Rational Religion: Economic Patterns in Biblical

Thought

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Abstract The paper addresses the call for a concept of ‘rational religion’, as early on identified by Smith. To do so, the article returns to the very origins and foundations of religion, especially Judaism and Christianity: the biblical text itself. By tracing in institutional and constitutional economic terms economic patterns to biblical thought, especially so to the oldest and best-known stories of the Torah, the thesis of a rational economic structure of the biblical text can be advanced. In this way the actual nature and substance of religion is conceptualised in economic terms. The paper questions in this respect the dualistic conception of ancient ethics, the way it is conventionally derived by biblical and theological research from the Old Testament, and the widespread assumption that it will be radically different from modern ethics (‘economics as ethics’) in the tradition of the Scottish Enlightenment. I even contest the explicit claims of Smith or modern institutional economists like Buchanan in this regard that a concept of rational religion or ‘modern ethics’ necessarily is or had to be completely separated from the Bible. On the basis of these arguments, the paper outlines why (Old Testament-based) religion still has and could have a persistent and pervasive influence in contemporary, capitalist society. An institutional economic theory of religion is set out.

Key Words Rational religion; Old Testament; institutional / constitutional economics; economic pattern thesis; (rejection of) dualism thesis; new unitary thesis; pervasiveness / persistence of religion thesis; institutional economic theory of religion
Rational Religion: Economic Patterns in Biblical Thought

At present, no variant of religious economics is producing ideas that secular economists are likely to take seriously. (Kuran 1994: 774)

(Where is) meta-analysis of economics and religion that will draw together economists and theologians [and biblical researchers in general] ... that is useful or persuasive to each? (Elzinga 1999: 139)

Introduction

The paper connects to religious studies and Old Testament studies, projecting them to constitutional and institutional economics. It aims to contribute to an institutional economic theory of religion that addresses questions regarding the very nature and substance of religion, developing further earlier research in this area (Wagner-Tsukamoto 2014). A key contention of the paper is that the Old Testament does not reflect, at least not in the first place, a legalistic religion (Gesetzesreligion) in the Mosaic tradition, as it is conventionally suggested. The Mosaic tradition here draws on the Decalogue and its derivative legal rules. Rather, the paper points at institutional and constitutional economic patterns as constitutive and foundational for Old Testament religion, with all the implications this has
for challenging more conventional understandings of ‘religion’, ‘secularization’, ‘modernity’, or ‘ancient ethics’.

Brennan and Waterman (1994a) asked whether ‘religion and economics were different’; or Iannaccone (1990: 312; 1998: 1490) pointed at the importance of raising the question of the very ‘substance of religion’, especially so from economic vantage points. However, the debates and answers they delineated remained inconclusive. My argument suggests this was so because of a lack of focus on the biblical text and/or because of their targeting of process features of religion and of religious behaviour rather than the ‘substance’ of religion itself. The main argument of the paper is that any debate concerning religion and economics, and how such debate feeds through on questions regarding the very substance of religion, has to be centred on the biblical text itself, since it is this text that provides the foundational grounding of religion (i.e. Old Testament-based religion).

The paper outlines how the biblical (Old Testament) text can be modernised through reconstructing the text in institutional and constitutional economic terms (employing a non-historiographic, textual, narrative methodology in the first place). Reviewing previous research in this area, economic patterns to biblical thought are traced. I connect to economics as it evolved with Smith and the Scottish Enlightenment and as this tradition has been picked up and developed by contemporary constitutional and institutional economics. The paper argues for conceptual economic patterns in biblical thought, and advances this thesis on a comprehensive basis. This leads to a new unitary thesis: That not only faith as it is spiritually understood, can perceive or save the biblical text as an integrated, unified whole (the ‘old’ unitary thesis, as Nietzsche’s nihilism implied this, by connecting to the historical-redactional school of biblical analysis) but that economic science can also yield a unitary thesis. In this way, the paper sets out a substantive understanding of ‘rational
religion’, grounding it in the institutional and constitutional economic approach and thus specifying an understanding of ‘economics as ethics’ for the biblical text.

In consequence, the paper contests conceptual dualism: The idea that biblical ethics were radically different from modern ‘economics as ethics’, this concept of dualism having been thought to be constitutive for much of Enlightenment philosophy, from Spinoza and Hobbes onwards, at least up to Nietzsche (e.g. Reventlow 1984, 2001; Combs 1992; Parker 1992a, 1992b, 2004; Wybrow 1992); for the Scottish Enlightenment too (Smith 1976; Minowitz 1993); and more recently, for economic sociology and economics (e.g. Weber 1952, 1961, 2001; Buchanan 1975, e.g. 117, 147-148, as reviewed by Wagner-Tsukamoto 2010). What Buchanan (1975: 117) termed the ‘moral precepts approach’, which he divided from constitutional economics, may reflect a considerable economic rational religious dimension, thereby feeding into and aligning itself with Buchanan-type constitutional economics. I return to this issue in the paper when I comment on North’s (1991: 111) and Williamson’s (2000: 596) questions on religion.

