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Anne Koch

Economy

The purported economization of life in general and the predicted growing spiritual marketplace in particular make economy a structural influence in religious fields and an urgent theme for the study of religion. Systematic considerations for correlating religion and economy are located in an action theory and new institutional approach. The reciprocal relations and influences differ widely within commercial systems such as so-called gift economies, socialism, industrializing economies, or capitalism. The market is a social coordination mechanism besides organizations and the state. Transaction costs apply to religious organizations and the production, distribution and consuming of commodities. Goods that are supplied and demanded in religious contexts vary in type with the situational conditions, depending on private, club or public access. Specific exchange behavior such as trust, cooperation, fairness, or risk-seeking are contextualized in religious economies. Elucidating the economic side of religion, and applying economic theories of behavior to religious contexts, still need much revision and greater mastery of economic theory.

Religion is part of the cultural meaning system in which economic systems and the regime of capital are also embedded. On the one hand, culture is partly altered by new systems of commerce, and on the other hand it is an autonomous environment opposing, acquiescing to, or assimilating these changes. It has been prognosticated that the future of religion will take shape in an expanding global religious marketplace. In this marketplace, individualism is associated with the demand for products in an on-going process of self-construction through the self-stylization of everyday life, often as part of a commodity aesthetics. In the context of vigorously intensified communication across continents, markets supplying religious services have become global in respect of exchange as well as in respect of imagination. As a result of these trends, economy has become an essential structural element of the religious field, and thus an imperative theme in the study of religion. This also leads to ambivalence with regard to the distinction secular-sacred: according to Charles Taylor and others, the new and specifically modern forms of social coordination, like the market economy, the public sphere, and the democratic state are deeply secular immanent orders. Thus, the intense interrelationship between religion and economy raises anew the issue of the de-/secularization of the field. Instead of accepting the importance of economy and market forces for religion, some critics argue that religious production should not be seen as taking place in a market, and that the rationale of agents in religious contexts is not related to profit seeking. Overall, the concepts connected with the economics of religion are highly controversial.

Considerations regarding the systematic relationship between religion and economy

Several relationships between economy and religion are common in societal debates, such as debates on development assistance, poverty reduction, and charity. As a first orientation and more systematic approach, Max Weber's discussion of socio-economics (*Sozioökonomik*) might help (1904/1949). Weber develops three relations of interaction between economy and society. Taking religion as part of society, three options arise: 1. Religion as an economic phenomenon (e.g. religious firms as employers), 2. Religion as a non-economic phenomenon that has economic effects (e.g. the influence of mental models on consumer behavior, or Christmas fairs), 3. Religion as an economically conditioned phenomenon (e.g. the spread of religion along commercial routes, a good example being Islam in East Africa, Ensminger 1997). In this line of thought, where religion and economics are considered as distinct fields, Peter L. Berger distinguishes religion as a 'formative force' and as a 'dependent formation' of 'economic culture' (1967: 128). Another branch of research growing out of this is economic ethics as a further way of relating and interrogating the terrain of economy and religious ethos.

To relate economy and religion in such ways already presumes their distinctiveness. This gives rise to many methodological queries and has prompted questions as to how to operationalize religion and causal dependencies or cultural interferences: What are relevant sociometric parameters to describe religion in its possible impact on shadow economies? How relevant for this is closeness in the religion-state relationship? And, more generally, how is historical causality to be conceived? Religion is not a distinct factor in pre-market economies, in cultures of exchange, or with regard to its embeddedness within market economies or social networks. Such ideas have led to questioning of the concept of rationality for describing religious as well as economic activities, despite the central role of rationality in standard economic theory. Notwithstanding these difficulties, religion has all along been treated as if it were an entity on its own, that has guided economic treaties, exchange rates and taxes. Even today economists often overestimate the autonomy of religious institutions as cultural forces.

