


OTHER THINGS EQUAL

Christian Economics?

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Tell us therefore, What thinkest thou? Is it lawful to give tribute unto Caesar, or not?

Show me the tribute money... Whose is this image and superscription? Caesar's.

Render therefore unto Caesar the things which are Caesar's, and unto God the things that are God's.

I only recently became a Christian, at age 55. I've been an academic economist since I was 20. Is it possible to be a Christian (or Jew or Muslim or Buddhist or Hindu or whatever) and an economist at the same time?

What I can say at least is that the conventional opposition of Christianity and economics is not necessary. The progressive Christian feels that God and Mammon are necessarily opposed. She feels guilty when Monday-Sunday identity doesn't chide her business Monday through Friday (Saturday is too busy for chiding). The marketplace is held to be dirty, or at any rate the opposite of sacred. Should a Christian woman shine as a light unto the world or retreat into a desert hermitage? Should a Jewish man stick to his cobbler's last or spend his waking hours at the House of Study?

My reply is the conventional one, that on the contrary the virtues should balance and interpenetrate, that we should be charitable on the job and businesslike at Vestey Meetings, at least if we have resolved to be in this world and "being in the world" happens even in a monastery. But I go a little further than is common. I say weaready are charitable on the job and businesslike in the Vestey Meeting. Not perfectly so, but more than is commonly thought. The two worlds already balance and interpenetrate.

Economics since its invention as a system of thought in the eighteenth century has spoken mainly of the middle virtues of the seven cardinal virtues, prudence, an androgynous virtue counted good in both men and women as sterotypically viewed. (The word "prudence" is a useful, long-period compromise among the wisdom-words from pronouise in Aristotle to "maximumization" in the modern economist.)

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Prudence is a virtue. In the last two centuries Prudence has come to be seen as mere selfishness, the sort of behavior one could assume as impossibly normal in a commercial society, hardly a "virtue." But the ancients I think had it right. We want to have people around us who are prudent, who can take care of themselves—every parent knows that. (Of course we also want our children or our friends and fellows to be courageous, temperate, just, loving, faithful, and hopeful.)

The way most economists do their job is to ask, Where's the Prudence? Adam Smith asserted in 1776 that "what is prudence in the conduct of every private family can scarce be folly in that of a great kingdom." A splendidly useful principle. The blessed Smith, however, understood that we want people to have a balanced set of virtues, not merely Prudence. He was not a particularly religious man, it seems, but was a professor of moral philosophy, and took his job seriously. I believe he was forming in all his works, especially in his two published books, an ethic for a commercial society.

But his ethic was not Prudence Über Alles. After Smith's death his followers came to believe precisely that: Prudence, or Utility, rules. Their single-mindedness was part of a wider rhetorical development since around 1700 in some circles that has elevated Prudence to the master virtue, the Platonic juice. (At the same time in other circles Prudence was being reduced to the master vice, drummed out of the virtue corps.) You will find people in business schools arguing that the reason to be loving or temperate is that it is prudent—virtue makes money, doing well by doing good. When some years ago the Harvard Business School was given $20,000,000 to study ethics it started courses that collapsed the virtues into the one good of Prudence, all the virtue that money could buy.

My point is that Smith was right and the later economists and calculators have been wrong. You can't run on Prudence alone a family or a church or a community or even—and this is the surprising point—a capitalist economy. Courage and love and the rest figure in any human group. It has been discovered mathematically that games cannot be played with Prudence-only rules; they unravel (or if infinite are indeterminate). And off the blackboard it is becoming increasingly clear that real economies depend on real virtues. If one performs economic experiments on students and other hired victims the love, justice, temperance, faith, hope, and courage come pouring even out of the laboratories.

An economic actor must have a social stage, since no contract can be explicit about every aspect of a difficult transaction. Even in buying a newspaper the agent trusts you won't suddenly snatch the money back and run out of the store. When I moved in 1980 from Hyde Park in Chicago to Iowa City I was startled by the reduction in transaction costs, and noticed them going up again when I moved back to Chicago for a time in 1990. Every transaction in Iowa is easier. Checks pass, grocery clerks smile, auto mechanics do what they say they are going to do. You can't run human groups on Prudence alone.

What I'm saying is that prudent, economical, capitalist, market-oriented behavior within a balanced set of virtues is not merely harmless—it is virtuous. Even, I am bold to say, in God's eyes. By contrast, the Prudence-only behavior celebrated in economic fable is bad. Bad for business. Bad for life. Bad for the soul. We call it avarice.
love and temperance, justice and courage; the Analects are a celebration of the gentleman, not the "small man" in the market. Its occasional snobbish attacks on wealth, however, do not have the edge and frequency they have in Jesus' commands to store up your riches in heaven, into which a rich man squeezes as a camel through a needle's eye.