Following on, section three of the paper addresses a widely debated question in institutional economic debate on religion (e.g. North 1991; Williamson 2000): why religion has had over time, at least since biblical times and up to now, a pervasive and persistent influence in numerous societies, even in societies which many may consider as being secular (regarding the latter suggestion, see Reventlow 1984: 411; Iannaccone 1994: 738, 741, 743; Inglehart and Baker 2000; Berlinerblau 2005; McCleary and Barro 2006). In this regard, the paper argues for an undergirding effect which rational, economically patterned religion develops in capitalist societies, specifically regarding the way in which such societies more formally set out constitutional and institutional economic order.
A final section of the paper offers conclusions on how the various theses developed in the paper interlink; how they, once interconnected, form a theory on rational religion.

On a brief methodological note, the textual reading strategy I employ when analysing the Old Testament text connects to textual criticism, text-immanent reading, and non-historiographic narratology, more broadly conceived. The Old Testament is interpreted as prose fiction, as I have outlined this methodology in my previous research. Since the mid-1970s, this text-critical approach has made considerable inroads into biblical, theological and religious research. Some key methodological contributors are Fokkelman (1975), Clines (1978), (1998), Alter (1981), Clines and Exum (1993), Brett (2000), Snyman (2002), or Bal (2009).

The Call for Rational Religion

So, ‘... why bother with biblical studies now?’ (Gericke 2012: 527, emphasis as in original)

The present paper develops an answer to this question by pointing out that the Old Testament holds a more than nascent theory on institutional and constitutional economic structure and order, in effect predating many of the conceptual advances of the Scottish Enlightenment and more recent advances in institutional and constitutional economics. Ultimately, the paper ventures to set out a rational – economic – theory of religion in order to argue for the continuing contemporary relevance of studying the Old Testament, also (and possibly even more so), for normative, justificatory reasons and not merely conceptual, theory foundational ones. In order to develop this project, I first picked up the call for rational religion.
Smith’s Call for Rational Religion

There are at least two important aspects to Smith’s (1976: 789–793) call for ‘rational religion’, which I subsequently assessed in turn. One is that he raised the call at all; here, I recast and conceptually specify Smith’s call in his very own economic terms: interpreting ‘his’ economics as a new, systemic ethics that provides for the substantively conceptual backbone of rational, biblical religion. The other important aspect of Smith’s call for rational religion is his claim that rational religion by conceptual necessity had to be freed from the Bible. I critically examine this latter claim – and reject it, by reconstructing contemporary constitutional and institutional economics, which arose out of Smith’s own studies, for the biblical text.

Smith (1976: 793) argued that ‘rational religion’ is characterised by being free from ‘every absurdity, imposture, fanaticism, superstition’ and by being grounded in ‘positive law’:

The teachers of each little [religious] sect, finding themselves almost alone [i.e. in strong competition with other religions], … might in time probably reduce the doctrine of the greater part of them to that pure and rational religion, free from every absurdity, imposture or fanaticism; but such … positive law has perhaps never yet been established, and probably never will be established in any country: because with regard to religion, positive law always has been, and probably always will be, more or less influenced by popular superstition and enthusiasm.
There are various insights implied by this statement of Smith: That ‘rational religion’ would only emerge over time through a competitive process of different religions competing for believers (Anderson 1988: 1073–1074, 1086; Iannaccone 1994: 740–741), and that this process would drive the elimination of ‘irrational’ content from religion, ultimately leading to the ‘true, rational religion’ that is grounded in ‘positive law’.

The kind of ‘positive law’ Smith had in mind here is some kind of ethical rationalism – his recommendation ‘...the study of science and philosophy’ (Smith 1976: 796). Utilitarianism or Kantianism can be seen as early potential answers to this call from Smith – the way he expected answers to be set out. What he did not see was that ‘rational religion’ and the kind of ‘positive law’ that may structure it could be set out in the terms of his own economic theory, with his economics being interpreted as a ‘new’ kind of ethics.

Since I follow institutional and constitutional economic lines of reconstructing rational religion with a view to the biblical text, first, it had to be demonstrated that Smith’s economics reflect both institutional and constitutional economics. This is comparatively straightforward: Viner’s (1927) or Reisman’s (1998) studies for instance are instructive, as is contemporary institutional and constitutional economic research, which connects to Smith (very explicitly so in Buchanan’s case).

Second, it has to be shown that contemporary institutional and constitutional economics reflect ‘positive law’ about morality, i.e. that it can be conceived as ethics. The key point here is that economics from Smith onwards reflects a new kind of ethics; a systemic ethics which is systemically rational and ethical, yet disconnected from behavioural ethical rationalism such as Kantianism, or a behavioural, spiritual understanding of religion (as this could be found, in certain respects, in Smith’s Theory of Moral Sentiments too; see
also Wagner-Tsukamoto 2013d). Research at the intersection of economics and ethics has generally made this point that Smith’s economics initiated systemic ethics and that it continues traditional, behavioural ethics by different means (e.g. Buchanan 1987a, 1991; Homann 1997, 1999; Heyne 2008; Gorini 2009). Smith himself developed and realised this aspect of economics as systemic ethics inadequately: Although the mutual gains programme of the ‘wealth of nations’ sets out a systemic ethics in his writings – that all parties involved in an interaction need to be better off as a result of an interaction – his specific programme of rational religion remained aloof, underdeveloped and separated from a systemic ethics programme. This is clearly seen by the way he did not follow up ‘positive law’ of rational religion with regard to a systemic ethics perspective of economics i.e. that systemic intervention with economic institutions should yield mutual gains.