Besides the taxonomy of Weber and Berger, there is a tendency to use economy as a term in cultural studies. Bourdieu and others see cultural and religious practices as ways of production, circulation and consumption within a material and symbolic cultural economy. The specific of a sacred economy is considered to be the "productions, circulations, and contestations of transcendent claims and sacralizing practices that operate within any network of social relations" (Chidester 2008, 84). Thus, the fundamental operation within a political

economy of the sacred is to set apart the sacred in the sense of Durkheim's understanding of religion. In this economy of signification, signs in religion as well as in the arts are transformed into commodities that can generate profits. A well-known problem associated with the peculiarity of the concepts of religion as well as economy is due to this expanding of meaning to all socially embedded practices. It is difficult to determine practices as religious and at the same time to keep away from a substantial and universal understanding of religion. For some years now, a specialized discourse on the economics of religion has grown up that addresses these questions historically and systematically. This strand of research opens up an option according to which religion and economy are not distinct realms but share a framework based on action theory parameters. Always relevant are the behavioral parameters of choice, trust, risk, and investment. There are culturally dependent rules concerning how much payback is expected from insurances and investments, how to prevent or seek risks, strategies of hedging against losses, and stockpiling and value creating. A merely metaphorical use of economic vocabulary, and thus only limited forms of economic expression and modeling, must be distinguished from the expansion of economic theory as in economic anthropology.

Systems of commerce

The historic examples chosen to test issues and groups were momentous for theory building in cultural economics. In the first place, economic anthropology observed small-scale indigenous societies and exchange markets with a low degree of complexity, or societies in transition to capitalist economies. Therefore theoretical elements often prevail like reciprocity, barter, gift, and exchange, which are common in small groups. In the literature on economics of religion, a distinction is also made between simple gift economies and complex finance market transactions. A market economy does not evolve automatically, or parallel to social evolution from the exchange setting. The constitution of a marketplace is dependent on further factors, such as nation-building or a military conquest where there is an urgent need for goods and human capital. Apart from reconstructions of basal economies in economic anthropology, a classical discourse on religious economy has existed for a long time, discussing sacrificing to gods and bargaining with gods (*do ut des*). These debates were fed into economic theory by Adam Smith and led to a renewed economic approach to religious agents and activities .

Capitalism, communism, liberalism, and transitional economies between pre-capitalist and capitalist economies (Roberts 1995) have all been discussed in the light of their religious premises, ethics and consequences. In the Soviet Union, for instance, communism attempted

to extinguish the demand for religion by supplying communist doctrine and political ceremonies (Pfaff 2010). The high degree of market regulation by the communist party undercut the production of religious goods and significantly raised their consumption costs (for example travel costs increased with a thinner religious infrastructure).

Religious coping phenomena go hand in hand with rapid, destabilizing, overcharging and often incomprehensible economization processes: prosperity religion, cargo cult, occult economies appear at the margin of these capitalizing processes. Debates about the varieties of capitalism, for instance in comparative economic research, refer to economic reproduction in local modernities. There, urbanization or de-traditionalization are not automatically linked to a decline of religious affiliation, but may be adjunctive to an increase in prosperity religion. From an economics of religion perspective, it is therefore impossible to state universal correlations, for instance regarding the decrease of religion in conditions of economic growth (Barro/McCleary 2003). Observations are also made on the way occult economies revitalize religious and magical conceptions and practices as a way of coping with the rapid introduction of finance market capitalism. In order to explain the attractiveness of 'magical' products in impoverished societies, it is argued that these 'modern' economic instruments are unfamiliar, that they create inequality and thus offer ample scope for fantastic ideas and practices (working zombies, bewitching credit cards) (Comaroff/Comaroff 2001). Religious economies often play an important role in identity construing. Islamic banking, for example, gained popularity as an ethical expression of a modern Islam in the aftermath of September 11th 2001. Attempts at environmental sustainability, eco-friendly production, and ethical consumption have led among other things to nature spirituality.

