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# *ECONOMICS AS RELIGION:* A REPLY TO THE COMMENTERS

*Robert H. Nelson*<sup>†</sup>

Before responding specifically to the eight review essays of my book, *Economics as Religion*,<sup>1</sup> it may be helpful to elaborate briefly on my meaning in calling economics a religion. I mean this literally; I am not using the term religion in a metaphorical sense, as something about which people simply have very strong feelings. Following in the footsteps of many current theologians, I consider that the term religion is wide enough to encompass belief systems that do not have a god in the hereafter. Although economic religion is a “secular religion,” it follows other faiths in that it provides an interpretation of history, a final destination for mankind; an understanding of the origins of sin in the world, and a basis for making moral judgments, among other common features of a religion.

I reach these conclusions by beginning with an observation that many others have made before—a belief in economic progress was the most powerful religion of the twentieth century.<sup>2</sup> I am not suggesting that professional economists created this belief or that they were principally responsible for the deep modern conviction of the redeeming consequences of “progress.” However, given that a faith in economic progress was (and still is) the religion of such a large number of Americans, economics then becomes a religion itself in the following sense. As the professional experts in the workings of economic growth and development, it is the teachings of economics that provide an operational content to this modern faith in progress. Economists have the essential knowledge that can show the way to the salvation

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<sup>1</sup> ROBERT H. NELSON, *ECONOMICS AS RELIGION: FROM SAMUELSON TO CHICAGO AND BEYOND* 1-22 (2001).

<sup>2</sup> J.B. Bury famously wrote in 1932 that the idea of progress “belongs to the same order of ideas as Providence or personal immortality. It is true or it is false, and like them it cannot be proved either true or false. Belief in it is an act of faith.” J.B. BURY, *THE IDEA OF PROGRESS* 4 (Dover Publ’ns 1955) (1932).

of the world. The economics profession then becomes the most important priesthood of our times. By assuring the world that economic knowledge can reveal the inner workings of economic progress, moreover, economists help to sustain the hopes for progress. If society follows the policy recommendations of its economic priesthood, the wonderful result—and it will not be that far in the future—will be a new heaven on earth.

It does not significantly affect my argument whether professional economists explicitly make any such arguments or not. In fact, few do, although it is implicit in the thinking of at least the majority. Indeed, part of the attraction of economic progress is that it has seemingly left behind the old religious wars and other fierce disagreements in the past. Hence, there is a strong disincentive for economists to employ language that might suggest that they are modern heirs to the Judeo-Christian tradition—as I argue is actually the case in *Economics as Religion* and in my earlier book, *Reaching for Heaven on Earth*.<sup>3</sup> To the contrary, there is a strong incentive for economists to assert that their work is outside the framework of religion and is instead grounded in the authority of science, as they mostly do claim. As true scientists, economists are no longer “preaching” but instead delivering an authoritative set of truths for the modern age. To the extent that the American public accepts such arguments for the scientific status of economics, it thus makes the messages of the members of the profession all the more powerful.

I should also make clear that, in the sense I am using the term religion, almost everyone has a religion. There may be a few nihilists who believe that life is random, morality is an illusion, history has no direction, and in general that there is no specific meaning to human existence. However, I do not know many such people, although I do know many more people who find it difficult to articulate their precise beliefs in these regards—and some of these people even (mistakenly) deny that they have any religion at all. So the most important thing about economics is not the fact that it is a religion. Rather, the central questions involve the contents of the religion: what are its basic presuppositions, what are the factual groundings, how sound is the reasoning, and, in general, how persuasive are its religious arguments and interpretations?

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<sup>3</sup> ROBERT H. NELSON, REACHING FOR HEAVEN ON EARTH: THE THEOLOGICAL MEANING OF ECONOMICS (1991). The earlier volume addresses the long history of the relationship of economics and religion from ancient Greece up to World War II, while *Economics as Religion* is mainly concerned with developments in the American economics profession after World War II.

When economists deny that economics is a religion—as most do—the practical significance is that they are refusing to engage in a discussion of such foundational questions with other religions. Economists are in effect asserting that the truth-claims of economics are superior and that no further discussion is necessary. Sometimes they camouflage this righteousness by claiming that they are not making any truth-claims at all, but this is an illusion—as it is a main purpose of *Economics as Religion* to show. Economists thus exhibit a religious certainty about their worldview that is readily apparent to many outside observers but seems to escape the less introspective members of the profession. Yet, in this respect, the members of the economics profession have a great deal of company; they are like many other past true believers who also were completely sure of the correctness of their own gospel and regarded even any serious questioning as both an annoyance and a waste of time.

Thus, one of the main messages of *Economics as Religion* to the members of the economics profession is that they should be more humble. Their religious certainty about the knowledge claims and the social contributions of professional economics is unbecoming and inappropriate. At the same time, *Economics as Religion* has much less to say about the specific economic methods once the value foundations for economics have been set in place. As it happens, I do think that the economics profession has overemphasized mathematical and other formal quantitative methods. The result has been a loss of insight into the real workings of the economy and a diminished capacity of economists to contribute to public policy. But that is not the main issue examined in *Economics as Religion*.

