



Natural religion and “moral capitalism”

Insights from Adam Smith and Thorstein Veblen

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Abstract

Purpose – At the 2009 Devos economic forum on the global financial crisis, David Cameron, then leader of the British Conservative Party and now Britain’s Prime Minister, called for embracing a “moral capitalism.” The purpose of this paper is to consider the insights into a moral framework for the modern economic order that might be drawn from natural religions perceived by Adam Smith and Thorstein Veblen.

Design/methodology/approach – A review of the two perceptions of natural religions provide the basis for assessing their compatibilities with the type of competitive market economy that Smith observed in the eighteenth century, and with a modern market economy of large corporate enterprises and global financial markets. Particular attention is given to reforms that curb the practices that led to the global financial crisis.

Findings – Smith’s “pure and rational” natural religion has been interpreted as being compatible with the type of competitive market economy that he analyzed in *Wealth of Nations*. Veblen’s natural religion of “Christian morals” had a natural rights analogue in the ethics of a competitive market economy in which market relationships were heavily influenced by production resting heavily on personal skills of craftsmen and trade relying on the honesty of small merchants.

Research limitations/implications – The primary focus is on reforms in those aspects of the financial sector of the modern market system that have been associated with the current global financial crisis. What the two natural religions might suggest in the nature of broader socio-economic reforms, e.g. corporate governance issues, would require a much larger study.

Social implications – While debates over a “moral capitalism” will be influenced doctrinal stances of institutional religions, sectarian differences may be bridged by considering natural religions that are rational and rest on the principle of fair play and mutual service.

Originality/value – Because of the attention that has been given to Smith’s and Veblen’s critical commentaries on institutional religions, the paper shows that their perceptions of natural religions and how those religions might relate to the economic order are easily overlooked.

Keywords Capitalism, Religion, Christianity, Ethics, Economic doctrines, Marketing system

Paper type Conceptual paper



1. Introduction

In 1945, Joseph A. Schumpeter, perhaps the greatest advocate of capitalism, called for a “moral reform” to save private enterprise from socialism. While Schumpeter was defending the call by Pope Pius XI for a form of corporatism, he asserted that the requisite reform could only be achieved by “the action of free men and the faith which inspires them” (Prime and Henderson, 1975, p. 298). At the 2009 Devos world economic

forum where the focus was on the global financial crisis produced by free market financial capitalism, not socialism, another advocate of capitalism and then leader of the British Conservative Party, David Cameron, called for embracing a “moral capitalism” by placing “the market within a moral framework” (BBC News, 2009). While Schumpeter’s call for a “moral reform” to save private enterprise had no impact on public sentiments, Cameron’s Devos comments on reforming capitalism may take on more significance since he has become Britain’s Prime Minister. As evidenced by anticipation of the papal encyclical *Caritas in Veritate*, searching for a moral basis for the economic order inevitably draws attention to the relationship between the economic system and moral precepts rooted in religion. For the most part, the ensuing debates will be guided by the doctrines of institutional religious sects. But since natural law is the doctrinal basis of free market capitalism, Adam Smith’s and Thorstein Veblen’s perceptions of natural religions and interpretations of their compatibilities with the competitive market economy may have some relevance.

1.1 Natural religion versus institutional religion

In the expanding literature on the economics of religion, Smith’s views on financing institutions for religious instruction and the socio-political-economic effects of certain types of religion in *Wealth of Nations* have been regarded as founding work. In his survey of the economics of religion in the *Journal of Economic Literature*, Iannaccone (1998) reported that dozens of economists have recently “picked up” where Smith left off, producing several hundred papers relating to economics and religion. In the two volumes of *Economics and Religion* edited by Oslington (2003), four of the articles have Smith in the title and several others refer to his views on religion. How to interpret Smith’s views on established churches versus independent religious sects financed by voluntary contributions continue to be debated in the scholarly journals (Ekelund *et al.*, 2005; Leathers and Raines, 2008).