This brief discussion should suffice to indicate that Smithsonian economics do reflect and are connected to contemporary institutional and constitutional economics, and that Smithsonian economics do yield systemic ethics. Taken together, ‘positive law’ of ‘rational religion’ can be set out in Smith’s own economic terms, projected to contemporary institutional and constitutional economics, and understood as systemic ethics.

The second aspect of Smith’s call for rational religion related to his claim that rational religion needed to be freed from the Bible. His writings were critical of biblical religion and at times an ‘atheistic’ or secular stance has been suggested for the Wealth of Nations (Minowitz 1993: 154–156, 166). Minowitz (1993: 166, 188) here confirms that Smith’s ideal vision of ‘true, rational religion’ not only mirrored ‘positive law’ (of some kind of ethical rationalism, largely behaviourally interpreted by Smith, as discussed above) but also aimed to free religion from the Bible, diagnosing ‘biblical irreligiosity’ and the ‘rejection
of biblical religions’ for Smith (e.g. Smith 1976: 802–806; see also Minowitz 1993: 154–156, 235). Smith (1976: 791) brandished in this regard ‘tenets’ and ‘doctrine’ of biblical religion:

[The] interested diligence of the clergy is what every wise legislator will study to prevent; because, in every religion except the true, it is highly pernicious, and it has a natural tendency to pervert the true [rational religion], by infusing into it a strong mixture of superstition, folly, and delusion. ... No regard will be paid to truth, morals, or decency in the doctrines inculcated. Every tenet will be adopted that best suits the disorderly affections of the human frame.

Smith did not see that biblical canon (‘tenets’, ‘doctrine’) and the way it is established and interpreted, can itself provide the very basis of ‘rational religion’ and ‘positive law’. In this respect, the paper draws on canonical criticism in the vein of the institutional and constitutional economic reconstruction of biblical stories to set out an economic concept of rational religion and its ‘positive laws’. A rational system of belief emerges which leaves the biblical text as such unchallenged (at its contents level), but not so in terms of hypotheses, deductions, motifs and themes that are attributed to the text. Then, faith and religion can be rationally justified, and this works through grounding rational religion in the Bible and in biblical religion, in opposition to Smith’s expectations.

Contemporary Re-statements of Smith’s Call
Contemporary research, as already touched upon above, has explicitly and implicitly returned to Smith’s call for rational religion, and interestingly has succeeded in reproducing either one or other of his misconceptions regarding rational religion or sometimes both: namely (a) that a rational or modern approach to religion had to follow some kind of ethical rationalism, e.g. Kantianism, rather than the systemic ethics approach of economics; and/or (b) that a rational or modern approach to religion needed to be freed from the Bible; the idea that rational religion had very little to do with biblical religion.

I am not reviewing at this point the project of theological economics, as it has been directed at Smith (e.g. Meeks 1989; Hill 2001; Foley 2006). These reconstruction efforts target a religious economics, aiming to conceptually infuse economics with theology, rather than an economics of religion. Nevertheless, some of the claims of religious economics are worthwhile pointing out: claims such as that Smithsonian economics overturned from the 18th century onwards ‘... traditional ways of life, ... [and] ancient social, political, and religious compromises’ (Foley 2006: 227), or that Enlightenment philosophy secularised previously ‘religious’ life (Kuran 1994: 770). The reconstruction of rational religion through institutional and constitutional economics and the grounding of this project in the biblical text challenge these perceptions, and with it the dualism thesis that ancient ethics were radically different from modern ethics.

This also sheds critical light on the clear-cut differentiation of religion from secularization, as raised by Stuckrad (2013) and especially his suggestions on the ‘scientification’ of religion and the concept of a ‘Vernunftreligion’ (Stuckrad 2013: 6–7, 9) – ideas which the current paper can connect to and turns in economic terms.

In my view there is little doubt that Smith’s call for rational religion related to the project of an economics of religion. Therefore, in the following, I mainly review literature
from this tradition, which in one way or another pursues a scientific (economic) or philosophical, enlightened approach regarding religious research.

Reventlow (1984: 414) exemplarily identified the supposed disengagement of ‘modern,’ expectedly ‘rational’ political philosophy and political economy from the Bible and from biblical religious thought. He argued that from Hobbes and Spinoza onwards:

The Bible lost its significance for philosophical thought and for the theoretical constitutional foundations of political ideals, and ethical rationalism (with a new foundation in Kant’s critique) proved to be one of the forces shaping the modern period, which only now can really be said to have begun. [Brackets as in original]

Two key claims are staked by Reventlow: First, modernity is thought to have split political economy and political philosophy from the Bible; and second, ethical rationalism, especially Kantianism, is thought to have become the new substitute for biblical religion. No vision of a ‘rational religion’ that is grounded in the Bible is in evidence. Rather, the dualism thesis is held up to pronounce that biblical religion and biblical ethics were radically different from modern, Enlightenment ethics.

Minowitz, as initially reviewed above, similarly divides Smith’s Wealth of Nations from earlier periods, pointing out that Smith emancipated social thought that then saw the emergence and separation of economics from (biblical) religion and religious thought. For instance, Minowitz (1993) does not question that a concept of ‘rational religion’ as favoured by Smith with a view to ethical rationalism, could be developed differently, namely by staging Smith’s own economics as systemic ethics on the biblical text and thus on biblical religious thought. Lütge’s (2005: 108, 111) assessment compares to Minowitz in certain
respects, when he differentiated ‘traditional ethics’ and supposedly ‘pre-modern’ society from economic ethics and modern society. Only Smith is seen as the ‘ancestor of (modern) economic ethics’. Again, a critical question is what are the ancestry implications of reconstructing rational religion through economics and the biblical text?

