

J. Daniel Hammond

God and Man at the University of Chicago: Religious Commitments of Three Economists

My concern in this book is not with the Will but with the Intellect, not with sanctity but with sanity. The difference is too often overlooked in the practice of religion. The soul has two faculties and they should be clearly distinguished. There is the will: its work is to love—and so to choose, to decide, to act. There is the intellect: its work is to know, to understand, to see: to see what? To see what’s there.

F. J. Sheed, *Theology and Sanity*, 1946

Milton and Rose Friedman report in *Two Lucky People*¹ that when making their wedding plans in 1938 she overcame his resistance to a religious ceremony. Neither Rose nor Milton adhered to their parents’ Orthodox Jewish beliefs, but Rose convinced Milton that considering her parents’ and his mother’s feelings was more important than his fear of hypocrisy in participating in a ritual based on beliefs they did not hold. They were married by a rabbi at the Jewish Theological Seminary in New York on June 25, 1938, satisfied that this was a matter of “pure form, not substance.” As a child, Rose attended Hebrew school for a year, and “Sunday school” until she was thirteen. She remarks in *Two Lucky People*, with apparent regret, that her family did not leave religious “superstitions” in the Old World when they emigrated from

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¹ Milton Friedman and Rose D. Friedman, *Two Lucky People: Memoirs* (Chicago: University of Chicago Press, 1998).

Eastern Europe, mentioning in particular the practice of burning candles from sundown to sundown on Yom Kippur, with the fear that a family member would die during the year if any of the candles went out. As a child Rose dreaded the fasting and prayers for forgiveness of the Day of Atonement holiday. Her father was “more fanatic” about religion than her mother, who over time became “emancipated” from some kosher rules of their Orthodox Judaism.

Milton attended Hebrew school until the age of thirteen, and he was Bar-Mitzvahed. By his own account, he was fanatically religious as a child. But as he neared the age of religious responsibility he came to believe that his Jewish faith was unreasonable. The Friedmans’ memoir gives no account of how and why Milton lost his faith, but when he did so he made a 180-degree turn, becoming completely agnostic, or by Rose’s description “fanatically antireligious.” Why would these two Jewish youths, she being an immigrant and he the son of immigrants, whose parents appear to have lived up to their responsibilities to raise their children in the faith and practice of Judaism, have felt confident in leaving the religion? To answer this question in detail we would need to know more than can be known from historical records of the Friedmans’ personal lives. It would appear, however, that they made their exit from the religious faith and understanding of their childhoods, carrying neither religious practice nor religious inquiry into their adult lives. Their experience was not unusual for budding intellectuals from both Jewish and Christian families. Milton and Rose came of age when intellectual and academic life in the United States was becoming increasingly separated from religion.²

² See, for instance, George M. Marsden, *The Soul of the American University* (Oxford and New York: Oxford University Press, 1994), and James Tunstead Burtchaell, *The Dying of the Light: The Disengagement of Colleges From Their Christian Churches* (Grand Rapids, Mich.: W. B. Eerdmans, 1998).

The first commandment Moses received from God on Mount Sinai was, “I am HaShem thy G-d, who brought thee out of the land of Egypt, out of the house of bondage. Thou shalt have no other gods before Me.”³ The Israelites’ history was to stray from God and be called back by God and His prophets, time and again. When they strayed, they did not simply leave God, they left Him for other gods. Thus the commandment’s two parts, that the Lord is God, and that His people shall not have any other gods. Since Jesus’ life on earth, the commandment has held equally for Jews and for Christians. But over the past three centuries there has been a steady abandonment of God by Jewish and Christian intellectuals. Many have viewed their apostasy as Rose Friedman viewed her mother’s break with kosher rules, as emancipation, for themselves as individuals and ultimately for society. If, as came to be conventional wisdom among the highly educated in the early twentieth century, God is a human creation rather than vice versa, prayer, worship and other religious practices are nothing but superstition, *i.e.*, belief and practices resulting from ignorance, trust in magic and chance, and false conceptions of reality. Human progress requires that reason and knowledge replace ignorance and superstition. Therefore human progress requires pushing religion out of the public square. In a democratic society, where good government depends on an educated citizenry, this requires removing religion from the private sphere as well. Citizenship requires rational contact with reality, not adherence to false and superstitious world views.

Yet a clearheaded look at human history suggests that men and women have a stubbornly persistent religious impulse. They do not and cannot live their lives solely on the basis of confirmed, evidentially-based knowledge. There is not enough of it. We are faced with chronic excess demand for knowledge on which to base decisions. So we make

³ *Exodus* 20:2–3, Jewish Publication Society edition.

commitments to “facts” about which there can be no crucial experiments, no confirmation or disconfirmation, and to values for which, as the positivist philosophers reminded us, in principle there can be no experiments. Even the hardest-headed rationalists make intellectual commitments that cannot be justified on positivist scientific grounds. These commitments frequently have a personal dimension that approaches the level of discipleship—Marxians, Randians, Keynesians, Misesians, Kantians, Freudians, Smithians, Friedmanites. For intellectuals of the most independent cast, who stand outside these various tribes, there remains the commitment from which economists have made much hay ever since Adam Smith, commitment to one’s self. It seems that even in this post-Judaism, post-Christian, post-modern, end-of-the-Enlightenment age, God and Moses were onto something in human nature. Humans always have a god.

The purpose of this paper is to examine how three very different Chicago economists, Milton Friedman, Frank H. Knight, and John U. Nef, Jr., handled the question of God and religion.⁴ This is of interest for understanding the “Chicago School” that developed after World War II, for all three were present at its inception. It is useful as a step toward understanding the ideology of the Chicago School, to use that term very broadly to mean beliefs, values, and presumptions that give

⁴ Notable work on religion and the history of economics includes papers in the supplementary issue of *History of Political Economy*, volume 40, “Keeping Faith, Losing Faith.” The editors’ introduction is: Bradley W. Bateman and H. Spencer Banzhaf, “Keeping Faith, Losing Faith: An Introduction,” *History of Political Economy* 40 (December 2008): 1–20. Also, see A. M. C. Waterman, *Revolution, Economics, and Religion: Christian Political Economy, 1798-1833* (Cambridge and New York: Cambridge University Press, 1991); *Economics and Religion*, ed. H. G. Brennan and A. M. C. Waterman (Kluwer Academic Press, 1994); *Economics and Religion*, ed. Paul Oslington (Cheltenham, U.K.: Edward Elgar, 2003); Thomas C. Leonard, “Religion and Evolution in Progressive Era Political Economy: Adversaries or Allies?” *History of Political Economy* 43, no. 3 (2011): 429–469; and Bradley W. Bateman, “‘In a Space of Questions’: A Reflection on Religion and Economics at the Beginning of the Twenty-First Century,” *History of Political Economy* 43 (Summer 2011): 389–411.

particular shape to one's conception of what economics is, the breadth of its domain, and the uses to which it can be put. We will see that for each of these three figures, their stance on religion set limits on the effectiveness of their intellectual efforts in the public sphere of their university, the larger academic community, and American society.

