians and Christian apologists should be able to make use of. In particular, it should allow the Christian apologist to focus on the death and resurrection of Jesus as the basis for arguing about where ultimate happiness lies. After all, it is the historical death and resurrection of Jesus that should most affect someone's perception of the probability that the gospel claims are true (remember: John writes about these things "so that you may believe," John 20:31). And it is the death and resurrection of Jesus that sets the relative value of future states for his followers (as Jesus argues in Matt 16:21–26).

However, there may be scope for dialogue even beyond this. There seems to be a growing awareness that although the utility-maximizing assumption of neoclassical economics (with its happiness-maximizing counterpart in Pascal's *Pensées*) has done useful service, the whole business of how people are motivated to make certain choices in real experience is altogether more complicated. In part, this recognition has grown out of happiness studies. It seems unlikely that many people go through a self-conscious cost-benefit analysis, *calculating* how they might maximize happiness. If they were to do so (by becoming a self-styled "hedonist," for example), it additionally seems unlikely that this activity would be successful in achieving its aims. The Philosopher Iain McGilchrist argues that the self-conscious pursuit of happiness is a self-defeating "left-hemisphere" tendency which we would do well to abandon. Rather, "Happiness and fulfilment are by-products of other things, of a focus elsewhere—not the narrow focus on getting and using, but a broader empathic attention."⁴³ Bruno Frey likewise writes:

Happiness is not a static goal that individuals are able to attain by aspiring to it. Rather, happiness is a by-product of a "good life" . . . producing satisfaction over the long run. Those who try to achieve happiness by purposive action are unlikely to attain sustained happiness.⁴⁴

Some have begun to argue that what people actually pursue is a different set of goals to happiness, with happiness as a possible side-effect. These may include "autonomy, competence and relatedness."⁴⁵ It seems like early days in this discussion, but already one can see how a future debate between economists and theologians might move into new territory. After all, theology has much to say about competence and relatedness, and perhaps even more about autonomy. What might seem to most people an ultimate good will seem to many theologians something deeply perilous to pursue apart from God—leading to great danger. And, indeed, to great unhappiness.

NOTES

1. Bruno S. Frey, *Happiness: A Revolution in Economics* (Cambridge, MA: MIT Press, 2008), ix–xi.
2. Daniel Benjamin, Ori Heffetz, Miles S. Kimball, and Alex Rees-Jones, “Do People Seek to Maximize Happiness? Evidence from New Surveys,” *NBER Working Paper 16489* (2010), 2.
3. David G. Blanchflower and Andrew J. Oswald, “Well-Being over Time in Britain and the USA,” *Journal of Public Economics* 88 (2004): 1375.
4. Frey, *Happiness*, 27.
5. Real GDP per capita in year 2000 dollars in 1973 was \$US20,541. In 1998 it was \$US32,868—an increase of 60% (Louis D. Johnston and Samuel H. Williamson, “The Annual Real and Nominal GDP for the United States, 1790—Present,” *Economic History Services*, July 27, 2007, available at: <http://eh.net/hmit/gdp/>).
6. Richard Easterlin, “Does Economic Growth Improve the Human Lot?” in *Nations and Households in Economic Growth: Essays in Honor of Moses Abramowitz*, edited by Paul A. David and Melvin W. Reder (New York: Academic Press, 1974), 89–125.
7. Ruut Veenhoven and Michael Hagerty, “Rising Happiness in Nations 1946–2004: A Reply to Easterlin,” *Social Indicators Research* 79 (2006): 431–32.
8. Richard Layard, *Happiness: Lessons from a New Science* (New York: Penguin Press, 2005), 32–34. But note that the existence of a satiation point is disputed by Betsey Stevenson and Justin Wolfers, “Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox,” *Brookings Papers on Economic Activity* (Spring, 2008): 2.
9. Ruut Veenhoven and Michael Hagerty, “Wealth and Happiness Revisited: Growing National Income Does Go with Greater Happiness,” *Social Indicators Research* 64 (2003): 1–27.
10. Richard Easterlin, “Feeding the Illusion of Growth and Happiness: A Reply to Hagerty and Veenhoven,” *Social Indicators Research* 74 (2005): 429–43.
11. Veenhoven and Hagerty, “Rising Happiness in Nations.”
12. It should also be said that Veenhoven and Hagerty’s analysis of the data is considerably less sophisticated than that of Blanchflower and Oswald, “Well-Being over Time,” who found falling happiness in the United States.
13. Stevenson and Wolfers, “Economic Growth and Subjective Well-Being,” 25–35.
14. *Ibid.*, 69.
15. *Ibid.*, 43.
16. Richard Easterlin, Laura Angelescu McVey, Malgorzata Switek, Onnicha Sawangfa, and Jacqueline Smith Zweig, “The Happiness–Income Paradox Revisited,” *PNAS* 107 (2010): 22465.
17. Frey, *Happiness*, 19–20.
18. Blanchflower and Oswald, “Well-Being over Time,” 1381.
19. Layard, *Happiness*, 235.
20. *Ibid.*, 152–62, 205–21.
21. Johan Norberg, “The Scientist’s Pursuit of Happiness,” *Policy* 21(3) (Spring 2005): 9–13.
22. Ed Hopkins and Tatiana Kornienko, “Running to Keep in the Same Place: Consumer Choice as a Game of Status,” *American Economic Review* 94(4) (2004): 1099.
23. Frey, *Happiness*, 27–41.
24. Angela Chao and Juliet B. Schor, “Empirical Tests of Status Consumption: Evidence from Women’s Cosmetics,” *Journal of Economic Psychology* 19 (1998): 107–31.

25. Ben Cooper, Cecilia Garcia-Peñalosa, and Peter Funk, "Status Effects and Negative Utility Growth," *Economic Journal* 111(2) (2001): 642–65.
26. Hopkins and Kornienko, "Running to Keep in the Same Place," 1099.
27. Kenneth Arrow, P. Dasgupta, L. Goulder, G. Daily, P. Ehrlich, G. Heal, S. Levin, K.-G. Maler, S. Schneider, and D. Starrett, "Are We Consuming Too Much?" *Journal of Economic Perspectives* 18(3) (2004): 147–72.
28. In other words, Qoholeth is certainly not taking the point of view of an atheist philosopher (which would have been an alien category in the ancient world anyway); he is not exploring a world without God, or even exploring *as if* there were no God.
29. All Scripture quotations are taken from the NRSV.
30. Although for observations on the relative benefits of being rich, one needs to look more widely in the Scriptures. Like the book of Ecclesiastes, Proverbs is also very careful to play down the expectations of what one may gain from material riches. However, we do find this observation: "The wealth of the rich is their fortress; the poverty of the poor is their ruin" (Prov. 10:15).
31. "the meaning of *hebel* seems to vary according to context between the negative: 'worthless, futile,' and the neutral: 'transitory, fleeting'" (Thomas Krüger, *Qoholeth*, Hermeneia (Minneapolis: Fortress, 2004), 42).
32. Compare Michael Fox, *A Time to Tear Down and a Time to Build Up: A Rereading of Ecclesiastes* (Grand Rapids, MI: Eerdmans, 1999), 138–44.
33. The following quotations are from the Penguin Classics edition of the *Pensées*, translated by A. J. Krailsheimer (London: Penguin Classics, 1995), referenced by note number.
34. John Piper, *Desiring God: Meditations of a Christian Hedonist*, 2nd ed. (Nottingham: IVP, 2003), 174. As it happens, the answer to Piper's question is probably: *not quite*. As we observed above, Jesus is more likely encouraging prayer for the help his disciples will need in the period after his departure, so that they might persevere and participate in the future resurrection, so that their joy (which begins with his resurrection) might *then* be completed.
35. *Ibid.*, 18.
36. Jonathan Edwards, "Miscellanies," in *The Works of Jonathan Edwards*, vol. 13, edited by Thomas Schaffer (New Haven: Yale University Press, 1994), 495.
37. e.g., Piper, *Desiring God*, 288.
38. The following is based on Piper, *Desiring God*, 28.
39. We shall return to this point shortly.
40. For a decision-theoretical perspective on this, see Ian Smith, "A Rational Choice Model of the Book of Revelation," *JSNT* 24(3) (2002): 97–116.
41. Thus rendering studies on the relationship between religious observance and reported SWB somewhat meaningless.
42. I suspect that John Piper would agree wholeheartedly with everything I have said in this paragraph (as evidenced by the chapter on suffering in *Desiring God*, 253–88). Nevertheless, unless so qualified, Christian Hedonism remains easy to misinterpret.
43. Iain McGilchrist, *The Master and his Emissary: The Divided Brain and the Making of the Western World* (New Haven: Yale University Press, 2009), 436.
44. Frey, *Happiness*, 5.
45. *Ibid.*, 18.

CHAPTER 30

USURY

IAN HARPER AND LACHLAN SMIRL

I. A BRIEF HISTORY

USURY has a long and varied history. Originally the term referred to the charging of interest per se—that is, requiring a borrower to repay more than the principal sum borrowed from a lender. Over time borrowing and lending evolved to become an integral part of commercial life, and usury came to refer to the charging of excessive or unconscionable rates of interest on loans.

Bans on the taking of interest—partial or total; conditional or unconditional—have been advocated or imposed by all major religions at various times. In Western countries attitudes toward usury gradually relaxed as trade and commerce evolved. Economic development changes the nature of borrowing and lending from an activity motivated primarily by material want to one motivated by commercial opportunity.

In Muslim countries, the taking of interest is forbidden, but novel arrangements have been devised to accommodate the demands of commerce while respecting Qur'anic strictures (see below).

A. Usury in Pre-Modern Times

In the Judeo-Christian tradition the earliest condemnations of interest appear in the Elohist Code of the Covenant:

If you lend money to one of my people among you who is needy, do not be like a money-lender; charge him no interest. (Exod. 22:25)

and the book of Leviticus:

If one of your countrymen becomes poor and is unable to support himself among you, help him as you would an alien or a temporary resident, so that he can continue

to live among you. You must not lend him money at interest or sell him food at a profit. (Lev. 25:35–37)

These verses reveal the grounds for traditional Judeo-Christian condemnation of usury: God's command to recognize and uphold the dignity of the poor. The Book of the Covenant was written at an early stage of Israel's history when the Israelites led predominantly pastoral lives. Throughout this period, and even later when Israel became an agricultural community, there was little commercial activity—loans were sought or extended primarily to alleviate poverty.

Lenders were often wealthy and borrowers usually poor, so taking interest implied a transfer from the poor to the rich. Usury was akin to profiting from the misfortunes of others, a clear breach of the Covenant. While other motivations for condemning usury have been cited (see, for example, Frierson 1969), the injunction to act justly and mercifully toward the poor was predominant.

For example, when Nehemiah was governor of Judah during a time of famine, he was appalled that poor Jews were forced to sell their children into slavery in order to repay loans to buy food extended by their wealthier countrymen.

When I heard their outcry and these charges, I was very angry...I told them, "You are exacting usury from your own countrymen!... What you are doing is not right... I and my brothers and my men are also lending the people money and grain. But let the exacting of usury stop! (Neh. 5:6, 7b, 9a, and 10)

Josephus, writing on ancient Jewish law and custom in *Antiquities*, also draws the link between usury and taking advantage of the misfortunes of others.

Let it not be permitted to lend upon usury to any Hebrew either meat or drink; for it is not just to draw a revenue from the misfortunes of a fellow countryman. (*Antiquities*, 4.8.25)

Later teaching preserved the ban on interest among Israelites but distinguished foreigners and gentiles.

Do not charge your brother interest, whether on money or food or anything else that may earn interest. You may charge a foreigner interest, but not a brother Israelite... (Deut. 23:19–20a)

Foreigners and gentiles were beyond the (Old) Covenant and therefore undeserving of charity. Moreover, contact with foreigners was often commercial in nature reflecting the gradual development of trade with Israel's neighbors and beyond. Separating borrowing and lending from charity cleared the way for a broader acceptance of interest on loans. Still, resistance to the taking of interest waxed and waned until well into New Testament times.

In contrast to Old Testament prohibitions against usury, the New Testament is silent on the subject. In particular, nowhere does the New Testament record Jesus teaching against the taking of interest. An indirect reference to borrowing and lending occurs in Luke's record of the Sermon on the Plain:

And if you lend to those from whom you expect repayment, what credit is that to you? Even 'sinners' lend to 'sinners', expecting to be repaid in full. But love your enemies, do good to them, and lend to them without expecting to get anything back. Then your reward will be great. . . . Be merciful, just as your Father is merciful. (Luke 6:34–36)

The early Church Fathers were initially content to declare the taking of interest contrary to mercy and charity, without implying that it was prohibited for Christians to do so. In any case, taking interest was an economic fact of life. The Roman Empire still existed in the early centuries A.D. and both trade and commercial life flourished.

Over time, the Church hardened its attitude toward usury. As Europe slipped into the Dark Ages, commercial life all but disappeared. It was then that loans were associated less with commerce and once again predominantly with the relief of human distress. During this period, Church policy strictly forbade the taking of interest on loans.

St. John Chrysostom was typical in contending that "the prohibition of the practice of usury which augments both the poverty of the borrower and the wealth of the lender and which was forbidden only among Jews in the Old Testament is extended to a universal prohibition in the New Testament. Nothing is more vile or more cruel than usury which traffics in the misfortunes of others" (Frierson 1969: 119).

By the year A.D. 800, the Capitularies of Charlemagne banned even lay people from taking interest and by A.D. 1100 convicted usurers were excommunicated from the Church. Usury was declared a form of robbery, a sin against the Seventh Commandment, which required restitution as well as excommunication (Frierson 1969: 120).

Thus, by the twelfth century, attitudes toward usury had evolved from denunciation of taking interest on loans to the poor, through prohibition of interest on loans to all fellow Jews, to universal prohibition enforced by strict penalties.

The anti-usury movement continued to gain momentum during the Early Middle Ages and reached its peak perhaps in 1311, when Pope Clement V placed an absolute ban on usury and declared all secular legislation in its favor null and void in the eyes of the Church (Birnie 1958, cited in Visser and MacIntosh 1998).

From this point forward, there is a gradual relaxation of Church attitudes toward usury. Church policy was reexamined by the Scholastics and a more lenient stance progressively emerged. From 1400 a pro-usury movement developed as Europe entered the High Middle Ages, trade increased and commercial enterprises grew in both number and size. Europe needed interest-bearing loans for commercial purposes and the Church reconsidered its position (Frierson 1969).

John Calvin (1509–1564) offered a religious justification for taking interest by noting that the new conditions and circumstances of economic life allowed both borrower and lender to gain from a loan at interest. Accordingly, it would not violate God's law to

charge interest for the commercial use of money. However, he neither approved of the business of money-lending nor of taking more interest than permitted by the state or more than could be repaid from profits (Frierson 1969).

Sometime around 1620, according to Ruston (1993), usury passed from being, “an offence against public morality which a Christian government was expected to suppress to being a matter of private conscience and a new generation of Christian morals redefined usury as excessive interest” (Ruston, cited in Visser and Macintosh 1998).

Adam Smith famously condemned usury and favored state-imposed limits on the taking of interest in all editions of his *Wealth of Nations* (1776). Jeremy Bentham characterized Smith’s view as an insupportable intervention in free trade and wrote letters in an effort to convince him. Smith evidently remained unmoved by Bentham’s arguments (see Hollander 2009 and Persky 2007).

B. Usury in Modern Times

Charging interest on loans is common practice in both commercial and noncommercial contexts in a modern economy, at least outside the Muslim world. Even restrictions on excessive interest (“interest rate ceilings”) have been repealed in many countries, although only in comparatively recent times.

Until the 1980s, interest rates on housing loans (i.e., mortgage interest rates) were tightly regulated in most member countries of the Organisation for Economic Cooperation and Development (OECD). In the United States, for example, statutory ceilings were imposed by most states, while Federal Housing Administration (FHA) and Veterans’ Affairs (VA) loans were subject to interest rate ceilings imposed by federal authorities. Following several decades of financial liberalization and deregulation, interest rate ceilings have become far less common in developed economies, though many developing and transition economies still regulate interest rates today.

Churches often express concern over the removal of interest rate ceilings, especially on loans to the poor and disadvantaged. Disadvantaged groups are typically unsuccessful in tapping finance from conventional sources of credit and rely instead on marginal lenders and unorthodox loan arrangements (“pay day” lending, for example). These often carry markedly higher (in some instances, exorbitant) rates of interest relative to those on conventional loans.

The Church’s traditional association of lending at interest with compounding poverty and disadvantage underlies the misgivings Christians sometimes express over deregulated interest rates. These issues are taken up in section 3 below.

C. Islamic Banking

While some denominations remain uneasy and others oppose the deregulation of interest rates, the contemporary Church as a whole expresses no misgivings over the taking

of interest per se. This is not true of Islam; Muslim countries which impose the *Shar'ia* prohibit the taking of interest on loans. The Islamic ban on interest is based on the Qur'anic injunction against *Riba*:

Those who devour Riba will not stand, except as one stands whom the devil hath driven to madness by [his] touch. (II: 275)

While there was some doubt early on whether the term *Riba* referred to interest per se or excessive interest, there is now consensus among Islamic scholars that the term covers all forms of interest (but see Rahman 1964). Any predetermined excess or return over and above the loan principal taken for either commercial or consumption purposes is strictly prohibited under the *Shar'ia* (Khan and Bhatti 2008).

While the *Shar'ia* clearly forbids interest—that is, a predetermined excess or return over the principal sum—there is no suggestion that a return of any kind on funds borrowed or lent is impermissible. Rather, to be permissible, any excess or return must reflect the profitability of the venture being financed. Fundamentally, Islamic banking is premised on the sharing of profit and loss between venturer and financier (Khan 1986: 6).

The rationale for profit-based lending reflects the view that earned income should be commensurate with effort. This in turn reflects the emphasis in the Qur'an on fairness and justice in social and economic relations among Muslims (Qur'an 2:230). It is deemed unjust to earn income without exerting effort or assuming risk. Lending money at interest permits the lender to augment his or her capital without effort and possibly also without risk.

Applying these principles to loans for consumption rather than investment has proven problematic for Islamic scholars. On the one hand, the Qur'an is held to denounce interest on consumer loans (outstanding balances on credit cards, for example) as it does all interest-bearing loans. On the other hand, there is no prohibition against trade credit, including leasing and hire-purchase (El-Gamal 2006: 4).

The distinction turns on whether the provision of finance is separate from the exchange of goods or services. In the case of trade credit, leasing or hire-purchase, the lender takes the risk that the consumer will return the goods rather than fulfill the contract. In other words, the risk that the consumer's circumstances change is shared with the lender so that the exchange is more evenly balanced than one in which the lender must be repaid no matter what transpires.

II. ECONOMIC THEORY OF INTEREST RATES

Modern economics treats the rate of interest as a price: it is the price at which goods and services offered for consumption at some future time exchange for goods and services

available for immediate consumption. Since money represents the power to purchase goods and services for consumption, the rate of interest is equivalent to the price of borrowed money, that is, the additional purchasing power over future goods and services which must be offered to induce someone to part with purchasing power over current goods and services.

While there is usually more than one interest rate applying to loan contracts in a modern economy, economists nevertheless speak of “the interest rate” when referring to generalized conditions for borrowing and lending. This is a harmless simplification, since interest rates generally bear strong relationships to one another and tend to move together. Moreover, modern central banks conduct monetary policy by setting a particular interest rate for loans of their own (central bank) reserves. This interest rate, known variously as the “cash rate” or “bank rate” or “cleared funds rate,” serves as the base rate for determining interest rates on all loans denominated in the currency of the central bank in question.

The interest rate is a key price in any economy, since it influences the pattern of consumption over time. People respond to a high interest rate by deferring consumption (i.e., increasing their saving) and reducing their borrowing. Similarly, a low interest rate encourages people to reduce their saving in favor of increasing current consumption and even bringing forward their planned future consumption by borrowing. The pattern of consumption over time is an important determinant of aggregate economic activity and hence the level of employment at a point in time.

The interest rate is also a key determinant of capital accumulation, which in turn influences the rate of economic growth and material living standards. More capital per worker increases the productivity of labor which raises real wages and real incomes per capita. Capital accumulation responds to the interest rate. When the interest rate is low, firms borrow money to invest in new capital (equipment, factories, research and development, training and skills development for their employees). Additional capital increases output by more than the rate of interest on their borrowed funds, allowing firms to pay higher wages and deliver higher profits to their owners. This in turn raises living standards for the whole community as per capita incomes increase.

A higher interest rate sets this chain of events running in reverse. As the interest rate rises, firms stop borrowing and investing at the same time that consumers increase their saving and slow their consumption. The economy grows more slowly and may even stall or shrink in circumstances economists describe as a “recession”; or “depression” if the contraction is sufficiently severe.

In a modern economy, interest rates are determined by a mixture of market forces and government intervention. The general level of interest rates is set by a country’s central bank through the administration of monetary policy. Monetary policy is intended to smooth the pattern of economic growth through time by moving interest rates to counter the natural fluctuations of business activity. For example, if consumption or investment activity slows for reasons unrelated to economic policy, central banks deliberately engineer lower interest rates (by reducing the cash or bank rate) to stimulate consumption and investment.

Monetary policy is also aimed at preventing inflation. Here again central banks engineer movements in the cash or bank rate to prevent the growth of consumption or investment outstripping the capacity of the economy to produce more goods and services. Excessive consumption or investment raises prices and potentially triggers inflation. By smoothing demand through interest rate adjustments, central banks help to prevent bursts of inflation and allow economies to expand as fast as possible without triggering inflation.

Governments can also seek to control specific interest rates, say, on house mortgages, through the imposition of interest rate ceilings. This is less common than it once was but is not unknown, even in developed economies. The aim of interest rate ceilings is to protect particular borrowers from increases in the cost of borrowing. The reason why such controls have been abandoned is that they have proven ineffective or even counterproductive as devices for assisting certain classes of borrower, and alternative more direct means of assistance have been developed.

