

Importing Religion into Economics

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I apologize to you all for not being here for this very interesting session. I am at a Liberty Fund conference about the philosophy of Robert Nozick with a bunch of professors of philosophy, held at a dude ranch in Arizona. We are eating very well and riding around the desert on horses. Occasionally we chat. Tough assignment, but someone has to do it.

Let me tell you about Robert Nozick. He was until his premature death in 2002 a libertarian philosopher at Harvard. Being a libertarian philosopher at Harvard might sound like a contradiction in terms—but Nozick pushed the limits and redefined his field, somewhat in the fashion of my colleagues here on this panel.

Robert Nozick and John Rawls are forever linked. They both brought economics to bear on the study of political philosophy, using notions such as Pareto optimality and Harsanyi's approach to expected utility. They are part of the vibrant export trade in economics to other fields that started in earnest in the 1970s: historical economics (which was first), law and economics, rational-choice political science, game-theoretical evolutionary biology, rational-choice sociology, and now at last the rational-choice study of religion. Rawls was a left liberal of a moderate sort, Nozick a free-marketier of a not-so-moderate sort. My own conversion from Harvard-trained left liberal to Chicago-employed libertarian was completed by Nozick's most famous book, *Anarchy, State, and Utopia*, published in 1974.

Nozick's final book is called *Invariances: The Structure of the Objective World*, published in 2001. We have read it for the Liberty Fund conference. We are to compare it with *Anarchy, State and Utopia*. *Invariances* is a piece of technical philosophy, with headache-inducing statements like "If it is determinate at place-time st that [it is determinate at st that], then it is determinate at st that p ." Got that? If you think only the mathematical sciences are mentally tough, you have not read enough philosophy or theology or literary criticism.

I have not at this writing (Monday evening of this week) quite grasped what pages 1 through 235 of the book are saying. The best I can give you now, before that three-hour flight to Tucson in which I pray it will all become clear, is that Nozick is advocating an epistemology rather similar to his political philosophy. That is, he is arguing for a *procedural* rather

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than *end-state* theory of Objectivity. I think I agree, as a rhetorician and a philosophical pragmatist and above all as a fellow-traveler of the Austrians and their case for a spontaneous order.

But I think I understand pretty well pages 236 to the end of the book at page 301, and with those pages I do *not* agree. The title of the section, “The Genealogy of Ethics,” caught my attention, because I have recently finished a long, long book called *The Bourgeois Virtues*, to be published in spring of 2006 by the University of Chicago Press, for which I had to take at least baby steps in ethical philosophy and theological ethics. As Nozick notes, attention is the chief scarce resource.

The title of the section refers to Nietzsche’s book *The Genealogy of Morals*, but is very far from Nietzschean. In fact, it is economistic. As in his book 30 years earlier, Nozick is trying to make a part of philosophy lie down on an economic view of the world. He thinks of ethics as being centrally about “cooperation to mutual benefit,” that is, Pareto optimality. “Here,” he says, “are the rules and principles mandating respecting another (adult) person’s life and autonomy, forbidding murder and enslavement, restricting interference with another person’s domain of choice” (p. 280). He spends almost all his time elaborating on this bit of economics, using evolutionary psychology (hence “genealogy”) and the theory of the core of games. He admits there is more to ethics than Pareto optimality, three more “higher layers.” But these, he declares, “are matters of personal choice or personal ideal” (p. 281). *Laissez faire, laissez passer*.

All this will strike an economist as very familiar. What does it have to do with the economics of religion? This. Nozick has here made a big mistake, a mistake characteristic of modern ethical philosophy, by which I mean philosophy since Hobbes and certainly since Kant. The mistake is to take ethics to mean exclusively “behavior towards *other people*.”

If that doesn’t sound to you like a mistake, then you are yourself entangled in the modern and economistic and definitely non-religious view of ethics. The modern view mistakenly ignores ethical responsibilities to *oneself* and to a *transcendent*, a transcendent which we might as well for this audience call “God.” Aquinas wrote that “The principal ends of human acts are God, self, and others, since we do whatever we do for the sake of one of these” (*Summa Theologiae*, Ia IIae, q. 73). Precisely. The Divine Doctor got all this exactly right, as he got much else exactly right.

Until Kant and Bentham, that is, almost everyone in the West (and in the East, by the way), including the Blessed Adam Smith, believed that “ethics” was about “the best life for a person.” The technical term in ethics is “human flourishing.” In Abrahamic theology it is the good of the soul.

It involves *all three levels* of the classical seven virtues, the self-oriented virtues of Temperance and Prudence, the other-oriented virtues of Courage and Justice and secular Love, and the transcendent-oriented virtues of Faith, Hope, and spiritual Love.

After Kant, by contrast, everyone started assuming that all that matters is what my behavior does to *other people*. In such a view the only constraint on a vulgar form of self-interested Prudence is a thinly-defined Justice toward others. And modern economists are always trying to reduce Justice to a species of Prudence. Nozick tries, for example.

