

# Teaching the Economics of Religion to Undergraduate Economics Students

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*Abstract.* Unlike standard economics courses, there are limited resources available for instructors who are trained in the mainstream neoclassical paradigm. Many courses in this field are pitched at an advanced level for students pursuing graduate research, or they are pitched through the paradigms of political economy or theology. This paper highlights the key questions and salient ideas in an undergraduate course on the Economics of Religion, thereby providing one example of how potential instructors could structure their course. The idea is to showcase class material so that other instructors, who usually teach neoclassical economics and who are newly deciding to teach a similar class, do not necessarily have to reinvent the wheel in preparing for their classes.

*Keywords:* Economics of Religion; undergraduate teaching

## 1. Introduction

I started preparing for the course on the Economics of Religion about two years ago, when our department wanted us to increase the variety of courses that we offer to our economics students. Unlike standard courses in neoclassical economics, the Economics of Religion is not taught at many universities, nor are there many resources for instructors teaching this class for the first time. In order to get an impression of the structure of such a course, the topics covered and whether such a course was based on a textbook or mostly taught through journal articles, I started by searching for the few course outlines that were freely available online. I ended up reading more than 50 journal articles and a book, ultimately electing to structure the course around a few key topics. For each topic I focused on a couple of salient papers and led the class through discussions based on the questions assigned to the students. Students were expected to read the papers, review the notes or pre-recorded lectures and come prepared for online discussions in the age of COVID-19.

The focus in this paper is to review the topics that the students and I focused on, the relevant papers used for each topic, and the questions used for class discussions. The objective

is to highlight the key questions and salient ideas that we focused on, as well as to showcase our material so that other instructors (who usually teach neoclassical economics, in contrast to radical political economics, and who are newly deciding to teach a similar class) don't necessarily have to reinvent the wheel in preparing for their classes. This paper is comprised of four sections. Section 2 showcases the approach used for the course in contrast to the approach taken by other instructors. Section 3 delineates the significant papers, the key questions and the salient ideas for each topic. Section 4 concludes.

## **2. The topics in the Economics of Religion**

A simple Google search reveals that there aren't many online course outlines for the Economics of Religion that are pitched to economics undergraduate students, who are trained in the mainstream neoclassical paradigm. There are several outlines that are either based on a religious economics or political economy perspective (such as Badcock's [2018-9] Religious Theology and Global Issues course at Huron University College), or pitched at an advanced level (such as Koyama's 2017 The Economics of Religion course at George Mason University, El-Gamal's [2019] Religion, Ethics and Economics course at Rice University or McCleary and Barro's [2019] Religion and Political Economy course at Harvard University). One of the few outlines that are relevant to undergraduate students is based on McBride's (2017) An Economic Approach to Religion course at the University of California-Irvine. This course is based on the texts *Acts of Faith* by Stark and Finke (2000) and *God is Back* by Micklethwait and Woolridge (2009).

The course outlines that are more closely tied to the neoclassical paradigm revealed that the main topics usually considered in a course on the economics of religion include the seminal work by Iannacone, the secularization thesis, club theory that explains stigma and sacrifice, the human capital model that explains time-intensive- versus capital-intensive religious practices, the supply and demand model that explains both the market for religion and how to effectively address terrorism, Barro and McCleary's seminal work on economic growth and religion, Chiswick's work on American Judaism, and Kuran's work on Islam and economic development. I decided to introduce students to the seminal works of Iannacone, Barro and McCleary, Kuran and Chiswick, and therefore ended up collecting journal articles for each topic, which are presented in the Reading List.<sup>1</sup>

However, a long list of papers may quickly overwhelm undergraduate students, who often work part time to support their education given the pressures of rising tuition costs, student debt and the low wages they earn. I therefore emboldened the key papers, listed key questions

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<sup>1</sup> The Reading List can be downloaded [here](#) at the JETR website.

on each topic, and prepared PowerPoint slides that hit on the salient points of each paper. In order to retain student interest, a fun-based approach is highly recommended, in contrast to the formal approach taken by academic journal articles. To that end, I chose to use the book *Faithonomics* by Torkel Brekke (2016), which introduces students to the key topics in the economics of religion in a way that sustains their interest. These topics, the key questions and the salient ideas that I introduced students to, are elaborated in the next section.