A. Liquidity Preference Theory of Interest Rate Determination

Economists have developed two theories to explain how interest rates are determined. The theories are complementary, since one emphasizes how monetary policy influences the whole structure of interest rates while the other explains how interest rates on different types of borrowing respond to the demand for and supply of loanable funds.

Liquidity preference theory was developed by the twentieth-century economist, John Maynard Keynes, in his famous book *The General Theory of Employment, Interest and Money* (1936). In Keynes's theory, the level of interest rates is set by the interplay of the demand for and supply of money. People demand money for *transactions* purposes, that is, to make everyday purchases of goods and services, and *speculative* purposes, that is, to avoid anticipated falls in the prices of bonds and other assets.

People demand more money for transactions purposes when their income rises, since typically expenditure on goods and services also rises with income. The speculative demand for money, on the other hand, falls as interest rates rise, since rising interest rates imply falling bond and asset prices, which in turn induce people to exchange money for investments in bonds and other assets.

A country's central bank has control over the supply of money, since central banks are the only suppliers of currency and they impose requirements on banks to hold reserves of central bank money. A central bank can reduce the supply of money in circulation by requiring banks to hold more central bank money, including cash, in their reserves. By varying the supply of money when the demand for money is determined by income and interest rates, the central bank can affect both the level of national income and the level of interest rates. This is known as monetary policy and is one instrument used by modern governments to smooth the growth of economies over time.

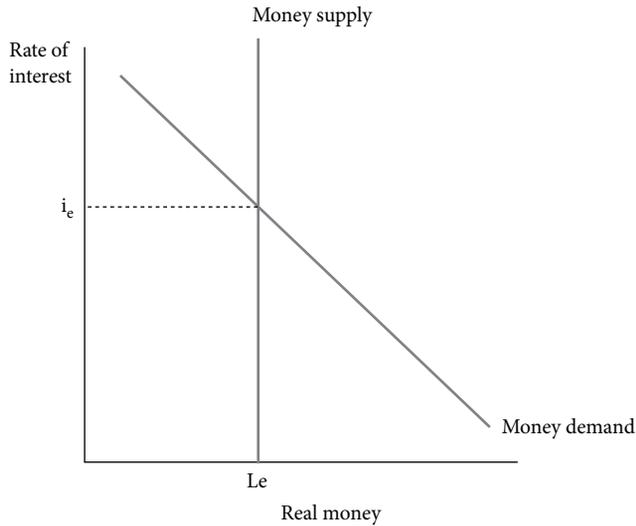


FIGURE 30.1 Liquidity preference theory

Figure 30.1 illustrates the liquidity preference theory of interest rate determination. The demand for money varies inversely with the level of interest rates, as depicted by the downward-sloping money demand schedule. The position of the money demand schedule is determined by the level of income, since the transactions demand for money varies directly with the level of income. The supply of money is determined by the central bank independently of interest rates and the level of income, and so is depicted as a vertical line in Figure 30.1.

The equilibrium level of interest rates (i_e) is determined by the intersection of the money demand and money supply schedules. Interest rates can be moved up or down by moving the money supply in relation to money demand. In Figure 30.1 tightening monetary policy would be depicted as a leftward shift of the money supply schedule, which would raise i_e other things equal.

B. Loanable Funds Theory of Interest Rate Determination

An alternative view of interest rates focuses on the market for loanable funds. In this market the interest rate is the price of loanable funds; in other words, whatever borrowers need to pay lenders to induce them to lend money (extend credit). The interest rate is determined by the interaction of the supply of and demand for loanable funds.

The supply of loanable funds reflects the level of saving in the economy (both private and public saving), which in turn reflects factors such as national income, expectations, and fiscal policy settings. Figure 30.2 depicts the supply schedule as upward sloping,

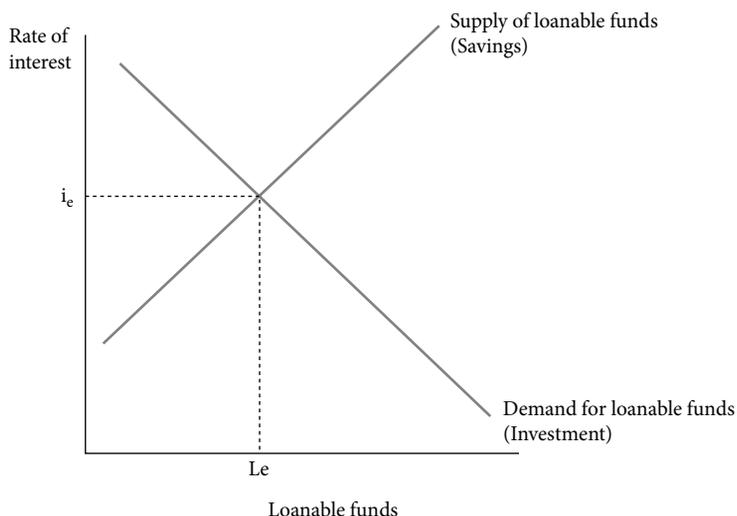


FIGURE 30.2 The loanable funds framework

since a higher rate of interest increases the reward to saving, which typically induces people to save more.

The demand for loanable funds is governed by the desire to invest, which in turn reflects the margin between the expected return on investment and the cost of borrowed funds. As the interest rate falls, the cost of borrowed funds declines which increases the margin between the expected return on investment and the cost of credit, inducing investors to seek more loanable funds to invest. Hence, the demand schedule in the market for loanable funds is depicted as downward sloping in Figure 30.2.

The demand for and supply of loanable funds interact to determine the quantity of credit extended (shown as L_e in Figure 30.2) and the market-clearing interest rate (i_e). A lower propensity to save (for example, because people choose to consume more of their income), other things equal, raises the interest rate in the loanable funds framework. Similarly, a general lowering of expectations (for example, due to a recession) reduces the demand for loanable funds and leads to a lower rate of interest (which is lower still if the recession also induces a higher propensity to save).

C. Interest Rates and the Allocation of Capital

Like any price, interest rates guide the allocation of resources; in this case, the allocation of society's stock of savings toward those investment opportunities which promise the highest return adjusted for risk. Investment projects which cannot generate sufficient return net of risk to attract investors (and, by extension, savers) do not get funded. Using interest rates to signal the level of risk implicit in an investment project is essential to the efficient allocation of capital (savings and investment) in a modern economy.

This is one reason why economists argue that interest rates should be free to rise to whatever level reflects the risk-adjusted return required by savers and investors to fund a project. Otherwise, scarce loanable funds are allocated to projects that do not adequately compensate savers and investors for the risks they bear. This compromises the efficiency of capital formation in an economy (i.e., too much risk is borne relative to the return available from investment projects, which typically induces too little saving and investment).

Tensions arise between economic efficiency and social equity when it is recognized that lending to people or investing in businesses with a poor credit history or that are disadvantaged in some way is typically regarded as risky. Riskier lending attracts higher interest rates, and this can be seen as compounding the disadvantage experienced by people or businesses in such circumstances. This is one reason why the Church has often expressed concern over the social consequences of allowing interest rates to be set freely by market forces.

D. The Perverse Effects of Interest Rate Ceilings

Concerns over the potentially compounding effects on social disadvantage of allowing interest rates, especially for housing finance and consumer loans, to be set by market forces underpin the legislation of interest rate ceilings in modern times to limit the upward movement of market interest rates. Interest rate ceilings are the lineal descendant of anti-usury laws imposed in the Middle Ages.

Economic analysis demonstrates the largely perverse effects of imposing interest rate ceilings in an attempt to mitigate disadvantage. Prohibiting the charging of interest rates above a ceiling rate typically excludes riskier borrowers from formal financial markets. Because lenders are forbidden from charging rates of interest commensurate with the risk they perceive in extending credit to riskier borrowers, they divert their attention to less risky prospects, thereby excluding (or “red-lining”) riskier borrowers from the market.

Riskier borrowers (among whom the disadvantaged are overrepresented) are therefore denied access to credit altogether or obliged to seek accommodation through less formal (and hence unregulated) channels. Interest rate ceilings have been associated with a higher incidence of “loan sharking” in informal settings where disadvantaged borrowers find themselves at the mercy of unscrupulous lenders, who would not survive in (or be regulated out of) the formal market for loanable funds.

Figure 30.3 illustrates the impact in the loanable funds market of imposing a ceiling on the loan rate of interest. Figure 30.3 differs from Figure 30.2 by introducing a distinction between the supply of deposits and the supply of loans. Lenders attract funds to lend to borrowers by offering to take deposits and pay interest at a rate below what they charge to borrowers.

The supply of deposits forthcoming from depositors at different interest rates is shown as the upward-sloping schedule S_{Deposits} . More deposits are forthcoming at higher

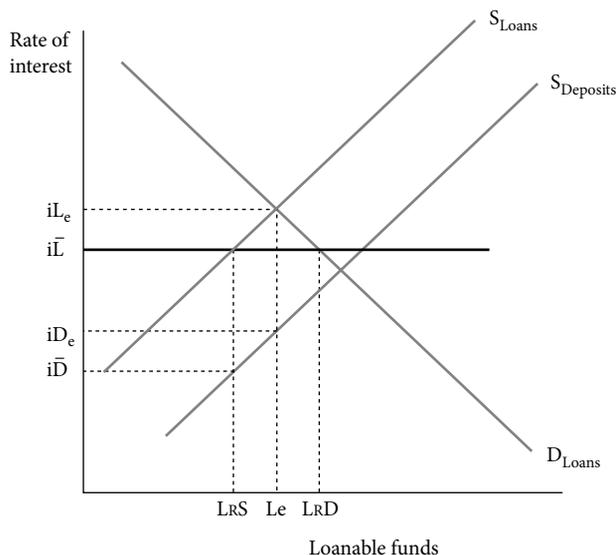


FIGURE 30.3 The impact of an interest rate ceiling on the market for loanable funds

rates of interest offered by the lender. Adding a fixed interest rate margin to defray their expenses, lenders offer loans to borrowers according to the schedule S_{Loans} . Borrowers' demand for loans varies inversely with the interest rate charged by lenders, as shown by the downward-sloping loan demand schedule D_{Loans} .

In the absence of an interest rate ceiling, the loanable funds market clears (i.e., the demand for loans equals the supply of loans) at the interest rate iL_e . These loans are funded by deposits paying an interest rate of iD_e . Imposing an interest rate ceiling at $i\bar{L}$ simultaneously constrains the interest rate lenders are willing to offer on deposits to $i\bar{D}$. At this lower interest rate, depositors will only offer deposits equal to LR_S , which constrains the volume of loanable funds available to borrowers to the same level. However, demand for loans at the ceiling interest rate is LR_D , since borrowers prefer to borrow more at the lower ceiling rate than the higher market-clearing rate. Consequently, there is excess or unmet demand for loanable funds at the ceiling interest rate equal to the difference $LR_D - LR_S$.

The excess demand for loanable funds brought about by the imposition of an interest rate ceiling leads to rationing within the loanable funds market. Since lenders cannot raise the interest rate to match loan demand with the available supply, they often resort to alternative (non-price) means of allocating available funds among the borrowers. Experience suggests that lenders in this situation favor less risky borrowers, including those with more substantial means or who hold down well-paid, steady employment.

A preference for less risky borrowers raises the effective risk-adjusted return to lenders when the nominal rate of interest cannot be raised above a ceiling. It also reinforces the tendency of interest rate ceilings to work against the interests of the poor and

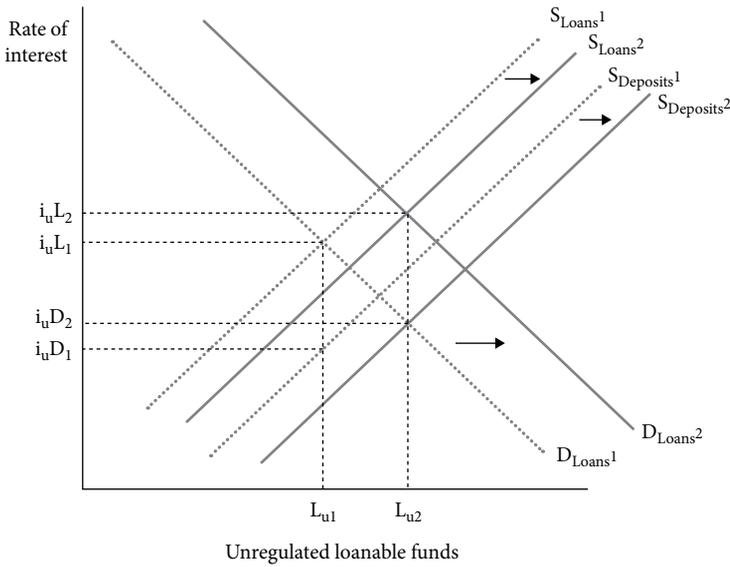


FIGURE 30.4 Migration of demand from the regulated to the unregulated market for loans

disadvantaged, and perhaps even women borrowers where their employment is less secure or part-time only. Those borrowers who are rationed out of the formal market for loanable funds seek accommodation in the informal (unregulated) market if one exists. This migration of unmet demand to the informal sector is depicted in Figure 30.4.

The transfer of demand from the regulated market raises the demand for loans in the unregulated market from D_{Loans}^1 to D_{Loans}^2 . At the same time the supply of deposits to the unregulated market rises in response to higher deposit interest rates where no ceiling on loan interest rates applies. Accordingly, the supply of deposits rises from $S_{Deposits}^1$ to $S_{Deposits}^2$ and hence the supply of loans from S_{Loans}^1 to S_{Loans}^2 . The volume of loans in the unregulated market rises from L_{u1} to L_{u2} . Whether the market-clearing interest rate in the unregulated market rises or falls depends upon the respective increases in loan demand and loan supply transferred into the unregulated market. In Figure 30.4 the unregulated loan interest rate rises from i_{uL1} to i_{uL2} reflecting the increase in the deposit interest rate from i_{uD1} to i_{uD2} .

While a binding interest rate ceiling almost certainly decreases the supply of loanable funds in the regulated market, the impact on total supply across the regulated and unregulated markets is indeterminate. The impact on the average cost of finance across the two markets is also indeterminate since this depends on how tightly the interest rate ceiling binds in the regulated market and the extent to which loan demand and deposit supply migrate to the unregulated market.

Only borrowers who obtain finance at the regulated interest rate benefit from the imposition of an interest rate ceiling. Borrowers rationed out of the regulated market either forgo the opportunity to borrow or are obliged to borrow from unregulated lenders at rates higher than the ceiling rate.

To the extent that socially disadvantaged (and hence generally less creditworthy) borrowers are rationed out of the regulated market for loanable funds, interest rate ceilings have the opposite of their intended effect. Indeed, they typically benefit those who have no need of assistance and could afford to pay the market-clearing interest rate for loanable funds.

III. CONTEMPORARY PERSPECTIVES

A. Emergence of the Modern Welfare State

As noted in section 1 above, objections to the charging of interest on loans, at least in the Judeo-Christian tradition, are founded upon a concern for the welfare of the poor and needy. Until the emergence of the modern welfare state, religious institutions, especially the Church, were the only sources of organized or institutional charity.

In England the state began to assume responsibility for the welfare of the poor with the passage of the Act for the Relief of the Poor (also known as “Elizabethan Poor Law” or “43rd Elizabeth”) in 1601. Similar legislation was adopted in varying forms in other parts of the world. The Elizabethan Act provided institutional relief in the form of *almshouses* for the “deserving poor” who were too old, young, or sick to work, while the able-bodied were required to work in *workhouses* (Fraser 2009).

From these beginnings, governments in the world’s developed economies gradually assumed greater responsibility for the welfare of their most disadvantaged citizens. The development of formal welfare frameworks and the introduction of the social “safety net” have seen the state commit significant resources toward upholding the welfare of the poor. For example, in 2011 it is estimated that the US government will commit \$748 billion or 19.6% of its total spending to social security measures. Medicare and Medicaid will add a further \$882 billion to this figure (United States Office of Management and Budget).

Charitable loans organized by religious bodies, once the primary source of relief for the poor, have been displaced, at least in developed economies, by formal, government-administered welfare programs. At the same time, loans have become almost exclusively an instrument of commerce rather than charity. These developments have stripped usury, at least in a Western context, of its antisocial connotations, and in large measure explain its demise as an issue for the modern Church. Nevertheless, as noted above, calls to limit interest rates, especially on housing and consumer loans, are occasionally voiced by the Church even today.

B. Islamic Banking

While the Western world has largely moved away from usury laws and accepts the charging of interest as part of normal commercial transactions, the same is not true of those Islamic countries which impose the *Shar’ia* on all aspects of life, including commercial

and financial relationships. The *Shar'ia* prohibits the charging of interest on loans, as noted above, and Islamic banks have developed a variety of financial instruments designed to avoid the explicit charging of interest. Whether such instruments behave in practice any differently from their non-Islamic counterparts is a matter of some dispute, as discussed below.

Islamic banking has developed rapidly since the establishment of the Myt Gamt Savings Bank in Egypt in the early 1960s, and it attempts to balance the needs of modern economic development against the strictures of *Shar'ia* law. In 2010 Islamic banking was practiced in more than fifty countries worldwide and enjoyed a market share of 30% or greater in Saudi Arabia, Bahrain, and Kuwait (Hasan and Dridi 2010). The global market for Islamic financial services, as measured by *Shar'ia*-compliant assets, was estimated at \$951 billion at the end of 2008—a 25% increase on 2007 and a near 75% increase on 2006 (IFSL 2010).

In principle, Islamic banking differs markedly from its Western or conventional counterpart. The *Shar'ia* bans the charging or taking of interest at a pre-determined rate and therefore requires that the sharing of profit, loss, and risk between borrowers and lenders underpin the banking system. While various financial instruments have been developed to encapsulate this principle, all share the same basic feature: the return to the lender/depositor is determined by the performance of the underlying asset(s) financed by the loan.

This is in contrast to the conventional Western-style model of banking where the rate of interest charged to borrowers and paid to depositors is unrelated to the profitability of the ventures being financed by the bank. The return to the bank's shareholders, on the other hand, is clearly related to the profitability of its operations.

Islamic banks are co-investors with their borrowers in the sense that they share in the profits and losses of the ventures they finance. Some argue that this gives Islamic banks a stronger incentive to finance only those ventures expected to be profitable over the longer term, not just those considered sufficiently profitable to repay a loan. Because an Islamic bank loses money whenever a borrower loses money and not just when the borrower cannot repay the loan, it is argued that Islamic banks are more likely to monitor closely the ventures they finance than conventional banks. This in turn is argued to improve the asset quality of Islamic banks compared with their Western counterparts (Khan 1986).

It is also argued that Islamic banks are more stable than conventional banks because losses occasioned by external shocks are shared with depositors rather than falling exclusively on bank shareholders. In a conventional bank depositors must be repaid in full until the assets of the bank have been exhausted. This principle of "depositor priority" is a hallmark of Western banking and has often been blamed for "bank runs." A bank run occurs when depositors seek en masse to withdraw their deposits fearing that a bank will be unable to repay its depositors in full, and that those who act too slowly will receive nothing while those who act quickly will be repaid. During the global financial crisis of 2008–09 many Western countries experienced bank runs, resulting in the need for governments to guarantee the deposits of their banking systems.

In an Islamic bank, by contrast, depositors have no incentive to “run” on the bank since their returns are reduced in proportion to the bank’s losses irrespective of how quickly they withdraw their funds. Accordingly, it is argued that Islamic banks are less susceptible to banking panics and hence less likely to impart instability to their economies than conventional banks (Chong and Liu 2008).

On the other hand, conventional banks avoid significant costs associated with the closer monitoring of borrowers required by the Islamic model. The use of a conventional debt instrument enables a Western-style bank to limit its engagement with the borrower to monitoring whether or not the required repayment of principal and interest has been lodged with the bank on time.

Typically, a conventional bank neither seeks nor is offered any authority over the day-to-day commercial decisions of its borrower. So long as the terms of the loan covenant are met, the bank is satisfied. While this potentially leaves the conventional bank less well informed about its borrower’s affairs than an Islamic bank, it also saves the Western bank money in conducting its business, and hence raises the return to its shareholders albeit at the cost of bearing greater risk.

Whatever the theoretical distinctions between conventional and Islamic banking, the evidence that Islamic banks behave in practice differently from Western banks is at the very least contested. Several studies, employing a variety of analytical techniques, conclude that the financial instruments offered by Islamic banks closely resemble conventional banking products, notwithstanding the Qur’anic ban on taking interest.

For example, Kuran (1995: 161), in an analysis of banking practice in several countries where Islamic and conventional banks compete, finds that fluctuations in “profit shares” received on deposits closely follow the movements of ordinary interest rates, with the result that the ostensibly interest-free returns offered by Islamic banks essentially match the explicitly interest-based returns offered by conventional banks.

Similarly, Aggarwal and Yousef (2000) find that most financial instruments used by Islamic banks are more debt-like in nature than a simple reliance on profit-and-loss sharing might suggest. The authors draw on data from the International Association of Islamic Banks, as well as annual reports and other sources, to show that Islamic banks, across a variety of countries and economic systems, appear to employ financing instruments based on fixed rather than profit-dependent returns.

In another study Chong and Liu (2008), drawing on evidence from Malaysia, find that profit-and-loss sharing is more prevalent on the liability side of Islamic banks’ balance sheets than on the asset side (i.e., applies more to deposits than loans). Even on the liability side, however, the authors find that the structure of deposits is “very similar to conventional banking models” (p. 5). They conclude that Islamic banking practices on the deposit side are closely pegged to the deposit rate setting practice of conventional banks.

At the level of whole banking systems there is mixed evidence that outcomes in countries dominated by Islamic banks diverge significantly from those dominated by their Western counterparts. In a detailed analysis comparing conventional and Islamic banks,

Beck et al. (2010) analyze data from 2,956 banks operating across 141 countries and find few significant differences in business orientation, efficiency, asset quality, or stability.