An important theme of both this book and of *Reaching for Heaven on Earth* is that the secular redemptive hopes for economic progress are not as original as many economists might suppose. It has now become almost commonplace to observe that Marxism was a variant of Judeo-Christian religion, employing a novel vocabulary in which History took the place of God, but otherwise relating a biblical story of sin and salvation, culminating in an apocalyptic arrival of heaven on earth.<sup>4</sup> Other “denominations” of progress, such as the American

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<sup>4</sup> An Israeli historian of Russian Communism, Igal Halfin, recently commented: Marxism was a successful medium for the secularization of Russian politics because it was fed by concerns with human liberation that were embraced by Christian civilization—Eastern or Western. I subscribe to the thesis that Marxism was a “secularized eschatology” because eschatology captures the ambivalent relation of Marxism to the Christian tradition. The term “secularization” implies both the continuity with and the transformation of traditional religious attitudes. The former applies in that Marxism maintained the promise that history moves toward salvation, the latter in that Marxism replaced the interpretation of salvation traditionally understood as an

Progressive-era “gospel of efficiency,” can be similarly situated as heirs to—if not always to the same parts of—the Judeo-Christian tradition. Indeed, particular schools of economics can often be traced back to particular schools of Christian theology in their basic values and worldviews. Thus, to a remarkable degree, the history of modern economics is a reenactment of prior theological controversies within Christianity—even as most economists have remained almost entirely unaware of these religious origins and antecedents.

### IS ECONOMICS A SCIENCE?

It may be helpful here to address a question raised by several of the review essays: should economics be regarded as a science rather than a religion? Some reviewers of *Economics as Religion* suggest that economics has functioned in practice as a religion but that it should in principle be a science. Others suggest that economics has been and is a science, and that the religious label in *Economics as Religion* is misleading and unfair.

These comments in effect assume that science and religion are substitutes and have a competitive relationship. But I disagree. Science is a method of inquiry while religion is at least as much concerned with the results of the inquiry. Isaac Newton regarded the results of his investigations into the workings of nature not as a challenge to Christian religion but as a more accurate revelation of the divine order of the universe. Newton’s discoveries in physics gave human beings a much improved capacity to know God’s plan. And the same will be true of scientific methods to the extent that they can also be successfully applied to social domains and to reveal the workings of history and society.

If authoritative knowledge can be achieved in such areas, this knowledge will have to be acknowledged and incorporated by any religion that seeks to grasp the truths of the world—as both Jewish and Christian religion have always aspired to do. If the Marxist theories of history had actually held up, a good Christian would have been required somehow to incorporate them—as the theories of Copernicus eventually had to be incorporated within Christianity, however much the initial resistance of official church bodies. Of course, Marxism instead proved to be one of the many false theories (religions) of his-

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event brought about by God with a rendition of salvation as achieved by humanity alone.

tory whose beliefs were proclaimed with great certainty only to be utterly contradicted by subsequent events.

Unlike physics, admittedly, it is more difficult to prove or disprove a theory of history and society. A problem encountered in the social sciences—and also fields that study historical phenomena in the natural world such as ecology—is that, unlike physics and chemistry, there is only one body of experimental data. In economics, it is impossible to replicate experiments in a laboratory (other than at a very simple level as in some recent efforts in the new field of “experimental economics”). Judging the “direction of history” or the “true workings of society” must thus build on facts and careful reasoning, but there is seldom a final resolution. That is why religious disagreements are not likely to be resolved in these areas any time soon. When economists claim exclusive authority for their own understandings of such matters, they are simply asserting dogmatically that they have the one and only true religion. The problem has been not the claim *per se*, but that they have not been able to back it up—as Newton did in his studies of natural phenomena.

If the social sciences could ever match the exact knowledge of the physical sciences, it would mean that human beings had finally acquired a much fuller understanding of God’s plan for the world—now extended from “natural theology” to human and social domains of history. In that case, social science and Christian religion would be complementary. In actual fact, however, the two have often been in conflict. This seems to reflect two factors. First, in the past, Christians have frequently been anxious that some of the knowledge of history and society revealed by the application of social science methods might be in conflict with essential elements of their own received Christian traditions, and thus they have sometimes been antagonistic to the very undertaking of science. Second, in economic religion, human agency plays a large role in the salvation of the world. God might have actually intended that heaven on earth will be reached by a route of economic progress guided by human action. But this would not necessarily rely on any outside miraculous act of divine intervention—as many Christians have assumed would be the case. Indeed, some people might easily conclude, although this is not at all a necessary conclusion, that human beings now have the capacity to save themselves through their own actions alone and no God is necessary.

#### THE FUTURE OF ECONOMICS

As these remarks suggest, I believe it is history that should be the master discipline—both for the social sciences and for theology,

which should no longer be seen as distinct undertakings. This is not so far from the views of the historical and institutional school that dominated German economics in the late nineteenth century and also had considerable influence on American institutional economics in the early twentieth century. Max Weber was the most distinguished product of that German school and in my view his methods offer a good model for the work of the next generation of economists.

It was typical of that era that the fundamental workings of history were seen as economic—Marx was the extreme in this regard, but he reflected a widespread tendency of thought. In the future, we may well also find that economic factors are a main driving force in history but this should not be taken as a given, as many economists almost automatically do. Rather, in the future, economic explanations should compete with other forms of explanation that rely more heavily on other causal factors in history. At the beginning of the twenty-first century, for example, there is a renewed interest in the role of ideas, including prominently religious ideas, as driving forces in history.<sup>5</sup> It is difficult to argue that Osama bin Laden was motivated, for example, to attack the United States on September 11 by any “underlying economic forces” in his life experiences.

