
THE ROLE OF RELIGION IN THE ECONOMY

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Religion can play a vital role in the development and maintenance of a vital and just economy. This is because a healthy economy requires that all persons view one another with dignity, not as objects of exploitation. Religion calls for people to respect the divinity in each human being, regardless of class or cultural background. To view one another with dignity means to respect labor and property. Competition ensures that wages and prices reflect a fair representation of the labor embodied in a product. Religion recognizes the divinity of human being in an economy when it advocates free competition, protection of property rights, and to encourage people to share and behave well towards one another.

Interestingly, the topic of the relationship between religion and markets need not rest on a particular belief system. The Gospel accounts clearly have Jesus calling people “to follow him,” not (as many modern Christian religions would have it) “to worship him.” The Catholic theologian Richard Rohr describes Jesus’ intent not as the founding of a religion, but the founding of a movement. That movement is centered on Jesus’ claim that the most important commandment is to love God with one’s whole being, while the second most important commandment is to love one’s neighbor as one’s self (*Mark* 12:29-31). Apart from being the driving force behind Christianity, this directive is also consistent with Buddhism (*Visuddhi-Magga*, chapter xvii), and Islam (*Koran*, 107.1-7). The directive to respect the dignity of humans (particularly those in need) is consistent across major religions.

In the Roman Catholic church, there is an ancient and powerful prayer that the priest says at mass at the commingling of the bread and wine. So potent are the words that, until the 1960s, the Roman church instructed its priests to whisper the prayer: "...may we come to share in the divinity of Christ who humbled himself to share in our humanity." Similarly, where the Roman church speaks of "salvation" coming through Jesus Christ, the Eastern Orthodox church uses the term "divinization." Christian churches claim that the "Christing," or the "divinization" of humanity is the gift that God gave to all people through the incarnation, death, and resurrection of Jesus Christ. To love one's neighbors, in the sense that Jesus means it, is to recognize and respond to the divine in them. By contrast, the secular world's call to recognize "human dignity," while laudable, rings hollow due to its inability to answer the question "why?" Without a recognition of and reverence for the divine, one cannot speak of human dignity as distinct

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from the dignity one might accord any other portion of creation. Thus, the secular call to recognize human dignity logically devolves into a sort of "anthropocentric environmentalism."

Religion's contribution to society is a formalized structure in which humans help one another connect with God and, in so doing, explore and respond to the divine within themselves and others. To consider the impact of religion on economy, one must explore the implications of a humanity that is, albeit over millennia, coming to an awareness of its share in divinity.

All economic agents are human. Workers are humans. Firms are owned, managed, and staffed by humans. Governments are elected, staffed, and lead by humans. Financial institutions are funded by humans, managed by humans, and invest in humans. All economic institutions are, at their root, collections of humans.

All production is human labor. Services are labor. Goods are produced by resources, capital, and labor. Resources are extracted, prepared, or otherwise acquired via the use of capital and labor. Capital is manufactured via

resources and labor. All production ultimately has its source in labor.

All income is the return to human labor. Wages are the direct return to labor. Interest income is the return to saved wages—the stored returns of past labor. Capital gains are the return to assets. Assets, in turn, are created via labor, or are purchased using income earned (ultimately) by labor. All economic activity is, in reality, human labor. The concepts of economic institutions and economic activity are merely useful abstractions for describing human interactions.

All economic agents are humans. All production has its genesis in human labor. All income is, ultimately, the return to human labor. What happens when humans, through the influence of religion, recognize and respond to each other as creatures worthy of respect, and how does this respect for human dignity play out in the marketplace?

Respect for human dignity implies respect for property rights because property is the embodiment of human labor. To reject property rights is to dehumanize the human whose labor the property embodies. The properly respect the human labor embodied in property requires careful consideration of the property rights. The self-employed worker embodies his own labor in the property he creates. But, the employee who receives a fair wage embodies his employer's labor in the property he creates. The employee's labor is embodied in the fair wage.