On the other hand, Hasan and Dridi (2010), drawing on data for 120 banks operating in countries where both Islamic banks and conventional banks hold significant market share, find that Islamic banks showed stronger resilience, on average, than conventional banks during the global financial crisis of 2008–09. The authors conclude that lower leverage and higher solvency enabled Islamic banks to maintain more stable external ratings during the crisis than Western banks.

Islamic banking continues to grow rapidly. This is the only arena in the modern world where usury (i.e., the explicit charging of interest) is strictly forbidden. Yet the evidence canvassed here suggests that the ban on usury seems to make little practical difference to the behavior of Islamic banks compared with their conventional Western counterparts. There is some evidence that Islamic banking systems are more stable but additional studies controlling for the many differences between economies characterized by Islamic banking systems and Western-style economies are needed before definitive conclusions can be drawn.

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CHAPTER 31

HUMAN NATURE, IDENTITY, AND MOTIVATION

GORDON MENZIES AND DONALD HAY

THE question of human nature and identity is not a topic that has received much attention from economists. It has, of course, been staple fare for philosophers and theologians since the ancient Greeks (see Trigg 1999) and is still a disputed issue. Economics by contrast very quickly settled on the utilitarian model advanced by Jeremy Bentham (in 1789): human beings are motivated by the pursuit of pleasure and the avoidance of pain, which can be measured by a single cardinal measure of utility. This principle was translated without substantive amendment into economics: so Edgeworth was able to assert that “the first principle of Economics is that every agent is motivated only by self interest.”¹

The difficulty in identifying and measuring cardinal utility was always something of an embarrassment, but in the 1930s Hicks and Allen (Hicks 1956) successfully demonstrated that standard results in demand theory require no more than ordinal utility.² Still the uneasiness remains, partly because the “happiness literature” has demonstrated a much broader range of motivations for human social and economic behavior; and partly because defining all acts as a priori selfish dissolves the notion of what Sen (1977) calls commitment—a way of being which allows agents to choose against their personal welfare.³

Despite Sen’s unease, there appears to be a drift toward straightforward selfishness as a modeling device in economics. We later document an important strand of literature which one might have hoped would have kept Sen’s distinction alive. Instead, it is demonstrably the case that the Economics of the Family has developed in such a way as to confirm the fears of feminist scholars about the social construction of human relationships along economic lines—what they call “commodification” (Radin 2005).

Perhaps utilitarianism retains its popularity partly because of its simplicity. One also suspects that it is a very comfortable fit with the widespread disappearance of

meta-narratives in the postmodern milieu, because its pleasure/pain calculus tends to be self-referential. It is a matter of common experience that pleasure and pain is best evaluated by the agent herself. If one appeals to justice or morality to commend an action, there is shared meaning across persons. But one person's pain is another's pleasure, so an appeal to the sensory court will likely elicit a subjective, self-referential ruling.⁴

In this chapter we propose an alternative understanding of human nature and identity to underpin economic analysis, based on the Old and New Testaments, appealing to the twin theological themes of Creation and Redemption.

Taking the latter theme first, humankind's mixed motives, initiated at the Fall and challenged by the redemptive acts of God, give content to the New Testament doctrine of "natural" and "spiritual" persons. According to doctrine of common grace, those outside of God's family are capable of good works. So everyone, believers and unbelievers alike, acts from mixed motives—sometimes virtuous, sometimes self-seeking (Matt. 7:7-11). That said, there is some evidence that immersion in a Christian community is (on average at least) associated with more altruistic behavior, or "neighborliness" as Putnam and Campbell (2010) put it.

From the former theme, humankind's unique "caretaker" role bestowed at Creation has relevance for the nascent, and largely anthropocentric, discipline of Environmental Economics. We argue that the Christian worldview has within it the balance of conferred human authority and responsibility which must be presupposed even to begin to engage the current environmental crisis.

In section I, we review the standard vision of human nature in neoclassical (i.e., mainstream) economic analysis, which we describe as "a priori selfishness," and contrast it with the New Testament understanding of humanity as displaying genuinely mixed motives. In section II, we provide two examples of how New Testament ideas complement standard modeling techniques and suggest some areas additional topics that could be pursued in modeling. In section III, we review the underpinnings of Environmental Economics and commend the Christian worldview of human nature and identity as a basis for practical analysis. Section IV concludes.

I. SELFISHNESS IN ECONOMICS

A. The Standard Theory

Standard microeconomic theory of the rational consumer is based on a small set of assumptions. Given a budget constraint, the consumer maximizes utility or satisfaction, according to his or her preferences, which are characterized by completeness across the available goods, continuity, non-satiation, and transitivity of choices. For the derivation of demand for goods and the supply of labor, an ordering across consumption bundles (including leisure) suffices for the standard theorems.

Undergirding this analysis is a conception of human nature that is fundamentally individualistic and self-regarding, at least in respect of consumption goods. Where motivational “micro-foundations” are offered, they generally draw on evolutionary psychology, notably the individual urge to survive, thrive, and reproduce.⁵ If the focus of analysis is the demand for bread or some other straightforward consumption good, this is an adequate starting point. But if the analysis is intended to apply to other areas of human flourishing, such as marriage and the family, and if it is to be used to evaluate public policy, we would argue it is far too narrow a conception of what it is to be human (see, for example, Folbre and Nelson 2000 and Menzies and Hay 2008).

Layard (2005), summarizing a large number of empirical studies in the happiness literature, argues that other factors should be brought into mainstream analysis.⁶ The benchmark for comparative purposes is the effect on a person’s happiness index (measured on a scale from 10 to 100) of a loss of one-third of family income: the decline is commonly estimated at just 2 percentage points. By contrast, family relationships, work, health, personal freedoms and personal values have much greater weight in measures of personal happiness.

For example, compared to being married, the states of being divorced, separated, or widowed are associated with declines in happiness of 5, 8, and 4 percentage points, respectively. Unemployment reduces the happiness score, relative to being in work, by 6 points; a marked deterioration in general health, by 6 points; and a loss of personal freedom by 5 points. A person who affirms that “God is important in my life” typically reports happiness at 3.5 percentage points higher than someone without faith. Granted a degree of skepticism in assessing these findings, not least whether the index can appropriately and accurately capture the concept of “happiness,” it seems indisputable that the focus on income and consumption (including “leisure”) in standard microeconomic analysis captures only a small part of what constitutes human flourishing.

Layard’s response to these findings is to propose that our understanding of human flourishing should be greatly expanded, at least for the purposes of public policy, to include the correlates of happiness identified in the previous paragraph. His claim is that “happiness” can be measured in some sense, and this enables him to propose a Greatest Happiness principle for policy, thus reinstating Bentham. Ingenious though this argument is, the proposal to describe human motivation as simply “the pursuit of happiness” seems to miss the point of the empirical studies he cites, which suggest a broader range of motivations for human behavior, locating the individual in relationship to others (especially within the family), to the workplace and workmates, and to the wider community.

The range and quality of relationships are of great significance to human beings. Indeed, relationships are the source of “other regarding” behavior that transcends the simple notion of “rational economic man” entering into advantageous exchanges of goods and services with others. One “fix” to deal with this concern is to include the utility or satisfaction of other people as an argument in the individual’s objective function, as in the literature on altruism (Becker 1991). However, Sen (1977) suggests that utilitarianism itself is conceptually flawed because it defines away instances where

people act against their interests in order to fulfill their “commitments.” According to Sen (1977: 329), the word “preference” performs a linguistic sleight-of-hand:

The characteristic of commitment with which I am most concerned here is the fact that it drives a wedge between personal choice and personal welfare, and much of traditional economic theory relies on the identity of the two. This identity is sometimes obscured by the ambiguity of the term “preference”, since the normal use of the word permits the identification of preference with the concept of being better off, and at the same time it is not quite unnatural to define “preferred” as “chosen”. I have no strong views on the “correct” use of the word “preference”, and I would be satisfied as long as both uses are not simultaneously made, attempting an empirical assertion by virtue of two definitions.

Sen’s point has proved hard to address. Becker’s approach of putting other’s welfare into a utility function implies pleasure from the act of giving to another person. Agents must be “getting something out of it, otherwise they wouldn’t do it.” We take a different tack in what follows, focusing on acts that are done without regard to any kind of “payoff” or reward. We are agnostic about the feelings that accompany such acts or the consequences they may entail. The possibility that they may not be pleasurable in any sense precludes a utilitarian explanation.⁷

There are other concerns about the standard analysis. One is the failure to consider the origins of the preferences and values inherent in the analysis and whether they are “unflinchingly” stable (Becker 1976). As it stands, the textbook analysis makes stability and generality a virtue, claiming to derive all the necessary information about demand behavior without the need to specify any particular set of preferences. That is a considerable achievement in the abstract but it is limiting. People and societies change and develop, for good or ill, and models which ignore this fact or rule it out are, to this extent at least, unrealistic.⁸

B. Why Does a priori Selfishness Dominate Economic Theory?

The Economics of the Family, a sub-branch of economics launched by Gary Becker (1991), provides an intriguing history of an ineffectual attempt to depart from selfishness in economic theory. Becker’s *Treatise on the Family* pioneered the use of cost-benefit analysis for family decisions. To quantify costs and benefits, Becker introduced implicit prices for nonmarket activities. Importantly, he argued that the female wage rate available outside the home was a key determinant of the allocation of time within the household. By recognizing this wage as an implicit price of the wife’s time, Becker was able to introduce price theory extensively into his analysis of the family.

However, Becker took a form of altruism very seriously, and this appears to allay fears that mainstream modeling is dominated by the assumption of universal selfishness. He

argued that nonmarket production in the home should be treated as economic activity, in which case roughly half of all economic activity would occur in the home, where altruism was the dominant motivator.

If I am correct that altruism dominates family behaviour perhaps to the same extent that selfishness dominates market transactions, then altruism is much more important in economic life than is commonly understood. The pervasiveness of selfish behaviour has been greatly exaggerated by the identification of economic activity by market transactions. (Becker 1991: 303)

This paragraph displays Becker's desire to maintain a distinction between selfish and unselfish behavior, a sentiment which we heartily applaud. However, when one examines the literature descending from his seminal work, his vision of marriage as an instrumental utility-maximizing arrangement and his related use of implicit prices seems to have been his enduring contribution. His attempt to maintain a distinction between selfish and unselfish behavior has not stood the test of time.

The first challenge to Becker's altruism related to modeling consistency. He had assumed a self-interested view of relationships in the marriage market, where people search for partners (or their parents search, in the case of arranged marriages). Then he assumed a degree of altruism, defined by putting other people's welfare in utility functions, for couples once they married. When considering divorce, on the other hand, Becker's agents compared their utility in marriage with that in the remarriage market, eschewing altruism. This apparent double-mindedness worried subsequent theorists. They did not like inconsistency in economic actors' motives (identified as their preferences). It seemed untidy for people to behave selfishly in the marriage market, only to turn into altruists after their wedding day, and once again into self-regarding utility maximizers when considering divorce and remarriage.

Indeed, Becker had himself strongly advocated the theoretical stance of 'stable preferences'. His vision of economic methodology focused on "maximizing behaviour, market equilibrium, *stable preferences, used relentlessly and unflinchingly*" (Becker 1976: 5, italics added). The shift away from altruism is clearly displayed in Lundberg and Pollak (1996). Becker had analyzed "family demands" (the demands of family members for goods and services) using a common preference approach, where the family is treated as a single decision-maker with a single utility function. By contrast, later work emphasized the bargaining game that takes place between the husband and wife (children are usually ignored), each seeking to maximize his or her own utility.

Part of the reason Lundberg and Pollak (1996) give for abandoning the common preference approach was their own evidence that income and resources are not completely pooled in families. There have been "natural experiments" where exogenous changes in incomes unrelated to time-allocation choices have occurred, and income pooling has not been supported. For example, in the late 1970s a change in the universal child payment scheme in the United Kingdom saw the same amount of money paid to mothers instead of fathers. For an average two-child family, changing the recipient of a £500 per

annum allowance from the father to the mother resulted in an increase in expenditure on children's clothing of £50 and an increase in spending on women's clothing of £40.

A number of questions need to be asked at this point. Very few economic theories are literally true; most could instead be classified as approximations or generalizations. Families often do share resources to an important extent, even if it falls short of full pooling. Why was it presumed that the way to resolve the inconsistency was to assume pure selfishness at all times? Might there not be some "other regarding" behavior during courtship, or even during divorce proceedings?⁹ Inconsistency in modeled human behavior in different circumstances raises the suspicion that the deep causal mechanisms have not been unearthed. But inconsistencies can be resolved in a number of ways, and altruism has lost out in the Economics of the Family.

With no reassuring answers forthcoming, it does seem that this is an instance of a "bias towards selfishness" in theory. We recall Sen's "linguistic sleight of hand" and wonder if Becker's decision to place altruism in a utilitarian framework—thereby conflating peoples' choices with their welfare—set the stage for its demise as an explanatory factor. If *selflessness* is ultimately sophisticated *selfishness* (or, inclusive fitness, as a sociobiologist might put it), then it is tempting to use Occam's razor and assume unalloyed selfishness.¹⁰

C. The New Testament Understanding of Mixed Motives

Reconsidering stable preferences and the importance of "other regarding" behavior in relationships leads directly to virtue ethics. Recent writers have revisited virtue, even suggesting that Adam Smith's conception of virtue may guide capitalism away from its perceived moral limitations (McCloskey 2008 and Hanley 2009). The particular Christian virtue on which we focus is "love," and we follow McCloskey (2006) in arguing that a virtue ethicist cannot equate love with "maximizing utility." She defines love as "a commitment of the will to the true good of the other," which goes beyond a concern for others that may enter the individual's utility function; and it arises from more than just "respect" for others, knowing how we would like to be treated ourselves.¹¹ "Sheer love," as she puts it, is a disposition to seek the good of others, regardless of the interests of the agent.¹²

We aim to model virtue in such a way that a more virtuous person will act more ethically than someone else, even if all the inputs and constraints they face are identical. Or, equivalently, a more virtuous person might act well even if all the constraints and price signals strongly point away from such behavior. But we also want virtue to mean that the same act of kindness done by two people is valued more by a virtuous agent than by a less virtuous one.

Virtue is a complex phenomenon and we do not ignore those who warn that its attainment may be slow (Wright 2010). A natural entry point for virtue in economics would be to construct an account that incorporates virtuous preferences. One plausible

framework for such an account focuses on the role of identity in explaining behavior in general, as suggested by Akerlof and Kranton (2000). Their contention is that the utility function of an individual should include that person's identity or self-image as one of its arguments.

Our aim is to introduce a theology of redemption to Akerlof and Kranton's notion of identity in order to form an alternative basis for understanding human behavior. Specifically, we claim that such a basis can be found in a Christian anthropology—an understanding of human motivations and behavior that is found especially in the New Testament.

The New Testament identifies two modes of human existence—"natural" and "spiritual."¹³ The "natural" person is characterized by individualistic and self-regarding behavior, which some scholars might regard as driven by the biological imperatives of survival and reproduction. These drives of the "natural person" control their values and preferences, which, subject to constraints of the environment (natural and social) and capacity to generate economic resources, determine behavior. In theological terms, the "natural person" is "fallen"—that is, they fall short of being the people God intended them to be. The contrast is with the "spiritual person," who is renewed spiritually and characterized by a concern for relationships rather than material goods, resulting in other-directed (neighborly) behavior motivated by love.¹⁴

These descriptions of the natural and spiritual persons are deliberately dichotomous, but in practice a particular person is unlikely to conform completely to either. For example, the natural person is fallen, but she retains the "image of God"—that is, she retains the sense that her life should be more than just personal survival and reproduction, that other people matter to her, and that love is a goal to be sought after. Equally, no Christian conforms fully to the description of the "spiritual person"—Christians are a "work in progress" with respect to their formation in virtue.

We now give two examples from a research program that has begun to apply this New Testament understanding of human nature to established areas of economic analysis. In two areas, marriage and divorce, and the giving to others of both time and resources, we report alternative models that have been developed. We believe that our analyses are richer than the standard approaches, both in the range of behaviors they capture and in their consistency with at least some empirical studies.

II. DEPARTING FROM A PRIORI SELFISHNESS IN ECONOMIC MODELING

A. Mixed Motives in Marriage and Divorce

It is possible to reject the notion that all selflessness is necessarily sophisticated ("enlightened" or otherwise) selfishness.¹⁵ In Menzies and Hay (2008), we "mixed" what could

be called a utilitarian or “economic” motivation with a Judeo-Christian or “covenant” motivation in the context of marriage. The benefit of modeling these mixed motives is that it allows us to ask what impact it might have if agents switch from one sort of motivation to the other.

This is an interesting question because although the West has seen many explorations of alternatives to marriage in the closing decades of the twentieth century, it remains a popular institution (Stevenson and Wolfers 2007). As shown in figure 31.1, the high rates of divorce seen in the 1970s may have even abated a little. Yet Christians who wish to contribute to the debates about sexual ethics need to look at much more than divorce rates to gauge the status of marriage in a society. Marriage, like the monarchy over the last three centuries, has endured. But the mere existence of an institution can mask its wholesale transformation. The key question is whether marriage has changed its meaning.

The suspicion we raised in Menzies and Hay (2008) was that covenant motivation in marriage is being supplanted by economic motivation in the West, perhaps aided by a “bias towards selfishness” which affected economic theory itself (section 1.B) and which economic theory, in turn, may have fuelled.

In our model, a representative agent chooses how much effort e to expend on the marriage. With probability $p(e)$ the marriage is a success and with probability $1 - p(e)$ it fails. If the marriage works, it provides economic payoff E . If not, it gives payoff X (the outside option). Greater marital effort increases the chance of marital success (albeit at a decreasing rate) so that $p' > 0$ and $p'' < 0$.

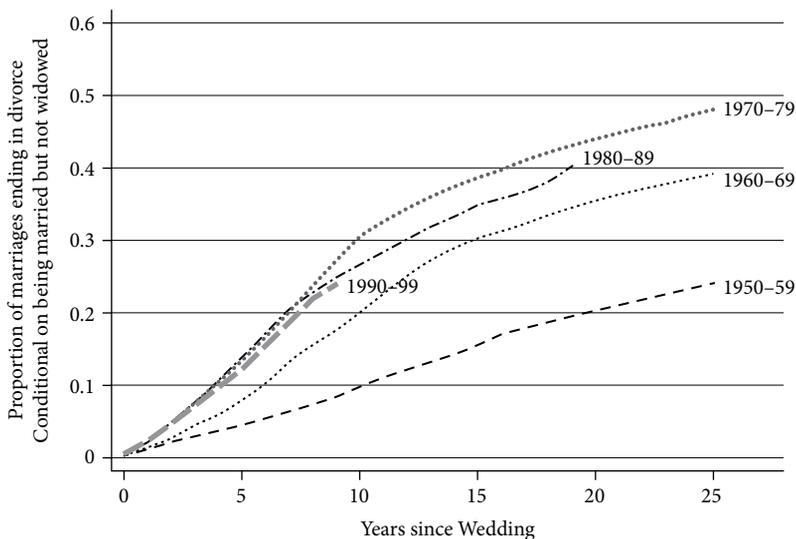


FIGURE 31.1 Divorce is down; but has marriage changed its meaning?

Source: Stevenson and Wolfers 2007.

The expected utility function for an agent who is characterized completely by economic motivation is none other than a classic expected utility function where the agent chooses marital effort e to maximize a probability-weighted combination of the payoffs:

$$E(\text{payoff}) = p(e).E + (1 - p(e)).X$$

The spouse with this utility function is thoroughly committed to consequentialism, the mainstay of utilitarian analysis. If the expected payoff from a successful marriage is low, she has less incentive to put in marital effort, and the marriage is less likely to survive. If the outside option X —which is always registered in the payoff and never ruled out a priori—becomes more attractive, less effort is forthcoming.

One way to model the difference between economic and covenant motivation is to define the latter in terms of so-called deontological ethics, which posit the existence of a priori moral obligations. Thus an agent characterized completely by covenant motivation makes decisions by valuing his or her duties to other people and/or to God. From a Christian viewpoint, the relevant duty is to live a life of obedience to Christ in the context of marriage. This is described in Christian scriptures in a number of ways, but two important considerations are that Christians must in some sense imitate Christ and focus on using their gifts faithfully rather than on outcomes (since these are in God’s hands).

We model this by agents valuing their own contributed effort in a marriage, regardless of the outcome.¹⁶ They value effort by the function $L(e)$, where e represents marital effort and $L' > 0$, $L'' < 0$. The function $L(e)$ yields value regardless of the impact of marital effort on the probability of success. We borrow $L(e)$ from Frey and Oberholzer-Gee (1997), who call it *intrinsic* motivation. We now form a Mixed-Motive-Valuation (MMV) function, which is a weighted average of these two types of agents, and then subtract a cost-of-effort function $C(e)$ where $C' > 0$ and $C'' > 0$. We allow the agent to mix across the two motivations for marital effort, so that we can make statements about a movement toward economic motivation. Clearly, if θ is unity in equation (1), the agent displays pure economic motivation, and if θ is zero, the agent displays pure covenant motivation:

$$Z = \text{MMV}(e) - C(e) = \theta [p(e).E + (1 - p(e)).X] + (1 - \theta).L(e) - C(e) \tag{1}$$

We differentiate the Z function to find the condition for optimal e .

$$\frac{\partial Z}{\partial e} = \theta p'(E - X) + (1 - \theta)L' - C' = \text{MMV}' - C' = 0 \Leftrightarrow C' = \text{MMV}' \tag{2}$$

Choosing optimal e involves balancing the marginal cost of effort C' with the marginal value of effort $\theta p'(E - X) + (1 - \theta)L'$. Importantly, the latter is a weighted average of the value of effort under the economic frame $p'(E - X)$ and under the covenant frame L' . We assume that if the marginal value of effort is high, then the agent has a “strong” motivation to exert effort; and if it is low, the agent has a “weak” motivation.¹⁷ Noting

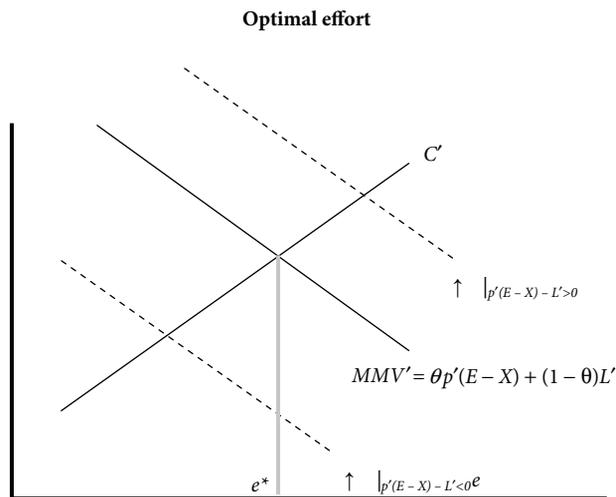


FIGURE 31.2 Optimal effort

that C' is increasing in e , the MC schedule is upward-sloping. Contrariwise, p' and L' are decreasing in e , so the MMV' schedule is downward-sloping.¹⁸ They meet at the optimum, e^* , according to equation (2).