The economics profession of the twentieth century generally took for granted that its research would reveal economic “laws” of society corresponding to physical laws of the natural world. That has not happened and it is now time to abandon this expectation. Contrary to the fears of many current economists, this does not mean that economics will have a minimal role in the future. The usefulness of economists, however, will be found in more qualitative forms of learning. Economics is unlikely to show the way to the precise control over society that physics has made possible in the natural world and such social control in any case would not be desirable. Instead, the advances in economic knowledge will be comparable to, say, the current historical knowledge of diplomatic events. We can learn, for example, from both the great failures of diplomacy and of economic policy in the years between World War I and World War II, and the manner of learning and application to government policy in the future will be similar.

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<sup>5</sup> This trend includes a few leading economists today as well. *See, e.g.*, ROBERT WILLIAM FOGEL, *THE FOURTH GREAT AWAKENING & THE FUTURE OF EGALITARIANISM* (2000) (arguing that a new egalitarian agenda needs to be set forth that addresses issues arising from recent technological advances and previous reform).

## SPECIFIC COMMENTS

I turn now to offer some specific comments on the review essays of *Economics as Religion*. The conclusions developed by Peter Boettke, Christopher Coyne, and Peter Leeson are very much in the spirit of my above observations.<sup>6</sup> They suggest, for example, that economists need to show greater “humility”<sup>7</sup> and accept a “demotion” from their current claims to an exclusive priestly status.<sup>8</sup> Economists have worked under a model of the economist as social physicist, employing the same mathematical methods as actual physicists and expecting to discover the same kinds of precise scientific “laws” of society—thus serving as a basis for the “scientific management” of society. As Boettke, Coyne, and Leeson point out, this has mostly turned out to be a false pretense. The workings of society turn out to be considerably more complicated than the workings of the natural world and must be revealed with different methods of investigation.

However, to the extent that the claims of economists to be the physicists of society have been believed, it has had some important practical consequences. During much of the twentieth century economists rationalized the wide exercise of government power in the American welfare and regulatory state, assuring the citizenry that government authority would be exercised wisely and responsibly—according to the dictates of “objective” economic science—for the common good (“the public interest”). In this role, it mattered little that economists were actually unable to deliver; what was more important was that the American public believed (at least for a time).

Boettke, Coyne, and Leeson seek to limit the goals of economics but still see important future roles. Perhaps the most important role is disabusing the citizenry of their confidence in the neutral “scientific” exercise of the large powers of the modern state, especially when these powers are wielded on a scale as vast as the American nation state. This would require a reassertion of the autonomy of private property and a substantial decentralization of governing authority. Boettke, Coyne, and Leeson thus argue for a recognition that “within a specific set of institutional arrangements the power of self-interest can spontaneously generate patterns of social order that simultaneously achieve individual autonomy, generalized prosperity, and social peace.”<sup>9</sup> Although it was not my main purpose in writing either book,

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<sup>6</sup> Peter J. Boettke, Christopher J. Coyne, and Peter T. Leeson, *High Priests and Lowly Philosophers: The Battle for the Soul of Economics*, 56 CASE W. RES. L. REV. 551 (2006).

<sup>7</sup> *Id.* at 567-68.

<sup>8</sup> *Id.* at 554.

<sup>9</sup> *Id.* at 553.



I might note that I reached similar conclusions in the final sections of both *Economics as Religion* and *Reaching for Heaven on Earth*.

In his review essay, Peter J. Hill brings a much different religious perspective.<sup>10</sup> He is a professor at Wheaton College in Illinois, where faculty members must sign a statement of Christian faith, but his economic conclusions are similar. Like Boettke, Coyne, and Leeson, Hill emphasizes the importance of an economic understanding of the principles of a free society. He is not as critical of mainstream economics but does share the view that Paul Samuelson and other leading economists placed too much faith in the skills and benevolent intentions of large “Progressive” government. By contrast, James Buchanan and others in the public choice school of economics have properly emphasized that there is often a “divergence between the stated goals of government action and the actual results.”<sup>11</sup>

A distinguishing feature of Hill’s review is his emphasis on a “two domains” theory of the application of economics. He finds that the assumptions and methods of economics are capable of yielding powerful insights into the wider domain of impersonal exchange, such as those found in the commercial marketplace. There is no ethical problem here in the pursuit of private interest. Indeed, there is no other practical way to organize a nation state, and this is even more the case at the scale of the whole world. However, following arguments made by Friedrich Hayek, Hill thinks that a different ethics should apply at the scale of small social groups—especially the family, but also church congregations and other more intimate communities. Here, free license to pursue self-interest can be morally objectionable and socially harmful.

It is interesting that Hill mentions only in passing that his thinking in this regard is opposite to a main trend in contemporary economics. In 1992, Gary Becker won the Nobel Prize in Economics for his work in extending the full logic of the market to the realm of the family and other small social groups. Indeed, the rise of the University of Chicago to become the leading economics department in the world was based significantly on the many economists there applying Becker’s way of thinking. This raises an important question that Hill acknowledges even as he is unable to answer with any confidence: is it actually possible for an individual to bifurcate his or her morality to pursue self-interest aggressively in some parts of their life, while

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<sup>10</sup> Peter J. Hill, *Beyond Economics as Religion*, 56 CASE W. RES. L. REV. 587 (2006).