The institutions market, organization, and state

In the past few decades the cultural and social embedding of institutions has shifted into the forefront of attention. Religious traditions have also been taken into account as institutions, meaning in their principal constructedness and as sets of social practices. Institutional arrangements can be seen as answering the challenge of how coordination and cooperation in a society can best be solved. The organizational field always communicates under economic conditions. Within this newer theory building, where new institutional economics is one strand, the ideal and inadequate concept of the neo-classical market was elaborated. Markets are not seen any more as self-regulating, atomistic, competitive, reigned by procedures of utility maximizing of rational agents with complete treaties and open for exit and access at any time. To a greater degree these new approaches in economic anthropology, as well as in

the new economic sociology, favor the steering and control of markets, the bounded rationality of agents, incomplete treaties that also always rely on social trust, networks instead of atomistic agents, and the opaqueness of the economic dynamics with unpredictable outcomes. New-institutionalism sees institutions as ranging from informal rules and habits to formal rules, constitutions, and organizations with materializing tendencies and buildings that enable religious aims to be transformed, memorized and spread. Several aspects are relevant here: the main tasks are the institutional mediation of expectations, control, legitimacy, trust, and sanctions. They are performed in local religious markets, in organizations outside of markets, in religious organizations, through state regulation of religion, state religion, and transnational religious institutions. Economic transactions can only be understood with reference to global contingencies and determinants. A bilateral exchange no longer exists, even in remote corners of the world. A supply-market-demand complex with diverse actors at each step determines the meaning of products, their value and pricing. The Shanghai stock market, for example, even though mimicking this global capitalist institution, is in its specific realization a fetishization of the Chinese state (Hertz 1998).

These mechanisms as a whole constitute the political economy that has been examined by Marx in a different way from Weber. Issues of comparison are economic ethics, conditions of labor and production, state regulation, denominations and wealth, and the socio-economic position of religious institutions. The new institutional theory of organizational fields allows for religious aspects of organizations, as well as for the organizational structure of religions (Demerath et al. 1998). The religion-state relation is economically significant in so far as it creates regulations, restrictions or support, and a certain sort of legality. In China, for instance, most religions were forbidden under communist rule before the opening and reforming of the party. Some therefore distinguish a gray market, where religions have an ambiguous legal/illegal status, and a black market, where they are banned (Yang 2005). Markets are coordination mechanisms and locomotives of religious pluralism. In the literature, one sometimes gets the impression that market means the same as economy. But this is a simplification. Market ethnographies see the abstract market principle as a continuum ranging from diffuse interaction to empirical marketplaces. Some economic transactions take place outside the market, like those within firms or those overseeing the market, such as cartel authorities. Religious agents, institutions, and firms are active in several sectoral markets, such as education, social services, the production of goods (printing companies, retreats, breweries), and outside the market (ethic commission work, volunteer work). In these transactions, religious institutions play diverse economic roles, such as supplier, demander,

club, principal, agent, employer, distributor, consumer. From a historical perspective, early modern European markets that were relatively closed have been examined for their denominational features. Their political economy is characterized by regional differences in economic activities and political party affiliation, depending on whether Catholics or protestants are in the majority. The pluralistic religious market in the United States of America has been the central paradigm in US-American sociological marketplace models since the 1970ies. This mirrors American pluralism by the mere fact of a strong Christian denominational plurality supplemented by new religious movements. Market regulation on the part of the state is said to have severe consequences on the competitive exit criteria of religious suppliers and their initial investments. Neoclassical economics maintains that the less a market is regulated the more it will tend to encourage competition, thus increasing the demand for religion. According to the neo-classical axiom of market equilibrium, these endeavors will lead to a condition where maximum utility is reached between demand and supply.

In Karl Polanyi's market model, as well as in rational choice economics of religion, a market is mainly determined by competition, monopolies, demand, and supply. According to this normative model, in so far as these markets are autonomous and self-regulating, the state should not intervene, and all factors of production (labor, land, human resources, etc.) are marketable. In the context of secularization theory, the religious economy knows "winners and losers" who either disappear after a short time or grow by triggering demand due to a pluralistic supply of religious goods. According to the latter approach, the Catholic or protestant monopolies in some regions, as well as state regulation, are predicted to correlate with lesser participation and productivity than pluralistic religious markets. So-called exceptions from this rule prompted further debates (Jelen 2002). Religious demand is a "macro-level concept describing the presence of segments of the population that are potential consumers of religion" (Pfaff 2010, 236). It is not unproblematic that in this theory religious demand is an axiom. People are said to perpetually seek religious satisfaction, salvation or belonging to a transcendent order. The market model is not only idealized but culturally disembedded and normally does not reflect the market's idiosyncrasy.