In contrast, Veblen’s evolutionary analyses of religious institutions and the social influence of religious behavior in the modern business enterprise system and its attendant leisure class culture have received scant attention in the literature on economics of religion. Perhaps, that should not be surprising in view of the methodological approach taken in the economics of religion. Iannaccone’s (1998) survey emphasized the “line of research that interprets religious behavior from an economic perspective, applying *microeconomic* theory and techniques to explain religious behavior among individuals, groups, and culture” (p. 1466; emphasis added). Similarly, the Association for the Study of Religion, Economics, and Culture, which is sponsored by the Center for the Economic Study of Religion, defines the “economics of religion” as “the study of religious belief, behavior, and institutions from an economic, ‘market,’ or ‘rational choice’ perspective”. Veblen’s famous critique of the neo-classical theory of consumer behavior and his theory of “conspicuous consumption” would present a serious challenge to an approach in which individuals are viewed as making rational choices about religion.

In his survey of the economics of religion, Iannaccone (1998, pp. 1466-7) defined religion as “any shared set of beliefs, activities, and institutions premised upon faith in supernatural forces”. He then narrowed the focus to “Judeo-Christian beliefs, activities, and institutions” (p. 1467). In that vein, both Smith and Veblen focused primarily on institutional religion in their critical analyses. Smith perceived both positive and negative social consequences of religious sects, which he related to the incentive effects

arising from the manner in which institutions for religious instruction were organized and financed, i.e. established churches versus independent religious sects supported by voluntary contributions from members. (Private economic benefits could accrue to individuals as association with a particular religious sect could provide a reputation for sobriety and reliability (Smith, 1976, pp. 795-6)).

Veblen was unremittingly critical of the socio-economic effects of institutional religion, casting the survival of “devout observances” in terms of the “conservation of archaic traits” rooted in the anthropological stage of “peaceable savagery” and institutionally formed in the predatory stage of barbarianism (Veblen, 1899, Chapter XII). While he recognized that religious organizations were involved in charitable work and various reform activities that were “expressions of the sense of human solidarity and sympathy” (Veblen, 1899, p. 333, 1904, pp. 377-8), he assigned no great social consequence to those activities. In his earlier writings, Veblen (1904, pp. 359-60) perceived an erosion of institutional religion under the mental influence of modern science and industrial technology. That, however, was reversed in his last work, *Absentee Ownership*, published in Veblen (1923).

But Smith and Veblen also perceived forms of natural religion which, explicitly or implicitly, had implications for the structure of the economic order. In Section 2, we note that in *Wealth of Nations*, Smith suggested the possible emergence of a natural religion that was “pure and rational.” While Smith was only postulating the emergence of a natural religion, in an essay entitled “Christian Morals and the Competitive System,” published in 1910, Veblen explained how a natural Christianity had evolved and pondered its future. In Section 3, we examine the nature and source of Veblen’s “Christian morals.” In Section 4, we consider what the two natural religions might suggest about a modern moral economic order, with particular focus on the nature of reforms to curb the practices that led to the global financial crisis.

2. Smith’s “pure and rational religion”

A conventional interpretation of Smith is that he not only lectured on natural theology at University of Glasgow but generally accepted the existence of a natural religion. Natural theology has been perceived in *The Theory of Moral Sentiments* by a number of writers. Viner (1927, pp. 200-1) stated that “In his *Theory of Moral Sentiments*, Smith develops his system of ethics on the basis of a doctrine of a harmonious order in nature guided by God”. Viner (1927) argued that the references to a “beneficent Nature” that included “the divine Being” and infrequently “God,” showed that Smith definitely committed himself to the optimistic Scottish theism of the time: “The harmony and beneficence to be perceived in the matter-of-fact processes of nature are the results of the design and intervention of a benevolent God” (p. 202). Rae (1895/1965) stated that Smith gave “a fresh expression to his belief in a future state and an all-seeing Judge” in one of the new passages that he wrote in the last edition of *The Theory of Moral Sentiments*. Rae (1895/1965, p. 495) concluded that:

Whatever may have been his attitude toward historical Christianity, these words, written on the eve of his own death, show that he died as he lived, in full faith of those doctrines of natural religion which he had publicly taught.

