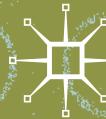


ADVANCES IN THE ECONOMICS OF RELIGION

Edited by
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Jean-Paul Carvalho • Sriya Iyer • Jared Rubin
Editors

Advances in the Economics of Religion

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Editors

Jean-Paul Carvalho
University of California, Irvine
Irvine
CA, USA

Sriya Iyer
Faculty of Economics
University of Cambridge
Cambridge, UK

Jared Rubin
Chapman University
Orange
CA, USA

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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

Tim Besley

President of the International Economic
Association, 2014–2017

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Notes on Contributors

Benito Arruñada is Professor of Business Organization at Universitat Pompeu Fabra, Barcelona, Spain. Former President of the Society for Institutional and Organizational Economics, his research lies in the conjunction of law, economics, and organization and focuses on the organizational conditions that facilitate impersonal exchange, covering from moral systems to property titling and business formalization. He is the author of *Institutional Foundations of Impersonal Exchange* (2012).

Robert J. Barro is the Paul M. Warburg Professor of Economics at Harvard University, a visiting scholar at American Enterprise Institute, and a research associate of the National Bureau of Economic Research. He has a PhD in Economics from Harvard University and a BS in Physics from Caltech. Barro is the co-editor of Harvard's *Quarterly Journal of Economics* and was previously President of the Western Economic Association, Vice President of the American Economic Association, a viewpoint columnist for Business Week, and a contributing editor of *The Wall Street Journal*. His noteworthy research includes empirical determinants of economic growth, economic effects of public debt and budget deficits, and the economics of religion. His research focuses on the impact of rare disasters on asset markets and macroeconomic activity, with recent applications to environmental protection, quantities of safe assets, and pricing of stock options. His books include *The Wealth of Religions* (with Rachel McCleary, forthcoming), *Economic Growth* (2nd edition, with Xavier Sala-i-Martin), *Macroeconomics, Nothing Is Sacred: Economic Ideas for the New Millennium, Determinants of Economic Growth, Getting It Right: Markets and Choices in a Free Society*, and *Education and Modernization Worldwide, from the 19th to the 21st Century* (with Jong-Wha Lee).

Sascha O. Becker is Research Director of the Centre for Competitive Advantage in the Global Economy (CAGE) and Professor of Economics at the University of Warwick. He obtained his PhD from the European University Institute, Florence, Italy, in 2001. He was an assistant professor in Munich (2002–2008) before moving to

Scotland (2008–2010). His research has appeared in international journals, including *The American Economic Review* and the *Quarterly Journal of Economics*.

Jeanet Sinding Bentzen is Associate Professor of Economics at the Department of Economics, University of Copenhagen. She is a research affiliate at CEPR (EH), an external associate at CAGE (Warwick), and a board member of the Association for the Study of Religion, Economics, and Culture. Her main research interests are religion, cultural values, and economic growth.

Alberto Bisin is Professor of Economics at New York University. He is an elected fellow of the Econometric Society. He is also a fellow of the [NBER](#), [CESS](#) at NYU, and the CEPR. He is Associate Editor of the *Journal of Comparative Economics*, *Economic Theory*, and *Research in Economics*. He is the co-organizer of the annual *NBER Meeting on Culture and Institutions*. He holds a PhD from the University of Chicago, obtained in 1994. His main academic contributions are in the fields of social economics, financial economics, and behavioral economics. He has published widely in economics journals. He co-edited the *Handbook of Social Economics* and is in the process of co-editing the *Handbook of Historical Economics*. Finally, he is the founding editor of [noiseFromAmerika.org](#) and contributes op-eds for the Italian newspaper [la Repubblica](#).

Jean-Paul Carvalho is Associate Professor of Economics at the University of California, Irvine, and Interim Director of the Institute for Mathematical Behavioral Sciences. His work is on the economics of culture, identity, and religion. He is an associate of the Network for Economic Research on Identity, Norms and Narratives (ERINN), a faculty fellow of the Association for Analytic Learning about Islam and Muslim Societies (AALIMS), and a faculty affiliate of the Center for Global Peace and Conflict Studies (CGPACS). He was educated at the University of Oxford (DPhil, MPhil), as a Monash scholar, and at the University of Western Australia.