It is obvious from figure 31.2 that more marital benefit (increasing E) motivates effort by shifting MMV' up, while more attractive outside options (increasing X) sap effort by shifting MMV' down. In reference to figure 31.1, Becker (and some critics of the sexual revolution) claimed that the rise in divorce evident from 1950–59 to 1970–79 was a combination of liberalized divorce (increasing X) and a rise in the returns available in the marketplace relative to household production (reducing E).

Starting from e^* , a shift toward economic motivation (an increase in θ) can increase effort. This can be seen by rewriting MMV' in figure 31.2 as $\theta \langle p'(E - X) - L' \rangle + L'$. Thus, for a given value of e (and therefore p' and L'), an increase in θ will shift the MMV' curve up, if $p'(E - X) - L'$ is positive, and raise effort. The economic intuition is that an increase in θ changes MMV' by shifting more weight onto $p'(E - X)$, from L' . That is, if extra effort “makes more sense” when an agent is driven by economic motivation rather than covenant motivation—say, because it is realized that a spouse is, on balance, a relatively “rewarding” person to live with—then a shift toward economic motivation will increase marital effort. The chance that the individual marriage will work is higher, as is the proportion of marriages in a society that work. Note, however, that “marriage” has changed its meaning at the margin. It has moved in the direction of a “business partnership” and away from a commitment of covenant love.

On the other hand, if $p'(E - X) - L'$ is negative, an increase in θ will reduce e^* by shifting the MMV' curve downward. The intuition here is that a spouse could be so difficult as to be “unrewarding” to live with, if $E - X$ is small (or even negative). Marital effort is then sapped by economic motivation. It is not hard to imagine an unrewarding marriage maintained for ethical reasons deteriorating, as the forbearing party’s motivation heads in an economic direction.

In both cases, it is the contrast between the marginal effects of effort under both motivations that matter. An increase in θ represents an increased reliance on one kind of motivation—economic motivation—as opposed to another kind of motivation—covenant motivation. Extra effort is forthcoming if the motivation increasingly relied upon is, in fact, the stronger motivation, where “strong” is measured by the marginal valuation of effort.

Consider the effect on marital effort (and hence the proportion of failed marriages) if there were a simultaneous increase in L' (a greater motivation to act without reward) and a switch away from economic motivation (a fall in θ). The sign of $p'(E - X) - L'$ is then crucial in determining the effect on effort of a fall in θ . The possibility exists for a mismatch between the increased reliance on covenantal motivation (the reduction in θ) and the actual prevalence of that motivation (the size of L'). That is, if L' increases, but not by enough to exceed $p'(E - X)$, then the reduction in θ will result in lower marital effort and more failures.

Thus the model warns us that the public promotion of Christian norms must be accompanied by sufficiently strong changes in motivation within society. If covenantal motivation is not sufficiently strong, then policymakers, and Christians who influence them, need to think in terms of utilitarian costs and benefits when seeking ethical outcomes. This regrettable necessity is not surprising for any Christian who takes the Fall seriously, or who takes on board Jesus' injunction to be as “shrewd as snakes but as innocent as doves” (Matt. 10:16).

But to return to the main point about the apparent drop in divorce rates in figure 31.1, our analysis explains how a switch from covenant to economic motivation across society need not be associated with fewer marriages surviving, provided that marriage “pays.” A Christian critique of society should not make the naive mistake of focusing exclusively on divorce rates to gauge the alignment or otherwise of society to God's ideal. For this ideal includes the notion of sacrificial love, which does not have to “pay.”

B. Generalizing the *MMV* to Model Character Development

So far, we have considered only exogenous changes to the extent of other-regarding behavior and motivating the *MMV* by a discussion of marriage. In Menzies and Hay (2012), the *MMV* is generalized to model character and its effect on social interactions. Furthermore, we allow for a short run, where agents maximize the *MMV* for a given proclivity to other-regarding behavior, and a long run, where they optimize their degree of other-regarding behavior. This permits a degree of endogeneity in other-regarding behavior and it allows an experience like conversion to work itself out over time.¹⁹

The purpose of this modeling was to represent the apparent differences between the generosity of respondents to the surveys of Putnam and Campbell (2010), depending upon their measured religiosity (table 31.1). They found that religious people volunteered significantly more (for both religious and nonreligious causes), that they gave three times as much of their income away, and that (on various measures) they had roughly double the amount of civic engagement.

Table 31.1 Why the Difference?

	Bottom Quintile(least religious)	Top Quintile(most religious)	Putnam and Campbell (2010) reference
Volunteering (over last year)	40% approx	60% approx	pp. 444–47
Financial giving	2%	6%	p. 448
Civic engagement	Various measures	double	ch. 13

Attempts to explain table 31.1 turn on the relationship between character and actions, where the former is assumed to be affected by one's worldview. We follow O'Donovan (1986: 206), who argues from Christian theology that:

the subject's character must not be reduced to a function of his acts;²⁰
 the subject's acts must be allowed to disclose his character, which will make itself known only through them.²¹

Operationally, agents maximize a Cobb-Douglas *MMV* where the parameter α describes their "neighborliness"—their desire to give to their neighbors. Given the Cobb-Douglas function, α describes the share of income given away. Agents have resources m , which they must manage to maximize the *MMV*. They purchase n and s at prices p_n and p_s .

$$MMV = \theta^\alpha n^\alpha (s + n')^{1-\alpha} \quad \theta \geq 1 \quad (3)$$

The notation n refers to goods given to neighbors and n' goods received from neighbors, while s refers to goods consumed oneself. The implicit claim of (3), in contrast to most utilitarian analysis, is that there is a human proclivity to give and receive which has survived the Fall. But the analysis does not functionally connect n and n' , so a direct model of gift exchange is not in view. The parameter α reflects the agent's understanding of her duty to give attention to the needs of others, with n^α in (1) corresponding to intrinsic motivation as in Frey and Oberholzer-Gee (1997).²²

We might even have let $L(n)$ represent n^α to make it clear how it relates to $L(e)$ in the previous model (section II.A), with the same conditions $L' > 0$ and $L'' < 0$ So, $L(e)$, and $L(n)$, represent love. Compared with the *MMV* function of the last section, a new term in (3) is θ^α . Since $\theta \geq 1$, the person derives fulfillment from a higher value of α , quite apart from the direct effect on behavior.²³ To see this, form the appropriate Lagrangian:

$$L = (n\theta)^\alpha (s + n')^{1-\alpha} + \lambda (m - p_s s - p_n n) \quad (4)$$

and maximize with respect to n and s . It is clear that θ does not appear in the solutions:

$$n = \frac{\alpha(m + p_s n')}{p_n} \tag{5}$$

$$s + n' = \frac{(1 - \alpha)(m + p_s n')}{p_s} \tag{6}$$

The new term in (3) is a parameterization of Identity (Akerlof and Kranton, 2000), which we will take to be equivalent to Character.²⁴ This θ^α allows for O’Donovan’s two cases by specifying two parameters. Possibility (a) can be actualized in the model by a perturbation to θ , which affects character by construction, but not (5) and (6). Possibility (b) can be actualized by a perturbation to α which affects both character and actions.

In Menzies and Hay (2012), it is also argued that θ will ultimately affect α . In that model, α is fixed in the short run, but chosen optimally in the long run. It then turns out that θ and optimal α are positively related.²⁵ They also demonstrate a tendency for agents to bifurcate into high- and low- α types when α is chosen optimally²⁶ suggesting a kind of “momentum” when people begin to be either more selfish, or more neighborly. They outline a narrative where agents are allocated a value of α by nature/nurture/culture and then “drift” one way or another. Christian conversion can be modeled as an increase in θ which then endogenously leads to a rise in α in the long run.

Thus conversion may initially only result in generous acts being valued differently, without any actual change of behavior (see the absence of θ in equations (5) and (6) and O’Donovan’s case (a)), but then over time affecting behavior through a changed value of α (see its presence in equations (5) and (6) and O’Donovan’s case (b)).

We now turn to the interactions between the individual and “society,” here conceived as another person in a two-person world. This is of interest in explaining table 31.1, because Putnam and Campbell appeal to within–quintile group interaction to help explain the differences.

Consider a world where Agent 1 and Agent 2 (A1 and A2) both have their own *MMV* functions. Importantly, the social goods given by A1 are received by A2 so that n in A1’s *MMV* function becomes n' in A2’s and vice versa. We rename n and n' for A1 as n_1 and n_2 where the subscripts refer to the giver. The provision of n_1 and n_2 are obtained from the solutions to the response functions, given by (5) and (6) solved for A1 and A2, and shown in figure 31.3. Without loss of generality, we will consider changes in the parameters for Agent 1. We will assume p_n and p_s are common across agents, but otherwise each agent has his or her own parameters. Now consider an increase in the generosity of an agent due to the long-run outworking of a new Christian identity, modeled as an increase in θ followed endogenously by an increase in α .

As an agent becomes more generous, she gives more to the other agent. The recipient, in turn, experiences a surfeit of own consumption and, provided that he has some

An Increase in Generosity by Agent 1 (α_1 increases)

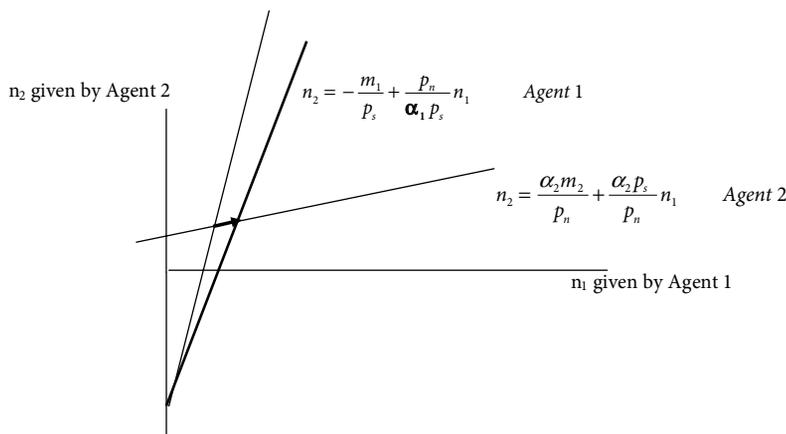


FIGURE 31.3 An increase in generosity

neighborly motivation ($\alpha_2 > 0$), will commit to giving some back to society—that is, back to the initial giver. Although the net effect here is for an “exchange,” (4) is maximized treating n' as fixed. Even if A2 did not respond to A1’s generosity, A1 would still give more if α_1 rose. So love acts are “caught” in community, without an “exchange.”²⁷

The relative price p_n/p_s reflects the relative difficulty of “hitting the mark” when one is generous. One could imagine a charitable foundation to which the giver must pay a fee to be effective, but the metaphor covers any situation where there is extra expense and “trouble” associated with giving. Clearly, this relative price can rise. One narrative would be that neighborly behavior is more likely for higher levels of home production, and any rise in the female market wage is an adverse cost shock (Becker 1991). More prosaically, it could rise because the economy becomes more efficient at producing consumer goods—a consumer “paradise” with low p_s may be just as transformative for society as the high cost of household production outlined by Becker.

In figure 31.4, the outcome is a fall in the provision of social goods from both agents, for standard neoclassical relative price reasons. Social goods become relatively expensive. Note also that the “catching” of generosity evident in figure 31.3 works in reverse in figure 31.4. Holding one of the lines fixed, the lowering of the other line leads to less being given. This in turn reduces the disposable income of the agent whose line does not move, and they economize on generosity.

At the risk of some speculation, the low levels of giving from the least religious quintile reported in table 31.1 might be a result of lower θ (and therefore α). But it might also be a reflection of their communities and ideologies. On the former, some irreligious people who highly value independence might struggle to form communities so p_n/p_s could be higher. On the latter, if psychological factors are imputed into p_n , it becomes a subjective variable that could be manipulated by those wielding political (or academic)

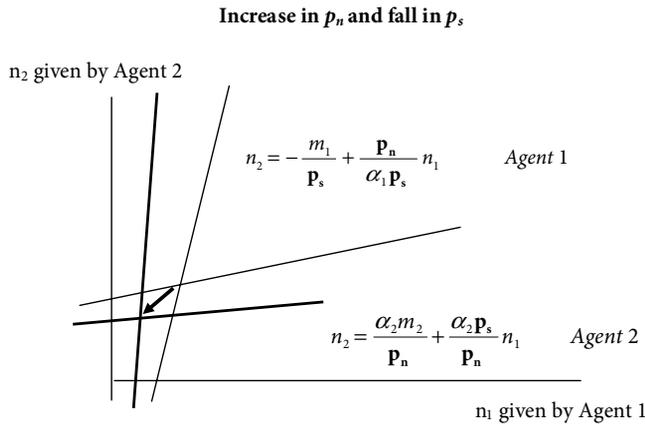


FIGURE 31.4 Increase in p_n and fall in p_s
 n_2 given by Agent 2

power. An uptake of economic ideology might suggest that gift-giving leads to dead-weight loss (Waldfogel 1993) and increase p_n .²⁸

C. Applying the MMV Approach to Other Areas of Economic Analysis

We conclude this section by outlining two other areas of economic analysis where a New Testament perspective could lead to different models within the MMV framework.

At the time of the Reformation in Europe, the biblical sources on work and vocation were expounded, particularly in the writings of John Calvin.²⁹ Work is to be done in obedience to God and in service to neighbor and not primarily for personal gain. In particular, work should not become an “idol,” so central to our lives and our appreciation of self-worth that it consumes all our time and thoughts. The choice of occupation is to respond to God’s call to a particular area of work; and in that work, the motivation is service to others, not the income or profit to be gained (Eph. 4:28).

Thus, there are good grounds theologically for believing that the understanding of work in standard economic analysis of labor supply is far too “thin”: work is more than just leisure forgone—it is central to what it is to be human. For “fallen” humanity, there is an element of “toil and sweat” but that need not preclude an individual valuing work more than as a source of income to fund consumption. For a Christian, work can be an expression of love to others in service “as unto God” (Eph. 6:7). But even agents without this perspective could still be modeled by mixing their motives over “leisure forgone” and “work as fulfilling service.”

The possibility of other-regarding preferences has relevance for the analysis of economic development. Sherman (1997) surveyed a thousand people living in large villages

in the Guatemalan countryside to answer a number of questions about economic development. Her key finding was that the determinants of development were closely associated with the respondents' worldviews.

Sherman sought to identify the mechanisms by which faith apparently translated into behavior beneficial to economic development of the family and the community. One element was the very different preferences in consumption between the Evangelicals and most other people in these Guatemalan communities. The latter had lifestyles which might be described as based more on immediate gratification, regardless of the impacts on their own health and the lives of their families. The Evangelicals, by contrast, lived lives more conducive to flourishing, in terms of both healthy living and of relationships with spouses and children (abusive relationships were less common, for example). A second element was the willingness of Evangelicals to save and invest for their future and for the future of their children. In addition, they were more prepared to invest in innovation and new small enterprises, suggesting a willingness to bear risk.³⁰

The question of how these two areas might be modeled within the *MMV* framework is left for future research.

III. THEOCENTRISM, HUMAN RESPONSIBILITY AND ENVIRONMENTAL ECONOMICS

A. The Challenge of Plurality

Occasionally, a field of study emerges which cannot avoid, by its very nature, drawing from a large number of disciplines. Such fields require a way of integrating the disciplines if they are not to descend into incoherence and impracticality.

Environmental and Resource Economics (hereinafter, just "Environmental Economics") involve scientists who investigate environmental problems, welfare economists who use cost-benefit analysis to make ethical policy prescriptions, and politicians who decide on the ultimate policies, under advice. Given that scientists, economists, ethicists, and politicians all engage with each other within the field, there is a question about which perspective carries the day in the event of irreconcilable conflicts.³¹ We would argue that a Christian vision of human nature and identity provides a way of organizing and prioritizing the insights of different perspectives, without the need to hide inconsistencies.

The concern about inconsistencies arises from the widespread anthropocentrism in environmental discourse, which conflicts with the naturalism of the hard sciences, where humankind is just "a part of nature." Anthropocentrism is explicit in the formulation of utility functions, which are welfare functions for human society. But implicit anthropocentrism abounds too. For example, people can be asked to value in surveys

the mere existence of an environmental asset or the never-exercised option of visiting it. Both are “nonuse” values and fly in the face of conventional economic analysis. As enlightened as this might seem, one cannot escape the problem of species sampling bias. That is, the existence value of a frog or a beautiful view may be affirmed by a valuation survey, but it is after all a human valuation.

This is an important issue because in practice virtually all environmentalists (and humans) live as though they are in some sense “above” nature, insofar as they feel morally justified in using it, opining about it, and, in some admirable cases, exercising responsibility toward it. What then was the moral and intellectual justification for the triumph of anthropocentrism when it conflicted irreconcilably with the naturalism of the hard sciences? If it was simply that we do as we please because we are the most powerful species, then any discussion about, say, intergenerational ethics, has a hypocritical quality. Why do we fret about the welfare of future human beings when right now we are killing other species who are our equals in all but power?³²

Oddly, the possibility of a Christian environmental perspective has generally been dismissed.³³ A literature descending from White (1967) even argues that the Christian perspective is equivalent to an exploitative anthropocentric view. We find Russell (1985) persuasive on this point. He judges that there has been an indirect Judeo-Christian stimulus to the exploitation of nature, but only insofar as both capitalism and democracy can be ascribed to Christianity, since these have spurred urbanization and population growth (he cites Moncrief 1970). More tellingly, it was the ancient Greek philosopher Protagoras who presciently penned the Enlightenment catchcry, “man is the measure of all things”—a far more anthropocentric sentiment than any found in the Bible.

B. A Theology of Creation

This last observation suggests that a Christian perspective avoids a false dichotomy. Using the Enlightenment yardstick, the debate has traditionally been classified into two alternatives: an anthropocentric (exploitative) view and a nonanthropocentric view.³⁴

Christians, on the other hand, do not feel obliged to use the Enlightenment measurement, and in Hay (2009) the relevant features of a theocentric view are outlined:

- (a) the natural order, including the human race, is the result of God’s act of creation, is sustained by him, and is affirmed to be God’s possession;³⁵ it has an intrinsic value to God, regardless of human valuations;
- (b) yet humanity is distinguished from the rest of creation by being “in the image of God,” implying a delegation of responsibilities, rather than a conferral of privilege; we are to exercise a delegated authority, which permits us to use the natural order to provide for human flourishing, but does not legitimize exploitation;

- (c) the human race is charged with the tending of the natural order: “stewardship” implies both responsibility and accountability; and
- (d) the fallen nature of human beings predisposes us to take possession of the natural order and use it for our own ends: that is the root of the environmental crisis.

This theology of creation preserves a unique place for human beings, for good and ill, but charges us with responsibilities to the environment—it is not for us to pillage as we please. Thus, the affirmation of biblical human nature and identity has practical implications. Humans can accept legitimate creation authority (contrary to the ecocentric view), but as a call to stewardship (contrary to an exploitative anthropocentric view).

The adoption of theocentrism also matters when assessing the impact of environmental policies on people. There is a strand of biblical material that expresses a concern for the poor and disadvantaged, and humanity is charged with collective responsibility for them as well.³⁶ Some environmental degradation, such as global warming, will affect groups of poor people (such as the inhabitants of low-lying islands like Kiribati) making the welfare of the environment, as well as the poor, complementary policy objectives. But it is not always so; millions of Chinese and Indians have benefited from economic growth to the detriment of the global environment. Christians should therefore join calls for sustainable growth, and decry and abstain from overconsumption, as a way to balance both sets of responsibilities.³⁷

It might seem odd to labor this Christian balance between people and the environment, which is fairly well accepted in Western discourse. But it is a basic assumption of our culture that humans have more value than animals—an assumption that cannot be directly derived from naturalism or ecocentrism. There is nothing in these approaches that would rule out the “resolution” of this “injustice” at the expense of human flourishing.

We would argue that anyone who seeks to use economics ethically and coherently must presuppose what Christians receive from revelation—that humanity has legitimate power over, and moral responsibility toward the environment, which must not be exercised in such a way as to completely equate human and animal life. It is, of course, possible that people of nontheistic persuasion will adopt some or all of these premises. But the temptation to slide into extremes of environmental neglect (as in the former USSR or in the post-WWII West) or human neglect (as in Nazi Germany) can be avoided more readily by adopting an anthropology with transparent built-in balances.

IV. HUMAN NATURE, IDENTITY AND MOTIVATION

This chapter has argued for the relevance of Christian anthropology—human nature, identity, and motivation—to a set of economic models. The models have been of two

rather different kinds. First, we showed what might change in basic consumer theory if other-regarding behavior were modeled with an “outside” anchor to a non-naturalistic worldview, within a theology of redemption. Then we argued that this same anchor provides both the presuppositions and the balance required to deal with the high-level conflicting perspectives of a discipline like environmental economics, via a theology of creation.

