

HOMO ECONOMICUS AND THE STORIES OF JACOB: ON THE METHODOLOGICAL RELEVANCE OF RATIONAL CHOICE THEORY FOR STUDYING THE HEBREW BIBLE

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ABSTRACT

Economics is widely accused of being a portrayer of a dark and dismal image of human nature (i.e. its model of homo economicus as a self-interested, even selfish and opportunistic maximizer of its own gains). This paper argues that the model of homo economicus is not an empirical or prescriptive image of human nature but a useful, “heuristic”, methodical instrument for economic theorizing (in our case, for the economic study of religion that connects to the Hebrew Bible). The paper demonstrates that in generic, methodological perspective, the model of homo economicus compares well to similarly unrealistic, “dismal” models of human nature in other disciplines that study religion. I develop these arguments by focusing on selective stories from Genesis, especially the stories of Jacob. Implications are derived regarding the application of economic methods and concepts for research on the texts of the Hebrew Bible.

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The meaning of a question is the method of answering it. ... A question denotes a method of searching. (Wittgenstein 1975: 66, 77)

I. Introduction

Economics has been widely accused of portraying a negative image of human nature. The model of homo economicus (or self-interested, utility-maximizing, rational choice), which is applied in most forms of economic research, is often the target of criticism. At times, such criticism has even been brought forward by renowned economists, especially those that favor in certain respects, a behavioral approach to economic research that aims to revise the model of homo economicus. Critics include Simon (1997: 38–9, 42–5, 52; 1993: 159–60; 1976: xxvi–xxvii, 1956: 130–1), Etzioni (1988: ix, 140–1), Sen (1990: 25, 30, 35, 37), North (1993: 13, 15), Coase (1994: 111) or Williamson (1985: 2–3, 12, 172–3, 44–6, 64–7, 402–3).

They criticize the model of homo economicus on the grounds that it does not, in empirical, behavioral respects, match a holistic, complete image of human nature. In other words, that it does not compare well to “human nature as we know it” (Williamson 1996: 6; 1985: 44–6, 387, 391). As correct as such criticism may be from an empirical, behavioral perspective, other economists have expressed the view that this type of criticism is irrelevant, largely because the model of homo economicus methodologically undergirds only empirical and theoretical research in mainstream economics (leaving behavioral economics, economic psychology, or socio-economics aside). Those

who interpret the model of homo economicus in this way include Friedman (1953), von Mises (1962), Machlup (1967, 1978), Buchanan (1975, 1987a, 1987b), Becker (1976, 1993), Homann (1994, 1999) or Wagner-Tsukamoto (2003). Iannaccone (2005, 2004, 1998, 1997, 1995) specified such an interpretation of homo economicus with reference to the economics of religion; or Heyne (2008) defended homo economicus in this way regarding various issues that concern the relationship of economics with the study of religion. Novak's (1982: 73–4) theological analysis of capitalism briefly touched on this issue, too.

The present paper analyzes the application of the model of homo economicus in religious research, first, by conceptually deepening Iannaccone's and Heyne's position, and second, by projecting to research on the Hebrew Bible, a methodological argument on the model of homo economicus. Previous economic research on religion complained that "questions about what religion 'really' is" were sidestepped (Iannaccone 1990: 312), and critics of an economic approach to religion protested about such a "void" (e.g. Bryant 2000: 540; similarly Chaves 1995: 99). The present paper contributes to closing this void by arguing for the methodically fruitful application of homo economicus in research on religion and religious belief systems. This research approach connects in our case to textual, narrative research on the Hebrew Bible. In this respect, the present paper differs from previous rational choice research on religion, which empirically researched daily life, e.g. the mobility of religious communities in contemporary USA, strictness of churches, church attendance behavior, etc. (e.g. Finke and Stark 1988; Iannaccone 1990, 1988; Iannaccone and Everton 2004; Young 1997).

I have chosen to focus on selected stories from Genesis, especially those involving Jacob. I demonstrate that the model of homo economicus can be read as a methodological, heuristic tool for studying these stories, instructing various conceptualization strategies of the Hebrew Bible on economic issues (i.e. institutional and constitutional economic governance). I compare the findings of an economic reconstruction of the stories of Jacob with religious studies of these stories. The key

thesis that emerges from these comparisons is that in generic, methodological perspective, religious studies do not proceed in a vastly different way than economics. This underlines, as the paper stresses, the relevance of a methodological, heuristic interpretation of the model of self-interest in economic research, as being comparable with “unrealistic” and “dismal” models of human nature in other research programmes.

The present paper has focused on the stories of Jacob for a number of reasons. First, in the stories of Jacob, for the first time in Genesis, the covenant relationship can be meaningfully studied as being “economized”. Concepts like the homo economicus are especially fruitful for studying this apparent re-orientation of the covenant. Second, students of religion admit to being puzzled as to why Genesis elevated the hugely self-interested figure of Jacob to enter the covenant relationship with God. I argue that economic analysis can be of considerable assistance in helping to explain this puzzle. Third, writing a journal article requires constraint and focus. In other research projects, rational choice theory and concepts like the homo economicus have been applied to the analysis of other stories of the Hebrew Bible. (See Wagner-Tsukamoto 2008, 2009a, 2009b, 2010).

In section two I have developed a *heuristic* – methodological, instrumental, pre-empirical – understanding of the model of homo economicus. I argue that this model undergirds and instructs theory building and empirical research in economics (as economics is conventionally understood). Then, section three traces a methodological application of the model of homo economicus in the stories of Jacob, and it compares the understanding derived with other interpretation strategies in the field of religious studies that concentrate on features of human nature as such. The final section then offers conclusions.

