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## **Economics and Theology: Promises and Difficulties of the Dialogue**

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Can theologians and economists talk to each other? If they do, does their dialogue hold any promises of good fruit? The title of my remarks, “Economics and Theology, Promises and Difficulties of the Dialogue,” may have surprised some of you, if only because such dialogue does not happen very often. True, theologians do talk *about* economics but rarely to economists. True, economics of religion is a well-established field of economics, but one that does not deal with theological issues. I think that this is wrong. It does, in fact, have a long and fruitful tradition, which has been largely forgotten today. In my remarks today I will give you an overview of that tradition, point out some of the main difficulties and explain where the promises lie today.

“Economics and theology” immediately reminds economists and theologians alike of Max Weber’s classical study on the impact of religion and theology on the development of capitalism, “The Protestant Ethic and the Spirit of Capitalism,” written during Weber’s years at the University of Heidelberg.<sup>1</sup> Heidelberg was, at the time, a citadel of the “German historical school” of economics. One of its principal leaders was Karl Knies, Weber’s academic teacher and his predecessor on the chair of economics and public finance at this University to which Weber was appointed in 1896. Knies attracted a number of talented American students, among them John Bates Clark, in whose memory the American Economic Association (AEA) annually awards a highly prestigious medal for economic promise. Clark received his PhD from this University in 1875. He was later president of the AEA. Another of Knies’ students was

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<sup>1</sup> Max Weber, *Die Protestantische Ethik und der Geist des Kapitalismus*. Hamburg: Nikol Verlag 2018

Richard T. Ely, who received his PhD from the University of Heidelberg in 1879 and served as the AEA's first secretary.

Clark and Ely had studied theology anticipating to become ministers, before they turned to economics.<sup>2</sup> In his "Philosophy of Wealth," Clark defined wealth as including everything that contributes to human flourishing, such as arts, education and religion; society's cultural and spiritual capital in modern terms. In her material manifestations and in her spiritual service, the church constitutes a form of wealth, and as such is both a constituent part of the economy and the object of economics.<sup>3</sup> Ely's two important books, "Social Aspects of Christianity," and "An Introduction to Political Economy" combined economic analysis with theological reasoning to argue for the improvement of general economic conditions. The AEA, in the founding of which he was very influential, was formed with the explicit aim of bringing economics to the service of Christianity. 23 of the 181 original members of the Association were Protestant ministers,<sup>4</sup> many of them active in the Social Gospel Movement. For Ely and other economists of his time, Christian theology provided the moral foundation for economics, while the role of economics was to inform the church about how the economy worked, and to help the church to better achieve her social mission.

These two outstanding scholars illustrate a fact that has largely been forgotten today. At the time of Knies and Weber, announcing a talk about "Economics and Theology" would not have surprised many, because it was customary to have an active exchange of ideas between the venerable discipline of theology and the still fledgling discipline of economics. This was no coincidence. As an academic discipline, economics is a late child of theology. Adam Smith, who is generally considered the founder of modern economics, held a chair of moral philosophy at the University of Glasgow. Many of his contemporaries had their intellectual roots in theology and many served the church. Thomas Malthus (1766-1834), the first economist studying the dynamics of economic development and population, was a minister of the Anglican church before receiving the first chair of political economy in England. Malthus' dynamic theory was built on the juxtaposition of two dynamic forces, linear growth in food production and

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<sup>2</sup> Benjamin Friedman, *Religion and the Rise of Capitalism*. New York: Vintage Books 2022

<sup>3</sup> Clark, *The Philosophy of Wealth. Economic Principles Newly Formulated*. Boston: Ginn and Company 1884, chapters 11 and 12.

