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What Would Jesus Spend?

Christian virtues won't hurt the economy.

By

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Noneconomists imagine that God has so poorly designed the world that a lack of thrift, even tending to avarice, is, alas, necessary to keep the wheels of commerce turning, to "create jobs" or "keep the money circulating." They imagine that people must buy, buy, buy, or else capitalism will collapse and all of us will be impoverished. It's the alleged paradox of thrift. Thriftiness, a Good Thing in Christianity and most certainly in Buddhism and the rest, seems able to impoverish us. We will do poorly by doing good. If we do well, we are damned. Choose: God or Mammon.

So the noneconomists think. Dorothy Sayers, who was more than a writer of mysteries, though not an economist, complained in 1942 as a Christian about "the appalling squirrel cage . . . in which we have been madly turning for the last three centuries . . . a society in which consumption has to be artificially stimulated in order to keep production going." To tell the truth, many economists in the era of the Great Depression had reverted to this noneconomist's way of thinking. The theory was called "stagnationism." It was a balloon theory of capitalism, that people must keep puff-puffing or the balloon will collapse.

But since the 1940s, we economists have recovered our senses. The balloon theory has popped, and with it the paradox that sin is necessary to "keep production going." Christianity is, compared with most other religions, notably hostile to producing and consuming for a profit. It is not surprising, therefore, that in the 19th century, a bourgeois but Christian Europe invented the idea of socialism. Compare the Lord's Prayer requesting merely our daily bread with the Hindu prayer to Durga the Mother Goddess: "Give me wealth, long life, sons and all things desirable."

The paradox of thrift reflects the grimly Christian, particularly Protestant, conviction that we must give up the kingdom of heaven to achieve prosperity on earth. But the popping of the balloon removes at least this one of the obstacles in seeing the sacred and the profane as connected, and sometime even complementary. We can do good by doing well, and well by doing good.

Nothing would befall the market economy in the long run, says the modern economist, if we tempered our desires to a thrifty style of life--one old Volvo and a little house with a vegetable garden and a moderate amount of tofu and jug wine from the co-op. The balloon theory sounds plausible if you focus on an irrelevant mental experiment, namely, that tomorrow, suddenly, without warning, we would all begin to follow Jesus in what we buy. Such a sudden conversion would no doubt be a shock to sales of SUVs at Ford and Toyota. But, the economist observes, people in a Christian Economy would at length find other employment, or choose more leisure.

That's the relevant mental experiment, the long run. In the new, luxury-less economy it would still be a fine thing to have light bulbs and paved roads and other fruits of enterprise, and more of these would be better than less. "In equilibrium"--a phrase with resonance in economics similar to "by God's grace" in Abrahamic religions--the economy would encourage specialization to satisfy human desires in much the same way it does now. People would purchase Bibles in koine Greek and spirit-enhancing trips to Yosemite instead of paperback Harlequin romances and package tours to Disney World, but they would still value high-speed presses for the books and airplanes for the trips.

The desires of people who followed Jesus--or Mohammad or Amos, or for that matter Buddha--might well become different from those they typically now indulge. But that doesn't change how the system would work best. It would get the high-speed presses for printing Bibles by fostering a system of private property in which people's ideas and their labor seek their best employment in printing--what the blessed Adam Smith called the "simple and obvious system of natural liberty." And it would get the airplanes to Yosemite by allowing alert consumers to seek reasonable deals in travel, what Smith called the propensity to truck and barter.

In 1945, the University of Chicago economist Frank Knight wrote a book with T.W. Merriam called "The Economic Order and Religion." Knight and Merriam somewhat mysteriously claimed that Christian love destroys "the material and social basis of life," and is "fantastically impossible." Further, they asserted Christian love is "incompatible with the requirements of everyday life." Indeed, they argued that under its influence, "continuing social life is patently impossible" and "a high civilization could hardly be maintained long . . . to say nothing of progress."

What Knight and Merriam are actually arguing is that social life and economic life in a large group is impossible with thoroughgoing ownership in common, and that is what they believe Christian love entails.

And they are right. Social life without private property is impossible, at any rate in large groups. Nick Hornby's recent comic novel "How to Be Good" shows the absurdity of such a muddleheaded ethic as "To Each According to His Need Regardless of Property." Mr. Hornby's point is that what works fine within a family works poorly within a large group of strangers. The husband of the narrator goes mad and starts giving away his money and his children's superfluous toys. He and his guru are going to write a book: " 'How to Be Good,' we're going to call it. It's about how we should all live our lives. You know, suggestions. Like taking in the homeless, and giving away your money, and what to do about things like property ownership and, I don't know, the Third World and so on."

"So," replies his annoyed wife, a hardworking general practitioner in the National Health Service, "this book's aimed at high-ranking employees of the IMF?"