The view that the God of Jews and Christians is a fantasy was presented by Sir Julian Huxley to assembled administration, faculty, and students of the University of Chicago in Rockefeller Chapel on Thanksgiving Day, November 26, 1959:

Religions are organs of psychosocial man concerned with human destiny and with experiences of sacredness and transcendence. In their evolution, some (but by no means all) have given birth to the concept of gods as supernatural beings endowed with mental and spiritual properties and capable of intervening in the affairs of nature, including man. Such supernaturally centered religions are early organizations of human thought in its interaction with the puzzling, complex world with which it has to contend—the outer world of nature and the inner world of man's own nature. In this, they resemble other early organizations of human thought confronted with nature, like the doctrine of the Four Elements, Earth, Air, Fire, and Water, or the Eastern concept of rebirth and reincarnation. Like these, they are destined to disappear in competition with other, truer, and more embracing thought organizations which are handling the same range of raw or processed experience—in this case, with the new religions which are surely destined to emerge on this world's scene.

Evolutionary man can no longer take refuge from his loneliness in the arms of a divinized father-figure whom he has himself created, nor escape from the responsibility of making decisions by sheltering under the umbrella of Divine Authority, nor absolve himself from the hard task of meeting his present problems and planning for his future by relying on the will of an omniscient, but unfortunately inscrutable, Providence.⁵

⁵ Sir Julian Huxley, "The Evolutionary Vision," in *Evolution After Darwin: The University of Chicago Centennial*, vol. III, *Issues in Evolution*, ed. Sol Tax (Chicago: University of Chicago Press, 1960), 253.

Friedman (1912-2006) was a student of the two older economists, Knight (1885-1972) and Nef (1899-1988). He took Knight's *History of Economic Thought* (302) in the winter quarter 1933, during his first year as a Chicago graduate student. After a year away from Chicago at Columbia he returned, expecting to complete his Ph.D. at Chicago. Toward this end he took Nef's *Economic History of European Civilization I* (221) in the fall quarter 1934 and sat in on the second course of Nef's sequence in the spring quarter 1935.

In comparison with these two of his teachers, Friedman represents the mainstream of positivist economic science. Positivism, loosely defined as the modern idea of science, restricted economics to questions on which empirical fact could be brought to bear. Both Knight and Nef rebelled against the wave of positivism that swept over the social sciences during their lives, a wave not unconnected with the loss of intellectuals' religious faith. Knight's and Nef's visions of economics, and more generally of intellectual life, were broader than Friedman's specialized positivist bent allowed. Friedman saw himself as an economic scientist. Knight saw himself as a scientist, but not as a positivist scientist.⁶ Although his appointment was in the Department of Economics, Nef identified himself as a historian, and not as an economic historian but a historian of civilization. Both Knight and Nef sought to preserve room in social science for matters that cannot be captured in empirical evidence. This led them to direct confrontation with religious questions that appear not to have troubled Friedman.

On the surface Knight and Nef are alike in their differences with the new Chicago economics that developed under Friedman's leadership. Yet, on the matter of religion they began life in vastly different places, and took different routes through their lives. Knight began life

⁶ See J. Daniel Hammond, "Frank Knight's Antipositivism," *History of Political Economy* 23 (Fall 1991): 359-382.

in Midwestern “Protestant” Christianity and struggled throughout his life for emancipation from it. Nef began life in the ambit of what Rosalind Murray called “the Good Pagan,”⁷ and at first intellectually, later spiritually, came to the religion that Knight most despised, Roman Catholicism. The following two sections provide brief religious biographies for Knight and Nef, completing that which we began for Friedman in the introduction. Then in the final part of the paper we will offer some conjectures on how their stances on matters of religion relate to their economics and what this may mean for economists today.

Knight: Relatively-Orthodox, Orthodox-Protestant Agnostic⁸

James Buchanan identifies Knight’s stance regarding institutional religion:

To Frank Knight nothing was sacrosanct, not the dogmas of religion, not the laws and institutions of social order, not the prevailing moral norms, not the accepted interpretations of sacred or profane texts. Anything and everything was a potential subject for critical scrutiny, with an evaluative judgment to be informed by, but ultimately made independently of, external influence. The Knightian stance before gods, men, and history embodied a courage and self-confidence that upsets the self-satisfied propounders of all the little orthodoxies, then and now.⁹

Buchanan attributes Knight’s rebelliously critical stance before gods, men, and history to his upbringing in the rural, evangelical Christian environment of McLean County, Illinois. Knight’s family were Disci-

⁷ Murray’s book by this title (*The Good Pagan’s Failure* [New York: Longmans, Green, 1948]) is an autobiographically based Christian apologetic. Her father was classical scholar Gilbert Murray, the eponymous good pagan.

⁸ One of Knight’s favorite terms was “relatively absolute absolute.”

⁹ James M. Buchanan, “Frank H. Knight: 1885-1972,” in *Remembering the University of Chicago: Teachers, Scientists, and Scholars*, ed. Edward Shils (Chicago: University of Chicago Press, 1991), 244.

ples of Christ and he attended two Disciples colleges in Tennessee, American College and Milligan College. Knight maintained a long-term friendship with Disciples theologian Frederick D. Kershner (1875-1953), from whom he took courses at both American and Milligan.¹⁰ But Knight either abandoned the faith early in life or never formed belief in the historical and metaphysical claims of Christianity. However, unlike Milton Friedman, he was never able to get religion off his mind.

Ross Emmett records Knight's "religious life" in the Unitarian church while he was on the faculty of the University of Iowa.¹¹ Emmett uses the term "religious life" loosely, for Knight's association with the Iowa City Unitarians was as much or more social and intellectual as religious, by any conventional definition of that term, including Knight's own. Emmett reports Knight's statement to Kershner that "in addition to complete skepticism of religion historically and metaphysically (which I have always felt), I no longer believe in it as a social institution."¹² He later explained to Kershner why he chose to attend the Unitarian church in Iowa City rather than, presumably, the local Disciples church or no church. "I want some sort of religious connection, and while these people are really about as dogmatic and opinionated as any of the rest of them, at least they stand theoretically for a truth-seeking attitude."¹³ Here we see Knight's stance to which Buchanan's sketch draws our attention: truth-seeking is paramount, but truth is never found. Frank Knight could not be a follower of Jesus of Nazareth who

¹⁰ Kershner was later President of Texas Christian University and Dean of the Butler University School of Religion.

¹¹ Ross B. Emmett, "The Religion of a Skeptic: Frank H. Knight on Ethics, Spirituality and Religion During His Iowa Years," *History of Political Economy* 40 (December 2008): 315-337.

¹² Knight to Kershner, September 19, 1916, in *Frederick D. Kershner Papers* (Library, Christian Theological Seminary, Indianapolis, Ind.), Box 12, Folder 9, 320.

¹³ Knight to Kershner, November 15, 1922, in *Frederick D. Kershner Papers*, Box 15, Folder 27, 322.

told the apostle Thomas, "I am the way and the truth."¹⁴ Presumably when Thomas heard Jesus he stopped seeking; he had found the truth. Not so for Frank Knight.