II. A Methodological Understanding of Homo Economicus

The model of homo economicus conventionally understood, portrays “rational choice”, that is self-interested, utility-maximizing behavior of the individual. This model has attracted widespread empirical, behavioral criticism by philosophers, sociologists, psychologists, theologians or behaviorally oriented economists. A classic example is Sen’s (1990) “rational fool” critique of the model of homo economicus. Similarly argued Morgan (1997: 77, 91): “Rational economic man is essentially a caricature: there is something inherently laughable about him. ... A caricature relies on a distortion or exaggeration of certain characteristics beyond the point of objective truth.”

Ammerman (1997: 120–1), Bruce (1999: 123, 126, 128–9), Bryant (2000: 521, 524, 528–30, 532–3, 535–6, 541–2, 546), Mellor (2000: 279–80, 283, 286–7), Neitz and Mueser (1997: 107–110, 115) or Robertson (1992: 153) make similar claims regarding the empirical falsity of the model of homo economicus, explicitly so for the economic study of religion. Machlup (1978, chapters 10, 11) has a historical review of comparable, derisory critique of the model of homo economicus in 19th century- and early 20th century-writings; Wagner-Tsukamoto (2003: 40–1) reviews for contemporary academic debate this kind of criticism (See also Heyne 2008: 49–71). The key claim leveled against economics is that the model of homo economicus portrays human nature in an unrealistic, empirically incorrect and immoral manner.

The present paper would recommend caution regarding this interpretation of the model of homo economicus, suggesting that this reflects a self-misunderstanding regarding the research methods applied in behavioral economic or socio-economic research (and vice versa, a corresponding self-misunderstanding could be diagnosed for mainstream economics if it dismissed behavioral economics, or socio-economics, or other similarly oriented research programs on empirical grounds alone, suggesting their models of human nature did not, in empirical perspective, correspond to views on self-interested choice).

The key thesis of the present paper is that the model of homo economicus “only” provides economics with a research *heuristic*: Understood as a research heuristic, the model of homo

economicus is a pre-empirical, quasi-tautology (Wagner-Tsukamoto 2003). The purpose of its application is to conduct economic theory building that assumes self-interested choice behavior: Economic structures (e.g. pricing policies or a promotion system in a company) are examined this way to see how they fare – “even” if merely self-interested choice is encountered. Concepts on economic structures, and the capital exchange they organize among agents, are, of course, open to empirical and moral scrutiny, as are outcomes for society that result from economic organization. Modern institutional or constitutional economists, for instance James Buchanan or Oliver Williamson, speak in this respect of mutual gains as desirable outcome of economic interactions. This reflects the social, moral program of economics.

Already from the beginning of modern economics, as set out by Adam Smith, economics has come with this distinctive moral program: to foster public good, the “wealth of nations” – but not of a selected nation and even less so of a few selected individuals or one individual: “A revolution of the greatest importance to the public happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the public.” (Smith 1776/1976: 418; see also Smith 1776/1976: 456, 687) As Smith outlined, the “beauty” of the economic approach is that even merely self-interested individuals contribute in a market economy – unintentionally – to larger, social welfare goals of society.¹ Later economists, from Schumpeter to Friedman, have confirmed this insight (Wogaman 1982: 108–9). This is the normative, moral dictum of economics. This also implies that the image of human nature of economics and its moral status as a scientific discipline

¹ In degrees, the unintentional generation of mutual gains may even compare to certain religious ideals. However, the starting point of religion is a fundamentally different one, not self-interest but “love” or “unselfishness.” Already Niebuhr (1941: 265) called this the “paradox of the moral life”: “For love is purest where it desires no returns for itself; and it is most potent where it is purest. Complete mutuality, with its advantages to each party to the relationship, is therefore most perfectly realised where it is not intended, but love is poured out without seeking returns.” (Niebuhr 1941: 265–6) Further differences between religion and economics relate to a missing social focus of religion beyond the immediate relationship of interacting parties, i.e. the good of society (the “wealth of nations” in Smith’s terms).

needs to be deduced from this vantage point – with regard to its self-declared moral aspirations on mutual gains and the “wealth of nations” as an outcome of social interactions.

To further develop this insight: Economics merely uses the model of homo economicus heuristically, as a method, as a tool. Many economists have explicitly argued for this methodological, heuristic reading of the model of homo economicus. Becker is one prominent advocate. He stated that the model of homo economicus is a “method of analysis, not an [empirical, behavioral] assumption about particular motivations.” (Becker 1993: 385) The purpose of this method is to instruct the situational analysis of capital exchange – “situational” in relation to incentive structures (economic structures that influence behavior by signaling certain incentives to an agent). The approach is not dissimilar to the use of empirically unrealistic (unrealistic as compared to holistic, human nature) but highly useful crash dummies in car crash tests. In the car crash test, structural car design is improved in this manner, the absence of “real” human reactions to such tests being of no importance to the results thus derived (Wagner-Tsukamoto 2003: 200-202). In economic research, economic structures are analyzed and improved in a comparable manner: By applying the model of homo economicus, it is ensured that even in the presence of merely self-interested agents economic structures still can successfully organize capital exchange among agents to their mutual advantage. Indeed, with the tool “homo economics”, economic structures are analyzed and tested out for potentially *destructive* effects of self-interested choice (See also Becker 1976: 5, 11–12, 14, 1993: 402; Stigler and Becker 1977: 76–7, 87–9; Machlup 1978: 281, 292–9; Buchanan 1987b, pp, 51–63, , pp, 47–8; Langlois and Csontos 1993: 114–15; Pies 1993: 94, 141; Abell 1995: 6–7; Iannaccone 1995, 1997: 26–7; Homann and Suchanek 2000: 31–2, 42–3; Wagner-Tsukamoto 2003: 41–3; Heyne 2008: 49–71).

