

Economics, Religion, and Culture: A Brief Introduction

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In this introduction we will avoid laboring over a definition of the “Economics of Religion & Culture,” but this will not stop us from arguing that it is a burgeoning area of research. Work focusing on religious practice and related cultural issues dates back at least to Adam Smith, but until the 1990s there had been little published by mainstream economists in this area. Recently, however, a variety of subfields in economics have taken up work here.

The JEL classification code system includes a designation for papers on religion (Z12), and the American Economic Association (via EconLit) keeps track of the number of journal articles published under this section of the code. In Figure 1, we show the number of papers published in this area in recent years. As the picture shows, there has been a sixfold increase in the total number of papers published in this area over the past decade, including a number of truly excellent works. Some of the topics considered here include: studies of how public policy affects attitudes and beliefs, studies on the lasting economic implications of historic cultural institutions, work on religious schooling versus secular schooling, investigations of faith-based social-service provision, work on violence and religious extremism, analyses of religious donations, and research on the connection between beliefs (such as religious beliefs) and behaviors.

Many of these topics are touched upon in this special issue, which features a subset of papers presented at a conference held at the National Bureau of Economic Research in the spring of 2013 and supported by the John Templeton Foundation. Here we summarize the papers in this special issue and briefly highlight the contributions they make in the larger field. One thing this introduction will not do is survey work on economics and religion in its entirety. Readers interested in a broader treatment to the subject should consult the terrific introduction offered by Laurence Iannaccone (1998).

Much of the recent interest in religion and culture has stemmed from economists’ improved understanding of how economic outcomes across countries are related to religious conditions; perhaps the

best-known paper in this area is by Robert Barro and Rachel McCleary (2003). Given that economic outcomes and religion itself are likely both manifestations of a country's history, disentangling how the two are related can be quite challenging.

The paper by Saumitra Jha (2014) in this special issue offers a very promising style of solution. Jha focuses on a class of particular *mechanisms* by which religious institutions might (or might not) promote effective civil society. By exploiting the locations of towns in mediaeval India, he shows that communities where inter-religious cooperation was historically advantageous are less likely to face violence today, particularly in a political environment where ethnic violence is likely to be fomented.

The paper by Sonia Bhalotra, Guilhem Cassan, Irma Clots-Figueras, and Lakshmi Iyer (2014) considers another channel by which religiosity might impact social outcomes: by influencing policy makers' decisions. Using close elections in districts to identify exogenous variation in Muslim representation in state legislatures, they find that an increase in Muslim representation decreased infant mortality, with no difference between Muslim and non-Muslim households. Thus, the religious identity of policy-makers can have important long-run consequences.

In many societies, religious practice also interacts with the state through care for the disadvantaged, a topic raised by Daniel Hungerman (2005). Most work in this area has considered how changes in government support for the poor affects changes in the private sector. The paper in this issue by Angela Dills and Rey Hernández-Julián (2014) is quite novel in going the other way around, looking at how a large negative shock to religion—the Catholic sex abuse scandal—might influence public social service provision; then, their paper goes further than this to consider how this religious shock affected electoral outcomes. Their findings suggest that more work is likely needed in this area.

Education is another example of a specific channel by which religiosity might impinge on economically relevant outcomes. Many scholars have argued that religiosity may impact education (as in the much-noted recent paper by Sascha Becker and Ludger Woessman, 2009). But perhaps a larger area in the social sciences has investigated work going the other way, looking at the effect of education on religion, although prior work has struggled to identify a convincing empirical relationship. The paper here

by Daniel Hungerman (2014) exploits changes in compulsory-education laws to show that increased education leads—at least for those responsive to the laws—to lower religious affiliation later in life.

As Hungerman's paper suggests, policy decisions may have far-reaching and unexpected implications for religious behavior and culture more generally. This idea is rigorously explored by Daniel Chen and Susan Yeh (2014), who approach this problem in an experimental setting where the effects of policy on beliefs can be identified quite cleanly. Further, Chen and Yeh focus on a type of policy change almost totally absent from prior work—judicial decisions. Recent theoretical advances suggest how laws shape what people view as moral. Randomizing data entry workers to transcribe newspaper summaries of liberal or conservative court decisions about obscenity, they find that liberal obscenity decisions liberalize individual and perceived community standards, yet religious workers become more conservative in their values while perceiving community standards as becoming more liberal.

Chen and Yeh's paper compliments a more traditional area of work exploring how external factors, such as tumultuous economic events, might affect norms and religious beliefs. Perhaps the best paper in this area is Chen's (2010) paper, which documents a causal relationship between economic distress and religious intensity during the Indonesian financial crisis and finds evidence that religion provided a form of social insurance during the crisis. In this special issue, Asaf Zussman's paper (2014) extends this line of work by providing a detailed analysis of how violence affects religiosity. Using temporal and geographic variation in Israeli conflict-related fatalities, he finds that violence makes both Jewish and Muslim Israelis self-identify as more religious.

