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THE EMPEROR'S NEW MIND: ON CONSTANTINE'S I DECISION TO LEGALIZE CHRISTIANITY

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Abstract:

Emperor Constantine's I Edict of Toleration in 313 CE ended the age of Christian persecution in the Roman Empire, and heralded the era where Christian monotheism started displacing the dominant Greco - Roman paganism. Secular power and religious authority aligned together to govern the empire, so monotheism in the form of Christianity and Greco - Roman polytheism became strategic complements, as the Emperor lowered the existing "higher price" for Christian monotheism. Was Constantine's I decision right? By moving the capital from Rome to Constantinople, Emperor Constantine I had to solve a coordination problem among rational players throughout the empire. Adoption of rituals within a society results in the reinforcement or the inculcation of shared beliefs and values. Following Schelling (1960), when persons are confronted with coordination problems often seem to do surprisingly well when focal points provide to them a point of convergence for individual expectations. I argue in the present paper that Constantine's I decision to legalize Christianity was followed by a set of carefully chosen strategic decisions essential to promote social coordination, and with the aim to convert the city of Constantinople into a strong focal point of religious rituals. The building of the Church of St Eirene ("The Church of Hagia Eirene") and other Christian churches, alongside the exploitation of the administrative organizational structure of the Christian church that existed within the empire, were all part of expansion - deterrence strategies against the old pagan world, and also the need to create a strong focal point of religious rituals away from the Holy Land.

Keywords:

Economics of Religion; Christianity; Church; Focal Points; Rituals; Economic History;

JEL Classification: B11, D70, Z13

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1. Introduction

Emperor Constantine's I Edict of Toleration in 313 CE ended the age of Christian persecution in the Roman Empire, and heralded the era where Christian monotheism started displacing the dominant Greco - Roman paganism and started restricting other monotheistic religions. The Emperor stopped the persecution of the Christian church, contributed to the financial welfare of the church and also returned confiscated church property, and even became involved with the formation and the enforcement of the new (orthodox) Christian doctrine in the Eastern part of the Empire. By moving the capital from Rome to Constantinople, Emperor Constantine I faced a coordination problem to solve among rational players throughout the empire. It was a time in history where secular power was not fragmented in the domain of the Eastern Roman Empire, but the times were highly volatile. Constantine I unified the secular leader and the religious rulers under the umbrella of aligned rituals within a new "Holy Capital". By doing so the Emperor created a strong focal point of common knowledge emanating from the amalgamation of "State - Church" religious rituals creating harmony of common belief expectations throughout the Eastern Empire.

2. The Emperor's New Mind - Creating New Sanctuaries and New Identity to Align State and Church

The Emperor Constantine I stands at a watershed in the history of Christianity, as in his era the formation of the imperial Christian Church took place where secular power and Christian religious authority align together to govern the empire. The Edict of Toleration in 313 CE ("The Edict of Milan") was the beginning of a new era where monotheism in the form of Christianity becomes gradually a Stackelberg leader over Greco - Roman polytheism as the Emperor prohibited the construction of new pagan temples.

In 324 CE the Emperor decided to transfer the capital of the Roman Empire eastward from Italy to the ancient Greek city of Byzantium, where he built the New Rome, which he named after himself, "Constantinople". The New Rome was inaugurated in 330 CE with a number a number of Christian Sanctuaries built, among them three churches all devoted to God's Attributes: (a) The "Church of Hagia Eirene" ("The Church of Holy Peace") the first church commissioned by the Emperor and served as the Cathedral of Constantinople (the Church of the *Patriarchate*) until the completion of the First "Church of Hagia Sophia", (b) The First "Church of Hagia Sophia" ("The Church of Holy Wisdom"), that was completed in 360 CE, and (c) The "Church of Hagia Dynamis" ("The Church of Holy Power"). The Emperor also built Constantinople with pagan temples in an effort to offer religious and political guarantees to all subjects of his empire.