Knight did not believe in God. He told assembled Unitarians from Iowa and Nebraska, "We must if we are to be honest go farther and admit once for all that science has made it impossible to be religious in any theistic sense, orthodox or liberal."¹⁵ This, it seems to me, is the starting point for understanding Knight's commitments. He was committed to the absence of a theistic God. He believed that such a God did not exist, and the man Jesus was therefore not one of three divine persons with the Father and Holy Spirit. Others' belief in Jesus's divinity was part of historical and contemporary reality, as was the theological, ethical, and institutional structure of Christianity. When Knight evaluated Christianity he did so as a nonbeliever. He evaluated Christianity as one might evaluate John Locke's social contract political philosophy. It was a real system with many adherents that was based on a fiction.

Knight's agnosticism was, to an approximation, orthodox Protestant agnosticism rather than liberal Protestant, or Catholic agnosticism. This can be seen in his and Thornton W. Merriam's introduction to *The Economic Order and Religion*, where writing jointly about themselves, the self-professed agnostic Knight and self-professed Christian Merriam say:

In connection with the question of the objective justification of any person or group to call himself or itself "Christian," Knight is more inclined to insist on the scriptural character of Christianity, throughout its history, and to hold that a religious or ethical

¹⁴ John 14:6, *New American Bible*.

¹⁵ Frank H. Knight, "The 'Concept' of Spirituality," Closing Address, Iowa and Nebraska Association of Unitarians, Iowa City, 17 October 1923, in *Frank H. Knight Papers* (Regenstein Library, University of Chicago, 1923), Box 4, Folder 23 (and Box 55, Folder 21).

position which is not reasonably derived from, or at least harmonized with, the content of the New Testament in some defensible interpretation should not be called Christian. Merriam, on the other hand, is more inclined to view Christianity as a movement, in the literal sense of something which moves, grows and changes. He would not deny the legitimacy of the use of the designation "Christian" by people who consider their position as belonging to the movement, even if they explicitly say that a substantial part of the beliefs actually taught in the New Testament must now be rejected outright, in the light of the growth of knowledge and changes in the accepted ultimate premises of theology, religious philosophy and ethics. Knight thinks that if this view is accepted in an extreme form, it becomes impossible to assert any conflict or opposition between Christianity and any other religious, philosophical or ethical position, if the continuity is actually affirmed by any considerable number of people whose judgment is entitled to respect.¹⁶

Knight's frame of reference in *The Economic Order and Religion* is "liberal Christianity," meaning "those who wish to order their beliefs on the basis of facts and reasoning, not to those for whom all questions in this field have been answered, long before their birth, by deference to some individual or organization, or doctrine or tradition, which claims supernatural authority."¹⁷ Nonetheless, he requires a firmer basis in the New Testament than Merriam for beliefs or persons claimed to be Christian.

Mr. Merriam gives much less explicit discussion even than I have done to the meaning of Christianity, not to mention religion in general; and what he does give is more of the nature of a statement of his own ethical position than of argument for the view that his position is to be identified with that of Christianity, or of religion. . . . Merriam's treatment would hardly differentiate Christianity from Judaism, as to present-day ethical content, and the

¹⁶ Frank H. Knight and Thornton W. Merriam, *The Economic Order and Religion* (New York: Harper & Brothers, 1945), 3.

¹⁷ *Ibid.*, 27.

two practically cover the meaning of religion in our culture situation.¹⁸

Knight and Merriam are of like mind in regard to Christianity's evolution as inevitable and welcomed. Where they differ is on the question of whether contemporary beliefs, having evolved over nineteen centuries, were in any meaningful sense Christian.

With reference to the genius of Christianity, it is an error to define its content in terms of the world view of a previous age, for Jesus commanded his followers to expect new disclosures of truth, from the Spirit of Truth. Such a definition is said to be the basis of attack on Christianity by external enemies, while its internal enemies attack it by seeking a haven of refuge from the realities of the life about them. Although this discussion runs in terms asserted to be Christian, I suggest that it is better taken in a general idealistic sense, apart from any religion. And the contention that the churches should be the leading agents in promoting such ideals and reforms rather raises without answering the question whether such churches should be called Christian, or even churches.¹⁹

Emmett notes that commentators have attributed Knight's rejection of Christianity to the conservative, "hell-fire and brimstone" faith in which he was reared.²⁰ We see in his exchange with Merriam that the Christianity of his youth retained its hold on Knight. As liberal Christianity became less orthodox and harder to distinguish from secular humanism, Knight thought it ceased to be Christianity, even to be religion. His agnosticism was not a denial of liberal "humanistic Christianity," but of relatively orthodox Christianity.

There was something of Christianity that Knight found attractive. Reviewing William J. Ashley's *The Christian Outlook*, a collection of sermons, Knight wrote admiringly, "There is no quietism in his mes-

¹⁸ *Ibid.*, 231–232.

¹⁹ *Ibid.*, 232–233.

²⁰ Ross B. Emmett, "Frank Knight: Economics vs. Religion," in *Economics and Religion*, ed. Brennan and Waterman, 103–120.

sage, as there is no gloom; it is 'Christian' in the highest and best sense (whatever one may think of the historically 'true' interpretation), as against paganism, asceticism or Puritanism."²¹ Humanistic tendencies in Protestant Christianity met with his approval. But he expressed only wrath for the type of Christianity that was the most orthodox, Roman Catholicism.

It is not surprising that the worst of Christianity, in Knight's view, was Roman Catholicism. There was anti-Catholicism in the Disciples of Christ environment of his youth. But more important, I think, the authoritarianism of Catholicism clashed with Knight's individualistic liberalism. Thus philosopher Jacques Maritain's defense of human rights within a Catholic intellectual framework²² struck Knight as fitting a square peg in a round hole. Notwithstanding the Catholic Modernist movement, which was condemned by Pope Pius X in the encyclical *Pascendi Dominici Gregis*,²³ Catholicism stood in stark contrast with what Knight found most appealing about liberal Protestantism such as Ashley's or Merriam's.

This is a point that is easily overlooked in light of the magisterial teaching authority of the Church and its library full of canon law, council documents, encyclicals, and apostolic letters, which have little or no counterpart in Protestant denominations. One might think that the new teachings from the magisterium contain new doctrine. But this is not the case. The Church's charge and authority is to preserve the deposit of faith as handed down from the apostles. The Church interprets and teaches but does not add to the deposit of faith.²⁴ The Catholic Christian

²¹ Frank H. Knight, "Review of *The Christian Outlook: Being the Sermons of an Economist*, by William J. Ashley," *Political Science Quarterly* 40, no. 4 (Dec. 1925): 625.

²² Jacques Maritain, *The Rights of Man and Natural Law*, trans. Doris C. Anson (New York: Charles Scribner's Sons, 1943).

²³ Pope Pius X in the encyclical *Pascendi Dominici Gregis* (1907).