Coase (1976, p. 538), however, argued that Viner exaggerated the extent to which Smith was committed to a belief in a personal God. The basis of Coase’s assertion was that

in *Wealth of Nations*, Smith explained that the curiosity of mankind about the great phenomena of nature led men to first satisfy that curiosity by recourse to superstition in which the “immediate agency of gods” were responsible. That was later replaced by philosophy, which accounted for natural phenomena from causes that men were better acquainted with than the agency of gods. Coase (1976, pp. 538-9) argued that “This is hardly a remark which would have been made by a strong, or even mild, Deist”. While making no effort to discover what Smith’s religious beliefs may have been, Waterman (2002) observed that *Wealth of Nations* may be read as a work in natural theology, a “theodicy of economic life.” Viner (1927, p. 208) noted that there was a virtual disappearance from the *Wealth of Nations* of the doctrine of an order of nature designed and guided by a benevolent God, which left “Smith free to find defects in the order of nature without casting reflections on the workmanship of its Author”.

But in Book V of *Wealth of Nations*, under the topical heading of “The expense of institutions for the instruction of people of all ages,” Smith did suggest a natural religion within the context of his economic theory. The institutions in reference were religious sects and the bulk of Smith’s discourse pertained to the social effects of established churches which provided clergymen with incomes from endowments versus independent religious sects that were financially dependent upon voluntary contributions from followers. Established churches were the norm in eighteenth century Europe, and there were relatively few independent religious sects. While Smith critically discussed the socially positive and negative tendencies of the several established churches – the Roman Catholic, the Church of England, and the established Church of Scotland, he could only conjecture on what perhaps would have evolved if no church had ever been established.

In that vein, Smith postulated that if every man had been left free to choose his own religion and his own priest and the state had adopted a neutral policy toward all religious sects, only requiring that they leave one another alone, a large number of small religious sects would probably have evolved, with large denominations dividing into many small ones. As each small sect would be forced to adhere to a live-and-let-live policy toward all other sects, none would be able to present a threat to the “publick tranquility.” While being motivated to maintain the popular arts of religious instruction, the clergy of these small sects would also be “obliged” to learn “candor and moderation,” such that a “pure and rational religion” would naturally emerge (Smith, 1976, pp. 792-3).

As Minowitz (1993, p. 166) observed, Smith “neither identifies any actual religion as this rational religion nor specifies its content.” Smith offered only a brief statement about the nature of such a religion. To be “rational,” it would be free of absurdity, imposture, fanaticism, and popular superstition, and would promote “philosophical good temper and moderation.” The requirement for a religion to be “pure” was only vaguely specified. It was the type that men of all ages had longed for, but could never have been created by positive law (Smith, 1976, p. 793).

Deeper interpretations of the nature of Smith’s “pure and rational” natural religion have been drawn by viewing it within the context of various discussions in *The Theory of Moral Sentiments*. Griswold (1999, p. 281) has argued that Smith hoped:

[...] that eventually religions in a liberal society will become “pure and rational,” that is, “natural” or “moral” religions responding to genuine needs. Pure and rational religion performs the tasks that religion ought by nature to perform.

Griswold (1999, p. 283) distinguished between theology, which Smith viewed as “a misguided effort to make conceptual or philosophical sense of what properly belongs to the imagination and the sentiments to judge,” and religion which “arises pre-reflectively”, i.e. naturally. The religious impulse in *The Theory of Moral Sentiments* gives rise to natural religion which “stands in a reciprocal relationship with morality and the sentiments” (Griswold, 1999, pp. 283-4).

3. Veblen’s natural Christianity and the competitive market economy

There were essentially two different concepts of natural religion advanced by Veblen. The special case of natural Christianity or “Christian morals” must be distinguished from natural religious impulses that are present as a trait in primitive human nature and gave rise to the emergence of institutional religions.

