Review of *Economics as Religion: from Samuelson to Chicago and Beyond*

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Economics as Religion: From Samuelson to Chicago and Beyond. By Robert H. Nelson. University Park: Pennsylvania State University Press, 2001 pp. 378. $35.00. ISBN: 0-271-02095-4

This book sets forth an important criticism of economics. According to the preface, "Economists think of themselves as scientists, but. . . they are more like theologians."

Nelson argues that economists have the following theological beliefs: (1) They believe in fate because they believe that human history is driven by economic forces. (2) They believe in a secular version of salvation because they believe material abundance will make people better human beings. (3) They assert the priestly authority of economists. (4) They believe in a value system about what is good for society-- the gospel of efficiency. (5) They have faith in their value system and in the methods practiced by the priestly class.

The first three of these beliefs do not add up to a serious indictment of economics. (1) The book implies that no one can claim that historical forces exert a powerful influence on society without asserting a religious belief in fate. (2) Similarly, Nelson defines a belief in secular salvation so broadly that almost any action aimed at improving the human condition is messianic to him. This view seems to indict not only economics, but all science and all human action as a quest for salvation. (3) Not all religions have a priestly class; Protestantism is hostile to the idea, but is nevertheless a religion. All professionals have more technical knowledge of their field than nonprofessionals. But this does not make all professions religions or all professionals priests.

Beliefs (4) and (5) are the book's strongest points. Nelson argues that economists ask people to place their faith in the value system it promotes-- the gospel of efficiency. They take it for granted that a Pareto-improving change (satisfying more preferences without causing anyone to have fewer preferences satisfied) is unquestionably better for society. However, many belief systems do not agree that satisfying material desires is inherently good; often suppressing them is a major theme. Economist cannot reach their conclusion without making the controversial value judgment that satisfying material preferences is good.

Nelson claims that economists make additional value judgments in how they select what is included in cost-benefit analysis. The cost of moving a factory from one city to another includes the material cost of workers who lose their jobs or relocate, but economists typically ignore the anger, stress, and fear that go along with these disruptions. These costs are hard to quantify, but to ignore them makes the implicit value judgment that they do not matter. Similarly, the book criticizes Gary Becker for taking account of benefits such as the enjoyment addicts get from doing drugs and the enjoyment thieves get from the goods they steal. These are benefits to society as a whole as traditionally defined by economists, but they might not be benefits according to the value system of policymakers. To assert that they must be taken into account is to promote a set of values.

Despite the importance of these points, a simple list of commonalities between economics and religion is not enough to demonstrate that economics is more like religion than science or anything else. For example, to say that humans have two eyes, one nose, and for extremities is not enough to prove that they are more like horses than they are like animal X. One must also examine the differences between humans and horses and the similarities between humans and animal X. If animal X is a spider, these similarities will prove enough; if it is an ape it will not. There are several core beliefs of religion that economics lacks-- belief in higher power, eternal life, proscribed rituals for the lay, and an explanation for the origin of life. Clearly economics is not a full-blown religion, but it might be more of a value system than a science.

Unfortunately, the book cannot demonstrate this claim because it fails to define the difference between science and a value system. The book does not include a definition of what good science should be, an explanation of how it differs from religion, or a discussion whether any social science is able to be a true science.

In a typical example , Nelson writes, "Veblen simply took it for granted that economists, engineers, and other professionals would be motivated to serve the common good (as now revealed by science), much as the priests of old had followed God's commands (as revealed to them through biblical and other sources)." [Parentheses in original.] But we can play the analogy game with any discipline: The black-robed priests of old offered spiritual salvation from sin (by administering the ritual of the communion with wafers and wine), just as the white-robed doctors of today offer physical salvation from disease (by administering the ritual of inoculation with needles and vaccine). This chance similarity does not reveal any religious or unscientific thinking by immunologists. Inoculation is not a ritual but an effective treatment proven by empirical inquiry. To what extent do empirical economic studies represent a scientific test of the discipline's effectiveness? The book is unfortunately silent on this question.

Also, the book's focus is too narrow. Although it makes a claim about all economics, it only discusses in depth the Keynesian-neoclassical synthesis as exemplified by Samuelson's Economics, and the Chicago School of Economics. The first edition of Economics was released in 1948 and the influence of the Chicago School was in decline by the late 1970s. Why focus on this 30-year period out of the entire history of the discipline? Contrary to the books implications, Samuelson, Friedman, Becker, and Stigler are simply not the four most influential or representative economists in the history of the discipline. The book briefly discusses the religious values of Keynes, of Adam Smith, and of orthodox Marxists, but it does not discuss whether Samuelson followed a religious tradition or broke a scientific tradition set by equally as influential textbook writers such as Marshall, Mill, and Ricardo. It does not discuss whether more recent textbooks are more or less as religious as Samuelson. It does not discuss whether smaller alternative schools of economic though represent genuine scientific alternatives or competing value systems, although Nelson does allude to having discussed alternative schools elsewhere.

Although the book makes a convincing case that economists fail to practice values-free economics, it does not discuss how this can be done. It concludes that new institutional economics better understands economic growth because it examines the role of institutions and values in a market economy, but this is a scientific failing of economics, not the failure to practice values-free economics. The book claims that development can best be achieved if economists advance a set of values that curb corruption and support property rights, essentially asking economics to become a different religion rather than to stop being a religion. Perhaps a values-free economics is not possible and the best solution is for social scientists to state their value judgments and to examine the ramifications of alternative value judgments. Although Nelson could make his case more effectively if he broaden his inquiry, he provides an important service by making economists aware of the implicit value judgments embedded in their discipline.