²⁴ "The task of giving an authentic interpretation of the Word of God, whether in its written form or in the form of Tradition, has been entrusted to the living teaching office

faith, as professed in the Nicene Creed, does not evolve with science, law, and the humanities. From the Catholic perspective, Protestant reformers such as Luther, Zwingli, Calvin and their followers became heretical once they went beyond proposals to re-collect Christianity, and re-formed it.

Knight either did not understand this, or understood it but thought the Church's image of itself was untrue, for he responded to Maritain's Catholicism:

Medieval Christian thought vacillated on the question as to how far natural law could be discerned by the reason, or conscience, of "fallen" man, how far he is dependent upon revelation, meaning the Bible. But, in sharp contrast with Judaism, the revealed word had to be "interpreted" by the divinely inspired church and was subject to amendment by law and fiat of the latter as God's spokesman on earth. In any case the law of nature became the law of God, meaning in practice the law, or will, of the church, and this is still the Catholic position (since there is no real limit to matters of "faith and morals"). For the church, the end—beginning, of course, with maintenance of its own authority and prestige—has always justified any means; it was not bound by any law, and resistance or disagreement was blasphemy or heresy and called for suppression by torture or execution. Human reason was out of it, except possibly in some sense for the supreme authorities in the church and as prescribing agreement by others.²⁵

Knight believed that the contemporary Catholic Church was no less intolerant than it had been in the Middle Ages. And that, he thought, was not mild intolerance. He claimed that by comparison with Communism and National Socialism, Catholicism was the worst "ism."

of the Church alone. . . . Yet this Magisterium is not superior to the Word of God, but is its servant. It teaches only what has been handed on to it. At the divine command and with the help of the Holy Spirit, it listens to this devotedly, guards it with dedication and expounds it faithfully. All that it proposes for belief as being divinely revealed is drawn from this single deposit of faith." *Catechism of the Catholic Church*, 85–86.

²⁵ Frank H. Knight, "The Rights of Man and Natural Law," *Ethics* 44 (1944), reprinted in *Freedom and Reform: Essays in Economics and Social Philosophy* (Indianapolis: Liberty Press, 1982), 322–323.

The similarity between the platforms of Roman Catholicism and communism has often been pointed out. But an ecclesiastical authoritarianism is hardly to be preferred to other species of the genus; rather, its very claims to superhuman wisdom and virtue are likely to make it more arbitrary and ruthless than other forms, and this inference could be abundantly documented from the history of western Europe.²⁶

Nef: Searching for God

John U. Nef, Jr. was the son of the founder of the University of Chicago Chemistry Department. Both of Nef's parents died during his youth and he became the ward of his father's faculty colleague, George H. Mead. Mead, a philosopher, was one of the leaders of the Chicago pragmatists. Before his father died Nef made regular trips to the Meads' apartment to deliver butter. On one such visit he met Mead's niece, Elinor Castle, who had come to Chicago from the East for a visit and stayed to attend the University. Nef was smitten at first sight of Elinor, who was five years his senior. After his father died in 1915 and Nef became the Meads' ward, he and Elinor both lived at the Meads'. They were married in 1921 and, with wealth from both their families, spent the next five years in Europe, where they delved into European culture and Nef researched and wrote *The Rise of the British Coal Industry*.²⁷ He took his Ph.D. from the Brookings Graduate School on the basis of that study. After a teaching stint at Swarthmore, he joined the Economics Department of the University of Chicago. The year Nef joined the Chicago faculty was 1928, the same year that Frank Knight came to Chicago from the University of Iowa.

²⁶ *Ibid.*, 331–332. Knight continued his critique of Maritain in “Natural Law: Last Refuge of the Bigot,” *Ethics* 59 (January 1949): 127–135, a reply to comments by F. S. Yeager's “A Note on Knight's Criticism of Maritain,” *Ethics* 58 (July 1948): 297–299.

²⁷ 2 vols. (London: Routledge & Sons, 1932).

Elinor Castle and John Nef were both brought up as atheists by their parents and by his guardians, the Meads. The five years that he and Elinor spent in Europe were, aside from his work on the history of British coal, devoted to art and culture. His academic training was in economics but he had a passion for beauty. Beauty was the keystone of Nef's humanism, and he found beauty in man and man's creations. One of two epigraphs at the beginning of his autobiography, *Search for Meaning*,²⁸ is from Shakespeare's *The Tempest*: "O, wonder! How many goodly creatures are there here! How beauteous mankind is!"²⁹

John Nef was as much drawn to Jacques Maritain as Frank Knight was repulsed. One reason was their common interest in art. Nef first learned of Maritain through an essay by T. S. Eliot in the *Criterion* in which Eliot praised Maritain "as one of the meaningful contemporary French thinkers."³⁰ This led Nef to Maritain's *Art et Scolastique*, which Nef began using in his courses. In the view of both Nef and Maritain the artist transcended the human domain to reach the divine, the source of artistic insight.

Like Stravinsky, I was struck by Maritain's emphasis on the distinction between the servile arts, where results depend on changes in matter, and the liberal arts, which are mainly constructions of the mind. This distinction revealed contrasts between reality as it appeared to medieval and to modern people. Generally speaking moderns find it more difficult than their medieval predecessors to envisage what their senses cannot detect—what cannot be touched, seen or heard.³¹

The other attraction to Maritain was just that which Knight considered retrograde, Maritain's political philosophy. The context for Nef's

²⁸ John U. Nef, *Search for Meaning: The Autobiography of a Nonconformist* (Washington, D.C.: Public Affairs Press, 1973).

²⁹ Act 5, Scene 1.

³⁰ Nef, *Search for Meaning*, 212.

³¹ *Ibid.*, 212–213.

encounter with Maritain's philosophy was the pragmatism of his guardian George Mead and Mead's colleagues in the University of Chicago Philosophy Department. Growing up in the shadow of the pragmatists, Nef found their philosophy "an alien creed."

On many occasions while we lived in Washington and Swarthmore [*i.e.*, 1926 to 1928] I took issue in amiably conducted controversy with elders in philosophy whom I had known since childhood. They usually held that the trends in American living and thought, if left to themselves, would inevitably lead to "the best of all possible worlds." But it became my conviction that unless American thought arrived freely at firm goals, other than quantity production, we would, at least, lose sight of the ideals of the Founding Fathers and, at worst, approach the mechanized nightmare towards which the trends seemed to be leading.³²

In 1933, when Maritain lectured at the University of Chicago, the Nefs were away. But Nef read the lecture, which was published as *Some Reflections on Culture and Liberty*,³³ and was thereby introduced to Maritain's political philosophy. Maritain argued for a theocentric or Christian humanism as opposed to anthropocentric humanism. The Christian humanism he proposed was not modern (post-sixteenth century) Christian humanism ("of which we have experienced to the point of nausea; for is it not the world of this humanism that is now being vomited up?"³⁴), but the humanism taught by St. Thomas Aquinas (~1225-1274) and St. John of the Cross (1542-1591). This was a humanism "that does not suffer any diminution of divine truths."³⁵

Nef became involved in Robert M. Hutchins and Mortimer J. Adler's Great Books program in 1940 and soon thereafter suggested to Hutchins that they bring this initiative to the graduate school. The out-

³² *Ibid.*, 213–214.