With regard to the first set of models, it could be claimed that we have done no more than repeat Becker’s “fix” of putting others’ consumption into our agent’s utility function, and it is true that the short-run analysis (in section II.A and the first part of section II.B) would be identical if we employed this interpretation. However, the description of the Economics of the Family in section I.B shows how Becker’s anchorless altruism seemed arbitrary to scholars and fell foul of the search for simple and stable preferences.

With regard to the second set of models, it could be claimed that the Christian view is not so different from many mainstream attempts to balance environmental and social concerns. We agree, but wonder whether this should be attributed to good luck or to coherent analysis. The vagaries of history might create situations where something like a Judeo-Christian notion of stewardship, which steers between the Scylla and Charybdis of anthropocentric rapine and impractical ecocentrism, is hard to maintain.

There is a policy application that connects the first and second group of models. A standard “selfish” economic anthropology is not capable of producing the kinds of non-cooperative equilibria thought to be necessary to resolve complex environmental problems, such as global warming. It is well known that bargaining theory breaks down for more than two parties, in the sense that indeterminate multiple equilibria occur (Muthoo 1999). Yet in the real world, there do seem to be instances of workable cooperation (Ostrom 1990). For example, self-interest and free riding can be over-ridden by commitments to “save the planet.” Barrett (2005) has analyzed collective action in a review of 190 arrangements for environmental protection and showed that reaching agreements and sustaining them is far from a hopeless project. Could it be that a degree of genuine other-regarding motivation occasionally makes agreements feasible?

It is not our intention to look at the world through rose-colored glasses—after all, a multilateral agreement on climate change policy has proved elusive—but neither do we want to eschew realism for the sake of simple, selfish, and unflinchingly stable preferences. The enormous sacrifices that occur in crises, including war and natural disasters, should also give economists pause.

We conclude with a reflection on changing preferences and their relationship to a theology of Christian hope. If love or stewardship concern for the creation is not prevalent in a society, then policymakers, and Christians who seek to influence them, need to think in terms of utilitarian costs and benefits to pursue good outcomes—being as “shrewd as snakes but as innocent as doves.”

But such a *modus operandi* should be examined carefully on a case-by-case basis. We have already noted that shifts in motivation—individual or societal—matter in the real world, even if they are slow-moving or infrequent. Common grace assures us that

opportunities for selfless behavior exist from time to time, and Christians should be quick to act on the good motivations of others.

But even more fundamentally, the Christian community is—or ought to be—infused with the hope of the Gospel. This hope includes a new valuation of other-regarding behavior, however that might be modeled, and the power to live according to that valuation. The offering of this hope to others deserves its proper place as a complement to Christian social action that appeals to motives arising from common grace.

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NOTES

1. F. Y. Edgeworth (1891), *Mathematical Psychics: An Application of Economics to the Moral Sciences*, quoted in Sen (1977).
2. However, the cardinal utilitarian “ghost” still haunts the model of human nature used in much modern economic analysis, as a cursory examination of recent articles in any of the top theory journals will readily confirm.
3. Sen’s notion is not to be confused with appearing to act against one’s interests in one period, for a payback in another period, which could be enlightened self-interest.
4. The discipline of Welfare Economics tries to avoid complete subjectivism by arguing that Edgeworth’s statement is a positive one (“people are, in fact, only motivated by pleasure and pain”), but then appealing to some higher principle when positing a normative evaluation of acts (“but they shouldn’t be”). Unfortunately, it is not clear to what authority the framers of higher principles can themselves appeal, since their precepts are ultimately motivated by their own brute reactions to pleasure and pain.
5. For some analysis, preferences are exogenous, and any altruism is a “brute fact” not requiring explanation. The text refers to other streams of literature which make something of the affinities between evolutionary theory, game theory, and endogenous preferences. In chapter 9: “Families of Non-Human Species” of Becker’s seminal *Treatise on the Family* (1991), he takes up Dawkins’s (1976) “selfish gene” conception of fitness as the maximand for nonhuman species. Evolutionary disaggregation sometimes stops short of the individual, at the family or gene-pool level, so apparently altruistic behavior may be interpreted as promoting genetic survival.
6. See chapter 5, especially the table on p. 64.
7. It is not uncommon for an ethical agent to feel pleasure in giving to others. However, we define a truly ethical orientation to be one where someone gives even when zero pleasure or actual pain is involved, as in the act of self-sacrifice in the defense of others.
8. There is an extensive literature in other social science disciplines that is critical of the anthropology implicit in standard economic analysis. Two examples must suffice here. Hann and Hart (2011, especially chapter 6), in a very readable exposition of the development

of the discipline of economic anthropology, explain very clearly why anthropologists find economic models of human behavior, especially in a social context, to be inadequate. At the end of their book (pp. 172-73), they include a section entitled “Farewell to *homo economicus*.” Christian Smith (2010), a sociologist, argues that reductionist understandings of human nature in the social sciences fail to account for the observed complexities of human nature, and undermine the capacity of the disciplines to offer explanations of human social behavior. His critique applies as much to the practice of sociology, as to the discipline of economics.

9. Agents display a variety of behaviors even during times of tragedy. There is a continuum of behaviors for people negotiating conflict, including marital dissolution.
10. As Becker’s modeling of altruism showed, this is not logically necessary. But at a deeper level the suspicion that virtue is a facade needing to be “cut away” by Occam’s razor may owe something to the interpenetration of naturalistic evolution and economics (e.g., Eshel et al. 1998). Darwin drew inspiration for natural selection from Malthus’s “struggle for survival” and later evolutionary theory drew from Nash’s game theory. Running back the other way, economic thinking has been influenced by a certain perspective on evolutionary ethics which implicitly distinguishes between right and wrong acts on the basis of their (individual or group) survival value, rather than any reference frame outside nature. The word “selfish” is arguably meaningless if every individual or group is ultimately obeying the dictates of survival through (individual or group) selfishness.
11. This argument is laid out very clearly in chapter 6 of McCloskey (2006); the quotation is taken from p. 91.
12. Love is epitomised in Jesus’ parable of the Good Samaritan recorded in Luke 10:25-37. Among Christian virtues it has primacy (1 Cor. 13:13), because of its ability to balance other virtues (Col. 3:12-14) and because it permeates and “fulfills” other virtues and commands (Rom. 13: 8-10).
13. Particularly in the letters of St. Paul to the first churches established outside Judea: for example, in Romans 8:5-8, Galatians 5:16-17, and Ephesians 5:22-24.
14. The scriptural basis for redemption theology can be found in texts about the forgiveness of sins (e.g., Rom. 3:21-26) and about God changing the “spiritual” person’s motivation (Phil. 2:12-13).
15. We are aware that apparent selflessness can mask selfishness—we are only disputing the *necessity* of this.
16. Duty should be defined broadly, so that circumstances of persistent cruelty (mental or physical) dictate a duty to dissolve the marriage.
17. In keeping with the *ceteris paribus* tradition, we are adopting a simple and admittedly rationalistic view of motivation, moving away from the mainstream only with regard to altruism. A more realistic view of human motivation would allow for emotions.
18. A sufficient condition is that $E-X > 0$. Otherwise, a sufficiently large X can overturn the statement in the text.
19. Having made this distinction, it is clear that the model in this section is a short-run model.
20. O’Donovan’s first claim runs counter to behaviorism, which denies the reality of anything other than actions.
21. Clearly “acts” must include speech. It is unthinkable that a Christian theologian would not accept that speech can disclose character.
22. Proper self-regard could be addressed in the model by introducing a minimum level of s that an agent needs to function or to allow for “neighbor” to include the person in need in

closest proximity (as in the parable of the Good Samaritan, Luke 10), which will sometimes be oneself.

23. "Fulfillment" captures the notion that an action can be valued aside from utilitarian pleasure-pain.
24. Both have a notion of the "core" of the person, though the former is more expansive in common speech than the latter. Identity includes non-ethical dimensions of the person (such as ethnicity), which are not important for character. Furthermore, self-delusion could cause the actual core (the character) to depart significantly from the perceived core (the identity). Since we do not consider deluded consumers, and since the only choice in this model is a moral one (i.e., to give to self or neighbors), we see no need to distinguish between the terms. This has the advantage that the literature on identity and the literature on virtue can be connected.
25. Given a relationship between θ and α , any comparative static results about α could be endogenously driven by θ . Since they are positively related, any partial effects have the same sign.
26. The intuition is that, if a consumer has a high α , he or she would optimally choose a consumption bundle with high n and low s (see (5) and (6)). Now consider a small increase in α : since the consumer already has a high value of n , a higher α puts more weight onto a large quantity, and increases utility. Conversely, a reduction in α reduces utility since more weight is placed on a smaller quantity, s , and so we can conclude that a high α makes it optimal to go even higher. Of course, there are effects on the optimal quantities in the utility function for any change in α , but the envelope theorem renders them irrelevant. They also prove that a low value of α is self-reinforcing too. The intuition is that s will be larger and so increasing the weight on the larger quantity (by reducing α) is optimal.
27. A similar result obtains when the income of Agent 1 rises, except that the shift in the diagram is parallel, being driven by the intercept. This gives a Christian warrant for pursuing (sustainable) growth in that it allows for more resources to be used generously, a point which has often been made (see Stonecash et al. 1999: 144 "GDP does not measure the beauty of poetry, but countries with a higher GDP can afford to teach more of their citizens to read and enjoy poetry").
28. A caveat here is that we have sidestepped the lack of support for taxes among some US Christians. It might be interesting for future researchers to measure total (public plus private) desired generosity.
29. See Bieler (1961, English ed. 2005: ch. 5) for an exposition of Calvin. For contemporary perspectives, see Hardy (1990), and Pope John Paul II's social encyclical *Laborem Exercens: on Human Work* (1981).
30. These two elements are strongly reminiscent of Calvin (see Bieler 2005). The Evangelicals of Guatemala probably could trace their theologies back to Puritan Calvinism as it developed in North America and was later transported by missionaries to Central America.
31. It is not always straightforward to see irreconcilable conflicts because of the different terminology of different disciplines. Sometimes different terms across disciplines mean essentially the same thing, and sometimes the same term means different things. An example of the latter is "sustainability" which, to an ecologist might mean that waste emissions of a project should be within the assimilative capacity of the local environment (one aspect of sustainability in Goodland and Daly 1996), whereas an economist might mean that if natural capital is destroyed to create physical capital, it can sustain a stream of consumption indefinitely.

32. In Perman et al. (2011: ch. 3), an argument is outlined where utilitarianism is tied to pleasure and pain in sentient beings. If one is prepared to accept a greater ability to experience pleasure and pain in humans, then this might form the basis of an environmental ethic. But it fails to value a non-sentient entity, like a waterfall.
33. Careful Christian reflections do exist (such as Berry 2000, who comments on the 1994 “Evangelical declaration on the care of the creation”), but the otherwise scholarly Perman et al. (2011) makes a passing quote of Genesis 1:26 (incorrectly cited as simply “verse 26”), but leaves the crucial term “dominion” unexplained, as though its meaning were self-evident. Callicott (2005: 70) says that “if God is posited as the arbiter of value, anthropocentrism is immediately and directly overcome” but then dismisses the position as primitive, mythic, and ambiguous.
34. The latter can take a number of forms. Hard science naturalism democratically shares out zero metaphysical value over everything and everyone; or ecocentric environmentalism allows humans to share in a highly valued environment, but only as a part of it, without special responsibilities, delegated authority or accountability.
35. Private property ownership has been judged beneficial in many societies, but on a Christian view it is always provisional ownership.
36. In Matthew 25:31–46, the parable of the sheep and the goats, Jesus identifies feeding the hungry, clothing the naked, and receiving the stranger, as indicators of righteousness. Old Testament texts include themes relating to the settlement of Israel in the Promised Land, ensuring that every family would have a share in the allocation of land, and providing support for those who had fallen on hard times until their land could be restored to them, or those who for other reasons had no family land. The intertemporal nature of the land arrangements suggests that Christians should prize the welfare of future generations. In economic debates, this suggests they should argue for low discount rates.
37. Some would regard “sustainable growth” as contradictory, but at least some growth—such as pure inputsaving innovation—cannot be disadvantageous to the environment.

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CHAPTER 32

GENDER

CARRIE A. MILES

I. INTRODUCTION

WHAT do economists and theologians have to say to each other on the issue of gender? To date, they have not said much. An economist in the last century will remember that there was a lot written on economics and gender. A Christian feminist in the last century will also remember that there was a lot written on theology and gender.

But no one will remember much written about economics, theology, and gender. This is a fruitful intersection for biblical hermeneutics, however. Much of our modern difficulty in interpreting biblical references to gender lies in misunderstandings of their cultural context, a culture that was often strongly resisted by biblical figures. An economic analysis of the reasons for the historical sexual division of labor allows us to understand and “drop out” this context, and thus understand what the ancient writings intended to say.

In what follows, I use the word “sex” to refer to the physical attributes that cause the individual to be labeled either male or female. “Gender” signifies the social and psychological difference associated with the physical attributes. Arguably, the study of gender is the study of difference. If a quality is the same across all individuals or varies independently of sex, it is merely an aspect of humanness, not gender.

When academicians write about gender, they usually mean norms and practices as they affect women. The controversies of the last century were indeed mostly about women’s roles. But as we will see, an economic hermeneutic must include men, whose “gender roles” are repeatedly addressed in the New Testament.

II. THE CONTROVERSY

In the 1960s and 1970s especially, controversy raged over the appropriate role of women in the workplace, family, politics, and church. Some of the questions being pondered then,

such as women's reliability and capacities in positions of authority, seem quaint, bigoted, and offensive now. For example, as late as the 1960s, common wisdom, even among academics, held that women's general intelligence was lower than men's (Jordan-Young 2010). The battle lines in this controversy have shifted dramatically over the years, and today even the most conservative theologians affirm the equality of women and men. Nonetheless, institutions such as the Council on Biblical Manhood and Womanhood and the Southern Baptist Convention maintain that despite their basic equality with men, wives remain subject to their husband's "servant-leadership," if not outright authority. Other denominations have dropped language of submission/leadership in marriage but continue to deny women ordination or other positions of authority over men, including preaching and teaching.

Denominations on the other side of the debate ordain women and have dropped discussion about authority between marital partners. The conservative voices, however, accuse the liberal denominations of arriving at the politically correct position by glossing over biblical authority all together.

III. OVERVIEW

My approach takes what many theologians would consider to be a naïve view of the Christian Bible, interpreting it as a consistent whole comprising a teleological vision in three parts: the creation of humankind by God to fit an ideal purpose, the fall from that ideal, and humankind's eventual redemption in Christ. The significance of economic forces flits in and out of this vision, linked intimately with gender. For while sexuality plays a profound role in the creation account, there is no gender in the paradisiacal Garden of Eden precisely because there are no economics there either. Both gender and economics arrive together with the advent of sin and alienation from God. In the final segment, Jesus and the other New Testament writers call believers to operate, if not entirely free of economic forces, at least within a different set of budget constraints, and promise that they will experience life on a higher utility curve as a result.

The new economics of God's kingdom denies the relevance of gender. One scriptural thread, appearing first in Creation, and quoted by Jesus and Paul as the ideal for marriage, holds this theology together: "For this reason, a man will leave his father and mother and will hold fast to his wife, and they two will be one flesh" (Gen. 2:24; Matt. 19:5; Eph. 5:31).

IV. NO ECONOMICS—AND NO GENDER—IN PARADISE

Using economic thought to understand biblical treatment of gender begins with man and woman being brought into a world in which neither economics nor gender exists.

Economics, defined as the study of choices made under conditions of scarcity, has no meaning in Creation, because there is no scarcity in the Garden of Eden. Choice is either not required or without consequence. Hence, economic analysis is not applicable.

Assuming paradise, the first book of the Bible, Genesis 1, depicts God creating sex (“he made them male and female”) but making no additional distinctions between the man and woman. They come into being at the same time and as equals, both made in God’s image, both blessed with children, dominion over the earth, and every good thing for food.¹

V. THE CREATION OF SEXUALITY

The next chapter, Genesis 2, is often considered to be a separate, unequalitarian, and somewhat contradictory version of Creation. In Genesis 2, the Creator appears to make the woman separately from man and apparently as a subordinate “helper” for him.

A careful reading of the text, however, still finds no gender difference in paradise. This alternate reading understands Genesis 2 not as a contradiction of Genesis 1, but an altered elaboration of it, explaining why humanity was created as sexual beings. Although this is not apparent in most English translations, the Creator did not make a *man* (*ish* in Hebrew) in Genesis 2 but a *human* (*ha'adam*). The purpose of the human is to tend and keep the garden.

The Creator made only one human at first, however. Immediately proclaiming that this solitude was not good, God resolved to make a “help meet” for the human.

The Hebrew words translated “help meet” in the first popular English translation of the Bible (the King James Version, 1611) and as “helper as his partner” or “helper suitable” in more modern translations, are *ezer kenegdo*. While “help meet” degraded quickly into “helpmate” in common English usage, the Hebrew words by no means signify a subordinate or inferior helper. The most frequent use of *ezer* in the Hebrew Bible is to refer to God as a help to his people. The root meaning of the word translated “meet,” “suitable,” or “as a partner,” *kenegdo*, is “facing.” Thus God says that the lonely *ha'adam* needs a source of strength on the same level, face-to-face—not a housemaid.

In a search for the help suitable for the human, the Creator brings into being the animals, which he presents to *ha'adam*. None of them prove to be the *ezer kenegdo*, however. Finally, God puts the human beings into a deep sleep and builds the *ezer kenegdo* from *ha'adam*’s own flesh.

Awakened and introduced to this new creation, the former singular human being proclaims:

“This one at last! Bone of my bone, flesh of my flesh!

She will be called woman (*ishsha*) because she was taken from the man (*ish*).”

Until there is a woman facing him, *ha'adam* is not referred to as either a man (*ish*) or male. Rather than contradicting the simultaneous creation of man and woman in Genesis 1,

Genesis 2 affirms it, and explains why there are two: One creature would be lonely and without appropriate source of help. Further, the text stresses their similarity, not their difference. As the text continues, it explains that their one difference, sexuality, was intended to be a force that does not separate but draws the two back together as one: “For this reason a man will leave his father and mother, and hold fast to his wife, and they two will be one flesh. And the man and his wife were naked, and were not ashamed” (Gen. 2:24–25).

VI. GENDER, ECONOMICS, AND THE DEVIL

Only in the third chapter of Genesis does gender enter the theological picture, hand in hand with economics. The serpent, understood within both Hebrew and Christian traditions to be Satan or the devil, tempted the woman with *choice*, eating a fruit which provided the Knowledge of Good and Evil (Gen. 3:5). Both the woman and the man accept this offering, which had God forbidden them, and “their eyes were opened.”

When God discovers what his creation had done, he makes an extended pronouncement of the meaning of the human beings’ decisions:

16 Unto the woman [GOD] said, I will greatly multiply your sorrow (*itsabon*, or painful toil) and your conceptions; In sorrow (*itsabon*) you shall bring forth children; and your desire *shall be* to your husband, and he shall rule over you. (NKJV)

17 And to Adam he said, Because you listened to your wife, and ate from the tree about which I commanded you, “You must not eat of it”: cursed is the ground because of you; through painful toil (*itsabon*) you will eat of it all the days of your life.

18 It will produce thorns and thistles for you, and you will eat the plants of the field;

19 By the sweat of your brow you will eat your food until you return to the ground, since from it you were taken; for dust you are and to dust you will return. (NIV)

For many theologians, gender and the subordination of woman to man, have their roots in these verses. Some quote “he [man] will rule over you [woman]” as a generic commandment for the relationship between the sexes and maintain that male dominance was always God’s intent. Others view Genesis 3:16–19 as a punishment instead of a commandment, a “curse” placed on humankind for disobedience (Luther 1958). Those who hold this opinion differ as to whether this punishment will be lifted in heaven, or whether woman is forever to be subject to man, but nonetheless argue that during this life, woman is to obey man.

The passage, Genesis 3:14–19, is often referred to as “the Curse,” and it is humanity itself, especially women, who are believed to be its objects. But as feminist apologists point out, the text in Genesis 3 uses the word “cursed” only twice; once for the serpent and once for the ground (Flemings 1993; Tribble 1978). Here economic analysis finally gets its foot in the theological door. God’s statement is neither curse nor punishment,

but a description or prophesy of the consequences of living in a world of scarcity. Evicted from paradise, the man and woman become farmers, struggling with a ground strewn with thorns and thistles, scarcity, and the trade-offs scarcity requires. Among these trade-offs are the forces that create gender.

A. Sorrowful Toil and Women's Work (Genesis 3:16a)

God created humankind to “tend and keep the Garden” (Gen. 2:15). The most obvious impact of the humans' eviction from paradise is an abrupt change from carefree “tending” of paradise to the experience of sorrow or painful toil (*itsabon*). Translations usually obscure the fact that this word is used for the fate of both man (Gen. 3:17) and woman (Gen. 3:16). The economy reflected in the Bible is an agrarian or pastoral subsistence economy, and one that requires hard and unrelenting work. In such a human ecology (which ended only recently with the Industrial Revolution and persists today in less industrialized parts of the world) nearly all of the necessities of life are produced in a household. Even as late as nineteenth-century America, households purchased metal implements and salt, but grew or made everything else they consumed (Cowan 1983). In all but the most benign environment, even bare subsistence requires the cooperation of many laborers. This need for coordinated labor in agrarian, nonindustrialized settings results in hierarchical systems of servitude, historically seen in practices such as slavery or feudalism. Even more, it creates a strong demand for children. Between the need for large families and the fact that throughout most of history child mortality was extremely high, women were under a constant obligation to bear children.