### **3. The key questions and salient ideas for the topics in the Economics of Religion**

In order to ensure student engagement through active learning methods, I introduced each topic to students through a few key questions that provided focus for the class discussions. These questions and the salient ideas under each topic are delineated as follows.

#### *Introduction and Faithonomics*

The introduction of the course was anchored on the review papers by Iannacone (1998) and the relatively recent, Iyer (2016). These papers together with the popular book *Faithonomics* provide a review of the salient topics that are usually covered in the economics of religion. They hit on the key ideas that were revisited for each of the topics covered in the course. In other words, just as students learn the ten principles of economics in the first chapter of the Mankiw textbook, and then revisit these key lessons in the subsequent chapters in ECON 101, so it is true for the above-mentioned papers and book used for the introduction to the course. The key questions and the salient ideas covered in the introduction are as follows.

To begin with, a distinction was made between the economics of religion and religious economics. Students learned that normative topics that called for value judgment (such as interest-free Islamic banking, income redistribution based on Christian charity, and the support for the rights of exploited workers) would be addressed in religious economics at a seminary or theological school. However, the more non-normative or positive topics (such as studying the impact of religion on economic growth, applying the rational choice model to explain religious conversion, the application of market models and government regulation to explain religious markets, and exploring why conservative denominations are successful and liberal denominations are weakening) are all usually covered in the economics of religion. Based on this distinction, students were introduced to the salient ideas in the economics of religion.

Among the salient ideas, students learned how the concept of the opportunity cost of time could be applied to understand why women, black folks and older people attend religious services more often than men, white folks and younger people generally. Students were also

introduced to the secularization thesis, and the idea that with economic growth and education, people would become less religious. However, they were also introduced to the human capital model by Azzi and Ehrenberg (1975)—which in conjunction with the idea of the opportunity cost of time helped explain why people don't necessarily forgo religion as they grow wealthier but replace labor- or time-intensive religious practices such as regular attendance with capital-intensive practices such as greater donations. Specifically, given the amount of time invested in religion to develop religious capital and given the benefits of religion in helping cope with stress and the adversities of life, people are less likely to abandon religion or convert to a religion very different from their current one.

Students also learned how club theory can be used to explain why conservative religious denominations are growing and the ones more attuned to post-modern sensibilities are struggling. Specifically, stigma and sacrifice through ritual circumcision, headscarves or turbans, facial hair, etc. associated with the conservative religious denominations serve to root out the free-rider problem. That being said, students also learned that there is an optimal level of cost beyond which stigma or sacrifice is not tolerated: male circumcision, for instance, is supported by adherents of the Abrahamic faiths, but by and large female genital mutilation is rejected (save for niche denominations like the Bohras in Islam).

Students were also introduced to the divergent ideas of Adam Smith and David Hume in addressing religious extremism. While the former favored free religious markets where competition would reduce the market share of extreme groups, the latter supported state regulation of religion to clamp down on extremism. These ideas were used to reflect on the 2020 normalization agreement between the U.A.E. and Israel, the persecution of the Rohingya Muslims in Myanmar, and the persecution of Ahmadis in Pakistan. With regard to the persecution of Ahmadis, students discovered the limits of either the Smith or the Hume approach in addressing the situation in Pakistan, because the state was found to be complicit in their human rights violations.

In short, the introduction through Iannaccone (1998), Iyer (2016) and the book *Faithonomics* exposed students to the scope of questions and salient ideas in the economics of religion. This set the stage to address each subsequent topic through a similar format of raising questions and evoking key ideas—which for ease of reference are listed in the Appendix.