³³ Jacques Maritain, *Some Reflections on Culture and Liberty* (Chicago: University of Chicago Press, 1933).

³⁴ *Ibid.*, 2–3.

³⁵ *Ibid.*, 3.

come of their conversation was the Committee on Social Thought. In 1942 the Committee was founded and granted authority to recommend students for graduate degrees, and in 1946 authority to recommend faculty appointments. All of this happened in the face of faculty opposition due to Hutchins' involvement.³⁶ The Committee's faculty were drawn initially from the humanities and social sciences, with visitors from the arts and natural sciences. Nef's vision for the Committee was intellectually unified inquiry and education.³⁷

One product of Nef's widening interests beyond strictly economic history is *The United States and Civilization*,³⁸ based on his 1941 Walgreen Foundation lectures. Nef portrays the book as the epilogue of an unfinished study of industrial history relative to the history of civilization since the Renaissance. He traces the ideas in the book to his junior and senior years at Harvard, immediately after the World War I armistice. Prominent among writers whose influence is found in the book are two Christian humanists, Maritain and R. H. Tawney.³⁹ From the other side of the intellectual divide, in the preface Nef thanks Frank

³⁶ Hutchins had opponents, including Frank Knight, because of his academic management style, and also because of his views on philosophy and education, which were much like Nef's. For example, Hutchins wrote: "Pragmatism, the philosophy of Dewey and his followers, like positivism, the philosophy of Reichenbach and Carnap, is not a philosophy at all, because it supplies no intelligible standard of good or bad. Pragmatism and positivism hold that the only knowledge is scientific knowledge. As the Mad Hatter and the March Hare in *Alice in Wonderland* celebrated unbirthdays, so pragmatism and positivism are unphilosophies" (*The Conflict in Education in a Democratic Society* [New York: Harper & Brothers, 1953], 53).

³⁷ See Ross B. Emmett, "Frank H. Knight and the Committee on Social Thought: Contrasting Visions of Interdisciplinarity in the 1950s" (June 7, 2013). DOI: 10.2139/ssrn.2307185.

³⁸ John U. Nef, *The United States and Civilization* (Chicago: University of Chicago Press, 1942).

³⁹ Maritain and Tawney both spent terms in Chicago as visitors to the Committee on Social Thought.

Knight for reading the entire manuscript “with a care for my interests that I would describe as Christian were I not afraid of offending him.”⁴⁰

A separate but related difference between Nef and Knight was their conceptions of the meaning of freedom. Nef acquired his understanding of freedom from Aristotle initially and later from Maritain. In this view freedom can never be absolute. Rather it is the freedom to choose the right slavery for oneself. Slavery of any kind was anathema to Knight. He agreed that freedom can never be absolute, but his vision of the ideal free society was nonetheless antinomian, with a maximum of free rational discussion.

Although Nef was not baptized until after Elinor’s death, by the time of his Walgreen Lectures in 1941 he was a fellow traveler with Christianity.⁴¹ He tells a story in his memoirs that shortly after the founding of UNESCO in 1945 his name was mentioned in discussion of possible UNESCO participants, which prompted an American scholar, who had not met Nef, to remark, “I hate John Nef.” When asked why, the man explained, “Because he is a Roman Catholic.” Apparently, Nef’s reputation had been tainted by his association with Maritain.

The contrast between Nef’s and Knight’s views of Christianity’s role in the history of European civilization is striking. Where Knight thought Christianity was incompatible with material and ethical progress,⁴² Nef wrote that:

Christianity is, therefore, the ally of the good life. It teaches men and women that honesty and charity are right whether they lead to worldly recognition or not. . . . Nothing can sustain us so much as the belief that we are striving to act here on earth according to the light He has provided for us, and not out of any desire to ad-

⁴⁰ Nef, *The United States and Civilization*, xv.

⁴¹ Elinor Nef died in 1953.

⁴² See, for instance, Frank H. Knight, “Foreword,” in Renzo Bianchi, *Liberalism and Its Critics: with Special Attention to the Economic Doctrine of the Roman Catholic Church* (Northfield, Minn.: Carlton Economics Club, Carlton College, 1958).

vance ourselves according to the transient and fragile fashions of the world. . . .

At a time when the people of the Western countries, and most of all of the United States, are suffering from an unwillingness to assume responsibilities, when most people in their public and private relations think mainly in terms of what they can get in a worldly way and very little in terms of what they can give in effort and honesty and sweetness, there is a tremendous need for a renewal of the sense of obligation. Nothing helps men so much to assume obligations, to take a course that is difficult and unpopular, as the belief that an all-wise Being is looking on with approval when they turn away from the course that is easy or popular or likely to save their skins, but that is unjust or unwise or cowardly, if not actually wicked.

The Christian faith is the ally of reason as well as virtue. . . .

Thus the Christian faith provides reason with a shield. As the Christian faith has been weakened, as the churches have made compromises to meet material standards, this shield has grown rusty. The modern world has denied the existence of wisdom because it has seen in the work of the wisest men of the past flaws which they would be the first to recognize. No truly wise man, like Thomas Aquinas, ever claimed that he had found wisdom. Christianity offers an explanation for the flaws.⁴³

As much as Nef admired Christianity, especially Roman Catholicism, for its contributions to civilization indicated in the passage above, he remained for a long time an outside admirer. After Elinor died in 1953 Nef went into a despair from which he found solace in spiritual direction from a French priest, Fr. A. M. Carré, O.P. They were introduced by Nef's friend, French composer Nadia Boulanger (1887-1979). Fr. Carré baptized Nef and provided religious counsel for ten years.

This would seem to have completed the spiritual journey for John Nef, with his conversion following a long-standing intellectual attraction and the loss of his wife. But at a dinner party in New York in January 1964 Nef met Evelyn Stefansson née Schwartz, widow of arctic ex-

⁴³ Nef, *The United States and Civilization*, 168–169.

plorer Viljalmur Stefansson. Evelyn Schwartz was born to Hungarian Jewish parents in Brooklyn, New York City in 1913. Her mother's family were not observant. Her father's were Orthodox, and she spent her childhood in a kosher household. After her parents died Schwartz joined a group of Greenwich Village bohemians and became for a time mistress of Buckminster Fuller. She joined the troupe of puppeteer Bil Baird, and in 1932 they were married. They planned to have the ceremony in New York's City Hall "because he was Episcopalian and I was a lapsed agnostic Jew,"⁴⁴ but a friend persuaded them the City Hall setting was too grim, so they were married at St. John's Church (Episcopal) in Greenwich Village. In preparation for a trip to Iowa to meet Baird's mother, he warned Evelyn that his mother was "a religious Episcopalian" and she was worried that her new daughter-in-law was not baptized.

Since I was an agnostic and it didn't make any difference to me what faith I was against, I told him that if it would make his mother happy I would gladly be baptized. So I studied some words, met with a charming minister, became an Episcopalian, and made Bil's mother rest easy.⁴⁵

Evelyn left Baird in 1936 and in April 1941 married Viljalmur Stefansson, who was part of their Greenwich Village circle of friends. She and Stefansson remained married until he died in 1962.

