

# Economies of Salvation

Adam Smith and Hegel

Peter Lang

Yong-Sun Yang

This book challenges the notion of the separation between economics and theology. It explores relationships between the disciplines through the concept of salvation, focusing on the work of Adam Smith and G.W.F. Hegel. They wrote as the disciplinary boundaries between economics and theology were taking shape, and remain important figures in contemporary discussions. Illuminating the theological foundations of the economic ideas of these two main thinkers, this book enriches our understanding of issues related to salvation such as: sympathy and recognition; poverty and the state; the invisible hand and the cunning of reason; evil and scarcity and eschatology. Moreover, the book contributes to a broader understanding of salvation and provides a model for future dialogue between economists and theologians by extending the frontiers of this unexplored field of research.

YONG-SUN YANG holds a PhD from the University of New South Wales and has master's degrees in economics and theology, after earlier studies in mathematics and philosophy. He is currently teaching systematic theology and ethics in Sydney.

ISBN 978-3-0343-0259-3



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Oxford · Bern · Berlin · Bruxelles · Frankfurt am Main · New York · Wien

Bibliographic information published by Die Deutsche Nationalbibliothek  
Die Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie;  
detailed bibliographic data is available on the Internet at <http://dnb.d-nb.de>.

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data:

Yang, Yong-Sun.

Economies of salvation : Adam Smith and Hegel / Yong-Sun Yang.  
p. cm.

Includes bibliographical references (p.     ) and index.

ISBN 978-3-0343-0259-3 (alk. paper)

1. Economics--Religious aspects--Christianity. 2. Smith, Adam,  
1723-1790. 3. Hegel, Georg Wilhelm Friedrich, 1770-1831. 4.

Salvation--Christianity. 5. Self-interest. I. Title.

BR115.E3Y36 2011

261.8'5--dc23

2011040087

ISBN 978-3-0343-0259-3

E-ISBN 978-3-0353-0218-9

Cover designed by Gemma Lewis

© Peter Lang AG, International Academic Publishers, Bern 2012  
Hochfeldstrasse 32, CH-3012 Bern, Switzerland  
[info@peterlang.com](mailto:info@peterlang.com), [www.peterlang.com](http://www.peterlang.com), [www.peterlang.net](http://www.peterlang.net)

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Printed in Germany

*To our children:*  
*Sora, Sori, Haneul, and Jeonghun*



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## Acknowledgements

I would like to thank my colleagues, students and friends. They have always been the reason for me to continue this worthwhile endeavor. It is also my great pleasure to have a chance to express sincere appreciation to Prof. Paul Oslington, Mr. Graeme McMartin and Dr. Charles Hyde for their knowledge, time and support. This book is dedicated to the memory of my parents, who poured out their lives for their children to live, love and learn the truth and beauty of life. I hope that this is not the end but the beginning of a new journey, with great wonder and joy beyond language and thought.



## Abstract

This book challenges the general notion that economics and theology are different academic disciplines. By exploring the relationship between economics and theology through the concept of salvation, this book bridges the gap between the two disciplines and offers a new understanding of their relationship. The meaning and role of self-consciousness in human salvation is developed in relation to major philosophers Adam Smith and G.W.F. Hegel. Smith's self-interest is a natural instinct, while Hegel's self-consciousness is a rational ability. By illuminating the theological foundations of the economic ideas of these two main thinkers, this book enriches our understanding of the issues related to salvation such as: sympathy and recognition, poverty and the state, the invisible hand and the cunning of reason, evil and scarcity, and eschatology. This exploration of their thoughts to clarify the inherent relationship between economics and theology may thus contribute to a better understanding of salvation. The book also provides a model for future dialogue between economists and theologians and extends the frontier of this relatively unexplored field of research.



## Abbreviations

EPS	Adam Smith, <i>Essays on Philosophical Subjects</i>
PR	G.W.F. Hegel, <i>Elements of the Philosophy of Right</i>
TMS	Adam Smith, <i>The Theory of Moral Sentiments</i>
WN	Adam Smith, <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i>



## Introduction: Beginning of Dialogue Between Economics and Theology

### 1.1. Economics, Ethics, and Theology

This book explores a mutual relationship between economics and theology, which are generally regarded as separate academic disciplines with ethics somewhere in the middle. Economics is usually thought of as a value-free science dealing with facts, while theology is considered to be a value-laden science searching for a spiritual truth. An economic human is assumed to be a rational being looking for the maximization of self-interest, while a religious human is believed to be a self-sacrificing man devoting his life for the benefit of others. Thus, there seems to be a big gap between the views offered by economics and theology in terms of what we want and who we are. These world views are so different from each other that it would seem impossible to establish a dialogue between economics and theology.

