The Significance of the Economics of Religion for the Engagement of Economics with Christian Theology

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Economists are at long last finding their voice in the complex and constantly evolving academic discussion of religion. Larry Iannaccone (1998), in a survey, quipped that it was long time between the first publication in the economics of religion (Adam Smith's 1776 *Wealth of Nations*) and Azzi and Ehrenberg (1975). This is not strictly accurate. Jeremy Bentham applied his utilitarian calculus to religion (Bentham, 2003 [1822]; 2011 [1818]). Richard Whately, the first Professor of Political Economy at an English university (see Vance, 2000), and the Scot Thomas Chalmers (1826) each wrote perceptively on church organisation in the early nineteenth century. Philip Wicksteed (1910) wrote later in the century on incentives for ministers and on other religious topics (on Wicksteed, see also Steedman, 1994).

Larry is right though that there was a renewal in the 1970s of economists' interest in religion. Several things contributed to this renewal. It was partly to do with secularization theory running out of steam in sociology (exemplified by Peter Berger's turning away from his earlier work on secularisation), and a renewal of interest among sociologists in rational choice models (for instance, Glock & Stark, 1968; Coleman, 1990; Stark, 1997). It was also stimulated by new techniques of analysis available to economists. Larry Iannaccone's Chicago PhD work in the early 1980s (Iannaccone, 1984) applied Beckerian rational choice and human capital models to religion, generating a stream of publications which laid the foundation for the rise of the economics of religion as a recognized subfield of economics. The other set of theoretical tools that were important in the rise of economics of religion were rent seeking models developed by public choice theorists, which Robert Ekelund and Robert Hebert and their collaborators applied to churches, especially to the monopoly position of the pre-Reformation Roman Catholic Church (Ekelund, Hebert, Tollison, Anderson, & Davidson, 1996; Ekelund, Hebert, & Tollison, 2006).

As the economics of religion began to rise it was important for recognition in mainstream journals and departments to distance it from religious economics and work on the influence of religion on economic behavior.

Larry describes this an explicit move in his 1998 *JEL* survey (Iannaccone, 1998), reiterated in his 2008 Palgrave survey with Eli Berman (Iannaccone & Berman, 2008), and the Association of Christian Economists session published recently (Iannaccone, 2010). But this position is not ultimately tenable, nor helpful.

Further progress in the field will require more detailed knowledge of religion and theology. Economists by training and disposition tend to be weaker in this than sociologists or anthropologists. Economists are learning that while we have good data on affiliation it does not mean much, and attendance is only one expression of religiosity. The contested boundaries of religion as a category, and the perils of treating different religious traditions like different flavors of ice cream, are being more widely recognized. We are learning that the content of religious thought matters, and itself is a subject for explanation.

I hope also that we will begin to see advances in our understanding of religion enriching economics itself, just as engagement with psychology and sociology have provided new data and tools in recent years. Religion is a deep human experience and a limiting case (in much the same way as sex and death—Zelizer, 2005), and so can teach us things about human interactions that we would not learn any other way. These lessons can sharpen our understanding of normal economic life. Work on religious identity has this potential—for instance Tan (2006), Benjamin, Choi, and Fisher (2010), and a paper by Paul Frijters to be presented at the first ever sessions on the economics of religions at our Australian conference of economists to be held later this year. All draw on the work of Akerlof and Kranton (2010) on identity in economics. Game theoretic analysis of divine-human interactions (Cooper, 2008) might enrich our understanding of similar asymmetric human interactions. Game theoretic modelling of the Trinitarian relationships is in progress. Menzies and Hay (2007) have drawn on biblical covenant models to illuminate human marriage interactions. I have tried in a paper which is only half serious (Oslington, 2009) to connect rational choice theory with divine-human interactions. Ian Smith (2004) has tried something similar. There are lessons from religious giving (for instance, Smith, Emerson, & Snell, 2008) for our more general understanding of giving.

Using economics in biblical studies is another potentially fruitful area for economists of religion though this would require substantial tooling-up by economists or collaboration with biblical scholars. There will be a session on this at the annual meeting of the Society of Biblical Literature in November in San Francisco.

The economics of religion is one part of the larger dialogue between economists and religion scholars and theologians, but I look forward to it becoming more connected with the other parts, and growing in importance. It does not just matter for economists.

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