<sup>11</sup> *Id.* at 592.

pursuing other-directed goals in other parts? I wonder about that too.<sup>12</sup>

Hill acknowledges that the economics profession reflects a powerful normative vision that is close to, if not precisely in his terms, a religion. As a devout Christian, Hill is then troubled by another possibility—that “economic religion” might directly compete with Christian religion. For many economists, as I argued in *Economics as Religion*, the worldview of the economics profession does in fact become literally their religion. When seeking to understand an event in history or in society, such economists automatically interpret it almost exclusively in economic terms. Economic explanations for them encompass everything in life. Here again, objecting to this side of the economics profession, Hill would like to compartmentalize. Economic methods must be limited to a narrower sphere and the larger questions of the meaning of human existence and of the correct morality for society must be addressed in more traditionally religious terms.<sup>13</sup> Hill is optimistic that this is possible but is not sure. I am perhaps more skeptical than he is.<sup>14</sup>

The review essay by Charles Nalls<sup>15</sup> is similar to Hill’s, partly in that Nalls is also a committed Christian and is troubled by the underlying secular religion—whether intrinsic to the profession or not—that is found in the actual practice of economics. Nalls comments from his own years of experience as a working economist in the federal government in Washington that the policy controversies there between economists and their opponents often took on the character of a “clash of near-Biblical proportions.”<sup>16</sup> When economists testified before Congressional committees, they functioned as a “priesthood” engaged in “rites [that] are accompanied by a liturgical language” of the profession.<sup>17</sup> Nalls agrees with *Economics as Religion* that the practice of economics offers a worldview for its followers that amounts to “an alternative vision of ‘ultimate values,’” that is to say, according to many understandings, a religion.<sup>18</sup>

Nalls is concerned, however, that a proper definition of religion should be narrower. Nalls thus suggests that a valid religion should

<sup>12</sup> See NELSON, *supra* note 1 at 1-22 (discussing the market paradox).

<sup>13</sup> Hill, *supra* note 10, at 598-99.

<sup>14</sup> See Robert H. Nelson, *The Theology of Economics*, in FAITHFUL ECONOMICS: THE MORAL WORLDS OF A NEUTRAL SCIENCE 100 (James W. Henderson & John L. Pisciotta eds., 2005) (arguing that American society fears introducing religion into public debate).

<sup>15</sup> Charles H. Nalls, *A Theology of the Market—Economics as Religion: From Samuelson to Chicago and Beyond*, 56 CASE W. RES. L. REV. 613 (2006).

<sup>16</sup> *Id.* at 613.

<sup>17</sup> *Id.* at 617.

<sup>18</sup> *Id.* at 614.

also involve an element of the "sacred," something he finds missing in economic religion.<sup>19</sup> Yet, one might suggest that the followers in Marxism—a quintessential economic religion—who were willing to be martyrs for the cause were responding to something "sacred." A mother may regard her child as a "sacred" trust, even when the mother believes only in a secular humanism or other nontraditional faith.

Nalls's real objection, it seems to me, is that economic religion is a false religion. For him, the true religion is Christianity. Nalls is aware that such a bald statement might cause offense in some significant parts of the contemporary intellectual world, so he refrains from making it directly. He also does not address the implications for the practice of economics if it were in fact to begin by accepting the truthfulness of the Christian faith. Would there then be two branches of economics with different initial assumptions and grounded in different ultimate concerns: Christian economics and non-Christian economics? These are obviously large issues that Nalls could not be expected to address, other than in passing, in the short space available.

Turning from Christianity, Dan Tarlock instead examines the ties between economic religion and environmental religion,<sup>20</sup> developing further a line of analysis found in his earlier writings.<sup>21</sup> Like economics, as Tarlock thinks, the modern environmental faith is a secular religion, one that frequently challenges the worldview that modern "progress" is the path to a new heaven on earth. In nations such as the former Soviet Union that made economic progress a state religion, the results for the environment were often disastrous. In the United States, the U.S. Forest Service was similarly grounded in the economic tenets of the Progressive gospel and often gave the environment a low priority. Tarlock thus is sympathetic to the grave doubts expressed in the environmental movement with respect to the modern worship of "progress."

Yet, he is also bothered that the skeptical attitudes towards science may go too far. Admittedly, it was the very discoveries of modern science that gave human beings the dangerous power to alter the natural world. But, as Tarlock thinks, any sound environmentalism must have a valid scientific foundation. How can we know how tight an environmental regulation should be if we have no accurate scientific

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<sup>19</sup> *Id.* at 618.

<sup>20</sup> Dan Tarlock, *Environmentalism: Postmodern Evangelism or Unitarianism?*, 56 CASE W. RES. L. REV. 643, 643-46 (2006).

<sup>21</sup> A. Dan Tarlock, *Environmental Law: Ethics or Science?*, 7 DUKE ENVTL. L. & POL'Y F. 193 (1996).

understanding of the health or other environmental risks that the regulation is designed to prevent?

Tarlock finds that the relationship between environmentalism and science is especially problematic when it comes to the treatment of ecosystems. It is a concern I share.<sup>22</sup> The typical environmental policies are based—sometimes explicitly, though perhaps more often implicitly—on a concept that the natural world trends towards an end-state equilibrium. That is the practical meaning of policy goals such as achieving a “healthy” or “natural” environmental condition. Yet, ecological science in the last few decades of the twentieth century increasingly rejected any such equilibrium expectations of the workings of ecological systems. The course of natural evolution is more random and undirected—more like chaos theory than some orderly natural process toward a predictable end. But if there is no known end to be achieved, how can we judge one environmental policy for the natural world versus another? The conceptual foundations for “ecosystem management,” Tarlock suggests, are fragile.