In 325 CE the Emperor summoned and presided the first General or Ecumenical Council of the Christian Church at Nicaea (to deal mostly with the Arian controversy), and the duty of the Nicene Council was to elaborate the content of Christian faith. However, the Emperor did an important strategic move, he did shift the Christian headquarters from Jerusalem to Rome and to Constantinople, and so Constantinople

and Rome became the two new headquarters of Christianity. In addition, by moving the capital from Rome to Constantinople the Emperor changed the relationship of Christianity to the state, as the new city was “more or less clean” of pagan and other monotheistic religions. The building of Christian churches and other sanctuaries under the Emperor’s seal of approval in the new capital of the Eastern Empire heralded the rise of an unprecedented form of government within Europe: A ruler rules with the blessings of a monotheistic religion in a newly formed capital that can work as a focus of religious rituals. More importantly the new capital is a Christian monotheism “attractor” away from the Holy Land, as it rapidly builds the infrastructure to be the focal point of religious rituals and Constantinople expands into being a Christian city [Herrin (2008), MacCulloch (2010) and Norwich (2013)]. In the new state of the world the ruler considers himself responsible to God for the spiritual health of his subjects. However, the ruler does not decide religious doctrine (to say the least overtly), as he leaves the latter to be the responsibility of the bishops. However, the Emperor upholds ecclesiastical unity by enforcing religious doctrine and by rooting out forms of monotheistic heresies, and by ensuring that Christian doctrine and rituals were properly worshiped throughout the empire.

Why the Emperor changed his mind? According to Mueller (2009, Chapter 5) in the Greek and in the Greco - Roman polytheism gods were not Supreme Beings, and the pagan religion had no morality platform as such, as gods and myths offered answers to questions related to the forces of nature. The Greco - Roman era was a secular world with the religion having no important role in public - state decisions and on moral questions, and the latter in particular was left for answers to philosophers. Ancient Greek temples in particular were served by priests, who performed local rituals for a god or gods in an approved customary fashion on behalf of the community. Priests were not normally seen as a caste apart from the rest of free citizens, but they were rather acting as the equivalent of a modern public officer. So the ancient Greek pagan religion was a set of myths or stories belonging to the entire city - state, rather than being a set of statements about philosophical and moral values. I believe that Constantine I did make the right strategic move here by encircling the ruler’s authority with the moral values of the Christian Church, so the citizens view the Emperor standing right in the middle of this new and unprecedented “painting” of moral values. On the other hand, Christian religious signaling in the form of martyrdom during the first three centuries created a potent source of inter - generational investment on moral values that could not be ignored [Ferrero (2006) and Ferrero (2013)]. Neither the already existing organizational structure of the Christian Church throughout the Eastern Empire could be ignored, as Christian Bishops were in a good position to administrate substantially large areas. I think that both factors cited above did have substantial influence upon the Emperor, who used them subsequently to form the new administrative organizational structure of the Eastern Empire.

3. Expansion Deterrence Strategies against Paganism and Judaism

3.1 Raising Barriers to Further Expansion - The Building of the “Church of Hagia Eirene” and other Churches

Unlike the western capital of Rome, Constantinople employed overtly Christian architecture with Christian churches within the city walls, but more importantly it had no already large scale built temples from other rival religions. The building of the Church of St Eirene (“The Church of Hagia Eirene”), and also other sanctuaries mentioned above, signal the fact that the Emperor started raising barriers to further expansion to the old pagan world. Note that a similar practice of a large scale Cathedral building in order to forestall Protestant entry and expansion was followed by the Roman Catholic Church in the early sixteenth century [Bercea *et al* (2005)].

