

State Formation in the Hebrew Bible: An Institutional Economic Perspective

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Abstract

The article analyzes the changing approach to state formation in the stories of Joshua, Saul, David and Solomon. I scrutinized these stories for features of emerging constitutional and institutional economic governance.

The paper inquires as to why initially a rather federalist structure under Joshua emerged, that subsequently was replaced by more formally coordinated, hierarchical governance structures. I focused on attack/defense costs and transaction costs that explain the emergence of state structures and their evolution over time. Then, institutional economic concepts of political governance (that overcome anarchy and organize wealth creation in society) were projected to state formation in the Hebrew Bible. In this way, the paper traces the early, yet pseudo-modern economic history of a theory of state formation.

Keywords: State formation; institutional economic governance; Hebrew Bible / Old Testament; property rights; anarchy/violence; attack/defense costs; wealth creation; transaction costs

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What then may we anticipate when we try to conceptualize constitutional contract, that human interaction in which individual rights may be initially defined, where the rules for interpersonal behavior may be established, where ‘society’, quite literally, replaces ‘anarchy’?¹

1. Introduction

The paper develops the key thesis that the early history of modern economic theory of state formation emerged in the Hebrew Bible: The Hebrew Bible anticipated contemporary, ‘modern’ political and institutional economic theory of how agents initially escape out of anarchy and violence, the ‘Hobbesian war’, and of how society prevents a relapse into this sour state.

My economic reconstruction is textual in nature, treating the Hebrew Bible as ‘prose fiction.’ I am neither interested in questions of redactional analysis such as which writers compiled the Bible, nor am I interested in questions of actual historical fact which ask if the Hebrew Bible could be regarded as a depiction of ‘real’ events in space-time. Instead, I followed a ‘narrative approach’, which has made considerable inroads even into biblical analysis.² The implied textual understanding of the Hebrew

¹ James M. Buchanan, *The Limits of Liberty: Between Anarchy and Leviathan* (Chicago: University of Chicago Press, 1975), p. 53.

² For instance, David J. A. Clines and J. Cheryl Exum, ‘The New Literary Criticism,’ in *The New Literary Criticism and the Hebrew Bible* (ed. J. Cheryl Exum and David J. A. Clines; Sheffield: JSOT Press, 1993), pp. 11–25; Peter D. Miscall, ‘Introduction to Narrative Literature,’ in *The New Interpreter’s Bible, Volume 2* (Nashville: Abingdon Press, 1998), pp. 539–552; Mark G. Brett, ‘Reading the Bible in the Context of Methodological

Bible needs to be kept in mind even though I may not subsequently use explicit phrases in every sentence such as ‘the text of the Hebrew Bible says’ or ‘as depicted in this story’ (throughout this paper, and in my other research, too³) – unless I explicitly state the opposite.

I mentioned that my analysis of the Hebrew Bible is non-historical. Nevertheless, a historical dimension entered my analysis, especially in normative perspective, and this relates back to motives, themes and reasons as to why the Hebrew Bible was written. In normative perspective, manifold governance principles result from an economic reconstruction of the Hebrew Bible, especially pertaining to the political governance of a society. Figuratively expressed, Bible stories advise how political economic history is to be made (in case a governance problem was resolved in the text) or how history is not to be made (in case a governance problem was unsuccessfully dealt with). Robert Alter hints at such a different historic purpose of the Hebrew Bible, too, albeit in theological perspective.⁴

Therefore, the Hebrew Bible can be interpreted as an institutionally economic grounded, quasi-legal resource, which is beyond merely learned and verbally transmitted custom but as such cannot be considered as ‘law’ in the modern sense.

This coincides with Hodgson’s argument that law existed long before its explicit,

Pluralism’, *JSOTSupp* 299 (2000), pp. 48–78; Mark G. Brett, ‘Canonical Criticism and Old Testament Theology,’ in *Text in Context* (ed. Andrew D. H. Mayes; Oxford: Oxford University Press, 2000), pp. 63–85; David M. Gunn, ‘Hebrew Narrative,’ in *Text in Context* (ed. Andrew D. H. Mayes; Oxford: Oxford University Press, 2000), pp. 223–252; David Rhoads, ‘Narrative Criticism,’ in *The New Interpreter’s Dictionary of the Bible, Me-R, Volume 4* (Abingdon: Nashville, 2009), pp. 222–223.

³ See Sigmund A. Wagner-Tsukamoto, *Is God an Economist? An Institutional Economic Reconstruction of the Old Testament* (Basingstoke, UK, New York, et al.: Palgrave Macmillan, 2009), pp. 12–18; Sigmund A. Wagner-Tsukamoto, ‘The Paradise Story: A Constitutional Economic Reconstruction,’ *JSOT* 34, 2 (2009), pp. 149–152.

⁴ Robert Alter, ‘Sacred History and Prose Fiction’ in *The Creation of Sacred Literature. Composition and Redaction of the Biblical Text* (ed. Richard E. Friedman; Berkeley, CA: University of California Press, 1981), p. 23.

constitutional and legalistic codification.⁵ Indeed, the Hebrew Bible can be interpreted as a link – a largely institutionally economic motivated one, as I argue – in the development from mere custom to ‘law’ in the modern sense. I further elaborated on this thesis by introducing concepts of state formation and subsequently applied them to the Hebrew Bible.

Four reasons led to my focus on the stories of Joshua, Saul, David and Solomon. First, these stories are revealing regarding the institutional governance of a newly settled and newly formed state because evolving governance structures are *chronologically* closely tied together. The Hebrew Bible is quite explicit as to why – for institutional economic governance reasons, so I argue – state and governance structures changed from Joshua to Saul, from Saul to David, and then from David to Solomon.

Second, under Joshua’s, Saul’s, David’s and Solomon’s leadership, the Israelites faced the problem of how to establish governance structures for a *settled* society. This was not the case in the Exodus stories. As interesting as Moses’ problem of organizing a journey for a large, unsettled community may be for understanding institutional governance⁶, for reasons of choice and focus this is not the topic of the present paper.

Third, there is no doubt that other stories of the Hebrew Bible, in particular the final stories of Genesis and the first few of Exodus also hold important lessons regarding

⁵ Geoffrey M. Hodgson, ‘On the Institutional Foundations of Law: The Insufficiency of Custom and Private Ordering,’ *Journal of Economic Issues* 43 (2009), p. 144.

⁶ Sigmund A. Wagner-Tsukamoto, ‘An Economic Reading of the Exodus: On the Institutional Economic Reconstruction of Biblical Cooperation Failures,’ *Scandinavian Journal of the Old Testament* 22,1 (2008), pp. 114–134; Wagner-Tsukamoto, *God the Economist*.

state formation and economic performance of a society. However, again for reasons of choice and focus they could not be dealt with in this paper.

Finally, as much as Deuteronomy (16: 18 – 18: 22) prior to the Book of Joshua normatively sketched out some of the institutional structures the Israelites should set up⁷, this discussion did not say anything about processes of state formation and how institutional structures were actually established ‘from the time’ of Joshua onwards. This latter issue lies at the heart of the present paper, and, as indicated, I have followed here an institutional and constitutional economic approach, which only recently has begun to make inroads into studies of the Hebrew Bible.⁸ Mayes clearly argued in this connection that Deuteronomy did not actually represent a constitution in itself but rather a ‘... resource to give objective grounding to ... a constitution or legislation.’⁹ The idea of the ‘resource’ basically implies a normative mandate – which stories, from the Book of Joshua onwards, translated into concepts of nation-building and state formation.

My subsequent analysis proceeded in various steps. First, I set out key questions and key concepts of an economic approach to state formation. Following on in the ‘main’ parts of the paper, I analyzed state formation in the stories that involve Joshua, Saul, David and Solomon. Changes to state structures as these stories unfold, and patterns in institutional economic theory building that can be identified in

⁷ Andrew D. H. Mayes, ‘On Describing the Purpose of Deuteronomy,’ *JSOT* 58 (1993): p. 14; Andrew D. H. Mayes, ‘Deuteronomistic Ideology and the Theology of the Old Testament,’ *JSOT* 82 (1999), p. 70.

⁸ Wagner-Tsukamoto, ‘Economic Reading of the Exodus’; Wagner-Tsukamoto, *God an Economist*; Wagner-Tsukamoto, ‘Paradise Story’; Sigmund A. Wagner-Tsukamoto, ‘Out of a Slave Contract. The Analysis of Pre-Hobbesian Anarchists in the Old Testament,’ *Constitutional Political Economy* 21 (2010), pp. 288–307.

⁹ Mayes, ‘Purpose of Deuteronomy’, p. 30.

these texts serve to explain changes to governance. As my analysis grew more detailed further institutional and constitutional economic concepts were defined.

2. Defining the nature of the state and state formation.

The purpose of this section is not to provide any definite answers as to what a state is or to what state formation amounts to. Rather, I would like to arrive at some kind of 'definitional conclusions', if this is feasible at all, as a result of my analysis.

