

## **The Economics of Religion: A Symposium**

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### **Economics of Religion: Debating the Costs and Benefits of a New Field**

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**I**n the immortal words of Dr. Frankenstein . . . *"It's Alive!"*<sup>1</sup>

To the horror of some and the surprise of nearly everyone, a new creature roams our journals and meetings—the economics of religion. A field that scarcely existed prior to 1990 can now claim hundreds of papers, scores of contributors, a yearly conference, an international association, a major grant initiative, centers at major universities, and an official AEA subject code.<sup>2,3</sup>

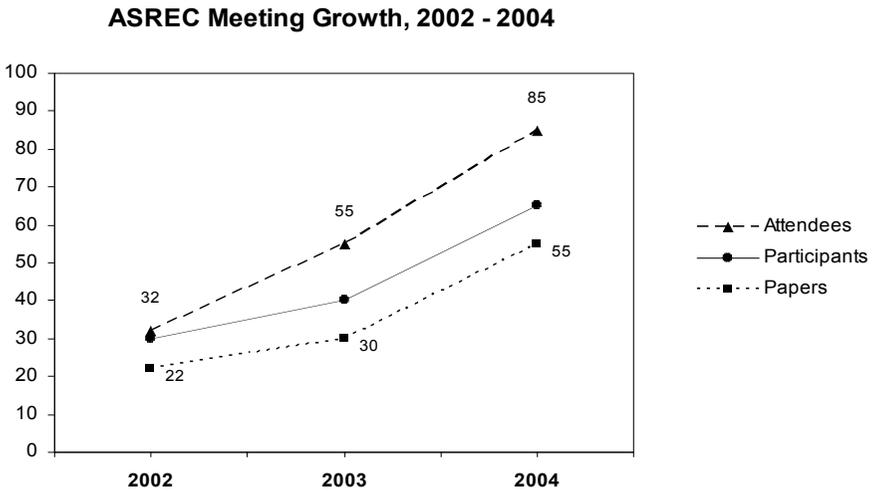
Consider for example the meetings of the "Association for the Study of Religion, Economics, and Culture"—a new international association and conference that has met annually since 2002. As you can see from figure 1 (over), the ASREC conference has rapidly grown from about 30 attendees in 2002 to more than 80 in 2004 (and nearly 100 in 2005). Growth has been especially pronounced among young and international scholars. (I am, of course, personally inclined to project continued exponential growth—and thus look forward to 2012 when ASREC will overtake the AEA. But even if attendance stabilizes at current levels the ASREC's success remains an amazing development.)

Moreover, the ASREC meetings are but the tip of the iceberg:

- Within the economics profession as a whole, scholars have become increasingly interested in the relationship between religion and socio-economic outcomes.<sup>4</sup>
- Within sociology, leading scholars now advocate "market models" and "rational choice theory" as "a new paradigm" for study of religion.<sup>5</sup>

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Figure 1



- Throughout America, demand for information about religion has surged—among students, journalists, and the general public.<sup>6</sup>
- Funding for research on religion has grown even as the cost of such work has dropped thanks to new data and archives.<sup>7</sup>

What are we to make of these developments? Coming from me this surely sounds like a rhetorical question. After all, I have been promoting the economic study of religion for nearly 25 years. And if this were a standard meeting of secular economists or sociologists, I surely would have my speech down pat. I would limit myself to issues that arise within standard subfields of economics and sociology; I would speak as a social scientist rather than a person of faith; and I would promote the study of religion as a legitimate subset of mainstream economic research.

But this is *not* a standard AEA or ASA session; it is a meeting of the Association of Christian Economists. And thanks to a panel of participants with deep appreciation of *both* economics *and* religion we can address questions that I for one have repeatedly ducked in the past. For example:

- Does the economics of religion advance the (academic) study of religious belief and behavior?
- Does it promote our appreciation of religion?
- Should religious scholars and students be encouraged to study the economics of religion?

- What are the downside risks—for personal faith, religious institutions, economic scholarship, and social policy?