In the preindustrial world, child bearing was woman's most important task. However, the endless demands for labor demanded that woman remain productive in other work as well. Gary S. Becker traces the sexual division of labor to this demand on a mother's time (1993). The need for children limited the kind of work that women could sensibly do. Heavy labor is an invitation to miscarriage or loss of breast milk. Societies quickly learn to distribute work so that women would do the tasks that were compatible with pregnancy and lactation.² What becomes women's work varies according to the physical environment, but typical woman's work included child care and training; food production and preparation (hugely time-consuming tasks in the absence of pre-processed foodstuffs); spinning, weaving, and clothing construction; nursing the sick and the aged; gathering or growing and processing herbs to use as medicines; and supervising family hygiene, an important and often time-consuming task in a world that was rife with deadly infections. Further, in the absence of the plow, farming is largely women's work.

B. “He Will Rule Over You” (Genesis 3:16d)

As a result of the accommodations made for child bearing, women's labor bound them to the physical household in a way that men's did not—a phenomenon labeled “domestic

specialization.” Things that are difficult or impossible to do while pregnant, lactating, or with small children present became men’s work (Sacks 1979). Such activities typically included hunting, clearing trees, heavy construction work, metalwork, long-distance trade, fishing in boats, going to sea, plowing, supervising production of crops that require the coordinated effort of many people, governance, raiding the neighbors and neighboring tribes, and protecting the household, community, and their constituents from the raids of others.

In such economies, education is scarce and expensive, particularly when children are needed to work. Families provided most of the training that children got and that was allocated by sex (Becker 1993: 40). Such extrafamilial training went to the sons, whose employment beyond the household made their education a better investment.

C. “None of Your Business?”

Woman’s domestic, family-centered roles meant many of the government and business issues that determine civic power were of little concern to her. Instead, these tasks were quite rationally allocated to men. Although the mistress of a household held power within it, supervising the home production of the slaves in ancient Rome, for example, she had little decision-making authority or ability outside it. Coordinating the efforts of others outside the hearth hold was literally not women’s business. Jewish law, for example, recognizing the value of a mother’s time, explicitly excused women from many of the religious obligations imposed on men. Further, the expense of education compounded women’s indifference. Few women knew enough about political issues to hold office, or even vote—true also of most men. For a woman to have a working knowledge of war and the military, historically important components of political power, was unthinkable. Thus, the demand for the labor and services of children resulted in the economic realities of separate spheres for men and women, and in women’s subordination to men in family, society, government, and the church.

D. “By the Sweat of Your Brow You Will Eat Your Food Until You Return to the Ground” (Genesis 3:19)

Genesis 3 speaks to the burdens on men as a consequence of scarcity as well, depicting the Creator saying to the man, “By the sweat of your brow you will eat your food, until you return to the ground.” Feminist criticisms of patriarchy focus on male dominance of women, but a more accurate understanding of patriarchy notes that it is not simply the rule of men over women, but the rule of a few men over everyone else, male and female (Bartchy 1999). Democracy requires widespread education and wealth in order to function and has been rare historically. Instead, the organizing principle has been some variation on autocracy—monarchy, despotism, feudalism, slavery, bond or

wage labor—that is, a very few patriarchs, but a great many underlings. All men had to be concerned about their place in the status hierarchy. If an individual's circumstances or abilities dictated that he could not wield power himself, he must at least limit how much other men controlled him. Small wonder the Creator's words to the man contain so many references to death. Competition, aggression, violence, greed, status striving, and abusive hierarchical political systems are male gender roles in the fallen world.

E. Your Desire Shall Be for Your Husband, and He Will Rule over You (Genesis 3:16c)

In the newly economic world, woman was coerced into participating in her own subjection. Women do not enjoy living with competitive, emotionally insensitive men, but it is to their advantage to have aggressive husbands. The wife of a dominant man shares his wealth, social status, and ability to protect her and her children. Thus, the husband's "rule over" his wife is partially a product of the feminine demand for a dominant husband.

F. "In Sorrow You Will Bring Forth Children" (Genesis 3:16b)

A psychological extension of the economic model of the sexual division of labor, combined with the Genesis accounts, explains a surprising number of the observed differences between men and women—gender—in personality, behavior, and achievement. A boy born in a preindustrial society will compete with other men. His survival and that of his family depends on how well he does in that competition. The boys who "succeed" are those who strive for power, who have the drive to subdue and master, the will to conquer, and to be the best. Ironically, while it is best to be top dog, when he cannot be, the successful boy accepts his place in the social hierarchy and becomes a good "team player," valuable to the man in charge. Boys have a competitive edge over their opponents if they are self-centered, task-oriented, insensitive to emotion but sensitive to status issues, and tough.

On the other hand, in these same preindustrial cultures, girls are competing not for power, but for the best husbands. Families sought to marry their daughters to men with family wealth or valuable market skills, and status. This is an entirely different competition than boys face. Instead of hoping that their daughters will be strong and intelligent, parents hope that their girls will be physically attractive, nurturing, a good manager, accommodating/submissive, emotionally sensitive, patient, fertile, and chaste.

Thus, girls and boys were valued and trained for very different things, even though their innate temperament, talents, and abilities might be identical. The lucky family was one in which the children's tastes and talents conform to their roles in life. The unlucky family was one in which there was some kind of mismatch. A child's interest in an activity outside of the prescribed role could be disastrous, distracting him or her from learning the more appropriate skill or branding the child—and the whole family by association—as misfits. In a world of scarce resources, whatever gifts or talents the child is born with must be coded “boy,” “girl,” “appropriate,” “inappropriate,” and the child must conform to these judgments.

Preindustrial economies are rationally and inescapably gendered. In them, individual natural talents and inclination must be diverted into role-playing. Further, in such economies the unequal distribution of resources to boys is efficient and rational.

Eve was told that she would bring forth children in sorrow; sorrow because they would be valued not for themselves, but for what they produce. Indeed, for most of history, people had more children than they could care for, because the point of having children is for the children to care for the parents. Indeed, partners in marriage were similarly valued mostly for what they produced. Until relatively recently (and still today in many places), marriages were arranged to satisfy the economic concerns of their families, often with little consideration for the feelings of the bride or groom. Partners in economically motivated marriage do not expect to have close emotional ties with their spouses. Those in need of an intimate confidant turned to a brother, sister, or uncle, not a mate (Bartchy 1999).

This expansion of Becker's analysis of the sexual division of labor meshes neatly with the prophecies of Genesis 3. Marriage ceased to be a relationship of face-to-face, naked and unashamed unity and companionship, and instead became driven by economic forces that reduce woman's role to provision of children, labor, and sex (Miles 2010; Jenkins 2011).

VII. THE OLD TESTAMENT: GENDER AS A CONCESSION TO SIN

The Old Testament texts that follow the creation accounts reflect a delicate balance between resisting and accommodating the consequences of scarcity (for examples, see Daube 1959, most notably the installation of a king at the people of Israel's insistence). One obvious concession is polygamy, the economically efficient tactic of men with a lot of land who need a lot of labor, but a direct violation of the “a man will hold fast to his wife, and they *two* will become one flesh” (emphasis mine) ideal. While the non-patriarchal Creation ideal persists in places, most notably in the equalitarian *Song of Songs*, this ideal is overwhelmed by the patriarchy set in play by economic forces.

VIII. THE NEW TESTAMENT AS ANTI-GENDER

While the Old Testament accepted many behaviors that were economically efficient but contrary to the ideal, Jesus and the authors of the New Testament make no such accommodations. The eschatological Revelation proclaims that the curse on the ground will ultimately be reversed, and with it all sorrow (Rev. 22:3). In the meantime, proclaiming the presence of the Kingdom of God on earth, Jesus taught that the economics of the fallen world no longer apply to those who return to a faithful relationship with God.

His repeated, “You have heard it said...but I say to you...” in the Sermon on the Mount move his followers beyond the rational behavior of the Old Testament laws to the higher utility function of God’s Kingdom (Matt. 5). One of those contrasts ties together the life of faith in the Garden with life in the Kingdom: “I tell you, do not worry about your life... See how the lilies of the field grow. They do not labor or spin. Yet I tell you that not even Solomon in all his splendor was dressed like one of these. If that is how God clothes the grass of the field, which is here today and tomorrow is thrown into the fire, will he not much more clothe you?” (Matt. 6:25, 29–30, NIV). The Christ has come to “redeem” (buy back) his people from their slavery that resulted in the painful labor of Genesis 3. Although Jesus’ followers still must work, living in faith frees them from anxiety and worldly stress.

Jesus explicitly extended this redemption to the relationship between man and woman. When queried about repudiating one’s wife, Jesus responded: “Moses permitted you to divorce your wives because your hearts were hard. But it was not this way from the beginning” (Matt. 19:8, NIV). Rather, quoting the gender-free ideal of Genesis 1:27 and 2:24, he said,

at the beginning the Creator made them male and female, and said, ”For this reason a man will leave his father and mother and be united to his wife, and the two will become one flesh” So they are no longer two, but one. Therefore what God has joined together, let man not separate. (Matt. 19:4–6, NIV)

In other incidents in Jesus’s ministry, he explicitly disavowed gender obligations and restrictions, especially the unholy economic trinity that valued woman only as providers of children, labor, and sex.

A. Children

Jesus addresses woman’s role as child bearer in an incident recorded in Luke 11:27–28. He was preaching in public when “a woman in the crowd raised her voice and said to him, ‘Blessed is the womb that bore you, and the breasts that you sucked!’” This woman

was voicing the prevailing attitude that judged women by the quantity and quality of the sons they produced. Jesus did not let this judgment stand, saying, “Blessed rather are those who hear the word of God and obey it.” Woman’s biological and economic function was not important, but her faith in God was.

B. Labor/Food

Similarly, while visiting the sisters Mary and Martha, Jesus allowed Mary to sit “at his feet” with the male disciples while he taught. The phrase, to “sit at the feet” of a teacher signified that one was the teacher’s disciple—definitely not a female role. Martha demanded that Jesus send Mary to help with the meal preparations. Not only did Jesus allow Mary to remain in a potentially scandalous role, he affirmed her choice, saying to Martha, “You are anxious and troubled about many things; one thing is needful. Mary has chosen the good portion, which shall not be taken away from her” (Luke 10:41, RSV).

C. Women as Sexual Property

When women are valued for their economic production, the men who profit from that production—the men who marry them, the fathers and brothers who profit from these marriages—express great concern about women’s sexual behavior. Especially in honor/shame societies such as those of the ancient Mediterranean, men’s all-important position in the status hierarchy was at the mercy of the chastity of the women of their households. As a result, men sought to police and protect the reputations of their wives and daughters. In the New Testament era, a Jewish man could divorce his wife for speaking to a man on the street or for going outside with her hair uncovered.

Despite these practices, Jesus refused to limit his ministry to women and made a point of welcoming women regardless of their reputations, as the story of the “sinful woman” illustrates. When dining at the home of a Pharisee, a “woman who was a sinner” entered the dining hall and began to wash Jesus’ feet with her tears and wipe them with her hair. The Pharisee said to himself, “If this man were a prophet, he would have known who and what sort of woman this is who is touching him, for she is a sinner.” He viewed such women as so corrupt that God himself would intervene to warn a righteous man away from them.

In response, Jesus pointed out that the manner in which the woman washed Jesus’ feet implied a deep repentance, gratitude, and love. These were more important than her sexual past, and in consequence, her sins were forgiven. In fact, Jesus says that the “sinful” woman had behaved better than the Pharisee, who had not offered the common hospitality of providing water to wash his guests’ feet (Luke 7:36–47).

Jesus pointedly defied critics who insisted he refrain from interacting with women, telling them that considering women only as sexual objects was itself a sinful act: “You

have heard that it was said, 'You shall not commit adultery.' But I say to you that everyone who looks at a woman with lust has already committed adultery with her in his heart" (Matt. 5:27–28).

D. Jesus and Men

Because traditional gender norms so obviously restrict women's freedom, the extent to which norms of masculinity limit men is often overlooked. Jesus' teachings freed men as well as women. The passage just cited, for example, addresses concerns about sexuality that play a dominant, and unpleasant, part in men's lives. "Aggressiveness, virility [and] sexual prowess" were important parts of a man's claim to honor in the Greco-Roman world (Osiek and Balch 1997). Placing sexuality back into its Creation context as a tool of relationship, not as a contest in which "manhood" is judged, Jesus began to redefine what it means to be a man.

Similarly, Jesus redeemed men from a system that pressured men to: measure their worth in terms of material wealth (Matt. 6:19–20; Matt. 4:8–10; Matt. 19:16–26); subordinate themselves to the absolute power wielded by powerful patriarchs (Luke 9:59–62); participate in the endless cycles of strife, competition, and vengeance typical of honor/shame cultures (Matt. 5:38–41); or struggle to dominate, control, and be honored by other men (Mark 10: 35–45; Mark 8:27–33).

Jesus' frequent references to himself as the "Son of Man" encapsulate his attitude toward worldly striving. His use of this title,

radically calls into question his disciples' view of the kind of power operative in 'his glory' by reversing the expectations commonly associated with the title 'Son of Man'. According to Daniel 7:13–14, the 'one like the son of man', who came to be regarded during the century before Jesus as the one who is to come to judge the world, will be 'given dominion and glory and kingdom, that all peoples, nations, and languages should serve him'. Jesus identified himself as that Son of Man and then radically rejects the privileges associated with the role by asserting that he is ready to serve others, even at the cost of his own life. (Bartchy 1993)

The male norms that create hierarchy, war, anxiety, patriarchy, rape, and envy were disallowed in Jesus' definition of a true manhood that seeks to serve rather than be served.

E. Paul as Egalitarian

Jesus' feminism is widely recognized. That of the apostle Paul of Tarsus is not. However, passages from Paul's writings that appear to enforce gender norms have been badly misinterpreted and taken so far out of their context that they have been made to support just the opposite of his intent. Paul's true attitude is found in his statement, "As many of you as were baptized into Christ have clothed yourselves with Christ. There is no longer Jew

or Greek, there is no longer slave or free, there is no longer male and female; for all of you are one in Christ Jesus" (Gal. 3:27–28). It is unfortunate that the author of the most thoroughly egalitarian statement in all of Christendom should be labeled a supporter of patriarchy, slavery, and the subordination of women.

IX. CONCLUSION

The intersection of economics, theology, and gender shows economics and gender to be inescapably linked in the biblical story of creation ideal, fall, and redemption. In paradise, there was no scarcity. The human beings were sexual but not gendered, at one with God and with each other. Gender appears only after the rupture of that original relationship with God, when humankind was evicted from the Garden into a world in which the ground was cursed.

With Jesus and the reconciliation of God and humanity, the relationship between economics and gender takes a different turn, as humankind is bought back from their slavery to the ground. Limitations and obligations based on gender, men's as well as women's, were decried in New Testament writings, and the original ideal relationship between woman and man restored. But humanity was not yet back in the Garden. The earth was still filled with thorns and thistles. Men and women still needed children, and each other, for reasons of production, not love. The sexual division of labor was still necessary and prevailed for nearly another two thousand years. What does economic analysis have to say to this paradox?

The concept of religious or spiritual capital, a variation on the idea of human capital, fills the conceptual gap. While religious institutions are easily subverted by the demands of efficiency, at the same time religion provides personal and institutional resources that enable its adherents to behave in ways that are at odds with the prevailing economic and social structure. In the language of the New Testament, these resources enable people to live "in the spirit" rather than "in the flesh." This resource enables individuals, groups, and whole societies to maintain norms and values that transcend ordinary economic incentives, such as refusing to hold slaves even when doing so proves profitable or staying to care for the victims of plague when everyone else is running away (Stark 1996).

Jesus and the writers of the New Testament denounced decision-making based on the natural, secular competition for scarce worldly resources, calling their followers instead to place trust in the infinite resources available to those who live by the spirit. The people of the Jesus movement lived under a different set of budget constraints than they had assumed in the past. Christians should not have to strive for those things of the flesh, because God himself would take care of them if they lived by faith rather than putting their trust in the worldly status quo.

Theoretically, influx of new capital of any kind should help people attain higher utility. Although more research needs to be done on this subject, it does appear that this spiritual capital had a profound effect over time, transforming the structure and

interpersonal patterns within the family (Stark 1999; Miles 2007).³ It is difficult to appreciate the extent of this transformation in the developed West, however, with its long history of Christianity. In historically non-Christian less developed countries such as those of sub-Saharan Africa, however, even today women, girls, and subordinate men are subject to perhaps economically efficient but personally and certainly socially harmful gender-typed practices. The current rapid growth of Christianity into these countries offers an opportunity to study empirically the intersection between economics, theology, and gender. stopped

NOTES

1. From a contemporary Western perspective, this equality is unremarkable. But in less-developed, historically non-Christian countries, all property, children and certain foods (and in many contexts, the women themselves) will belong exclusively to men. In these cultures, the Bible thus begins with a profoundly countercultural statement.
2. Melford Spiro's study (1996) of the Israeli kibbutz movement found that the female kibbutzim went from radical feminist and communist to conventionally feminine from one generation to the next, as the first generation discovered that the heavy farm labor glorified in Marxist ideology was incompatible with carrying a pregnancy to term.
3. Christianity forbade the exposure of infants or abortion, both practices which affected girls disproportionately. It raised the age of marriage for girls, raised the status of women in general, disallowed the sexual double standard and required husbands as well as wives to be monogamous, outlawed polygamy, opposed and ultimately eliminated slavery, put slaves and women into leadership positions in the church, allowed marital separation in the interest of peace but discouraged divorce, and encouraged people to remain single if they chose to do so. A significant factor in the explosive growth of the early Christian movement was that it treated women so well (Stark 1999).

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CHAPTER 33

POVERTY

CRAIG M. GAY

THE subjects of wealth and poverty are frequently and variously addressed in both the Old and the New Testaments and they have, from the earliest days of the Christian church down to the present day, been major foci of theological reflection and debate. It would be seriously misleading, therefore, to suggest that there is either a single or a simple Christian understanding of “poverty.” What follows is neither particularly descriptive, attempting to describe all of the various causes and effects of poverty, and neither is it expressly prescriptive; detailing what has been and perhaps should now be done in respect to the problem of poverty. Rather the following entry simply delineates *a* Christian perspective, or framework within which poverty might be most helpfully understood. The entry is *evangelical*, in that it seeks, first and foremost, to be faithful to the witness of Holy Scripture, yet also attempts to draw on the larger Christian theological tradition. In neither respect, however, does it claim to be exhaustive. It is hoped that the following sketch, illuminated by a number of key biblical texts, will help the reader to begin to appreciate how the authors of Holy Scripture understood “poverty” and therefore how, assuming the reader is a Christian, he or she ought perhaps to think and act in respect to the poor.

The secondary purpose of the chapter is to suggest that contemporary Christian reflection on the problem of “poverty” often neglects something that acutely impedes our thinking and acting on behalf of the poor. The thesis that will be advanced along this line is that we are tempted to neglect the poor, not simply because we are selfish, complacent, and/or ignorant—though surely we are all of these things—but also because we are *afraid*. We are afraid that sharing our resources with the poor may somehow threaten our own survival in an environment that very often seems to us to be indifferent, and perhaps even inimical to our own best interests.¹ From a Christian point-of-view, such a fearful reading of our own circumstances is itself a temptation that must be overcome by faith, hope, and, ultimately, by love.

I. POVERTY IN THE CONTEXT OF SALVATION HISTORY

From the opening chapters of Genesis to the concluding verses of The Apocalypse, it is insisted that God desires his creatures to *thrive* and to *flourish*. The original vision of Eden, as well as the eschatological vision of the New Jerusalem, are visions of *material delight as well as of spiritual and relational wholeness*.

“God saw all that he had made, and it was very good.” (Gen. 1:31)²

“Then I saw a new heaven and a new earth, for the first heaven and the first earth had passed away, and there was no longer any sea. I saw the Holy City, the new Jerusalem, coming down out of heaven from God, prepared as a bride beautifully dressed for her husband. And I heard a loud voice from the throne saying, ‘Now the dwelling of God is with men, and he will live with them. They will be his people, and God himself will be with them and be their God. He will wipe every tear from their eyes. There will be no more death or mourning or crying or pain, for the old order of things has passed away.’ He who was seated on the throne said, ‘I am making everything new!’ Then he said, ‘Write this down, for these words are trustworthy and true.’ He said to me: ‘It is done. I am the Alpha and the Omega, the Beginning and the End. To him who is thirsty I will give to drink without cost from the spring of the water of life. He who overcomes will inherit all this, and I will be his God and he will be my son.’” (Rev. 21:1–7)

The entire biblical narrative, in short, is a celebration of *life*. God himself *is* life, and it is his Spirit that breathes life into his creation. God, furthermore, is the source of all wealth and goodness. Indeed, the human capacity to work and to create wealth is itself the *gift* of God.

Yet just as the giftedness of life lies at the heart of the biblical narrative, so also does *human freedom*. Having been created after the image and likeness of God, it has been given to us to work freely in the world and to derive pleasure and satisfaction from our work. From the biblical perspective, the human creation of material wealth, creation that presupposes the use of what we today call “property,” is profoundly good.

“God blessed [the first man and woman] and said to them, “Be fruitful and increase in number; fill the earth and subdue it. Rule over the fish of the sea and the birds of the air and over every living creature that moves on the ground.” (Gen. 1:28)

But, of course, succumbing to the temptation to be “as God, knowing good and evil,” the first man and woman fell into sin and the creation that God had declared good was infected with human wickedness, ignorance, demonic spiritual influences. As a result, the original dominion mandate was profoundly frustrated. The context of human work

in the world—"the ground"—was rendered refractory and difficult, diminishing the satisfaction of our work and often rendering it fruitless and futile.

Our world is thus one in which human attempts at practical and theoretical dominion often come to naught. It is a world characterized by ambiguity and meaninglessness, one in which negative consequences very often issue accidentally and unintendedly from even the most well-designed and well-intentioned projects. It is a world in which the possession of wealth does not necessarily indicate God's blessing, and neither is poverty indicative of divine displeasure. And it is a world, furthermore, in which all of our efforts are hemmed in by the eventuality of death. Both the rich and the poor alike die. Neither take anything with them.