Weber revamped a definition of the state by focusing on the *means* a modern state uses but not its ends.¹⁰ His analysis of the state commenced with the insight that a situation of violence precedes the formation of a 'state.' Otherwise, he could not have discussed questions of legitimate, monopolized use of force and violence by a state.¹¹

For the purposes of the present paper, Weber's key concepts need to be economically 'enhanced', especially regarding the meaning of 'community', and 'state using legitimate force and violence', also by an 'initial situation of anarchy' that is to be overcome through state formation, and by the idea of 'state organization' or 'government.'

In contrast to Weber, Buchanan's constitutional economics explicitly conceptualized a process showing how an initial, anarchic state of nature, in which no social order existed and total war (i.e. the war of all) quite literally reigned, could be overturned by

¹⁰ John J. Wallis and Douglas C. North, *Defining the State, Working Paper No. 10-26* (Arlington, VA: Mercatus Center, George Mason University, June 2, 2010), p. 2.

¹¹ See also Sigmund A. Wagner-Tsukamoto, 'Questioning the Weber Thesis: Capitalist Ethics and the Hebrew Bible?', *Sociology Mind* 2, 1 (2012), pp. 1-11.

the principal participants involved *on economic grounds*, that is on the grounds of their self-interest. The idea of a ‘community’ is to be understood as a group of individual, rational economic actors who all make claims to the same property, e.g. a territory.

A key insight generated by Buchanan is that it is ultimately to the mutual advantage of the principal actors involved to lay down their weapons because they can save on attack/defense costs in this way. In this respect, a constitutional economic ‘capitalist’ approach has nothing to do with the ‘violent establishment of private property’ or the ‘origins of capital in a process of bloody violence and expropriation’, as Marxian analyses suggest.¹² The opposite is the case: Through constitutional economic contracting, which concerns the better guaranteeing of property rights, a state of violence and anarchy is overcome.

Buchanan makes in this connection the vital distinction between the *protective* state and the *productive* state.¹³ The protective state imposes rules or ‘... the institutions of “law” broadly interpreted’, including the neutral, fair enforcement of law. This enforcement task regarding ‘law’ and rules is decided upon and assigned to the protective state in constitutional contract, as potential members of a community are engaged in a disarmament contract¹⁴, leaving behind the ‘war of all’, and transferring ‘the monopoly of violence’, as Weber might call it¹⁵, to the protective state.

¹² Sandro Mezzadra, ‘The Topicality of Prehistory: A New Reading of Marx’s Analysis of “So-called Primitive Accumulation”’, *Rethinking Marxism* 23, 3 (2011), p. 317; S. Charusheela, ‘Response: History, Historiography, and Communal Subjectivity’, *Rethinking Marxism* 23, 3 (2011), p. 323; Norman K. Gottwald, *The Hebrew Bible in its Social World and in Ours* (Atlanta: Scholars Press, 1993), pp. 147–149.

¹³ Buchanan, *Limits of Liberty*, p. 68.

¹⁴ Buchanan, *Limits of Liberty*, pp. 58–59.

¹⁵ Richard D. Auster and Morris Silver, *The State as a Firm: Economic Forces in Political Development* (Boston: Nijhoff, 1979), 21; Douglas C. North, John J. Wallis and Barry

Buchanan's approach bears comparison in this respect to the Marxian goal to prevent all-controlling leviathans and other oppression through rulers, including those who oppress in the name of God.¹⁶

Wallis and North's understanding of the 'state' as the community that negotiates ('organizes') ways out of anarchy through the setting up of state structures and enforcement agencies¹⁷, points in a similar direction, as does Auster and Silver's understanding of this aspect of the state as a 'firm' that specializes in both 'protective' and 'punitive services.'¹⁸ Although the protective state limits individual liberties through rules, essentially it is these rules that guarantee individual freedom – within their agreed parameters of course. Through the protective state, legal rights (in property and in property exchange) are secured for all members of the community for an 'indefinite future.'¹⁹ Even so, Buchanan stresses that readjustments in constitutional contract may become inevitable over time, in order to prevent a relapse into anarchy – should distances between rulers and subjects widen over time.²⁰

R. Weingast, *Violence and Social Order: A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009), p. 17.

¹⁶ For Marxism, such an approach to the Bible that aims against 'overlords' and godly 'oppressors' is set out, for instance, by Roland Boer, 'The Perpetual Allure of the Bible for Marxism', *Historical Materialism* 15 (2007), p. 55, or José P. Miranda, *Marx and the Bible. A Critique of the Philosophy of Oppression* (New York: Orbis, 1974).

¹⁷ Wallis and North, *Defining the State*, p. 11.

¹⁸ Auster and Silver, *State as Firm*, pp. 17, 20.

¹⁹ Mancur Olson, 'Dictatorship, Democracy, and Development,' *American Political Science Review* 87 (1993), p. 572; although Olson does not explicitly distinguish between protective state and productive state, this distinction is implicitly visible when he differentiates different reasons for members of a community for accepting rulers: having stable legal rights, on the one hand, and productivity gains through being taxed, on the other. A similar comment applies for Auster and Silver, *State as Firm*, especially regarding how they set up chapter 2 of their study.

²⁰ Buchanan, *Limits of Liberty*, p. 77.

Protective state structures necessitate a referee or 'judge' enforcing laws through economic sanctioning mechanisms, but the protective state does not cover the process through which a community collectively chooses or further legislates itself regarding 'public goods' and the spending of taxation. The latter relates, as Buchanan reminds us, to the productive state, which tends to be the traditional domain of economic analysis as, for instance, acknowledged by Auster and Silver.²¹ However, the creation of rules for taxation, how and why taxes can be lowered or raised by the productive state, are decided by the collective in the initial constitutional contract as 'part of' the protective state. Much criticism of political economy²² tends to be unclear regarding this vital distinction of Buchanan.

Different types of economic gains explain how and why the protective state and the productive state develop: First, the protective state allows individual participants to *save on attack and defense costs* when leaving behind the war of all. An initial disarmament contract, so Buchanan argues, enables this. In this connection for instance a ruler has to be prevented, through constitutional governance structures, of being able to confiscate ad hoc property of citizens.²³

Second, the guarantee of property rights, rules of taxation etc., as laid down in protective state structures, provide stability and economic efficiency for private market exchange. In the tradition of North, one can argue they lower *transaction costs and foster economic growth*. In this manner, the protective state encourages economic activity within the confines of the productive state, enabling agents to reap mutual gains from trade (profits).

²¹ Auster and Silver, *State as Firm*, p. 26.

²² E.g. Mezzadra, 'Topicality of Prehistory', p. 308.

²³ See especially Douglas C. North and Barry R. Weingast, 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-century England,' *The Journal of Economic History* 49 (1989), pp. 803–832; Olson, 'Dictatorship'.

Third, the provision of public goods, such as ‘national defense’, ‘infrastructure investments’ etc. through taxation further facilitates individual ‘rent-seeking’, individuals reaping profits at the post-constitutional, ‘productive state’ level in private market exchange.²⁴ To sum up, for the purpose of an economic reconstruction state formation is analyzed as happening on grounds of self-interested choice that yields *mutual gains* for those involved (through lowering attack/defense costs; lowering transaction costs; and generating shared trade profits).²⁵

Buchanan’s analysis is especially relevant to reconstructing state formation in the Hebrew Bible because of his focus on the non-ideal ‘status quo’ as a starting point for elaborating on how state structures can be set up and changed over time. For the present paper, this appears highly relevant since the status quo is shifting: what reflects a revision of the status quo in the outcome of the Joshua stories is the input to a discussion of a – possibly still imperfect – status quo of contracting over state formation in the Saul stories.

On this basis, first I examined how and why the society of Joshua established itself, and how the understanding of society and social order changed as the different

²⁴ Olson, ‘Dictatorship’, pp. 567–568; Robert Bates, Avner Greif and Smita Singh, ‘Organizing Violence,’ *Journal of Conflict Resolution* 46 (2002), p. 599.

²⁵ Clearly, modern constitutional and institutional economics examine in this way the possibility of a capitalist, *non-exploitative* economy. This goal of a non-exploitative economy compares to Marxian approaches (e.g. Faruk E. Düzenli, ‘Introduction: Value, Commodity Fetishism, and Capital’s Critique,’ *Rethinking Marxism* 23, 2 (2011), p. 172). However, a conventional economic approach differs from Marxian ones regarding its ‘capitalist’ mode of inquiry, which connects back to the tradition of Adam Smith. Equal gains or some egalitarian sharing of gains, for instance, are not implied in Buchanan’s framework, as it is not in Adam Smith’s approach (– but a free and open society is). This is likely to contrast starkly with a Marxian value theory of ‘equivalent exchange’ or ‘coercive income distribution’ (Bruce Roberts, ‘The Value of Values’, *Rethinking Marxism* 23, 2 (2011), pp. 183–184; Miranda, *Marx and Bible*, pp. 3–12) and the related concept of ‘class exploitation’ (Mezzadra, ‘Topicality of Prehistory’, pp. 306, 309–310, 312; Düzenli, ‘Introduction’, pp. 173–174, 178; Miranda, *Marx and Bible*, pp. 22–23). On ‘egalitarian production’ and ‘alienated labor’, see also David Jobling, ‘“Forced Labor”: Solomon’s Golden Age and the Question of Literary Representation’, *Semeia* 54 (1992), pp. 72–74, also p. 70.

stories unfolded. Second, specific state functions were examined regarding the protective state ('law') and how the securing of property rights were handled (including the issue of the 'ruler', and the selection of who would rule) on the one hand, and how the productive state (especially regarding public goods and related 'taxation') including governmental state functions for operating a state, were established, on the other.