Eric Chaney is Associate Professor of Economic History at the University of Oxford. His research focuses on the economic history and long-run development of the Islamic world and Western Europe and has been published in leading journals in economics and political science. He has held fellowships at the Institute for Advanced Study (Princeton) and CASBS (Stanford).

Daniel L. Chen is Directeur de Recherche at the Centre national de la recherche scientifique (CNRS) and Professor at the Toulouse School of Economics and Institute for Advanced Study in Toulouse. He has a PhD in Economics from MIT, a JD from Harvard Law School, and a BA and an MS in Applied Mathematics/Economics from Harvard College (summa cum laude). Chen was previously Chair of Law and Economics, a co-founder of the Center of Law and Economics at ETH Zurich, and Assistant Professor of Law, Economics, and Public Policy at Duke University.

Danny Cohen-Zada is Associate Professor of Economics at Ben-Gurion University, Israel, and a research fellow in IZA. He completed his PhD in Economics at Ben-

Gurion University and did his postdoc in the Graduate School of Education at the University of Pennsylvania. His research focuses mostly on the economics of religion, the economics of education, and sports economics. Among other issues, it analyzes patterns of school choice and explores, both theoretically and empirically, the role of education in preserving religious identity. In addition, it deals with the effects of religion and religiosity on economic and political outcomes. He has published his work in international journals such as the *International Economic Review*, *The Journal of Law and Economics*, *Journal of Urban Economics*, *Journal of Economic Behavior and Organization*, *Regional Science and Urban Economics*, and the *Economics of Education Review*.

Metin M. Coşgel is Professor of Economics at the University of Connecticut. He is the author of *The Economics of Ottoman Justice: Settlement and Trial in the Sharia Courts* (with Boğaç Ergene), Cambridge University Press (2016). He has published widely on the economic history of the Ottoman Empire, political economy of religion, and economics of social institutions. His research interests include the origins and economic effects of religious diversity and the historical roots of comparative development in the Middle East and Eastern Europe. Website: www.cosgel.uconn.edu.

Joan Esteban is a research professor at the Institut d'Anàlisi Económica (CSIC) and at the Barcelona GSE. He received his PhD from the Universities of Oxford and Autònoma de Barcelona. He has been Director of the IAE (CSIC) (1989–1991, 2001–2006), Secretary General (2011–2013) of the *International Economic Association*, and President of the *Society for the Study of Economic Inequality* (ECINEQ) (2007–2009). He is working on social polarization and conflict, and in public economics. His research has been published in journals such as *The American Economic Review*, *American Political Science Review*, *Annual Review of Economics*, *Econometrica*, *Economics Letters*, *Economics of Governance*, *European Economic Review*, *International Economic Review*, *Journal of Economic Behavior and Organization*, *Journal of Economic Inequality*, *Journal of Economic Theory*, *Journal of the European Economic Association*, *Journal of Income Distribution*, *Journal of Peace Research*, *Journal of Political Economy*, *Journal of Public Economics*, *Regional Science and Urban Economics*, *Science*, *Social Choice and Welfare*, and *Theory and Decision*.

Anthony Gill is Professor of Political Science at the University of Washington and Distinguished Senior Fellow at Baylor University's Institute for Studies of Religion. He obtained his PhD from the University of California, Los Angeles. He authored *Rendering unto Caesar: The Catholic Church and the State in Latin America* (Chicago) and *The Political Origins of Religious Liberty* (Cambridge), as well as numerous articles on religious economies and liberty.

Daniel Hungerman is Professor of Economics at the University of Notre Dame; he is also a research associate at the National Bureau of Economic Research. Hungerman's work has been published in various journals in the economics profession and has been funded by various organizations such as the NIH and the John Templeton

Foundation. He uses both economic theory and applied microeconomic methods to study topics related to the social effects of religiosity and the impact of various public policies on religious practice. He received his PhD in Economics from Duke University and holds an undergraduate degree in Economics from Miami University.