That the behavior corrupts me, as one of God's creatures, or violates God's plan, is set aside. The prudent maximization which economists since Samuelson have become so fascinated with does not have the context or support of the other virtues. Being intemperate, for example, or lacking in faith, a life of Prudence has no *point*. Those who die with the most toys, win. Those who attend church reveal that they prefer it. Such a utility function is hollow. As the Anglican Bishop Joseph Butler noted in 1725, "the very idea of an interested pursuit necessarily presupposes particular passions or appetites. . . . Take away these affections and you leave self-love absolutely nothing at all to employ itself about" (*Sermons*, Preface).

I ask again on your behalf: what does all this have to do with the economics of religion? This: If we do not start from an adequately full theory of "the principal ends of human acts" *we will do the economics wrong*. If religion, for example, is viewed simply as a particular sort of club, then sometimes you are going to misunderstand the price and income and substitutes and complements and all the rest of the economic variables that determine religious behavior.

You are like me religious, indeed, Christian people. Good. Suppose then I *pay* you \$500 to stop praying? Not enough? OK: \$5,000. All right; this is my last offer: \$50,000.

Suppose you are like me an Anglican. *Very* good. Then you will listen to Richard Hooker:

Man doth seek a triple perfection: first a sensual . . . then an intellectual. . . . Man doth not seem to rest satisfied . . . but doth further covet . . . somewhat divine and heavenly. . . . For although the beauties, riches, honors, sciences, virtues, and perfections of all men living were in the present possession of one; yet somewhat beyond and above all this there would still be sought and earnestly thirsted for (*Of the Laws of Ecclesiastical Polity*, 1593, First Book, XI, 4, pp. 205–206).

I have a sense, that I wish you all would think about, that if we go on grinding away with Max U we will miss the point. We will not be using religion as a social scientist should, as an exploration also of the *limits* of rational choice. In particular I want to counsel you not to explore over and over again the limits merely of vulgarity, the reduction of every human end to the Profane Only.

I know it is *fun* to show again and again and yet again that the Sacred can be reduced to the Profane. I earned my living doing such stuff for the first half of my career. But it is boyish and silly when carried to the level that, say, Bob Barro carries it. You can if you wish do regressions from the outside of religion, so to speak, and show that belief in hell or heaven matters for economic development—or matters for success in the World Cup or the quality of the red sauce or whatever. Or to be exact you can “show” this if you have a defective econometric theology that accords value only to fit and ignores oomph. But the main point is that Bob, whom I have known since he was a boy fresh from Cal Tech, shows no sign, no sign at all, that he grasps what religion is *about*. Never has. He shares this problem with many day-trippers into the study of religion (I am one of those, alas; but at least I think I do understand my own faith; maybe).

The problem is that what religion is *about* is an essential part of its effects. Meaning matters here in a way that it does not in the consumption of ice cream—I except certain quasi-religious experiences of ice-cream eating, such as a double scoop of amaretto at Sweet’s on Nassau Street in Princeton. In fact, it is the entire point of the “triple perfection,” as Hooker put it, that the third, transcendent level gives meaning to the rest.

You know who Frank Knight was. He was not a religious man in the conventional sense, though raised in a Campbellite sect. In fact he was extremely hostile to organized religion. It is said that the only time the University of Chicago has actually refunded money to a student was to a Jesuit who took Knight’s course on “the history of economic thought” and discovered that it was in fact a sustained and not especially well-informed attack on the Catholic Church. But Knight realized that life is given meaning by that third thing, the transcendent, and that an economics failing to attend to it will go astray. “We are impelled,” he wrote as a young economist in 1923, “to look for ends in the economic process itself, and to give thoughtful consideration to the possibilities of participation in economic activity as a sphere of self-expression and creative achievement” (“Ethics of Competition,” 1923, p. 51). Knight believed even then that even ordinary desires could be reduced “in astonishingly large measure to the desire to be like other people, and the desire to be different” (1922, in

Knight, *The Ethics of Competition*, 1935, p. 22). Paul Tillich called them “participation” and “individualization,” and noted that there is a “courage to be as a part,” that is, to participate (*The Courage to Be*, 1952).

Knight concluded in 1934 that “Rigorously speaking, there is no such thing as an economic interest, or a material interest,” no human with Profane-Only motivations, because

economic interest is never final; it is an interest in the efficacy of activity, and the use of means, in promoting . . . final interest. And these final interests do not inhere in particular physical things . . . but are all, at bottom, social interests. Even the food interest, the “most” material of all, is in concrete content overwhelmingly a matter of social standards (“Economic Theory and Nationalism,” 1934, p. 306f).

Or a matter of religious meaning, Knight would have reluctantly conceded. Knight, who was philosophically sophisticated for a modern economist, would have been aware that “final” in “final interests” is the Latin for Aristotelian “having to do with the *telos*, the end or purpose.”

In other words, I want to make a case *against* keeping the economics of religion and what Larry Iannaccone calls religious economics separate. I made the case a couple of months ago to my colleagues in economics at UIC—which by the way has the largest number of economists studying religion of any department in the world—and did not get very far. I wanted them to include a little theology in our new graduate program in the economics of religion. Maybe later they will become persuaded.

I want there to be for the good of economics and our immortal souls an *import* trade into economics from religion. I want to follow Adam Smith in declaring that the end of trade must be consumption, not production itself.

I want people to see, in short, that economic life has an end, a *telos*, and that even an economic man or woman doth seek a triple perfection. ■