<sup>4</sup> Benjamin M. Friedman, *Religion and the Rise of Capitalism*. New York: Vintage Books 2022, 321ff.; According to Harald Jung, 20 of 50 founding members were active church ministers. See „Ökonomik als ‚Handlungswissenschaft‘ und der Mensch als sinnorientierter ‚homo teleologicus‘. *Zeitschrift für Marktwirtschaft und Ethik* 1, 2013, 30-47, p. 35

exponential population growth, and the claim that malnutrition would lead to population decline through higher death rates and lower birth rates, whereas nutrition in excess of the minimum humans need, would reduce death rates and increase birth rates. As a result, lasting improvement of society – increasing general standards of living – was impossible, though the economy might fluctuate around a steady state in which average food supply equals the minimum to sustain a constant population.

Thomas Chalmers (1780-1847), who had studied theology at St. Andrews, at, after a period of serving as a protestant minister in Glasgow, he taught moral philosophy, published his “Political Economy in Connection with the Moral State and Moral Prospect of Society” in 1808. In the introduction, Chalmers writes (p. iii): “Political Economy, though not deemed an essential branch of education for churchmen, touches very closely, notwithstanding, on certain questions in which both the interest and the duty of churchmen are concerned. The questions of Pauperism and of a Religious Establishment though no others could be specified, would, of themselves, justify a reference to the lessons and principles of that science, even in a theological course.” Like Malthus, Chalmers was mainly interested in the interaction between food production and population. Building on a passage in William Paley’s (1743-1805) “Natural Theology,” which first appeared in 1803, shortly after Malthus’ essay, Chalmers intention was to liberate Malthus’ population principle of its gloomy implications that mankind was forever destined to live in a steady state of minimum living standards.<sup>5</sup> Chalmers recognized the power of capital accumulation and technological progress to improve living standards temporarily. More importantly, that the working population would develop a taste for better living standards and that this, together with Christian education and values, would reduce the power of the natural desire for procreation and put a permanent check on birth rates and, hence, population growth. (1808, pp. 25ff, 31ff). In terms of modern economics, couples would have fewer children of higher quality, meaning they would invest more time in raising their children and more resources in their education Lasting economic improvement

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<sup>5</sup> Malthus (p. 16f.) wrote: “This natural inequality of the two powers of population, and of production in the earth, and that great law of our nature which must constantly keep their effects equal, form the great difficulty that to me appears insurmountable in the way to perfectibility of society. ... And it appears, therefore, to be decisive against the possible existence of a society, all members of which, should live in ease, happiness, and comparative leisure; and feel no anxiety about providing the means of subsistence for themselves and families.”

would come only as a result of character improvement and character improvement only as a result of Christian education (ibid, p. 71).

Paley was ordained as priest in 1767 and later served as rector and archdeacon of the Anglican Church. Malthus and Paley together founded what Waterman calls the “Christian Political Economy” of the early 19<sup>th</sup> century.<sup>6</sup>

Richard Whately (1787-1863) studied theology, became vicar of Halesworth in 1822, and was elected the first professor of political economy at Oxford University in 1829. In a letter from that period, Whately wrote: “Religious truth ... appears to me intimately connected, at this time especially,” with political economy. “For it seems to me that, before long, political economy of some sort or other, must govern the world.”<sup>7</sup> Whately, therefore, saw it as important and necessary that the new science of political economy was not left to anti-Christians, and intended to develop it into a sort of natural theology following Paley’s example.<sup>8</sup> Yet, he became archbishop of Dublin soon afterwards, which put an end to his career as a political economist. In the US, the Rev. John McVickar DD taught moral theology before becoming Columbia University’s first professor of political economy in 1826.<sup>9</sup>

The link between theology and economics was grounded, first, in the common understanding of economics as a “moral science,” whose aim it is to promote justice and human welfare.<sup>10</sup> According to Adam Smith, human behavior is motivated by economic self-interest, but also by self-love, i.e., the desire to be well-regarded by other members of society, and by the wish to be approved by the imaginary “impartial spectator,” who judged it by the standards of man’s innate moral sentiments, a metaphor for the Christian conscience.<sup>11</sup> The new science of political economy searched for “laws of wealth” or “laws of production” conceived as “moral laws of human nature, on which the economic condition of nations depend, ... relating to the voluntary actions of men, or, in different words, [are] expressive of the operation of certain

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<sup>6</sup> Anthony M. C. Waterman, *Revolution, Economics, and Religion. Christian Political Economy 1798-1833*. Cambridge: Cambridge University Press, paperback edition 2006, p. 150

<sup>7</sup> Quoted from Waterman, p. 206.