To Adam [God] said, "Because you listened to your wife and ate from the tree about which I commanded you, 'You must not eat of it,' "Cursed is the ground because of you; through painful toil you will eat of it all the days of your life. It will produce thorns and thistles for you, and you will eat the plants of the field. By the sweat of your brow you will eat your food until you return to the ground, since from it you were taken; for dust you are and to dust you will return." (Gen. 3:17-19)

"Poverty," whether understood materially or spiritually, must be understood in the context of sin's disturbance of God's good creation. Poverty represents a *diminished capacity for life* stemming from human wickedness and ignorance, from the intended and unintended consequences of human decisions, from demonic influences, as well as from fate in the form of natural calamity and adversity.

Yet the Christian doctrines of the *Incarnation* and *Resurrection* proclaim that God remains resolutely committed to our damaged world. He has himself—and at great personal cost—acted on our behalf in the suffering, death, and resurrection of Jesus Christ to *redeem* and *restore* our fallen world. Our redemption was inaugurated on the first Easter Sunday and it will be consummated when, as the Apostle's Creed states, Christ comes again "in glory to judge both the living and the dead."

For the grace of God that brings salvation has appeared to all men. It teaches us to say "No" to ungodliness and worldly passions, and to live self-controlled, upright and godly lives in this present age, while we wait for the blessed hope—the glorious appearing of our great God and Savior, Jesus Christ, who gave himself for us to redeem us from all wickedness and to purify for himself a people that are his very own, eager to do what is good. (Titus 2:11-14)

Yet poverty remains a perplexing and enduring problem in the "mean time" as it were. It is, like death, a feature of the human condition that has yet to be overcome. We are, however, repeatedly warned in Scripture that poverty is an *aberration*—indeed, an aberration that the wealthy take for granted at their peril—for the time is coming when "every valley shall be raised up, every mountain and hill made low; the rough ground shall become level, the rugged places a plain" (Isa. 40:4), a time when "many who are first will be last, and the last first" (Mark 10:31). It is this new economy of salvation to which the Christian church has been called to witness, both in word and deed.

In spite of the ambiguity and futility that continue to characterize the present age, furthermore, the Scriptures affirm that the world remains very largely ordered to the flourishing of God's creatures. Diligence and thrift, for example, still for the most part pay off. Dissipation and sloth most often yield equally predictable results. This is the thrust of biblical wisdom.

"Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest. How long will you lie there, you sluggard? When will you get up from your sleep? A little sleep, a little slumber, a little folding of the hands to rest, and poverty will come on you like a bandit and scarcity like an armed man." (Prov. 6:6–11)

We are warned, then, that there will be those who are not so much the "victims" of poverty as they are simply the heirs of their own foolish actions and/or inaction.

And yet we are also told that the LORD himself mysteriously "sends poverty and wealth" and that it is he who "humbles and exalts." (1 Sam. 2:7) and the Scriptures enjoin the preservation and restoration of those who have, *for whatever reason*, fallen into poverty. Along this line, the Scriptures develop an elegant balance between sanctioning individual economic agency and the ownership of property—both necessary for freedom and for the realization of our human creativity—while at the same time calling for the protection of all members of the community against permanent dispossession and hence against unfreedom. The Scriptures also affirm that individuals are only the "stewards" of that which has, ultimately, been entrusted to them and that it is, therefore, their responsibility before God to take care of others with their resources. Hence, while working creatively and diligently in order to provide for oneself and for one's family is wholly legitimate in the eyes of the authors of Holy Scripture, so we must also look to the needs of others and especially to the needs of the poor. This moral vision is beautifully summarized by the prophet Isaiah as follows:

Is not this the kind of fasting I have chosen: to loose the chains of injustice and untie the cords of the yoke, to set the oppressed free and break every yoke? Is it not to share your food with the hungry and to provide the poor wanderer with shelter—when you see the naked, to clothe him, and not to turn away from your own flesh and blood? Then your light will break forth like the dawn, and your healing will quickly appear; then your righteousness will go before you, and the glory of the LORD will be your rear guard. Then you will call, and the LORD will answer; you will cry for help, and he will say: Here am I. "If you do away with the yoke of oppression, with the pointing finger and malicious talk, and if you spend yourselves in behalf of the hungry and satisfy the needs of the oppressed, then your light will rise in the darkness, and your night will become like the noonday." (Isa. 58:6–10)

Isaiah and the prophets often recapitulate the biblical moral vision under the heading of "justice." It is also captured in the notion of "right." Yet both words are today freighted in such a way as to obscure the giftedness of existence. They are used—quite rightly—to stress the responsibilities that the wealthy have *vis-à-vis* the poor, but fail to remind the

wealthy that this is because they are simply the stewards of wealth that God has ultimately given to them. For this reason, the moral vision of the Bible is perhaps better encapsulated today in the term “*shalom*,” signifying peace, completeness, wholeness, harmony, fulfillment, unimpaired relationships, and the fulfillment of one’s undertakings.

Shalom extends beyond rendering unto each his or her due. It extends beyond delineating the rights of individuals over and against communities. It extends beyond systems, procedures, and/or static outcomes to the flourishing of real human persons in actual communities. *Shalom* is a living process. It is ultimately the gracious gift of God. And just as it has been given to us to work and to create wealth so it has been given to us to be the agents of *shalom* by taking care of each other in community. As theologian Emil Brunner once observed:

All of the natural orders point to the same truth whether it be the relation between old and young, father and child, leader and followers, the productive and the receptive, or the natural inequalities which determine the living character of economic life. Everywhere life is permeated by a characteristic natural inequality, which makes one human being stand in need of another.³

And, we might add, which creates the opportunity for one human being to *give* to another.

The Psalmist captures the spirit of *shalom* when he declares: “Behold how good and pleasant it is when brothers dwell together in unity!” (Ps. 133:1) And *shalom* directs our attention forward in hope as, for example, Isaiah declares, “the effect of righteousness will be peace [*shalom*], and the result of righteousness, quiet and trust for ever. My people will abide in a peaceful habitation, in secure dwellings, and in quiet resting places.” (Isa. 32:17–18)

From a Christian perspective, then, “poverty” must be understood in the context of the larger salvation narrative of creation, fall, redemption, and consummation. It is, at once, tragic, inevitable, mysterious, and yet ultimately temporary. The existence of poverty, furthermore, makes serious claims upon those who have been blessed with wealth. And finally, to the extent that poverty often causes us to cry out to God in faith, it can actually be seen to be a blessing. In the context of the larger narrative, then, all of the following—apparently contradictory—biblical sentiments can be seen to fit:

“... there should be no poor among you, for in the land the LORD your God is giving you to possess as your inheritance, he will richly bless you...” (Deut. 15:4)

“There will always be poor people in the land. Therefore I command you to be openhanded toward your brothers and toward the poor and needy in your land.” (Deut. 15:11)

“He who works his land will have abundant food, but the one who chases fantasies will have his fill of poverty.” (Prov. 28:19)

“This is what the LORD says: ‘For three sins of Israel, even for four, I will not turn back [my wrath]. They sell the righteous for silver, and the needy for a pair of sandals.

They trample on the heads of the poor as upon the dust of the ground and deny justice to the oppressed . . .” (Amos 2:6–7)

“Blessed are you who hunger now, for you will be satisfied. Blessed are you who weep now, for you will laugh.” (Luke 6:21)

“But woe to you who are rich, for you have already received your comfort.” Woe to you who are well fed now, for you will go hungry. Woe to you who laugh now, for you will mourn and weep. (Luke 6:24–25)

II. SPECIFIC TEACHINGS

There are, of course, any number of specific biblical instructions aimed at the preservation and restoration of *shalom*. We are, in the first instance, forbidden to take advantage of our neighbor by way of lying, cheating, stealing, by coveting, or even by procrastinating:

“You shall not have in your bag two kinds of weights, a large and a small. You shall not have in your house two kinds of measures, a large and a small. A full and just weight you shall have, a full and just measure you shall have; that your days may be prolonged in the land which the Lord your God gives you.” (Deut. 25:13ff.)

“Do not remove an ancient landmark or enter the fields of the fatherless; for their Redeemer is strong; he will plead their cause against you.” (Prov. 23:10–11)

“Do not withhold good from those to whom it is due, when it is in your power to do it. Do not say to your neighbor, ‘Go, and come again, tomorrow I will give it’—when you have it with you.” (Prov. 3:27–28)

We are also forbidden to take advantage of our neighbor’s misfortune. It is important to stress in this connection that the authors of Scripture recognize that poverty may or may not be the result of injustice and that it may or may not be the fault of those who suffer from it. Yet whatever the reasons our neighbors may have fallen into poverty, we are forbidden to take advantage of their plight.

“You shall not see your brother’s ox or his sheep go astray, and withhold your help from them; you shall take them back to your brother. And if he is not near you, or if you do not know him, you shall bring it home to your house, and it shall be with you until your brother seeks it; then you shall restore it to him. And so you shall do with his ass; so you shall do with his garment; so you shall do with any lost thing of your brother’s, which he loses and you find; you may not withhold your help. You shall not see your brother’s ass or his ox fallen down by the way, and withhold your help from them; you shall help him to lift them up again.” (Deut. 22:1ff.)

An obvious question arises at this point in respect to contemporary economic conditions, however: Does not taking advantage of our neighbor's misfortune implicitly prohibit economic competition? There are at least three reasons why this question must not necessarily be answered in the affirmative. The first is that the Old Testament, where the prohibitions of taking advantage of our neighbor are most explicitly stated, assumes a subsistence agricultural economy in which competition between neighbors served no socially useful purpose. The injunctions are also addressed to individuals and families and not to "firms" as we understand them today. While the biblical material would certainly proscribe unfair competitive practices between firms, it would not seem to exclude either competition or innovation per se, particularly not when both can be shown to serve valuable social purposes. Biblical concern does, however, clearly extend to those temporarily dispossessed by the "creative destructive" nature of our technologically driven modern economy. The victims of such a system, so the biblical material suggests, must not simply be left behind. Rather they must be helped to find new avenues for productive endeavor.

Yet beyond not taking advantage of one another, the Scriptures also forbid us to use our power and/or our positions of authority to *gain* advantage over our neighbors:

"You shall appoint judges and officers in all your towns which the Lord your God gives you, according to your tribes; and they shall judge the people with righteous judgment. You shall not pervert justice; you shall not show partiality; and you shall not take a bribe, for a bribe blinds the eyes of the wise and subverts the cause of the righteous. Justice and only justice, you shall follow, that you may live and inherit the land which the Lord your God gives you." (Deut. 16:18ff.)

Those perhaps most sorely tempted to abuse power and positions of authority to gain advantage for themselves are those in positions of political power. Hence, those in power are repeatedly warned to govern wisely and judge justly. Those who do not will surely incur the wrath of God:

"Woe to those who make unjust laws, to those who issue oppressive decrees, to deprive the poor of the earth. [God] will strike the earth with the rod of his mouth; with the breath of his lips he will slay the wicked." (Isa. 10:1ff.)

The Scriptures also repeatedly command us to *advocate* on behalf of those who are weak and disadvantaged. This is the thrust of the many passages in Scripture that identify "the widow, the orphan, and the stranger" as persons requiring special consideration and in need of special care. These are persons who, for whatever reason, have experienced misfortune and who find themselves in positions of relative powerlessness. The critical characteristic that unites "the widow, the orphan, and the stranger" is not simply poverty per se, but *vulnerability*. These are the sorts of people of whom it is easiest to take advantage. They are also the kinds of people most at risk of neglect. Indeed, it is the taking of advantage of vulnerability—both actively and passively—that most threatens *shalom*. Consider the following passages.

“You shall not wrong a stranger or oppress him, for you were strangers in the land of Egypt. You shall not afflict any widow or orphan. If you do afflict them, and they cry out to me, I will surely hear their cry; and my wrath will burn, and I will kill you with the sword, and your wives shall become widows and your children fatherless.” (Exod. 22:21)

“‘Cursed be he who perverts the justice due to the sojourner, the fatherless, and the widow.’ And the people shall say, ‘Amen.’” (Deut. 27:19)

“Give justice to the weak and fatherless; maintain the right of the afflicted and the destitute.” (Ps. 82:3)

“Learn to do what is right. Seek justice, correct oppression; defend the fatherless, plead for the widow.” (Isa. 1:17)

“Open your mouth, judge righteously, maintain the rights of the poor and needy.” (Prov. 31:9)

Finally, the Scriptures repeatedly command us to care of those who have fallen into misfortune:

“Defend the cause of the weak and fatherless; maintain the rights of the poor and oppressed. Rescue the weak and needy; deliver them from the hand of the wicked.” (Ps. 82:3–4)

“He who is kind to the poor lends to the LORD, and he will reward him for what he has done.” (Prov. 19:17)

“Jesus answered [the rich young man], ‘If you want to be perfect, go, sell your possessions and give to the poor, and you will have treasure in heaven. Then come, follow me.’” (Matt. 19:21)

“Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment. Command them to do good, to be rich in good deeds, and to be generous and willing to share.” (1Tim. 6:17)

The care we are to show for the poor must be set in the context of the Bible’s high view of personal agency, however. The goal is not simply to sustain the vulnerable, but to assist them to begin again to help themselves and so to regain their dignity. The laws of redemption in Leviticus 25, for example, clearly point in this direction:

“If a fellow Hebrew, a man or a woman, sells himself to you and serves you six years, in the seventh year you must let him go free. And when you release him, do not send him away empty-handed. Supply him liberally from your flock, your threshing floor and your winepress. Give to him as the LORD your God has blessed you. Remember that you were slaves in Egypt and the LORD your God redeemed you. That is why I give you this command today.” (Deut. 15:12–15)

III. JUSTICE AND MERCY

Clearly, while *shalom* entails justice and includes the notion of right, it hinges upon the profoundly personal actions of grace and mercy, for such are the acts of freedom *par excellence*. Consider the prophet Ezekiel's description of the righteous person:

"If a [person] is righteous and does what is lawful and right—if he does not eat upon the mountains or lift up his eyes to the idols of the house of Israel, does not defile his neighbor's wife or approach a woman in her time of impurity, does not oppress anyone, but restores to the debtor his pledge, commits no robbery, gives his bread to the hungry and covers the naked with a garment, does not lend at interest or take any increase, withholds his hand from iniquity, executes true justice between man and man, walks in my statutes, and is careful to observe my ordinances—he is righteous, he shall surely live, says the Lord God." (Ezek. 18:5)

The truly righteous person, in other words, is not simply one who refrains from oppressing his neighbor and who in practice "gives to each his due," but is one who is *generous*, actively looking after those in need.

Recognizing that everything we are and have has been given to us by God, we are to give to one another. Not only is the economy of gift-giving written into the very nature of created reality, but the giving of gifts lies at the heart of God's own triune nature. Surely the most astounding feature of the Christian religion is its proclamation that God has given himself to mankind, which is to say, to a people *entirely undeserving of such a gift*. It should come as no surprise, then, when Jesus not only urges us to give to *anyone* who asks of us but also to love our *enemies* (Matt. 5:42–44), for such actions are consonant with the character of God the Father. Will we find this difficult? Will it be costly? Of course, it will! Yet Jesus tells his disciples that "no one who has left home or brothers or sisters or mother or father or children or fields for me and the gospel will fail to receive a hundred times as much in this present age (homes, brothers, sisters, mothers, children and fields—and with them, persecutions) and in the age to come, eternal life" (Mark 10:29–30). Ultimately, the costs of caring for the poor, and indeed the costs of restoring a creation damaged by human wickedness are borne by God himself. Such is the majesty of grace. Indeed, the extent to which we are now allowed to participate in the sufferings of Christ is itself a gift, because we are told that our suffering will issue forth in great joy when Christ's glory is revealed (1 Pet. 4:13).

Having said this, each of us must still give freely, having determined in our own hearts what to give and to whom. We are also, as far as possible, to give in secret, not even letting our "left hand know what our right hand is doing" (Matt. 6:3).

"Remember this: Whoever sows sparingly will also reap sparingly. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work." (2 Cor. 9:6–8)

Justice must, therefore, be completed by mercy. Both are necessary for *shalom*. Providing the norm for institutional behavior, justice renders unto each his or her due, while mercy compensates for the impersonality of institutions and for the accidents of birth and circumstance. An illustration of the combination is given in the command to landowners to leave the gleanings in their fields for the poor to harvest (Lev. 19:9–10; Lev. 23:22; Deut. 24:19–21). In its original context the charge was meant to give the working poor a chance to find enough food to eat. In general, it suggests that we should not act so rationally as to simply maximize our own satisfaction in economic relationships. Instead, those less able to meet their needs are to enter into our calculations as well, and not simply as an afterthought, but in the very midst of the production and distribution of wealth.

But what of the matter of *equality*? Isn't mercy at odds with justice in the sense that it presupposes inequality? Along this line, some contemporary authors are reluctant to stress the Bible's emphasis upon of grace and mercy because such an emphasis would seem—even if only implicitly—to surrender the right to equality. Yet while the Scriptures do affirm equality before God, they are wholly realistic about the inequality that must always characterize the human condition in the “here and now.” As Glenn Tinder has noted in *The Political Meaning of Christianity*:

The standards of Christian politics are prophetic, not merely moral. Equality lies in our destiny [in Christ]. The standard of equality may be at odds with present conditions, but it conforms with the innermost order of human life and history. . . . It must be granted, and indeed emphasized, that these considerations do not justify a dogmatic egalitarianism, blind to circumstances and deaf to objections. Because we are finite and fallen creatures, it would be inappropriate for us to act as though we did not live in the world; and it would be wrong for us to act as though destiny commanded that all social relations immediately be equalized. The rule of hesitation applies to equalization, as to all other social changes. But the link between agape and equality cannot be severed, and as long as we keep ourselves free of self-righteousness and resentment, we can in good heart press toward realizing the egalitarian implications of agape, knowing that such action is not only required of us morally but is sustained by the destiny that defines God's history.⁴

IV. SUMMARY

The Scriptures clearly exhibit a great concern for economic life and good deal of effort is expended by the authors of both the Old and the New Testaments in detailing how we should and should not treat each other in the context of practical material affairs. The Bible's teaching on economic life in general, and on the relations between rich and poor more specifically is, of course, summarized in double commandment of love of God and

neighbor (Matt. 22:34–40) The end, or goal, of all of the Bible’s teaching, is *shalom*; and the means for achieving this end comprise both justice and mercy.

The Scriptures remain entirely realistic, furthermore, about the temptations that must inevitably arise in the context of human wickedness, material scarcity, misfortune, and ultimately death. Chief among these temptations, it seems, are the temptations either to actively take advantage of our neighbor’s misfortune and/or weakness to enrich ourselves and/or to passively refrain from using our own wealth to assist those who have, for whatever reason, fallen into poverty.

The Scriptures are also thoroughly realistic about the temptations that accompany the exercise of power, and particularly political power. Lord Acton’s celebrated phrase “power corrupts and absolute power corrupts absolutely” expresses an entirely biblical sentiment. While anarchy is never condoned in the Scriptures, it would not be too much of an exaggeration to say that human political structures tend to be viewed as something of a necessary evil. In this connection, those who exercise authority are always seen to stand under the authority of the moral law, a law that places an infinitely high value on the human person and extends to his or her property and the freedom to realize his or her projects in the world.

V. THE PROBLEM OF FEAR

So what stands in the way of our caring for the poor, particularly those of us in the developed West? Wickedness? Selfishness? Indifference? Complacency? Hardness of heart? Surely *all* of these do and there are any number of contemporary Jeremiads that rightly point such failings out. Yet something else that seems to stand in our way, something commonly overlooked, is *fear*. We are afraid that sharing what we have with the poor may somehow threaten our own survival in a world that seems to us to be indifferent, and perhaps even inimical to our best interests.

Fleshing this thesis out, let me begin by citing a passage from G. K. Chesterton’s classic apology for the Christian faith, *The Everlasting Man*. One of the many things that Chesterton set out to do in this remarkable book was to defend the marvelously gracious quality of the Christian religion over and against a number of other far less gracious yet nevertheless perennially attractive religious options. One of these, Chesterton believed, is the “religion” that seems always to lurk beneath the surface of commercial civilizations—the “religion” of practicality, control, and “getting things done.” Yet it is also, as Chesterton saw very clearly, a religion of cruelty and, above all, of *fear*.

In a chapter entitled “The War of the Gods and Demons,” Chesterton briefly recounts the Punic Wars that pitted the Romans against the North African city of Carthage during the third century B.C. The Carthaginians were sophisticated and wealthy, technologically advanced, supremely practical, and clever. Yet Chesterton observes that their practicality was born ultimately of a very deep-seated pessimism. There is “a tendency in those hungry for practical results,” he observed, “to call upon

spirits of terror and compulsion. . . . There is always a sort of dim idea that these darker powers will really do things, with no nonsense about it.”⁵ Why, Chesterton queries his readers, does it so often seem to be the case that “men entertain this queer idea that what is sordid must always overthrow what is magnanimous?”⁶ They do so, he went on to reply,

because they are, like all men, primarily inspired by religion. For them, as for all men, the first fact is their notion of the nature of things; their idea about what world they are living in. And it is their faith that the only ultimate thing is fear and therefore that the very heart of the world is evil. They believe that death is stronger than life, and therefore dead things must be stronger than living things; whether those dead things are gold and iron and machinery or rocks and rivers and forces of nature.⁷

Sadly, the specific religion that appears to have inspired the Carthaginians involved the worship of the cruel and terrible god Moloch and required them periodically to throw hundreds of their infant children into a large furnace.

Chesterton believed that God saved the ancient world from the brutality of the Carthaginian religious vision by eventually allowing the Romans to prevail in the Punic Wars, but he observed that the religious vision of the Carthaginians has continued to attract those anxious to “get things done” in this world. Indeed, it has continued to pose a profound threat to any religious vision—and particularly the Christian one—that would affirm that life must ultimately prevail over death. “It may seem fanciful,” Chesterton wrote, “to say that the men we meet at tea parties or talk to in garden parties are secretly worshippers of Baal or Moloch. But this sort of commercial mind has its own cosmic vision and it is the vision of Carthage.”⁸

Needless to say, Chesterton’s comments are troubling and contentious, particularly his suggestion that ordinary businesspeople are secretly—albeit unwittingly—the worshippers of Moloch. And yet we note that the fear that, as Chesterton put it, “the very heart of the world is evil” is actually a very common fear, even if it is not commonly discussed. Most often our fear is hidden beneath the anxiety we experience in relation to chance, fate, and ultimately death.

