

Review Essay:
*“Are Economists
Basically Immoral?”
and Other Essays
on Economics,
Ethics, and Religion*
by Paul Heyne*

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There are at least two powerful tensions that cannot be ignored between the message of the New Testament and the character of persons engaged in economic activity. One is the tension between the calculating, prudential attitude of the marketplace and the gospel imperative to not lay up treasures on earth. The second is the uneasy coexistence of a trusting dependence on God with the desire to make adequate provision for one’s own future. One man, after searching and achieving some congruence as both a Christian and an economist, concludes that these tensions are not the chief cause of the hostility toward commercial society that one finds in so many Christian thinkers. Who is this scholar, how does he come to terms with these tensions, and what factors does he believe actually underlie theologians’ traditional hostility to the marketplace?

Paul Heyne, an economist, was born in St. Louis in 1931, the son of a Lutheran Church-Missouri Synod (LCMS) minister. He graduated from Concordia Seminary. Thus, Heyne’s grounding in philosophy and the humanities was more thorough than usual for American arts graduates, even for those in his cohort, and was far more so than for those aiming at a career in economics.

With a doctor of philosophy in social ethics from the University of Chicago, Heyne coordinated and taught the freshman liberal studies course, *The Nature of Man*, at Southern Methodist University. Heyne neither sought nor received tenure in economics at the University of Washington, but his appointment was

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renewed for more than twenty years until his death in 2000. Heyne's introductory textbook, *The Economic Way of Thinking*, went through nine editions. He was sought out for speeches in the United States and abroad and was extensively involved in Liberty Fund conferences.

Are Economists Basically Immoral? is a collection of essays, edited by two of Heyne's friends and professional colleagues. It consists of twenty-six previously published and unpublished papers prepared for conferences but never submitted for publication. The essays are divided into eight parts dealing loosely with ethics, theology, justice, history, the nature of man, teaching, economic method, and policy. Any particular section chosen, based on a reader's inclinations, consists of a few tightly reasoned, extraordinarily well-written essays of interest to theologians, philosophers, and social scientists. The unpublished papers provide particular insight into Heyne's intellectual development and the concepts with which he wrestled.

Be assured that there is not a single diagram or equation presented in this collection. The editors see Heyne's vocation as addressing a society ignorant of the principles of economics and sentimentally attached to a half-remembered Christian ethic. Heyne's initial premise is that the seemingly immoral prescriptions of economists are often the best way to achieve ethical goals. In this collection, he offers biting criticism both of professional economists claiming to do value-free science and of religiously motivated individuals offering prescriptions for alleviating social injustice.

We limit our review of *Are Economists Basically Immoral?* to three enduring issues: the hostility of theologians to capitalism, the role of science in policy decisions, and Heyne's criticism of Christian social thought as it is often presented.

Heyne does not believe that the inevitable tensions between Christianity and market economics, are the chief cause of the hostility toward commercial society found in so many Christian thinkers. Could these writers be hostile to the fact that people are increasingly finding the market more attractive than other institutions as the provider of the services previously offered by the church? Heyne uses Albert Hirschman's terminology of *exit* and *voice or loyalty* as a means of indicating how individuals attempt to induce traditional institutions into serving them. The market option certainly makes the exit option attractive because it liberates us from personal attachments, criticism of our behavior, and loyalties. However, the exit option becomes cumulatively disastrous when we use it to free ourselves from neighborhood, church, school, and even family. The voice-loyalty option of working things out, on the other hand, nurtures fidelity, deeper attachments,

and personal relationships, but also generates tyranny, domestic abuse, personal harassment, and unhealthy dependencies.

The impersonal aspect of capitalism in, for example, determining market wages violates our and Heyne's profound moral conviction that nothing is more valuable than individual persons. However, in a large society, the one indispensable condition for justice is the existence and enforcement of impartial rules, such as those used in market transactions. In larger societies, members simply cannot know enough to assign tasks and benefits on the basis of personal circumstances and still do it fairly. The problem in large impersonal economies is knowledge; it is not simply goodwill.

However, Heyne continues, it is a mistake to believe that we necessarily must choose between personal, face-to-face societies and impersonal societies. If we were to accept as fully legitimate the impersonal rule-coordinated societies in which we participate, we would not be repudiating or depreciating in any way marriage, the family, intimacy, I-thou relationships, the unique value of the individual, or the power and significance of personal caring and sacrifice. If we did in fact repudiate all of this in order to enjoy the benefits that only large and impersonal markets can provide, we would be foolish. That choice would deprive us of the advantages of both worlds, because the moral values essential to the successful operation of a rule-coordinated society can only be nurtured in personal societies. Heyne emphasizes the importance of intermediate institutions, but, unfortunately, offers no suggestions on how to socialize individuals into traditional institutions in order to foster loyalty and responsibility. He does offer one important insight—religious faith is born and grows in those who find certain stories increasingly compelling.