Sriya Iyer is Janeway Fellow in Economics and Affiliated Lecturer in the Faculty of Economics, University of Cambridge, and Bibby Fellow and College Lecturer at St Catharine's College, Cambridge. She researches in the economics of religion, demography, education, and development economics. She serves on the Board of Directors of the Association for the Study of Religion, Economics, and Culture and on the Editorial Board of the *Journal of Religion and Demography*, is a research fellow at the Institute for Labor Economics (IZA), and was awarded a University of Cambridge Pilkington Prize in 2014. She has published two books: *Demography and Religion in India* (2002) and *The Economics of Religion in India* (2018). She has also published articles in economics journals including the *Journal of Political Economy*, *Journal of Economic Literature*, *The Review of Economics and Statistics*, and the *Journal of Development Economics*.

Murat Iyigun is Professor of Economics at the University of Colorado at Boulder specializing in the economics of religion, economics of the family, economic development, and cliometrics. He received his PhD from Brown University in 1995. He is a research fellow at the Institute for the Study of Labor (IZA), a founding fellow of the Association for Analytical Learning on Islam and Muslim Societies (AALIMS), and the co-editor of the *Journal of Demographic Economics* (JODE) published by Cambridge University Press. Prior to joining the CU-Boulder faculty in 2000, he served as a staff economist at the Federal Reserve Board in Washington, DC. Some of Iyigun's research has been published in *The American Economic Review*, *Quarterly Journal of Economics*, *The Review of Economic Studies*, *The Economic Journal*, the *International Economic Review*, and other leading journals. His general-interest book, *War Peace and Prosperity in the Name of God*, was published by the University of Chicago Press in March 2015.

Noel Johnson is an associate professor in the Economics Department at George Mason University. He is also a member of the Center for the Study of Public Choice and a research fellow at the Mercatus Center. He earned his PhD at Washington University in St Louis. His interests lie at the intersection of economic history, development, and the new institutional economics. His recent research has focused on questions such as "how do states build administrative and fiscal capacity?", "what is the relationship between state capacity and growth enhancing economic and social outcomes such as religious tolerance or free trade?", and "how has the disease environment and climate affected economic and social outcomes under different institutional settings?" This research has been published in outlets including *The Journal of Law and Economics*, *Explorations in Economic History*, *The Economic Journal*, and the *Journal of Development Economics*.

Moshe Justman holds a PhD in Business Economics from Harvard University and is Professor and Dean of Economics and Business Administration at Ruppin Academic Center in Israel. Previously, he was Professor of Economics at Ben-Gurion University and held fractional and visiting positions at the University of Melbourne, Carnegie Mellon University, and Renmin University. He is a past president of the Israel Economics Association. His research, centered on the economics of education, combines theoretical, empirical, and policy perspectives on the balance between private and public education, the role of education in shaping religious and cultural identities, macroeconomic perspectives on education, intergenerational mobility, gender and STEM, and measurement in education. He has published extensively in international journals, including *The American Economic Review*, *The Review of Economic Studies*, *The Review of Economics and Statistics*, and *Journal of the European Economic Association*, and co-authored a book, *The Political Economy of Education* (MIT Press).

Mark Koyama is Associate Professor of Economics at George Mason University at the Center for the Study of Public Choice and a senior scholar at the Mercatus Center where he is part of the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics. He obtained his PhD from the University of Oxford. His work has appeared in a variety of journals including *The Economic Journal*, *International Economic Review*, the *Journal of Development Economics*, *The Journal of Law and Economics*, and *Explorations in Economic History*. His book with Noel D. Johnson *Persecution and Toleration: The Long Road to Religious Freedom* is published by Cambridge University Press.

Matthias Krapf in his recent research has been studying the effect of wealth taxation on reported wealth, as well as how wealth accumulation and income risk vary along the wealth and income distributions. He is affiliated with the University of Basel in a position funded by the Swiss National Science Foundation and was previously affiliated with the Universities of Vienna, Zurich, and Lausanne. He holds a doctoral degree from the University of Konstanz. His previous research has been published in journals such as the *Journal of International Economics*, *Economic Inquiry*, and the *Journal of Economic Behavior and Organization*.

Gilat Levy from the Economics Department has a track record of publishing in top journals in economics and in political science. She has worked before on a host of questions relating to religious organizations, the effect of religiosity on redistribution, the sustainability of religious beliefs, barriers to social mobility resulting from segregation and discrimination, and information aggregation in democracies, among others. She was awarded two ERC research grants, one for the study of religious organizations and one for a project on cognitive biases in information processing. Levy served in the Council of the Royal Economic Society; is a member of the Council of the European Economic Association, the regional standing committee of the Econometric Society; and was a board member in many journals such as *The American Economic Review*,

The Review of Economic Studies, and *Theoretical Economics*. She is the managing editor of *The Economic Journal*.