3.1 *Natural religion springing from animistic tendencies*

An archaic trait of human nature associated with the instinct of idle curiosity was an animistic and anthropomorphic interpretation of natural phenomena:

To the archaic man, all the obtrusive and obviously consequential objects and facts in his environment have a quasi-personal individuality. These are conceived to be possessed of volition, or rather of propensities, which enter into the complex of causes and affect events in an inscrutable manner (Veblen, 1899, p. 279).

In a general sense, all institutional religions were rooted in the animistic tendencies in primitive human nature, evolving to maturity through the process of anthropomorphic elaboration to appear to the devout civilized man (Veblen, 1899, p. 285). A perception of “an inscrutable preternatural agency” gave rise to a predatory culture of the barbarian “habit of devout observances” that became institutional religion (Veblen, 1899, pp. 280 and 292).

There was a very brief mention of “natural religion” in *The Theory of Business Enterprise* in the statement that the mentality of the machine process was in little “accord with the newer, eighteenth-century conventional truths of natural rights, natural liberty, natural law, or *natural religion*” (Veblen, 1904, pp. 311-1; emphasis added). While that was the only use of the term “natural religion,” Veblen (1904, pp. 74-5) had earlier explained the concept of a natural religion as having evolved from the earlier medieval conception of the “Deity” or “Creator” in the role of the “suzerain” as “the source and arbiter of human rights and duties”. In the eighteenth century, the “creative efficiency” of the workman as the claim to a natural right to property produced was traced “back to its ulterior source in the creative efficiency of the Deity, the ‘Great Artificer’” (Veblen, 1904, p. 73). But the evolutionary development “in the life-history of the natural rights doctrine” based on the skill and effort of artisans and craftsmen, that “natural religion” was already in the process of being eroded, such that “The Creator, presently, in the course of the eighteenth century, drops out of the theory of ownership” (Veblen, 1904, p. 73). In Veblen’s (1904, p. 312) words, “Anthropomorphism, under whatever disguise, is of no use and of no force here”, where “here” referred to life under the influence of the modern machine process.

3.2 *Natural Christianity*

Veblen’s deep antipathy to the institutional religions that had evolved from the primitive natural religion rooted in animistic tendencies did not extend to the natural religion that

he identified in an essay published in 1910 in *The International Journal of Ethics*. Veblen argued that a natural Christianity had evolved that was different from the institutional forms of Christianity. He noted that Western civilization or culture had two deeply ingrained characteristics, such that in the absence of one or the other, Western civilization would lose its uniqueness. Those were the morality of Christianity and the morality of pecuniary competition. While the latter ruled the economic life, it also “in large measure guides Western civilization in much else that the economic respect” (Veblen, 1910, p. 169). Each appeared to be in a dominant position, raising the questions: do the two sets of morality further and fortify one another? Do they work together without mutual help or hindrance? Do they mutually inhibit and defeat each other? Both were “prevalent habits of thoughts,” institutions that arose in the growth of Western civilization, mental habits induced by the discipline of life, intrinsic or essential to a phase of civilization. If they arose as the outgrowth from the same or similar lines of habituation, there would be no question of their compatibility. But since they did not, the question was open.

3.3 *The institutional source of the Christian morals*

The two unique elemental principles of the “Christian animus” were “brotherly love” or “the impulse to mutual service,” and “non-resistance (humility)” (Veblen, 1910, pp. 171-2). The non-resistance principle was acquired as a maxim of conduct by people who suffered oppression under Roman rule, and had no predecessor in any earlier cultural period. Rather, where it exists, it is in “the more highly developed, more coercively organized civilizations, that are possessed with a consistent mono-theistic religion and a somewhat arbitrary secular authority” (Veblen, 1910, p. 174). Christianity started out with the principle of non-resistance in full effect, and in the early diffusion over the first four or five centuries it was so readily accepted to suggest that mankind was prepared beforehand for it. This ready acceptance of such a habit of thought gave evidence that the groups accepting it must have been trained by the discipline of daily life in the immediate past to be predisposed to its acceptance. “They must have been disciplined into a spiritual attitude to which such a new principle of conduct would commend itself as *reasonable*, if not as a matter of course,” (Veblen, 1910, pp. 174-5; emphasis added). The subjected people were leveled socially to a homogenous state in which neither class nor individual distinctions could exist.