Together, all of the above papers indicate the important interrelationship between religion & culture and economic outcomes, and many of these papers do so in settings with clear policy relevance. But these papers leave open the question of how, exactly, religious behaviors or other cultural activities mediate economic decisions. The paper here by Jason Fletcher and Sanjeev Kumar (2014) tackles this by looking at the relationship between religiosity in adolescence and risky behavior, a topic with an enormous (but poorly identified) literature outside of economics. Their work uses several approaches, including some new to the area, and suggests that it is intrinsic belief that matters more than actual

practice, a noteworthy finding given the economic profession's inclination to focus on more external measures of religiosity (such as attendance).

The paper by Elaine M. Liu, Juanjuan Meng, and Joseph Tao-yi Wang (2014) in this special issue also explores how religious identity affects decisions. However, they do so in an experimental setting by *priming* religiosity, and then observing how the prime affects subsequent decisions. Further, they focus on Confucianism, an original (and welcome) area of focus for strong empirical work in this area, and they do so in a cross-country way. Making Confucian values more salient caused Taiwanese subjects to report economic preferences associated with Confucian values, but caused Chinese subjects to become less accepting of these economic preferences (such as risk aversion, loss aversion, and patience).

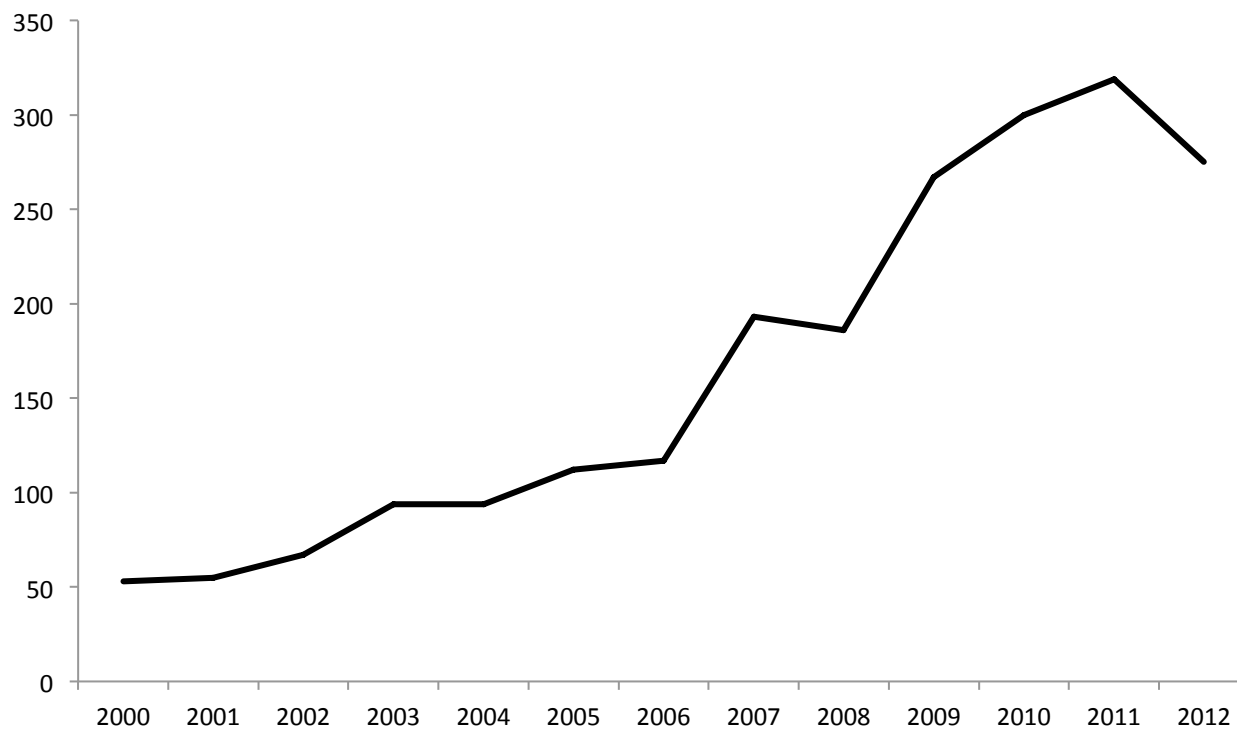
Taken together, we are optimistic that these papers, beyond making valuable contributions to existing work, highlight the diversity and quality of economic research on religion and culture. We thank Bill Neilson, the National Bureau of Economic Research, the John Templeton Foundation, a David Seng grant from Notre Dame, all of the referees who provided excellent feedback, and the authors for making this special issue possible.

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Figure 1:
Published Economics Papers on Religion and Culture, by Year



Based on a search of Econlit for journal articles with JEL code Z12, by year of publication. The search was done on 1/27/2014.