<sup>8</sup> Ibid.

<sup>9</sup> See his “Introductory Lecture to a Course on Political Economy Recently Delivered at Columbia College New York,” London: John Miller, 23 St. James Street, 1830

<sup>10</sup> James E. Alvey, “A Short History of Economics as a Moral Science.” *Journal of Markets and Morality* 2:1, 1999, 53-73. See also Kenneth E. Boulding, “Economics as Moral Science.” *American Economic Review* 59:1, 1969, 1-12. Boulding reports that during his time at the University of Cambridge, economics was treated as part of the “moral sciences tripo,” the equivalent of a major in ethics in our times.

<sup>11</sup> Alvey, p. 57

motives of the human mind.”<sup>12</sup> Such laws were regarded as constituting a divine order of social life in much the same way as the astronomers of the time regarded the laws of planetary movements as expressions of the Creator’s will.<sup>13</sup> The principal challenge facing the new discipline was to explain how individual self-interest could be in harmony with the interest and welfare of society at large. Smith’s ingenious answer, which economists have followed ever since, is the combination of markets and competition. Markets allow individuals to pursue their self-interest in mostly anonymous relations of voluntary economic exchange, while competition forces them to serve the interest of others in order to be successful. Competitive markets thus achieve what neither law nor virtues could do alone.

The second link was the scientific version of natural theology first proposed by Francis Bacon, the notion that one can, by observing nature and society, understand the works of God, which was particularly strong in England during the 17<sup>th</sup> to the first half of the 19<sup>th</sup> century.<sup>14</sup> That competitive markets did this was, in Smith’s view and the view of many of his contemporaries, the result of Divine providence, for which the famous “invisible hand” guiding individuals to align their self-interest with the interest of society served as a metaphor.<sup>15</sup> In the context of scientific natural theology, “providence is God’s care for creation and involves both preservation of creation and God’s governance of creation” (Oslington 2019, p. 8.) Thomas Chalmers described it as “a striking testimony to the superior intelligence of Him who is the author of both human nature and human society – an impressive demonstration of how much the wisdom of man is outpeered by the wisdom of God.”<sup>16</sup> The French Jansenist Pierre Le Pesant de Boisguilbert (1646-1714) – who first introduced the concept of equilibrium of market demand and supply, which became the cornerstone of the analysis of markets - regarded market equilibrium as a result of God’s providential care.<sup>17</sup> In a similar vein, Chalmers argued that a benign population equilibrium supported by Christian education and pastoral care was a result of Divine providence. (ibid, p. 29)

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<sup>12</sup> Samuel Bailey, 1852, p. 109

<sup>13</sup> Ben Friedman

<sup>14</sup> Paul Oslington, *Political Economy as Natural Philosophy. Smith, Malthus, and their Followers*. Milton Park, Abingdon: Routledge 2019, chapter 2, pp. 4, 6f.

<sup>15</sup> Paul Oslington, „God and the Market: Adam Smith’s Invisible Hand.” *Journal of Business Ethics* 108, 2012, 429-438.

<sup>16</sup> Thomas Chalmers, “The Political Economy of the Bible” *The North British Review* Vol II, November 1844-February 1845, 1-52, p. 29

<sup>17</sup> De Boisguilbert was a student of the Jansenist school under Pierre Nicole.

Thus, from the beginning of political economy, thoughts, concepts, and arguments of theology and political economy were interlinked and crosspollinated. This development reached its first height in the US during the 19<sup>th</sup> century in the “Gospel of Wealth” movement. Its proponents included Henry Waard Beecher, who served as minister of New York’s Plymouth Congregational Church and was for some time America’s best-paid clergyman and the Baptist minister Russel Conwell, founder of Gordon-Conwell Seminary. They taught that accumulating wealth benefitted both individuals and society and fostered social progress. It was a Christian moral obligation.<sup>18</sup> A second height was the emergence of the “Social Gospel” movement after the American Civil War. Theologians and economists worked together to alleviate the social failures of capitalism on the one hand, but also to safeguard the functioning of competitive markets through government regulations like antitrust law on the other hand.