The Emperor took over the role of the patron by allocating land property rights to the church, by granting tax exemption privileges to clergy, and by returning property taken away during the Great Diocletian Persecution. In addition, Constantine I built a substantial number of *basilicas* within the new capital and overtly promoted Christians to high - ranking state offices. For the new capital of Constantinople that was constructed between 324 CE and 330 CE the Emperor required that Roman citizens that had not converted to Christianity had to finance the building of the new city. The changes implemented by the Emperor enabled church leaders to have access to state machinery in order to exercise ecclesiastical control, the Bishop of Constantinople outranking any other Bishop in the Eastern part of the Empire and also to be in par with the Bishop of Rome. As Christianity keeps building new religious infrastructure in the form of investment in new churches the Emperor relaxes the difficulty of entry to be an ordinary member of the Christian church, as baptized persons are welcomed to the church and are freed from sin. Another point that should be mentioned is the Emperor’s decision to change the time of Jesus’ birth to December 25. This was the date of the winter solstice where the existing pagan world rejoiced the birth of a new sun, so this time shift tailored by the Emperor did not upset “old habits” throughout the Eastern Empire.

Gathering the information from the above it seems that Constantine I orchestrated a three pronged attack to shape up identity of the new capital in order to align the State with the Church: (a) The Emperor created new Christian Sanctuaries in Constantinople, (b) The new Roman Empire capitals were Rome and Constantinople, and (c) The new Roman Empire Christian Religious capitals were Constantinople, Rome and Jerusalem. These changes were part of further expansion deterrence strategies against the old pagan world, and also with the aim to create a religious focal point away from the Holy Land. The chosen strategic changes led the capital of Constantinople to distance itself from “Holy Jerusalem” and to emerge as a *strong focal point of religious rituals*.

3.2 Distancing from Competitors via Product Differentiation - The Carving of a New Dogma

Raising barriers to entry to further expansion upon the existing religions in the Eastern Empire was not enough for the “New Christianity”. The new identity required

to differentiate itself from them, and in particular to carve a new dogma against monotheistic religions in order to distance itself from them. Distancing from competitors via product differentiation led to the carving of a new Christian dogma and a new exclusive religion (Ferrero, 2008). The “New Christianity” was facing a three dimensional game consisting of: (a) A game of Christianity versus Greco - Roman Paganism and Monotheistic “Pagan Sects”, (b) A game of Constantine’s I “New Christianity” versus Monotheistic “Jewish Heresies”, and (c) A game of the “New Christianity” versus (Monotheistic) Judaism:

(a) “New Christianity” versus Greco - Roman Paganism and Monotheistic “Pagan Sects”: Christianity relaxes the difficulty of entry to be an ordinary member of the Christian church, in order to compete with Greco - Roman Paganism and Monotheistic “Pagan Sects”. The Church lowers the previously high price paid, so the level of commitment and sacrifice to be a Christian is open and easily accessible. The new Christian membership is now inclusive and ready to compete against the existing low commitment and low sacrifice / low price of Paganism. The Emperor started raising the price of not being a Christian citizen as he required that Roman citizens who had not converted to Christianity had to pay for the building of the new city of Constantinople, and also by bringing in other pro - Christian legislation. One can argue that Constantine I by making Christianity the state religion of the Roman Empire brought into the Christian Church citizens who did not really believe or had a weaker belief, and the latter had a demoralizing effect upon the strong faithfulness of the existing Christian community members who noticed “free riders” invading public life. As the “New Christianity” lowers the price and making cheaper - than before - Christian religious commitment during the first round of the game the rival religions become Strategic Complements. In the second round of the game, Christianity engages Paganism in a form of Strategic Substitutes rivalry in terms of religious infrastructure. Christianity systematically raises barriers to entry to further expansion, and it becomes a “Stackelberg leader” in the second and all subsequent rounds of the game.