When Evelyn and John Nef were married in April 1964 he had been a widower for eleven years, and a Catholic for almost as long. The matter of religion came up as they made wedding plans.

When John and I first talked about a marriage ceremony, I declared that a Roman Catholic ceremony was impossible for me. My agnostic feelings were too strong. My belief that man had invented the religions he needed to fulfill his fantasies and calm his

⁴⁴ Evelyn Stefansson Nef, *Finding My Way: The Autobiography of an Optimist* (Washington, D.C.: The Francis Press, 2002), 63.

⁴⁵ *Ibid.*, 65.

fears had been confirmed and strengthened during my time with Steff[ansson], who had studied comparative religions at Harvard and had come to the same conclusion. I love the music associated with all religions and can be moved to tears by the sound of a cantor's voice singing an excerpt from the Orthodox Jewish service or an aria from Bach's St. John's Passion, but I could never believe in the divinity of Christ, the Immaculate Conception, or the various miracles depicted in the Bible.⁴⁶

For a time after their marriage Nef attended Mass at Epiphany Catholic Church, near their home in Georgetown (Washington, D.C.). Evelyn often attended the French language Mass with him. At first, she was unable to follow the liturgy, but after studying French in a Berlitz course she came to understand what was being said in the Mass.

When I could understand what was being spoken and sung, I was horrified by the amount of *sin* and *guilt* and negative ideas the service contained. I told John I preferred to spend my Sunday mornings in ways that were more profitable to me but urged him to continue going on his own. He began to skip Mass, at first occasionally and then often. When I asked him about it he said, "Since I have you, I don't need to go to Mass. It only makes me sad now." I had a twinge of guilt, but he seemed so happy it didn't last very long.⁴⁷

Reflecting on his conversion as he wrote his memoirs in the early 1970s, Nef thought he had not understood the faith commitment required in becoming Roman Catholic. He wrote that he had thought of Christianity as a set of virtues taught by Christ and exemplified by Christ's suffering in the place of others.

I did not realize the extent to which the act of joining was prompted by the desire to save oneself and how little connection that act had with the service of humankind which commands my allegiance. Nor had I realized the prominent place given to the dogma (shared by some other churches) according to which God, the source of forgiveness of sins, is made the cause for the crea-

⁴⁶ *Ibid.*, 272–273.

⁴⁷ *Ibid.*

tion of the species which has been for thousands of years a principal source of the very evils He abhors. The Devil had no reality and it had been impossible for me to locate that Garden of Eden from which the first woman excluded her descendents by picking forbidden fruit. Elinor's unions with me did not fit the story.⁴⁸

When John Nef died on Christmas Day 1988 Evelyn buried his ashes at the base of a Marc Chagall mosaic in their garden, without a funeral.

Three Economists' Commitments

Milton Friedman's twin commitments were to empirical social science and to personal liberty for all. He was not philosophically inclined except with regard to scientific methodology.⁴⁹ That may be a part of the reason that after losing his religious faith, religion ceased to be a weighty issue for him. For an intellectual, interests in religion and in philosophy are complementary. The plane on which Friedman worked did not take him into the realm of fundamental questions of meaning and truth. However, though Friedman may not have believed in God, he believed in man.⁵⁰ He had deep confidence in the essential goodness of man and in the potential for human flourishing, provided we get the institutions right, *i.e.*, give full range to individual decision making and responsibility within a framework of mostly laissez-faire markets. He was committed to pursuit of knowledge through economic analysis, and conveying this knowledge to his fellow man. It was Mil-

⁴⁸ Nef, *Search for Meaning*, 223.

⁴⁹ See J. Daniel Hammond, "An Interview with Milton Friedman on Methodology," *Research in the History of Economic Thought and Methodology* 10 (1992): 91–118.

⁵⁰ It is interesting that Milton Friedman and Evelyn Nef were born within a year of each other into Orthodox Jewish immigrant families in Brooklyn. Both rejected their families' religion and became, in Maritain's term, anthropocentric humanists.

ton Friedman's humility, as much as his brilliance, that made him a master teacher.⁵¹

Knight and Nef to a greater extent than Friedman were philosophically inclined. Both men had spiritual and intellectual yearning for meaning that Friedman did not outwardly display. Nef titled his memoir *Search for Meaning*. He and Knight incorporated their searches for meaning into their scholarship in a way that Friedman felt no need for. By outward appearances, and most likely in reality, Nef's search for meaning was more successful than Knight's. He found meaning in and through beauty, despite his Godless upbringing. Beauty in the arts provided the foundation for Nef's pursuit of truth and goodness.

Knight sought meaning in the unrelenting pursuit of truth, but this was truth that by his own account would never be found. Knight held a democratic consensus theory of truth. Truth is found only in unanimous agreement among freely consenting persons.⁵² Thus truth is possible only, if at all, in a liberal democratic order. There is no point in searching for truth in history prior to the emergence of liberal democracy, for there cannot be truth apart from liberal democracy. There is no objective truth, and no objective meaning and value. These are not discovered; they are created. In Knight's view economic values are created in markets and other values are created in conversation. So Knight was a precursor of postmodernism. Yet tragically, despite his firm belief that free discussion was the sole route to truth, Frank Knight was a person with whom it was exceedingly difficult to have a conversation. His interlocutors were at risk of being labeled fools and knaves, even if

⁵¹ On the latter see introduction and part I of *The Legacy of Milton Friedman as Teacher*, ed. J. Daniel Hammond (Aldershot, UK, and Brookfield, US: Edward Elgar, 1999).

⁵² Knight's student James M. Buchanan made unanimous free assent the foundational principle of his theory of government. See Marianne Johnson, "Public Goods, Market Failure, and Voluntary Exchange," *History of Political Economy* 47, suppl. 1 (2015): 174–198.

their opinions were those Knight himself had held in the past but no longer held.

The difference between Knight and Nef may have been more in their personalities than their intellects. We glimpse this in Nef's epigraph from Shakespeare's *The Tempest*, alongside poetry from James Thomson that Knight used in his 1923 speech to the Unitarians when he claimed that science had made it impossible to be religious in any theist sense.

O, wonder!
How many goodly creatures are there here!
How beauteous mankind is!⁵³

Who is most wretched in the dolorous place?
I think myself; yet I would rather be
My miserable self than He, than He
Who formed such creatures to his own disgrace.⁵⁴

Religion and Economics

What have religious biographies of John U. Nef, Frank H. Knight, and Milton Friedman to do with their economics? We will begin with the more obvious case and proceed to the less obvious cases. That is, we will begin with Nef, then consider Knight, and then Friedman, for whom at first glance there would seem to be little connection.

We have seen that Nef's intellectual life was from the beginning of his career much wider than economics. Although his Ph.D. dissertation was industrial history, a study of the rise of the British coal industry, Nef taught and wrote economic history as a historian rather than as an economist. He proposed a broad and lofty vision of economic history to members of the Economics History Association in 1944, when

⁵³ Shakespeare, *The Tempest*, Scene 5, Act 1.