In Europe, the Dutch theologian, economist, and politician Abraham Kuyper (1837 to 1920) stood for a similar interaction between theology and political economy. Kuyper regarded the (capitalist) economy as one of multiple spheres of society created by divine ordinance, ruled by their own respective logics and laws, but which did not exist for their own purposes. Each sphere was to serve the general welfare of society, the definition of which and the determination of its specific objectives is the task of Christian ethics.<sup>19</sup> There is room for an independent economic science to study the functioning of the economic sphere. But economic goals which are legitimate within that sphere, such as profit maximization or money-making, must not be turned into absolute goals of economic, let alone social life. The performance of economic institutions like firms is to be judged on the basis of their contribution to the general wellbeing of society as a whole.<sup>20</sup>

The British moral philosopher Alexander Dunlop Lindsay (1879-1952) pursued a similar approach. In his 1930 Scott Holland Lectures, published as *Christianity and Economics*, Lindsay argues that the capitalist economy operates under its own specific logic and laws which have considerations.<sup>21</sup> This, he says, is a basic condition for the freedom of society. Questions regarding economic relations ought to be understood as technical ones to be answered by the

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<sup>18</sup> Friedman (2022), 291ff.

<sup>19</sup> Dylan Pahman, “Toward a Kuyperian Political Economy: On the Relationship Between Ethics and Economics.” *Faith and Economics* 67, 2016, 57-84; Joost Hengstmengel, “The Amateur Economist: Abraham Kuyper and Economics.” *Journal of Economics, Theology, and Religion* 1:2, 2021, 137-158

<sup>20</sup> Haan, JET-R 1:2

<sup>21</sup> A. D. Lindsay, *Christianity and Economics*. London: McMillan and Co. 1934

specific methods of economics. Economic actors like business men ought to be granted the freedom to act according to the laws and rules of economic relationships; otherwise, they would not be able to fulfill their task of serving the economic objectives of society as a whole properly and efficiently. It is those objectives and the relevant outcomes, Lindsay argues, which must be judged on moral grounds: the general standard of living, the distribution of income and wealth, the eradication of poverty, the preservation of the environment, etc.

This is where Christian ethics come in and theologians are assigned their task. "It is," to quote Lindsay, "our concern as Christians to *understand and cure* the more obvious moral dangers of the existing [capitalist economic] system." (p. 93) Theologians must understand where the realm of technical economic questions begins and ends, and economists must understand the theological principles underlying the moral judgment of the outcomes. Dialogue between economists and theologians is required to promote mutual understanding. In contrast, Lindsay sharply criticizes a church that has "capitulated to the pressures of the economic system" (p. 129), and resigned herself to running charitable organizations alleviating the social evils of capitalism. This is a "spiritually dangerous trade" that fails to address the underlying problems and ends up in ineffective, self-serving charity games which Charles Dickens perfectly ridiculed by Mrs. Jellybelly, Mrs. Pardiggle, and Mr. Quale in *Bleak House*. (131).

In 1938, leading members of the Freiburg School of Economics and several eminent protestant theologians, Friedrich Delekat, Otto Dibelius, Otto Hof (who had a honorary doctorate from this University, Helmut Thielicke, and Ernst Wolf, formed the "Freiburg Circle". They met to consider various perspectives on Germany's economic and political constitution after the Nazi period. Upon an initiative by Dietrich Bonhoeffer, they wrote a manifesto on Germany's new constitutional framework for a post-war World Council of Churches. It laid the ground for West Germany's version of capitalism, the "social market economy." It was built on two pillars: (1), guidelines and regulations of the economic order which follow from the Word of God and can and must be represented by the Church, and (2), principles that follow from the specific logic of economic activity and have lasting relevance for its constitution.<sup>22</sup>