Despite the gulf between the assumptions and goals of economics and theology, upon closer inspection it is revealed that there are important linkages between the two disciplines. Indeed, the wide gap between the two disciplines is a relatively recent development and in earlier times economics and theology were much more closely intertwined.<sup>1</sup> Many economic terms and ideas are used in the Bible to explain theological issues such as sins and salvation. The parable about the workers in the vineyard is a good example of an economic image of religious salvation (Matthew 20: 1–16).

1 A.M.C. Waterman, *Revolution, Economics and Religion: Christian Political Economy 1798–1833* (Cambridge: Cambridge University Press, 1991).

The use of economic language to describe religious salvation shows the possibility of establishing a relationship between these seemingly separate subjects.<sup>2</sup>

So what does economics have to do with theology? And what does theology have to do with economics? What is the legitimate relationship between the human economy and God's providence, if any? That is the central question which this book addresses. Nelson argues that economics is fundamentally theology as the seemingly value-free science is actually based on a powerful secular faith in economic progress.<sup>3</sup> However, even though it may be true that economics grounded on fact is actually founded on religious faith of material progressivism, it does not necessarily mean that economics is theology. One possibility is that the relationship between the two disciplines is a matter of ethics rather than of theology or religion itself.<sup>4</sup> For example, Deirdre McCloskey argues in her book *The Bourgeois Virtue* that economics and theology cannot be separated because the bourgeois economic mind has an ethical foundation, promoting a wide range of virtues including typical Christian ethics such as love, faith and hope.<sup>5</sup> However, the hidden interrelationship between economics and theology may reside in more than just an ethical dimension. The aim of this book is to show that the relationship between economics and theology is more than a matter of ethics: economic thought is fundamentally based on theological thought, and religious faith also has a strong economic aspect.

- 2 Douglas Meeks, *God the Economist: The Doctrine of God in Political Economy* (Minneapolis: Fortress Press, 1990).
- 3 Robert H. Nelson, 'The Theological Meaning of Economics,' *Christian Century* (August 1993), 777–781. He published two important books: *Reaching for Heaven on Earth – The Theological Meaning of Economics* (1991), *Economics as Religion: from Samuelson to Chicago and Beyond* (2001).
- 4 Paul Oslington (ed.), *Economics and Religion* (Cheltenham: Edward Elgar 2 volumes, 2003).
- 5 Deirdre N. McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006).

## 1.2. Salvation as a Possible Contact Point

In spite of the difficulty of communication between economics and theology today, we cannot deny that a simple reality of human nature is that we have a natural desire for happiness. A human is a self-conscious being who is aware of his own desire for happiness in body, mind, and soul, always searching for economic, moral, and religious satisfaction. It is also undeniable fact that we all have a natural desire for salvation in this world or in a life to come, whatever form that takes. In this book, salvation is chosen as a contact point for economics and theology.

It is interesting to note that salvation has various meanings in both secular and religious circles. In our market-oriented society, people appear to seek salvation primarily, if not entirely, through the attainment of material affluence. Individuals and society seek to be saved from the world of economic scarcity through the maximization of their satisfaction of material consumption. Thus, in economics, self-interest and self-love are seen as the path to salvation. Of course, this belief system does not necessarily mean that material affluence automatically leads us to salvation, nor does it imply that salvation is purely an economic matter. In fact, salvation is not just a matter of having but also a matter of being. In the religious world, self-denial and self-sacrifice (in contrast to self-interest and self-love) are generally considered the way to achieve salvation. Religious salvation is generally believed to be based on others-interest, self-negation, or self-sacrifice by denying ourselves and loving God and others in order to be saved from sin and evil (Matthew 16:24–26). Self-love is by and large regarded as sinful in the religious world.

Religious salvation in connection with sin, self-negation, love, grace, heaven, and eternal life seems to be in fundamental contradiction to the economic salvation which is related to scarce resources, self-interest, competition, rational choice, utility-maximization, and worldly life. In spite of this obvious tension, it is also true that self-consciousness is the essence of the economic and religious desire for salvation in this world or in a world to come. Therefore, salvation is suggested in this book as a contact point to explore the interrelationship between economics and theology.

