

## Book Reviews

### **The Economics of Sin: Rational Choice or No Choice at All?**

Samuel Cameron. 2002. Cheltenham, UK: Edward Elgar. ISBN: 1–84064–867–8. \$95.00.

*Reviewed by Earl L. Grinols, Baylor University (TX).*

What should one expect the contents of a book titled *The Economics of X* to be? If X is “airline travel,” for example, the book might be focused on describing the airline market, its beginnings, its growth over time, its current state, the special features of travel by air as an economic good, and the challenges it faces in the future. There might be some statement of recognition regarding the tremendous value that airline travel has on modern life and its beneficent effects on other sectors. Succeeding chapters might describe the primary questions addressed in the literature on airline travel. Special investigations into the demand for airline travel, perhaps some econometric studies, the supply of airline travel, and the nature of market competition would be in order for other chapters. The book might conclude with a summary and prognosis for the future of airline travel.

If X is “Sin,” however, which is a collection of behaviors classified on the basis of a judgment as to whether they violate divine law or moral principle, the situation is more fluid. Economics is the study of incentives, optimization, and equilibrium. One could easily imagine a treatment based on these alternatives. One might discuss the decision to sin, its rationality or irrationality, structures designed to prevent sin and their effectiveness, and sin’s impact on others in economic interactions. It would stretch terminology only a little to talk of demand, supply, and the equilibrium quantity of sin. Why do we not observe more sin than we do? Do some societies encourage less sin than others? Does it matter? In partial equilibrium, such a research program could easily be replicated for a list of sins, possibly providing some happy researcher a lifetime of work.

Most of us have been the victim of the sin of another. Maybe we were lied to, or had our property stolen. If there had been no sin, we feel we would have suffered less. Taking a Rawlsian approach, would a prospective citizen prefer to live in an economy without sin? (We recognize that those committing sin presumably profit by it or believe that they do, hence the Rawlsian veil of ignorance.) One might expect a book on the economics of sin to construct a counterfactual calculation that compares an economy with sin present to the same economy with sin absent. By how much would a world without crime, where everyone is honest—where there is no automobile lemons market phenomenon, for example—and where

no one is slothful, envious, gluttonous or murderous, raise well being for its resident households, or for prospective citizens? This approach would start with a careful definition of the subject of study, a taxonomic list of types of sins, followed by an analysis of the special features of each and a summation to the economy level.

Computing the value of lost utility due to sin, on the other hand, might seem to many a naïve and fruitless, even unwanted, task. Sin can never be eliminated so why investigate the meaningless? More interesting might be a treatment that focuses on the salient special natures of the various sins. In passing, there might be some recognition of the effects of sin or of the effects of marginal changes in its level. The primary consequence of the Akerlof lemons phenomenon, for example, is the inability of a market to exist. Competitive general equilibrium generally assumes some degree of law and order, contract enforcement, and absence of civil discord in order that government can exist and agents can engage in commerce. This is understood. Thus, in an almost entirely new field, the important first task is to survey the literature, collect together the relevant topics and pieces, and provide the reader a clearer statement of the complexities that he will find, and the intellectual challenges to be faced, in an embarkation of the study of sin as an economic phenomenon.

In Part I of *The Economics of Sin*, Samuel Cameron (Reader in Economics at the University of Bradford, UK) begins by recognizing that the tools of economics are based on the notion of rational choice. How this applies in the case of sin is subtle. Information economics is peopled by actors who will choose to violate a contract if it is in their economic interest to do so, hence there is a need to design contracts with enforcement constraints. If, however, sin is thought of merely as a classification into which some goods and services fall, then “it is a straightforward process to analyze the choice between them in terms of relative prices...the ‘sin as an implicit tax approach,’ presuming that the individual feels a sensation of negative utility flowing from guilt” (p. 6). In contrast, agents in information economics feel no guilt and do not distinguish “good” from “bad” behavior; they only do what is in their selfish interest. On the other hand, Cameron explains that if sin is “an abstract factor in the individual’s production of satisfaction...it becomes part of the human capital stock” in Beckerian rational addiction fashion. Clearly, more than one role for sin exists in rational choice. Chapter 2, therefore, carefully examines the use of rational choice as it relates to the possible meanings of sin such as characteristics and properties imbedded in goods, or sin as a social code, or sin and its relation to meta-preferences and self-control. In some interpretations, sin is reduced to the status of being a barrier to utility maximization rather than a concept arising from the spirit of a codex that induces behavior that leads to wealth creation and greater utility generation. Religion is the usual

source of and repository for the concept of sin. Depending on one's world view—and Cameron considers Islam, Buddhism, and Wicca, in addition to Christianity—it is not too difficult to imagine the two-way causation that exists between religion and civil society and the economic ethos that results. Waste avoidance, generosity, work ethic, and fair prices are all goals that can fail to be achieved.