Yet I do not think I distort the Gospels in saying that love is being recommended as the greatest virtue but not the only one. "Whatever ye would that men should do to you, do ye even so to them" is the law and the prophets, but recommends all manner of good. Jesus for example admires courage. He commands temperance and St. Paul elevates it still more. He is stern for justice. And faith and hope are companion theological virtues to the master virtue of love.

And above all Jesus counsels Prudence for the ages. The very forms of his (or more accurately, his followers') attacks on worldly wealth use prudential metaphors: "Lay up for yourselves treasures in heaven, where neither moth nor rust doth corrupt, and where thieves do not break through nor steal." He uses the rhetoric of Prudence to recommend holiness.

Jesus' prudent advice to render unto Caesar what is Caesar's is the one sentence in the Gospel of Mark that the coalition of biblical scholars known as the Jesus Seminar regards as certainly authentic. Of the other nine authentic sayings of Jesus in the gospels (the Seminar treats a collection of Jesus sayings compiled by "Thomas," discovered in 1945 in a Coptic manuscript, as a fifth gospel), five command love (turn the other cheek, give to the poor, blessed are the poor/blessed are the hungry/love your enemy, the good Samaritan), but the other four, like "Render unto Caesar," recommend Prudence (God's rule as heaven [Lk 13:20-21], Mt 13:33), the shrewd manager [Lk 16:1-8], the workers in the vineyard [Mt 20:1-15], the mustard seed [only in the spare version of Thomas 20:4-6 does the Seminar regard it as fully authentic]). It's 50/50 for Prudence and love.

The Seminar proposed a "final general rule of evidence" in the search for the historical Jesus. "Beware of finding a Jesus entirely congenial to you" (Funk et. al., 1997, 5). I do not mean here to suggest that only authentic remarks by Jesus constitute Christianity, or that it follows from Jesus' prudent rhetoric that he would have admired modern capitalism. I mean merely to counter the assumption that Jesus was definitely hostile to the propensity to trust andarker. Jesus is entirely congenial neither to socialist nor to capitalist. Nor for that matter to many a self-described Christian.

REFERENCES

BOOK REVIEWS

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This is a strange book. I think its strangeness comes from the fact that it is pursuing two goals that are almost orthogonal to one another. The first is a fairly standard attack on the technical character of academic economics (including serious empirical work). The second is the propagation of right-wing libertarian ideology.

The connection goes like this. All that fancy stuff is a waste of time. The real contribution that economists can make is to pronounce in a convincing way the few important, simple truths they know: government is bad; property rights are good; regulation is bad, laissez-faire is good. The knowledge imparted by economics is not so much theory and fact as it is insight and judgment. And the correct insights and judgments are the libertarian staples of extended property rights and little or no government intervention in economic affairs. The near-orthogonality I spoke of is revealed by the thought that a Marxist economist, if there are any, could equally say to the profession: forget the fancy stuff and just tell them about exploitation and class struggle.

I am neither a libertarian nor a Marxist, and I like my economics as clear and simple as possible (though not more so); but I think the main thesis of this book is bad and unprincipled. Every important economic truth has its limitations. It rests on certain assumptions, including (but not only) assumptions about the way the world actually works: the motives of individuals and organizations, the structure of markets, the nature of production, the availability of information, the flexibility of prices, the formation of expectations, the completeness of markets, the degree of capacity utilization, and the weight of transactions costs, to name just a few.

To sell the simple truth to the non-specialist public without a hint as to its range of validity, its limitations, is simply dishonest, a betrayal of the whole academic enterprise. Refer to journals are supposed to protect other semi-specialists against such errors. This book seems to think that the public deserves no such help. It will not be provided by ideologues of any stripe. A lot of the second-rate theory and econometrics that some of the authors disdain is intended to define precisely the range of validity of simple truths. It goes without saying that a lot of reconcile theory and econometrics is simply busywork whose main function is to pad bibliographies. It is the price we pay for the good stuff. By the way, the propagation of unqualified simple truths can also be used to pad bibliographies, as Gordon Tullock points out with his usual candor. The editor, Daniel Klein, makes a case in his Introduction for non-quantitative research (following Ronald Coase's contribution), which is all right with me. But he does not seem to realize that checking the validity of non-quantitative research can be