Commodities and goods

A frequent substantialist misunderstanding of economic theory involves the introduction of a religious type of good (sacred good, salvation good) or even spiritual or religious human capital. There is no reason to introduce a new kind of good or human

capital so long as there is no autonomous feature from the perspective of culture theory. The sacred is a contextual construction that can easily be described analog to promises, future benefits, and values, for instance as in the home buyer or life insurances markets. From the point of view of cultural theory, part of Iannaccone's definition of religious goods is therefore problematic: he describes them as those household commodities that rely on supernatural forces (1992: 125). This is only valid if understood as an emic narrative. It is true that such commodities are produced not for market exchange but for the producer's own consumption, with the benefit of religious capital building which may correlate with greater religious satisfaction (if this religious capital is understood as a kind of context-specific capital, like that of regular opera-goers, and not as a new kind on its own). Economic goods do not need to be tangible. When Weber speaks of salvation goods, he has an action theory concept in mind that sums up the ultimate goal of many activities in the religious field. Donations and charitable gifts are goods that bring a moral or social intangible good in return, which is this-worldly, such as belonging, or being pleasing in the sight of God. Stolz elaborates a typology of goods which are the means of reaching a goal in a religious context, and combines it with rational choice (2006). He keeps the Weberian good of religious authority and calls it a positional social good. The remaining two types of social religious goods are communal (rituals) and collective (norms). Private goods in the religious context are consumer goods (objects, courses), membership and personal goods (human capital, eternal life). Commodities consist of goods and services. The economic theory of goods is not uniform. Some work in economics of religion adopts the distinction between search goods, (post)experience goods, and credence goods. This approach addresses the uncertainty associated with promised features and the quality of goods. In the context of religion the quality of search goods can be assessed upon inspection, as with a book, a scent or a funeral speech. A middle position of (un)certainly is represented by experience goods, such as fee-for-services in yogic practice, mediumistic séances, healing stones, etc. In the context of charismatic born-again Christianity-, for example, the utility can be experienced only after conversion, and as such is not testable from outside the religious system. Credence goods back-shift utility to a payoff in the afterlife, or bind it to the existence of supernatural beings. In the marketplace model combined with the microeconomic household production model, the benefit of household commodities is their otherwise unobtainable reward in respect of afterlife, salvation, conciliation, etc. In collective production, the problem of free riders

occurs, which can be solved by costly demands. By this strategy of exclusion, the produced goods are club goods.

Another distinction that is regularly applied to religion is that of public goods that are nonrival, like the demand for meaning in life. This good is not in competition with others in so far as many persons might see the same meaning in life without thereby decreasing each other's good: in other words, my use of the good does not make it scarce for others. However, commodities in religious production are generally not nonrival or public in the sense of nonexcludable: religions also create artificial shortages, for example by limiting the number of the chosen, by creating a shortage of salvation by godly temper, by limiting the emission of miraculous powers to specific times such as festivals, to specific places or to ritually bewitched substances. The century-long provision of public goods by pious foundations in the Islamic Middle East can be seen as a signaling of commitment by property owners which gave them security and property rights in return for their social services (Kuran 2001). In the context of the economization of modern life, a commodification of religion is often described. Fetishism of commodities, from Marx to the spirit of things (*hau*, see Marcel Mauss), suggests that commodities are crucial for masking or revealing social relations. In a consumer culture, religious communication is often achieved by the marketing of religion. Cultural tensions may arise between the two driving forces of (romantic) hedonism and Puritan asceticism (Campbell 1987). Symbolic goods constitute identity through their consumption, and communicate the person's peculiar commitment. "What would Jesus buy?"-bracelets bought by evangelical protestants, for instance, serve as a reminder of their anti-consumerist counter-identity. Religious consumer choice is patterned and in most approaches seen as somehow rational. But what are relevant parameters for consumption? Some point to other social identities besides class, like race, gender, being young or coming from a specific area. How diverse religious affiliations intervene in these parameters to reinforce symbolic identity by the purchase and display of goods is an open field of research.