### *Economic growth and religion*

The topic of economic growth and religion revolves around the seminal work of Barro and McCleary (Barro and McCleary 2003; McCleary and Barrow 2006), who have written several papers on the subject. Ignoring the econometric details, the key idea they put forth is that religion has

both a positive and negative impact on economic growth, respectively through belief and participation. The idea is that by instilling values of honesty and hard work, religious beliefs positively impact growth; religious participation, however, takes time away from productive activities and therefore negatively impacts growth. Students connected this idea with efficiency, defined as the ratio of output (religious beliefs) to input (religious participation), and understood that maximizing efficiency requires religious beliefs to be higher and participation to be lower. However, students also learned that time spent in religious participation leads to social networking, which could be conducive to growth. Additionally, they learned that in terms of beliefs, it is not so much a belief in a loving god but more a belief in hell that incentivizes people through accountability. Moreover, based on diminishing marginal utility, a moderately unpleasant hell is more conducive to instigating people to alter their behavior than is increasing the rewards of heaven even further through additional rivers of milk and honey.

While the main focus was on the seminal idea of the impact of religion on economic growth, another key theme revolved around Weber's thesis (Iannaccone 1998) and how Protestantism led to the growth of western nations. While Weber's thesis finds meager support in the academic literature because capitalism preceded the Protestant Reformation, many Catholic majority places developed capitalist institutions before Protestant majority places, and because the Protestant clergy were not too invested in the capitalist narrative. Nonetheless, this thesis was discussed in comparison with the growth in Muslim majority countries, to underscore the point of how individualism through Protestantism led to greater risk-taking, thrift, capital accumulation and growth and that how communalism under Islam thwarted innovation and economic progress. Finally, students were introduced to Cornelissen and Jirjahn (2012), which showed that atheists raised by religious parents have higher earnings, as they had imbibed the work ethic from belief (output) but did not spend time in participation (input). This tied in well with the idea of efficiency, in the context of the impact of religion on economic growth.

### *Criticism of the Economics of Religion*

This topic was chiefly addressed through the criticism of applying the rational choice model to religion by Bruce (1993) and the defense of this approach by Iannaccone (1995). Bruce (1993) starts from the understanding that people are not rational and therefore do not adopt a cost-benefit framework in making religious choices. Additionally, he states that costs and benefits are not distinct and may be interchangeable, as in the case of church attendance or practicing rituals, which could be construed as a cost by one individual but viewed as a benefit by another. Moreover, unlike the rational choice framework where an informed agent makes a choice between various substitute goods, Bruce indicates that other religions are not substitutes but deemed heresies,

thereby substantiating his point that the rational choice framework cannot be applied to matters of religion. Finally, in terms of explaining religious conversion, he rejects the human-capital approach that conversion is less likely the more one has developed religious capital, and instead prefers the simpler explanation that people do not convert when beliefs have sedimented. Likewise, in terms of explaining same-faith marriages, he rejects the economies-of-scale argument, according to which same-faith spouses obtain benefits from economies of scale by going to the same church and having less conflict regarding child-raising, and instead prefers the explanation that people are more likely to marry within the same faith, as the church provides a social venue for single believers to meet potential spouses.

Iannaccone (1995), however, offers a strong rejoinder in defense of using the rational-choice framework to understand religious choices, behavior and markets. He opines that the existence of heaven and hell, and the use of blessings and curses, all allude to the fact that the cost-benefit approach is embedded within religion. This point of religion using a cost-benefit approach is substantiated by the way Pascal's wager is formulated through the probability of the existence of god and the rewards of believing in him. Iannaccone further asserts that applying the rational-choice framework to religion makes sense because the alternative would be to explain the behavior of people through habit or neurosis—and people do not admit to being socialized to religion in such a manner. Finally, students learned that in contrast to Bruce's critique that other religions are heresies and that the idea of religions as a consumer commodity is a western phenomenon, people shopped around for religion even in ancient Rome and India. All of this means that the application of the rational-choice framework to religion is not easily discarded.