"How to Be Good" (the book within the book) is the modern-day Sermon on the Mount. It's "the love-gospel" that, write Knight and Merriam, "condemning all self-assertion as sin . . . would destroy all values." They are correct if they mean, as they appear to, that Love without other and balancing virtues is a sin. But Knight's understanding of Christianity appears to have derived from his childhood experience in an extreme backwoods Protestant sect, Elmer Gantry style, and this is what he took to be the core teaching of Christianity: "No creed but the Bible. No ethic but love."

But Love without Prudence, Justice, Temperance, and the rest is not Christian orthodoxy, at least not the orthodoxy of Thomas Aquinas. In an apocalyptic world like the one presumed in the Sermon on the Mount, thrift and economy are unnecessary. But in the world that Aquinas and John Calvin (and every Christian person, for that matter) inhabited, the so-called Gospel of Love is not a sufficient prescription for human prosperity and happiness. And, yes, it is not ethical. Knight and Merriam are not, as they fancy they are, undermining Christian orthodoxy and Christian ethics.

The heroine and narrator of Mr. Hornby's book sees the point: One owes love to a family first. Property with the virtue of justice protects the beloved family. Work, depending on temperance and prudence, is desirable to create and acquire the property. So is prudence in managing it. Even if it is true that the lilies of the field toil not, she realizes that for human beings, as opposed to lilies, the right prescription is bourgeois virtue. True, she cannot get rid of the notion that "maybe the desire for nice evenings with people I know and love is essentially bourgeois, reprehensible--depraved, even." Thus the agony of the socialist.

Only a temperate prudence, not an intemperate greed, is needed to keep an economy running well. Benjamin Hunnicut argues in his books on the history of American leisure that long hours--which he maintains have not fallen much since the 1930s--are connected to our great love for commodities, what he calls the "New Economic Gospel of Consumption." "The job," Mr. Hunnicut writes, "resembles a secular religion, promising personal identity, salvation, purpose and direction, community, and a way for those who believe truly and simply in 'hard work' to make sense out of the confusion of life." Mr. Hunnicut is mistaken about his comparison of the hours worked now and then (even in work-mad America) because people now start work later in life and add on many years of retirement, which life expectancies in the good old days did not permit. But surely he's right about the making of the Job into an idol.

People following Jesus would not pursue the illusory immortality of Work to the extent we do today, and would instead make the good, plain pottery that an economy of moderation would demand and spend a lot more time with their kids. But just like the fancier Wedgwood, the plain pottery would still be produced most efficiently in a market-oriented, free-trade, private-

property, enterprising and energetic economy, as, in fact, it was in the Lower Galilee of Jesus' time. Choosing the system of natural liberty over the alternatives, such as central-planning socialism or busybody regulation backed by jails and judges, or a corrupt mercantilism of Enron-like corporations, or Japanese monopolies of small retailing and crony banking, would make us richer, not poorer, in the sacred things and deeds we value.

All this is good news for ethical people. We don't need to accept avaricious behavior on account of some wider social prudence it is supposed to serve, allegedly keeping us employed. "Keeping us employed." Have you ever in your private, homely activities, doing the laundry or planting the garden, seen the main problem as finding jobs at which to be employed? Isn't the main problem the opposite one, a scarcity of hours in which to bake the bread, or fix the car, or play with the kids, or nurture friendships, or sing praises unto the Lord? If you agree, then you grasp the great economic principle that, as Adam Smith put it, "What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom." And you will grasp why it is not economic prudence to "keep us all at work" by spending on luxuries.

In an approximately fully employed society, the theory of trickle-down economics--the idea that government should stimulate production so that companies will hire more people and give more raises, and people, in turn, will have more money to spend in the economy--is mistaken. But in "The Theory of Moral Sentiments"--yes, by the same Adam Smith beloved of Wall Street sharpies, a book he himself thought more important than "The Wealth of Nations"--Adam Smith makes this argument. He notes that a rich man cannot, after all, eat much more than his chauffeur can, speaking of sheer volume and nutrients. Nor can he wear right now more than one pair of Italian designer trousers, speaking of mere leg-covering ability. Nor can he live in more than one enormous room at a time, speaking of gross roofage and wallage.

All this is true. Bill Gates, for instance, even if he were a spendthrift, which he is not, couldn't possibly spend and use anything but a minute portion of what he earns. And so he has turned to giving it away, spending more annually on world health than the World Health Organization. Brad Templeton, the founder of the first dot-com company, now an editor and humorist, reckons that since the founding of Microsoft in 1975, Mr. Gates earned on average about \$300 a second.