Ideology, mental models, risk and trust

As early as Weber, affective and traditional practices were seen as constitutive environments of economic behavior. Informal and formal institutions are closely bound together by trust and habit that both rely on a shared framing of values or "ideology" (D.C. North). These shared mental models or worldviews are economic issues in so far as choice and the securitization of transactions are important economic challenges. In his *Philosophy of Money*, Georg Simmel wrote that trust is a socio-psychological feeling similar to religious belief.

Trust in money gives a feeling of personal security and is based on confidence in state organization. In the absence of this trust in monetary worth, for instance, economic activities would become so risky that they would have to be hedged, causing a high transaction cost of protection. Against this background, institutions are to be understood as predictable reactions towards actors' expectations. It is common in today's economics of religion to interpret religion as a complexity-reducing shared mental model which saves transaction costs, meaning costs that arise from control, search for information, making contracts, etc. A specific religious risk management and the signaling of trustworthiness are important for saving costs. Risk management is especially difficult with respect to beliefs concerning the last days and postmortal existence. Iannaccone transfers two customary strategies for coping with risk from economics to religion: diversification and use of experts (1995). Private production diversifies the risks of religious promises remaining unfulfilled by limiting buying to smaller portfolios and experience goods on the base of fee-for-service-transactions; the benefit obtained is instantaneous and is not shifted to the future or to a post-mortem world. With experts and witnesses on the supply side of religious institutions, the risks are minimized by information, specialization, and credibility. Very recently, new practices of binding the future have arisen in the context of a cultural change in societal risk management: risk is not avoided but sought for. With new financial products (securitizations, derivatives, swaps, etc.), the finance market does not negotiate goods or services, but administers future time in the form of the possibility of taking a decision at some point in the future. Behavioral economics has yielded many insights regarding fairness, altruism and reciprocity as rational behavior, intertemporal counting for pay-off, probability estimation, sunken cost, and social choice. Some have already been transferred to religion: religious altruism as in the self-offering of agents in suicide, the calculus of a millenarian splinter group (Alles 2004), trust (Tan/Vogel 2008), the correlation between cooperation and frequency of ritual (Ruffle/Sosis 2006).

Conclusion

Taking economic activity as a culturally embedded realm of human action, it becomes evident that it is closely linked to other human actions and institution building. For this reason, research tools and insights into economic circulation, organizations, behavior, and marketplaces are more than relevant for the humanities. This does not mean there are no differences between economic activity and other sectors of cultural production. Nevertheless, interdisciplinary work that is informed by economic theory is still rare.

A desideratum of the economics of religion is that it seldom distinguishes between different kinds of markets: commodity, stock, labor and capital markets follow different rules. At least Chidester mentions that the 'sacred' is produced through the religious labor of interpretation and ritualization (2008, 89). Future reflections should touch on the peculiar religious labor market, and the particular religious production its context. Furthermore, the goals and pay-offs of religious activities are frequently contested: religious symbolic production may work as an instrument of empowerment, or subjugation, or both, depending on who performs it. There has also been no discussion so far of the phases of market development and their distinct challenges for economic action. It makes a difference for the expansion of religious movements and organizations whether they expand into a saturated monopolist or pluralist market, or whether the product is mature or still in the process of developing. Against this background of market phases, the enormous success of modern Western postural Yoga, for instance, can be interpreted by the absorption of the new technology of relaxation therapy (progressive muscle relaxation), the marketing of it as ancient Indian and spiritual (see Raya Yoga at the outset), and the created need for deceleration in popular discourses of early industrialization (to name just a few important elements).

A lot more use could be made of economic concepts. Financing and pricing could be starting points. Cheap and expensive religions have been distinguished. High prices have been used as a strategy to stop free riders, and to signal commitment, trustworthiness, and cooperation, especially in ritual economics. Some themes have been poorly understood, for instance the role of religious organizations in non-profit markets, multi-level strategies like community building and social signaling, the implementation of highly complex aim chains like fighting against evil, poverty, discrimination, and depression. Not easy to evaluate are claimed successes and benefits such as the saving of souls, human growth, altered consciousness or detachment from earthly interests. The same goes for the effects of governmental welfare interventions in the organizational field, in so far as charitable, religious, and worldview-associations have to apply as faith-based organizations.

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