### *Science and religion*

The topic on science and religion was motivated by the rise of new atheist thinkers such as the late Christopher Hitchens (2007) and Richard Dawkins (2006), whose public work pushed back at religion and held it to stringent scrutiny. Additionally, it was important to revisit the secularization thesis that with economic progress and scientific development, people would tend to become less religious. However, students learned that religiosity is not explained through superstition or neurosis but is rather carefully adopted after weighing the costs and benefits. In this regard, the literature indicates that religion helps reduce stress in a high-stress capitalist economy, helps people cope with cancer, old age and illness, contributes to a stronger immune system, and helps people deal with death and suffering. Additionally, it was noted that in contrast to academics in the social sciences or liberal arts studies, many scientists are religious and that the highly educated may observe religiosity through increased donations, at the cost of volunteering, based on their higher opportunity cost of time. This taught students that the

secularization thesis does not withstand deeper scrutiny and that scientific development or technological change does not replace the role of religion.

### *The success of strict churches*

This topic was motivated by the anecdotal observation that the pews are full in churches that uphold conservative family values, but entire churches are vacant where churches support liberal values of LGBTQ affirmation and other aspects of social justice. In this regard, Iannaccone (1992) and Iannaccone (1994) were used to understand this phenomenon through the idea of stigma and sacrifice to reduce free riding, a point that was already established in the Introduction. It was reiterated that regulation of human behavior through a prohibition of masturbation or drinking, or the imposition of stigma and sacrifice through dress codes and prohibition of activities outside the religious group, were not useless practices but efficient from the point of view of club theory, as they helped increase commitment of the participants in the religious group. Students learned that this commitment and participation is best instigated through stigma and sacrifice and not through financial incentives or membership fees, as people can easily feign belief for financial incentives and because income is not a determinant of commitment.

Students also learned about the optimal level of strictness and distinction from society. The idea is that if religion inflicts too stringent demands, then those are deemed excessive but if it becomes too accommodating then that exacerbates the free-rider problem. This means that religion has to keep an optimal distance from society. It can't reflect all mainstream values, as it would then lose its distinction; likewise, it can't be too 'niche' or risk losing its relevance. An application of this is in the context of Vatican II, which discarded its distinctiveness by letting go of distinct liturgy but continued to impose requirements on birth control and celibacy that are still deemed as excessive. In doing so, from the perspective of efficiency, the Vatican violated the principle of optimal strictness and distance from society. In short, students recognized that a religion can't just go along with every post-modern sensibility; for a religion to be effective, it has to maintain an optimal level of strictness and retain its distinctiveness.

### *Religious beliefs and the Economics of Religion*

Much of this topic revolved around Pascal's wager, which reflects the neoclassical insurance model of belief in god, and the application of discounting to the rewards of heaven and the punishment of hell. There wasn't any paper that stood out for students, so a great deal of the discussion on this topic was based on general economic concepts and material drawn from the section on introduction. Students learned that the neoclassical insurance model already assumes

the conclusion it wants to reach, as once we assign any positive probability to the existence of god, then belief ensues. Additionally, they learned that an all-forgiving god leads to a decline in religiosity, as believers would reason that why should they incur the cost of religiosity if disbelievers would get the same reward. On the flip side, even an eternity in hell is not enough to dissuade certain sinful behavior, as the present cost of infinity in hell is finite and sufficient temporal reward justifies mortal sin.

Students also learned that salvation is not a public good, as it is excludable and, in some religions, even rival. However, an all-forgiving god makes salvation a public good at the cost of exacerbating the free-rider problem. Finally, they were introduced to the idea that people mostly rely on clerics for religious knowledge, instead of spending their own time and effort, because of limited information, high search costs, and the fact that it is more efficient to do so because of gains from division or specialization of labor. Students also learned that people are more likely to trust clerics when the latter are paid low wages, as then they would have a lower likelihood of overstating the merits of their product. In short, the economics of religion sheds an incisive neoclassical perspective even in matters of belief.