In environmentalist rejections of the anthropocentrism of economic religion, Tarlock finds—and again I agree—there is also a troubling moral element. Environmentalism often regards nature as achieving its highest state in the absence of a human presence. The cathedrals of environmentalism are wilderness areas that are defined in the law precisely by the minimal presence of a human hand. Carried to its extreme, this policy outlook might be taken to suggest the desirability of a minimum human presence all over the earth. It is the opposite of the biblical vision that human beings are closest to God among all the creatures of the earth. Instead, as more than one leading environmentalist has said, human beings might even most accurately be seen as a spreading “cancer” in the world. While this may not be the dominant strain in contemporary environmentalism, it is still an important and troubling part.

Tarlock’s review essay of the environmental response to economic religion points to the importance of religious influences generally in the making of public policy today.<sup>23</sup> Steven Eagle affirms that assessment. As he writes, “leading contenders for the modern priestly class are competing schools of economics.”<sup>24</sup> On the other side are “deep ecologists [who] have completely rejected the use of cost-

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<sup>22</sup> See Robert H. Nelson, *Environmental Religion: A Theological Critique*, 55 CASE W. RES. L. REV. 51 (2004).

<sup>23</sup> Tarlock, *supra* note 20, at 643-46.

<sup>24</sup> Steven J. Eagle, *Economic Salvation in a Restive Age: The Demand for Secular Salvation Has Not Abated*, 56 CASE W. RES. L. REV. 569, 571-72 (2006).

benefit analysis in fashioning environmental regulations."<sup>25</sup> In a short space, Eagle offers an enjoyable and insightful grand tour of a diverse set of political, economic, and religious developments all working to shape contemporary society. The current era appears to be one of particularly rapid social and intellectual change, itself a source of wide anxiety in American life.

During the first two-thirds of the twentieth century, as Eagle notes, the Progressive and Keynesian movements offered the most powerful economic gospels. In the last third of the century, this role was taken over by the Chicago school of economics. Its leading figure for many years, Milton Friedman, shared the religious attachment to progress of Paul Samuelson, but he had greater doubts about the ability of government to contribute. With the rise of Gary Becker and others in a new generation of the Chicago school, an economic imperialism was extended to seeing marriage, religion, and family—indeed, every aspect of life—in the same self-interested frame of reference as the marketplace. As Eagle comments, this raises basic ethical issues, including the possibility that people's "lives are becoming more impoverished even as their societies are becoming materially richer."<sup>26</sup>

To the extent that this might be true, it would amount to a decisive refutation of a central tenet of economic religion—that continuing economic progress will lead to happier lives and better societies, and in the long run to heaven on earth. Eagle thus observes that "economists are not gods," even though some see themselves as having god-like knowledge of the economic path of earthly salvation.<sup>27</sup> Economists do have, however, a great deal of practical knowledge that almost any society will want to put to good use. Hence, as Eagle concludes, economists' "words are to be heeded, but warily."<sup>28</sup> I find little to disagree with there.

Fred Smith addresses *Economics as Religion* from yet another perspective.<sup>29</sup> As the founder and current president of the libertarian Competitive Enterprise Institute, Smith is a strong believer that society should be ordered according to the principles of classical liberalism. For Smith, *Economics as Religion* helps to understand the large past role of secular religions in undermining the classical liberal commitment to a free market grounded in secure private property rights. Early in the twentieth century, American Progress-

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<sup>25</sup> *Id.* at 582.

<sup>26</sup> *Id.* at 577.

<sup>27</sup> *Id.* at 586.

<sup>28</sup> *Id.*

<sup>29</sup> Fred Smith, *The Progressive and Environmental Gospels versus Classical Liberalism*, 56 CASE W. RES. L. REV. 621 (2006).

sivism was part of a “secular great awakening” that captured the imaginations of millions of ordinary Americans and much of the intellectual elite as well. The Progressive gospel preached that government could orchestrate the scientific management of American society, led by new social science priesthoods, towards the attainment of a future heaven on earth. As this Progressive gospel became increasingly influential in American life, significantly displacing the previously dominant role of Protestant Christianity, it laid the foundations for the twentieth century welfare and regulatory state. The result, as Smith greatly regrets, was a loss of the individual freedoms that classical liberals valued most highly.

More recently, as the Progressive gospel has waned, Smith finds that a new powerful secular religion—the environmental gospel—is offering the greatest challenge to classical liberal principles. The environmental movement has often looked to national power and the regulatory state to win battles that it feared losing in the competition of the market or in state and local democratic forums. Like the Progressive gospel, the political influence of environmentalism reflects the strong religious enthusiasms it has stirred among many Americans. Reviewing the history of the twentieth century, Smith concludes that classical liberals must themselves develop stronger ethical (and perhaps ultimately even religious) arguments, if they are to have any hope of restoring the place of individual freedoms in American society. *Economics as Religion* does not itself offer a prescription for a new “classical liberal religion,” but I do agree with Smith on the necessity of finding one, if the powers of the modern state are to be significantly curtailed.

