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**CONTROLLING STORIES: ON THE MUTUAL INFLUENCE OF  
RELIGIOUS NARRATIVES AND  
ECONOMIC EXPLANATIONS**

A paper prepared for presentation at a session of  
the Southern Economic Association  
"The Influence of Religion on Economics (and Vice Versa)"  
John D. Mason, Chairman  
November 18, 1990

If the foundationalists in economics and the fundamentalists in religion are correct, this paper investigates illegitimate forms of influence. Because I am neither a foundationalist nor a fundamentalist, I did not set out to condemn either kind of influence. I shall nonetheless conclude at the end that the patterns of influence we can observe have generally not been salutary for either religion or economics.

### **Foundationalists and Fundamentalists**

Foundationalists in economics are people who believe that economic science can and should consist of clear and unambiguous axioms and hypotheses that jointly generate implications that can be checked against equally clear and unambiguous observations. Foundationalists revere the positive-normative distinction, and maintain that a science of economics can be constructed that is uncontaminated by policy preferences or any other kind of normative judgment and, it goes without saying, is impervious to influences emanating from religious belief. Religious fundamentalists are equally interested in secure and solid foundations. They ground their religious beliefs and practices upon a few fundamentals that they take to be sufficiently clear, unambiguous, and certain that they cannot be affected by the discoveries of any science or other form of inquiry. I reject both foundationalism and fundamentalism. I believe that we do not fully know what it is we know, why we believe it to be true, where we obtained our knowledge, or everything that this knowledge implies.

(Michael Polanyi's *Personal Knowledge* contains most of what I would want to say if asked to spell out my epistemological position. For a fuller understanding of the epistemology that informs this paper, or a clearer target for those who want to shoot down my arguments, consult the varied writings on the rhetoric of economics of Donald McCloskey, whose positions I almost always find insightful and persuasive. His basic book is *The Rhetoric of Economics*.)

### **Storytellers in Economics and Religion**

Both economists and theologians attempt to persuade, and they usually do so most effectively by telling stories.

The traditional story-teller begins, "Once upon a time . . ." The persuasive economist begins, "Let's assume that . . ." Economists tell stories about demand curves that slope downward to the right, about the process of capitalizing expected values, about the exploitation of comparative advantage, about exchanges based on attention to marginal values, about persons pursuing the projects that interest them in accordance with the accepted rules of the game and paying attention to the net advantages of alternative means as reflected largely in the price tags attached to those means and generated by the totality of social transactions. They tell all these stories with the intention of persuading others that an orderly and cooperative pattern lies beneath the seeming chaos and conflict of observed social transactions, and that discernment of this pattern enables one to predict the general consequences of contemplated policies.

The claim that Christians tell stories is more familiar. (And I am going to confine my attention, for reasons of both interest and competence, to Christianity and economics.) I shall not deal with the question, "Are they *mere* stories," because I don't think *mere* should be used in this context to modify stories. As a non-fundamentalist, I do not believe that religious faith amounts to the acceptance of certain facts as scientific history or that faith is created and nurtured by empirical or logical demonstrations. To put my position simply and only a little bit misleadingly: Religious faith is born and grows in those who find certain stories increasingly compelling.

## The Question and an Approach

Are the stories that economists tell when they are doing economics ever influenced in important ways by the stories these same economists rehearse when they are engaged in religious practices? Are the religious narratives that economists hear and repeat ever modified by the stories they are accustomed to telling in their work as economists?

My views on all this are apparently idiosyncratic. Let me try to spell out the main conclusions in advance. It is generally admitted without much argument that conclusions about economic policy are affected by religious beliefs, because policy conclusions require value judgments and religious beliefs generate value judgments. I think it would be a good idea to admit less and argue more, for the nature of this influence is far from clear. It seems to me that Milton Friedman was quite correct when he hypothesized (in his influential essay on "The Methodology of Positive Economics") that disagreements about economic policy are more often rooted in disagreements about how economic systems function than in conflicting value judgments. If this is the case, how, by what process, do religious narratives influence economic policy judgments? I shall argue that religious narratives affect economic policy preferences indirectly, through their influence on conceptions of how economic systems function. In other words, people use their theology to choose the economics to which they will subscribe.