(b) Constantine’s I “New Christianity” versus Monotheistic “Jewish Heresies”: Christianity faces challenges from within (the “Old Christianity”) in the form of “heresies”. Constantine’s I “New Christianity” requires exclusive dogma to differentiate itself from them (Ferrero, 2008). In the Council of Arles in 314 CE - the first called by Constantine I - Donatism was formally condemned as a “heresy”. This was the “prelude” to the First Ecumenical Council of Nicaea in 325 CE where the Arian controversy was discussed. The First Ecumenical Council reached a consensus on the “New Christian” dogma that represented all of Christendom under the Emperor’s presence and approval. It is in the First Ecumenical Council of Nicaea in 325 CE where for the first time a Roman Emperor is presiding a religious decision procedure, and oversees that the new doctrine best codifies both Scriptural and traditional Christian belief. Under the new exclusive dogma Christian Bishops can be easily monitored by the state and by the Church as they cannot easily defect to other Christian “Jewish Heresies”.

(c) “New Christianity” versus (Monotheistic) Judaism: A game of Strategic Complementarities is not an issue here as by lowering the price of religious commitment for Christianity against Judaism would have made no difference. Here the “New Christianity” encounters a completely different game played from the games played in (a) and (b). Christianity engages Judaism in a game of Strategic Substitutes upon religious infrastructure right from the start. Christianity keeps building new religious infrastructure in the form of investment in new churches, it systematically raises barriers to further expansion to Judaism, and eventually becomes a “Stackelberg leader” in the second and all subsequent rounds of the game. However, Christianity still requires an “up front” exclusive and distinguishable dogma to strongly differentiate from Judaism as both religions share common belief roots. So this is not a simple game of Strategic Substitutes against Judaism, as the alignment of State and Church in the “sect to church” process for Christianity required in addition exclusive dogma to control Bishops and the organizational structure of the new Church. Bishops with an exclusive dogma can be easily monitored and cannot defect to Judaism (or to “Jewish Sects”) [see also the relevant argument in (Ferrero, 2008)]. To conclude, “New Christianity” needs strong and clearly visible differentiation in dogma from Judaism. The “New Christianity” creates exclusive dogma in order to compete against Judaism, and raises the difficulty of entry in that religious segment via rapid expansion with an exclusive dogma, but also giving an inclusive membership to ordinary Roman citizens. I argue below that the new capital of Constantinople gradually becomes a *strong focal point* of *religious rituals* to compete against Jerusalem, a point of common reference for both Judaism and Christianity.

4. Rituals and Focal Points - How Rational Players Solve Coordination Problems

4.1 Rituals

Adoption of rituals within a society results in the reinforcement or the inculcation of shared beliefs and values. Within a rational choice analysis of rituals offered by Coyne and Mathers (2011), rituals are defined as predictable and regular observances of procedures or acts that enhance both individual and group social identity. By signalling identity and alleviating asymmetric information related issues, common rituals promote cooperation among citizens. The existence (and the persistence) of rituals is closely related with individual and group identity, and rituals associated with identity reduce transaction costs among individuals and groups by revealing information about one’s true identity (to the rest of the “Christian club” as it follows). People derive utility from their own behaviour within a social category that identify themselves, the actions of the peer group aligned to that social category, as well as from the emergence and the strengthening of the particular identity within the society [see for example the work by Akerlof and Kranton (2000)]. For example, prior to the time of Constantine I, Christian baptism as ritual by *triple* immersion in the Name of the Father, Son and Holy Spirit *followed* conversion. After the time of Constantine I Holy Baptism is the basis of the whole Christian life, as baptized

persons are incorporated into the church and its mission, are freed from sin and reborn as sons of God become members of the Christian Church.