I am, however, less confident that classical liberalism (at least in its nineteenth-century version) will or can become that political religion of freedom of the future. I do agree that, after the horrors perpetrated by many twentieth-century governments, there is a new much greater appreciation at the beginning of the twenty-first century of the importance of protecting individual liberties. It is possible that some new secular religious gospel may yet emerge that will encompass individual freedom as a core religious value, but it will differ perhaps in significant respects from old fashioned classical liberalism. In my own thinking, I tend to give greater emphasis to the role of decentralized government, as opposed to the individual autonomy of agents in the free market, in circumscribing the current powers of large welfare-state governments.<sup>30</sup>

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<sup>30</sup> Moreover, this decentralization might sometimes take private forms, as in the rise of private community associations. Between 1980 and 2000, fully half the new housing built in the

As compared with Smith, I also see a larger role for the followers in the environmental movement in working out the contours of future American political ethics and secular religion. I agree that environmentalism unfortunately often turns to federal power to win its current battles, but this may be largely tactical. At the level of its core values—its religion—environmentalism is actually skeptical of government technical expertise and in general the scientific management role of the centralized state, the foundations of the old Progressive gospel. In this respect at least, libertarians and environmentalists are in the same camp.<sup>31</sup> Environmentalists have often fought against pork barrel dams, synfuel plants, and other subsidized “cathedrals” of Progressive faith in science and economic growth. However, in order for the environmental movement to have a greater role in developing a post-welfare-state political religion, it will have to overcome the theological confusions and ethical tensions such as Tarlock describes in his review essay.

The other two review essays, by Thomas Ulen and Fred McChesney, are more critical of *Economics as Religion*. Ulen, it seems to me, is ultimately ambivalent, agreeing with many parts of the book, but finding other aspects overstated or even altogether mistaken.<sup>32</sup> Ulen does agree that basic normative issues often arise in the practice of economics, and even cites some of his own experiences to that effect. He also agrees that economists often offer strong policy advice that is inseparable from a normative grounding. Some of them, moreover, are given to making “millenarian pronouncements” and compounding the problem, many economists do not make explicit, or even mention at all, the underlying value-commitments that inform their analyses.<sup>33</sup>

For Ulen, however, this is a limitation of practice, rather than a central feature of the economics profession. Even though some economists make “sweeping normative claims for their learning,” as he says, this is “mere puffery” that should not obscure the valid scientific heart of economics.<sup>34</sup> Economics, in fact, advanced steadily as a science over the course of the twentieth century, achieving a “steady

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United States was located in a private community association. See ROBERT H. NELSON, *PRIVATE NEIGHBORHOODS AND THE TRANSFORMATION OF LOCAL GOVERNMENT* (2005).

<sup>31</sup> See Robert H. Nelson, *Is 'Libertarian Environmentalist' an Oxymoron?: The Crisis of Progressive Faith and the Environmental and Libertarian Search for a New Guiding Vision, in THE NEW WEST: PUBLIC LANDS, COMMUNITY AND ECONOMY IN THE AMERICAN WEST* (John A. Baden & Donald Snow eds., 1997).

<sup>32</sup> Thomas S. Ulen, *Economics as a Science: Robert Nelson's, Economics as Religion*, CASE W. RES. L. REV. 649, 651 (2006).

<sup>33</sup> *Id.* at 651.

<sup>34</sup> *Id.* at 662.

accretion of understanding through the process of theorizing, subjecting to empirical study, refining the theory in light of empirical results, performing more empirical work, and so on."<sup>35</sup>

There is some truth to this, but I mostly disagree, and I have some company that Ulen might find surprising. Asked to review the progress of economic knowledge over the course of the twentieth century for a special 1991 issue of the *Economic Journal* (once edited by John Maynard Keynes), Milton Friedman declared that "the substance of professional economic discussion has remained remarkably unchanged over the past century,"<sup>36</sup> and in fact there has been "little change in the major issues occupying the attention of economists" since Adam Smith and also no "sea change in our understanding" of economic questions.<sup>37</sup> What had changed "drastically," however, was "the language," which had become all mathematical and technical.<sup>28</sup> As Friedman declared of his survey of economics over the twentieth century, "Again and again, I have read articles written primarily in mathematics, in which the central conclusions and reasoning could readily have been restated in English."<sup>29</sup> As Friedman advises his fellow economists, "When one looks back on a century of economic teaching and writing, the chief lesson should, I feel, be one of caution and modesty, and especially when we approach the burning issues of our own day. We economists . . . have been so often in the wrong."<sup>39</sup>

As a practicing economist myself of thirty-five years, including eighteen years spent working on an economic staff in the federal government, I find Friedman's characterization much closer to the mark than Ulen's.<sup>40</sup> Economists do have important things to say and important contributions to make to public policy. But it is mainly in applying a few simple but powerful ideas—ideas that Adam Smith might have put in different language but are not fundamentally different. In adopting the methods of mathematics, twentieth-century economists have sought to claim for themselves the role of the new physicists of society. Yet, when they still largely revisit themes and issues as old as Adam Smith, it is as though current physicists were still debating the

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<sup>35</sup> *Id.*

<sup>36</sup> Milton Friedman, *Old Wine in New Bottles*, 101 *ECON. J.* 33, 33 (1991).

<sup>37</sup> *Id.* at 37.

<sup>28</sup> *Id.* at 33.

<sup>29</sup> *Id.* at 36.

<sup>39</sup> *Id.* at 39 (quoting W.T. Ashley, *The Present Position of Political Economy*, 17 *ECON. J.* 467, 487-88 (1907)).

<sup>40</sup> See Robert H. Nelson, *The Economics Profession and the Making of Public Policy*, 25 *J. ECON. LITERATURE* 49, 86 (1987) (arguing that for economists to have an impact on public policy, they must focus less on mathematical formulations and more on becoming entrepreneurs utilizing their skills as an art rather than a science).



theories of Newton. Real science makes rapid progress, often rendering obsolete even the scientific writings of a few years ago. A “pretend science” like economics, however, is still debating the same old questions.