We can add many other questions to this list, or we can re-frame them in terms of Christianity alone. In any case, they force us to think outside the box of standard academic inquiry.

Despite the shift in focus to faith-oriented *questions*, I am not suggesting a shift to faith-oriented *economics*. The economics of religion is, and should remain, separate from religious economics. In fact, the two subjects are almost polar opposites. Whereas the former analyzes religion and its consequences from social and economic perspectives, the latter evaluates social and economic action from the perspective of sacred truth.<sup>8,9</sup>

### Out on a Limb

A panel is no fun unless it features disagreement and debate, so I shall cast aside academic caution and boldly go where no economist has gone before. Here, in a nutshell, are my views on the economics of religion:

- 1) I remain convinced that economic approaches to the study of religion are theoretically sound and empirically fruitful. They explain and integrate much of what is already known about religious participation, generate new predictions that suggest new avenues for empirical research, yield policy implications about the welfare effects of government intervention in the religious marketplace, and forge links between religious research and a growing body of economic research on culture, institutions, social networks, and “non-market” behavior.
- 2) I am equally convinced that economists cannot travel this path alone. Fruitful models spring from a marriage of abstract theory and empirical insight. Economists often can supply the theory, but the results tend to be uninteresting (and even absurd) if they ignore the work of non-economists. I especially value the work of sociologists, who have spent decades amassing data from surveys, interviews, textual sources, and direct participation in religious groups.
- 3) I believe that people of faith are, for the most part, better equipped to do good research on religion than are their non-believing counterparts. One cannot simply assemble models of religion from the bits of information that others provide; one needs a “feel” for religion when choosing what to emphasize and what to ignore—and feeling comes hard for those who (like Max Weber) are “religiously unmusical.”<sup>10</sup>
- 4) Although I used to warn graduate students *not* to pursue the economics of religion unless they genuinely relished the prospect of unemployment, the market has changed quite noticeably in recent years. Some expertise

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on religion (and especially on religious extremism) may actually strengthen your job prospects at liberal arts colleges, especially those that are religiously affiliated—and keep in mind that there are several hundred such schools in America.

- 5) Finally, I am increasingly convinced that *mainstream* economics needs the economics of religion. Throughout the heartland of applied micro-economics, scholars are seeking to understand the impact of beliefs, norms, culture, values, self-control, social capital, social networks, and institutions. This is of course the traditional realm of religion.

Moreover, even where traditional religions appear absent we cannot afford to ignore the cultural systems that *function* like religions and are thus amenable to the same sort of analysis. Communism is of course the prime example of a “secular religion,” and contemporary secular-liberalism retains the same quasi-religious flavor. But David Brooks (2003) probably had it right when he recently observed that *most* modern nation-states “draw powerfully on spiritual as well as material support” (p. 6). They bind people together with shared “eschatological visions—powerful ideas of where history is going and is supposed to go, what righteous rule means, and how to bring about that rule and spread it around.”

Over the past forty years, economists have devoted tremendous effort to the study of political behavior—and as a faculty member at George Mason University, I am contractually bound to sing the praises of Public Choice—but I wonder how many more elections must occur here in the United States and how many more conflicts must ravage other nations before we get serious about studying religion’s role in politics, law, and economic development.

### Out on a Twig

And while I am at it, why not risk *all* academic credibility? Here is yet another argument for the economic study of religion:

*Premise #1:* Since the 1960s, American academics have embraced secularism as never before. Universities have abandoned their religious traditions while establishing a new multicultural orthodoxy of “race, class, and gender.” This flight from Judeo-Christian faith was neither justifiable nor healthy. It denies the role of religion in Western history, ignores its continuing importance in current events, and denigrates the faith embraced by millions of our students and citizens.

*Premise #2:* The disciplines most suited to redress the errors of radical secularism are the very ones that led the assault on tradition. But serious study of our culture’s moral and spiritual foundations will not start in

today's departments of anthropology or sociology. Nor will renewal come from our departments of English, history, psychology, or political science, and especially not philosophy and religious studies.

