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Foreword

This book comes out of a roundtable on the Economics of Religion organized with the International Economic Association (IEA), of which I was President from 2014 to 2017. The book is a veritable “who’s who” of contributors to the field. The IEA is immensely grateful to the organizers. For this, we were able to harness the enthusiasm of *Jean-Paul Carvalho*, *Sriya Iyer*, and *Jared Rubin* who conceived the project and brought it to fruition including this excellent volume. The volume is destined to become a *locus classicus* for those who are interested in this burgeoning field. I hope that people are inspired by the contributions in the volume and that the field grows even more strongly. Economic methods and ways of thinking are able to provide insights into religion. That is not to say that economics has a monopoly of insight, but it is now firmly established that having economists working in this area adds value. Another aspect of the volume and the field which ties to the IEA’s mandate is that it is truly global. Different societies have distinctive patterns of religiosity with particular historical and cultural influences. However, there are trends and common patterns worth understanding. Moreover, the search for common understanding among religions and the social science behind it brings people together. Like the study of religion in economics, the landscape is always changing as new phenomena and challenges emerge. Religions are dynamic like the societies and economies that spawn them. The volume also highlights the potential for the field to blend insights from theory and empirics. Finding new ways of conceptualizing how religion matters is just as important as seeking new data. I was personally privileged to have participated in the meeting that led to this volume including the panel on growth and religion. The sense of excitement among those present was palpable. I hope

that this comes over in this volume so that those who thumb its pages appreciate what an exciting field of economics this has become.

LSE
President of the International Economic
Association, 2014–2017

Tim Besley

Contents

1	Introduction	1
	<i>Jean-Paul Carvalho, Sriya Iyer, and Jared Rubin</i>	
Part I	Theoretical Advances in the Economics of Religion	23
2	Religious Clubs: The Strategic Role of Religious Identity	25
	<i>Jean-Paul Carvalho</i>	
3	Spatial Models of Religious Market Competition: A Critical Assessment	43
	<i>Michael McBride</i>	
4	When Average Is Irrelevant: Computational Modeling of Religious Groups	61
	<i>Michael D. Makowsky</i>	
5	The Intelligent Design of Religious Beliefs	73
	<i>Gilat Levy</i>	
6	Religion and Segregation	89
	<i>Ronny Razin</i>	
7	Religious and Cultural Leaders	103
	<i>Anja Prummer</i>	
		ix

8	Intermediated Social Preferences: Altruism in an Algorithmic Era	119
	<i>Daniel L. Chen</i>	
Part II Empirical Advances in the Economics of Religion		139
9	Religion and Demography	141
	<i>Sriya Iyer</i>	
10	Economics and Church State Research: Past, Present, Future	155
	<i>Daniel Hungerman and Timothy Weninger</i>	
11	Protestants and Catholics and Educational Investment in Guatemala	169
	<i>Rachel M. McCleary and Robert J. Barro</i>	
12	The Religious Factor in Private Education in the United States	197
	<i>Danny Cohen-Zada and Moshe Justman</i>	
13	How Luther's Quest for Education Changed German Economic History: 9+5 Theses on the Effects of the Protestant Reformation	215
	<i>Sascha O. Becker and Ludger Woessmann</i>	
14	Hindu-Muslim Violence in India: A Postscript from the Twenty-First Century	229
	<i>Anirban Mitra and Debraj Ray</i>	
15	Religion and Conflict: A Quantitative Approach	249
	<i>José G. Montalvo and Marta Reynal-Querol</i>	
16	Why Are Some Societies More Religious Than Others?	265
	<i>Jeanet Sinding Bentzen</i>	

