

# Believing in economics

by [David A. Krueger](#) in the [May 8, 2002](#) issue

Economics as Religion: From Samuelson to Chicago and Beyond.

By Robert H. Nelson. Pennsylvania State University Press, 378 pp., \$35.00.

There can be no fundamental separation between theology and economics, argues Robert H. Nelson, economist by training and professor in the School of Public Affairs at the University of Maryland. Nelson's ambitious 1991 text, *Reaching for Heaven on Earth: The Theological Meaning of Economics, Economics as Religion* (Rowman & Littlefield), offered a sweeping overview of the primary pre-20th-century schools of economic thought that have shaped the development and self-understanding of modern Western societies. His distinctive contribution is to attempt to uncover the sometimes explicit but usually implicit value assumptions and normative visions that stand behind and give coherence to these schools of thought--an exploration he continues here.

*Economics as Religion* critiques the 20th-century American schools of economic thought that have most decisively shaped our society's self-understanding and development, notably Paul Samuelson and his followers, the Chicago school of economics and its successive generations, and the new "institutional" economics.

Using explicitly Christian theological categories, Nelson attempts to show how the assumptions of prominent economists seem to mirror, and sometimes contradict, fundamental theological assertions (e.g., about human nature, the purpose of wealth, the nature of society) found within various Christian traditions, most notably the Roman Catholic, Calvinist and Lutheran. He provides a huge service to students of religion in his attempts to place economics (viewed by many as a highly technical field far beyond the conceptual grasp of noneconomists) in conversation with theology.

Both theology and economics seek truth about reality. Therefore, both must be subject to at least some of the same criteria for making truthful claims about human well-being, about our nature and destiny and about the purposes of social life. Nelson's argument pulls religion back from the fringes of social irrelevance to which

it has been relegated by the modern Western world's tendency to use mainstream economics uncritically as the "religion" of economic progress.

Nelson argues that the extent to which economics can make credible and enduring assertions about reality is based not upon its claim to be a science but upon its ability to function like good theology. Just as the modern world has become secularized--in that science, for many, has replaced religion as the guiding authority for understanding reality, shaping our conceptions of human nature and organizing social life--so have we (wrongly) imputed to economics the status of an objective science.

Indeed, Nelson claims that "economists have been defending their professional status in society under false pretenses," for in fact "no one has yet developed a value-neutral economics of any great interest or social usefulness." Instead, the prominence and influence of important economists and schools of economic thought are more accurately explained by their relative capacities to provide "inspirational messages" that effectively persuade followers (often in the form of government economic policies) to believe certain things and act in certain ways.

Nelson argues that the success and influence of Samuelson, author of the preeminent, multieditioned U.S. economics textbook of the 20th-century, *Economics*, is fundamentally due to his ability to "provide an inspirational vision of human progress guided by science in order to motivate Americans and other people to the necessary religious dedication to the cause of progress." He sees Samuelson's claim "to be a true modern scientist operating according to a standard of empirical testing and proof" as "mainly a rhetorical device." The power of Samuelson's conclusions is based more upon "the implicit value system from which economics becomes a grand metaphor to inspire the people of America in the true progressive faith."

Central to Nelson's criticisms are the prevailing assumptions of mainstream economics about human nature. Samuelson and the Chicago school and its lineage are typical in asserting that pervasive self-interest is the motivator of human action. And economics tends to view humans as autonomous and as unshaped by broader social influences and communal motivations.

Perhaps most important are Nelson's critical evaluations of the content and normative visions of 20th-century economics. Again Samuelson serves as an illustration. Implicit in Samuelson's economics is a quasi-religious vision and a

powerful statement of core values. Appeals to God, sacred scriptures and salvation are replaced by a new deity that views "good" as that which moves toward economic progress and the elimination of poverty, and "evil" as that which is inefficient. "Efficiency is the best measure of the rate of movement along the path of economic progress," material abundance and a healthy democratic society, which, when viewed together, are "the new heaven on earth." As a secular priest of the progressive "social gospel," Samuelson envisions an activist government working as scientific manager of society to manipulate the market mechanism for the sake of material prosperity. This normative view is not science but "metaphor developed in the abstract symbolism of economic formalism."

Nelson continues this provocative analysis through other major schools of economic thought, notably the Chicago school with its various "disciples" (Friedman, Stigler and other Nobel laureates), which rejected Samuelson's progressive optimism, especially regarding the role of government. He finds the more recent disciples of the "New Institutional Economics" more promising, in part for their more serious attention to history, culture and a wider array of human motives for economic behavior.

What's the future, then, of economics? And how ought religion to inform economics? Having uncovered many of the flaws of economics and even evidence of its waning social influence and its potential decline as the predominant 21st-century secular theology, how does Nelson think "economics as religion" should operate? Here, Nelson is less clear and by no means systematic, providing only fragmentary hints and suggestions for future reflection and development. At the very least Christianity and ethics, he occasionally implies, could more effectively inform "the fundamental value system" that sustains and restrains modern market-based society.

While Nelson seems to affirm a role for self-interest in the marketplace, he argues for its restraint and inappropriateness in other spheres, which call for other virtues. More boldly and critically, Nelson sometimes suggests the potential bankruptcy of modern material progress. He notes that many studies suggest that increased wealth does not seem to correlate with increased happiness. He argues for fuller and more adequate conceptions of human nature within economic theory. He suggests the potential for libertarian and environmental intellectual strains to reform economic thought. He muses about the need to redefine and reorganize the social sciences within the intellectual life of universities. One hopes that the articulation of a systematic agenda for an economics that is appropriately shaped by, or more

closely coherent with, the fundamental truth claims revealed by religion will be the subject of Nelson's next volume.