*Premise #3:* In contrast, the field of economics *can* sustain free and fresh studies of religion, in large part because it has so little invested in *anti*-religion. No other social science is as broad as economics. None is as free of anti-religious sentiment. None enjoys as much influence and support both in and beyond the academy. And the economic study of religion has already earned respect and attracted attention across the social sciences.

*Conclusion:* By promoting the economic study of religion, we therefore maximize the prospects for healthy renewal in *all* disciplines. We start where interest in religion (now) runs high but opposition remains low. We avoid early confrontations in disciplines where secularism reigns supreme. And we build a solid foundation for serious, sustained, and scholarly inquiry.

*Serious, sustained, and scholarly*—that phrase is critical. I am in no way suggesting that we bias our studies in favor of religion. This is *not* an attack on secular research or secular researchers. Nor is it a strategy designed to advance advocacy organizations that harness religion in the service of policy goals, religious organizations that work to spread the gospel through charitable economic activities, or scholarly associations committed to a particular religious tradition.

And yet I am convinced that religion deserves much more attention and respect than it currently receives in most academic departments. Since coming to George Mason University in the fall of 2002, I have been involved in the launch of a new association, a new yearly conference, and a new center. The larger goal is to bring together an international network of scholars who will promote research; enhance graduate training; teach undergraduate courses; and disseminate findings among journalists, policy makers, and the general public. The network already includes people from more than a dozen nations, and among them are Protestants, Catholics, Jews, Moslems, Hindus, and non-believers. They share the conviction that religion remains a powerful force in our world (both for good and ill) and that university teaching and research must devote more attention to the social causes and consequences of religious belief, behavior, and institutions.

### **Toward a Sustainable “Ecology”**

So there you have it. My vision goes well beyond the creation of a subfield “niche” within economics. I am aiming (and praying) for nothing

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less than a new and self-sustaining “ecology”—scholars, students, and institutions working to advance our understanding of religion across the social sciences. That may sound far-fetched, but recall the figure displayed at the start of this talk.

Consider also the extent to which the key ecological elements already exist. At the base of the food chain sit hundreds of religiously-oriented colleges anxious to provide undergraduate training that compares favorably to that of high-quality secular schools yet also integrates religion in distinctive ways. For such schools, the economic study of religion may prove attractive to both students and donors. But that means hiring economists with training in the economic study of religion, and which boosts demand in Ph.D. programs (where interest in religion is already growing). Those economists must in turn be trained researchers specializing in the field. Every step of this process appeals to well-educated entrepreneurs who want very much to support education that promotes strong academic training *and* serious attention to religion. And meanwhile, government agencies are increasingly anxious to fund research on the role of religion in conflict, economic development, the rule of law, demography, and more.<sup>11</sup>

I must stop here in the interest of time. I leave it to you and my fellow panelists to weigh my claims, highlight my shortcomings, and perhaps bring me to repentance.

### **Endnotes**

- 1 Source: the movie *Frankenstein* (1931), with Colin Clive as Dr. Frankenstein and Boris Karloff as the monster.
- 2 For a fairly complete list of papers and contributors, see [www.EconomicsofReligion.com](http://www.EconomicsofReligion.com). The same website describes the Association for the Study of Religion, Economics, and Culture and includes past programs for the association’s annual conference. The new university centers include George Mason University’s Consortium for the Economic Study of Religion; Harvard’s Center for the Study of Religion, Political Economy, and Society; University of Southern California’s Institute for Economic Research on Civilizations; and the Economics and Religion Research Group in Australia. The major research initiative was launched by the Templeton Foundation. The AEA subject code for research on religion is Z12.
- 3 The field can also claim its share of critics, including Steve Bruce (1999) whose recent book *Choice and Religion: A Critique of Rational Choice Theory* seeks to “drive a stake through the chest” of the economic approach. For similar sentiments and analogous rhetoric,

see Yamne (1997) and Hadaway and Marler (1996). Other critiques include Robertson (1992), Demerath (1995), Marwell (1996), Chaves (1995), and Neitz and Mueser (1997).