17	Socioeconomic Inequality Across Religious Groups: Self-Selection or Religion-Induced Human Capital Accumulation? The Case of Egypt	283
	<i>Mohamed Saleh</i>	
18	Religion and the European Union	295
	<i>Benito Arruñada and Matthias Krapf</i>	
Part III	Advances in Religion and Political Economy	309
19	The Political and Economic Consequences of Religious Legitimacy	311
	<i>Jared Rubin</i>	
20	Religious Legitimacy and the Joint Evolution of Culture and Institutions	321
	<i>Alberto Bisin, Avner Seror, and Thierry Verdier</i>	
21	Strategic Interactions Between Religion and Politics: The Case of Islam	333
	<i>Jean-Philippe Platteau</i>	
22	State and Religion: An Economic Approach	347
	<i>Metin M. Coşgel and Thomas J. Miceli</i>	
23	A Great Academic Re-awakening: The Return to a Political Economy of Religion	361
	<i>Anthony Gill</i>	
24	The State, Toleration, and Religious Freedom	377
	<i>Noel Johnson and Mark Koyama</i>	
25	Religiosity and Economic Performance: The Role of Personal Liberties	405
	<i>Laura Mayoral and Joan Esteban</i>	

26	Causes and Consequences of Monotheism in the Supply of Religion	423
	<i>Murat Iyigun</i>	
27	Religion, Political Power and Human Capital Formation: Evidence from Islamic History	437
	<i>Eric Chaney</i>	
28	Islam, Trade, and Innovation	449
	<i>Alireza Naghavi</i>	
	Index	461

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List of Figures

Fig. 2.1	(a) Multiple steady-state levels of religious capacity. (b) A temporary shock to social mobility induces a large, permanent increase in religious participation/capacity. <i>Source:</i> Binzel and Carvalho (2017)	32
Fig. 3.1	Affiliations by religious consumers. (a) Uniform religious demand. (b) Symmetric, single-peaked religious demand. (c) Asymmetric, single-peaked religious demand	45
Fig. 3.2	Barros and Garoupa analysis. (a) Monopolist, $a = b$. (b) Monopolist, $a = 2 > b = 1$. (c) Monopolist without adjustment to non-affiliation, $a = 2 > b = 1$. (d) Monopolist with adjustment to non-affiliation, $a = 2 > b = 1$	47
Fig. 3.3	McBride analysis. (a) Low entry cost. (b) High entry cost. (c) High entry cost, population increase	49
Fig. 8.1	Experimental design	123
Fig. 8.2	Proposed split by groups	127
Fig. 8.3	Distribution of bonus splits	127
Fig. 8.4	Distribution of bonus splits	128
Fig. 9.1	Size of major religious groups in 2010—Percentage of the global population. *Includes followers of African traditional religions, Chinese folk religions, Native American religions and Australian aboriginal religions. **Includes Bahai's, Jains, Sikhs, Shintoists, Taoists, followers of Tenrikyo, Wiccans, Zoroastrians and many other faiths. <i>Source:</i> Pew Research Center's Forum on Religion & Public Life, Global Religious Landscape, December 2012. Also reproduced in Iyer (2016), p. 402	142

Fig. 9.2	Median age of religious group in 2010. Notes: (1) Folk Religionists includes followers of African traditional religions, Chinese folk religions, Native American religions and Australian aboriginal religions. (2) Other Religions includes Bahai's, Jains, Sikhs, Shintoists, Taoists, followers of Tenrikyo, Wiccans, Zoroastrians and many other faiths. (3) Percentage may not add to 100 due to rounding. Source: Adapted from the Pew Research Center's Forum on Religion and Public Life—Global Religious Landscape, December 2012	144
Fig. 10.1	Fraction of Americans who never pray. Source: General Social Survey	159
Fig. 10.2	An example of a church bulletin. The above are two pages from a sample bulletin	163
Fig. 10.3	Occurrence of democratic/republican words in church bulletins, by week	165
Fig. 11.1	Literacy rate and indigenous share across departments of Guatemala in 1950. See Table 11.4 for acronyms of departments	175
Fig. 11.2	Literacy rate and indigenous share across departments of Guatemala in 2011. See Table 11.4 for acronyms of departments	175
Fig. 12.1	Private share in elementary and secondary school enrollment, 1955–2016. Source: US Census Bureau, Current Population Survey, 1955 to 2016	198
Fig. 12.2	Distribution of private school enrollment by school type. Source: Digest of Education Statistics 1980, 1990, 2015	198
Fig. 12.3	The distribution of households among school types. P denotes public school enrollment; R denotes religious private school enrollment; and N denotes non-sectarian private school enrollment	201
Fig. 14.1	Conflict and per-capita expenditure. Panel (a) plots the residual of casualties against (log) Muslim expenditures after region, time, and (log) Hindu expenditure effects have been removed, in the five-year period following expenditures. Each line segment connects five data points for a region. Panel (b) plots the analogous graph for (log) Hindu expenditures	237
Fig. 14.2	Conflict and per-capita expenditure: without Ahmedabad. Panel (a) plots the residual of casualties against (log) Muslim expenditures after region, time, and (log) Hindu expenditure effects have been removed, in the five-year period following expenditures. Each line segment connects five data points for a region. Panel (b) plots the analogous graph for (log) Hindu expenditures	242