Reasons are given as to why state functions evolved, from the reign of Joshua, to Saul, to David, to Solomon. This discussion focuses on constitutional and institutional economic arguments of state formation, or to be more precise, on a changing understanding of state formation which was legitimized on economic grounds ('mutual gains').

4. The Change of Ruler from Moses to Joshua: Re-settlement

Deuteronomy (34: 1–4) is very clear that Joshua – Moses' successor – confronted a different institutional governance problem as compared to that of Moses. Whereas under Moses' leadership the key purpose of institutional governance had been to organize the exodus journey through uncertain territory, under Joshua's leadership the new purpose was to conquer the Promised Land, distribute land among the Israelite tribes, and establish governance rules for the newly formed state.

With the change of ruler from Moses to Joshua, the expectation of more democratic governance almost immediately arose. Moses had belonged to the House of Levi, which Jacob had condemned because of their violent tendencies. This condemnation carried significant institutional overtones (Genesis 49: 6). Moses then indeed showed a peace-destroying approach in his negotiations with Egypt (driven by a God who

was even more antagonistic) but also when Moses ruled the exodus journey in a rather autocratic, opportunistic manner which favored his tribe, the Levites.²⁶

A democratic structure had existed at the beginning of the exodus journey when Moses still discussed with the elders and first-borns of all tribes problems of institutional governance (Exodus 4: 27–31). Then, tribal community and an ‘assembly-like’ state governance structure prevailed. However, Moses disposed of this approach, and he is subsequently accused in the Hebrew Bible of favoritism and nepotism (Numbers 16: 3, 9–10, 15).²⁷ Some interpreters of the Hebrew Bible²⁸ overlook this opportunistic stance of the Levites. Others have noted, although without entering into institutional economic analysis, that Moses’ institutional position ‘included practically every other office within Israel.’²⁹

Even in these stories, the Israelites and how they were organized did not match a categorization of foraging people, or what Olson calls a primitive, community-oriented, hunter-gatherer band.³⁰ If Olson’s model of a rebel setting himself up as a dictatorial ruler³¹ was applied to any of the stories from the Exodus stories onwards, it would certainly fit the case of Moses’ leadership. However, even for Moses and his

²⁶ Wagner-Tsukamoto, *God an Economist*, pp. 171–173.

²⁷ See also James L. Kugel, *The Bible as it Was* (London: Belknap/Harvard University Press, 1997), pp. 471–473.

²⁸ For instance, Andrew D. H. Mayes, *The Story of Israel Between Settlement and Exile* (London: SCM Press, 1983), p. 37; Nahum M. Sarna, *Exploring Exodus. The Heritage of Biblical Israel* (New York: Schocken Books, 1986), p. 127; John R. Spencer, ‘Priestly Families (or Factions) in Samuel and Kings,’ *JSOTSupp* 190 (1995), pp. 387–400.

²⁹ Brevard S. Childs, *Old Testament Theology in Canonical Context* (London: SCM Press, 1985), p. 109.

³⁰ Olson, ‘Dictatorship’, p. 567.

³¹ Olson, ‘Dictatorship’, pp. 568–569.

tribe (the Levites), qualifications apply: We are only dealing with a 'quasi'-stationary rebel since the Israelite society was on the move.

Also, defense for the other tribes of Israel was not provided by the Levites. Such an economic contribution of the dictator is of key importance in Olson's model³², the rest of the society being 'taxed' for this defense contribution of the 'dictators'. Since the other tribes of Israel provided defense for the group as a whole (including the Levites), one could even interpret this as an especially 'cunning' type of exploitation, with the downtrodden victims having to form an army. Furthermore, productivity gains for the populace from having a dictator were strongly limited during the exodus journey since plant cultivation was not feasible. Only some limited shepherding took place. This further constrains the application of Olson's model.

Moses' autocratic approach to legislative, executive and jurisdictional governance disadvantaged the other tribes of Israel. A considerable 'distance' existed between the rulers (Moses and the Levites) and those who were governed (the other tribes of Israel). Regarding such 'distances' in civil rights, Buchanan argues that either the enforcement of the status quo has to be bolstered (in order to maintain an existing distance) or that a basic constitutional agreement among group members has to be renegotiated in order to reduce an existing distance to acceptable limits for all, thus altering the understanding of the legitimizing community.³³

Purely on transaction cost grounds, one could advance the hypothesis that for the efficient organization of foraging of large groups in hostile territories, Moses' 'dictatorial' approach had certain benefits. However, ultimately Buchanan's, North's,

³² Similarly Yoram Barzel, 'Property Rights and the Evolution of the State,' *Economics of Governance* 1 (2000), pp. 25–51.

³³ Buchanan, *Limits of Liberty*, p. 77.

or Olson's studies provide various economic insights as to why democracies emerge out of dictatorships and Hobbesian leviathans (as discussed below for the Hebrew Bible).

In contrast to Moses' Levite origins, Joshua belonged to the House of Joseph (and Ephraim) which Jacob had highly blessed (Genesis 48: 14; Genesis 49: 22–6), as Jacob had announced that their descendants would become a group of nations (Genesis 48: 19).³⁴ With these genealogies of the Hebrew Bible in mind, a different approach to involving community and to setting up state governance could be expected under Joshua.

The Hebrew Bible indicated in this respect early on that the continued protection of the Levites' domination after the exodus journey would not be its favored route for institutional governance. Also, on cost grounds, the institutional domination of the Levites and the implied protection of the status quo could be considered to be an economically inefficient solution for a *settled* society, e.g. with issues arising such as the distribution of land, the securing of property rights in land, or the defense of land. Economic historic research hints at this theoretical issue.³⁵

God's approach to institutional involvement also seemed to change. God urged Moses to approve of Joshua as his successor because Joshua was '... a man in whom is the spirit' (Numbers 27: 18) – by inheritance the spirit of Joseph, I would add

³⁴ Jacob's blessing of Joseph reflects Joseph's highly successful approach to institutional governance, in which he had resolved interaction dilemmas between Egypt and Israel (Wagner-Tsukamoto, *God an Economist*; Wagner-Tsukamoto, 'Out of a Slave Contract').

³⁵ Douglas C. North and Robert P. Thomas, 'The First Economic Revolution,' *Economic History Review* 30 (1977), pp. 229–241; Jacob L. Weisdorf, 'From Foraging to Farming: Explaining the Neolithic Revolution,' *Journal of Economic Surveys* 19 (2004), 561–586.

here, with all the institutional, genealogical implications to governance this had. The God-concept, understood as an ultimate, supervisory idea for grounding governance, began to move away from the vengeful, antagonistic God of the Exodus stories.

5. State Formation under Joshua: The (Re-)introduction of the Assembly

After the exodus journey, the most crucial issue for the Israelites was to regain their claimed homeland. Joshua's approach to acquiring land was more typical of the House of Levi rather than that of the House of Joseph. No cooperation concept with other tribes and nations is visible, with very rare exceptions (see below). What Buchanan calls the 'natural distribution state' or the 'Hobbesian jungle'³⁶ fully emerges at this stage. Briend speaks of a 'vision of violence.'³⁷

As Buchanan describes, natural distribution states are unstable because of the constant attack and defense attempts that characterize such states as well as the costly investments parties have to allocate to attack and defense in order to retain what they claim as their property. He introduces in this connection the idea of a scarce 'good x' that is somehow distributed between two warring parties.³⁸ Ultimately, so Buchanan argues, warring parties will engage, for economic reasons, in cooperative negotiations regarding a fairer distribution of contested property – because mutual gains can be realized, both parties reducing costs regarding the predation and defense of 'good x.'

³⁶ Buchanan, *Limits of Liberty*, p. 31; James M. Buchanan, *Freedom in Constitutional Contract: Perspectives of a Political Economist* (London: Texas A & M University Press, 1977), pp. 22–23.

³⁷ Jacques Briend, 'The Sources of the Deuteronomy History: Research on Joshua 1–12,' *JSOTSup* 306 (2000), p. 378.

³⁸ Buchanan, *Limits of Liberty*, pp. 23–25.

Under Joshua, 'good x' can be interpreted in a first step as scarce, fertile land (in the Jordan valley), as 'territory', and the kind of governance problems this implied both among the Israelite tribes and among Israel and other nations who made claims to the Promised Land, or were neighbors to the Promised Land. Both internal and external 'predation' threatened to appear.

