Why Economists Fear the Commandments they Do Not Remember?

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Abstract

Empirical evidence suggests that economists do not know the 10 commandments yet they behave like socially inclined sissies when reminded about them. We show that this puzzle can be explained if we assume that economists are both rational and fear god despite not believing in his existence. We conclude with an important caveat.

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1. Introduction

Empirical evidence shows that economists don't remember the 10 commandments, yet they change their behavior significantly after being asked to recall them (Ariely, 2012). Furthermore, the results strongly suggest that economists who don't remember the 10 commandments behave like rational homo-economicus. Economists that remember that they don't remember the 10 commandments behave like socially inclined sissies.

In the next sections we show that these findings can be accounted for by a simple model with a fully rational agent (economist). In Section 2 we present the model's settings. In Section 3, we show that in the unique equilibrium the economist will rationally not remember any of the 10 commandments but alter his behavior after being reminded that these commandments exist. In Section 4 we conclude with an important caveat.

2. Model settings

Assume an economy with two representative agents: A teacher and an economist. The economist is told by the teacher about a book titled "The Holy Bible" and is asked to read the 10 commandments (Bible, 2012, Exodus 20:3).

Further assume that the economist satisfies the following two assumptions:
<u>Assumption 1</u> (the *Homo-economicus* assumption): The economist always maximizes his material well being (Thaler, 2000).
<u>Assumption 2</u> (the *Jewish-Polish fear* assumption): The economist does not believe in god but he is terribly afraid of him (Garbuz, 1989).

3. Equilibrium

In this section we show that in the unique equilibrium, the economist will not remember any of the 10 commandments despite having to read them for the teacher. To prove this claim, we go over each of the commandments and show that learning it contradicts the Homo-economicus assumption. We then show that although the economist does not learn any of the commandments, he still behaves like a social sissy when reminded about them.

A. Not remembering the commandments

Commandment 1: *I am the Lord thy god, who brought thee out of the land of Egypt, out of the house of bondage*.

Any economist who learned McCloskey (2000) and Thomson (2001) should immediately recognize that Commandment 1 is an example of "bad opening sentences." It is long, unclear and boring. The economist will therefore avoid learning Commandment 1 at any cost in order to prevent himself from ever making a similar mistake.

Commandment 2: *Thou shalt have no other gods before Me*.

This is a clear and open attempt by god to gain monopoly rights. Any economist knows that by Mankiw's (2008) sixth principle, markets are a much better way to organize economic activity than letting a central planner like god gain monopoly rights. Learning the second commandment is therefore more than a mere contradiction of the homo-economicus assumption. It is a contradiction of Mankiw and, therefore, learning Commandment 2 is a complete impasse for anyone who completed 101.

Commandment 3: *Thou shalt not take the name of the Lord thy God in vain.*

This statement is clearly false. If everybody would never lie when they take the name of god then there would be a bulletproof mechanism for detecting all liars. But in a world with a bulletproof mechanism for detecting all liars, nobody will believe that anybody will lie and, therefore, nobody will look for liars. Consequently, lying will become profitable and, therefore, there will be liars, which means that a bulletproof mechanism for detecting liars cannot exist. QED.

Any economist can easily understand that god does not want him to spend time on learning false statements. Thus, the economist will not learn this sentence. Instead, he will carry the name of god regardless of whether he makes statements that are *true*, *false* or depend on the *elasticity of substitution*.

Commandment 4: *Remember the Sabbath day to keep it holy.*

A resting day is a nice idea, but given the high standards required for success in the world of academic economists, who can afford it? Commandment 4 therefore contradicts the Homo-economicus assumption that an economist will work seven days a week to maximize his material well being. Consequently, learning Commandment 4 will be delegated to the time after retirement, and even then, only if there is nothing more profitable to do.

Commandment 5: *Honor thy father and thy mother.*

Any economist who took at least a basic course in game theory can see that this sentence is simply not time consistent. It is clearly optimal for any child to promise that he will honor his parents when he wants an increase in his candy supply. Once he has grown up, however, it is just as optimal for him to renege from his promise because once the parents retire they cannot provide him with further M&Ms.

By backwards induction, any parent should understand that the child's promises are not credible and should therefore have no children. Instead of learning Commandment 5, therefore, the economist will do better if he spends his time on publishing papers that show why even Garry Becker made the irrational decision to spend time, effort and money on bringing up two girls and two stepsons (Becker and Tomes, 1976).