Dialogue and cooperation presuppose that theologians and economists regard each other as dealing with different spheres of society which are independent of each other to some degree

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<sup>22</sup> Peter Schallenberg, „Ordnung und Ökonomie – Zu den christlichen Quellen der Sozialen Marktwirtschaft.“ *Zeitschrift für Marktwirtschaft und Ethik* 2:2, 2014, 22-48, 37

at least. Towards the end of the 19<sup>th</sup> century, theology and economics indeed began to distance themselves from each other. Several developments seem to have contributed to their separation. One is the demise of scientific natural theology in England in the second half of the 19<sup>th</sup> century.<sup>23</sup> A second one is the general trend of secularization in Western culture, i.e. the fact that abandoning Christian doctrine and building science on foundations not referring to them became intellectually plausible and generally acceptable.<sup>24</sup> A third one, bringing us back to Heidelberg, is Max Weber's postulate that social sciences should be positive and free from moral judgments.<sup>25</sup> Mainstream economics began to focus on how reach a given set of objectives with scarce resources optimally, without questioning the moral value either of these objectives or of the methods employed. This went along with the increasing use of mathematical methods in economics as well as the emergence of macroeconomics after 1930, which brought with it an increasing complexity of economic models, fostering technical specialization among economists and making their arguments hard to grasp for theologians.

This separation of the two disciplines did not remain uncontested. The 1925 World Congress of Churches rejected the idea of Christian faith and the economy being separate spheres.<sup>26</sup> In his important study on *Religion and the Rise of Capitalism*,<sup>27</sup> Richard H. Tawney, recalled the time before the Reformation, when the economy was subordinated to the moral authority of the Christian Church. Economic life was ordered by Christian principles, it followed rules derived from Christian teaching, and it served to accomplish the broader goals of the Christian life. It was only after the Reformation and the rise of (economic and spiritual) individualism, that thinking about "laws of wealth and production," which Tawney calls a "naturalistic theory of society" (p. 271), became conceivable. The result was that religion and theology lost their authority over economic affairs. Tawney admits that economic principles such as efficiency are necessary for a functioning economy (p. 277), but such principles must never become ends in themselves. If they were allowed to do so, he warned, the world would be ruled by an

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<sup>23</sup> Oslington (2019), chapter 7.

<sup>24</sup> Taylor

<sup>25</sup> Max Weber, „Die "Objektivität" sozialwissenschaftlicher und sozialpolitischer Erkenntnis.“ *Archiv für Sozialwissenschaft und Sozialpolitik*, 19:1, 1904, 22-87

<sup>26</sup> Rob van Drimmelen, "Homo oikumenicus and Home Economicus. Christian Reflection and Action on Economics in the Twentieth Century." *Transformation* 1987, 66-84

<sup>27</sup> Richard H. Tawney, *Religion and the Rise of Capitalism*, London: Pelican (Penguin) Books 1977 (first edition London: John Murray 1926)



idolatry of wealth which would be the “negation of any system of thought or morals which can, except by a metaphor, be described as Christian.” (p. 280). However, Tawney did not make it clear where that statement should lead except possibly to the hope for a turning back the clock and the resuming the Church’s pervasive authority over economic life.<sup>28</sup>

Weber’s postulate notwithstanding, economists never fully accepted the idea of a value-free social science. The best professional journals today require authors to draw out the “welfare implications” of their contributions. This is impossible without defining what “welfare” is, but the underlying moral tenets generally remain obscure. In the past 25 years, the emergence of behavioral economics which studies human decision-making and behavior, has generated a strong interest in questions of morals in economic research. Sadly, ethical discussions conducted in this literature are typically poor and quite uninformed by theological expertise.