Joshua, in complete contrast to Moses' approach, began to involve all Israelite tribes in constitutional (re-)arrangements that concerned the setting up of new state organization structures. As noted, Buchanan is quite outspoken here on grounds of attack / defense costs and on practical grounds, stating that a renegotiation of the basic constitutional contract is the only solution.³⁹ The 'assembly' was (re-)introduced as a governance mechanism, being comprised of 'elders, leaders, judges, and officials' of all the Israelite tribes (Joshua 8: 33, 9: 14–15, 20: 4, 23: 1–2, 24: 1). In this respect, a basic state structure of the 'protective state' at a constitutional level⁴⁰ (i.e. the assembly) was the object of agreement amongst the ones who were to be governed ('the people').⁴¹

By introducing the assembly, Joshua succeeded not only in involving all the tribes of Israel in institutional governance but also in preventing the status quo from lapsing back into destructive anarchy. Civil war is a real threat, as Buchanan warns, when changes to institutional governance are made. Such changes became unavoidable once the Israelites reached the Promised Land with questions of territorial distributions arising, coupled with issues of how to acquire land from and defend land against other nations.

³⁹ Buchanan, *Limits of Liberty*, p. 77.

⁴⁰ Buchanan, *Limits of Liberty*, pp. 68–69.

⁴¹ This is abstractly discussed by Buchanan, *Freedom in Constitutional Contract*, p.

In effect, it was the assembly, operating at least as a quasi-democratic forum, which (re-)asserted its monopoly on constitutional contracting, including the use of 'violence' through the 'protective state.' Such constitutional contractual agreement to maintaining and changing the status quo is essential.⁴² So it can be seen, in the Book of Joshua, the institutional governance of the Israelites began to be legitimized, once again, more through a Lockean constitutional contract that closely follows Buchanan's conception of constitutionalism rather than the kind of autocratic, possibly even dictatorial Hobbesian 'slave contract' or 'state banditry' that can be attributed to institutional governance under Moses.⁴³ This is a fundamental meta-theoretical insight into the conceptual stance and political, normative nature of the Hebrew Bible. This shows very early roots of economic concepts on how democracy emerges out of dictatorships or 'Hobbesian jungles.'

Despite this, the assembly still suffered under significant governance deficits. A 'twelve-tribe league'⁴⁴ emerged under Joshua's reign rather than an integrated, smoothly functioning nation. Childs here diagnosed the 'loss of a unified leadership' and the 'tragedy of the nation.'⁴⁵ This had been prophesied by Jacob, namely that a descendant of Joseph and Ephraim – Joshua – would forge a 'group of nations' from the Israelites (Genesis 48: 19) rather than a unified nation.

Being more specific, Joshua failed to set up integrative mechanisms for drawing together and running the Israelite community as *one* state. Executive governance

⁴² Buchanan, *Limits of Liberty*, pp. 82–83.

⁴³ Wagner-Tsukamoto, 'Economic Reading of the Exodus'; Wagner-Tsukamoto, 'Out of a Slave Contract'; Olson, 'Dictatorship'.

⁴⁴ Childs, *Old Testament Theology*, p. 178.

⁴⁵ Childs, *Old Testament Theology*, pp. 113, 115.

problems and transaction cost inefficiencies existed regarding common tasks (for 'public goods' and how to collect taxes for their provision). The existing governance structures invited 'anarchy' and self-interested maneuvering among the Israelite tribes. The kinds of property or 'goods x' that had been safeguarded through the 'twelve-tribe league' (the way land was split and land governance happened through the assembly) were something like 'tribal independence', 'tribal democracy' and 'tribal security', loosely adjudicated by the assembly, but not 'national security', 'national democracy' and 'national independence.' 'Good x' can here, for instance, be further specified as tribal manpower that has to be allocated to shared defense tasks, as in the formation of a standing army.

These 'national' goods were under threat continually from warring adjacent nations and those nations whom the Israelites had evicted from the Promised Land. Civil war amongst the Israelites was another possibility, especially since *national* security *national* democracy and *national* independence had not been secured. Clearly, the tribes had a common interest to cooperate regarding the shared provision of the defense of territory or the maintaining of democracy, since this allowed not only Israel as a collective group but also individual tribes to reduce costs for setting up institutional structures to provide these goods. However, for these two goods (i.e. national defense; maintaining of independence) conflicting interests already existed. For example, from the point of view of individual tribes, it made good economic sense to opt out, on grounds of self-interest, from defense tasks once it became apparent that the attack of an external or internal aggressor was not aimed at their own territory. Regarding 'national independence', problems of self-interested maneuvering could be expected to be even more divisive.

Buchanan predicted in this respect that ultimately the potential for cost savings would induce interacting parties, in this instance the Israelite tribes, to change their

institutional structures. I will discuss this below when institutional structures under Saul's, David's and Solomon's reign are analyzed.

As much as internally a condition of anarchy and civil war was reduced under Joshua, at the inter-national level, no cooperation was established. No economic gains from cooperation or disarmament were realized other than one minor exception as described in Chapter 9 of Joshua: God had directed the Israelites not to make peace treaties with nations that occupied the Promised Land but to evict them – and this instruction, which still reflected the 'spirit' of Moses (e.g. renewed in Joshua 23: 7, 12, 24: 19–20), largely explains the antagonistic stance of the Israelites against other nations. However, the Gibeonites achieved, by means of deception, to hold on to their territory in the Promised Land. Since Joshua (or more precisely: the elders of Joshua's assembly) had agreed to a peace treaty with the Gibeonites by an oath to God, they were stuck with this institutional arrangement. As a result, a cooperative and mutually beneficial agreement, resulting in economic gains for both parties, was set up between the Gibeonites and the Israelites.

6. State Formation under Saul: Emerging Kingship and Defense Integration

As noted, under Joshua, the problems surrounding 'goods x' national defense, national independence and national democracy had remained. The only coordination mechanism for common defense tasks that could possibly be said to have existed under Joshua was the assembly. Calling upon the assembly, however, was a rather time consuming, costly endeavor and it still invited strategic maneuvering among the Israelite tribes regarding as to who would cooperate with whom when it came to defense tasks. The idea of the community reflected a collection of twelve loosely connected independent groups, who put their own interests first. Only if all the tribes were targeted by one aggressor, could cooperation be expected to materialize

regarding the common sharing of defense tasks, but even this was rather costly while being time consuming and complicated to organize because independent armies had to be merged into one.

Regarding the maintaining of democracy, problems of institutional governance showed similar features as compared to the defense problem. The problem regarding the maintaining of independence, however, was more acute since it cut at the very heart of basic rights for maintaining tribal identity versus national identity. Clearly some major conflicting interests could be expected, despite the common history of the tribes and the manifestation of a shared religion in the course of the exodus journey.

Buchanan speaks in this connection of an 'adjudication role of the collectivity.'⁴⁶ By this he meant that conflicts needed to be settled through an agreement process which involved all warring factions but is not settled top-down, authoritatively and without legitimation by any possibly existing state structures. For the circumstances described in the Hebrew Bible at this point, a state structure did not exist that could legitimately (in a Lockean sense) swiftly settle conflicts. As discussed, Joshua had introduced the assembly, which was a very loose, highly 'federalist' government structure. After the autocracy of Moses, federalism may have been taken a step too far. The status quo of governance was in this respect rather imperfect when Joshua exited the stage.

After Joshua's reign, this problem was not immediately addressed. In the Book of Judges, an escalating situation developed in which the Israelite tribes, led by judges and prophets, sometimes succeeded and sometimes failed to hold on to their territory

⁴⁶ Buchanan, *Limits of Liberty*, 89.

in the Promised Land. A period of anarchic instability set in, Israel 'had no king; everyone did as he saw fit' (Judges 21: 25, also Judges 19:1).⁴⁷ The Hebrew Bible underlines at this point the danger of emerging democracies relapsing into what Buchanan calls 'natural distribution states' or Olson terms 'competitive theft by many roving bandits'.⁴⁸ This situation also compares to what others abstractly model in a modern context as a 'phase II' in a process of a society emerging out of anarchy, this phase being defined by 'thieving and raiding' and the 'decentralized defense of resources'.⁴⁹ Economic gains from cooperation that is organized through state structures are then forsaken.

Even civil war as a consequence of lacking institutional coordination is reported at this point; for instance, in Judges (19), the Israelite tribes call on the assembly to set up an internal army to fight against one of their own tribes, the Benjamites. A societal monopoly on the legitimate use of violence within society is unclearly set out. The assembly, an essentially legislative mechanism, had to be called upon in order to deal with a problem of law enforcement, at the level of the executive, protective state. The Hebrew Bible, understood as a state formation theory provides in this respect insights into 'the fundamental problem of how the state achieves a monopoly on violence'.⁵⁰

⁴⁷ See also Gerald O. West, 'Tracking an Ancient Near Eastern Economic System: The Tributary Mode of Production and the Temple-State', *Old Testament Essays* 24 (2011), pp. 514–515.

