

Theology and Neoliberal Economics

The Friedman Institute Upgrades Theology to Condone Neoliberal Greed. What would Jesus Say?

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Many academics recently received a petition signed by 111 University of Chicago faculty members, explaining that “without any announcement to its own community, [the University] has commissioned Ann Beha Architects, a Boston firm, to remake the Chicago Theological Seminary building into a home for the Milton Friedman Institute for Research in Economics (MFIRE) and has renewed aggressive fund-raising activity for the controversial Institute.”

It would be hard to find a more fitting metaphor than what the press release characterizes as “conversion of the Seminary building into a temple of neoliberal economics.” Even the acronym MFIRE seems symbolically appropriate. The M might well stand for Money in Prof. Friedman’s $MV = PT$ (Money \times Velocity = Price \times Transactions). And the FIRE sector comprises finance, insurance and real estate – the “free lunch” sector whose wealth the Chicago monetarists celebrate.

Classical economists characterized the rent and interest accruing to the FIRE sector as “unearned income,” headed by land rent and land-price (“capital”) gains, which John Stuart Mill described as what landlords made “in their sleep.” Milton Friedman, by contrast, insisted that “there is no such thing as a free lunch” – as if the economy were not all about a free lunch and how to get it. And the main way to get it is to dismantle the role of government and sell off the public domain – on credit.

As Charles Baudelaire quipped, the devil wins at the point where the world believes that he does not exist. Paraphrasing this we may say that free lunch rentiers achieve economic victory at the point where government regulators and economists believe that their returns do not exist – and hence, do not need to be taxed, regulated or otherwise subdued.

By “free market,” the Chicago Boys mean giving free reign to the financial sector – as opposed to the classical economists’ idea of freeing markets from rent and interest. Whereas traditional religion sought to lay down precepts for regulation, the Friedman Institute will promote deregulation. Physically replacing the theology school with a “temple of neoliberal economics” is ironic inasmuch as one tenet that all the major religions held in common at one point or other was opposition to the charging of interest. Judaism called for Clean Slates (Leviticus 25), and Christianity banned interest outright, citing the laws of Exodus and Deuteronomy.

The Chicago Boys thus have inverted traditional theology. Yet the teaching of economics as an academic discipline began as moral philosophy courses in the 18th and 19th centuries. The leading universities of most countries were founded to train students for the ministry.

The moral philosophy course evolved into political economy, dealing largely with economic reform and taxation of the unearned income accruing to vested interests as a result of legal privilege. The discipline was stripped down into “economics” largely to exclude political analysis, and the distinctions between productive and unproductive investment, earned and unearned income, value and price.

The classical economists saw rent and interest as a carry-over from Europe’s feudal conquest of the land and the privatization of money and finance into an institutionally based debt and monopoly overhead. The classical economists sought to tax away such “unearned income,” to regulate natural monopolies or shift them into the public domain.

Needless to say, this history of economic thought will not be taught at the Friedman Center. The first thing that the Chicago Boys did in Chile when they were given power after the 1973 military coup was to close down every economics department in the country – and indeed, every social science department outside of the Catholic University where they held sway. They realized that “free markets” for capital required total control of the educational curriculum, and of cultural media generally.

What free marketers realize is that without an Inquisition authority, you cannot have a “stable” free market – that is, a market free for the financial predators who presumably are targeted as the major potential donors to the U/C’s Friedman Center. Chicago School monetarists have achieved censorial power on the editorial boards of the major refereed economics journals, publication in which has become a precondition for career advancement for academic economists. The result has been to limit the scope of economics to “free market” celebration of rational choice theory and a narrow-minded “law and economics” ideology opposed to the ideas of moral justice and economic regulation that formed the basis of so much Western religion.

I had a foretaste of this inquisitorial spirit when I attended the U/C Laboratory School. I remember the large banner strung over the blackboard in Mr. Edgett’s social science classroom in 1953: “Give them all what the Rosenbergs got.” After the Freedom of Information Act opened up FBI files, my fellow classmates got quite a kick out of reading the reports filed on them and their political views by U/C professors and those of its associated Shimer College.

Who would have anticipated that economics would end up more right wing and authoritarian, more explicitly opposed to the very idea of human rights and distributive justice than theology? Or that the latter discipline itself would be so inverted? The classical economists were reformers, after all, seeking to free markets from unearned income – the “free lunch” of land rent by Europe’s hereditary aristocracies, and from monopoly rents administered by the royal trading corporations created by European governments to pay off their war debts. But the Chicago monetarists seek to deregulate monopolies and usury laws, favoring rentiers rather than the “real” economy of labor and capital. Their focus is on financial and property claims on income and on assets pledged as collateral: bank loans, stocks and bonds, for which they urge tax cuts. And to increase the market for leveraged buyouts, the Chicago Boys advocate privatizing the public domain, starting in Chile after 1973.

So what is inverted is not only the classical idea of free markets, but the economic core of early religion. Today, the Chicago Boys deem those most in need of salvation to be high

finance, real estate and monopolies in their fighting to reverse the past seven centuries of classical economic reform since the Churchmen debated how to define a Just Price (socially necessary costs of production) for banks to charge back in the 13th century.

It seems largely about fund-raising, but isn't that true of most religion nowadays? The University of Chicago was financed by John D. Rockefeller, prompting Upton Sinclair to call it "The University of Standard Oil" in *The Goose Step*. When I attended in the 1950s, Lawrence Kimpton had replaced Robert Hutchins as chancellor, and in 1961 became general manager of planning (and subsequently, director) for Standard Oil of Indiana. His most famous act (apart from supervising the Manhattan atom bomb project) was to suppress *The Chicago Review* issue that contained excerpts from Robert Burroughs' *The Naked Lunch*. Significantly, the reason he gave was that publication might discourage financial grants being given to the university.

Mr. Rockefeller at least duly gave his tithe to "those in need." In a contrasting spirit, Herman Kahn's wife, Jane, told me that once at a party, Milton Friedman replied to her suggestion of better public welfare and medical care, "Mrs. Kahn, why do you want to subsidize the production of orphans and sick people?" This is not exactly the classical religious spirit.

The problem with the Friedman Institute is that its economic doctrine rose to notoriety in the Pinochet period, the high tide of the Chicago Boys in Chile. Privatization of public enterprise, "freeing" markets from usury laws and promoting deregulation is the antithesis of nearly all religions, whose guiding purpose after all was to socialize their members and create a moral state.

Friedmanite monetarism has been characterized as a post-modern ideology which, like religion, has its own sacred cows and idols – and an Inquisition. In place of tithing of unbelievers as in Islam, we have the tax shift off the religion of finance capital onto labor standing outside its gates. As the press release reports: "wide protest ... has centered on the Institute's strong ideological bias toward free market fundamentalism in the Friedman tradition. In this way and others, its nature runs contrary to the University's tradition of free inquiry and unfettered debate."

Well, I'm not sure about how recent that tradition of unfettered debate was. But the announcement concludes with a note that "FOR FURTHER INFORMATION CONTACT: Robert Kendrick, Professor of Music (rkendric@uchicago.edu, 773-702-8500) or Bruce Lincoln, Caroline E. Haskell Professor of History of Religions (blincoln@uchicago.edu, 773-702-5083)."

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