At the same time, theologians, if they write on economic issues at all, seem to be largely uninterested in the functioning of the economic system. Instead, they tend to focus on broad objectives such as social justice and to point to all kinds of social and environmental evils and injustices of capitalism. Pope Francis famously said that the capitalist economy “kills.”<sup>29</sup> Based on economic data, one might well argue the opposite: Capitalist economies have pulled millions of people in China and other Asian countries out of poverty and, given the positive link between levels of income, longevity, health, and education, granted them better and longer lives. Jörg Rieger of Southern Methodist University claims that capitalist growth has not benefitted the poor,<sup>30</sup> which is in stark contradiction to the facts about global economic development over the past 40 years.<sup>31</sup> Yale theologian Kathryn Tanner, whose Gifford Lectures are a broad attack against current capitalism and yet mostly manifests a complete lack of understanding economics, does not refer to a single respected economist as a source of her

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<sup>28</sup> Tawney also played an important role in the preparation of *Christianity and Industrial Questions*, a Report of the Archbishops’ Fifth Committee of Inquiry published in 1919 (London: Society for Promoting Christian Knowledge), which discussed a variety of economic policy questions and the role of the Church in answering them. The report leaves one with a similarly vague conclusion as Tawney’s book. On the one hand, it emphasizes the importance of the Christian faith in life beyond death and personal salvation as the guiding principles of social thought and action. On the other hand, it calls for a “close alliance and mutual regard between those who are working for the best organization of industry and the Church of the world’s Redeemer.” (p. 137)

<sup>29</sup> [www.vatican.va/content/dam/francesco/pdf/apost\\_exhortations/documents/papa-francesco\\_esortazione-ap\\_20131124\\_evangelii-gaudium\\_en.pdf](http://www.vatican.va/content/dam/francesco/pdf/apost_exhortations/documents/papa-francesco_esortazione-ap_20131124_evangelii-gaudium_en.pdf), p. 45

<sup>30</sup> Jörg Rieger, *No Rising Tide. Theology, Economics, and the Future*. Minneapolis: Fortress Press 2009.

<sup>31</sup> See e.g. Ronald J. Snider, *Rich Christians in an Age of Hunger*. New York: Thomas Nelson, 5<sup>th</sup> edition 2015

work.<sup>32</sup> Marquette University's theologian Kate Ward accuses capitalism of producing excessive economic inequality, obviously forgetting that present and past non-capitalist economies knew much larger degrees of inequality.<sup>33</sup> But little is gained by such broadside attacks in terms of public attention and impact on economic policies. Theologically motivated economic visions such as Kathryn Tanner's "Economy of Grace"<sup>34</sup> surely seem beautiful, but the critical question remains: Will the resulting economy feed eight billion people? Short of a convincing answer, who would want to pay attention?

Here, my point here is obviously not that capitalism does not produce severe economic and social evils and injustices. It does and so have other economic systems. What else should one expect from an economic system in a fallen world? Nor does capitalism produce economic evils alone. Engaging in a fruitful debate about economic systems and policies from a theological perspective requires some willingness to recognize how this and alternative economic systems work and perform, what are the strengths and weaknesses. Otherwise, people will not find what theologians say plausible and refuse to listen.

A related point is that theologians often speak about capitalism as if there were just one kind of it everywhere. But capitalism exists in many different kinds in different places and at different times. There is, at least in Europe and North America, no such thing as "laissez-faire" capitalism, free markets, and unbridled competition. Everywhere, capitalism is embedded in government regulations and networks of social assistance reflecting political preferences and choices. Capitalism is defined by private property of the means of production, but the extent and protection of property rights differs widely across countries. Private ownership of the means of production guarantees and protects individual freedom against the powers of government bureaucracies invading the lives of all citizens. But, as Marx warned and today's tech giants like Microsoft, Alphabet and Meta show, some industries have inherent tendencies for concentration of ownership and ~~require~~ antitrust regulation is required to sustain competition. Capitalism is defined by private risk taking and the expectation of private rewards for private risk has, in the past, been a major driving force for improvement and

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<sup>32</sup> Kathryn Tanner, *Christianity and the New spirit of Capitalism.* New Haven: Yale University Press 2019. Her sources for understanding current capitalism were anthropologists.