Commandment 6: *Thou shalt not murder*.

Accepting this commandment would be a great violation of the Homo-economicus assumption. What would development economists do if there were no wars in Africa? What would the Middle East Economic Association do without some conflict between Palestinians and Israelis and between Shias and Sunnis in Syria and Iraq? War and murder provide plenty of opportunities for businessman, media agencies and rent seeking civil servants. Any sensible economist will therefore see that learning Commandment 6 is against his self interest because if he accepts it, he will give up on plenty of opportunities to publish and prosper.

Commandment 7: *Thou shalt not commit adultery*.

Without going into details, it is enough to say that sex is fun and, therefore, restricting sex is against self interest. Besides, if god will be given the right to prohibit adultery, he and his followers will next interfere with homosexuality, sex before marriage and position 69. By Mankiw's (2008) third principle, therefore, any libertine economist that thinks in the *sensual* margin should not only forget about this commandment, he should also be among the first to protest whenever it is mentioned in political, economic or legal contexts.[1]

Commandment 8: *Thou shalt not steal.*

How will banks, Wall Street Brokers, journalists, their lawyers and all the academics that study them make money if this commandment will be accepted? Besides, if even birds, dogs and fish steal whenever they can, how should god expect economists to be any better?

Commandment 9: *Thou shalt not bear false witness against thy neighbor.*

Of course any economist will ignore this statement. Mankiw's fourth principle tells us that people respond to incentives. Any economist would therefore happily give false witness against his neighbor, boss or colleague if it will gain him riskless profit. After all, getting rid of competition is the easiest way up the social and business ladder.

Commandment 10: *Thou shalt not covet anything that belongs to thy neighbor*.

The tenth commandment is not only false. It is infamy. What would happen to the law of diminishing returns if people did not want more than they already have? What would Ferrari, Nike and Dior do if people would not catch up with Joneses? And besides, what would economists do if they will stop trying to have more than their colleagues? We might even end up in a world where there are no differences between junior and senior professors and in which nobody wants to be the head of the American Economic Association!

B. Fear of god

The results above are that a representative economist will find that all of the 10 commandments are either useless, false, against his self interest or contradicting Mankiw. The findings therefore suggest that the economist will not learn any. The evidence, however, suggests that economists become social sissies when they are reminded that the 10 commandments exist (Ariely, 2012). To explain this finding, it is

[1] Evidence suggests that economists are indeed often in the first line of protesters against sexual discrimination. See for example: http://76crimes.com/2013/10/02/anti-gay-bangladesh-protests-target-nobel-prize-winner/

necessary to invoke Assumption 2 (the Jewish-Polish fear): *An economist does not believe in god but he is terribly afraid of him*.

Under the Jewish-Polish fear assumption, an economist who is reminded about the ten commandments starts to fear. Because he does not remember what exactly he fears, he has to maximize his benefits under Knightian uncertainty. The economist therefore adopts a max-min strategy in which he makes the safest decisions. The outcome is that for the immediate period after he is forced to recall that god and the 10 commandments exist, a representative economist will be a social sissy. He will only regress back to meanness as soon as the memory will pass away (Thaler, 2000, Cox et al., 2008).

4. Conclusions and Caveats

Above we show that a representative economist that is asked to learn the 10 commandments will find them useless, false or contradicting sound economic principles. We have also shown that the representative economist will nevertheless behave like a socially inclined sissy when reminded about the 10 commandments because he fears the god in which he does not believe.

This raises an important caveat because fearing without believing seems like irrationality. There are, however, two possible explanations. The first explanation is that the economist has randomly adopted this assumption from his nanny or parents when he was a child. Models on irrational beliefs show that it is possible that he would not update this prior if he does not get enough opportunities to directly observe god's actions (did not have any, in fact), (Fudenberg and Levine, 2006).

The second explanation is that the economist did have the opportunity to observe god's response and that his behavior is perfectly rational. In fact, the last two Jewish comedians that publically told jokes about god were severely inflicted. One ended up in hospital with a serious backache and the second had a heart attack while on stage. In the Christian world, a notable example is the *Monthy Python* group that most of its members went bankrupt despite the success of the *Life of Bryan*. The caveat of irrationality therefore applies to the writer of this article rather than to the economist.

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