Economic research, understood in this way, abstracts from behavioral concepts of love, psychological issues of cognition or motivation, sociological issues of role behavior, and other behavioral concepts. Human nature, in any empirical, phenomenological, behavioral sense or any

holistic sense is bypassed: “A theoretical scheme on such a high level of abstraction ... makes people disappear from view and with them not only the motives and behavior of individuals but also the structure of social relations and the differentiated collectives in society.” (Blau 1976: 5; similarly, Suchanek 1992: 40–3; Coleman 1990) Possibly surprisingly for some social scientists, Blau, Suchanek, or Coleman made these comments for macro-sociology. Its heuristic abstraction of human nature compares well to that of mainstream economics.

Contrary to conventional wisdom, the model of homo economicus is in this respect the wrong target of empirical or moral criticism regarding economics’ image of human nature. Two important conclusions can be drawn from an examination of the facts: First, it is this very model which drives not only the theoretical program of economics (regarding capital exchange and the organization of capital exchange through economic structures) but also the moral program of economics regarding the generation of mutual gains as interaction outcome (“public good”, or the “wealth of nations” in Smith’s terms). Indeed, the moral program of economics would be seriously undermined if the model of homo economicus were replaced. Hayek (1976: xi–xii, 135–6) and Heyne (2008: 107–9) discounted in this respect moral and religious objections against economics.

Second, as outlined above, the model of homo economicus is, from a methodological position, a mere research heuristic, being of a pre-empirical, abstract, quasi-tautological nature. Any social science discipline draws on comparable heuristic abstractions of human nature; for instance, in sociology, we find the model of homo sociologicus, which Dahrendorf (1973: 7, 50, 58, 78) characterized as an “intentionally, unrealistic fiction”; or, in clinical psychology, we find the – heuristic – model of the neurotic, pathological human being (Herzberg 1966: 170). Even for theology this argument can be developed (Wagner-Tsukamoto 2003: 68–9; Wagner-Tsukamoto 2009a: 30–2): Heuristic models of human nature are applied which reflect the “fallen human being”, or “sinful human nature” (e.g. Novak 1982: 77). These models are drawn upon, in theology, to develop normative practices of religion that are grounded, for instance, in love, duty, and unselfishness (e.g.

early on, Niebuhr 1941: 258–9²). For studies of religion that connect to the Hebrew Bible, the conceptual structure of the paradise story is illustrative in this regard too: It sets up the analysis of human behavior in such an apparently self-interested manner – only heuristically, as per my thesis –, when the fall of Adam and Eve is portrayed (Wagner-Tsukamoto 2009a, 2009b, 2010). All such concepts on the modeling of human nature – homo economicus, homo sociologicus, homo religiosus, etc. – could be dismissed as “unrealistic” and even as “immoral” because they do not live up to an empirically correct, holistic portrayal of human nature.

A philosophy of science debate, drawing especially on the works of Popper (1957, 1976, 1978, 1992) and Lakatos (1970, 1976, 1978), has considerably deepened this position on the moral relevance and heuristic nature of the model of homo economicus (and comparable models in other academic disciplines). The works of Goedel, Heisenberg, or Wittgenstein could also be referred to in this connection. In various respects, they spelled out the axiomatic and method-dependent manner in starting up and conducting any philosophical or scientific inquiry that is focused on selective research questions only. I do not want to further rehearse these arguments in the present paper but refer to literature on this issue (e.g. Homann and Suchanek 1989; Wagner-Tsukamoto 2003).

When looking subsequently at the stories of Jacob, I have outlined that storytelling in the Hebrew Bible can be meaningfully analyzed and reconstructed in economics terms – through the model of homo economicus and associated concepts, specifically through a heuristic interpretation of references in the Hebrew Bible to self-interested, even selfish behavior by Jacob. This yields new methodological insights into an economic rationale and purpose regarding economic governance in these stories, and has wider implications for the study and understanding of religion that connects

² Reinhold Niebuhr (1941) is an interesting special case among religious researchers: On the one hand, he argues, in a comparatively conventional tradition, that love, unselfishness and self-restraint can guide certain groups to achieving social, ethical goals; on the other hand, he is highly critical that inter-group conflict both within a society (e.g. among “classes”) and among nations (which in his understanding are also typically characterized by – religious – pluralism) could be resolved by relying on the individual’s morality.

to the Hebrew Bible. I contrasted this interpretation with analysis of Jacob's self-interested behavior that has been suggested by other approaches to religion.

On a related methodological point, my interpretation strategy for analyzing the Hebrew Bible and my methods for this analysis are grounded in the textual, narrative approach (Clines and Exum 1993; Miscall 1998; Brett 2000a, 2000b; Gunn 2000; Rhoads 2009). The Hebrew Bible is analyzed in non-historiographic terms, in its final form. Any claimed depiction of actual, historic events in space-time in the Hebrew Bible has been eliminated. Brett (2000a, 2000b) or Carroll (2000) defended this approach on grounds of methodological pluralism; Fromm (1967: 24) advanced a similar methodological stance much earlier. Textual, narrative analysis assumes both a direct and indirect purpose, and covers intentions of the texts of the Hebrew Bible, also revealing motives as to why the texts were written. I argue for this type of analysis and its usefulness for understanding the Hebrew Bible by specifically applying concepts and methods from economic research (Wagner-Tsukamoto 2009: 149–152). In this manner, methods of economic research, including the model of homo economicus, are projected to examine the purposes, intentions and reasons why the Hebrew Bible was written. I exemplify this approach subsequently by looking in detail into the stories of Jacob.