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What constitutes a fair wage? The fair wage is the free market wage that results in the presence of competition. By definition, that wage equals the marginal benefit to the worker of the foregone leisure as well as the marginal value to the employer of the product created by the labor the wage purchased. If, after the property is created, the employer refuses to pay the worker the fair wage, then the employer dehumanizes the worker by stealing the worker's labor. If, after being fairly compensated, the worker lays claim to the created property, the worker dehumanizes the owner by stealing the owner's property. The stealing of labor and the stealing of

property are slavery. Traditionally, slavery has meant the extraction of a person's labor against the person's will. In a more general sense, slavery is the stealing of labor. Seen in this light, to pay the worker less than a fair wage is to enslave the worker. Conversely, to pay the worker more than a fair wage is to enslave the employer.

Respect for human dignity demands that the worker be paid a fair wage—no more and no less. Herein lies the role of religion in the marketplace. Religion calls humans to recognize and respond to the divine in each other. A necessary part of our response is to respect the labor that human life generates. This respect is manifest in respect for property rights. Respect

Competition will ensure that wages and prices are fair measures of the labor embodied in products, and so will prevent employers from enslaving workers and workers from enslaving employers. Protection of property rights will ensure that the labor, once embodied, cannot be taken by force, and so will prevent the government from enslaving the people.

for property rights, in turn, implies an obligation not to take property against another's will, and when property does change hands, to offer fair compensation for that property out of respect for the human labor embodied in the property. Religion's role is to call on government and the marketplace (1) to foster competition, and (2) to protect property rights. Competition will ensure that wages and prices are fair measures of the labor embodied in products, and so will prevent employers from enslaving workers and workers from enslaving employers. Protection of property rights will ensure that the labor, once embodied, cannot be taken by force, and so will prevent the government from enslaving the people.

Contrary to conventional wisdom, competition and respect for property rights does not make for a selfish society. Competition is frequently characterized from the "masculine" or "yang" perspective of a conflict between competing agents in which the greater emerges victorious and the lesser withers and dies. Competition is equally well characterized from the "femi-

nine” or “yin” perspective of nurturing in which the weak, learning from and emulating the success of the strong, becomes strong also. Competition, unto itself, is neutral. The unenlightened see competition as conflict. The enlightened see competition as a balance of conflict and nurturing.

Property rights are frequently characterized from the masculine/yang perspective of exclusivity—the gathering of wealth to one individual to the exclusion of others. Property rights are equally well characterized from the feminine/yin perspective of sharing. One cannot share nor give what one does not own. Therefore, ownership is a necessary condition for sharing and giving.

The role of religion in the economy is three-fold. First, religion must encourage competition among market participants. Second, religion must encourage the government to honor and defend property rights. Third, religion must help people attain enlightenment—so that people can channel the forces of competition and property rights for nurturing and sharing. Good economic activity arises, ultimately, from humans behaving well toward each other. Poor economic activity results from humans behaving poorly toward each other. To first recognize that the economy is humanity and then to encourage humans to recognize and respond to the divine in one another is to build a holy economy.

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The evidence is clear that the most productive societies are those that afford the greatest protections to property rights. The Heritage Report annually rates all countries according to their respective protections of property rights. Matching countries’ economic freedom ratings against their per-capita income is telling. The probability of a nation’s per-capita income being in the top 50 percent of all nations given that the nation is rated in the top half of nations according to property right protections is better than 80 percent. Conversely, the probability of a nation’s per-capita income being in the top 50 percent of all nations given that the nation is rated in the lower half of all nations according to property right protections is only 20 percent. The story is not restricted to the average standard of living. Income is more evenly distributed in countries with greater property



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rights protections. The probability of a nation being ranked in the top-half of countries according to the evenness of income distribution is over 60 percent for countries that are also ranked in the top-half according to property rights protections, but less than 40 percent for those ranked in the lower-half according to property rights protections.

To follow Jesus is to strive to recognize and respond to the God that dwells in every person. The recognition of the divine in others demands that we respect others. Clearly, the greatest respect one can pay another is to protect the free will of the other while employing one's own free will so as to treat others with the dignity that the human state deserves.