Michael D. Makowsky is Associate Professor in the John E. Walker Department of Economics at Clemson University. He obtained his PhD from George Mason University in 2008. He specializes in the economics of religion and club goods, crime and law enforcement, and the application of agent-based computational modeling. Prior to joining Clemson, he served as a faculty in the Johns Hopkins University Center for Advanced Modeling. Makowsky's work has been published in *The American Economic Review*, *The Review of Economic Studies*, *The Journal of Law and Economics*, *Journal of Economic Behavior and Organization*, and other leading journals.

Laura Mayoral is a research associate professor at the Institut d'Anàlisi Económica (IAE) in Barcelona and an affiliated professor at the Barcelona Graduate School of Economics and the Department of Economics of the University of Gothenburg. She has also been a visiting professor at INSEAD, Paris School of Economics, and NYU. Her fields of interest are the study of social conflict, long-term development, and the economics of culture and religion. Her research has been published in journals such as *Science*, *The American Economic Review*, *Econometrica*, *Journal of Monetary Economics*, *International Economic Review*, and *Journal of Public Economics*, among others.

Michael McBride is Professor of Economics, Logic and Philosophy of Science, and Religious Studies at the University of California, Irvine, and Founding Director of the Experimental Social Science Laboratory. He received his PhD from Yale University. He uses game theory and experimental methods to study collective action, conflict, and religion. His research has appeared in the *Journal of Economic Theory*, the *Journal of Public Economics*, the *American Journal of Sociology*, the *Journal of Economic Behavior and Organization*, and *Rationality and Society*.

Rachel M. McCleary is a lecturer at Harvard University in the Faculty of Arts and Sciences. Her research is interdisciplinary focusing on how religion interacts with economic performance and the political and social behavior of individuals and institutions across societies. She has written four books: *Seeking Justice: Ethics and International Affairs* (1992), *Dictating Democracy: Guatemala and the End of Violent Revolution* (University Press of Florida, 1999—English; Artemis-Edinter 1999—Spanish), *Global Compassion: Private Voluntary Organizations and U.S. Foreign Policy Since 1939* (2009, and winner of the 2010 AFP Skystone Ryan Research Prize), and *The Oxford Handbook of the Economics of Religion* (2011). McCleary and Robert Barro are co-authoring a book, *The Wealth of Religions: Economic Implications of Believing and Belonging* (Princeton University Press, Spring 2019).

Thomas J. Miceli is Professor of Economics at the University of Connecticut, where he has taught since 1987. He received his PhD in Economics from Brown University, and his research is primarily in the area of applied microeconomics, with an emphasis on law and economics, the economics of religion, and sports economics. He has

published extensively in these areas and serves as an associate editor at the *International Review of Law and Economics*.

Anirban Mitra is Lecturer (Assistant Professor) in Economics at the University of Kent, Canterbury, UK. His research interests lie in the areas of development economics and political economy—often in their overlap. He has been interested in the role of economic factors behind ethnic and civil conflicts particularly in the context of Hindu-Muslim violence in India and the Maoist conflict in Nepal. His other works relate to institutional design and its ramifications on elements of public expenditure and income distribution. His research articles have been published in the *Journal of Political Economy*, *The Economic Journal*, and *Economica*. He is a research affiliate of the CESifo Research Network (Munich). Prior to joining Kent, he was employed at the University of Oslo. He received his PhD from New York University (USA) in 2012 and MA in Economics from JNU (New Delhi, India) in 2005.

José G. Montalvo is Professor of Economics at Universitat Pompeu Fabra and Research Fellow at the Institutió Catalana de Recerca i Estudis Avançats (ICREA-Academia). He is also a research professor at the Barcelona Graduate School of Economics and the IVIE. He holds a PhD in Economics from Harvard University and a bachelor's degree from the University of Valencia. He has worked as a consultant for the OECD, the European Union, the Inter-American Development Bank, and the World Bank. He has served as the Chairman of the Economics and Business Department and Vice Chancellor of Science Policy at the UPF. His areas of research include economic development, the effects of ethnic diversity, social conflicts, and terrorism. He is the author of 15 books and over 100 articles in scholarly journals, including *The American Economic Review*, *The Economic Journal*, and *The Review of Economics and Statistics*, among many others.