III. Homo Economicus as a Research Method: New Insights into the Stories of Jacob

The stories of Jacob are full of references to behavior which surpass even merely self-interested behavior. A modern institutional and constitutional economics, in the tradition of Buchanan or Williamson, may speak of outright predatory and opportunistic behavior that is shown by Jacob and some of his counterparts. I want to explain in the following, first, how we can detect the model of homo economicus, even in other, darker versions than merely self-interest in the stories of Jacob, and how such an economic interpretation strategy compares to other reading strategies of Jacob's

behavior. Second, I want to analyze institutional and constitutional economic reasons which explain why economic interpretation strategies that methodologically apply the model of homo economicus to the stories of Jacob, are so fruitful in unearthing new insights into the structure and nature of these stories: Why is a one-sided, “dark” model of human nature to portray Jacob so valuable for understanding these stories?

A. Discovering Predation and Opportunism in the stories of Jacob: What Happened?

Jacob is renowned in religious research for his cheeky, deceitful character: For basically no reason at all he takes away Esau’s birthright; he deceives his father Isaac to get the first-born’s blessing; and he damages the prospects of his employer Laban in numerous ways, for instance, through his breeding tactics when he was the shepherd of Laban’s flocks. Von Rad (1963: 273, 276, 304) noted that Jacob “defrauds”, “deceives” and otherwise engages in “monstrous crimes.” Davidson (1979: 140) attested that “Jacob’s name became synonymous in Israel with supplanter and cheat”; Plaut (1981: 190) found that Jacob was practicing “outrageous deceit and being rewarded for his deed”; Bloom (1982, xviii) characterized Jacob as the “most agonistic of characters”; or Graves and Patai (1964: 198, 200) spoke of Jacob as the “master-thief.” Through his fraudulent schemes, Jacob acquired substantial wealth (Pfeiffer 1948: 144); and at least initially, Jacob seemed to get away with such opportunistic behavior, to the disappointment and dismay of much religious research (e.g. Miller 1993: 24; Westermann 1986: 479); and finally, he was even chosen by God to enter the covenant relationship.

Jacob’s behavior, as characterized by most interpreters, comes close to what Williamson’s (1985) institutional economics characterized as “self-seeking with guile” or Buchanan’s (1975) constitutional economics terms “predation.” Interestingly, religious research is in this respect not too far away from economics. For instance, Plaut (1981: 35, 187), explicitly attributed “guile” to

Jacob as did Armstrong (1996: 96), who even linked Jacob's behavior to the "guile of the serpent", thus projecting Jacob's mischievous behavior back to the Eden story (when human interactions with God were derailed on a grand scale because of Adam and Eve's "greedy" choice; see Wagner-Tsukamoto 2009b, 2010).

Some researchers attempted to recast Jacob's behavior in a more positive light, for instance, by attributing evil and wicked inclinations to Esau while turning Jacob into a studious and virtuous human being. Kugel (1997: 202) reviews such attempts. In my opinion, such interpretations are futile and not credible because first, they contradict what most other interpreters regarding Jacob's character openly attested to (as I briefly reviewed above), and second, because they overlook the deeper reasons behind why the Old Testament modeled Jacob in such an apparently negative, opportunistic manner. So, why is it that the Old Testament favors a model of selfishness, guile and deceit in the stories of Jacob? The next section sheds light on this question through an economic, methodological reconstruction of the role of self-interest, i.e. the model of the homo economicus, in the stories of Jacob.

B. Why Jacob was modeled as Opportunist and Cheat: Methodological Reasons

The key thesis previously developed was that the model of homo economicus is methodologically, heuristically useful for the analysis of capital utilization problems in relation to situational, economic governance (through economic institutions). Can we find in the stories of Jacob capital utilization problems which the Hebrew Bible approaches through institutional governance? And if so, can the model of homo economicus be detected as being purposefully applied to the analysis of such problems? As the subsequent discussion unfolds, I will outline what "institutional economic governance" could mean in this connection.

Institutional economics and constitutional economics do approach capital utilization problems through concepts of cooperation conflict and cooperation dilemmas. In many cases, small numbers-situations of two or a mere handful of interacting parties are drawn upon to analyze conflict, although in normative perspective such analysis is then frequently projected to problems of society at large. To a considerable degree Adam Smith had already proceeded in this way and modern constitutional and institutional economics has picked up this program. In the Hebrew Bible, we encounter “small numbers”-conflicts in the majority of stories. The paradise story is already exemplary, and so are the stories of Jacob.

In the stories of Jacob, a first cooperation problem is encountered when Esau is close to starving. Jacob exploits this situation, acquiring Esau’s birthright as first-born for a little bit of food. Subsequently, Jacob deceives his father Isaac to acquire the blessing, the blessing implying economic wealth in various respects, such as material wealth, longevity, fertility, etc. In interactions with his employer Laban, cooperation conflict is encountered, too. Jacob was the shepherd of Laban’s flocks. In addition to a fixed wage, he was entitled to keep all newly born, speckled animals of Laban’s flock. Jacob exploited this situation through clever breeding tactics that increased the birth of speckled animals.

Apparently, an essential feature of Jacob’s character in these stories is self-interested, even selfish and opportunistic choice. So, can any deeper purpose be detected to show why the Hebrew Bible portrayed Jacob in such terms or was this merely done as a character study as such? Many studies of the Hebrew Bible seem to follow the latter route. For instance, Noth (1966: 9) is exemplary when he argues that Genesis is interested in individual figures as such. Such research then either curtails any further analysis of reasons why Jacob was portrayed as selfish, resorting to dismay, mystification and a certain degree of frustration as far as his character is concerned, or it attempts to read positive character traits into Jacob’s behavior. I briefly reviewed both these routes above and I discounted the attempts of some interpreters to redefine Jacob’s character in positive

terms. Such attempts do not live up to the textual content of the stories of Jacob and to what most other researchers explicitly admitted in this connection.