The self-conscious human desire to achieve ultimate happiness not only in this world but also in any life to come is universal. In this book, the self-conscious human desire for happiness is used as a starting point to explore the relationship between economics and theology with salvation as the key contact point between the two disciplines. Even in religious self-sacrificial behaviour, we may reasonably assume that self-interest is still at the centre of human desire for salvation. Self-sacrifice is possible and meaningful only when we know what self-interest is; self-interest has no meaning at all without others-interest as self-interest is essentially relational rather than solipsistic. The intertwinement of self-interest and others-interest will be one of the important keys with which to understand the human self-conscious desire for salvation.

Human self-consciousness is like a prism which shows various colours depending on which perspective we adopt. It has so broad a range of meanings that it is sometimes problematic. These various colours of self-interest sometimes become the reasons why there are difficulties and misunderstandings in dialogues between economic theory and religious belief. Self-interest as the human desire to better one's condition in terms of happiness is quite often identified with, and criticised as, selfishness, a blind self-autonomy, and distorted self-love in opposition to others-interest, social welfare, and God-love. According to these critiques, self-interest is nothing but economic irrationality, moral depravity, and religious sin. In this book, however, self-interest is more broadly identified with a whole range of colours emerging from the prism of human self-consciousness. This book shows that different approaches to understanding the role of self-interest in achieving salvation do not just give rise to different expressions of the same idea, but rather have different theological assumptions embedded in them. It is also shown that self-interest and others-interest are two faces of the same human self-consciousness.

### 1.3. Why Adam Smith and G.W.F. Hegel?

There have been many scholarly debates over the issue of the relationship between economics and religion. However, the approach taken in the book is neither an ethical and theological evaluation of economic behaviour in the market, nor an economic analysis of religious behaviour, nor an historical examination of their original relationship, but an exploration of the common base on which they may communicate with each other. In order to demonstrate the full extent of the common ground shared by economics and religion, we need to give a balanced account of both the economic ideas and the theological thought.

This book focuses on the ideas developed by Adam Smith and G.W.F. Hegel. Not only have they both had a huge influence on our way of thought, but they are also quite different thinkers to each other in many respects. Adam Smith is hailed as the father of modern economics, while Hegel is one of the most influential thinkers in philosophy and theology. However, little research has been done so far to directly compare Adam Smith and Hegel especially from the perspective of the interrelationship between economics and theology. The exploration of their thoughts to clarify the inherent relationship between economics and theology may contribute to the extension of the frontier of this unexplored field of research.

Adam Smith as a moral philosopher does not neglect the importance of the moral dimension in human relationships. He believes that humans are born into society not as solipsistic atoms but as relational persons, so that the society we live in is more than just a simple sum of individuals. His idea of self-interest is not selfishness but rather natural self-consciousness of the need to harmonize the tension between individual desire and social welfare. It is therefore important to understand the economic, moral and theological reasons for why he pays so much attention to the role of self-interest as the driver of benefit for both individuals and society.

In addition, his idea of the invisible hand is still a problematic concept perplexing many modern economists as there is certainly a theological flavour in his use of the term. Is there any hidden theological presumption

when he refers to the invisible hand, or is it just an ironic joke? What is his understanding of the role of God's providence for human salvation individually and socially? What theological precepts are embedded in his economic ideas? These are the questions to be discussed in Adam Smith's theology of economic life.

The other thinker to be dealt with in this book is G.W.F. Hegel. He is well-known for the circular and dialectical logic which pervades his system of thought. While he is surely not an economist in a modern sense, his direct or indirect influence on modern economics cannot be neglected. In particular, close attention needs to be paid to his idea of the "cunning of reason" because its recognition of the positive role of human passion in history seems to be peculiar considering his strong emphasis on human rational ability. What does he try to convey by the expression "the cunning of reason"? Is there any theological basis for asserting that human passion is the cunning of reason? How does he bring in original sin to his system of thought? What are the theological precepts embedded in his economic ideas? If there are any, how do the theological backgrounds affect his economic ideas? What do those conclusions imply regarding the relationship between economics and theology? And, finally, what is the meaning of salvation in Hegel's theology of economic life? These are the main questions to be discussed.

Of course, it is not easy to compare two great thinkers who have completely different intellectual backgrounds, let alone their different languages and cultures. However, this interdisciplinary comparison will bear fruitful implications if we are able to identify the common base on which these two thinkers have built their ideas. This book shows that the comparison between Adam Smith and Hegel is not only possible, but is also meaningful and enriches our understanding of salvation.