Where Christianity spread to subjected people, the principle was readily accepted. But where people had not been under Roman rule, the morality of non-resistance was less accepted. “Non-resistance” appeared in much weaker form in areas where oppression was lighter, and had largely been lost in modern life, especially among the upper classes.

While Veblen described the emergence of “Christian morals” as an institutional development, there was a link with his social psychology of human nature as a bundle of instincts. Veblen (1910) ultimately traced “brotherly love” or “mutual succor” as the fundamental character of natural Christianity to an element of human nature which he identified as the “savage spiritual heritage,” a hereditary trait rooted in the instinct of workmanship that “‘springs eternal’ when the pressure of conventionality is removed or relieved”(p. 177). Veblen (1910, p. 183) asserted that:

[...] this principle is forever reasserting itself in economic matters, in the impulsive approval of whatever conduct is serviceable to the common good and in the disapproval of disserviceable conduct even within the limits of legality and natural right.

4. The natural religions and the economic order

That comment by Veblen serves to direct attention to the question of how the two natural religions might relate to the economic order, more specifically, to the different forms of the market economy or capitalism. For Smith's natural religion, that has to be inferred from the general context within which the "pure and rational" religion was introduced. Anderson (1988, p. 1074) argued that Smith's "pure and rational religion" is:

[...] optimal in the sense that it is most consistent with the efficient operation of the economic system, because it tends to produce changes in individuals that facilitate their participation in the contractual order of the market economy. "Philosophical good temper and moderation" are necessary prerequisites for the peaceful functioning of the division of labor; "the grossest delusions of superstition" are inconsistent with the rapid progress in pure and applied science.

Anderson concluded that Smith linked religious freedom to economic freedom and recognized that "An economy based on capitalist individualism was best served by religious movements that emerged from free markets themselves" (p. 1086). That would be a logical inference since Smith was explaining the natural laws that regulated the competitive market economy that he was observing.

4.1 *Veblen's natural Christian morals versus pecuniary morals*

While the relationship between Smith's natural religion and the competitive market system has to be inferred, Veblen was explicit on the relationship between natural Christianity and the competitive market economies, as indicated by the essay's title, "Christian Morals and the Competitive System." He perceived "a presumptive degree of compatibility" between natural Christianity and the competitive market system as it had evolved in the eighteenth century, when production was handicraft and both quality and quantity depended heavily on the personal skills and efforts of the craftsmen (Veblen, 1910, p. 182). That was a time when the natural law basis of the competitive market system was intact: "The system of natural rights is natural in the sense of being consonant with the nature of handicraft and petty trade" (Veblen, 1910, p. 180). As codes of conduct, Christian morals and business principles or the morals of pecuniary competition had evolved from different cultural situations, but they had something in common. The Christian principle of brotherly love or solidarity and mutual succor had a "natural-rights analogue" in "the principle of fair play, which appears to be the nearest approach to the golden rule that the pecuniary civilization will admit" (Veblen, 1910, p. 182).

While Smith (1979, p. 25) did not relate his "pure and rational" natural religion to the golden rule, he recognized in *The Theory of Moral Sentiments* that loving our neighbors as we love ourselves is the great law of Christianity. Addressed under the heading of "Of Propriety," the full passage reads as follows:

And hence it is, that to feel much for others and little for ourselves, that to restrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature; and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety. As to love our neighbour as we love ourselves is the great law of Christianity, so it is the great precept of nature to love ourselves only as we love our neighbour, or what comes to the same thing, as our neighbour is capable of loving us (Smith, 1979, p. 25).