Heyne identifies capitalism, or a free-market economy, as a social system in which individuals pursue their own interests in bettering themselves and their families by obeying a few clear and stable rules. Economic man (*homo economicus*) in his view should not be equated with material man; it describes truthfully how individuals act prudently and purposefully to better their condition. Hostility directed toward market institutions is more radical than the authors of these statements realize. They are rejecting both the reality of material existence and the right of individuals to act with intention. Moral actions are one way in which individuals act with intention, revealing character. Moral training is a matter of nurturing the right motivations, not determining outcomes.

Market economists are convinced that capitalism is the best way to allow individuals to better their condition and not merely in a material sense. However, Heyne, along with Adam Smith, is quite critical of capitalists who seldom gather

together without trying to contrive some means of furthering their own interests at the expense of society. Heyne's unique criticism offers a plausible explanation of the self-deception of executives regarding merit pay. He notes the great difficulty many of us have in accepting as ours what we are not certain we have earned. Defenders of capitalism, in his opinion, do their cause a disservice in their eagerness to establish the moral legitimacy of capitalism. They undertake to argue that people deserve, as a consequence of their merit, whatever they receive in a competitive capitalist economy. Are we consequently tempted to fabricate merit for ourselves so that we may claim to deserve that to which we are merely entitled? Adam and Eve, Heyne suggests, did something very similar to this when the serpent raised its guileful questions.

Heyne scorns those who believe that science reveals ultimate "Truth" as well as those who want to impose "revealed" truth on others. Certainly, logical-empirical knowledge follows from scientific inquiry. These findings can be immensely useful as an impartial conciliator, including the task of designing social policy. As such, economics is a science, or certainly a specialty, claiming for itself contributions to objective knowledge, critically examined by the community of economists. Humility, however, is always in order for economists whose social prescriptions are often wrong, subject to unintended consequences, and not politically viable. In the sixties, many economists saw themselves as philosopher-kings, or at least as philosophers who had the ear of kings.

Heyne notes, "Hypotheses in biology concerning pigeons are confirmed by biologists, not by pigeons; and hypotheses in economics concerning business cycles are confirmed by economists, not by business cycles" (18). Heyne relies on a very personal example to demonstrate how difficult it is to separate one's judgments on policy from his or her ultimate values. Heyne, toward the end of his life, was increasingly drawn to the positions of John Howard Yoder. Heyne questions himself on the source of this intellectual attraction. Yoder objected to all-encompassing systems that lead Christians to prefer intellectual consistency to lived-out faithfulness. The attractiveness of this position parallels Heyne's objection as an economist to general equilibrium analysis and macroeconomic fine-tuning.

Many economists deny the possibility that one's choice of a theoretical orientation is significantly affected by prior judgments. These judgments include the value of freedom versus equality, the relative importance of individual opportunity and social harmony, the merits of democracy versus aristocracy, conservative or radical approaches to social reform, or the nature of man. This denial of prior judgments is sheer dogmatism, according to Heyne. Obscurantism is added by the strange insistence that such disagreements can never be resolved through

discussion. The danger of the positive-normative distinction, accepted by most economists, is that it implies that judgments are essentially arbitrary, mere matters of personal preference, and therefore cannot be tested or revised through rational discourse. Heyne offers hope that discussion can lead to consensus and in turn to effective accommodation.

In the nineteenth century, the Reverend Francis Wayland, Professor of Political Economy and President of Brown University, understood the mutual benefit of trade, even though at times he failed to recognize or acknowledge conflicting interests. Since the latter part of the 1800s, however, it appears that the principal selection criteria of theologians for economists to whom they will listen is the degree to which that economist exalts political processes over economic ones. Market economists, on the other hand, applaud systems that operate without the benefit of any controlling political design or consensus. They suggest that we interact extensively with one another on the basis of impersonal monetary criteria through an extensive division of labor in producing for one another food, clothing, shelter, medical care, prayer books, kneeling cushions, and other such material goods.