The great danger in an inquiry of this kind is that it can easily degenerate into a debunking and name-calling operation, in which opinions with which one disagrees are "shown" to be dishonest in the sense that they were not derived from the sources alleged by the author, but from concealed and less authoritative sources. Charges are made that theological positions have been taken on the basis of an economic analysis, and that judgments about the operation of contemporary economic systems have been proffered on the basis of documents that do not address the issues because they were written centuries ago. One way to reduce this danger is to discuss writers whom one genuinely respects.

### A Case Study

Herbert Schlossberg is a careful and competent student of economics and theology with whose writings I find myself in substantial agreement. He therefore provides an excellent illustration and test case for the thesis I shall advance.

Schlossberg argues that an economic science informed by unBiblical or antiChristian presuppositions will be unrealistic in its analysis and misleading in its prescriptions. In a discussion of "The Imperatives of Economic Development" he writes:

Christians will be able to act more constructively in this area only as we think in a way that is true to our own traditions and cease accepting uncritically ideas on development advanced by experts who disagree with the fundamentals of the Christian faith. Expertise is almost always mixed with value judgments based on worldviews. The experts give us information and recommendations produced not only by scientific investigation, but also by the beliefs of the investigators and by those who interpret their findings. Even if we use this information well, we may come to the wrong conclusions, because the "facts" on which we are relying may be dependent on false ideologies. [Marvin Olasky, editor, *Freedom, Justice, and Hope: Toward a Strategy for the Poor and the Oppressed* (1988), p. 99]

I completely agree that expertise comes mixed with value judgments based on worldviews. But is it true that Christians should for this reason look more critically upon the economic analyses of experts who disagree with fundamentals of the Christian faith? Let us see how Schlossberg implements his own recommendation.

In two earlier chapters of the book from which I took the passage quoted above, Schlossberg examined the views on economic development of Gunnar Myrdal and Peter Bauer. In the chapter on Myrdal, he emphasizes the philosophical and ethical presuppositions which, by Myrdal's ready admission, inform his work in economics. And he writes at the end of the chapter.

Rooted in assumptions that depart from the Biblical underpinnings of our civilization, Myrdal's ideas carry over the moral fervor but none of the understandings that are necessary for bringing healthy vibrant economies into existence. [*Ibid.*, pp. 62-63]

But Schlossberg also presents criticisms of Myrdal's work that would be regarded as highly relevant by any secular economist. He argues that Myrdal ignores important evidence, makes insufficient use of the analytical tools of economics, and contradicts himself. Which of these sets of criticism -- the theological or the scientific -- provides the most cogent reasons for a Christian to reject Myrdal's analysis of economic development and nondevelopment?

Schlossberg's own answer emerges implicitly in his evaluation of Peter Bauer's work. After a strongly positive review of Bauer's contributions to the study of economic development (in contrast with the sharply negative review of Myrdal's work), Schlossberg concludes as follows:

A major reason for the difference [between Myrdal and Bauer] is that Bauer insists that the economic data have to be taken seriously, refusing to burden them with ideological baggage. As we would expect, his work is much less value-laden than Myrdal's, but he does provide clues that tell us something of his values. He is critical, for example, of the single-minded pursuit of increased income. Per capita income is reduced by both births and medicines, but people like to have children and would prefer to have them remain alive. Bauer is not unhappy that children are valued, and he does not believe it justifiable for planners to violate religious and ethical convictions in order to raise income. But Bauer stops short of specifying what the values that inform policy ought to be. That leaves the reader uncertain as to his foundational assumptions. In a world of economists who often substitute ideology for evidence, from what source does Bauer's empirical orientation derive? We do not know. Nor can we easily determine the philosophical filters through which the raw data are filtered [*Ibid.*, p. 98]