I argue in the following that Jacob's selfish character compares well not only in substantive terms to the model of homo economicus but also in methodological terms regarding the analysis and resolution of cooperation conflict through economic institutions. The Hebrew Bible can in this latter respect be reconstructed as an early institutional economic treatise.

Already I have considerably developed the first argument from above that Jacob's character compares well to the model of homo economicus, even a model of outright opportunism, guile, deceit, and predation. Jacob's character is in sharp contrast in this respect to earlier patriarchs like Noah or Abraham, who were depicted as highly righteous and quasi-holy figures. I subsequently argue that, at least since the stories of Jacob (although the Eden story could also be referred to in this connection), economic ways were sought out of anarchic, opportunism and predation infested states of social interactions. This is a marked difference to the covenants or "social contracts" that involved Noah or Abraham. The covenants they closed largely set out a religious, moral behavioral route to enacting the good society. Noah and Abraham were quasi-holy highly religious leaders, regarded as role models, who set an example for their people to follow, and when they did follow problems of opportunism, anarchy, conflict, etc. could be expected to diminish (at least among their own people).

The stories of Jacob set a rather different tone, Jacob being anything but a holy, righteous figure in the mold of Noah or Abraham. This invited in the Hebrew Bible, as I set out below, different conflict conceptualizations and different conflict resolution strategies. Ultimately, this is also reflected by the kind of covenant and by the way a covenant was finally established between Jacob and God. Genesis (32: 24–8), in the conclusion of the stories of Jacob, invokes a fight and God fails to

win over Jacob, with Jacob stating his terms for letting God go. Even the covenant concept was in this respect eventually invaded by ideas of self-seeking.

But first to return to the fundamental question: How can economic reconstructions shed light on the methodological application of a model of self-interest in the stories of Jacob? The first point I would like to make is that Genesis is interested in *interaction* problems, in cooperation conflict but not in character studies of individual figures as such. I have already briefly sketched out the stories of Jacob which involved the interaction and exchange problems faced by Esau–Jacob, Isaac–Jacob, and Laban–Jacob. Two parties were involved and they faced some kind of capital distribution or capital contribution problem in their exchanges. Then I elaborated on the interactions between Jacob and Laban. As previously noted, Jacob could manipulate through clever breeding tactics the amount of speckled goats and sheep born. The type of employment contract Laban and Jacob had initially closed did not explicitly forbid Jacob to engage in such behavior. Williamson (1985: 71–9) may speak of a problem of so-called “incomplete contracting”, a contract that did not detail in advance how possible contractual problems in the course of the execution of the contract were to be resolved by the interacting parties. An unregulated, contractual grey area is encountered. Such grey areas open up room for discretionary behavior and opportunism of employees (Williamson 1967, 1985). Institutional and constitutional economics is essentially interested in analyzing such problems in the face of self-interested choice, ultimately giving normative advice on how to resolve them – in economic terms, through institutional and constitutional governance.

In the stories of Laban, we can detect such analyses, too. Once Laban discovered Jacob’s breeding tactics, God in an umpire-like, judicial manner intervened and Laban was forbidden to kill or even to physically hurt Jacob. Such intervention can be reconstructed in constitutional economic terms with reference to how judges and law courts constrain private goods-contracting among agents. Buchanan’s (1975: 67–9) or Friedman’s (1962: 15, 25) studies can be picked up. God’s intervention however, was insignificant almost to the point of being “non-interventionist”. He did

not actually resolve the conflict as such and he did not establish new economic rules, which could have helped to resolve future conflicts. The message which emerged in this respect from the Hebrew Bible was that existing contracts, even if they contained grey areas and were unfair in certain respects, needed to be honored. Miller's (1993) legal, economic research on the Hebrew Bible stressed this point (for the Esau–Jacob dispute), that this stance on the stability of even unfair contracts may have been important for an archaic society which was still struggling to establish codes of contracting, systems of law, and law enforcement through courts (and the Hebrew Bible itself, understood as a “quasi-legal” text, not dissimilar to the Magna Carta much later, is to be viewed as an integral part of coming to terms with this historic struggle). Stability in contract execution, even if this involved unfair contracts, was therefore valued higher than the challenging and cancellation of initially unfair contracts. For conducting such analysis that aims to prevent and resolve this very conflict, the model of homo economicus is needed as a tool for understanding the nature and causes of conflict.

Nevertheless, another message emerges from the Hebrew Bible at this point, too. The shepherding conflict between Laban and Jacob did not remain unresolved: Genesis (31: 41, 52)³ sets out that Laban and Jacob re-negotiated a new contract which changed property rights arrangements for their future interactions. The new contract could be characterized in terms of what Williamson (1985: 76) called “incentive-compatible” institutions: They realigned – “equilibrated” (Williamson 1985: 29, 34) – self-interests between Laban and Jacob in such a manner that contractual conflict and grey areas were anticipated and resolved in economic terms. Incentives structures or “economic institutions” (such as contracts that concern property rights arrangements) were intervened with. This reveals a larger purpose of the kind of interaction analysis we can observe in the stories of Jacob: Through institutional and constitutional economic reconstruction, which assumes the methodological application of the model of homo economicus, we can uncover how cooperation

³ All Bible quotations refer to the *Holy Bible*, as fully referenced in the References section of this paper.

conflicts regarding capital distribution and contribution problems were ultimately handled through revisions to economic institutions. Viewed this way, the outcomes of the stories of Jacob reflect new economic institutions which could generate mutual gains even in the assumed presence of homo economicus – and the figure of Jacob is the required protagonist in the text that portrays homo economicus in an exemplary fashion.

