Religion and Economic Thought: A Peek at Some Historical Episodes

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Economics in a Nutshell

• Scarcity Principle
• Rationality Principle
• Benefit-Cost Principle
Evaluation in Economics

• Suitability from the perspective of actors
• Not rightness according to some external standard
• The “amoral” science
Genesis 3:17-19

... "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."
The Fall of Rome

Thank God for small favors!
Latin Scholasticism

“Through doubting we come to inquiry, and through inquiry we perceive the truth.”

- Peter Abelard
  (1079-1142)
Not the Beginning

Adam Smith
The Beginnings of Economics

St. Thomas Aquinas (1225-1274)
- born near Naples
- Dominican, student of Albertus Magnus,
  professor of theology at Paris, papal advisor

Pierre de Jean Olivi (1248-1298)
- born in Provençal
- Spiritual Franciscan, lector at Florence
The Beginnings of Economics

Pierre de Jean Olivi (1248-1298)

- Three determinants of economic value: scarcity, usefulness and desirability.
- Desirability is the ultimate determinant of price, given a degree of scarcity.
- The market price is the common estimate of desirability.
- The market price is the just price.
The Beginnings of Economics

Pierre de Jean Olivi (1248-1298)

• Capital - a fund of money invested in a business venture.
  – Combined with labor and industry of the investor, capital is fruitful.
  – Holder of capital who gives up the capital for a period of his time foregoes profit.

• Interest is a payment for foregone profit.

• Interest is natural and just.
The Usury Prohibition

Psalm 15:

LORD, who may abide in Your tabernacle? … He who does not put out his money at usury…
Economics of Islamic Scholasticism

• Private Property
  – strong defense of private property

• Wealth and Trade
  – acquisition of wealth is natural desire
  – mercantile activity and labor are Godly pursuits

• Prices and Profits
  – Market price is “just” price
  – Price Regulation in case of monopoly or emergency, but must always allow costs to be covered
  – Profits are deserved because of efforts and risk-taking
“Thomas Aquinas was led to write his *Summas* to halt the threatened liquidation of Christian theology by Arabic interpretations of Aristotle. ...indeed, the industry of Aquinas was due not to the love of Aristotle but to the fear of Averroes.”

- Will Durant, *The Age of Faith*
Usury

• Roman Law conceptions come to dominate Canon Law
• Two forums doctrine from mid-13th century
• Aquinas- items that can be granted the use of while retaining ownership may be justly paid for
• Swabian Liberals (Nider, Biel, Summenhart)
Origins of the “Dismal Science”

• Economics is known as “the dismal science.”
  – Where did this phrase come from?
• Two answers:
  – The Myth
  – The truth, revealing the relationship between race, religion and economics in 19th century Britain.
Natural Law and Economics

• Notions of Natural Law
  – Natural Laws are statements concerning regularities in the world.
  – Natural Law ethics - moral standards that govern human behavior are objectively derived from nature of human beings.
  – Natural Law legal theory - authority of legal standards derives from moral merit of those standards.
Natural Law and Economics

- Economy and Commercial Activity
  - The economy is a self-regulating system of natural order
  - Commercial actions are natural to humans; moral content to peaceful commercial activity
    - Mutual beneficence of exchange
    - Economy as voluntary cooperation
The Myth

- The Mythical view of the origin of economics as “the dismal science” goes something like:
  - Thomas Carlyle, the famous British essayist, was inspired to coin the phrase as a response to Malthus’ gloomy prediction of the consequences of population growth, that wages would be forced to subsistence. Economics is the “dismal science” because of it’s “gloomy predictions.”
‘The Dismal Science’

“Truly, my philanthropic friends, Exeter Hall Philanthropy is wonderful; and the Social Science -not a “gay science,” but a rueful- which finds the secret of this universe in “supply-and-demand,” and reduces the duty of human governors to that of letting men alone, is also wonderful. Not a “gay science,” I should say, like some we have heard of; no, a dreary, desolate, and indeed quite abject and distressing one; what we might call, by way of eminence, the dismal science. These two, Exeter Hall Philanthropy and the Dismal Science, led by any sacred cause of Black Emancipation, or the like, to fall in love and make a wedding of it,—will give birth to progenies and prodigies; dark extensive moon-calves, unnameable abortions, wide-coiled monstrosities, such as the world has not seen hitherto!”

Equality v. Slavery

- Exeter Hall, political center of Evangelicalism, the moral center of the British antislave movement

- Classical economics, from Smith onward, was tied to the concept of fundamental equality
  - Smith-Whately doctrine: since all language users trade, trade is the basis of common humanity

- Carlyle’s romantic idealization of feudal society turned in “Occasional Discourse on the Negro Question” to a defense of the slave society
  - slavery is not wrong because blacks are subhuman (“two-legged cattle”) who will only contribute to society if put to the “beneficent whip”, though slavery has been illegal in Britain since 1833
Exeter Hall Philanthropy

- Cover of collection of works by John Ruskin, entitled “Ruskin on Himself and Things in General”
- published by Cope’s Tobbaco (1893), Smoke-Room Booklet Series
- Ruskin as St. George, slaying black philanthropy, who has been reading a book entitled “The Dismal Science” and has died with only a bag of, literally, the Wealth of Nations (L.S.D. - pounds, shillings, pence)
Dickens’ Contributions

• Cover of serial version of Dickens’ *Bleak House*

• chapter entitled “Telescopic Philanthropy,” ridicules a Mrs. Jellaby who neglects her children for the good of Africans

• Cover shows Mrs. Jellaby holding two black children next to building with sign reading “Exeter Hall”
Dickens’ Contributions

• Dickens dedicates *Hard Times* (1854), his savage attack on markets and market economics, to Carlyle.

• This is five years after Carlyle’s original “Occasional Discourse on the Negro Question” (1849) and just 1 year after Carlyle’s enlarged and revised pamphlet *Occasional Discourse on the Nigger Question*.

• What is the alternative to market economics at the time of Dickens *Hard Times*? Why is it dedicated to the intellectual champion of slavery and feudalism?
That’s all folks!!!!!!!