Buber (1957: 135) came to the same conclusion that ‘... the modern Occident rests upon the sanctioned duality of politics and religion’, that political economy and religion – even ‘rational religion’?, I would ask at this point – were theoretically and normatively apart. Weber (1952: 219) implied this thesis too when he argued that biblical religion and biblical stories – focusing on the Paradise story, at this point – were not ‘rational-ethical’. Hill (2001: 22) claimed ‘... the late-modern (from the 18th century onwards) separation of the disciplines of economics, moral philosophy and theology’. Buchanan (1975: 117, 147-148), Foley (2006: 1, 215) and Mueller (2009) implied the same; or as Brennan and Waterman (1994c: 253) put this: ‘... traditional economics and Christianity offer rival accounts of human rationality’. Can we really accept comparable points of view such as Bruce’s (1999), Bryant’s (2000: 547), Saler (2004: 213), Heyne’s (2008: 196-8, 215-216), Gorini (2009: 34-35) or Wishloff’s (2013, especially pp. 5-9), that modern i.e. Smithsonian capitalist economics cannot illuminate biblical religion in its very substance and nature?

In the next section, I set out to critically question the dualism thesis that contends that some kind of ethical rationalism, which was; (a) different from ‘economics as systemic ethics’ and (b) which distanced itself from the Bible, provided the more viable conceptual route for setting out a concept of ‘rational religion’. To question the dualism thesis, the paper first searches for ‘rational’ economic patterns to biblical thought, tracing in the Smithsonian tradition economics as systemic ethics in the Old Testament text (before the dualism thesis is more directly addressed).
What is religion? I pursue this potentially complex question from an economic point of view, but not merely a viewpoint of economic research in the sense of ‘moral rules of religion’ providing some kind of transaction capital or stability generating capital for society, at least not in the first instance. In this latter tradition, economic process features of religion have been researched, for instance, by Anderson and Tollison (1992). Equally, I do not take moral rules of society as some kind of unquestioned behavioural given in my analysis. This latter understanding may surface at times even in Buchanan’s (1987a: 289–300) analysis when he talks about ‘moral community’, or about the ‘moral precepts’ approach (Buchanan 1975: 117), or when institutional and constitutional economic research has put forward proposals on ‘civic religion’ (Frey 1997; Congleton 2014: 52; Hamlin 2014: 78, 84–85).

Personally, my interest in the economics of religion focuses on the very substance and nature of religion. Iannaccone (1990: 312; 1998: 1490) reminded researchers to urgently address this question regarding the very substance and nature of religion. He identified this void in much of contemporary social science research on religion, especially so in much of the research on the economics of religion. In a similar vein, Brams (2011: 70) called upon research to ‘rationally justify faith’. Also, Moore and Sherwood (2011: 131) recognised a void regarding the nature of religion, their observations being derived from a biblical research perspective. They argued that a fundamental re-think of religion would engage in ‘... meta-critical analysis of our disciplinary pasts that would radically dismantle
the default categories in which we operate as biblical scholars, and thereby enable modes of biblical analysis that cannot at present easily be envisioned. ... We need to find religion."

I take up these calls and questions regarding religion and faith in their very essential, primal nature; how religion in its very essence and at its very heart can live up to Smith’s call for rational religion, substantively answering this call through the reconstruction of biblical text by means of economics as systemic ethics. In this way, I answer Smith’s call and those of similar contemporary re-statements (e.g. Iannaccone 1998: 1490; Brams 2011: 70; Moore and Sherwood 2011: 31; see above). In its substantive outcomes, this yields a concept of rational religion through the economic pattern thesis of biblical thought.

Pursuing the New Unitary Thesis: Biblical Economics as Ethics

Brennan and Waterman (1994a, 1994b, 1994c) asked whether economics and religion were different. My key argument is that for addressing this question, especially so regarding the very nature of religion, the biblical text has to be focused on and be reconstructed in the conceptual and ethical terms of economics as systemic ethics. In this way, I identified economic patterns to biblical thought, drawing on institutional and constitutional economic theory to advance this thesis. I reviewed previous research in this area to distinguish five key conceptual and ethical features of institutional and constitutional economic analysis; three being theoretical and practical/normative concepts, and two being heuristic, methodological ones: (1a) a model of interactions over capital exchange; (1b) the concept of economic institutions to stir capital exchange; (1c) the normative-ethical goal of mutuality of gains as interaction outcome (to be reached through the situational intervention with
economic institutions); the heuristic, methodological ones comprise (2a) a model of rational, self-interested choice (homo economicus); and (2b) a model of dilemmatic interest conflicts (such as the prisoner’s dilemma concept).

Using this conceptual basis, economic patterns are identified in the biblical text. The thesis of economic patterns is staked in a comprehensive manner: that economic patterns do not show up as singular or unimportant instances in the biblical text; rather they serve to illuminate the text inclusively and in its totality, particularly for the best-known and oldest stories of the Old Testament, i.e. the Torah. A unitary thesis is advanced for the biblical text. Previous research here has spanned from the very outset of Genesis to the books of Kings. On this foundation, by coupling the economic pattern thesis with the unitary thesis, I subsequently challenge the dualism thesis.

Marciano 2009) – and how contest in capital exchange can arise (as I specify this below with respect to the homo economicus and the idea of a dilemma structure).