⁴⁸ Buchanan, *Limits of Liberty*; Olson, 'Dictatorship'.

⁴⁹ Matthew Baker, Erwin Bulte and Jacob Weisdorf, 'The Origins of Government: From Anarchy to Hierarchy,' *Journal of Institutional Economics* 6 (2010), p. 217; see also Mezzadra, 'Topicality of Prehistory', p. 309.

⁵⁰ North, Wallis and Weingast, *Violence and Social Order*, p. 17.

Saul, the appointed leader of the Israelites after Joshua, had to deal with these institutional problems of how to unite the individual tribes and how to acquire a 'monopoly on violence' for the state. Metaphorically, this is illustrated for defense tasks when the Israelite tribes need to unite to confront an external opponent. Saul cuts up two oxen and sends the pieces to all tribes of Israel. This was done as a draconic appeal *and* yet an economic threat too: 'This is what will be done to the oxen of anyone who does not support Saul ... Then the terror of the Lord fell on the people and they turned out as one man.' (1 Samuel 11: 7–8)

This episode highlighted various issues. First, the Israelites were not yet institutionally united in any kind of national sense. Time-consuming and costly maneuvering went on regarding national defense. The organization of a state 'monopoly on violence' and how to use this against internal factions, other states, nations etc. did not exist (1 Samuel 11: 7–8, 24: 1, 31: 1–2).

Second, Saul had to draw on metaphysical support to make the Israelites cooperate and transfer tribal defense responsibilities to Saul. God's involvement reflects a pre-modern approach to institutional governance, relying on the 'shivering human being' before God, as Buchanan critically branded this approach⁵¹, and it also compares to a spiritually claimed but earthly and often economically motivated role of the Church in medieval government organization, as economic historians have outlined.⁵² Nevertheless, and this is revealing, economic threats and sanctions were in place too. The economic nature of the spiritual threat (or 'sanction') manifested itself in the threatened killing of livestock of Israelite farmers.

⁵¹ Buchanan, *Limits of Liberty*, pp. 130–131.

⁵² North, Wallis and Weingast, *Violence and Social Order*, pp. 62–69.

Third, Saul had acquired his position as leader of the Israelites on legitimate grounds, the 'people' (the Israelite tribes) appealing to Samuel to appoint a 'king' as their leader. The governance structure of the kingship could yield economic gains in the way Olson, or North and Weingast link institutional change of top government structures to historic developments.⁵³ However, virtually everything regarding what roles and rights the kingship would possess remained implicit under Saul (1 Samuel 8: 5). The Hebrew Bible mentions some 'regulations of the kingship' (1 Samuel 10: 25), written down on a scroll, but understood as economic theory of state formation, it left – apart from the organization of national defense tasks – a void at the level of state government that was executed by the kingship especially for national democracy, and national independence.

Saul basically acted as what North and his colleagues might describe as a 'military specialist'.⁵⁴ Elements of the protective state were realized regarding law enforcement that concerned the good 'national defense.' In addition to this, there was now a split function of power at the highest level of Israel, Saul being the military-political leader while Samuel was the highest priest and spiritual leader of Israel. Samuel was de facto the 'leader of the Church', being in charge of a good 'national identity' relating to religious belief. Most importantly, Samuel was 'supervisor' of Saul. It is insightful in this connection, from a genealogical institutional position, that Samuel was also a member of the House of Joseph and Ephraim. In contrast, Saul belonged to the House of Benjamin, which had been strongly condemned by Jacob (and which had incited civil war amongst the Israelites in Judges 19; see also 2 Samuel 20: 1). To some extent the question arises as to why, from a genealogical

⁵³ Olson, 'Dictatorship'; North and Weingast, 'Constitutions and Commitment'.

⁵⁴ North, Wallis and Weingast, *Violence and Social Order*, p. 18.

point of view, Saul had been chosen to become king in the first place? Various arguments apply.

First, Samuel remained the high priest of Israel during Saul's reign as king, providing supervision and control of Saul. Second, and possibly more importantly, by choosing Saul, the Hebrew Bible ultimately seemed to be making a point as to why members of the House Benjamin, similar to those of the House of Levi, were at best transitionally but *not* ultimately suited to lead Israel. Indeed, Saul was deselected as king for failing to obey God's commands, and Samuel organized his removal.

The subsequent civil war-like situation between David – Saul's successor as king of Israel – and Saul, who continued to make claims to the kingship, was then resolved in David's favor (1 Samuel 18: 7 – 31: 6; 2 Samuel 2: 8 – 5: 5). It is also insightful in this connection that David genealogically belonged to the House of Judah, which Jacob had praised almost as highly as the House of Joseph. The furthering of state formation and the development of institutional governance therefore seemed to be set on a constructive path again.

7. State Formation under David: Emerging Government Hierarchy

In the early days of David's reign, civil war with Saul destabilized Israel. First indications of a peaceful resolution to this state of affairs came when Jonathan, Saul's son, closed a 'peace treaty', a covenant with David (1 Samuel 20: 16–17, 23: 18). The protective state here began to re-develop, and even more so once Saul was involved in making a new covenant with David too (1 Samuel 24: 21–2, 26: 25).

Once again inevitably civil war-like anarchy erupted when David's son Absalom declared himself king (2 Samuel 15: 10 – 18: 16). This battle for the throne was ultimately resolved in David's favor, but initially, David as the then highest judge had not neutrally enforced legal sanctions (as, for instance, set out by Deuteronomy 22: 28-29) when his family members had broken laws (i.e. the rape of Tamar by David's son Amnon, who was subsequently killed for this deed by Absalom). This hints that the improper, nepotistic enforcement of a state monopoly on violence, as held by David, led to challenges to this monopoly (through civil war).

After the Levites' deselection (1 Samuel 2: 12 – 3: 14), high priests, such as Samuel, basically performed the Levites' functions (as priestly leaders of Israel, as tax collectors of priestly offerings, and as administrators of religious law), in addition to political functions, such as the supervision of the king. However, regarding institutional governance a vacuum still existed, especially for the productive state. David then introduced 'productive state structures' (in the sense of Buchanan⁵⁵), referring to the provision of public goods – in exchange for taxes.

A bureaucracy of officials is referred to in 2 Samuel (8: 15–17). Various hierarchical functions are mentioned: David being sovereign and high judge, with other functions being *delegated*, such as military organization, 'recording', priestly leadership, administering of conquered people, and royal advisory functions. A separate 'legalistic' bureaucratic identity of the kingship, as opposed to a natural persona became visible.⁵⁶ Institutional complexity increased and we can observe *decentralization* tendencies, which constrained the 'capitalists' at the top. This is in

⁵⁵ Buchanan, *Limits of Liberty*, pp. 68–69.

⁵⁶ See also research on the medieval Crown and Church by Ernst H. Kantorowicz, *The King's Two Bodies. A Study in Medieval Political Theology* (Princeton: Princeton University Press, 1957).

opposition to suggestions of Gottwald or Boer⁵⁷ and this hierarchical approach was different to the autocratic approach of Moses or the (possibly too) federalist one of Joshua.

Hierarchical bureaucratic development in itself resolved coordination problems and the remaining problem of potential anarchy, and it did so in a rather transaction cost effective way. It also lowered transaction costs regarding the securing of property rights in private market exchanges: Bureaucracy as such restrains the ruler from being able to renege on property rights promises to subjects. I have discussed this in more detail below since the Solomon stories are even more explicit in this respect. Interestingly, other governance functions, for instance the bureaucracy of religious governance, were only called upon in interactions between God and David but David did not actually introduce such structures. God especially asked David to build a house for him and for the ark (2 Samuel 7: 5–6). This in effect would have implied a more stringent bureaucratic control of spiritual, religious leadership functions (and tax collection through the priests, too). However, this project was not realized under David (See also 1 Kings 3: 2).

Regarding the initial establishment of jurisdictional functions and government hierarchy, we can also refer to Hodgson and the idea that a switch from custom to law is accompanied by the bureaucratic stratification of society and the development of judicial institutions and a juridical authority.⁵⁸ This can already be seen in the David stories but became more explicit in the Solomon stories. This insight also has meta-theoretical implications regarding a normative function of stories of the Hebrew Bible for political leaders.

⁵⁷ Gottwald, *Hebrew Bible*, pp. 147–148; Roland Boer, 'Western Marxism and the Interpretation of the Hebrew Bible', *Journal for the Study of the Old Testament* 78 (1998), pp. 3–21.

⁵⁸ Hodgson, 'Foundations of Law', pp. 149, 151.

Importantly, David's monarchy answered to the 'people' and the 'elders' (2 Samuel 19: 9–11). This showed that constitutional democratic, legislative structures like the assembly had not been given up under David's reign and that changes to such structures were still sanctioned by the 'people.' My interpretation is here more positive than the suggestion of the emergence of forced labour under David and of the political reign of David *in opposition to* his people, as suggested by West⁵⁹. My analysis is more in line with the diagnosis of democratic, constitutional economic contracting as advocated by Buchanan.⁶⁰

On a less favorable note, the issue of establishing sustainable relationships with neighboring tribes and nations, both at an economic and military level, was never resolved under David. His approach to handling other nations still employed the belligerent approaches of Joshua and Saul (e.g. 2 Samuel 10: 7 – 11: 1).