4.2 Focal Points - How Rational Players Solve Coordination Problems

Following Chwe (2013), successful social coordination of actions requires *common knowledge*. This can be achieved via the existing or newly created institutions that serve the purpose of disseminating the common coordination knowledge needed for all social players involved: I have a strong incentive to accept the Emperor's authority, if everybody else accepts the authority. In a similar manner, I have a small incentive to accept the Emperor's authority, if the rest of my fellow citizens reject the authority. However, Chwe (2013) goes on to argue that authority is reinforced with the creation of public events in which the authority is recognized. As transaction costs are substantially high for the authority to verify in private that each individual is inclined to respect the authority, it is in the best interests of the authority to establish a public act to alleviate information asymmetries. Chwe (2013) claims that public acts generate knowledge chains referred to as *common knowledge*, and where: "it is important that everyone knows that everyone else is inclined to accept the authority, and that everyone knows that everyone knows that everyone else is inclined to accept the authority, etc". Within the context of the present work, the Emperor can observe allegiance to his authority by arranging public acts in which "everyone can observe everyone else expressing devotion to the Emperor" in the form of rituals that their main function is to propagate common knowledge.

Schelling (1960) observed that persons are confronted with coordination problems often seem to do surprisingly well when focal points provide to them a point of convergence for individual expectations. As Schelling (1960) puts it, focal points provide some clue for coordinating behaviour among individuals, in the sense that a focal point assists each person's expectation of what the other expects him to expect to be expected to do. Sugden (1995), *inter alia*, assimilate focal points to game theory in a way which two players solve problems of equilibrium selection by choosing an equilibrium which is uniquely best for both of them (payoff dominance). Others argue that this equilibrium is a distinctive mode of rational choice of team reasoning in which individuals "identify" with a group of two players in a way that the combination of actions maximizes that group's shared objective. In this case each individual chooses his part of this combination, so such a situation presents the players as reasoning together (team reasoning) [see also Sugden and Zamarron (2006) for a thorough critique and reconstruction upon Shelling's focal points]. In line with the Schelling (1960) spirit, Leeson *et al* (2006) examine the ability of focal points to transform situations of potential conflict or "worst case scenarios", into situations of cooperation or "better case scenarios".

I argue here that rational social players during the Constantine I era were in a position to enhance coordination problems via the creation of "State - Church Rituals" that resulted into a "Strong Focal Point" of social coordination, the whole process orchestrated by the Emperor himself. I turn now to the task of combining the information gathered so far into two simple games, namely the "N - Citizens Dilemma

Game” and the “State - Church - Society Coordination Game”. I illustrate the “N - Citizens Dilemma Game” in the payoff matrix in Figure 1 below, that assumes a state of world with no religion, no central authority or no state, and thus no state or religious rituals for all citizens. I define ω = (reward in the form of social peace / no social anarchy and/or no criminal hostilities among citizens), ψ = (cooperate, others defect), θ = (defect, others cooperate), ϕ = (punishment in the form of social unrest / social anarchy and/or criminal hostilities among citizens). The subscripts 1 and r correspond to citizen 1 (player 1) and to the rest of the citizens (N - 1 players) respectively. For an outside observer of this game it is easy to observe that $\omega > \psi > \theta > \phi$, and that a players’ choice such as “defect - defect” will lead to a mutually destructive payoff of ϕ in the matrix, or a “catastrophic” Nash Equilibrium in this case as everyone has a strong incentive to defect to gain temporary benefits. It is clear that it is in everyone’s best interest to achieve the fully cooperative solution “cooperate - cooperate” of no conflict / no social anarchy and/or no criminal hostilities among citizens with the respective ω payoffs in Figure 1.

Figure 1: The N - Citizens Dilemma Game

		Rest of the Citizens	
		Cooperate	Defect
Citizen 1	Cooperate	ω_1	ψ_1
	Defect	θ_1	ϕ_1

