

The Oxford Handbook of the Economics of Religion

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Reviewed by Charles M. North, Baylor University.

The economics of religion got underway in earnest with Azzi and Ehrenberg's (1975) article on the determinants of religious attendance. Even by 1998, Iannaccone was able to summarize a substantial amount of the literature on the economics of religion in his landmark article in the *Journal of Economic Literature*. Since then, the amount of work that economists are doing on religious topics has increased dramatically, to the point that the economics of religion has its own *JEL* code. Since Iannaccone (1998) though, no single source has appeared where a reader can get a basic understanding of most aspects of this growing field. Into this void steps the *Oxford Handbook of the Economics of Religion*, edited by Rachel McCleary. This collected-works volume presents nineteen essays by some of the top contemporary scholars studying religion from a rational choice perspective. The book presents the economics of religion from a broader perspective, with almost half of the chapters written by non-economists.

Readers familiar with the Elsevier series of handbooks in the various fields of economics might expect *The Oxford Handbook of the Economics of Religion* to provide a general overview of the various literatures composing the current state of the economics of religion. While some of the chapters do provide such an overview (chapters by Lehrer, Sherkat, and Pfaff are good examples), others are narrower presentations of topics closely related to the authors' own bodies of work. The lack of consistency in presenting the major research arcs in the economics of religion will disappoint readers hoping for a one-volume introduction to the field, but this *Handbook* is still a valuable contribution to the emergence of the new field of the economics of religion.

The *Handbook* begins with an introductory chapter by McCleary providing a quick overview of both the economics of religion and of the *Handbook*. Thereafter, the book is divided into five parts covering Religion and Human Capital, the Nature of Religious Economies, Regulation of the Religion Market, Economic Aspects of Religion, and Data Sets on Religion.

Part II of the *Handbook* (consisting of Chapters 2-6) focuses on "Religion and Human Capital." Evelyn Lehrer's Chapter 2 is a brief but well-done overview of the existing literature on religion, human capital,

and the family. Not only does she summarize the general findings of the major papers, but she also points to weaknesses in the literature and areas for future study. In Chapter 3, Maristella Botticini and Zvi Eckstein describe how the emphasis in first- and second-century rabbinical Judaism on scriptural literacy provided many Jews over the next millennium with the skills needed to enter into higher human capital occupations much sooner than people of other faiths. In Chapter 5, Sascha Becker and Ludger Woessmann make a similar argument about the role of Protestantism in increasing literacy in 19th Century Prussia, while Robert Woodberry's Chapter 6 argues that Protestant missionaries in the early 20th Century spread literacy along with the Gospel. In all three instances, the underlying argument is that a literacy emphasis rooted in religious motives (being able to read and study scriptures) had a beneficial side effect of increasing human capital, and that these early gains still yield benefits in modern times.

In Chapter 4, Eric Chaney focuses on the role of Islam in supporting or deterring scientific inquiry in the Middle East. He contends that Muslim clerics rationally tolerated the study of logic and reason as part of Islam in places where Islam was in competition for adherents with other faiths, especially in the Hellenized world. As Islam became dominant, the Muslim religious leaders pushed for less of an educational emphasis on philosophy, rhetoric, and the sciences in order to suppress the amount of questioning of the faith that such studies often encourage. As a result, Chaney sees the decline in Islamic sciences over the Second Millennium as a natural outgrowth of consolidation of religious control by Islamic religious leaders.

Part III of the *Handbook* (Chapters 7-11) addresses "The Nature of Religious Economies." In Chapter 7, Daniel Olson discusses the difficulty in distinguishing between "demand-side" and "supply-side" explanations of religious participation, and offers a possible methodology for identifying such effects. Chapter 8 by Darren Sherkat provides a brief overview of the research on migration and religion. In particular, Sherkat summarizes the current state of scholarship on several questions: (1) how do religious beliefs and practices affect the decision to migrate; (2) how does migration affect religious markets, religious organizations, and individual religious beliefs and practices; and (3) how do religious belief and religious organizations affect assimilation by immigrants in their destination countries?