West (1976, pp. 120 and 123-4) interpreted that passage as a case in which Smith's unqualified reliance on the role of self-interest and common sense complemented his

theology as a “religious man”. Thus, it could be inferred that the “great law of Christianity” would be compatible with Smith’s “pure and rational” natural religion, and hence, with the interpretation of the compatibility of that religion and the competitive market economy of the eighteenth century in Veblen’s natural rights principle of fair play.

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4.2 Implications for the modern economic order

But the economic order has evolved far beyond the eighteenth century institutional order of small competitive enterprises and the primary dependence of production on handicraft and individual proprietary management. The global economy is dominated by what Cameron at Devos called the “global corporate juggernauts,” and the global financial crisis was produced by those in the financial system who were “so bright they’ve created financial instruments beyond their own understanding.” At first glance, it might appear that neither of the natural religions could be compatible with a system of “corporate juggernauts” and a financial system dominated by large financial conglomerates, private equity funds, hedge funds, and sovereign wealth funds in which ordinary business and personal debts become spun into huge pyramids of debt through complex and opaque financial derivatives.

Veblen ended his essay on Christian morals by observing that the principle of fair play as the natural rights analogue of the principle of mutual service had been lost in the modern business enterprise system of advanced industrial technology and the pursuit of pecuniary profits by large corporations and modern corporate finance. While the natural Christianity of brotherly love or mutual service was compatible with the morals of pecuniary competition in the handicraft era of natural rights, the latter was being eroded as modern business practices had become a matter of impersonal, dispassionate investment for pecuniary profit (Veblen, 1910, p. 185).

How Smith’s “pure and rational” natural religion would stand in relationship the modern market economy must be interpreted, but inferences might be drawn from his comments in *Wealth of Nations* about large joint-stock companies. In addition to arguing that, the personal sense of interest and responsibility is greatly reduced in the management of companies and that profitability depends on government grants of monopoly status, Smith’s (1976, pp. 751-2) comments about the South Sea Company seeking financial support from the British Government have particular relevance to the huge government bailouts of today.

Cameron suggested returning to the “truly popular capitalism” of the 1950s in the USA and to 1980s Thatcherism in Britain. It is difficult, however, to see where either of those complied with the moral base called for in the two natural religions, especially since both easily evolved into the free market financial capitalism that produced the global financial crisis that gave rise to Cameron’s call for a “moral capitalism.” Of more particular relevance was Cameron’s statement that “Our financial system boasts people so bright they’ve created financial instruments beyond even their own understanding,” who were responsible for the global financial crisis. On an instrumental basis, the moral principles of both natural religions are applicable in reforms to curb the practices that led to the global financial crisis. Specifically, those reforms would impose a greater sense of individual responsibility for the consequences of the practices of decision makers in the financial sector. The restoration of true “market discipline” might go so far as to eliminate or at least reduce the limited liability of stockholders.

Smith's discussion of practices by Scottish bankers provide examples of self-interested financial behavior that was consistent with a "pure and rational" natural religion in bestowing social benefits through stimulating the economic development of Scotland. Banking was one of the four trades that were particularly well suited for joint-stock organization (Smith, 1976, p. 756). The practice of Scottish bankers of being "very careful" to require frequent and regular payments of their customers provided two important services. First, in the self-interest of bankers with large numbers of borrowers, it allowed them to be informed about the economic status of borrowers without having to examine their books. Second, a social benefit was provided as the practice allowed bankers to know the limits to which they should expand the creation of paper money to avoid creating situations leading to financial crises (Smith, 1976, pp. 305-6). There is also a case argument for reducing or eliminating the limited liability of owners of corporate stock in Smith's (1976, pp. 313-15) criticism of the managers of the Ayr bank for creating its failure by violating those practices. Because each of the shareholders was personally liable for the bank's debts, all of the bank's creditors were paid in full.