Part II delves into a series of studies of the major sins. Chapter 4 covers the combined sins of greed, lust, sloth, and waste. Chapter 5 is devoted to envy and jealousy, and Chapter 6 focuses on lies and deceit. I found the coverage to be fascinating for several reasons. First, the reading is not rough going because the subject is interesting and well presented. Second, as I have tried to convey, there are unforeseen nuances of thought—at least I was not sophisticated enough to foresee many of them—that Cameron carefully brings to the fore. We all understand greed, but do we distinguish between macro-greed and micro-greed? Are we prepared to say when lying is welfare-reducing and when it is not? We may have fared better in connecting envy and jealousy to the economic notions of positional goods but have we correctly recognized all of the connections between externalities and sin? Third, Cameron gives the reader confidence that he has done his homework. He protests, rightly I believe, given its importance to the lives of so many individuals who people the real economies in the world, that the economics profession has devoted little intentional thought to what might be called the “economics of sin.” On the other hand, he finds numerous connections between selected aspects of mainstream works and the subject of the book. The references, including full-length book treatments like my friend and former colleague Robert Frank's *Choosing the Right Pond* or *Passions within Reason* or Larry Iannacone's “Household production, economic behavior and the economics of religion,” require twenty-one pages of print.

Part III is devoted to more material issues with regard to specific examples of sinful consumption that have been the subject of special concern across time, culture, and geography. Chapter 7 is devoted to “Matters of life and death,” primarily murder, capital punishment, and cannibalism. Chapters 8, 9, and 10 cover addiction, adultery, and prostitution. Within these chapters the author is freer to cover institutional details, provide information about laws (how is prostitution treated in different countries? Table 10.1 on pp. 187–88 gives the succinct answer), attitudes, and cultural norms. Whether Aztec cannibalism as a cultural norm helped or harmed Aztec civilization comes to mind as a topic treated in chapter 7, for example. Chapter 11, naturally, is devoted to recapitulation and guidance on “the future of sin” or the future of the economics of sin. The economics of addiction, for example, appears to be a growing area about which the last word has not yet been said.

The ultimate test of a book is whether it should be granted shelf space in one's library. *The Economics of Sin* should be considered a work produced more at the beginning of a field of thought than in the middle or at the end. There is much unexplored territory. Cameron is a Marco Polo who has traveled afar and now recounts the amazing things he has seen on his journey. Before we begin our own journey, we want to know what he knows, both to warn us away from preventable mistakes or shortcomings, as well as to help us formulate our own conjectures and compare them to what others have done. *The Economics of Sin* performs a great service that reflects the amount of time and care that went into preparing it. It easily passes the library shelf space test. ■

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### **Lifting Up the Poor: A Dialogue on Religion, Poverty and Welfare Reform**

Mary Jo Bane and Lawrence M. Mead. 2003. Washington, D.C.: Brookings Institution Press. Pew Forum Dialogues on Religion and Public Life. ISBN: 0-8157-0791-6. \$16.95 (paperback).

*Reviewed by Sarah Hamersma, University of Florida.*

**L**ifting *Up the Poor* presents a poverty policy dialogue quite unlike most of those I have heard before. The authors squarely address each other's concerns, avoid statistical wrangling, and are appropriately honest and humble about the risks associated with their positions. This dialogue brings together two important policy figures from different Christian traditions to discuss the interaction of their faith with their poverty concerns and policy recommendations. Within about 150 pages, Mary Jo Bane and Lawrence M. Mead introduce their perspectives on poverty policy, reply to each other, and then conclude with their final thoughts on the issues.

Bane and Mead are well-suited to this dialogue, as both are experienced in academic policy analysis and national-level political advising and policy implementation. Bane, a Roman Catholic and professor of public policy and management at Harvard's Kennedy School of Government, is perhaps best known for her resignation from the Clinton administration upon the president's decision to sign the welfare reform bill in 1996. Mead, a Protestant and professor of politics at New York University, has been influential in challenging the notion of "entitlements" and promoting responsibility and citizenship. While the authors were clearly chosen to represent Christian perspectives on the "left" and the "right" (respectively), neither of them subscribes to easy, party-line answers to the complicated problem of poverty.

Mary Jo Bane sees a preference for the poor in the ministry of Jesus