Economic institutions are the second key theoretical component. Taken from a constitutional and institutional economic point of view, interactions over capital exchange are stirred through economic institutions: through the situational, economic context of governance structures. Such structures, both at the constitutional and post-constitutional level, are approached as ‘incentive structures’: The influence of incentive signals, as emitted by economic institutions, is studied in order to understand any (whether desirable or undesirable) outcomes of capital exchange (What ‘desirability’ could ethically mean is discussed below with a view to ‘mutual gains’). Desirable, cooperative outcomes reflect that economic institutions ‘equilibrate’ (Williamson 1985: 29, 33–34, 76) potentially conflicting interests of interaction choice makers, resolving conflict by means of organising incentive structures. So, can we trace economic institutions as a significant situational regulative of capital exchange in biblical stories?

sometimes capital exchange succeeded and was sustained, while at other times it
disastrously disintegrated – because, such is my argument, economic institutions were at
times ‘incentive-compatible’ while at other times they were not.

Third, in practical-normative terms it is important to set out that economic
reconstruction of the biblical text yields some kind of ethical rationalism, which much of
Enlightenment philosophy has questioned. The ethical goal which economics has tried to
aspire to since Smith is the ideal of the ‘wealth of nations’, or ‘public good’ as Mandeville
put this. Contemporary institutional and constitutional economics specified this with a view
to a mutual gains program. For instance, in constitutional economics, we find the idea that
an economic-ethical understanding of democracy rests on the idea that mutual gains are
generated through rule changes to political organisation (Buchanan and Tullock 1961;
Buchanan 1987a, 1991; Vanberg 2014). This is the way successful, democratic (pareto-
superior) rule change is conceptualised. Conversely, unsuccessful rule change yields the
economically unethical (pareto-inferior) outcome of mutual loss. Can we trace this vision of
mutual gains (and mutual loss) in the biblical text: Did successful (or unsuccessful) change of
economic institutions yield mutual gains (or mutual loss)?

Mutual gains outcomes are visible in the conclusion of the Jacob stories (Wagner-
2012b: 5; 2015: 40–45, 50–51, 54); to a much lesser degree in the exodus stories and Joshua
stories (Wagner-Tsukamoto 2009a: 182–183, 196; 2013b: 402, 405); and more widely so in
the David stories and Solomon stories (Wagner-Tsukamoto 2009a: 188, 200, 235; 2013b:

The identification of a model of rational, self-interested choice in biblical stories raises some fundamental questions. I am not arguing here in any anthropological or psychological tradition, which would see the portrayal of human nature in an empirical, behavioural sense at stake when we meet the *homo economicus* in Old Testament stories. Rather, I argue for heuristic, methodological reasons that link a model of self-interest to an integral, undergirding theory building function: This model is merely applied in order to see how economic institutions fare regarding the organisation of capital exchange for generating mutual gains. Even so – or to be more precise, particularly so, when encountering the *homo economicus* – successful institutional and constitutional economic ordering is expected to yield mutual gains outcomes for the interacting group (Buchanan 1987b; Homann 1997; Wagner-Tsukamoto 2003, 2013a).

A complementary, heuristic element of institutional economic analysis is the idea of a dilemma structure; in Buchanan’s (1975) terms: *homo economici* are caught up in the ‘Hobbesian jungle’. The prisoner’s dilemma concept is an abstract illustration of this jungle, in which *homo economici* are interacting and end up with the worst possible outcome for the interacting group as a whole – on grounds of rational, self-interested choice. Mutual loss results. Institutional economics takes this outcome not in order to behaviourally critique or even to give up the model of the *homo economicus* or the idea of the Hobbesian war. Rather, it inquires how through situational intervention with economic institutions capital exchange amongst interacting agents can be organised differently; to the mutual advantage of interacting parties. Like the *homo economicus*, the idea of the dilemma structure is therefore an essential heuristic tool of economic analysis. This understanding of the dilemma structure can be reconstructed for very many Old Testament stories, not only for stories in which we see interactions actually escalate and agents getting caught up in a
mutual loss dilemma, but also for stories in which the dilemma was resolved to the mutual advantage of interacting agents. For both identifications, economic institutions are examined regarding a capability of unsuccessfully or successfully aligning interactions over capital exchange with a view to mutual gains outcomes.


Resolved dilemmas with mutual gains outcomes can also be found, especially so in the Joseph stories (Wagner-Tsukamoto 2008: 127; 2009a: 120, 129, 133, 137; 2010: 303, 305; 2013c: 31; 2015: 40–41, 45–47, 51–53) and in the Solomon stories (Wagner-Tsukamoto 2009a: 196; 2013b: 418–419). Through institutional economic reconstruction, the resolution of dilemmas in these stories is not attributed to the proverbial or divine wisdom of Joseph or Solomon as such; instead, their success is economically rationalised with a view to organising economic institutions in such a way that gains from trade and costs endured for agents to produce these gains yielded, in their final outcome, profits for all (i.e. mutual gains). In this economic sense, a climax of Old Testament storytelling, in terms of successful economic ordering, can be identified for these stories; and a hero thesis for Joseph and Solomon is implied.
Questioning the Dualism Thesis

The identification of economic patterns in biblical thought – with a view to capital exchange, economic institutions, mutual gains, *homo economicus*, and dilemma structure – substantively sets out a concept of rational religion. In contrast with Smith’s expectations, this reconstruction of religion was grounded not only in the biblical text but also in ‘his’ economics. Furthermore, economic reconstruction of the biblical text was pursued under the conceptual umbrella of systemic ethics. Therefore, we can see modern ethics emerge from the ancient text. On this ground, the dualistic conception of ancient ethics as being radically different from modern ethics (understood as systemic ethics in the Smithsonian tradition) is open to dispute.