Social phenomena are not facts of nature, like oceans and mountains. However, Heyne recognizes within society an order exhibiting certain regularities. The beginning of all social understanding is the recognition that social phenomena are the product of particular choices in response to particular incentives. Christian social theorists, such as Marx, become disillusioned with the thought that the regularities of the economic order should govern the production and distribution of necessities. They prefer to turn away from the purposeful behavior of individuals trying to better their own condition in favor of increased social consciousness and government action. Public policies in a democracy grow out of a complex process of interaction among many people's interests and values, a process that no one really controls and that even the most powerful or well-intentioned politicians can usually affect only marginally. These government policies do not always promote the public interest. A government that takes over the responsibilities of intermediate organizations or that narrowly constrains their functioning through taxation, subsidy, or regulation is going to undermine institutions regardless of government's intentions or rhetoric.

Heyne clearly distinguishes the regularities that economists observe in individuals responding to incentives from the Tower of Babel that arises among those who claim to take the Christian faith seriously and their pronouncements on ordering economic life. The goal often is to use a Christian vision to express universal moral principles based on natural law about which Heyne expresses some ambivalence.

A committee of theologians, according to Heyne, cannot articulate a Christian vision of economic life that is also capable of commanding the assent of all, even those who profess to value human freedom and dignity. For example, Heyne refers to the mid-1980s pastoral letters of the U.S. Catholic bishops on the economy as a hodgepodge of biblical citations and papal encyclicals, mixed with ringing assertions about dignity and justice and held together by a continuously earnest tone. He goes further to suggest that pronouncements attempting to do this are not merely useless; they probably do actual harm. Ordinary market activity comes to a halt, at enormous cost to all participants, if we were to act consistently on the principle of advancing the welfare of the neediest or the most worthy—rather than focusing on the accomplishment of our own personal goals. Ethical behavior for airplane pilots, surgeons, and tentmakers requires exclusive focus, and we should be given permission to concentrate on the task at hand.

Classical economists never say, however, that law is not required for the market to function. Because he doubts the existence of natural law, Heyne struggles consciously and intellectually for the ultimate value(s) underpinning justice. Unfortunately, legal positivism attempts to insulate law from morals, and ethical relativism reduces morals to a matter of personal opinion and cultural history. Heyne asks, “What is the standard of justice?”

Heyne reasons from the opposite case:

Most people shrug their shoulders hopelessly if asked, “What is fair?” But we know surprisingly well what is unfair. It is violating the rules by which we have agreed to be bound in our social relationships.... Can’t the rules themselves be unjust? Indeed they can. But how do we recognize an unjust rule? It would be a rule that violates a deeper rule, which might itself be unjust if it violates a still deeper and more fundamental rule. [429]

Heyne does not insist that the concept of fairness that he implicitly uses can be derived from some universally accepted moral principle. He is concerned only that his concept of fairness be accepted by those with whom he is interacting. However, he is driven to admit that fundamental rules need to be based on ultimate values. For Heyne, they are order, minimization of conflict, reasonable equity, and the preservation of physical life. This is justice, not love. Individuals are capable of holding justice and love together without permitting either to interfere with the proper autonomy of the other. Injustice is done only to people whose expectations are disappointed by the failure of others to fulfill promises they were capable of keeping. Heyne is a contractarian. A fair wage, then, is any wage upon which employer and employee agree so long as no injustice has been done.

Moral aspirations, such as protecting the environment, eliminating discriminations, and reducing child abuse, are important. Our obligation is to be attentive. However, the moral aspiration to transform moral aspirations into legal duties must be examined with judicious skepticism before we act upon it. If a goal cannot be stated clearly, the goal cannot be a duty. Only definable duties may appropriately be imposed by law; otherwise we deny parents and institutions any special authority.

Conclusion

The editors of this collection provide an original source for examining Heyne's insights which are, at times, startling and provocative. Economists will be troubled by Heyne's jettisoning of economic efficiency, optimization, as well as the positive/normative distinction. Some philosophers will experience difficulties in defining property rights in the absence of universally held ultimate values. Heyne challenges Christians by proposing that New Testament imperatives cannot be effectively transferred to society at large.

Heyne's public square is considerably less well-decorated than Richard John Neuhaus'. One reason for Heyne's less-adorned public square is that he discounts at a higher rate the sympathy held by Neuhaus for democratic processes that rely on majority rule. However, Richard John Neuhaus, together with Paul Heyne, are now pondering together the follies and splendors of the Church and the world, but alas not with us. This collection of Heyne's essays continues to fertilize the good soil in which both men were nurtured. May today's seminaries and departments of philosophy and economics yield equally abundant fruit.