8. State Formation under Solomon: The Full Monarchic Hierarchy and Economic Growth

Solomon advanced institutional reform internally, regarding the final appeasement of the Israelite tribes and the widening bureaucratic governance of the Israelite society, and externally regarding governance structures that now involved other nations, with international trade blossoming. Economic growth and rising wealth is visible not only for Israel but also for the nations with whom Israel traded. Can we explain these developments in institutional economic terms? Or, do we have to exclusively fall back

⁵⁹ West, 'Mode of Production', p. 516.

⁶⁰ Buchanan, *Freedom in Constitutional Contract*, p. 287.

on conventional interpretations (including critical Marxist ones⁶¹) which attribute Solomon's success to his 'proverbial' wisdom (1 Kings 4: 34).

As North and Weingast outlined for 17th century-England, '... for economic growth to occur [in a society] the sovereign or government must not merely establish a set of rights, but must make a credible commitment to them.'⁶² Property rights in exchange must be guaranteed. Such a commitment to upholding property rights can be provided, according to North and Weingast, either by the leader consistently setting an example of 'responsible behavior' or the ruler subjecting himself/herself to a set of rules that he/she cannot violate. North and Weingast question the suggestion that rulers throughout the long history of societal development have ever managed to consistently 'self-bind' themselves.⁶³ Is the Solomon story in this respect 'just' an exceptional and possibly naïve, uncritical example of a 'responsible leader' generating economic growth and wealth? Or, can we project North and Weingast's critical line of reasoning to the Solomon story, that institutional economic reform restricted the ruler and that this fostered economic growth, wealth, and freedom?

I examined these questions, first by searching for a key feature of a modern economy – specialization and division of labor⁶⁴; second, by identifying economic growth, rising

⁶¹ I question in this connection that 'All that Solomon does economically is done "in wisdom"' (Jobling, 'Forced Labor', p. 66). At least, I would try to economically conceptualize this process, through institutional economics, and claim that such rationalisation (which Jobling, 'Forced Labor', p. 66, may critically even call the 'commodification of wisdom', a term used by him, albeit in a different context) is enlightening and indeed 'ideal' (in Jobling's sense, 'Forced Labor', p. 66): yielding prosperity for all (mutual gains). This conceptual strategy generates in my view a more convincing argument regarding 'ideal', societal benefits of the 'commodification of wisdom', which Jobling contests for Solomon's economic success (the success being only 'non-ideal', 'real' in Jobling's terms, reflecting forced labor and labor alienation, as in a Marxist critical reading).

⁶² North and Weingast, 'Constitutions and Commitment,' p. 803.

⁶³ North and Weingast, 'Constitutions and Commitment,' p. 804.

⁶⁴ North and Weingast, 'Constitutions and Commitment,' p. 831.

wealth ('mutual gains') and political freedom in the Solomon story, which North and Weingast or Buchanan view as an outcome of successful, modern institutional and constitutional economic reform⁶⁵; and third, by addressing the fundamental issue of whether property rights were indeed economically secured through institutional reform, rather than through having a wise ruler who consistently resisted – through 'responsible behavior' – to renege on property rights promises made to subjects.

Specialization and division of labor

Rising specialization and division of labor occurred: Solomon developed the bureaucratic stratification of the Israelite society, which David had begun. Solomon was the high judge as well as the highest political, jurisdictional and religious leader of his kingdom (1 Kings 3: 28, 10: 9). He further set up state structures relating to the priesthood, which had been lost in the wake of the deselection of the Levites. The building of the temple in Jerusalem is here the strongest evidence, this temple becoming the centre not only of spiritual leadership but also of legal, institutional governance.⁶⁶

Furthermore, an intricate bureaucratic hierarchy emerged that involved widespread delegation of political functions regarding administration, recording, military, governance and supervision of newly formed districts, personal advisory to the king, palace management, and labor management (1 Kings 4: 1–6). Specialization and

⁶⁵ North and Weingast, 'Constitutions and Commitment', p. 831; Buchanan, *Limits of Liberty*.

⁶⁶ In historic economic perspective, temples were frequently centres of trade and commerce, too, with shops and craftsmen clustering around temples; see Morris Silver, *Economic Structures of Antiquity* (London: Greenwood Press, 1995), pp. 18-23.

division of labor even extended in international perspective: Foreign labor was imported because of the specialized skills it possessed (1 Kings 9: 11, 9: 27). This rise in specialization and division of labor may already imply growing economic development and a rise in societal wealth. Next, I examine this issue explicitly.

Taxation, Growth, Wealth, and Political Freedom

Clearly the king accumulated substantial economic gains, or what has been abstractly referred to as the accumulation of ‘privileges’ on the side of a kingship.⁶⁷ This included a large court with many wives; and taxation supplied Solomon with a constant source of income for funding the protective and the productive state: The people provided ‘tribute’ to Solomon (1 King 4: 7, 21).

In order to explain in economic terms why the people accepted Solomon as ruler, they must have gained more than they lost through Solomon’s policies. Savings in attack and defense costs regarding the resolution of anarchy (civil war; attack by external forces), as advocated by Buchanan, are one key consideration. Other reasons relate to rising prosperity that is generated through private market exchange in a society that is well protected from internal and external raiders.⁶⁸ Olson critically reviews this as ‘banditry’ at the top of a state: through taxation. However, such ‘state banditry’ benefits the people, the ruler protecting the people from ‘other’ bandits, for

⁶⁷ North, Wallis and Weingast, *Violence and Social Order*, p. 53; similarly Olson, ‘Dictatorship’; concretely, with regard to Solomon, see West, ‘Mode of Production’, p. 517.

⁶⁸ North and Weingast, ‘Constitutions and Commitment’; Olson, ‘Dictatorship’.

instance, through an army.⁶⁹ North and Weingast develop in this connection the related argument that transaction costs are lowered for private market exchanges (by a ruler self-binding himself/herself, as reviewed further below). The resulting increases in wealth (realized through more efficient private market exchanges) together with cost savings on predation and attack, must more than compensate the taxation costs and other costs imposed by the ruler.

Solomon's policies seemed to ensure that the Israelites benefited more than they lost (1 Kings 4: 20). In general, their livelihood was secured and their 'happiness' was maintained: 'The king made silver as common in Jerusalem as stones' (1 Kings 10: 27). Or: 'The people of Judah and Israel were as numerous as the sand on the seashore; they ate, they drank and they were happy.' (1 Kings 4: 21–22) As Buchanan or similarly Williamson stressed⁷⁰, the generation of mutual gains (albeit not necessarily equal gains) is essential for institutional economic governance to materialize and to be sustained in an organization or society. Jobling concedes in this connection that Solomon's reign yielded prosperity on all sides.⁷¹ Such sharing of wealth disproves, in textual perspective, the Marxian expectation of a capitalist process of 'primitive accumulation', which grounds the 'origin of capital in a process of bloody violence and expropriation.'⁷² I am equally loath in this regard to attribute a 'pre-capitalist', 'tributary' societal system to the Solomon stories, in which a 'strong state and upper classes dominated the majority of people through taxes, rents and

⁶⁹ Olson, 'Dictatorship'.

⁷⁰ Buchanan, *Limits of Liberty*, pp. 53–54; Buchanan, *Freedom in Constitutional Contract*, Oliver E. Williamson, *Markets and Hierarchies. Analysis and Antitrust Implications* (New York: Free Press, 1975); Oliver E. Williamson, *The Economic Institutions of Capitalism* (New York: Free Press, 1985).

⁷¹ Jobling, 'Forced Labor', pp. 61–62.

⁷² Boer, 'Western Marxism', p. 9; Charusheela, 'Response', p. 323.

debts.⁷³ In my view, the system was openly 'capitalist' yet democratic and pluralistic (see also below).

Contrary to the historically rationalized expectation of Auster and Silver for ancient kings, it was not the case at this point that '...authority [to rule] flowed from the worship of the sacred fire.'⁷⁴ It was economic welfare in society that legitimized the kingship instead of religion in a spiritual, supernatural sense. Religious artifacts, like Solomon's temple, were an expression of wealth.

Under Solomon, a rise in wealth went hand in hand with a rise in freedom. Pluralism was mastered as an interaction condition: Solomon was married to an Egyptian; he built temples for the foreign gods of his many foreign wives and Solomon even worshipped these foreign gods (1 Kings 11: 1–2, 4–7). Bureaucratic stratification of religious leadership is implied: A 'pluralistic framework of late pre-exilic Judah' emerged, as Mayes commented in historic economic perspective⁷⁵, and which many theologians and biblical scholars have branded as folly and sinful.⁷⁶ Personal belief systems, including religious belief, are in such a pluralistic society subordinated to the private level and the economic sphere dominates this kind of society.⁷⁷ What North and Weingast might call 'political freedom'⁷⁸ and what they identified as a key feature of successful institutional economic reform – in a modern society – emerged at this point in the stories.