The way the shepherding conflict was resolved in the stories of Jacob seemed to have given Jacob the advantage. Were *mutual* gains really established or did the outcome one-sidedly favor Jacob? If this were the case, we could seriously question any economic reconstruction of these stories, drawing on the homo economicus. However, as much as Jacob was entitled to keep past gains from his dubious breeding tactics, at least mutual gains were ensured for future interactions once the new shepherding contract between Laban and Jacob came into force. In addition, a broader look at the Jacob–Laban interactions reveals that the stories of Jacob do not portray an unquestioned winner (or loser). At times Jacob won, as in the shepherding conflict, but at other times Laban did. Indeed, the shepherding conflict is only part of a larger net of tit-for-tat interactions concerning misdeeds, revenge, compensation and the ultimate contractual resolution of cooperation conflict (See also Wagner-Tsukamoto 2009a: 89). Indeed, the starting point of the stories of Jacob is Jacob’s quasi-theft of Esau’s birthright (Genesis 25: 31–4); a second deceit occurs, when Jacob acquires the blessing from Isaac (Genesis 27: 24–5); Isaac, however, almost immediately seems to have got revenge on Jacob by sending him to work for Laban (Genesis 28: 1–2), Laban’s slippery, opportunistic character being well-known to Isaac (e.g. Kugel 1997: 222, 229; Graves and Patai: 211–12, 224).

In certain respects, Jacob found his match in Laban. For instance, Laban forcing Jacob to work for him for 14 years before allowing him to marry Rachel, one of Laban’s daughters (Genesis 29: 16–30). In turn, Jacob used clever breeding tactics to his advantage over Laban (Genesis 30: 33, 37–43); and Jacob (or more precisely, his wife Rachel) finally stole the household gods of Laban

(Genesis 31: 17–24). Conflicts between Jacob and Laban, however, were eventually resolved through a peace treaty and various compensation payments (Genesis 31: 44, 52–5). This peace treaty was also meant to pacify Isaac (Genesis 31: 53). Finally, Jacob also compensated Esau for the earlier theft of the birthright (Genesis 32: 13–15; 33: 10–11) and Jacob and Esau split up land property in order to ensure the peaceful settlement of their nations (Genesis 36: 6–8).

In the stories of Jacob, those who came initially with guile and opportunistic propensities were subsequently involved in economic retribution processes. Opportunists and predators did not win without suffering some kind of loss. This qualifies some of Miller’s (1993a) and Brams’s (2002) suggestions that Jacob seemed to go unpunished as far as his interactions with Esau or Isaac were concerned. In the end, initially selfish behavior was economically compensated for by inventing new economic institutions, such as contracts that set out compensation payments or rearrangements of property rights allocations (e.g. the splitting of land between Esau and Jacob). In this way, “incentive-compatible” institutions emerged and new institutional, constitutional order ensured mutual gains among interacting parties. An initial pre-contract, anarchic state of social order, which was even engineered in certain respects by Jacob through his misdeeds (See also Wagner-Tsukamoto 2010), was thereby resolved step-by-step through an evolving new social contract. The Hebrew Bible sets out in this respect economic ways for resolving interaction conflict – and the model of homo economicus is essential to such a reading of the stories of Jacob.

Buchanan might have ascribed this kind of constitutional economic message to the stories of Jacob, too. In contrast to an evolutionary, tit-for-tat economics in the tradition of Axelrod (1997, 1984), Buchanan could be expected to stress in this connection that tit-for-tat in the stories of Jacob came *with a purpose*, namely to negotiate a new, mutually advantageous social contract. What Buchanan terms a new “social contract” can be linked to the Hebrew Bible’s references to various peace treaties that were closed in the stories of Jacob (and ultimately the covenant between Jacob and God). Also, Buchanan’s (1975: 70–1, 94, 109–10) concept of “disarmament payments” compares

well to the various compensation payments we encounter in the stories of Jacob. In this way, constitutional contracting out of an initial anarchic, Hobbesian state of nature happened. This new order developed through self-interested decision-making of interacting agents: by closing a peace treaty and by making compensation payments, warring parties could save on defense and attack costs regarding claimed property. A new social contract ensured mutual gains among interacting agents in a stable manner over time. The model of homo economicus undergirds such an interpretation.

This also reflects a larger, normative purpose and moral message that can be attributed to the stories of Jacob. A theoretical and normative program on institutional economic governance can be traced – and it is this very program which necessitates an analytical method like homo economicus. Interacting agents need to be instrumentally, heuristically modeled as self-interested, or even as opportunists and predators, in order to analyze and prevent problems of potential self-interest and opportunism that could derail social interactions. As Brennan (1996: 256–7) put it for institutional and constitutional economics: “To assume at the outset that the actor is motivated directly by a desire to promote the collective interest simply subverts the analytical exercise.” Through applying the method “homo economicus”, economic institutions are tested for problems of opportunism and subsequently they are made “incentive-compatible” – by means of changing contractual or organizational incentive structures that allocate gains and losses in a certain manner to the interacting parties.

As the above discussed in great detail, the Hebrew Bible can be very substantially reconstructed as having engaged in such analytical exercises that invoked opportunistic actors at the outset, and my argument is that it did so in order to show institutional and constitutional economic ways out of such predicaments (on grounds of self-interested choice). As previously noted, the ultimate normative and moral purpose of reading such a model of self-interest into the stories of Jacob was to ensure that all interacting parties benefited from their exchange. Mutual gains were the goal, as Buchanan and

Williamson so vehemently emphasized. This goal of generating stable and mutually beneficial interactions is achieved in mainstream economics by initially modeling interacting agents as self-interested, even as opportunists and predators.