Fig. 16.1	Average religiosity across the globe. Notes: Country averages across all waves 1981–2014 of the pooled WVS-EVS. Religiosity is measured using the Strength of Religiosity Scale in the left maps and answers to the question “How important is God in your life?” in the two maps to the right. The upper panels show the simple country averages without control variables. The lower panels show the within-denomination differences, that is, the residuals of regressions where the religiosity measures are regressed on the five major religious groups: Christianity, Islam, Buddhism, Hinduism, and Other	269
Fig. 16.2	Impact of disaster risk on religiosity across religious denominations. Notes: The figure shows the parameter estimate on earthquake risk in a regression on religiosity, accounting for country-by-year fixed effects and a dummy for actual earthquakes during the past year	273
Fig. 18.1	Religious denomination versus December 2011 bond yields	302
Fig. 18.2	Religious denomination versus control over corruption in 2016	303
Fig. 20.1	Societal policy game	323
Fig. 20.2	Joint dynamics of culture and institutions	324
Fig. 22.1	The decline of state religion in different religious traditions	353
Fig. 25.1	Legal evolution of the personal liberties index, 1960–2013	410
Fig. 25.2	Cross-country std. deviation of the personal liberties index, 1960–2013	411

List of Tables

Table 8.1	Summary statistics by treatment group	126
Table 8.2	Altruism by treatment group	128
Table 11.1A	Panel A: Regressions for literacy rates	180
Table 11.1B	Panel B: Estimated department fixed effects in Panel A, column 2	181
Table 11.2	Regressions for school-enrollment ratios	182
Table 11.3	Means and standard deviations of variables	183
Table 11.4	Departments of Guatemala	184
Table 14.1	The effect of Hindu and Muslim expenditures on regional conflict: Poisson FE regressions	239
Table 14.2	The effect of Hindu and Muslim expenditures on regional conflict: Poisson FE regressions (urban households)	240
Table 14.3	The effect of Hindu and Muslim expenditures on regional conflict: Poisson FE regressions (excluding the region containing Ahmedabad)	243
Table 14.4	The effect of Hindu and Muslim expenditures on regional conflict: Poisson FE regressions (urban households, excluding the region containing Ahmedabad)	245
Table 18.1	Religious denomination and macro indicators	301
Table 18.2	Religious denomination and institutional quality	303
Table 18.3	Religion and AfD vote share in the German federal election 2017	306
Table 25.1	Baseline: effort, religious intensity, and liberties, OLS and 2SLS	414



Introduction

Jean-Paul Carvalho, Sriya Iyer, and Jared Rubin

Over the past 20 years, economists have come to realize that religion is linked inextricably to their subject matter, from fertility choices in the household, to risk-sharing schemes in a village, to large-scale political movements, and to economic growth. A deeper understanding of religion is perhaps now more important than ever before.

The International Economic Association (IEA) Roundtable on the Economics of Religion was held at St Catharine's College, Cambridge, on 10–11 July 2017 to take stock of developments to date in the economics of religion and to chart new directions for the field. Organized by Sriya Iyer (Cambridge), Jared Rubin (Chapman), and Jean-Paul Carvalho (UC Irvine), the Roundtable brought together some of the world's most distinguished economists and other scholars to debate and discuss the role of religion in society today.