Alireza Naghavi is Full Professor of Economics at the University of Bologna and an adjunct professor at Johns Hopkins University School of Advanced International Studies Bologna Center and Dickinson College Bologna Center for European Studies. He holds a PhD from University College Dublin. He has published in international journals such as *The Economic Journal*, *Journal of Economic Growth*, *Journal of International Economics*, and *Journal of Development Economics*. He was the global scientific coordinator of the European Commission's FP7 project INGINEUS on global innovation networks and three Italian projects at the national level since. His research interests focus on international trade and institutions and include topics such as intellectual property rights, firm organization, innovation, migration, and the economics of religion.

Jean-Philippe Platteau is Professor Emeritus at the University of Namur and an active member of the Centre for Research in Economic Development (CRED), which he founded at the same university. He is the author of numerous journal articles as well as several books, including *Culture and Development: New Insights into an Old Debate* (2010) and *Islam Instrumentalized: Religion and Politics in Historical Perspective*

(2017). Most of his works have been concerned with the understanding of the role of institutions in economic development and the processes of institutional change. The influences of non-economic factors and other frontier issues at the interface between economics and sociology are a central focus of his work. He co-founded the European Development Network (EUDN) and is presently the co-director, with François Bourguignon, of an international research program devoted to Economic Development and Institutions (EDI), funded by the Department of International Development (DFID) of the British government.

Anja Prummer is a lecturer at Queen Mary University of London. She specializes in the areas of social networks and political economy, with an emphasis on culture and gender. She focuses on how social interactions can improve or hinder an individual's economic success. Through the combination of theoretical and empirical work, she has been able to identify suboptimal network patterns and highlight why these patterns persist. Relatedly, she is interested in how political, cultural, and religious leaders can influence individuals, taking into account their social network. Before joining Queen Mary University of London, she was a postdoctoral fellow at the Cambridge-INET Institute. She obtained her PhD at the European University Institute, Florence, and visited the University of Wisconsin–Madison, University of California, Berkeley, as well as New York University for extended periods.

Debraj Ray is the Julius Silver Professor in the Faculty of Arts and Science and Professor of Economics at New York University. He received his BA from the University of Calcutta and his PhD in 1983 from Cornell University. He is a fellow of the American Academy of Arts and Sciences, a fellow of the Econometric Society, a fellow of the Society for Advancement of Economic Theory, and Guggenheim Fellow. He holds an honorary degree from the University of Oslo. He is the co-editor of *The American Economic Review*. Among Ray's teaching awards are the Dean's Award for Distinguished Teaching at Stanford and the Golden Dozen Teaching Award from New York University. Ray's (1998) textbook, *Development Economics* (Princeton University Press), was described by *The Chronicle of Higher Education* as "a revolutionary textbook that takes the field by storm."

Ronny Razin from the Department of Economics, London School of Economics, has been doing research on a range of topics that sit in between economics and political science. Razin has top publications both in *Economics* and *Political Science* journals on topics such as information aggregation in elections, theories of religious organizations, and group and individual decision making. In recent years Razin's research focus centers on developing new behavioral models of how individuals process information and form beliefs and studying the implications of this to both economic and political outcomes. Razin has been awarded and has been a team member on numerous research grants from the ESRC, from the ERC, and from the National Science Foundation in the US. Razin is an associate editor in *The American Economic Review* and has previously served on the board of *Games and Economic Behavior*.

Marta Reynal-Querol is ICREA Research Professor at the Department of Economics and Business at Universitat Pompeu Fabra (UPF), Research Professor and Affiliated Professor of the Barcelona GSE, and Director of IPEG. She is also Director of the Master in Economics at UPF. She is a research fellow at the CEPR and at the CESifo and a full member at the EUDN. She is a fellow of the EEA. She was a member of the Council of the European Economic Association (EEA) between 2011 and 2015. She is a member of the Editorial Board of the JCR and in the past of the EJPE. She won an ERC-Consolidator grant in 2014 and an ERC-Starting grant obtained in the first call of the European Research Council. She won the Banco Herrero prize 2011 awarded annually to a Spanish social scientist under 40 years old. She worked at the World Bank between 2001 and 2005.