This challenge to dualism gains all the more force by coupling the economic pattern thesis with the new unitary thesis. The new unitary thesis argues that (economic) science can give a unified and ethical conceptual structure to the Old Testament text, in this way rivalling the old unitary thesis as implied by Nietzsche’s nihilism and the historical-redactional school of biblical analysis: that merely faith alone could conceptually unify and save the biblical text. The new unitary thesis implies that dualism is objected to through the economic pattern thesis on a *comprehensive basis* rather than on grounds of identifying isolated or insignificant economic, conceptual patterns in Old Testament stories.

In this sense, of succeeding, comprehensive reconstruction of economic concepts in the Old Testament text, I can answer calls to substantively address the question of religion, from the viewpoint of an economics of religion. And in this specific sense, I can affirmatively
answer Brennan and Waterman’s (1994a, 1994b, 1994c) question as to whether economics and religion were (and are) different. This confirms my rejection of the dualism thesis.

Where does this leave Enlightenment philosophy with the project of ethical rationalism, freed from (biblical) religion and unconnected to economics as systemic ethics? As I noted, even the Scottish Enlightenment, with Smith as leader, faces this critical question, especially so when Smith made his call for rational religion. Buchanan (1975: 117) likewise faces this question, when (a) not dating back constitutional economics to the biblical text (Wagner-Tsukamoto 2009a, 2010); and (b) splitting the ‘moral precepts’ approach, as he termed this approach, from constitutional economics. There appears to be at least one layer of the moral precepts approach (i.e. rational, biblical religion in our case) that is hugely economized in its very nature.

From here we can also intervene and negotiate in the debate on modernity and secularisation. I engage this intervention in the next section when asking about the pervasive and persistent influence of religion in contemporary society.

The pervasiveness and normative relevance of rational religion

Why does religion ‘still’ play a prominent role in contemporary, supposedly modern, secularised society?

North’s and Williamson’s questions
Williamson (2000) examined various ‘levels’ of institutional order. At a top level, he placed religion; followed by institutional structures which more closely resemble constitutional order, as for instance approached in economic terms by Buchanan; followed by institutions at a post-constitutional plane, such as the hierarchical structures of the firm, with contractual structures of two-agent interactions in a market economy at the lowest level. In this connection, Williamson (2000: 596) raised the important question, by picking up North’s (1991: 111) inquiry, as to how and why religion could have a persistent and pervasive influence in society over time, even so in contemporary society:

Institutions at this level [the level of religion] change very slowly – on the order of centuries or millennia – whereupon Douglass North poses the query, ‘What is it about informal [religious] constraints that gives them such a pervasive influence upon the long-run character of economies?’ (1991: 111) North does not have an answer to that perplexing question, nor do I.

Williamson and North seemingly intersect here with other research that disputes the proposal that modern, contemporary society was secularised and freed from religious influence. Examples of such critical, mostly empirically-based research are Reventlow (1984: 411), Iannaccone (1994: 738, 743, 1998: 1466, 1468, 1471), Inglehart and Baker (2000), Berlinerblau (2005) or McCleary and Barro (2006) (see also Band 1988). The question that emerges here asks how is religion able to exert a pervasive influence in society over time?

The answer I want to set out draws directly on the economic pattern thesis, the ‘new’ unitary thesis, and my rejection of the dualism thesis, as I developed these arguments above. I diagnose for ‘capitalist’ societies and the market-based economies they have set up
step-by-step since biblical times a conceptual affinity and match with a capitalist ethics of religion (Old Testament-based religion): Because religion and biblical thought can be seen to be economically patterned, the top level of institutional order – religion (and the moral precepts approach more widely read as rational religion) – can so easily instigate pervasive influence on the lower levels of ‘capitalist’ institutional ordering. The top level is not aloof or unconnected in conceptual economic terms from the lower levels. Rather, the opposite appears to be the case. It is economised in its very essence. This influence on the lower levels works not only through transaction cost efficiencies that religion yields in society but also, and primarily so in my argument, through the very nature and substance of religious thought: economised religion conceptually undergirds and drives the economics at lower levels – of constitutional contract; organisational governance; contractual governance of principal-agent relationships; etc.

In consequence, I follow an economic approach to conceptualise a pervasive influence of religion over time, and step away from sociological and socio-psychological concepts, such as ‘social inertia’, ‘symbolic value’, ‘the insularity of a society’, ‘the absolute, transcendental’ nature of religion, etc., as Williamson (2000: 596–597; also 1993: 476–477, 479) or Gorini (2009: 34–35) suggested this; and Buchanan (1975: 117; 1987a: 289–300) seemingly talked about in a similar vein, when referring to the ‘moral precepts approach’, ‘moral community’ and ‘moral order’.