A larger underlying reason as to why issues of self-interest taking a central position were so manifold in the stories of Jacob is due to an interaction condition which increasingly characterized the fictional society depicted at this point of storytelling in the Hebrew Bible: a rise of value diversity and pluralism can be observed. This is apparent in several respects. First, the successful tracing of self-interested agents as such implies that values are not necessarily homogeneously shared among agents; and economic resolution strategies do not require value equivalence in order to establish new social contracts. Economics in this respect “automatically” tolerates pluralism and diversity, and a parallel conclusion can be attributed to the economic reconstruction of the stories of Jacob.

Second, prior to and possibly even in preparation of the stories of Jacob, the rise of value diversity is explicitly made a topic in the Hebrew Bible, prominently so in the story of Sodom and Gomorrah and the story of the Tower of Babel.

Third, when Jacob fights with God and ultimately closes a new covenant with God, this fight is located “within sight of the city” (Genesis 33: 18). The city was a prominent metaphor often implied in the Hebrew Bible, at least since the story of Sodom and Gomorrah and the story of the Tower of Babel, as an example of value diversity and pluralism, and the stories of Jacob connect to the city metaphor in their conclusion. Hence, a final economic message which can be linked to the stories of Jacob is that economic routes to social contracts, as set out through the discovered, self interest-reconciling institutional and constitutional economic ideas in these stories, offer a more viable route to social contracting, especially so when pluralism is an interaction condition. This questions suggestions (e.g. Novak 1982: 77) that religion, especially early religion, may have been interested only in archaic “traditional societies” with little concern for pluralism.

4. Conclusion

Taken as an empirical, behavioral image of human nature, the model of homo economicus presents an incorrect and even morally despicable image of human nature. For behavioral research, including behavioral economics, such evaluation strategies may possibly be justified, for analyzing and then using therapy on problems of self-interested choice in social life in a behavioral manner, as a weakness of character and a problem of human nature. However, should all social problems be approached in this way? Adam Smith (1762-3/1963: 139-140) had already warned that a purely empirical understanding of research methods has its shortcomings and that scientific revolutions emerged in a different manner. He specifically criticized the empiricist Aristotelian method and compared it against the Newtonian method, arguing that an “uncertain or proved” principle, “commonly, a well-known one” (Smith 1762-3/1963: 140) provides, according to the Newtonian method, the starting point for theory building *and* empirical research. Smith applied this methodological insight and approach in his economic treatise on the wealth of nations, the idea of self-interested choice providing one such unquestioned “principle” that – merely heuristically, so I re-formulate – guided his theory building and empirical assessments.

In general, mainstream economics in the tradition of Smith raises different research questions than behaviorally oriented economic, sociological, psychological, anthropological, or theological research into human nature. Economics, conventionally understood, is not focused on human nature as such. Rather, it analyzes, in one form or another, capital utilization problems in relation to institutional governance. For addressing and answering such questions, the model of homo economicus is needed as a research method. Smith already implied this (especially so when commenting on the Newtonian method) and modern philosophers, like Popper or Lakatos, but also

Goedel, Wittgenstein, or Heisenberg, discussed this in more detail (Wagner-Tsukamoto 2003). For mainstream economics, the model of homo economicus is not “much more” than an axiomatic, heuristic method.

The economic reconstruction of the stories of Jacob demonstrated that the model of homo economicus, understood as a heuristic method, can be traced in the Hebrew Bible when problems of capital utilization are encountered (e.g. regarding certain rights to utilize capital) in relation to institutional and constitutional governance (e.g. concerning contracting over rights, including property rights allocation systems). In the stories of Jacob, Genesis presents a figure that is not just economically rational but is so in ways that can be seen as morally sleazy, as predatory, opportunistic and as being a cheat. The key argument here is that the Hebrew Bible proceeds onwards in the interest of promoting a research program that parallels contemporary thought on institutional economic governance, namely that self-interested, utility-maximizing agents will in the end reach a consensus that constitutional contracting is ultimately in their best interests – respectively saving on attack / defense costs and reaping mutual gains from cooperative interactions. And further to this the Hebrew Bible can be interpreted in this way as an analysis for dealing appropriately with the initial problems that such agents seem to create.

Could we condemn an economic reconstruction of the Hebrew Bible in this respect? I argued one should show restraint, and developed several points of discussion. First, the conceptual ease with which an institutional and constitutional economic reconstruction of the stories of Jacob succeeds (as of other stories, such as the Eden story, the stories of Joseph, the Exodus stories, etc.; for a review see Wagner-Tsukamoto 2009a; future research has to address other stories too) hints that an economic rationale is formative for the Hebrew Bible. Second, a discovered economic rationale on institutional governance marks out in the Hebrew Bible a turn away from behavioral contracting as it can be textually traced in the stories of Noah or the stories of Abraham. The stories of Jacob served to illuminate why Genesis modeled – for methodological reasons, so I argued –

agents as opportunists, or “rational fools”, as behavioral economics has misunderstood this issue. The purpose of invoking a model of the opportunist for Jacob is to analyze and eventually give advice on “fool-proof”, economic governance mechanisms. This research program treats “foolishness” as a situational condition but not as a weakness of character.

Third, the discovered economic rationale can be assessed, in the tradition of Buchanan or Williamson or even Smith, as morally valuable, contributing to larger social welfare goals of society (“mutual gains”, the “wealth of nations”). As much as Jacob and his counterparts initially got caught up in futile dilemma interactions, which seemed to threaten their mutual welfare, it was their economic bargaining and contracting over institutional governance which enabled them to escape from futile dilemmas – even though this was for self interested reasons (namely to save on attack / defense costs in relation to predation, and to increase mutual gains).