*We do not know Bauer's "foundational assumptions"!* Why then does Schlossberg accept Bauer's economic analysis and its policy implications? I submit that it is because he finds Bauer to be a *good economist*. Bauer respects the data and makes extensive and able use of the tools of economics. He also rejects such notions as that an increase in per capita GNP is desirable even if brought about by a high rate of infant mortality. But so would many other economists, and probably without any assist from specifically Christian or Biblical values. It is characteristic of economists to ground "welfare" in the choices of individuals. A very conventional and thoroughly non-Christian (not anti-Christian) argument asserts that if parents invest resources in trying to prevent the death of a child, they thereby reveal that the satisfactions obtained from the child exceed in value the satisfactions they will lose through a reduced per-capita income for the family. Their real income consequently declines when the child dies. A fixation on per-capita GNP as the relevant measure of welfare in a society is as much an indicator of mindlessness as of anti-Christian or unBiblical values.

### **How Clear Are the Foundations?**

A serious problem for anyone who asserts that economics ought to be based on Biblical or Christian "foundational assumptions" is the difficulty in determining just what these assumptions are. In what follows I have extracted from Schlossberg's chapter on "Imperatives for Economic Development" four of the assumptions that he specifically mentions as relevant to understanding economic development, and have added my own critical observations.

1. *The earth was created by a just and loving God, so that its resources are not going to "run out" before their Creator intends.* Schlossberg employs this assumption to oppose highly alarmist claims of an impending

ecological crisis. But one could concede this assumption and go on to ask whether anyone knows the Creator's timetable. Is this assumption a prescription for good stewardship, which Schlossberg takes it to be? Why could it not just as well be used as a proscription against *any kind of* planning for the future? Jesus does say, after all, that we are to "take no thought for tomorrow" but to trust God's providence. I grew up in a denomination that once condemned life insurance as an unchristian reliance on one's own resources for the contingencies of the future. I am not persuaded that this stance was contrary to the New Testament.

2. *God created us in His image but this image is marred by sin.* This assertion can be made to imply almost anything, depending on whether the person using it chooses to stress the image or the marring. Schlossberg uses it to reject certain forms of historical determinism in favor of personal autonomy and the power to choose. Moreover, he views markets as an instrument used by people to make their choices more effective. However, one could also deduce from this theological assumption, as some have indeed done, fundamental limitations on human freedom and a consequent necessity for extensive government regulation of the economy. Moreover, if the market is seen as limiting people's freedom to choose (by curtailing their power, which is in fact one of the consequences of open markets), an emphasis on human freedom could prompt, at least among those with a poor understanding of how markets work, a decided "theological" hostility toward them.

[As seems to have occurred in *Economic Justice for All*, the Roman Catholic Bishops' analysis of the U.S. economy. See for example paragraph 96.]

3. *The Biblical message on economics is that we reap the consequences of what we sow.* But is that not a very partial presentation of the Biblical message on the matter of reaping and sowing? Doesn't the Bible also say that God sends rain on the just and the unjust? Does the doctrine of grace have no implications whatsoever for the Christian's understanding of the economic system? Doesn't the doctrine that we reap what we have sown encourage the proud belief that we can justify ourselves by our achievements?

4. *Work, an orientation to the future, investment, saving and the control of consumption are essential ingredients in a healthy economic system and specified in the Bible as requirements for those who are to be faithful to God.* In each case I would want to ask, *How much is required?* Work can be an idol, and for many people it is. The net thrust of the New Testament seems to me to be more toward a high rate than a low rate of time discount. The exhortation *not* to lay up treasure on earth where moth and rust corrupt should raise at least a few questions for dedicated investors. And the New Testament admonitions to be recklessly generous could well be used to modify substantially the saving directive that Schlossberg finds in the Bible. The rate of economic growth will almost certainly increase in a society where these imperatives begin to operate. But I am not convinced that they are altogether Christian or Biblical imperatives.