There is an explanation, however: economics is actually more like a religion than a science. In the history of religion, two hundred years is a short time. As in economics, the core religious issues do not change drastically, but the manner of expressing them is continually being adapted to the times. If the verbal fashion of the twentieth century was to present economics as physics, this had a practical side as well. It allowed economists to claim the mantle of the revealers of authoritative scientific truth, making the economic preaching all the more powerful for a secular age. Whatever their deficiencies as economic theorists, economists in this respect showed a strong practical sense for maximizing their status—their priestly authority—in society.

In his review essay, Fred McChesney is still more critical than Ulen. Indeed, for him, *Economics as Religion* is a misconceived project and it puzzles him that a well-educated and previously productive economist (he says nice things about me in this respect) would so misuse his time. I suspect that McChesney (although speaking as a law professor) does in fact reflect the views of an important portion of the current economics profession. What distinguishes him is that he has actually read my book; in my experience, many current economists are simply not interested in exploring the foundational norms and other background aspects of their subject. Like most members of a religion, they are content to be “unreflective practitioners.” This may in fact be an efficient allocation of their time; after all, there is tenure to be pursued and consulting contracts to be won. The likelihood that any one economist will influence the core assumptions of the professional discipline of economics is very small.

In McChesney’s case, since he did read the book, a more relevant consideration may be the difficulty of religious communication. McChesney is an economic “true believer” and in *Economics as Religion* I am speaking as a religious observer outside the normal professional boundaries. Although I am trained as an economist, the writing and style of exposition of *Economics as Religion* owes more to the style of argument and vocabulary of theology. This is unfamiliar ground for McChesney and he does not seem to have made much effort to bridge the substantial differences. In any case, I doubt that Martin Luther ever really had much chance of convincing the Pope of his perspective on the Roman Catholic religion; it might have been

about equally difficult for me to persuade McChesney with respect to economic religion.

I will, nevertheless, address a few of his specific points. He criticizes the “weird” economics in the book but then immediately illustrates this point by quoting from the theological reflections of Max Stackhouse, a professor at Princeton Theological Seminary who wrote the Foreword.<sup>41</sup> McChesney says that no economist he knows has ever said that economics can offer salvation.<sup>42</sup> Then, curiously enough, only three sentences later, he says that a free-market economy will deliver the “aims that we believe God intended for us: life, liberty, peace, and pursuit of happiness for ourselves and our families.”<sup>43</sup> This in fact would go a long way towards a new heaven on earth.

McChesney seems to have a strong desire to distance himself from traditional religion even as he—like many economists—creates a brand new vocabulary to describe longstanding religious subjects. McChesney, thus, is offended by my description of many economists as “preachers” and “missionaries” but would probably have had no problem in describing them as “strong economic advocates.”<sup>44</sup> This is semantics. As I explained above, almost everyone has a religion of one kind or another, and a person willing to explain and advocate his or her religion in public becomes, in the language of religion, a “preacher.”<sup>45</sup> In the end, the important issue is not the use of the term but whether there is an implicit religion embedded in the content of economics, as I argue is the case in *Economics as Religion*. McChesney never really confronts my argument in this respect.

In his conclusion, McChesney asserts that “[e]conomics is rooted in empirically demonstrable truths about how the world operates.”<sup>46</sup> This distinguishes it from theology in his view, which depends “on the acceptance of matters on faith.”<sup>47</sup> But a large number of Christians believe that the Bible is the historical witness to another set of “de-

<sup>41</sup> Fred S. McChesney, *When Bad Books Happen to Good People: Robert Nelson's Economics as Religion*, 56 CASE W. RES. L. REV. 601, 602 (2006).

<sup>42</sup> *Id.* at 603.

<sup>43</sup> *Id.*

<sup>44</sup> See *id.* at 603-05 (arguing that *Economics as Religion* mischaracterizes the development of the Chicago school and the purpose of Milton Friedman's work in order to suit its ultimate conclusion).

<sup>45</sup> I might note that the Nobel Prize winning Chicago economist, George Stigler, once described himself as a “preacher,” acknowledging that economists in our time had assumed a role of advisor to society filled in earlier times by more traditional religious figures. See GEORGE J. STIGLER, *THE ECONOMIST AS PREACHER, AND OTHER ESSAYS* 3-13 (1982) (discussing “how economists . . . have advised men and societies on proper conduct”).

<sup>46</sup> McChesney, *supra* note 41, at 612.

<sup>47</sup> *Id.*

monstrable truths" relating to events of two thousand years ago. When McChesney claims that economics really shows "how the world operates," he is making a religious claim of his own. Ultimately, it seems to me that McChesney finds *Economics as Religion* unacceptable because for him "religion" is a pejorative term, the opposite of "science." For me to call economics a "religion" is equivalent, in McChesney's eyes, to claiming that economics is irrationally grounded in emotion and blind faith. If that were what I was actually saying, I would have to agree with many of McChesney's doubts about the book. But, of course, *Economics as Religion* says no such thing; there are large elements of faith in the conviction of the redeeming consequences of economic progress, and it is important to recognize this, but there is also much more to economics.