⁵⁴ James Thomson, *The City of Dreadful Night*.

economics and economic history done by economists were becoming increasingly and narrowly specialized:

The essence of history does not consist in the separate treatment of a number of topics in the historical development of an epoch, such as its wars, its great political leaders, its constitutional changes, its industrial changes, its philosophical thought, its economic thought, and so forth, no matter how fully and correctly each of these topics is treated. Nor does the essence of history consist in analyses of cause-and-effect relationships between various aspects of the historical development of an epoch, no matter how close to truth such analyses may be. Both accurate knowledge and a genius for understanding causal relationships are necessary for writing of the kind Voltaire envisioned. But the essence of history consists in the characteristics of an epoch which are at once common to and most important for all sides of its history. It is fundamental to select from events, institutions, conditions, and thought only what is likely to have enduring meaning. It is still more fundamental, and very much more difficult to relate all that is meaningful in so meaningful a way that the result will always have a compelling claim upon the human mind and spirit at its best. A perfect portrait of these interrelationships alone could give the essence of the history, through a unified period of time, of the people or peoples who form a civilization.⁵⁵

Nef's intellectual life was, as he suggested in the title of his memoir, a search for meaning in the details of human life across historical epochs. His search for meaning presupposed that there is meaning in economic relations, and other parts of life and history. In a genuinely open search for meaning the searcher is led, as was John Nef, toward God.

Like Nef, Frank Knight stood outside the mainstream of economics through much of his career. Soon after completion of his Cornell Ph.D. dissertation, *Risk, Uncertainty, and Profit*,⁵⁶ Knight's inter-

⁵⁵ John U. Nef, "What is Economic History?" *The Journal of Economic History* 4 (December 1944): 2-3.

⁵⁶ Boston: Houghton Mifflin, 1921.

ests veered away from the practice of economics to philosophical and methodological questions about economics and other social sciences. He insisted that there is a science of economics, but his vision of a theoretical science was incompatible with the conventional positivist conception of economic science.

Of Knight's prodigious writings few were on, or rather in, economics proper. In his introduction to the two-volume *Selected Essays by Frank H. Knight*⁵⁷ Ross Emmett identified Knight's primary contribution to economics per se as the meticulous parsing of the implications of the assumptions of economic theory.⁵⁸ *Risk, Uncertainty, and Profit* developed the distinction between risk and uncertainty in the context of moving from perfect competition with perfect knowledge and no profit or loss, to imperfect competition with profit and loss. Emmett credits this work as the base for subsequent theoretical developments by others, including decision theory, theory of the business enterprise, and the theory of imperfect competition. Knight's direct contributions to economic theory included contributions in Marshallian cost theory, critique of Austrian capital theory, and a critique of Slutsky-Hicks demand theory. In most of what Knight wrote, he ventured outside economics proper to the other social sciences, to history, and philosophy, taking the stance of critic, as he did in his economics proper. Knight was a skeptical critic of what others had built, be that in economics or in religion. But he was not a builder himself. For every brick that he might remove from a structure, every arch that might be taken apart, he could

⁵⁷ Ross B. Emmett, "Introduction," in *Selected Essays by Frank H. Knight*, ed. Ross B. Emmett (Chicago: University of Chicago Press, 1999), vii–xxiv.

⁵⁸ See also Ross B. Emmett, "Frank H. Knight," in *The Elgar Companion to the Chicago School of Economics*, ed. Ross Emmett (Cheltenham, UK, and Northampton, Mass., USA: Edward Elgar, 2010), 280–286.

think of three reasons against any replacement that he or others might propose.⁵⁹

So, his skeptical critical stance shaped and constrained both Knight's spiritual life and his intellectual life. Where John Nef sought truth in mundane and heavenly matters, and enjoyed the contentment of having found bits of truth, Knight devoted his life to a quest for truth in mundane and heavenly matters that was by his own standard a futile quest. For Knight, there was little to be gained from history prior to the modern era, either of knowledge or wisdom. He perceived no lighthouse in the search for comfort and security, not in the record of history, nor in the present, nor in the future. Mankind's only hope was in a recent and highly tenuous intellectual and political development: liberalism.⁶⁰ Knight understood that, at its core, liberalism is grounded in a commitment that nothing will be fixed or taken for granted.

To say the belief is free is to say that truth is inherently "dynamic," subject to change and actually growing and changing. The liberal interest in truth is one of curiosity and quest, not of mystical contemplation or adoration. Truth is the right—or the best—answer to some intelligent question, and when a question is definitely answered it is no longer a question. Hence, any truth that is really "established" is no longer interesting, but a commonplace, even a bore. Truth is the supreme example of the principle that liberal idealism looks at the values of life in terms of pursuit as well as possession; they belong to the activity as much as to the result, to means as well as to ends. Truth is an end when it is unknown or uncertain, and especially if controversial; hence the truth interest is finally a romantic one.⁶¹

⁵⁹ Knight's persistent criticism is reflected in the subtitles Emmett chose for the two volumes of *Selected Essays of Frank Knight*: "What is Truth in Economics" and "Laissez-Faire: Pro and Con."

⁶⁰ The work of his former graduate student James M. Buchanan in search of a contractual basis for government, and in recognition that the social scientist is a part of the system he analyzes, may be Knight's most enduring intellectual legacy.

⁶¹ Frank H. Knight, "The Sickness of Liberal Society" (1947), in *Selected Essays by Frank H. Knight*, vol. 2, 305.

But liberalism was neither solipsistic nor individually autonomous. “The second feature of the liberal conception of truth is that it is a social category; its only test is unanimous acceptance in some community of discussion. Further, truth as social is ultimately democratic.”⁶²

In April 1947 Knight and Friedman accompanied Aaron Director and George Stigler to Switzerland for the first meeting of the Mont Pelerin Society. The European and American liberals who gathered at F. A. Hayek’s bidding were beleaguered by the appeal of totalitarian Communism for intellectuals on the heels of the bloody struggle against totalitarian National Socialism. A united front by the small band was needed to reinvigorate liberalism. But instead, a fissure developed in the Mont Pelerin Society from the start. On one side were Europeans such as Wilhelm Röpke, Walter Eucken, and Hayek, who viewed liberalism as the fruit of the historic European culture based on Christianity and the best of Greek and Roman philosophy. John Nef was not at Mont Pelerin, but we can surmise that he would have been allied with these Europeans. On the other side were Americans such as Friedman, Aaron Director, and George Stigler, who located the roots of liberalism in the economics of Adam Smith and his successors. And there was Frank Knight, who did not fit in either camp. Knight thought the roots of liberalism were in the modern democratic movement in politics and religion. The society that was formed at Mont Pelerin bore the name of the location of the first meeting because the name favored by Hayek, the Acton-Tocqueville Society, might have been taken to suggest compatibility between historic Christianity and liberalism.

Among the Mont Pelerin liberals, economics was less divisive than religion and philosophy, so beginning with the first meeting the

⁶² *Ibid.*, 306.