In the understanding I set out, moral community, moral order or ‘moral rules of religion’ (Anderson and Tollinson 1992) – the ‘moral precepts approach’, as Buchanan (1975, p.117) also termed this – are not merely behavioural rules: In their very essence they reflect economic or economised rules. In consequence, I question that ‘… moral codes were at least partially self-enforcing and that religion served as a voluntary portion of this self-
enforcement mechanism’ (Anderson 1988: 1075). I would argue that they are neither ‘voluntary’ nor ‘self-enforcing’ as such; but they are concepts or rules, broadly conceived, that provide economic ‘glue’ and drivers, substantively guiding exchange behaviour in society. The main thesis is that economizing at the lower levels of capitalist institutional ordering (i.e. constitutional contract and post-constitutional contracting in all its permutations), these levels shape society in a liberal capitalist tradition, are already delineated by the economic, conceptual nature and substance of (Old Testament-based) religion. At least since ancient biblical times, rational religion has been matched in this regard closely with the emergence and development of capitalist society.

As noted this thesis addresses Williamson’s and North’s inquiries into the role of religion with regard to lower, constitutional and institutional levels of societal ordering (below the top level of religion). In this regard, my thesis can also add new insights to debates such as Stuckrad’s (2013: 9) or Kippenberg’s (2008: 143), to whom Stuckrad refers, when discussing the issue why modern constitutions could successfully create a model for plural societies that entertained shared religious ideas. I reconstruct such sharing through the economic pattern thesis.

*The Weber Thesis and Rational Religion*

The Weber thesis on the protestant ethic of capitalism captures an important aspect of my argument on the pervasiveness of religion, but I circle the Weber thesis, searching for the capitalist, rational ethics of religion rather than the religious ethics of capitalism; as I would
generalise the Weber thesis, by pointing at the fundamental foundational nature of
economics that today is understood as systemic ethics, and for understanding religion.

Weber (2001) correctly realised that Protestants rather than Catholics were the
more successful businesspersons in a number of 17th- and 18th-century countries. Perhaps
the main reason for this appears to be that the Reformation brought Protestant religion
conceptually closer to the Old Testament (Sombart 1913: 249-251; Wagner-Tsukamoto
2012b: 9) and the kind of economic conceptual fabric it reflects; in a sense, it aligned the
Protestant faith with Judaism (rather than cultivating a stronger affiliation with the New
Testament, as Catholicism favoured). The ‘spirit of capitalism’ and the ‘calling for making
money’, as Weber (2001: 51, 72) singled these ideas out for Protestantism, are in this
understanding not a new and unique phenomenon in the history of developing capitalist
society (See also Wagner-Tsukamoto 2009a: 245–248; Wagner-Tsukamoto 2012b: 2-3, 6, 9
and the literature reviewed there): However, this same point was explicitly, widely and
continuously asserted by Weber, specifically claiming that Judaism as a religion played no
significant role in the onset of capitalism. Regardless of their achievements Jewish
entrepreneurs remained ‘adventurer’, ‘pariah’ and ‘booty’ capitalists in his theory (e.g.
Weber 2001: 17, 111, 130, 244-245; Kaelber 2005: 141-143). In this respect, I revise and
broaden the Weber thesis: through the economic pattern thesis, the new unitary thesis, the
thesis on the rejection of dualism between ancient ethics and modern, Smithsonian ethics,
and the pervasiveness of religion thesis.

As Weber (1961: 276) observed:

In the long run, no religious-ethical conviction is capable of barring the way to the
entry of capitalism, when it stands in full armour before the gate; but the fact that it
is [now] able to leap over magical barriers does not prove that genuine capitalism could have originated in circumstances where magic played such a role [in ancient times]. (See also Zeitlin 1984: xii, who puts forward a similar argument).

The economic pattern thesis, the new unitary thesis, and the rejection of the dualism thesis combined set out ‘capitalism’s full armour’. But what shall we do with this finding that in ancient times and supposedly in ancient text too, this conceptual armour is already present and fully-formed, that much more than pure ‘magic’ sets out ‘ancient’ religion, as Weber claimed the latter?

When specifically analysing the Old Testament, Weber used a legalistic approach to the Ten Commandments and derivate legal codes, including usury laws, etc. Only on grounds of this rather limited, narrowly legalistic reconstruction of the Old Testament as Gesetzesreligion, Weber (1952: 343) could rightly claim:

Rational economic activity on the basis of the formal legality [Ten Commandments, usury laws, etc.] never could and never has been religiously valued in the manner characteristic of Puritanism [e.g. ascetic Protestantism of 17th and 18th-century Europe]. ... It was prevented by the dualism of the economic ethic which stamped as adiaphorous [neither good nor bad] certain forms of behaviour toward the outsider which were strictly forbidden with respect to brothers in belief. This was decisive. It posed difficulties for Jewish ethical theorists.

The kind of economic magic that I reconstructed for the Old Testament text, however, was available to both ‘insider’ and ‘outsider’ dealings of Jewish capitalists. This conceptual magic
spans a much wider section of the Old Testament than merely a legalistic reading of the Ten Commandments, usury laws, etc. In this respect, I can clarify the conceptual problems which Jewish ethical theorists struggled with, as Weber identified these. Nevertheless, by narrowly following the legalistic lead of Jewish ethical theorists and the implied view that Judaism merely were a Gesetzesreligion, Weber’s vision of an economics of religion had to remain incomplete and also remained parochial compared with the broader appeal of a concept of rational religion, read in institutional economic terms, that could be foundational for the entire Judaeo-Christian tradition throughout time (but with specific qualifications to be made, e.g. regarding how Protestantism or Catholicism draw differently on the Old Testament).