Fourth, one of the advantages of an economic rationale for institutional governance is that an interaction condition like pluralism and moral, cultural diversity is tolerated in social interactions. The present paper suggested this for the Hebrew Bible, too, especially so when Genesis invokes the city metaphor. The prevalence of the model of homo economicus attests to this as well, since it does not “interfere” with specific values held by the individual.

For reasons of focus and because of the limited space available for writing a journal article, the present paper did not assess another heuristic method of economic research, which is complementary to the model of homo economicus. Institutional and constitutional economics heuristically also invokes the idea that social life resembles a futile dilemma game, in which cooperation breaks down. The prisoner’s dilemma is a classic illustration. It instigates through its specific incentive structures an interaction process in which rational, self-interested choice forces agents to violate their own best interests (Wagner-Tsukamoto 2003). Mutual losses result. Behavioral economics has interpreted this as “rational foolishness”, too (Hollis 1994: 139, 255-6; Sen 1990: 43). As

for the model of homo economicus, such “dismal” cooperation scenarios are only heuristically used in mainstream economics (Wagner-Tsukamoto 2003; Homann 1994).

Tomes (1985: 245) once claimed that “... economics is fundamentally atheistic. Religious beliefs, practices, and behavior play no role in the life of homo economicus”(See also Iannaccone 1998: 1491). If this is so, what then follows from the rather effortless economic reconstruction of texts of the Hebrew Bible with models such as homo economicus? It implies significance not only of the model of homo economicus but of the economic approach in general for understanding this text, which is frequently claimed to be a holy text.

Ultimately, I view the Hebrew Bible as a normative text that aims to advise society on how to solve certain social problems. From here, the nature of religion itself, its understanding of institutional governance, and its “moral and ethical imperatives” regarding “religious worldviews” (Bryant 2000: 540; similarly Saler 2004: 213) need to be fundamentally reassessed. A comparatively rational, economic dimension becomes apparent regarding the very substance and nature of religion. This is contrary to Bryant’s (2000) or Bruce’s (1999) suggestions that economics cannot significantly contribute to our understanding of religion. The fundamental reassessments I suggested also live up to Heyne’s (2008: 121-2) and Schlossberg’s (1988: 99) calls to critically analyze “un-Biblical presuppositions” regarding *modern* economics, both among economists and among non-economists.

My economic reconstruction of the Hebrew Bible questions skepticism (e.g. of Heyne 2008: 196-8, 215-16, or similarly of Bryant 2000: 547) that prior to the 19th century economic thought played no significant role in documents transmitted in mankind’s history. Although Heyne is anything other than a Marxist critic, his skepticism mirrors the Marxian claim (e.g. Robertson 1992: 150) that Smith’s economics were only context-specific and did not apply across societies and across time. The methodologically grounded, economic reconstruction of the Hebrew Bible developed in this paper

casts doubts on such claims. It is unquestionably the case that both in terms of societal context and in terms of context of time, Smith's treatises and the Hebrew Bible fundamentally differ (18th-century, mercantilist Britain versus Near and Middle Eastern societies, some 3000 years ago). Although the Hebrew Bible did not explicitly use terms like "political economy", "rational choice", "capital utilization", "incentive structures", "homo economicus", etc., this paper demonstrated that political economic thought reflecting such concepts can be widely traced throughout the Hebrew Bible.

As previously noted, my analysis was largely narrative, textual in nature. Whether this approach can be projected in historical perspective, for instance with regard to the specific societal, historic context in which the stories of Jacob are claimed to have emerged (possibly the Second Temple period), can be further examined by future research. Nevertheless, on grounds of the research set out in this paper, I would like to claim that the Hebrew Bible is a timeless, context-independent document in very many respects, which for very good methodological reasons can be read and analyzed as fictional prose.

So, where does an economic reconstruction of the Hebrew Bible leave research on religion that analyzes the Hebrew Bible? It appears that to a considerable degree the authors of the Hebrew Bible in Genesis (as in other books of the Hebrew Bible) stepped away not only from behavioral economics but from behavioral concepts of social contracting as such, as one tends to associate them with most other studies of religion, in philosophy, theology, sociology, anthropology, etc. Only in the stories in the immediate aftermath of the Eden story, specifically in the stories of Noah and Abraham, do we find a comparatively pure, behavioral approach to social contracting. From the stories of Jacob onwards, however, a marked shift in methodology, theory building, and moral implications for the practice of religion can be observed. Different attempts were then made to overcome the breakdown of cooperation as it had initially resulted in the Eden story. A "new" moral

philosophy is visible which compares to the moral program of economics as we attribute it, especially to Adam Smith.

As I stressed, in generic, methodological perspective, most studies of religion do not proceed very differently than economics when starting up and organizing philosophical or scientific inquiry. Some kind of “dismal” model of human nature and social life can be met. In much of the research on religious texts, not only in Judaism but also in Christianity and Islam, we find the model of “sinful”, “fallen” human nature and a break-down of cooperation, even between God and human beings, famously so in the Hebrew Bible at the outset of storytelling, when God evicted Adam and Eve from paradise. That the authors of the Hebrew Bible invoked such dismal scenarios even within paradise should alarm researchers on religion into investigating why this was done. The present paper pointed at methodological, heuristic reasons and hereto related economic reconstruction. Once conducted on this basis, this should encourage other approaches to the study of religion to critically question reservations against economics, especially against its claimed unrealistic and immoral view of human nature, the model of homo economicus (or self-interested, utility-maximizing, rational choice).

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