Mont Pelerin Society was dominated by economics and economists.⁶³ There were a few sessions at Mont Pelerin Society meetings in the 1940s and 1950s on topics such as “the proletarianized society” (1949), “cultural and ideological aspects of capitalism and socialism” (1950), “the moral basis of academic freedom” (1950), “social presuppositions of the market economy” (1953), “the meaning of liberty and the philosophical basis of liberalism” (1957), and “human rights and human duties” (1960). These sessions tended to be chaired and populated by a small group of men such as Wilhelm Röpke, H. D. Gideonse, and Alexander Rüstow. More numerous were sessions on economic topics such as “monetary and fiscal policy,” “progressive taxation,” “the nature and function of profits,” “trade union legislation,” and “inflation.”

At the 1961 meeting, Röpke, as Society President, delivered the opening remarks. This meeting was less than a month after the Soviets and German Democratic Republic sealed off East Berlin from the West. Röpke referred to the possibility that communists might come into power in Western Europe through democratic election as satanic. He asked, somewhat rhetorically, how Europe had come to this point:

It may dawn upon all of us now that we may live to see once more confirmed a great truth of human history, namely that suicide, not murder is the normal form of death of a cultural system. It is not the strength of the barbarians but the weakness, moral and intellectual, of the civilized which is usually their undoing.⁶⁴

By this point in the Mont Pelerin Society’s history, consideration of barbarian, civilized, moral, and cultural matters had given way to narrowly economic issues. Mont Pelerin programs looked much like post-war Chicago School economics.

⁶³ See J. Daniel Hammond and Claire H. Hammond, “Religion and the Foundation of Liberalism: The Case of the Mont Pelerin Society,” *Modern Age* 55 (Winter/Spring 2013): 35–51.

⁶⁴ Wilhelm Röpke, “Opening Speech at the Turin Meeting of the Mont Pelerin Society,” *Mont Pelerin Quarterly* 3 (1962): 8–9.

Milton Friedman's relative indifference to metaphysical matters is reflective of the times and the American context in which he was educated and began his career. There was confidence that science was the key, perhaps the only key, to unlock human potential. The University of Chicago was founded in 1891 during the Progressive era, which saw the apex of this faith. As skeptics, at Chicago Nef and Knight were outliers. Friedman was a believer in science as the key to resolving social issues. He wrote in "The Methodology of Positive Economics":

I venture the judgment, however, that currently in the Western world, and especially in the United States, differences about economic policy among disinterested citizens derive predominantly from different predictions about the economic consequences of taking action—differences that in principle can be eliminated by the progress of positive economics—rather than from fundamental difference in basic values . . .⁶⁵

Time and experience proved Friedman to be overly optimistic about the potential for using scientific economics as he understood it for the betterment of mankind. On technical matters of economics, he and Anna J. Schwartz spent over three decades studying the role of money in business cycles, particularly in severe recessions and inflations. They were largely unsuccessful until the stagflation of the 1970s produced converts. The reason is that their debate with Keynesians over the role of money was not fundamentally a disagreement over contingent facts, but disagreement over scientific methodology, and as such a difference that was rooted in philosophy.⁶⁶ Historical evidence and statistical analysis counted for little to their Keynesian critics without what the critics considered the right sort of theoretical model.

⁶⁵ Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953), 5.

⁶⁶ See J. Daniel Hammond, *Theory and Measurement: Causality Issues in Milton Friedman's Monetary Economics* (Cambridge and New York: Cambridge University Press, 1996).

Friedman's way of doing economics stood in between atheoretical empiricism and theorizing apart from evidence. His Keynesian critics, while Keynesian in the sense of according money a passive role in recessions and inflations, were more fundamentally Walrasian, or Cartesian. They assigned cause and effect roles in theory, with little if any reliance on empirical evidence to support their assignments. Friedman learned from experience to expect the retort, "correlation does not prove causation," and he consciously avoided overtly causal language in writing about matters that were undoubtedly questions of cause and effect.⁶⁷ While economic methodology may seem far removed from matters of religion, it is not. Throughout the modern era, as Westerners shed their belief in truths of religion, they likewise lost their confidence in causality. David Hume referred to causality as "the cement of the universe." Yet he concluded in his discourse on causality that:

All events seem entirely loose and separate. One event follows another; but we never can observe any tie between them. They seem conjoined but never connected. And as we can have no idea of anything, which never appears to our outward sense or inward sentiment, the necessary conclusion seems to be, that we have no idea of connexion or power at all, and that these words are absolutely without any meaning, when employed either in philosophical reasoning, or in private life.⁶⁸

Friedman's critics placed their scientific bets on certain kinds of theory, and thereby imposed causality on their models by their own lights. Friedman set out to discover causes and effects empirically, but was stymied by modern skepticism. Skepticism about the supernatural led ultimately to skepticism about the cement of science.

Friedman's confidence in the capacity of economic scientists to resolve disputes was tempered in a second way over the course of his

⁶⁷ See Hammond, "An Interview with Milton Friedman on Methodology."

⁶⁸ David Hume, *An Enquiry Concerning Human Understanding*, ed. Eric Steinberg (Indianapolis: Hackett Publishing Co., 1993), 49.

life as a public intellectual. He experienced the power of vested interests in public policy and in the minds of individuals, what he and Rose Friedman called “Tyranny of the Status Quo.” *Capitalism and Freedom*⁶⁹ displays Friedman’s confidence that counterproductive policies can be reformed once the public are persuaded with sound reasoning and evidence. But a decade later, that confidence was diminished. In *Free to Choose* he and Rose Friedman wrote:

[T]his book is influenced by a fresh approach to political science that has come mainly from economists—Anthony Downs, James M. Buchanan, Gordon Tullock, George J. Stigler, and Gary S. Becker, who, along with many others, have been doing exciting work in the economic analysis of politics. *Free to Choose* treats the political system symmetrically with the economic system. Both are regarded as markets in which the outcome is determined by the interaction among persons pursuing their own self-interests (broadly interpreted) rather than by the social goals the participants find it advantageous to enunciate.⁷⁰

The title of the third of the Friedman’s mass market books on public policy testifies to his loss of the Progressive faith in science. The Friedmans titled this book, *Tyranny of the Status Quo*.⁷¹



⁶⁹ Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962).

⁷⁰ Milton Friedman and Rose D. Friedman, *Free to Choose: A Personal Statement* (New York: Harcourt Brace Jovanovich, 1980), ix–x.

⁷¹ Milton Friedman and Rose D. Friedman, *Tyranny of the Status Quo* (New York: Harcourt Brace Jovanovich, 1984).

**God and Man at the University of Chicago:
Religious Commitments of Three Economists**

SUMMARY

The purpose of this paper is to examine how three very different Chicago economists, Milton Friedman, Frank H. Knight, and John U. Nef, Jr., handled the question of God and religion. The author shows that for each of these three figures, their stance on religion set limits on the effectiveness of their intellectual efforts in the public sphere of their university, the larger academic community, and American society.

KEYWORDS

Milton Friedman, Frank H. Knight, John U. Nef, God, religion, Chicago School, University of Chicago, economics, university, academic community, American society.

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