#### IMPLICATIONS FOR LAW AND ECONOMICS

Judges need a base of facts and to reason clearly, but these efforts will be set in a framework of historical and social understandings and interpretation. In this respect, law requires a normative foundation. For much of American history, the values embodied in the law were derived principally from Protestant Christianity and the American "civil religion." As University of Texas law professor Sanford Levinson has written, American "[c]onstitutionalism, like religion, represents an attempt to render an otherwise chaotic order coherent, to supply a set of beliefs capable of channeling our conduct."<sup>48</sup> Americans regard the U.S. Constitution with "reverence" and it is in fact the founding document—the "Bible"—of the American civil religion.<sup>49</sup>

This civic creed of the United States, like other religions, evolves over time. Indeed, not surprisingly, given the central importance of economic religion to American life, the largest normative influences on the law in the twentieth century followed closely the trends of economic religion. As *Economics as Religion* examines, Paul Samuelson and other leaders of the economics profession from the 1940s to the 1960s were followers in the path of American Progressivism. Their economic religion, as taught to a generation of students in Samuelson's introductory textbook *Economics*, helped to shape and sustain the American welfare and regulatory state.

It is not a coincidence that the rulings of the U.S. Supreme Court in the same period showed a similar Progressive character. Speaking of the rulings of the Warren court, Yale law professor Alexander Bickel commented in 1970 that "what informed the enterprise was the

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<sup>48</sup> SANFORD LEVINSON, CONSTITUTIONAL FAITH 36 (1988).

<sup>49</sup> See *id.* at 14, 30.

idea of progress.”<sup>50</sup> In the twentieth century, beginning with a *laissez-faire* faith grounded in the writings of Herbert Spencer, the Supreme Court offered one “constitutional religion” after another.<sup>51</sup> For Felix Frankfurter and his successors, they now saw themselves “in the role of statesmen discharging a responsibility for the progress of society.”<sup>52</sup> The Court was working to sustain much the same kinds of outcomes in American society as Samuelson and other leading professional economists in the Progressive economic mainstream of the time.

By the 1970s, however, the era of dominance of Harvard and MIT economics was fading. The Chicago school was winning the largest number of Nobel prizes in economics. Much as Progressive law and Progressive economics had earlier worked together, the law again reflected the newer trends in economic religion. Strongly influenced by the thinking of Chicago economics, the law and economics movement rose to the forefront of legal theory and leading spokesmen such as Richard Posner soon became prominent figures in American jurisprudence. Reflecting this new way of thinking about the law—the legal system as an instrument of economic efficiency—the judiciary backed away from the egalitarianism and other Progressive activism of the Warren court. Much as Milton Friedman argued that the executive and legislative branches were greatly overextended, the Burger and Rehnquist courts saw the Warren court as going too far in seeking to remake American society.

The Chicago core assumption that behavior in all areas of society is motivated by self advantage is, however, an awkward fit for the judiciary. If a public choice way of thinking were to be applied to the judicial system as well, judges should be making their rulings in order to maximize their own future income and other private privileges. Few judges see themselves in this light and in any case, if Americans widely adopted such a perspective, it would act to undermine the public standing of the judiciary. It is seemingly more accurate to compare judges to priests who, like the Progressive economists of Samuelson’s generation, aspire to put their skills at the service of society. Hence, rather than the title of *Constitutional Faith*, Levinson might alternatively have called his 1988 book “Law as Religion”—and the legal religion is often borrowed in significant part from economic religion.

By the 1990s, in any case, new waves of thinking were again spilling into economics. Ideas and the social and economic institutions

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<sup>50</sup> ALEXANDER M. BICKEL, *THE SUPREME COURT AND THE IDEA OF PROGRESS* 13 (1978).

<sup>51</sup> *Id.* at 41.

<sup>52</sup> *Id.* at 38-39.

based on these ideas might after all be very important, as Nobel Prize winning economist Douglass North was arguing.<sup>53</sup> Besides physical and human capital, it was also critical to understand the workings of language, group norms, and other elements of "social capital" in an economic system. My first book, *Reaching for Heaven on Earth*, and then *Economics as Religion*, fit within these trends. All this represented a shift away from the assumptions and methods of law and economics.

There is nothing, admittedly, in *Economics as Religion* that is in itself favorable or unfavorable to the law and economics movement. The fact that economics may be a religion does not mean that religious economics is all emotion or simply an act of faith. As noted above, Newton regarded his theories of the workings of the solar system as a religious statement, providing greater illumination of God's true design for the universe. If law and economics is successful in providing a more powerful understanding of the workings of history and society, including the central role played by the law in nations such as the United States, it will perform a similarly important religious function. So, the key question is the following: how well do the tools and the general methods of law and economics actually work to reveal the fundamental meaning of economic and other events in history, law, and society?

*Economics as Religion* in fact makes no attempt to systematically address that question. Its main message in this respect is that, to the extent that law and economics dismisses the historical and social importance of ideas, and especially religious ideas, it will miss a critical part of the picture. There is a common tendency within economics—as illustrated above by some of the essay reviews of *Economics as Religion*—to argue that economics has the authority of science, while anything religious is ultimately a part of the nonrational side of life. Such arguments are in fact largely implicit ways of asserting the religious preeminence of economics. Such a status, however, must be earned by demonstrable accomplishment; it can not merely be asserted with supreme confidence.

#### CONCLUSION

As Christianity has long taught, and economic religion differs little in this regard, the ultimate test is to show the truth of the world. Any

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<sup>53</sup> DOUGLASS C. NORTH, INSTITUTIONS, INSTITUTIONAL CHANGE AND ECONOMIC PERFORMANCE 3 (1991) ("suggest[ing] a reexamination of much social science theorizing in general and economics in particular, and provid[ing] a new understanding of historical change").

body of knowledge that is able to succeed in this respect will deserve to be seen as the valid religion of our time. It will be important, however, to remain ever vigilant against the many religious imposters—including, unfortunately, some members of the economics profession—who mistake their own righteousness for an actual ability to reveal a correct knowledge of history and society.