### **On the Irrelevance of Assumptions**

What do "foundational assumptions" mean, after all? I find myself increasingly attracted in an unexpected way to Milton Friedman's old "irrelevance of the assumptions" argument. Whatever its deficiencies, it contained an important insight: A lot of different structures can be built on any given set of foundations, and foundations inadequate for some purposes may be more than adequate for others.

For example, I do not accept some of the fundamental assumptions of F.A. Hayek. Nonetheless I find his analysis of markets and "spontaneous orders" passing almost every test to which I can put it: coherent, consistent with the evidence, applicable to a vast range of circumstances, predictive, explanatory, generative of new insights. On the other hand, the fundamental assumptions of Ronald Sider agree substantially with my own. The religious narratives he tells are by and large the narratives that I also recount. Nonetheless I reject his basic social analysis because it fares poorly on the tests that Hayek's analysis passes so spectacularly.

The evidence shows, I think, that theological assumptions almost never carry implications for the economy that are sufficiently clear to resolve issues in controversy. The "clear implications" are discerned only by those who have already reached these conclusions by other means. In the case of those economist-theologians who are today insisting that Christianity lends moral support to capitalism, I maintain that they discovered the virtues of capitalism through the study of economics, and that the theological support they find in the Bible is in fact a product of their economic analysis.

This is almost as true of those who use the Bible to condemn capitalism and endorse socialism. I say *almost* because I believe that it is easier to turn an impartial and uncommitted person who is also ignorant of economics into a defender of socialism on the basis of the New Testament than into a defender of capitalism. I disagree strongly with those critics who claim that liberation theology owes everything to Marx and nothing to the New Testament. The conception of the church that informs the writings of most liberation theologians is deeply grounded in New Testament narratives.

At the same time I find totally unpersuasive the attempts of liberation theologians to deduce recommendations for the reorganization of secular economic systems from these theological insights. The New Testament contains no advice for the reform of the Roman Empire or contemporary economic systems. It is concerned for the life together of those who acknowledge Jesus as Lord, and its message to the outside world is an invitation to join that company. Law is in the realm of coercion. While the New Testament does not condemn coercion -- it even refers to those who "bear the sword" as God's own agents -- its narratives certainly suggest that Christians will not be interested in exercising dominion over others.

### **Influence and Resistance**

If I were asked to explain why so many Christian thinkers continue to prefer socialism to capitalism, I would say that their religious beliefs have led them to read antimarket economics too much and too uncritically and pro-market economics too little and too unsympathetically. The fundamental flaw in all the successive versions of the U.S. Catholic bishops' so-called pastoral letter on the economy was its utter neglect of the pricing system. The authors of the letter had obviously not given any sustained thought to the coordinating functions of the price system in a modern economy characterized by extensive division of labor and continuous change. Why? Because economics of this sort provides no grist to their mill. Since there were plenty of economists not especially interested in microeconomics, they felt no obligation to study those who were. One of the great advantages possessed by those who enter a discussion without knowing its context is that they can employ weak arguments with a clear conscience.

A partial understanding of economics can in turn influence one's way of interpreting religious narratives. This explains, for example, the regularity with which theologians on the left read "poor" and "oppressed" as synonyms. Their understanding of the way in which economic systems operate tends to attribute both wealth and poverty to oppressive acts and institutions.

I would offer a similar analysis if asked to explain the relationship between the economics and the theology of those who take positions in economics with which I agree. Michael Novak is a particularly instructive case, because in the early 1970s he was "converted" to a new set of economic stories. Did he undergo a roughly simultaneous religious conversion? The religious narratives that inform his 1969 book *A Theology for Radical Politics* are very different, it seems to me, from the religious narratives contributing to the "theology of the liberal society" that Novak sets forth in his 1986 book on liberation theology, *Will It Liberate?* What was cause and what was effect? Did new religious insights produce a new appreciation of democratic capitalism? Or did a new appreciation of democratic capitalism produce new religious insights? My reading of

Novak pushes me strongly toward the latter hypothesis. The new economics is clear, concrete, and buttressed by examples. The new theology is vague, abstract, and filled with ambiguities.