- 4 Examples include studies of terrorism and conflict, economic development, family behavior, civil society, the rule of law, social capital, and health and happiness.
- 5 Rodney Stark and Roger Finke have argued most forcefully for the economic approach. See, for example, *The Churching of America* (Finke and Stark 1992) and *Acts of Faith* (Stark and Finke 2000). Other sociologists advocating market models or rational choice include Darren Sherkat, Andrew Greeley, Stephen Warner, William Bainbridge, and many younger scholars.
- 6 The September 11 attacks and subsequent “war on terror” are part of the reason, of course, but the growing salience of religion versus secularism in western political debate is another reason, and the rapid growth of conservative Christianity throughout the less developed world is yet another.
- 7 The Templeton foundation has launched a \$2.5 million “spiritual capital initiative” aimed at encouraging economists to create new centers and research initiatives for the study of religion and religious entrepreneurship. Government agencies have become increasingly interested in research on religion and economic development, religion and social capital, and above all religion and terrorism.
- 8 Economics of religion includes:
  - Studies of how religion affects economic growth, moral development, scientific discovery, technology progress, and social change.
  - Economic studies of religious beliefs, behavior, and institutions (e.g., theories of conversion and commitment that emphasize choice and rationality rather than irrationality and indoctrination; and rational explanations for the success of “extreme,” “fundamentalist,” and “conservative” groups and weakness of more “liberal,” “mainstream” groups).
  - Theoretical and observed differences between different forms of religion (e.g., religion versus “magic,” and monotheism versus polytheism; why Christianity displaced Greco-Roman paganism; and why polytheism is less morally constraining than monotheism).
  - Studies of religious “markets” (e.g., alternatives to traditional “secularization” theory that emphasize the centrality of innovation, entrepreneurship, and competition in the “religious marketplace;” market-oriented explanations for America’s religious vitality versus Europe’s religious decline).

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- Studies of how religious commitment and religious groups influence the well-being of individuals, families, youth, communities, and nations.
  - Studies of religious trends, the personal and social determinants of religiosity, and the relationship between religious and political/social/economic attitudes.
  - Policy implications regarding the state regulation of religion, religious liberty, church-state relationships, the treatment of minority and deviant faiths, etc.
- 9 Religious economics is at least as old as the books of Moses. Contemporary examples include theologically-oriented arguments concerning private property, income inequality, tax policy, income redistribution, workers' rights, interest rates, banking laws, entrepreneurship, government regulation, international trade, debt relief, unionization, entitlement programs, and much more. Although religious economics remains an area of lively debate among religious leaders and religious economists (including many members of ACE), it falls more within the realm of theology than social science. Among the many fine introductions to this literature are books by Oslington (2003) and Gay (1991), review articles by Siddiqi (1981) and Waterman (1987), and journal articles in *Markets & Morality* (published by the Acton Institute, [www.acton.org](http://www.acton.org)) and *Faith & Economics* (published by the Association of Christian Economists, [www.gordon.edu/ace/FandEindextopical.html](http://www.gordon.edu/ace/FandEindextopical.html)).
- 10 The great economist and devout Quaker, Kenneth Boulding, captures the problem when describing Adam Smith's treatment of religion in *The Wealth of Nations*. Boulding (1970) rightly observes that nothing "so witty and penetrating has ever been written on the economic sociology of religion," but he also recognizes that "nowhere [in Smith] do we find any deep understanding of the content of religion:"
- Neither the transports nor the dark night of the soul have a place in this pellucid eighteenth century air. Adam Smith could never have had any real knowledge of the mind of the Wesleys. Mystical experience of any kind he would have dismissed as "fanaticism and enthusiasm." He is in some sense almost the ideal of the "good" intellectual; a very good, very moral, admirable, almost one might say a pious man. Yet there is clearly a realm of experience into which he does not penetrate.... Only those who have in some measure walked the road to Emmaus know how far it stretches through history... (pp. 189–190).
- 11 There is, of course, much more to this argument. Interested readers are invited to request copies of a planning document and grant proposal that describe CESR, George Mason University's new "Consortium for the Economic Study of Religion."

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