Reforms that impose a greater responsibility of financial decision makers would be particularly consistent with Veblen's repeated use of the instrumental term "mutual service" as an alternative to the more emotional term "brotherly love" as the moral principle of his natural Christianity. But attention should also be given to his observation that "Under the conditions prevalent in the era of handicraft, the rights of ownership made for equality" (Veblen, 1910, p. 183). Part of Cameron's call for placing the market in a moral framework specifically called for those in positions of financial power who were responsible for the financial crisis (BBC News, 2009) to help the poor and the deprived communities. That would at least partially restore the type of equality that existed under the natural rights analogue to Veblen's principle of mutual service.

4.3 Implications of two sets of public morals

Both Smith and Veblen related to public morals to the socio-economic status of people. Smith (1976, p. 794) observed that "Almost all religious sects have become among the common people, from whom they have generally drawn their earliest, as well as their most numerous proselytes". Almost all religious sects initially adopted an "austere system of morality" (Smith, 1976). But two sets of morals evolved, with the upper classes adopting a looser set while the working classes adhering to the stricter set. The significance for Smith (1976, p. 795) was that each person in his own socio-economic station:

[...] is obliged to a very strict observation of that species of morals, whether liberal or austere, with which the general consent of this society prescribes to persons of his rank and fortune.

For the well-to-do classes, economic circumstances allowed a more liberal life style, which was accompanied by a more "liberal" or "loose" ("rational") set of morals "esteemed and adopted by what are called the people of fashion." This is marked by tolerance of such "vices" as "luxury, wanton and even disorderly mirth," intemperate pursuit of pleasure (that do not "lead to falsehood or injustice" (Smith, 1976, p. 794). But the marginal economic existences of the working classes necessitated an avoidance of waste, luxury, and frivolity, supported by a very conservative set of public morals.

Veblen (1910, p. 176) noted that the Christian morals took root in the lower classes, and attachment to the principle of mutual service remained much stronger in those classes than in the higher classes:

On the whole, it is not too bold a generalization to say that these elements of the moral code which distinguish Christianity from the ethnic cults, are elements of the morals of low life, of the subject population.

It was only after Western civilization had substantially moved passed its aristocratic-feudalistic stage to become more generally “a kind of universalized low-life culture” that the principles of low-life morality became into some degree universalized principles of Christian duty (Veblen, 1910, p. 176). He remarked that:

There is, in point of practical morality, not much to choose, e.g. between the upper-class medieval Christianity and the contemporary Mohammedan morality [. . .] The higher-class variants of Christianity still differ little in the substance of their morality from Judaism or Islam. The morality of the upper class is in a less degree the morality of non-resistance and brotherly love, and is in a greater degree the morality of coercive control and kindly tutelage, which are in no degree distinctive traits of Christianity [. . .] (Veblen, 1910, p. 176).

Ekelund *et al.* (2005) argued that Smith recognized that religious heterogeneity would lead to different religious markets in response to consumer sovereignty. That raises a number of questions about the implications of different sets of public morals with respect to the applications of the morals of Smith’s “pure and rational” natural religion and Veblen’s natural Christianity. Smith (1976, pp. 794-5) observed that religious sects that appeal to the “common people” not only adhere to the “austere system of morality” but often carry it to “some degree of folly and extravagance”. If the “pure and rational” religion is what all men have longed for, and given that the majority of “all men” are the “common people,” would that mean that it would embrace the “austere morality” that appeals to the “common people”? Would poor societies need a different moral economic order than affluent societies? That in turn raises the question of whether Veblen’s natural religion’s principle of mutual service might become progressively weaker with economic development and rising wealth.

5. Conclusion

Unfortunately, attempting to answer those questions would require a broader investigation of the insights into a moral framework for the modern market system that the two natural religions might provide. But such an investigation might well be worth pursuing for one particular reason. The natural religions as perceived by Smith and Veblen have the advantage over institutional religions in being non-doctrinaire. Hence, considering the moral implications for the modern market system or “moral capitalism” would be free of the type of sectarian disputes that greatly concerned Smith.

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