<sup>33</sup> Kate Ward, *Wealth, Virtue, and Moral Luck. Christian Ethics in an Age of Inequality.* Washington DC: Georgetown University Press 2021.

<sup>34</sup> Kathryn Tanner, *Economy of Grace.* Minneapolis: Fortress Press 2005

innovation in all areas of society including health and education.<sup>35</sup> But too often government policies protect capital owners against losses at the cost of society, turning risky investments into one-sided bets and distorting economic decisions. Free enterprise benefits society when it operates under competition, but, as Adam Smith already warned, capitalists seek ways to limit competition and governments often grant them protection. As a system based on voluntary transactions among private agents, capitalism deals notoriously badly with public goods such as the environment and climate, but the innovative power of capitalism has been much more effective in environmental protection than that of other economic systems; witness the environmental destruction in socialist countries. Only the levels of income achieved in capitalist societies have spurred public willingness to invest in environmental protection.

These are but a few examples of the fact that, in all dimensions of capitalism, there are large potential benefits and large potential damages to society depending on the specific design of the legal and regulatory framework. In the past, Christian theologians worked together with economists to develop specific Christian approaches to the design of such frameworks. Such cooperation could do much to improve the performance of today's capitalism.

Max Weber actually did not write about capitalism, but its "spirit." He set out to describe this spirit with a letter Benjamin Franklin wrote to a "young tradesman." It characterizes a person who judges everything by its usefulness and whose one and only goal in life it is to make money.<sup>36</sup> But this was only his first cut at the issue. Based on a detailed study of the concept of professional calling, which he ascribed to Martin Luther, and the economic ethics of Puritan writers such as Richard Baxter, Weber concludes, that the spirit of capitalism is a combination of economic asceticism, a relentless drive for profit, and hard and uninterrupted work for the sake of work alone.<sup>37</sup> The ever deeper division of labor, which characterizes modern societies, promotes the development of highly specialized working people who have lost touch with culture and arts and who suffer from spiritual poverty.<sup>38</sup> The spirit of capitalism turns out to

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<sup>35</sup> A recent example is the story of the German bio-tech company Biontech, whose owners decided, in a bold step, to put all their assets and efforts into the development of a covid-19 vaccine and, together with Pfizer were among the first to bring an effective and secure vaccine to the market. Meanwhile, Tübingen's Curevac, which was the German government's favorite and received massive state funding has yet to develop its vaccine.

<sup>36</sup> Weber (2018), pp. 17sq.

<sup>37</sup> Ibid. pp. 114sq.

<sup>38</sup> Ibid pp. 122sq.

be the life-style or culture of a man who is incessantly busy without knowing why, who puts all his time and strength into professional activities without ever enjoying the fruits of his work, and who has no intention to pursue higher goals in life. Even the accumulation of capital is not a goal but a by-product of this life-style.<sup>39</sup>

Can the Puritan economic ethic thus described explain the emergence of capitalism? Other authors have pointed out that theologians in other parts of the European continent, where capitalism did not develop as forcefully as in England and North America, taught economic ethics that strongly resembled those of the Puritans.<sup>40</sup> Since a lack of demand for consumer goods would inhibit the growth of markets and the economy, it is doubtful that a capitalist economy could arise among a people who are economic ascetics, a point forcefully made already by Bernard Mandeville (1670-1733) in his 1714 fable of the bee-hive. For ascetics to sustain capitalist development, they would need a sufficient number of gluttons at their side. Adam Smith already stressed the importance of what Thorstein Veblen later called “conspicuous consumption,” the buying of things with the principal purpose of signaling economic status, among his contemporaries.<sup>41</sup> More recent authors describe the spirit of capitalism as a mix of hedonism and consumerism – mindless consumption for the sake of consumption being the essence of life under capitalism. But capitalist production still requires disciplined, hard-working employees. In view of this, Daniel Bell famously summarized the spirit of capitalism as a culture where people are fanatical workers and fanatical consumers, “straight by day and swingers by night.”<sup>42</sup> In the end, the all-important question is an empirical one: Is, what Weber describes as the life-style of capitalists, a fair description of the attitudes of economic actors under capitalism. Some time ago, Michael Welker conducted an empirical study of the motivations of entrepreneurs in China and other Asian countries.<sup>43</sup> The results paint a very different picture. More empirical research of that kind would be helpful.