### *Religious markets*

The topic of religious markets was mostly addressed through Iannaccone (1991) and Finke and Iannaccone (1993). The key idea is that free markets allow catering to individual preferences and that suppliers of religion focus on customer satisfaction to retain or grow their market share. On the flip side, state-sponsored churches are costlier, inefficient, and viewed skeptically as stooges of the state. This idea can be applied to Muslims in Edmonton and Dubai, to note that as mosques are regulated in Dubai and as Muslims are a minority in Edmonton, mosques would cater to Muslim preferences relatively more in Edmonton to retain or grow their market share: religiosity is therefore expected to be greater for Muslims in Edmonton. In a similar fashion, this market-based approach, where religious preferences (demand) are assumed to be stable, can be used to explain the rise of Asian cults and televangelism in the United States through shifts in supply, which happened due to changes in government regulation that allowed Asian immigration, and by the removal of barriers for televangelists to access the radio airwaves. Thus, students learned how the market model based on demand and supply can explain religiosity based on the idea that demand through religious preferences is assumed to be stable and that any change in the religious market can be explained through supply-side changes, either due to church efforts to satisfy religious consumers or through changes in government regulation in the religious market.

*The economics of extremism*

Of all the topics, this one specifically interested students, as they had noted the rise and fall of ISIS in the Middle East and the outflow of Muslim youth from North America and Europe to join this group. In this regard, three papers by Iannaccone (1997; 2006; 2012) were used to introduce students to the economic analysis of extremism and terrorism. Students learned the key point that extremism is not equivalent to terrorism, as there are groups such as the Amish and the Hutterites who adopt extreme lifestyles but do not engage in violence. They learned that terrorism does not arise because of religion, poverty or mental illness but rather when political grievances go unaddressed, and a group of people without adequate social ties resorts to violent measures. Furthermore, the literature suggests that tackling terrorism requires a focus on the demand side by cutting off funds for the terrorist groups and by providing platforms for political grievances to be heard in a democracy. Additionally, the government needs to provide public services; otherwise, terrorist groups end up filling that void and attracting people by offering healthcare and education. On the flip side, if only the supply side is targeted by focusing on superior military strength or increasing security at airports, then terrorists can simply substitute towards different targets and find multiple innovative ways to engage in terrorism. In short, the best way to tackle terrorism is not through superior military strength but by ensuring democratic institutions where political grievances are heard. In economic terms, it is not the supply side but the demand side that needs to be addressed.

*Islam and economic development*

This topic was predominately addressed through the papers by Kuran (1996; 1997), who has written extensively on the Islamic world and why it lagged behind western countries on economic development. In contrast to the economic irrelevance thesis, according to which Islam had nothing to do with economic progress, as religious texts are ambiguous enough to justify any position, Kuran questions why the Islamic world fell to colonialism in the first place and avers that the causes must be internal to the Islamic world. The principal idea here is that the Islamic world lagged behind because of less capital accumulation, less diversification of economic ties, anti-competitive regulations, unproductive redistribution and low support for innovative thinking. However, in the current climate of exacerbating inequality, the points on capital accumulation and redistribution don't necessarily hold with the same strength as they perhaps would have in the previous decades when the economics field emphasized deregulation, privatization and reduction of taxes. Regardless, students also learned that fasting during Ramadan for Muslims is a rational choice, as despite low productivity, practicing Muslims report

a greater degree of spiritual well-being and so they trade productivity for spiritual well-being. To recapitulate, students learned to reject simplistic viewpoints of blaming Islam for the poor economic development of Muslim countries and instead focused on inefficient and unproductive institutions as detrimental to economic progress.