It is not worth his while, Mr. Templeton notes, to bend down to pick up a \$1,000 bill. For the banner year of 1998, in which Mr. Gates earned \$45 billion, it was a \$10,000 bill. Mr. Templeton says that when he was talking some years ago to Mr. Gates he kept thinking guiltily of the money Mr. Gates was wasting even then by doing so: "\$31 a second! \$31 a second!" raced through his mind.

This is all true. Millionaires, and especially billionaires, have limits on how much they can use those incomes so much higher than ours for correspondingly unequal consumption--of, say, trousers. But Smith--arguing in effect against Rousseau's notion that property brings inequality in its train--goes too far. In consequence, he says cheerfully, the rich "are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants."

That is incorrect. Smith is forgetting that if, say, Saddam Hussein took 50% of Iraqi national produce and put it into arms and palaces, the stuff was in consequence not available for ordinary Iraqis to consume as food or fuel or shelter. Iraq was impoverished, and so the necessaries of life were available in nothing like the distribution that would have been made under equality. The percentage distribution was the same--one man, one pair of trousers--but the absolute amount was reduced by the needless luxury. Saddam may not have gotten the benefit of palaces he never visited. But neither did anyone else. Socially speaking the resources were thrown away. What a rich woman cannot consume, such as the diamond bauble that sits unworn in the back of her jewelry box, is simply wasted, socially speaking. She gets no pleasure from it, except perhaps the happy memory of its purchase.

A noneconomist is inclined to reply that, after all, the diamond bauble and the palaces and the \$300 meal at Charlie Trotter's "put people to work," people like construction workers or diamond cutters or three-star cooks. This is exactly what's wrong with the paradox of thrift. Smith does not make the mistaken supposition that the social problem is to find tasks for people to do who otherwise would be idle. Noneconomists, I repeat, think that economics is about "keeping the money circulating." And so they are impressed by the claim by the owner of the local sports franchises that using tax dollars to build a new stadium will "generate" local sales and "create"

new jobs. The vocabulary of generating and creating jobs out of unthrifty behavior sounds to noneconomists tough and prudential and quantitative. It is not. It is mistaken. The reply Smith would give to the noneconomist is that the diamond workers would not be idle if "thrown out" of work in the bauble-factory. They would in the long run find alternative employment, such as in growing oats for oatmeal or making thatched roofs for peasant houses. And in the short run we are all looking for the next thing to do anyway.

Smith does make a third, related argument, also in part mistaken, that imagining the pleasure of wealth deceives us into labor. Admittedly, the hope that our latest purchase will bring true happiness is a common imagining. We are often deceived into laboring to get it. But the mistake is to think, as Smith says he does, that the deception is desirable: "And it is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind." It's the paradox of thrift in a jazzed-up version. Such lack of thrift does indeed prompt us "to invent and improve all the sciences and arts." But as sheer industry, nothing is gained.

It's the balloon theory again, that confusion of "continual motion" with desirable motion. It is not good in itself to be set to work on raising the Great Wall of China, inventing and improving the sciences and arts that have to do with great-wall making, instead of being allowed to get on with one's life and improve the sciences and arts by making universities and museums, houses and automobiles, for us all. It's what is known among economists as the "Tang" fallacy, which is not about the Chinese dynasty but about the powdered orange drink of that name, which was asserted in its advertising to be a spin-off of the American space program. The fallacy is to think that we would not have gotten even more innovations if we had left the money in the hands of ordinary people instead of throwing it away on moon shots. "Job creation" through this or that egregious public project--the Big Dig in Boston, the tunnel under 50 miles of "The Heart of Holland"--is not the goodness of a market economy. After all, notably poor economies often have plenty of jobs. Unemployment was not the problem faced by the slaves in the silver mines of Attica.

The Dutch-English rhymester Bernard Mandeville articulated the mistaken supposition in 1705:

Vast numbers thronged the fruitful hive;
Yet those vast numbers made them thrive.
Millions endeavoring to supply
Each other's lust and vanity. . . .
Thus every part was full of vice,
Yet the whole mass a paradise.

Mandeville's economics is false, though ever since it has been a comfort to the trickle-down, I've-got-mine school of capitalist ethics. "Such is the system of Dr. Mandeville," wrote Smith in 1759 with visible irritation, "which once made so much noise in the world, and which, though, perhaps, it never gave occasion to more vice than would have been without it, at least taught that vice, which arose from other causes, to appear with more effrontery, and to avow the corruption of its motives with a profligate audaciousness which had never been heard of before."

The businessmen wearing the Adam Smith ties need to do a little reading of *The Wealth of Nations* and especially *The "Theory of Moral Sentiments"* on the train from Westport. Smith did not say, ever, that Greed is Good. And the Christians and other opponents of the sin of avarice need to stop conceding the point to the men of Westport. There is no paradox of thrift, not in a properly Christian world. Nor even in the world we have.

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