As mentioned above, the state of world depicted in Figure 1 assumes no religion, no state or no central authority, and unavoidably no state and no religious rituals. Here the social players are in great need to enhance trust and coordination, and this may become possible via a strong focal point of religious rituals with the endorsement of the state itself. In order to embark upon such a coordination task, I define a weak focal point as a focal point that provides partial social coordination on a limited number of common expectations about the degree of cooperative behaviour. A weak focal point converts in most cases an outcome of conflict into an outcome of partial cooperation. However, although a weak focal point may promote social welfare enhancing coordination outcomes, it transmits a weak coordination signal, so transaction costs and information asymmetry among social players (citizens) may not entirely vanish. In this case a weak focal point may lead to a conflict (“worst case”) scenario situation if the social players (citizens) fail to coordinate. A strong focal point promotes social welfare enhancing coordination outcomes by transmitting a strong

coordination signal, so transaction costs and information asymmetry among social players (citizens) may completely vanish. In this case a strong focal point serves to align individuals' interests, increases social cooperation and eventually leads the social players (citizens) to a situation of a greater coordination ("better case") scenario outcome.

For example, ancient Greece experienced a separation between sacred and secular powers that led to a rather different pattern of inter city - state coordination to emerge. Religion *per se* was not in a position to fully coordinate the local players, so harmonious life among the city - states was in need of a "Pan - Hellenic" arrangement to avoid falling into a Hobbesian situation of "war of everyone against everyone". Iannaccone *et al* (2011) suggest that at the City of Delphi it was located one of the major Pan - Hellenic decision support institutions, known as the *Delphic Oracle*. Iannaccone *et al* (2011) point out that if secular power is fragmented a sacred space acts as a *neutral nexus*. That means that religion in the form of the ancient Greek paganism was a weak focal point as sacred and secular powers occupied separate spheres of influence, so the need for greater coordination made it essential to turn religious sponsored games (the Olympic Games in particular) into a strong focal point. This separation between sacred and secular powers caused a radically different equilibrium of coordination to emerge, as religious rituals were weak focal points, and game rituals occupied the property of being the strong focal points in the "Pan - Hellenic" coordination game (Bourlakis, 2014). In the Western Roman Empire and for the "Holy Capital" of Rome the creation of a strong focal point was not feasible for some time. In medieval Italy, secular power was also fragmented among the Italian city - states, so given the absence of a strong secular ruler, the Pope himself took the initiative of playing the role of the "Pope - Emperor". When the Pope lost his temporal kingdom in 1870 the Roman Catholic Church enacted the dogma of papal infallibility to reduce internal strife and to foreclose all expectations of doctrinal change within the Church (Ferrero, 2011). The capital of Constantinople gradually became a strong focal point of religious rituals in order to compete against Pagan sanctuaries, such as the one mentioned above and located at the City of Delphi, a major Pagan institution known as the *Delphic Oracle*. More importantly, the capital of Constantinople emerged as a *strong focal point of religious rituals* to compete against Jerusalem and Rome.

Figure 2 depicts this argument in the form of the "State - Church - Society Coordination Game" in the presence of state - church rituals regarded as strong focal points (SFP), alongside the strategic option of using either state or religious rituals considered as weak focal points (WFP). I suggest the payoffs within the matrix of Figure 2 as follows: $\lambda > \gamma$, where $\lambda > \omega$ and $\gamma > \phi$, with ω and ϕ as defined in Figure 1, and where: λ = (greater reward than ω in the form of social peace / no social anarchy and/or no criminal hostilities among citizens stemming from a strong focal point), γ = (greater coordination and less punishment than ϕ attributed to a commonly accepted weak focal point).

Figure 2: The State - Church - Society Coordination Game

Rest of the Citizens

		State - Religious Rituals (SFP)	Either State or Religious Rituals (WFP)
Citizen 1	State - Religious Rituals (SFP)	λ_1	λ_1
	Either State or Religious Rituals (WFP)	γ_1	γ_1
		λ_r	γ_r

