

Natural religion and moral capitalism

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

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Religion Versus Capitalism. Guest Post by The Zman. A peculiar feature of the West over the last half century or so is the sudden decline in church attendance among Christians. Religion, in contrast, also assumes certain things about people, but seeks to mitigate and ameliorate them. Generally speaking, religion assumes the imperfection of man and sees that imperfection as the root cause of human suffering. Since this arrangement lacks natural legitimacy, libertarians have been brought in to create a civic religion based around worship of the marketplace. It is why otherwise sensible people can support internet censorship by "private" entities. People have been conditioned to accept whatever private business does as morally legitimate. Whether democratic or autocratic, capitalism is not a religion, nor a philosophy, nor a moral system. Socialism, on the other hand, claims to be a moral system as well as an economic and social system. For capitalism ought not to be perverted into an ideological pseudo-religion. Moreover, capitalism is not a pattern for government; it is not part and parcel of the Declaration of Independence or of the Constitution of the United States, even though the authors of those documents took for granted the beneficent character of capital and capitalists. Fidelity to dogmas of capitalism will not of itself make us all good, happy, and rich. What is Natural Capitalism? Natural capital refers to the resources and services provided by nature. They are of enormous economic value - more so than the gross world product. The first principle of Natural Capitalism: radically increased resource productivity Listen to Amory Lovins discuss the first principle (duration 1'07"). The technologies available now for using resources more productively are quite astonishing. We know how to fix up most existing buildings cost effectively, to improve their energy and water efficiency by a factor of around three or four. Markets make a wonderful servant, a bad master and a worse religion. If we try to substitute markets for ethics, politics and faith, we can really get in a lot of trouble.