Such fear has always loomed large in the human imagination, fueling idolatries of various sorts and very often moving those in the possession of wealth and power to neglect the poor in a kind of frantic search for security and immortality. What may come as something of a surprise is to realize how large fear still looms in the modern imagination.

Yet the entire modern project has, in effect, been premised upon the presumption that fate must somehow be mastered if we are to survive in this world. One of the early and more significant architects of modernity, Niccolo Machiavelli, emphasized the crucial importance of mastering “Fortuna,” or fate, by any means necessary.⁹ Whereas earlier—and very largely Christian—political philosophy assumed that the natural order of things was deeply good and that it would sustain our lives if we could learn (by way of cultivating the virtues) how to live rightly within it, Machiavelli contended that the world was something that had to be made to serve human interests. Recall also Descartes’s

contention that the genius of the scientific method was such that it might finally render us “the masters and possessors of nature.”¹⁰ Only by taking control of nature, Descartes stressed, can we insure our comfort and security. If such control requires us to “objectify” the world of things, other people, and perhaps even ourselves, this is simply the price we have to pay for survival in the midst of an indifferent and fateful universe—or so the modern argument runs. For, of course, lurking beneath the surface of modern confidence is the fearful suspicion that the world as it is only reluctantly and grudgingly permits us to carve out space for our lives, and that such space can only be constructed more or less violently by means of “dead” forces such as machinery and money.

Given modernity’s deep-seated fearfulness, particularly in light of Chesterton’s comments about the deeply pessimistic religiosity that so often animates commercial civilization, we begin to suspect that what stands in the way of our helping the poor today extends beyond indifference and complacency and ultimately to fear. The poor, from within the modern purview, are simply unlucky, the victims of fate. We feel badly about this, of course, but there is not much we can do about it. And we are worried that we may well wind up in their situation if we are not careful to hang on to what we have. To which, of course, Jesus responds:

Do not lay up for yourselves treasures on earth, where moth and rust consume, and where thieves break in and steal, but lay up for yourselves treasure in heaven, where neither moth nor rust consumes and where thieves do not break in and steal. For where your treasure is, there will your heart be also. The eye is the lamp of the body. So if your eye is sound, your whole body will be full of light; but if your eye is not sound, your whole body will be full of darkness. If then the light in you is darkness, how great is the darkness! No one can serve two masters; for either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and *mammon*. Therefore I tell you, do not be anxious about your life, what you shall eat, what you shall drink; nor about your body, what you shall put on. Is not life more than food, and the body more than clothing? Look at the birds of the air: they neither sow nor reap nor gather into barns, and yet your heavenly Father feeds them. Are you not of much more value than they? And which of you by being anxious can add one cubit to his span of life? And why are you anxious about clothing? Consider the lilies of the field, how they grow; they neither toil nor spin; yet I tell you, even Solomon in all his glory was not arrayed like one of these. But if God so clothes the grass of the field, which today is alive and tomorrow is thrown into the oven, will he not much more clothe you, O men of little faith? Therefore do not be anxious, saying, “What shall we eat?” or “What shall we drink?” or “What shall we wear?” For the gentiles seek all these things; and your heavenly Father knows that you need them all. But seek first his kingdom and his righteousness, and all these things shall be yours as well. Therefore do not be anxious about tomorrow, for tomorrow will be anxious for itself. Let the day’s own trouble be sufficient for the day. (Matt. 6:19–34, RSV)

There are many things that we would need to say if we were to properly exegete this remarkable passage, but there are several points we can mention briefly in light of our

concern that fear stands in the way of *shalom*. The first is that Jesus describes *mammon* not simply as a possible object of worship but also as a kind of master to whom service must be rendered if it is worshipped. The second is that Jesus suggests that we are moved to worship *mammon* primarily out of anxiety and fear of not having our basic material needs met. And the third is that our anxiety and fear disclose a fundamental—and to Jesus' mind almost incredible—lack of trust in the goodness of God.

Of course, the Christian religion teaches that anxiety, fear, and mistrust have entered the world through sin, which is to say, through the prideful desire to be gods unto ourselves. From a Christian point of view, then, we expect to find pride and the desire for autonomy very closely bound together with fear and mistrust, and we expect all of them to be bound together in a kind of anxious search for security apart from, and all too often over and against, the living God. This, according to Christian teaching, is the way of our fallen world.

Surrendering to anxiety and fear and choosing to serve *mammon*, while perhaps resulting in a measure of material security, further blinds us to the goodness of God, rendering us all the more incapable of placing faith in him. This is why we cannot serve both God and *mammon*, for trusting in the latter blinds us even to the possibility of trusting God. Service to money insidiously empties the world of grace. It pushes our hearts down a kind of incline into cynicism and indifference.

Surrendering to anxiety and fear is also what blinds us to the needs of the poor among us. For the existence of poverty seems only to bear out our suspicions that the universe is indifferent, and possibly even at odds with human survival. The poor remind us of just how vulnerable we are in such a world and, therefore, just how tightly we must try to hold on to our possessions.

Yet from a Christian perspective, the fearful modern suspicion that the universe is cold and indifferent and possibly even adverse to human well-being is itself evidence of human hard-heartedness, for nothing could be further from the truth. While there are indeed spiritual forces still at work in the world bent on destroying human beings, the liturgical proclamation “Christ has died, Christ is risen, Christ will come again” announces that our victory over all adversaries has been assured in Christ, that we have been freed to affirm the gracious goodness of the living God as well as the deep goodness and giftedness of being. This is perhaps the most basic witness we can have within a culture that has become convinced that the world must somehow be mastered and possessed if we are to survive within it. Indeed, the single most subversive and ultimately redemptive idea that we can set loose within the world today is the simple affirmation that *life is a gift*.

The implications of this simple affirmation spread out in all directions. In the first instance, it means that we have not simply been “thrown” into existence and that our survival does not depend simply upon our cunning and ingenuity. Rather we have been brought forth into a world that is alive with purposes that, far from being inimical to our best interests, have been ordered in such a way as to sustain our lives and render them fruitful. “Look at the birds of the air,” Jesus implores us, “they neither sow nor reap nor gather into barns, and yet your heavenly Father feeds them. Are you not of much more value than they?”

Do we believe this? It should inform all that we think and all that we do. For everything that is, everything that we are, everything that we are able to do, all of these are ultimately the gifts of God. This is why we are enjoined in Psalm 33 to sing songs of joy to the LORD, for He loves righteousness and justice, and the earth is full of his unfailing love. This is why Jesus tells us not to worry about our lives, about what we shall eat or drink or wear.

Yet again, to say all of this is not to minimize the fact that the world often appears to be chaotic, meaningless, and bent on the destruction of life. Indeed, the goodness and giftedness of existence might well have remained deeply ambiguous had the Christ not come and had the Father not raised him to life again on the first Easter morning. Yet the fact that God did raise Jesus from the dead assures us not simply that God continues to love the world that He has made but also that He has committed Himself to redeeming it from its bondage to death and decay. This is the heart of the Gospel of Jesus Christ, and it is what enables us now to speak confidently about the giftedness of life.

The gift of the resurrected Christ also means that our attention must shift from the gift of the world to the Giver of this gift. For the resurrection does not simply assure us of the Father's continuing commitment to redeem this world but also that our destiny lies beyond it in "the world to come." Indeed, Jesus enjoins us to direct our attention beyond the things of this world to seek instead his Father's kingdom and "His righteousness." All of the things that we are so prone to worry about and that we assume we must somehow provide for ourselves, Jesus tells us, will indeed be given to us, but we must leave off worrying about them and pursuing them to follow him.

Following him, Jesus also says, means taking up the cross. Romanian theologian Dumitru Staniloae observed:

Without the cross man would be in danger of considering this world as the ultimate reality. Without the cross he would no longer see the world as God's gift. Without the cross the Son of God incarnate would have simply confirmed the image of the world as it is now as the final reality, and strictly speaking he could have been neither God nor God incarnate. The cross completes the fragmentary meaning of this world which has meaning when it is seen as the gift which has its value, but only a relative and not an absolute value.¹¹

Our response to the gift of life, and particularly to the gift of new life in Christ, should be one of sheer gratitude. For gratitude is the only appropriate response to the receipt of any gift. Indeed, as Chesterton observed, gratitude is the true test of all happiness.¹² And don't we find that the words "thank you" come almost involuntarily to our lips at those times when we are made aware of the beauty and deep goodness of things?

We should respond to God's gracious gift of the world by simply being gracious and generous with one another. This is self-evidently good and right. What is perhaps less evident, however, is just how subversive generosity actually is of contemporary economic culture. The capitalist imagination has been such as to have reduced all concrete qualities to quantities measured in prices. As a result of this, capitalist culture has become one in which more and more things are "for sale," making the possession

of money the final purpose for a great many people. In the Kingdom of God, by contrast, nothing will be “for sale” and nothing will be purchasable with money because everything will be freely given. The final purpose for the subjects of this Kingdom will simply be fellowship. We get a glimpse of what this Kingdom will be like in the early chapters of Acts, where we are told that, shortly after Pentecost, the believers had everything in common and sold their possessions and goods “and gave to anyone as they had need” (Acts 2:44–45). Such remarkable generosity should not be taken to reflect the early Christian community’s passion for economic justice, for it was neither planned nor engineered, and there is no hint of political-economic ideology in the text. Rather this early Christian “communism” seems simply to have been the spontaneous and, in a sense, natural reaction to the movement of God’s Spirit within the community. Such a redemption of social order, I believe, is what we have to look forward to. Yet it is a reality we can anticipate now—“in the mean time,” as it were—by being gracious and generous with each other. As Jacques Ellul observed:

In this new world we are entering, nothing is for sale; everything is given away. The mark of the world of money (where all is bought, where selling with all its consequences is the normal way to act) is the exact opposite of the mark of God’s world where everything is free, where giving is the normal way to act. This is indeed different from our normal way of acting. This behavior is dictated by grace. Likewise the love created by money and by selling is the exact opposite of the love created by grace and by giving.¹³

Ellul went on to stress that we simply cannot overestimate the power of generosity in human relations. “Not only does it destroy the power of money, but even more, it introduces the one who receives the gift into the world of grace . . . and it begins a new chain of cause and effect which breaks the vicious cycle of selling and corruption.”¹⁴ In short, gracious generosity is absolutely subversive of the power of money as *mammon*.

VI. CONCLUSION

Does any of this mean that Christians cannot in good conscience continue to participate in the modern economy? No, it does not mean this at all, for the Kingdom has not yet fully come. But this glimpse of redeemed social order does shed new light on our participation in economic life, and it expands the horizons of economic rationality. For the *summum bonum* of this new Kingdom ethic is not simply, as Max Weber put it with respect to the so-called Protestant ethic, “the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life.”¹⁵ Rather it is the earning of money so that, as Paul wrote to the church in Corinth, we may have enough of everything and may provide in abundance for every good work (2 Cor. 9:8). Assisting those who have fallen into poverty surely qualifies as such “good work.” Of course, the new ethic is still disciplined in the sense that it takes economic rationality seriously, it

is still ascetic in the sense that it recognizes and eschews the sins of covetousness and licentiousness, and it takes personal responsibility and the development of character very seriously, but it is not dour. On the contrary, it seeks simply to emulate the graciousness of God who, as the Apostle James affirms, “gives generously to all without finding fault” (James 1:5). Rather than producing the stern, almost wooden characters of Weberian analysis, then, the Christian economic ethic ought to issue forth in joyful and lighthearted generosity. Such fearless generosity has always and will certainly continue prove to be very good news to the poor.

NOTES

1. Portions of this second section of the entry were previously published in Craig M. Gay, *Cash Values: Money and the Erosion of Meaning in Contemporary Society* (Grand Rapids, MI: Wm. B. Eerdmans, 2004).
2. Unless otherwise noted, Scripture citations are taken from *New International Version*.
3. Emil Brunner, *Justice and the Social Order* (New York: Harper, 1945), 212.
4. Glenn Tinder, *The Political Meaning of Christianity: The Prophetic Stance, An Interpretation* (San Francisco: HarperSanFrancisco, 1989).
5. G. K. Chesterton, *The Everlasting Man* (Garden City, NY: Doubleday, 1955), 149.
6. *Ibid.*, 152.
7. *Ibid.*, 152–53.
8. *Ibid.*, 153.
9. See Leo Strauss, *An Introduction to Political Philosophy: Ten Essays by Leo Strauss* (Detroit: Wayne State University Press, 1989), 84.
10. Descartes cited in John Passmore, *Man's Responsibility for Nature: Ecological Problems and Western Traditions* (New York: Charles Scribner's Sons, 1974), 20.
11. Dumitru Staniloae cited in Charles Miller, *The Gift of the World: An Introduction to the Theology of Dumitru Staniloae* (Edinburgh: T. & T. Clark, 2000), 79.
12. G. K. Chesterton, *Orthodoxy* (Garden City, NY: Doubleday & Co., 1959), 55.
13. Jacques Ellul, *Money and Power* (Grand Rapids, MI: Eerdmans, 1984), 112.
14. *Ibid.*
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INDEX

- Africa xiv
Almodovar, António 113
alms 16
American Economic Association
 (AEA) xiii, 141
anthropology 157, 543, 599
Aristotle 18, 46, 48–52, 64, 311, 407
Ashley-Cooper, A (Lord Shaftesbury) 102
Association for Religion Economics and
 Culture (ASREC) xiii
Aquinas, Thomas 49–52, 115, 533
Augustine 25–6, 32, 46, 101
Australia xiv, 266–7
- Barrera, Albino 533
Barrett, Christopher 290
Barro, Robert 286, 500
Basil of Caesarea 199
Bateman, Bradley xiii
Beccaria 64
Becker, Gary 582
Benedict XVI *Caritas in Veritate* 68, 157
Bentham, Jeremy 64, 107
Berger, Peter 271, 314
Biéler, André 207
Boisguilbert, Pierre de 76, 78
Brennan, Geoffrey 182
Britain 94–110
Brooke, John Hedley xiv
Bruni, Luigino 57
Bulgakov, Sergius 201
Burke, Edmund 105
Butler, Joseph 101–2
- calling 309, 363
Calvin, John 206, 224, 338, 340, 566
capitalism 309, 361, 402, 410
Catholic Social Teaching 153
- Chalmers, Thomas 100, 138
charity 34
Chaves, Mark 483, 484
Cho, Yonggi 270
Christian economics xiii
Chrysostom, John 28–39, 199–203
church 421–32
Church Fathers 4, 22, 34, 197
Clement of Alexandria 13, 22, 28, 34, 199
Clifton, Shane 263
common good 541
competition 275
Condillac, Étienne Bonnot de 80
Constant, Benjamin 82
Constantine 23–4, 37, 439
Cooper, Ben 549
Coux, Charles de 87, 90
Cramp, Anthony 219
creation 5, 7, 597, 608, 621
- debt 17–18, 415
development 384, 463, 538
Domat, Jean 76, 101
Dooyeweerd, Herman 207
Dragonetti, Giacinto 57
Duns Scotus, John 45, 49
- Economics of Religion xiii, xv
economy 3, 24
economy of God 4
Edwards, Jonathan 344
Ekelund, Robert 428, 431, 438, 500
Ely, Richard T. 141
Emmett, Ross B. 135
entrepreneurship 367
environment 337–56
Eswaran, M. 427
exchange 45

- Faccarello, Gilbert 73
France 73–91
- Gay, Craig M. 620
gender 608
Gide, Charles 85
gift xv, 5, 45, 69, 159, 203, 217, 536, 539–42, 592, 628, 634
gleaning 15
greed xv, 5, 27–9, 190, 317, 401
Genovesi, Antonio 57
globalization 403, 410
Gossen, H. H. 80
Gordon, Barry 24, 39
Goudzwaard, Bob 206
Great Commandment 7
Gregory Nazianzus 24, 32
Gregory of Nyssa 30, 36
- Haltzman, James 245
happiness 9, 58, 67–9, 105, 163, 171, 365, 404, 408, 549–61
Harper, Ian 564
Harrison, Peter xiv
Hawtrej, Kim 177
Hay, Donald 187, 291, 581
Hayek, F. von 167, 227
Hebert, Robert 438
Heyne, Paul 180
Hillsong Church 266
History of Economics Society (HES) xiii
Hobbes, Thomas 64, 95
hope 365, 560
Hotelling, Harold 442, 498
Hume, David 102, 423, 490
Hutcheson, F. 102
- Iannaccone, Laurence xiii, 286, 426, 502
identity 290, 522
integration 282, 288, 293
interdisciplinary field xiii, 284
interest 37
Islam xiii, 327, 567
Italy 57–70
- Jansensim 76, 91, 101
Jevons, W. S. 108
- John XIII 126
John Paul II *Laborem Exercens Centesimus Annus* 128, 156, 167
jubilee 412
Judaism xiii, 325
justice 533, 628
- Keynes, J. M. 145
Knight, Frank H. 142
Kuran, Timur xiii, 299, 578
Kuyper, Abraham 177, 207
- Lamennais, Félicité-Robert de 86
Langholm, Odd 44
Leibnitz, G. W. 101
Leo XIII *Rerum Novarum* 114
Levine, Aaron xiii
Liberation Theology 145, 271
liturgy 197
Locke, John 4, 64, 80, 95, 97
Lombard, Peter 45–7
love xv, 3, 7–8, 58, 77–8, 155, 165, 200, 215, 316, 539–41, 545, 586–7, 615, 620, 634
Luther, Martin 245, 339
- Malloch, Theodore Roosevelt 463
Malthus, T. R. 94, 106, 138
Mandeville, Bernard 101, 106
market 67, 135, 26
Marsden, George 282, 345
Marshall, Alfred 108, 178, 402
Marshall, Katherine 384
Martin, David 265, 321, 362, 410
Marx, Karl 140, 310, 337
McCleary, Rachel xv, 499
McCloskey, Deirdre 289, 586
Meeks, M. Douglas 3
Menzies, Gordon 581
mercy 628
Milbank, John 416
Miles, Carrie A. 606
Mill, J. S. 402
Mochrie, Robert 421
monasticism 38
money 11, 17, 22, 36, 39, 44, 223, 234, 405, 414, 427, 468, 517, 553, 564, 569–72, 577, 633
Mormon 495

- Muller, Albert 124
Munby, Denys 179
- Natural Theology 97, 100, 120, 141, 340
Neal, Derek 293
Nelson, Robert H. 146, 330, 339, 407
Newton, Isaac 98
Nicole, Pierre 76, 101
Niebuhr, Reinhold 142
Noell, Edd 167, 224
North, Gary 212, 227
North, Charles M. 489
Novak, Michael 402
- Oslington, Paul xiii, 292
- Paley, William 100, 104, 108
Paul VI *Populorum Progressio* 126
Payne, Daniel P. 197
Pesch, Heinrich 121–2
Petty, William 73
Pius XI *Quadragesimo Anno*
Positive Normative Distinction 108, 145, 160
Potron, Maurice 80
poverty 200
power 45
Preston, R. H. 179
profit 29
property 11, 12, 26, 203, 231
Prosperity Gospel xiv, 239, 269, 362–7
providence 18, 79, 370
Putnam, Robert 465
- rationality 369, 425, 514
reception 4
Reformation 4, 95, 207, 440
Ricardo, David 107
Richardson, J. David 282
Rousseau 62, 84
Rushdoony, R. 212, 225
- Sabbath 14, 16, 412
Saint-Simon, Henri Claude de 82
salvation 5–8, 199, 270, 309, 322, 329, 407, 428, 622
Samuelson, Kurt 314
Samuelson, Paul 106
- Say, J. B. 80
scarcity 6, 106, 168, 217, 285, 608, 630
Scriptures 3
scholastics 4, 49, 171, 566
science xiv
self-love 99–105
Sen, Amartya 164, 365, 581
Sider, Ronald 256
Simons, Menno 247
sin 160, 168, 188, 277, 347–9, 407, 611, 633
Sismondi, Jean-Charles-Léonard
 Simonde de 84
slavery 35
Smith, Adam 104, 359, 423, 438, 490, 567
Smith, Ian 472
social economics 290
Stackhouse, Max L. 307
Staël, Germaine de 82
Stander, Hennie 22
Stark, Rodney 426, 452, 493
Storkey, Alan 184, 219–20
Sumner, John Bird 107
- Tan, Jonathan H. 512
Tanner, Kathryn 22
Tawney, R. H. 179, 207, 311
Taylor, Charles 146
Teixeira, Pedro 113
telescopic scholarship 289
Temple, William 179
Tertullian 24
theonomy 224–40
Tiemstra, John 209, 295
tithe 14–16
Tollison, Robert D. 438
trade 31, 60, 522
trust 518
Tucker, Josiah 103, 106
Tucker, Abraham 106
Turgot, A. R. J. 80
- usury 17, 47, 236, 564
utilitarianism 104, 137, 141, 404, 582, 597
- Vickers, Douglas 212
Villeneuve-Bargemont,
 Jean-Paul-Alban 85, 88

- Viner, Jacob xiv, 333
virtue 62, 64, 137, 164, 186–9, 215, 277, 366, 586
Vitoria, Francisco de 53
vocation. *See* calling
- Waterman, A. M. C. xiii, 94, 99, 106, 108, 136,
168, 177
wealth 8, 9, 27, 33, 81, 236, 271, 394, 620
Weber, Max 206, 307–38, 360, 366
welfare economics 213
Wesley, John 105
- Whately, Richard 108, 136
Wicksteed, Philip 108, 139
Williams, Paul S. 401
Wolterstorff, Nicholas 208
Woodberry, Robert 289
Wright, Christopher 183, 238
work 3, 12, 29, 52, 610
- Yuengert, Andrew 153
Zamagni, Stefano 57