If all citizens in the empire follow the strategy of observing messages coming exclusively from weak focal points they have the partial coordination payoff of γ , a payoff that is greater than the “defect - defect” payoff of no state, of no religious rituals and of no focal points of ϕ in Figure 1 ($\gamma > \phi$). Religious rituals or state rituals in their own right are not in a position to fully coordinate citizens and to lead to the full eradication of social anarchy and/or criminal hostilities among citizens, as the signal is transmitted from a weak focal point that provides partial social coordination on a limited number of common expectations about the degree of cooperative behaviour. The players coordinate and trust each other more if they follow the strategic option of observing a strong focal point that promotes social welfare enhancing coordination outcomes by transmitting a strong coordination signal that greatly reduces transaction costs and information asymmetry among social players (citizens), so uncertainty is substantially reduced. The new capital of Constantinople acts now as strong focal point of State - Church Religious Rituals, and the outcome of the coordination game is a universally beneficial outcome of the highest possible payoff of λ . The payoff of λ in Figure 2 is the highest possible reward in the form of maximum possible social peace / minimum social anarchy and/or criminal hostilities among citizens, as now the players spend more time to observe the message of such a signal coming from a strong focal point. The λ payoff of the “State - Church - Religious Rituals” strategy in Figure 2 is also greater than the “cooperate - cooperate” ω payoff of no state rituals, no Church rituals and of no focal points in Figure 1 ($\lambda > \omega$).

We are in a better position now to evaluate the reasons of why Constantine I endorsed Christianity, and of why Constantine I embraced a state - sponsored Christianity. Apart from my suggestions above, other explanations include Ekelund and Tollison (2011) who suggest that Christianity for a well-specified real price provided a well - defined set of afterlife rewards, compared to other existing religions. Christian teaching on morality lowered the cost of internal social control within the empire at a time when the relevant cost was rising due to external threats. Therefore,

Christianity became the state religion of the empire because both state and church did benefit from that: the state lowered the public spending on social control and the church with the adoption of an exclusive dogma stamped out rival views as heresies. In addition, Stephenson (2009) points out that the Roman Theology of Victory was an ideological glue between religion and politics, or more precisely, the interaction of faith and power. Constantine I incorporated the new religion both into the *Roman Army Religio* (in order to have full control upon his army legions), and also into the *Roman State Religio* (The Imperial Cult). The Emperor incorporated Christianity into this belief system by presenting the Christian God as “The Greatest God”, the bringer of victory, and Christianity as the religion of “Victory” (Stephenson, 2009). Constantine I managed to convert and to incorporate Christian Religious Rituals into both the *Roman Army Religio*, and more importantly, into the *Roman State Religio*, and by doing so Christianity was absorbed within the Strong Focal Point of the Imperial Cult. To conclude, Constantine I harnessed the inter - temporal momentum generated by three centuries of Christianity before him, and also the organizational structure of the Christian Church to his own interests. The Emperor also kept other religions within the sphere of the *Roman State Religio*, and for that reason he retained the title of *Augustus - Pontifex Maximus* (supreme religious leader of the city of Rome) until the end of his life. The building of the new Christian city of Constantinople was part of the processes described above.

5. Concluding remarks

By applying some well - known instruments from the microeconomics toolbox, I pointed out that concerted action, trust and identity in the Eastern Roman Empire was enhanced by the existence of common religious and state rituals. State or religious rituals in isolation were weak focal points and provided limited “State - Church - Society” coordination, as the weak coordination signal coming from either state only or religious only rituals could not exclude a scenario of an internal conflict in the “Hobbesian war of everyone against everyone” mode. “State - Church Religious Rituals” offered the relevant platform of common knowledge that promoted welfare enhancing society coordination outcomes. The beacon of this “Strong Focal Point of Religious Rituals” was the newly formed capital of Constantinople that conveyed signals to the citizens of the Eastern Roman Empire that lowered transaction costs and information asymmetry. Was Constantine’s I decision to align the ruler with the church within a new “Holy Capital” right? If human rational behavior may lead to collectively undesirable outcomes in the absence of strong focal points that can act as a catalyst for greater social coordination, then the Emperor’s decision to have a new mind was right.

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