Therefore, by studying the subject matter from two different vantage points, (a) Williamson’s and North’s inquiry regarding the pervasive influence of religion in supposedly secularised, modern society, and (b) Weber’s thesis that the religious ethics of capitalism appeared from the 17th century onwards only, I discussed reasons as to how and why religion could have had a pervasive and persistent influence in market-based, capitalist societies, at least since ancient times. In order to sketch out answers, I drew on the concept of rational religion, as I elaborated on this concept earlier through the economic pattern thesis, the new unitary thesis, and my rejection of the dualism thesis.

In this regard, the staging of economics as systemic ethics on the biblical text is of key importance since this lends not only normative-practical economic relevance to Old Testament-based religion but also a normative-ethical dimension: aspiring to a mutual gains-program. Nevertheless, the latter is an aspirational, utopian goal, which in the textual world of the Old Testament was far from easy to achieve, as the Paradise story, the exodus stories, the settlement stories, or the Chaoskampf stories of the exile exemplarily illustrate.
Conclusions

The Old Testament is not an insignificant text. It foundationally grounds the Judaeo-Christian tradition, and Islam builds on it in various respects too. Through the constitutional and institutional economic reconstruction of biblical texts, the paper discussed a concept of rational religion on a platform of four theses: The economic pattern thesis; the new unitary thesis; (the rejection of) the dualism thesis; and the thesis of the pervasive influence of religion over time, at least since biblical times. Each thesis is on its own conceptually challenging, but taken together they set out a theory and research agenda for ‘rational religion’.

Drawing on the institutional and constitutional economic approach to rational religion, the paper answered Smith’s call to rationalise and in a sense to modernise biblical religion. This project also addressed contemporary calls in the field of economics of religion to analyse what religion stands for in its very substance and nature. Answers were arrived at through the analysis of biblical religion that builds on the Old Testament text and through drawing on Smithsonian (economic) ethics. This also qualified Smith’s expectation that rational religion needed to be freed from the Bible and that some kind of ethical rationalism would be needed to ethically ground it (rather than his very own economics). It also qualified more recent expectations that (biblical) religion and political economy were far apart, mirroring the dualistic conception of religion and political economy that was a key
conceptual milestone for the Enlightenment (e.g. as reviewed by Buber 1957; Reventlow 1984, 2001)

North and Thomas (1973), or North and Weingast (1989) in their outlines of the institutional economic history of capitalism, traced (changes to) economic institutions and constitutions as the key points of origin from which mutual gains programmes materialised in societal perspective over time (for many Western societies). Conceptually, their historic economic argument can be transposed to the textual societies of the Old Testament, both those which were highly performing (e.g. in the Joseph stories, or in the Solomon stories), and those which were lowly performing (e.g. in the exodus stories, or the in the stories after the Solomonic reign). Reasons for high or low performance of societies, both in an empirical historic economic research programme, such as North’s, and in a textual economic research programme, like the one pursued in this paper, are approached in the same way: With a view to economic institutions that aligned or misaligned self-interests of interacting agents, with mutual gains outcomes at stake. Both the rise and fall of ‘real’ and ‘textual’ societies is explained in this manner through the same conceptual apparatus.

Nevertheless, there is room for cooperation between empirical (e.g. historic economic) and textual research that draws on constitutional and institutional economics. The way I set out and rejected the dualism thesis and then extended this argument to the thesis on the pervasiveness of religion begins to interconnect empirical, constitutional and institutional (historic) economic research with my, at least initially so, mainly textually focused research on the Old Testament: Once the economic pattern thesis is projected to North’s (1991) or Williamson’s (2000) inquiry on the institutional ‘top’ level of religion or to a debate of the Weber thesis, my textual research gains empirical relevance in a more
conventional understanding. At this point, there is scope for narratological textual methodology and empirical (e.g. historic economic) research methodology to meet.

A concept of rational religion is in this understanding one key contributing factor that empirically explains, from the top institutional level, the rise – and fall – of societies. The top level of rational religion, economically conceived, already marks out constitutional and institutional economic ordering at lower levels. This proposition is open to empirical scrutiny. And from here we can fundamentally contest historic economic research on antiquity too (e.g. Finley 1974, 1999), which claimed that economic structures of antiquity were entirely different as compared with modern ones.

As much as a concept of rational religion, and the institutional economic theory of religion it informs, has implications for the rise and pervasiveness of the capitalist economic system, it can also hint at why other economic systems did not persist through time. What could we expect if a non-capitalist economic system intentionally tried to eliminate capitalist rational religion, as I reconstructed this, from its societal frame of reference? Assuming this project succeeded, we would see the top level of institutional ordering, at which rational religion locates, being severely disturbed and possibly even falling, in certain regards, into some kind of vacuum.

The demise of communism may here hold some clues, especially regarding its attempt to eradicate religion. It goes unquestioned that there are many reasons why communism over time faded away, but at least one of the contributing factors can be speculated to be that communism succeeded to severely curtail the institutional role of rational religion in society. Can we then align reasons for the collapse of communism with God’s final punishment of communism: for communism having restrained or even eliminated religion? The significant thesis here is that the fall of economic systems, and the
constitutional-institutional order they erected, is facilitated and possibly even accelerated if such systems intentionally aimed to demote rational, economically patterned religion from its normative frame of reference (of moral precepts). In this reading, the demise of communism may very well reflect a religious rational dimension.
References


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