Communes are the subject of Chapter 9, written by Ran Abramitzky. All communes face the common economic problems of brain drain, adverse

selection into membership, and free riding. Drawing on his research on Israeli *kibbutzim*, Abramitzky describes mechanisms used in American communes to alleviate such problems, including the role of secular and religious ideologies. In Chapter 10, Robert Barro, Rachel McCleary, and Alexander McQuoid present a statistical analysis of the beatification and canonization of saints by the Roman Catholic Church over the past several hundred years. They also present a preliminary analysis of the extent to which saint-making is part of a strategy in certain regions to strengthen the Church in the face of competition from other religions. Economist Murat Iyigun provides a short discussion in Chapter 11 of the connection between religion and conflict, with an eye toward the long-run socioeconomic consequences of that relationship.

Part IV of the handbook is titled “Regulation of the Religious Market” and includes Chapters 12-15. Steven Pfaff’s Chapter 12 provides an excellent review of the research to date on regulation of religion under communist regimes in the 20th Century. He explains how communist governments attacked the demand for religion by aggressively repressing religious participation and expression, while simultaneously offering up a supply-side alternative in the form of a structured atheism. Emphasizing the consequences of both strategies on the accumulation or decline of religious human capital, he describes nicely the impact of communist intervention in religious markets on contemporaneous and post-communist religious behavior.

In Chapter 13, Daniel Hungerman provides a very brief overview of the research on competition within religious markets and challenges the whole notion of studying religious markets. In particular, Hungerman advocates incorporating secular alternatives to religion as part of the set of competing forces. Anthony Gill advocates in Chapter 14 that religious liberty be viewed as a regulatory issue. Such an approach, Gill contends, would enable scholars and others to recognize religious freedom as an outcome of a political process in which self-interested politicians and religious organizations seek their own objectives. Chapter 15 wraps up Part IV with Steve Bruce’s critique of applying economic theory to religion.

Part V consists of two chapters on “Economic Aspects of Religion.” In Chapter 16, Robert Ekelund, Robert Hébert, and Robert Tollison summarize portions of their work on the medieval Roman Catholic Church, arguing that the Church used its monopoly status to build political and economic power during the Middle Ages. They focus particularly on the Church’s teaching and practices related to marriage, lending, and war, followed by a brief mention of their contention that the doctrine of purgatory combined

with indulgences allowed the Church to price discriminate among its adherents. In Chapter 17, Laurence Iannaccone and Feler Bose sketch out some initial considerations on how to develop an economic theory of church finance. They follow up their theoretical observations with a set of examples from religious organizations in the United States and elsewhere.

Part VI describes “Data Sets on Religion.” Chapter 18 by Roger Finke and Christopher Bader and Chapter 19 by historian Todd Johnson and sociologist Brian Grim both provide a valuable description of data sources on religion, along with research ideas for the future.

Overall, the chapters of the book provide a good introduction to a number of topics, but most of the chapters are not broad overviews of the major subjects in the economics of religion. Moreover, some unquestionably important research streams are either ignored or only briefly discussed. For example, one issue that has been a key focus in the economics of religion is the so-called Weber Question. That is, how does religion affect economic growth and development? Surprisingly, the *Handbook* does not engage the Weber question very well, limiting its treatment to McCleary’s introductory chapter and to the discussion of religion and human capital in Part II (most notably in the chapters by Becker and Woessman and by Woodberry). Even editor McCleary’s work with Robert Barro on religion and economic growth is given short shrift, and follow-on work (except for the human capital literature) receives even less attention. Other glaring omissions exist. Nowhere is presented the widely-accepted model of individual choice in religious participation rooted in Azzi and Ehrenberg (1975) and Sullivan (1985). The Iannaccone (1992) club goods model is mentioned several times but nowhere explained in detail or presented in its mathematical form. Recent work on religion and terrorism is mostly left out, such as Berman’s (2009) insights on how violent and nonviolent religious groups share many characteristics. The *Oxford Handbook of the Economics of Religion* is a substantial achievement in the development of this new field of economics, but it could have been so much more.

References

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