*Religion and morality*

There was no particular paper that stood out for students to read on this topic, as many such papers were based on econometric techniques that are beyond the scope of an elective undergraduate class in economics. Mostly, students were introduced to this topic through instructor notes based on the papers on this topic, as mentioned in the Reading List. Students were introduced to three key ideas on this topic. First, whereas Muslims in Muslim majority countries hold strong reservations against bribery, and consider work to be very important, the outcome is quite the opposite. This is explained through the observation that since unemployment is high in such countries, and institutions are weak (which makes bribery rampant), Muslims in such countries develop rigid attitudes against bribery and uphold employment as paramount. Second, Protestant countries show greater tolerance for homosexuality not necessarily due to religious doctrine but as a by-product of individualism and self-determination in capitalist societies. Third, religion has a greater impact on non-victim crimes like marijuana- and alcohol use, where secular norms are vague, instead of property and violent crimes, where secular norms are strong. The same holds for pre-marital relations in contrast to homosexuality, where religion has a greater impact against the former if secular norms already exist against the latter. In short, students learned that the connection between religion and morality is more nuanced than simplistic assertions that religion boosts morality or alternatively that religion has no connection with morality.

*Interfaith marriage, family, and religion*

This topic was mostly based on the papers by Iannaccone (1990) and Chiswick (1991; 1995). While a lot of economic analysis of families and marriage is done in labor economics, the focus here was retained on the connection between religion and family or marriage. As such, students revisited the idea that divorce rates for couples married in the same faith are lower, as they enjoy benefits from economies of scale by driving to the same church, spending resources in the same religious institution and having less conflict regarding child-raising. On the flip side, women who marry outside the faith tend to be more attached to the job market and have fewer children, as they know that the likelihood of the dissolution of marriage is greater. Additionally, it is pre-

marital pregnancy that makes the likelihood of marriage outside the faith group higher because of the resulting stigma. However, the impact of education on marriage outside the faith is ambiguous. Finally, based on Chiswick's work, students learned that American Jews don't necessarily become less religious with increased income, as they simply substitute time-intensive religious practices for greater financial contributions. In short, students were able to obtain insights from Iannaccone and Chiswick, and discern whether they applied across other cultures and faith traditions.

#### 4. Concluding remarks

The objective in this paper was to showcase the development of a course outline for the Economics of Religion. The motivation to do so was because, unlike standard courses on microeconomics or macroeconomics, there are limited resources available for instructors teaching this course to students who are otherwise trained in the neoclassical paradigm. Many courses in this field are pitched at an advanced level for students pursuing graduate research or they are pitched through the paradigms of political economy or theology. Additionally, while there are websites that have data sources on religion and economics, there are limited resources for instructors on the salient topics and key ideas that can be addressed with an undergraduate economics student body in mind. The purpose in this paper was therefore to fill this lacuna and provide one example of how potential instructors could structure their course on the Economics of Religion. In this regard, about ten main topics were delineated, which were based on the availability of papers and the author's interest in contemporary religious affairs in the Middle East and South Asia, in contrast to topics in Christendom in medieval Europe. Other instructors, who are new to teaching such a course, could borrow from the list of key questions and salient ideas in Table 1 and add topics based on their own interest to create a course outline of their own. In this regard, other topics could include how atheist groups mimic religious rituals, the role of indulgences in Europe, and whether religious markets could help end discrimination against women and LGBTQ folks. Nonetheless, this paper would hopefully provide them with a strong base to start or borrow from.