⁷³ Gottwald, *Hebrew Bible*, pp. 344–345; West, 'Mode of production', p. 517.

⁷⁴ Auster and Silver, *State as Firm*, p. 23.

⁷⁵ Mayes, 'Purpose of Deuteronomy', p. 30.

⁷⁶ Childs, *Old Testament Theology*, pp. 179–180; Israel Finkelstein and Neil A. Silberman, *The Bible Unearthed. Archaeology's New Vision of Ancient Israel and the Origin of its Sacred Texts* (London: Touchstone, 2002), p. 163.

⁷⁷ Mayes, 'Purpose of Deuteronomy', p. 27.

⁷⁸ North and Weingast, 'Constitutions and Commitment', p. 831.

Institutional reform, decentralization and the securing of property rights

Was the rise in wealth and freedom / pluralism due to effective economic guarantees of property rights, or do we have to fall back exclusively on interpretations that favor Solomon's wise leadership, he consistently exhibiting 'responsible behavior'? The economic guarantee of property rights can be identified in various ways.

On a first point, Solomon's society reached a high degree of bureaucratic stratification and hierarchical delegation. A state in the sense of a 'unitary, intentional actor, a sovereign, rule-making *organization*', as Anderson puts it in historic perspective for the early Greek state⁷⁹, then existed in this story from the Hebrew Bible. Rather than ruling as a natural persona, Solomon ruled through a hierarchy of officials, as a bureaucratic persona.⁸⁰

Authority over structural arrangements, which involved property rights allocations, was removed from the centre, from the natural persona 'Solomon.' Such hierarchical delegation can be interpreted as an institutional economic mechanism of a leader economically constraining himself from confiscating or changing property rights ad hoc. The economic rationale that is attributed in this way to bureaucratic, hierarchical organization (a) does not predominantly follow Weber but more the tradition of Williamson's economic rationalization of organizational hierarchy, and (b) it is non-Marxist in nature, arguing for decentralization, delegation and shared wealth creation

⁷⁹ Greg Anderson, 'The Personality of the Greek State,' *Journal of Hellenic Studies* 129 (2009), p. 2 (emphasis added); see also *ibid.*, p. 13.

⁸⁰ Kantorowicz, *King's Two Bodies*, makes comparable remarks on the medieval Church.

rather than centralization and class exploitation as a feature of the Solomon stories.⁸¹

The hierarchical guarantee of property rights led to the fostering of capitalist, non-tributary modes of production (at the 'productive state' level) and I strongly contest Gottwald's hypothesis in this regard.⁸²

On a second point, Solomon broke down tribal features for organizing his society. He formed twelve districts which did not strictly follow the tribal allocation of land as it had been set out under Joshua. These districts possessed a degree of governmental independence and had property rights secured for themselves in terms of what they produced through agriculture, craftsmanship, etc. (1 Kings 4: 25). Also, the tax policy introduced by Solomon was fair in so far that each district was required to provide tributes to Solomon for one specific calendar month. The transition to settlement was now complete and economic reasons for this process, which secured property rights, can be projected to the Hebrew Bible.⁸³

Contrary to Master's historic analysis of ancient Israel⁸⁴, the kingdom was unquestionably established in territorial terms at this point of storytelling. Through breaking down tribal barriers and providing a fair tax policy from the outset, Solomon removed himself, again through institutional reform, from the temptation to change taxation rules ad hoc or to favor his tribe, for instance, through lower taxation or even tax exemptions.⁸⁵

⁸¹ Regarding Marxist criticism, see Gottwald, *Hebrew Bible*, pp. 147–148; Boer, 'Western Marxism'; Jobling, 'Forced Labor.'

⁸² Gottwald, *Hebrew Bible*, pp. 341, 344–345.

⁸³ North and Thomas, 'First Economic Revolution', outline such reasons in historic economic perspective.

⁸⁴ Daniel M. Master, 'State Formation Theory and the Kingdom of Ancient Israel,' *Journal of Near Eastern Studies* 60 (2001), p. 130.

⁸⁵ See Robert C. Allen, 'Agriculture and the Origins of the State in Ancient Egypt,' *Explorations in Economic History* 34 (1997), pp. 135–154; Allen discusses in historic

On a third point, Solomon appeased international relations. He established 'peace on all sides' (1Kings 4: 24). This already happened on grounds of self-interested choice (because cooperation was mutually beneficial to all parties involved). Like Joseph, Solomon married the daughter of the pharaoh, which yielded a political alliance with Egypt. There were manifold contractual trade relationships with other nations; for instance, the king of Tyre contributed to the building of the temple in Jerusalem and he had men working as sailors on Solomon's trade ships (1 Kings 9: 11, 27); there were trade exchanges between Solomon and the Queen of Sheba (1 Kings 10: 2, 10, 13); the Hebrew Bible refers to 'Arabian kings' (1 Kings 10: 14), and also to 'Kue', the 'Hittites' and the 'Arameans' (1 Kings 10: 28–9), as well as more generally to 'traders and merchants' (1 Kings 10: 15, 29).

Property rights were considerably strengthened through international institutional reform.⁸⁶ Property rights were at least much more secure than in preceding stories when (internal and external) wars reigned. Such security in property rights lowers transaction costs for private market exchange, and subsequently contributes to economic growth and rising prosperity for a society (See above also).⁸⁷

In conclusion, and to underline the point that we are dealing with a free society, Solomon remained answerable to the 'people', as a legitimating source of the kingship and of a societal contract between king and people. The quasi-

economic perspective for ancient Egypt various principles, such as emerging bureaucratic hierarchy, labour enforcement, restriction of movement of labor, geographical factors, etc., which explain state formation in Egypt. Future research has to examine how far Old Testament stories and especially the Solomon stories can be reconstructed through this approach.

⁸⁶ From a constitutional economic point of view, I view international cooperation much more positively than in the analysis of West, 'Mode of Production', p. 517.

⁸⁷ North and Weingast, 'Constitutions and Commitment'.

parliamentary mechanism of the assembly is explicitly mentioned in the Solomon stories, in 1 Kings (8: 1-5, 14, 22), and subsequent stories also confirm this (1 Kings 12: 6). Comparable to Anderson's assessment of the Greek assembly in antiquity⁸⁸, the people remained the constraining foundation of political governance.

Fundamentally, we are dealing with a constitutional monarchy that answered to the people. Some of Olson's, Barzel's or Grossman's comments on the bandit-like nature of a ruling thief running a society, who is *not* directly accountable to the people⁸⁹, are overly pessimistic, even appearing misguided when projected to the stories discussed above.

The stories that immediately followed in the aftermath of Solomon's reign confirm legitimization through the people, too: His successor, Rehoboam, was swiftly deposed *by the people* for new, unreasonable tax demands and for changes to labor force practices (1 Kings 12: 14, 16).⁹⁰ Only then do we see the appearance of a 'tributary' productive system – against which the people revolted, with anarchy erupting and the formerly integrated Israelite state splitting up (1 Kings 12: 18).⁹¹ This rebellion and the basic economic reasons for a break-down in cooperation compare to what happened between Egypt and Israel at the beginning of the Exodus stories.⁹² *This outcome* compares to the Marxian concept of 'primitive accumulation' when a 'capitalist' engages in self-destructive, exploitative labor processes and expropriation.

⁸⁸ Anderson, 'Greek State', p. 11.

⁸⁹ Olson, 'Dictatorship', 568–569; Barzel, 'Property Rights', 28; Herschel I. Grossman, "'Make Us a King": Anarchy, Predation, and the State,' *European Journal of Political Economy* 18 (2002), p. 34.

⁹⁰ Similarly acknowledged by Finkelstein and Silberman, *Bible Unearthed*, p. 151; Roland Boer, *Marxist Criticism of the Bible* (London: Sheffield Academic Press/Continuum, 2003), p.127. In difference to me, West, 'Mode of Production', p. 517, links the split up of Israel to Solomon's policies rather than the changes introduced by his successor Rehoboam.

⁹¹ Richard E. Friedman, *Who Wrote the Bible?* (London: Jonathan Cape, 1988), p. 45; Finkelstein and Silberman, *Bible Unearthed*, p. 149.

⁹² Wagner-Tsukamoto, 'Economic Reading of the Exodus'; Wagner-Tsukamoto, *God an Economist*, pp.140–148.

However, as critical as Marx may be in this connection, equal criticism would be forthcoming from Smith, or any modern constitutional and institutional economists: It is because of the giving up of mutually advantageous, institutional economic ('non-tributary') policies, as they could be so fundamentally attributed, in the tradition of Buchanan, North, Weingast, or Williamson to the Solomon stories, that cooperation broke down when Rehoboam ruled.