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<sup>39</sup> Werner Gephart, *Handeln und Kultur. Vielfalt und Einheit der Kulturwissenschaften im Werk Max Webers*. Frankfurt am Main: Suhrkamp 1998, pp. 180-181

<sup>40</sup> H. M. Robertson, *Aspects of the Rise of Economic Individualism. A Criticism of Max Weber and his School*. Cambridge: Cambridge University Press 1933; Kurt Samuelson, *Religion, Economic Action – The Protestant Ethic, the Rise of Capitalism, and the Abuse of Scholarship*. English translation: Toronto, University of Toronto Press 1961. Samuelson argues that “the hypothesis of a connection between Puritanism and capitalism in which religion motivated economics” is “untenable.” (p. 153).

<sup>41</sup> Thorstein Veblen, *The Theory of the Leisure Class*. New York: B. W. Huebsch 1918

<sup>42</sup> Daniel Bell, *The Cultural Contradictions of Capitalism*. London, Heinemann, 2<sup>nd</sup> ed. 1979, p. xxv.

<sup>43</sup> Michael Welker, “Entrepreneurs’ Ethics in South East Asia. Some Insights from Expert Interviews.” In: Jürgen von Hagen, Michael Welker, John Witte, and Stephen Pickard (eds.), *The Impact of the Market on Character*

Kathryn Tanner (2019, p. 28) argues that what Weber describes was the spirit of industrial capitalism, which by now has been replaced by what she calls finance-dominated capitalism. The new spirit of capitalism adds an extreme isolation of the individual from all others: Each individual bears his own costs of economic failure and rewards for economic success alone, each individual finds herself in fierce competition against all others, and this extreme form of individualism pervades all spheres of life.

That modern societies have lost the Christian foundations of economic and social life they once had and that they are characterized by an excessive individualism is a commonplace today. The question is, to what extent these developments can be attributed specifically to the capitalist economic order. Charles Taylor's account of the transition from a world in which most people thought that not believing in God was absurd and no option at all to today's "secular age" in which believing in God is an option at best for some people, makes no reference to capitalism at all.<sup>44</sup> Carl Trueman's account of the "Triumph of the Modern Self" draws a line from the Enlightenment to Rousseau and then on to Freud and his heirs to explain today's excessive individualism. Capitalism seems to have played no particular role in this.<sup>45</sup> Perhaps the development of the capitalist economy and the growth in material wellbeing it has brought have facilitated these developments but not caused them.

If that is true, there is hope for capitalism. The spiritual void of modern society can be filled and the wounds of excessive individualism can be healed by Christian efforts, theology and the church working together. Embedded in a new, re-Christianized culture, capitalism will be more humane and more compatible with the preservation of God's creation than it is today. Furthermore, many evils of capitalism can be cured by the joint efforts of theologians and economists to improve existing legal frameworks, regulations and systems of social assistance. Economists can bring the technical expertise to this task. Many of them are interested in ethics but clueless about them. We need theologians willing to engage in such work and bring their expertise to the task. If capitalism is to survive popular calls for more and more powerful government to solve the economic, social and ecological challenges we face, such joint effort

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*Formation, Ethical Education, and the Communication of Values in Late Pluralistic Societies.* Leipzig: Evangelische Verlagsanstalt 2020

<sup>44</sup> Charles Taylor, *A Secular Age*. Cambridge MA: Harvard University Press 2007

<sup>45</sup> Carl Trueman, *The Rise and Triumph of the Modern Self: Cultural Amnesia, Expressive Individualism, and the Road to Sexual Revolution*. Wheaton: Crossway Books 2020

is necessary. *Understand and cure!* Therein lies, in my view, the promise of the dialogue between Christian theology and economics for capitalism.