Based on student feedback, it was found that students had a priori assumptions about the course. Some felt that the course would be about how religion would impact the supply and demand for pork; others felt it would be about figuring out the accounts of religious organizations. They were pleasantly surprised to find that much like books such as *Freakonomics* (Levitt and Dubner 2006), the Economics of Religion, as it was presented to them, was about understanding human behavior and religious practices. Generally, they were quite excited to learn about the economic approach to fathoming practices like circumcision, to addressing terrorism,

and to understanding interfaith marriages, among other topics. However, some also mentioned that they would like to explore further the differences between men and women regarding the importance of religion, as they were not entirely satisfied with the explanation of the opportunity cost of time. As has been mentioned, students had been told from the start of the course that the economics of religion offers one explanation and that alternative perspectives to understanding religiosity would necessitate borrowing from psychology, sociology, anthropology and theology. Regardless, the course structured in the manner delineated above would spark student interest and instigate them to continue on to graduate level research in this field.

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**Appendix. Key questions and salient ideas in the Economics of Religion**

KEY QUESTIONS

SALIENT IDEAS

***Introduction and Faithonomics***

Why do women attend Church more often than men, and black folks more than white folks? Why are older people more religious?	Opportunity cost of time is lower for women, black folks and older people
With science, higher income and higher education, do people become less religious?	Many scientists are religious compared to social scientists; people shift from labor-intensive to capital-intensive practices; religion helps cope with stress and adversities
A 40-year-old gay Hutterite man converts to Catholicism. Does this observation fit with the religious human-capital model?	Conversion to a faith with similar conservative values on LGBTQ issues, as religious capital transferable, which supports the model
Why are conservative Churches growing but liberal ones struggling?	Club Theory: Sacrifice and stigma address the free-riding problem
Abrahamic religions view male circumcision as a covenant with God. Does a similar argument hold for female genital mutilation?	There's an optimal level of sacrifice based on benefits/costs of ingroup versus outgroup. Ingroup costs of FGM are too high
In 2020, the U.A.E. government signed a normalization agreement with Israel. What implication does this have towards peace in the Middle East?	The U.A.E. has state regulation of religion; people view state-sponsored religion with suspicion, as it does not match their preferences
Can the oppression of minority groups happen in Buddhist majority places if Buddhism is about personal philosophy and not material gains?	In Buddhism, people exchange land or donations for spiritual goods, Buddhists associated with the state in Thailand and Myanmar oppress women monks and Rohingyas, respectively.

<p>Based on the difference of opinion between Smith and Hume, which approach would best suit Pakistan for religious toleration?</p>	<p>Hume’s approach doesn’t work as state-sponsored clerics are suspect; Smith’s idea is weakened, as charismatic clerics can obtain a larger market share through young followers; The state needs to get out of the religious market.</p>
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***Economic growth and religion***

<p>How do religious beliefs and participation impact economic growth?</p>	<p>Positively through thrift, accountability and honesty, and negatively due to inefficiency and by taking time away from productive activities—although participation could enhance social networking and hence growth</p>
<p>Why is the impact of religious beliefs on economic growth stronger for the belief in Hell than for the belief in god? Why is the doctrine of Hell more effective than increasing heavenly rewards to alter behavior?</p>	<p>Belief in hell is about accountability, belief in an ever-forgiving god does not offer much motivation; due to diminishing marginal utility, a modestly unpleasant hell is more effective in altering behavior than increasing heavenly rewards</p>
<p>How does Protestantism emphasizing individual responsibility and Islam upholding communal laws respectively impact economic growth?</p>	<p>For individualism through Protestantism, there is diversification of economic ties, and saving leads to capital accumulation and growth; for communalism under Islam, economic ties remain within family or tribe, there are repercussions for innovation, inefficient protections are perpetuated, and capital accumulation is thwarted</p>
<p>What are the three economic virtues of Protestantism that are emphasized to have contributed towards capitalism? Is it accurate to view Protestantism as the progenitor of capitalism?</p>	<p>Thrift, personal responsibility, work ethic; Capitalism preceded Protestant Reformation, clergy not invested in capitalist narrative, many Catholic majority places developed capitalist institutions before protestant majority places</p>

Why are higher earnings associated with atheists raised by religious parents?	They have the work ethic from belief (output) but do not spend time in participation (input); efficiency is therefore higher
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***Criticism of the Economics of Religion***