Jared Rubin is Associate Professor of Economics at Chapman University. He is the author of *Rulers, Religion, and Riches: Why the West Got Rich and the Middle East Did Not* (2017), which explores the role that politics and the religious institutions of Islam and Christianity played in the long-run “reversal of fortunes” between the economies of the Middle East and Western Europe. He graduated with a PhD in Economics from Stanford University in 2007 and BA from the University of Virginia in 2002. Rubin is a co-director of Chapman University’s Institute for the Study of Religion, Economics, and Society and serves in various roles for the Association for the Study of Religion, Economics, and Culture.

Mohamed Saleh is an assistant professor at Toulouse School of Economics (TSE) and Institute for Advanced Study in Toulouse (IAST), France. His research interests are in economic history, political economy, and development economics, with a focus on the economic history of the Middle East and North Africa. His research agenda has thus far focused on understanding the historical origins of the socioeconomic differences between religious groups in the Middle East, the effects of state industrialization and public mass education on these differences, the historical role of the Islamic tax system in the formation of religious groups, and the institutions of labor coercion and land distribution in the pre-colonial period. He approaches these questions using novel micro data constructed from both archival and secondary sources, including population censuses, agricultural censuses, and papyrological records.

Avner Seror is a postdoctoral fellow at the Smith Institute for Political Economy and Philosophy at Chapman University, California. He completed his PhD at the Paris School of Economics in 2018.

Thierry Verdier is Ingénieur Général des Ponts et Chaussées (Ecole des Ponts ParisTech) and Professor of Economics at the Paris School of Economics (France) and at PUC-Rio (Brazil). He is also a research fellow and a former program director at the Centre for Economic Policy Research (CEPR; London), research fellow at CESifo, and a fellow of the European Economic Association. His research interests are in the fields of international trade and globalization, the political economy of institutions, and the analysis of cultural change at the interface between economics, evolutionary

anthropology, and economic sociology. His work has been published in international academic journals, such as *The American Economic Review*, the *Journal of Political Economy*, *The Review of Economic Studies*, the *Quarterly Journal of Economics*, the *Journal of Economic Development*, and the *Journal of International Economics*.

Timothy Weninger is an assistant professor at the University of Notre Dame where he directs the Data Science Group and is a member of the Interdisciplinary Center for Networks Science and Applications (ICENSA). He has authored over 60 research publications in the areas of social media, machine learning, and network science. The key application of his research is to identify how humans generate, curate, and search for information in the pursuit of knowledge. He uses properties of these emergent networks to reason about the nature of relatedness, membership, and other abstract and physical phenomena. He is a recipient of the NSF CAREER Award and the Army Research Office Young Faculty Award and has received research grants from the Air Force Office of Scientific Research, DARPA, and the John Templeton Foundation. He is an inaugural member of the ACM's Future of Computing Academy and serves on numerous scientific program committees and editorial boards.

Ludger Woessmann is Professor of Economics at the University of Munich and Director of the ifo Center for the Economics of Education. He was National Fellow at the Hoover Institution at Stanford University and spent extended research visits at Harvard University and the National Bureau of Economic Research. He is a fellow of the International Academy of Education and a member of the German National Academy of Sciences Leopoldina. He is the co-editor of the *Handbook of the Economics of Education*. His main research interests are the determinants of long-run prosperity and of student achievement, focusing on the economics of education, economic growth, economic history, and the economics of religion. His work was rewarded with the Gossen Award and the Stolper Award of the German Economic Association, the Young Economist Award of the European Economic Association, and the Choppin Memorial Award of the International Association for the Evaluation of Educational Achievement.

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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

J.-P. Carvalho

Department of Economics and Institute for Mathematical Behavioral Sciences,
University of California, Irvine, Irvine, CA, USA

S. Iyer

Faculty of Economics, University of Cambridge, Cambridge, UK

J. Rubin (✉)

Chapman University, Orange, CA, USA

e-mail: jrubin@chapman.edu

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