

## THREE PARAGRAPHS ON THE COMMON ECONOMICS OF ABRAHAMIC RELIGIONS

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### Abstract

The idea is that the three Abrahamic religions, Judaism-Christianity-Islam, all predispose microeconomics-wise for a social-welfare liberal state safeguarding against the violation of efficiency (not to waste resources and goods), equity (fair wealth distribution), and envy-freeness (prefer own *modus vivendi* relative to neighbor's) through voluntary action. Macroeconomics-wise, all of them are comfortably compatible with managing the overall economy in line with the four rules of the non-Monetarist Chicago School of Thought given that none of them approves profitable lending: No open-market-operations, cyclically-balanced-budget, k-percent money-growth, and zero-bank-money or full-reserve rules. A *Rousseauesque* social contract complementing the Lockean one is claimed to be the only *état des choses* compatible with all three Abrahamic religions.

**Keywords:** Abrahamic religions, Efficiency-equity-envy-freeness, Democracy, non-Monetarist Chicago School of Thought

**JEL Codes:** A12, A13, Z12

*Wikipedia* writes: “The major scriptures of monotheism in the World are the narratives of the New Testament, the Quran, and the Torah. These are the religious scriptures of Christianity, Islam, and Judaism respectively - the three largest Abrahamic religions”; (<http://en.wikipedia.org/wiki/Monotheism>). Microeconomics-wise, all of them want cosmic (as opposed to spiritual) life to be dictated by Pareto efficiency (not to waste resources and goods), equity (fair wealth distributions), and envy-freeness (prefer own *modus vivendi* relative to neighbor's) through voluntary action. And, since for more than two players, a division cannot always both be equitable and envy-free (Brams, Jones, and Klamler 2006), the players Abrahamic religions emphasize uniformly by divine presumably wisdom are the poor and the rich. This emphasis is what makes them social-welfare liberal rather than libertarian liberal cosmotheories in the sense that all of them concede to the necessity of a *Rousseauesque*-type of state to be correcting the would-be deviations from the “welfare triad” efficiency-equity-envy-freeness brought about by libertarian *laissez-faire*, *laissez passer* attitudes (Soldatos 2014).

“*Rousseauesque* intervention” is crystallized in Robespierre's (1950 [1790], p. 643) triptych *Liberté-Égalité-Fraternité* (LEF). These three sociopolitical desiderata are supposed to minimize the deviation from the welfare triad in practice, suffices the jurisdictional context to be that of the nation state. In a sovereignty of people of related ancestry, religious homogeneity, same language, and common historical roots, the danger of oppression from another similar people(s) is minimized (*Liberté*, Pareto

superior state of affairs), inequality *vis à vis* others inside the sovereignty can only have economic contents (*Égalité*), and the consent of the rich to redistribute income is maximal (*Fraternité*), with the equality-cum-fraternity fostering fairness and with the overall homogeneity of the people minimizing envy. And, democracy, human rights-*Liberté* in the interior of the sovereignty, is presumably the political vehicle through which Pareto efficiency, fairness, and envy-freeness may be pursued. That is, to the extent that the welfare triad permeates all three Abrahamic religions in so far as the cosmic life of the believer is concerned, LEF is the sociopolitical *sine qua non* of this life. But, which is the economic *sine qua non*?

Which is the economic system that all three of these religions would endorse macroeconomics-wise? To answer this question, note that *usury* is condemned uniformly. *Marbit/Tarbit* is a sin for Torah and Talmud (Book of Ezekiel 18:13 and 18:17; Baba Metzia 61b), *usura/usuria* is “detestable to God and man, damned by the sacred canons and contrary to Christian charity” ever since the First Council of Nicaea in 325 AD (Moehlman, 1934, p. 7), and *riba* is one of the Seven Heinous Sins (Quran 2:275, 3:130). And, since interest is indispensable to conducting business, all societies tried to rationalize it somehow regardless faith. Judaism right from the start with loopholes in the Writings (see e.g. Robinson 2000), Christianity simply dissociated it from faith during the Industrial Revolution, and Islamic banking evokes upon lender’s right for profit-sharing when the loan is used productively, or for just leasing payments (see e.g. El-Gamal 2006). They all neglect that what is sought through the abolition of usury is really the elimination of profit-making out of lending, because profitable lending would violate the welfare triad. And, they all neglect the social-welfare liberal character of the faith and hence, that there can be authorities that might enforce such elimination instead of placing it on the shoulders of the involved parties when it is clearly detrimental to the lender. For example, Soldatos and Varelas (2014b) elaborate upon a monetary policy zeroing bank profit in the presence of positive lending and deposit rates.

To the extent that bank profit is assumed to be coming out of the issuance of commercial bank money and this money is identified with commercial bank seigniorage, zero bank profit is equivalent to a 100% reserve requirement, which was one of the four rules advanced by the pre-WWII, non-Monetarist Chicago School of Thought. The other three are the cyclically-balanced-budget, no-open-market-operations, and after the War, k-percent money-growth rules (Soldatos and Varelas 2014a). These are the rules that characterize a small, efficient, and highly democratic welfare state regardless religion. Of course, only “lightly” a religion can be economic, but it seems to this at least author that the Abrahamic religions are comfortably compatible with such a perception of the cosmic *état des choses*. Government borrowing would introduce lender profit just when it will be fighting it through the no-bank-money rule. The Joseph-Pharaoh response to the seven-plus-seven-cows dream (Genesis 41:53-42:18), attests to the need for a cyclically balanced budget as a prerequisite for the prudent management of state finances. And, a k-percent money-growth rule is essential to the smooth operation of the state and of the economy, anyway.

Why then so much conflict among and inside all three Abrahamic religions has been the case so far? The answer lies in the definition of the state and in the corresponding concept of democracy. The models range from *Cäseropapismus* and Theocracy to the separation between the state and the church, from benevolent or

“weak” dictatorships, and oligarchies to atheist states, by manipulating collective rationality. It is unfortunate that the *modus vivendi* emanating from Abrahamic religions unanimously remains still in the sphere of utopia.

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