The IEA Roundtable began with an opening address by Bishop Marcelo Sánchez Sorondo, Chancellor of the Pontifical Academies of Sciences and Social Sciences from the Vatican, who spoke about key points from the

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Laudato si, the Papal Encyclical document on environmental protection and climate change, highlighting the need for effective action in these areas. The highlight was a panel discussion on the role of state religion, religious freedoms, institutions, and growth featuring Robert Barro, Timur Kuran, Tim Besley, and Sascha Becker and a second panel on how religion had shaped the world with Partha Dasgupta, Rachel McCleary, David Maxwell, Larry Iannaccone, and Michael McBride. The first panel explored questions such as religion and innovation, religious education, the role of women, findings on religious participation and economic growth, the role of state religion, the debates about the clash of civilizations, and the role of Islamic and Christian fundamentalism in the world today. The second panel keenly discussed Pentecostalism in Africa and Latin America, how to think about definitions of religion, the relationship between religion and the natural world, and how this relates to economic development. The individual sessions ranged from exploring economic theory and religion, history and religion, religious giving, and reformations and religious freedoms. To that end, the dialogue about religion at the Roundtable was truly wide-ranging and inter-disciplinary.

In order to bring together and to consolidate the many interesting debates and lively discussions at the Roundtable, and more widely, this volume documents the tremendous growth in research on religion in economics. The aim is to provide an introduction to the economics of religion for academics, professionals, and students and to chart and to possibly shape the rapidly expanding frontiers of the field.

Although Adam Smith devoted an entire chapter to religious organizations in his foundational work, *The Wealth of Nations*, the economic analysis of religion was largely neglected for nearly two centuries. This began to change in the late 1980s. As with many movements, the growth in the economics of religion is due to both personal and impersonal forces. In personal terms, the field owes an immense debt to Larry Iannaccone for his seminal contributions (e.g. Iannaccone 1988, 1990, 1992), most importantly his canonical model of religious clubs, as well as his organizational work and tireless advocacy for the field. Larry was brave enough to venture into this territory when it was considered unfashionable and unprofitable to do so. He can rightly be called the father of the economics of religion.

By 1998, there were enough papers in religion written by social scientists to warrant a review piece, Iannaccone's "Introduction to the Economics of Religion" in the *Journal of Economic Literature*. Most work in the field up to that point—inspired by Iannaccone as well as sociologists Rodney Stark

and Roger Finke—attempted to explain religious phenomena via the rational choice framework. This framework proved extremely flexible, permitting social scientists to explore a variety of religious phenomena such as church attendance (Azzi and Ehrenberg 1975), medieval Church doctrine (Ekelund et al. 1989, 1996), religious markets (Finke and Stark 1992; Montgomery 1996; Iannaccone et al. 1997), religious organizations (Iannaccone 1992, 1994), religious practice (Finke and Stark 1988; Iannaccone 1990), and the underpinnings of church and sect (Iannaccone 1988).

The two decades following Iannaccone's 1998 survey have seen a vast acceleration in the quantity and quality of articles in the field. The current state of research in the field was brought up-to-date by Sriya Iyer's *Journal of Economic Literature* survey on the new economics of religion in 2016 (Iyer 2016). There have been edited volumes by leading scholars in the field (McCleary 2011). There are also major research monographs that focus on the Middle East and on South Asia (Berman 2009; Kuran 2011; Iyigun 2015; Rubin 2017; Platteau 2017; Iyer 2018). Other works that have attempted to review the literature are a survey on Islam and contemporary performance (Kuran forthcoming) and recent social scientific work on the Reformation (Becker et al. 2016). Articles aside, one important pathway for disseminating research in this field has been the growth of the ASREC (Association for the Study of Religion, Economics, and Culture) Annual Conference, which is now an important event in the field.

Another development of note is the significant increase in the number of articles in the field being published in top economics and political science journals. Publications in top journals encourage graduate students and young scholars to undertake research in the field, seeing it as a fruitful career path. And indeed, within economics and political science alone, the top journals have become much more receptive to research on religion. For instance, between 2000 and 2007 there were a total of 20 articles on religion in the top 8 economics and top 3 political science journals. However, between 2016 and 2018 alone, 31 articles were either published or accepted by these journals (calculations by Rubin). This research covers a wide range of topics related to religion. Fifty-one of the 115 articles published between 2000 and 2018 in top journals take religion as the dependent variable and 64 take religion as the independent variable. Of those that take religion as the dependent variable, important recent findings (since 2012) include the economic and political causes of increased Islamization (Carvalho 2013; Hegghammer 2013; Gould and Klor 2016; Valdez 2016; Binzel and Carvalho 2017; Nellis and