



Review of Tanja Skambraks's and Martin Lutz's *Reassessing the Moral Economy: Religion and Economic Ethics from Ancient Greece to the 20th Century*, Palgrave Macmillan 2023, 298 pp.

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E. P. Thompson's (1971) seminal article distinguishes the moral economy from the material economy. The former is comprised of the public's economic ethos, that is, the community's expectations regarding proper conduct in the marketplace (the material economy). It sets the standards of justice that most people believe should prevail in economic life. Such differentiation between the moral and material economy became necessary in the modern era as economics was removed from the realm of moral philosophy to become a technical science of allocating scarce resources to their most valued uses (allocative efficiency), independent of all other normative considerations. The notion of the moral economy as distinct from the material economy brings home the point that socioeconomic life and the discipline of economics itself, including the predominant mainstream neoclassical economics, are morally embedded. While the moral and material economy are distinct, they are nonetheless inseparable.

This edited volume of 14 essays examines the role of religion in shaping the moral economy in the last 2500 years, starting from the ancient Greek economy, down to medieval Italian city states, and finally to the contemporary period. This lengthy timeframe and the different economies examined are definite strengths of the book in demonstrating the longstanding vital role of religion in shaping economic ethics down through the ages.

The first essay makes a convincing case on the religious embeddedness of ancient Greek commerce and production. People sought divine favor through offerings and promises-oaths. Wealth was a sign of divine favor. Belief in and fear of divine retribution led people to be honest and internalize moral behavior. Divine protection was sought in dealing with the chance and contingencies of life, especially with maritime commerce and its attendant risk of losing a fortune to harsh weather or piracy.

Historical records show that transfers and donations of private property in Bavaria in favor of the Church in the ninth century were driven by a compelling religious motive—alms as a way of building heavenly treasure, for the salvation of the souls of donors and their families. In the medieval period, religion itself gave rise to a precursor of modern economic institutions, the Monte di Piedad. Centuries before Muhammad Yunus' micro-credit initiatives,

Franciscans initiated their own version of micro-loans to provide the poor with some liquidity through Christian pawnbrokers. Such pietas changed the longstanding view of money as sterile, thereby inaugurating the permissibility of charging and receiving interest rates. What constituted the sin of usury changed. There was also a greater appreciation for the real service of merchants.

The role of religion in shaping economic life was also apparent among the Jewish faithful. Jewish moneylenders were not supposed to lend to Christians who were already being serviced by other Jewish moneylenders. This was to prevent a “race to the bottom,” with Jewish moneylenders competing for the same business. This was a de facto “non-compete” agreement among their co-religionists.

The Florentine commune debts saw a further development of longstanding Christian teaching and thinking on usury. Italian local governments issued various debt instruments to raise funds from the public to finance war or to care for the poor. In exchange, there were coupon payments and even discounted prices for bonds to encourage citizens to buy these bonds in what we now call the secondary markets. Buyers were families, monasteries, breadwinners, and so on, who needed a stream of future income (the interest-coupon paid by these debt instruments). These new techniques in debt financing gave rise to concerns over usury and the common good. To what extent was usury acceptable in the service of the common good, such as fighting a war, dowry endowment, public funds to help the poor, and so forth? Debates surrounding the liceity of such practices were theological in nature, and they precipitated the further development of Catholic moral thinking on these precursors of modern bond trading.

In the moral economy of epidemics, religion played a role in establishing that there are moral obligations owed by the community and municipal leaders to assist those who have been quarantined or in any way adversely affected by epidemics. In the Paraguayan missions of the Jesuits, remunerative economic production was assiduously pursued with the goal of using the profits to finance missionary activities. One could call this “profits for the missions and evangelization.” It could also be likened to modern day social enterprises whereby profits are sought (unlike non-profit organizations), but only for the purpose of funding larger social goals.

Moravians have been deliberate in aligning their trade and production with the Gospel—fair prices and superior quality goods—thereby developing a reputation for trustworthiness. Their work ethic, honesty, and commitment are vivid proofs of how religion is a positive element in shaping the moral economy.

Mennonites, from their earliest days to contemporary times, are living testimony to the importance and significant role of religion in shaping the moral economy. Various Mennonite communities have grappled with how to be faithful to their Gospel commitment of simplicity and non-conformity to this age (Romans 12:2). Disagreements have arisen between acculturating Mennonites and those who are steadfast in being traditional in this era of mass consumption and modern conveniences, such as cars, internet, urban jobs, and so

forth. All these bring home the point that religion is indeed important in shaping the moral economy.

The concluding chapter notes that the essays in this volume suggest three observations about moral conduct in the moral economy:

- Some activities, such as usury, are by their nature just deemed to be wrong.
- Some actions (such as working for profits as an end in itself) are deemed problematic if they are motivated by purely pecuniary reasons.
- Moral behavior, as when it conveys trustworthiness, can be useful in the material economy.

To these I would add that religion lowers transaction and monitoring costs because it engenders an internalized enforcement of moral behavior. We see this, for example, in ancient Greek commerce, in the Italian *montes* and communal debt, among the Moravians and Mennonites, and in the modern payment of taxes as a matter of conscience. Religion has a material impact on the real economy via the moral economy.

To be sure, religion has not always or everywhere been the driver of the moral economy. But even in these cases, religion nonetheless still exerts its influence. Take the case of the Las Vegas gambling industry in a state where there is a major Mormon presence. Even after the state permitted gambling (which is forbidden among Mormons), religion nevertheless succeeded in barring salacious shows from becoming a regular part of the industry, as was initially attempted.

This collection of essays offers us much food for thought. The editors and authors are to be commended for their efforts in documenting the role of religion in shaping the moral economy. For those who might be interested in doing further research on this important topic, I suggest adding to these essays the following powerful examples of how religion shapes the economics and the politics of a nation:

- The Law and the prophets of the Hebrew Scriptures.
- The Patristic Fathers and their influence on and critique of the Imperial Byzantine economy.
- The early monasteries (from the 6th century onward) and the local economies that they spawned.
- The Protestant community chest and communal relief for the poor, funded by public taxes.
- Islamic economics.

These examples will not only help to fill in the time periods not covered by the essays in this volume, but also show convincingly that the central importance of religion in shaping the moral economy is not exclusively either a modern or a Western phenomenon. Religion's role in shaping the public's ethos has been a constant feature of socioeconomic life since the emergence of a belief in God or gods.

References

- Thompson, E. P. 1971. "The Moral Economy of the English Crowd in the Eighteenth Century."
Past and Present 50: 76-136.