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Review of Religion and the Rise of Capitalism

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Review of *Religion and the Rise of Capitalism*

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Religion and the Rise of Capitalism. By Benjamin M. Friedman. New York: Alfred A. Knopf, 2021. Pp. xv, 534. \$37.50, cloth. ISBN 978-0-593-31798-3, cloth; 978-0-593-31799-0, e-book. *JEL 2021-0711*

What role has religion played in economic thought? The conventional answer is “very little.” Adam Smith and the early political economists were, for the most part, not overtly religious and religion does not play an obvious role in their writings. With some important exceptions, the same can be said of many of the key figures in economics of the late nineteenth and early twentieth centuries. The twentieth century move to mathematization of the field was certainly not a move toward infusing religion. So, is there any

role for religion in the way we conceptualize economic phenomena?

Benjamin Friedman answers this question in the affirmative in his meticulously researched, extremely well-written *Religion and the Rise of Capitalism*. His argument can be broken into two sections. The first half of the book overviews developments that helped establish the cultural and religious atmosphere in Europe (and, more specifically, Scotland) during Smith’s time. The argument is straightforward: even though religion is not explicit in the writings of Smith, David Hume, and many other Enlightenment thinkers, religious sentiment infused the period. This sentiment had heavy Calvinist influence, although Friedman argues that a turn away from predestinarianism (the notion that would eventually become so central to Max Weber’s “Protestant ethic” hypothesis) was an essential precursor of the Smithian revolution. Smith, Hume, and their contemporaries could not help but be influenced by this religious sentiment, even if it was not explicitly apparent in their writings.

The second half of the book transitions to the nineteenth- and twentieth-century United States, where religion was much more vibrant than in Europe. There is also a long tradition in the United States of justifying economic success as a sign of God’s favor (the so-called “prosperity gospel”). Friedman searches for the roots of the intersection between religion and popular economic thought. He goes into great detail about how Protestant theology evolved in the United States, how it influenced important economists in the late nineteenth century (John Bates Clark and Richard T. Ely), and how such connections became popularized in the twentieth century.

At this point, you may be asking, “Isn’t this book about the *rise of capitalism*?” Unfortunately, the answer is “no.” The title of the book is an unfortunate one. The book is much more about the way that religion might have affected key figures in the history of economic thought, and how this affected political and economic developments in the twentieth-century United States, than it is about the “rise of capitalism.” The book takes its title directly from one of the classics of the early twentieth century, R.H. Tawney’s *Religion and the Rise of Capitalism*. Tawney’s (1926) book was, in part, a response to Weber’s *Protestant Ethic*,

arguing that a “capitalist” spirit can be dated prior to the Reformation, and that it did indeed have some religious roots. Friedman’s book is far removed from this debate. Indeed, his book is not much concerned with the “rise of capitalism” or even “capitalism” per se, as it is the rise of a certain type of economic thought.

This is not a knock against Friedman’s book. At first, the book was a bit frustrating to read, for me at least, because I expected a book relating religion to the rise of capitalism. This could have been a work of economic history, showing how religion played a role in early “capitalist” modes of production, or a work of history of economic thought, making a case for the role religion played in conceptions of capitalism (which, for instance, would have to account for Marxist theory and what followed in its wake). Again, this book does neither.

Instead, Friedman’s book lays out the role that religion played—or may have played—in the development of the economic thought of Smith, late nineteenth-century American economists, and twentieth-century American economic policy. It is not that Friedman hides this fact; on the very first page of the introductory chapter (p. ix), he notes “the central argument of this book is that our ideas about economics and economic policy have long-standing roots in *religious* thinking.” This is certainly the central thesis of the book. The amount of historical detail Friedman lays out in support of this thesis is breathtaking. Any reader, even one steeped in the history of the Enlightenment, Reformation, and nineteenth-century American religion, will come away learning much. On this basis alone, Friedman’s book is a massive achievement.

There are some shortcomings in Friedman’s argument, however. Perhaps most glaring are his arguments on the role that religion played in Adam Smith’s thoughts, as evidenced in *The Theory of Moral Sentiments* and *The Wealth of Nations*. Friedman does a marvelous job providing the background of the religious climate of eighteenth-century Enlightenment Scotland. The reader is taken on a long and fascinating journey through the thoughts of Martin Luther, John Calvin, and their followers, and how certain Calvinist doctrine was still pervasive in Smith’s Scotland. Yet, the argument does not

convincingly (in my view, at least) take the next step and show how the religious climate directly affected Smith. It makes the case that Smith could not have helped but be affected by the religious climate of his day. The following exemplifies this line of thinking “after years of friendship and dining with [Enlightenment moderates] he could not have avoided an awareness of the theological ideas that they advanced in their debates with the evangelicals” (p. 24). While I have no doubt that this is true, this is not a strong argument in favor of the religious roots of Smith’s economic thought (a notion Friedman admits on p. 166: “To be sure, recognizing the logical connection between ideas, or even sets of ideas, is not the same as establishing historical influence”). By this logic, the roots of all thought in medieval and early modern Europe are religious. While this may be true to some degree, it is not an argument specific to economic thought.

There are two pieces of evidence that Friedman does not employ to bolster his argument on Smith. The first are Smith’s letters. There have been massive efforts in recent years to collect, digitize, and catalog the letters of the great thinkers of the Enlightenment. Smith is no exception. Friedman does cite *The Correspondence of Adam Smith* (Mossner and Ross 1987). This volume contains over 400 of Smith’s letters. These provide insight into Smith’s motivations and influences in a much more direct manner than what can be gleaned from his famous tomes. Second, there is little discussion of Smith’s chapter in *The Wealth of Nations* on the economics of the church. As Oslington (2020) argues, Smith’s thoughts on the church are not simply a matter of applying a political economy framework to the structure of the church; it is informed by Smith’s religious understanding. This is highly consistent with Friedman’s broader argument. An in-depth discussion of this chapter in *The Wealth of Nations* would have gone far in convincing the reader of the role religion played in Smith’s thought.

The second half of the book primarily focuses on how religion and economic thought co-evolved in the nineteenth- and twentieth-century United States. For one seeking to understand the roots of capitalism, this turn will be frustrating, as capitalism did not rise (first, at least) in the United States. Capitalism was alive and well in the Dutch

Republic and Britain while the United States was still a colony. Also frustrating is this claim: “What was still missing was...not just occasional one-time technological improvements, which by then were familiar in both agriculture and manufacturing, but *ongoing* technical progress. That too came early in the nineteenth century—not in Scotland or England, but in the new United States” (p. 227). This statement is used as justification to spend the last half of the book on economic thought in the United States, but it is not supported by the literature on the history of technological change (among many, see Mokyr 2009). The United States may be unique in many ways, but this claim would need an entire book to justify.

Yet, for one interested in that unique brand of American capitalism, the latter half of the book has much to offer. Friedman takes the reader on a wonderfully engaging ride through nineteenth-century developments in US theology, particularly how they applied to the “gospel of wealth” (a precursor to the modern prosperity gospel) and the “social gospel.” Readers interested in the origins of the ties between religion

and modern conservative economic thought will find this part of the book fascinating.

In short, *Religion and the Rise of Capitalism* will surely be of interest to historians of economic thought. It is extremely well researched, chock full of historical detail, and is a joy to read. So long as one does not expect an account of the rise of capitalism, Friedman has crafted an enjoyable account of the way that (Protestant) religion has helped shape certain features of modern economic thought.

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