9. Conclusion

Initially, particularly under Joshua and Saul, anarchy both internally and externally threatened the young Israelite society. The Hebrew Bible provides in this respect a warning against the vision of 'idealized libertarian anarchy' being a credible model of social institutional governance. The economic theory of state formation which emerged from the Joshua stories onwards underlines this skepticism of Buchanan.⁹³

As the stories progressed, anarchy and the 'Hobbesian jungle' were brought under control, societal contracting and institutional governance being built up. This implied the lowering of attack/defense costs regarding the securing of property rights when a society leaves behind the 'war of all.'

Conceptual roots of a theory of state formation relate under Joshua to the land distribution problem and how comparatively democratic state governance mechanisms (the assembly) were introduced. The approach was probably too federalist, since integrative mechanisms required for common tasks such as the defense of land or the maintaining of democracy had not been set up. Under Saul this problem was gradually resolved, the Israelites being merged into a unified army.

⁹³ Buchanan, *Limits of Liberty*, pp. 11–24, 288.

The vision of an organizing community was thereby extended from a representative decision-making forum (the assembly) to a pool that offered resources ('human capital') for common tasks, such as defense.

That the condition of anarchy is always 'present' in society, as Buchanan stresses⁹⁴, and that its resolution was only temporary is demonstrated by the events after Solomon's death, with existing cooperation generating policies being given up and Israel rapidly disintegrating. A meta-theoretical implication here is that the text is rather *modern*, therefore questioning, for instance, Gottwald⁹⁵, regarding its application of economic methods for portraying problems of conflict and anarchy in society, especially between rulers and the 'people'.

Once threats of anarchy had been considerably reduced in the wake of the Joshua and Saul stories, other state governance issues, which relate to the specific rights a ruler (the king) would hold in terms of jurisdictional or executive powers, were dealt with: Under David and Solomon, bureaucratic structures were introduced that provided a governmental apparatus. Solomon developed this apparatus in great depth, but more importantly, Solomon succeeded for the first time (after the Joseph story of Genesis) in maintaining mutually beneficial relationships with other nations.

Therefore, the David stories and even more so the Solomon stories addressed the institutional problem of establishing a settled society from a different perspective. The focus of societal contracting shifted away from the protective state (and its focus on

⁹⁴ Anderson, 'Greek State', p. 4, understates this point by looking at modern states which show little signs of coercion or anarchy (because, so I would argue, they have established a functioning protective state). However, once the protective state is undermined in modern states, for whatever reason, a rise in anarchy and a consequent rise in coercive state measures or the renegotiation of constitutional contract can be expected. Jobling is more critical in this respect and much closer to Buchanan, although Jobling analyses from a critical Marxist perspective (Jobling, 'Forced Labor', p. 58).

⁹⁵ Gottwald, *Hebrew Bible*, p. 345–346.

resolving anarchy and lowering attack/defense costs) to the productive state (and its focus on wealth creation and lowering transaction costs for private market exchanges). Savings in transaction costs in private market exchanges could be seen most explicitly in the Solomon stories, with property rights being guaranteed by constraining rulers in different respects (e.g. through bureaucratic hierarchy, alliances, trade contracts, etc.), in both national and international perspective. Then, the economics of division of labor and of trade in private goods came into full bloom. In this regard, the Hebrew Bible anticipated, at least to some degree, Adam Smith's writings on how the division of labor and the institutionally secured liberalization of trade within a nation and among nations would benefit all parties involved and lead to 'wealth for all' (i.e. 'mutual gains', 'wealth of nations').⁹⁶

A 'step theory' on state formation emerges in the Hebrew Bible, issues of anarchy primarily being dealt with in the Joshua and Saul stories (with a focus on the protective state), while the David and Solomon stories focused on division of labor, societal stratification and emerging government hierarchy (the focus shifting to the productive state, albeit not exclusively). An economic reconstruction of the Hebrew Bible holds in this respect important clues regarding the questions raised by Seagle, Hodgson, or Allen as to how we can understand *processes* of state formation and how state formation theory can explain such processes.⁹⁷

As a by-product of the political and economic international opening up of the Israelite society under Solomon, pluralism arose. This was in sharp contrast to earlier

⁹⁶ The only comparable examples that we find in this respect in the Hebrew Bible are the Joseph stories. A hero-thesis and a climax-thesis can be attributed to these two stories (Wagner-Tsukamoto, *God an Economist*). Future research can deepen these insights through a comparative analysis of the Joseph stories and the Solomon stories.

⁹⁷ William Seagle, *The Quest for Law* (New York: Knopf, 1941), p. 62; Hodgson, 'Foundations of Law', pp. 151–152; Allen, 'Agriculture and State'.

periods.⁹⁸ Solomon actively supported this development. Ultimately, he is even described as having worshipped many different gods. Some interpreters have reviewed this very critically. In contrast to this, an institutional economic reconstruction attests to the existence at this point in the stories of a democratically governed, pluralistic and free society. This value diverse society became feasible – even necessary – because of the institutional economic changes pioneered by Solomon.

Finally, it is important to remember that at all points during the reigns of Joshua, Saul, David and Solomon, leaders remained answerable to society, to the ‘people’ as the Hebrew Bible generally put it, or the ‘elders’ and other members of the assembly, as they were singled out. This implies a democratic model of a constitutional contract between the people and its leadership, ultimately the monarch (in the stories that involve Saul, David and Solomon).⁹⁹

In line with this governance issue and the remarks made on the mastering of anarchy, the emergence of governmental hierarchy, the negotiation of international trade treaties, and the development of a pluralistic free society, we can trace – grounded in a non-positivist, interpretative, ‘textual’ epistemology – the early beginnings of an economic theory of state formation in the Hebrew Bible. A meta-theoretical implication is the view expressed herein that, contrary to the skepticism of modern writers on the state and society, and on the emergence of a debate on state

⁹⁸ Mayes, ‘Deuteronomistic Ideology’, p. 79.

⁹⁹ Rudiments of a two-party, rivalry system for ruler succession are present, as they characterize many modern democracies (see also Auster and Silver, *State as Firm*, p. 70; Olson, ‘Dictatorship’). This is visible, for instance, when Saul and David battle for the kingship; when David is challenged by family members; or when Solomon’s sons split ruling functions. For the internal ruling of the Israelites, apparently no simple, straight line of succession existed in these stories.

formation (including economically inspired ones¹⁰⁰), the Hebrew Bible reveals a critical and modern – institutionally economic grounded – approach to questions of how the state is ruled and whether this is tolerated by ‘society’, the people, as an economically legitimizing force.

The ease with which textual events of the claimed archaic, and supposedly pre-modern documents comprising the ‘Hebrew Bible’ can be reconstructed through contemporary, ‘modern’ institutional economics raises fundamental questions regarding the early history of institutional economic theory formation. We have to re-evaluate our understanding of ‘modernity’ (especially in relation to ‘antiquity’), ‘economic progress in modern times’, and the claimed emergence of enlightenment concepts by Buchanan or North and Weingast¹⁰¹, in the economic tradition of Smith, only from the outgoing Middle Age onwards.

I fully agree with West that ‘models [theory] matters’¹⁰² when interpreting the Hebrew Bible. An institutional economic reconstruction of the Hebrew Bible here adds a new perspective. It supports Buchanan’s call to revive political economic theory in its very classical, Smithsonian understanding.¹⁰³ On grounds of the analysis undertaken in this paper, this can even be further extended in a fundamental, *historic* perspective by critically asking in which society and for which society the Hebrew Bible was written. The suggestion that we can understand the Hebrew Bible as an early, modern predecessor of Smithsonian political economics can here be supported on at

¹⁰⁰ For instance, Buchanan, *Limits of Liberty*, pp. 147–148; Auster and Silver, *State as Firm*, p. 23; similarly Gottwald, *Hebrew Bible*, pp. 345–346, from a Marxist perspective.

¹⁰¹ Buchanan, *Limits of Liberty*; North and Weingast, ‘Constitutions and Commitment’.

¹⁰² West, ‘Mode of Production’, pp. 511, 529.

¹⁰³ James M. Buchanan, *Political Economy 1957–1982* (Washington: American Enterprise Institute for Public Policy Research, 1983), p. 15.

least two fronts; first, by outlining the strong roots of their research in the tradition of Smith; and second, by looking at Smith's work itself, extracting the many institutional and constitutional economic points which he made, and which match well with the reconstruction undertaken in this paper.

This also counteracts Marxian claims, often directed at Smith¹⁰⁴, that Smith's economics were only context specific and could not be generalized across time and across societies. The conceptual ease with which an institutional and constitutional economic reconstruction of the Hebrew Bible succeeds in incorporating Smithsonian ideas, for a time and society 'altogether different' from Smith's contemporary context, puts such claims into perspective. Further research needs to be done to fully develop such critical analysis.

¹⁰⁴ For instance, Roland Robertson, 'The Economization of Religion? Reflections on the Promise and Limitations of the Economic Approach,' *Social Compass* 39,1 (1992), p. 150.