### **A Confessional Interlude**

Perhaps I am making the mistake of assuming that everyone else thinks as I do. I know that I have over my many years of learning and teaching economics developed numerous clear and concrete convictions about how economic systems work in practice and what can and, more importantly, cannot be done to improve their performance. And I have a library of detailed stories that I regularly tell to students in my efforts to persuade them to view social transactions through the economist's spectacles. It is very hard indeed for any new religious insights to topple this structure of interlocking secular beliefs. Any religious insights that seem to challenge these beliefs will in the process find themselves challenged. And they will probably be reformulated so that they are not inconsistent with those secular beliefs that I find myself unable to deny. I am like a Christian biologist whose thought has been so thoroughly penetrated by the theory of evolution that he simply cannot read the book of Genesis in a way that rules this theory out.

My theological thinking has been deeply influenced over the last decade or so by the writings of John Howard Yoder. Under his influence I have learned to read the New Testament in a different way, and I have modified the stories I tell about God's saving work in history, about community, and about mutual obligation. How has all of this affected my economics? That is a question I have frequently asked myself.

As I reflect on the evolution of my social analysis or "social science thinking" since I first encountered Yoder, it seems to me that the economic stories I tell have simply been far too persuasive (to me) to be altered by the religious narratives I now find compelling.

The implications of these religious narratives for my economic understanding are vague and ambiguous, too uncertain to alter the clear implications of my economic stories. If Yoder has influenced my social analysis at all, it has been by pushing me further in directions I was already inclined to go. Thus the pacifist stance to which Yoder's narratives bear witness supports the preference for uncoerced exchange that is rooted in my economics. Yoder's animus toward all-encompassing systems that lead Christians to prefer intellectual consistency to a lived-out faithfulness nurtures the hostility toward general equilibrium analysis and macroeconomic fine-tuning that I have developed through my work as an economist. Yoder's way of doing theology has even helped to persuade me that Donald McCloskey's way of doing economics is sound.

I do not want to blame any of this on John Howard Yoder or build any sort of case for my economics on Yoder's theology or any other theology. I have offered a report of influences that is intended as a confession -- an instructive confession, I hope -- not as an argument.

### **A Few Concluding Thoughts**

Theological economists and economic theologians are much too ready, it seems to me, to declare that God is interested in this or that social project. I can't help but wonder how they came to know God's interests and why those alleged interests so closely resemble the interests of the theologian making the claim.

Most of us have a strong desire to "get it all together." The academic mind in particular deplores incoherence and inconsistency, and I think this is a useful trait. We also love to be correct, however, to win arguments, to rise triumphant over those who disagree with us. And so we often welcome support wherever we find it. We also go looking for it sometimes in places where it should not be sought. An economist ought to ignore any and all support for his economic analyses that comes from people who are not competent in the field

The ethos of science declares firmly that truth is not established by indiscriminate headcounting, but by consensus among those who are entitled to hold opinions because they can *uphold* those opinions. An economist who quotes a theologian's views on, let us say, the importance of human work in the Creator's plans as a way *of supporting his own views on the feasibility of fine-tuning* is out of bounds.

Theology, at least as it is commonly practiced today, is much less methodologically restrictive than economics. The theologian whose avowed concern is "the whole of God's creation" may even reject the very idea of disciplinary trespassing. A few caveats can nonetheless be registered. Invoking the name of God in support of one's position on controverted public policy issues has the effect of polarizing discourse. The claim that I am correct because my position is morally superior pollutes public discourse by turning discussions into arguments and arguments into fights. In the community of believers, pushing controversial public policy positions on the basis of dubious theological arguments has the effect of excommunicating all those who have been persuaded by an alternative analysis.

Religious stories and economic stories will continue to influence one another. That cannot be prevented. But it does not have to be encouraged.