What are the criticisms of applying the rational choice theory to religion? How are conversion and same-faith marriage explained by the rational-choice model and by its critics?	People are not rational, costs and benefits are interchangeable, other religions are not substitutes but heresies; conversion explained by sedimented beliefs versus the human-capital model; same-faith marriage is explained by the church offering a social venue vs. the economies-of-scale argument
How does Iannaccone, who upholds using the rational-choice model for religion, respond to the criticism that people don't use cost-benefit terminology in religion?	Religion is based on heaven and hell, believers invoke blessing and curses, all of which reflects the cost-benefit approach; the alternative to rational choice is to explain religiosity through habit or neurosis but people don't admit to being socialized to religion
Can the observation that religious traditions have become consumer commodities be explained as a modern western phenomenon?	People shopped for religion in ancient Rome and India; Rome had cults around Caesar and Zeus, apart from philosophy and Christianity; Indians went to saints outside their religious groups that offered the most benefit at the lowest price, eg: Tantric gurus compared to the Vedic Brahmins

***Science and religion***

Will religious beliefs decline with science and economic progress? How does spirituality serve as a protective factor in a high-stress capitalist economy?	Religiosity is explained through rational choice, many scientists and highly educated people are religious, and may donate more instead of volunteering their time, so religion is not easily discarded; religion helps people reduce stress, cope with cancer, old age and
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	illness, develop a stronger immune system, and deal with death and suffering
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***The success of strict churches***

Are maintaining dress and dietary codes, restrictions on outgroup activities and prohibitions on masturbation, fornication or drinking efficient or useless regulations?	Secret sex and private drinking are not good substitutes for open relationships and social drinking; guilt and habit formation help control people; such stigma and sacrifice help reduce the free-rider problem by having increased commitment and participation
Why do subsidizing participation and charging membership fees fail to address free riding in religion?	People may feign religiosity if offered a subsidy; Commitment is not positively tied to income
Did Vatican II adopt an efficient approach in discarding distinct theology/liturgy while maintaining a hardline approach on birth control and celibacy?	Religion has to keep an optimal distance from mainstream society. If too strict, then demand is excessive; if too lax, then there's the free-rider problem. It can neither be too mainstream, as it would lose distinction, nor be too niche, as it loses relevance; Vatican II discarded distinction on liturgy and theology, maintained excessive demand on birth control and celibacy, so the optimal distance, optimal strictness principle is violated.

***Religious beliefs and the Economics of Religion***

What is the criticism of the neoclassical insurance model that explains why people choose to be religious?	The model assumes the conclusion it wants to reach for if a positive probability is assigned to god, then belief ensues.
What implications does a forgiving god have on religiosity? Why do people sin even with the notion of infinity in Hell?	A forgiving god leads to a decline in religiosity, as believers would reason why they should incur costs if disbelievers get same reward; Given discounting, the present cost of infinity in hell is finite, and sufficient temporal reward justifies mortal sin.

<p>Is salvation a public good? What religious outlook would allow for salvation to become a public good—and what economic problem would arise from this?</p>	<p>Public goods are non-excludable and non-rival; salvation is excludable but becomes a public good when a religion has no exclusivity—but then people don't remain committed and free ride.</p>
<p>Why do people rely on clerics for religious knowledge? And why are they paid low wages?</p>	<p>They rely on them because of division or specialization of labor, search costs and limited information; low-paid clerics are more credible, as the likelihood to overstate the quality of their good is reduced.</p>

***Religious markets***

<p>Why is religious observance lower with a state-sponsored Church than in a free religious market? Is there greater mosque attendance and observed religiosity among Muslims in Edmonton than in Dubai?</p>	<p>Free markets allow catering to individual preferences and focus on customer satisfaction; state-sponsored churches are costlier, inefficient, viewed as stooges of the state; mosques are regulated in Dubai and Muslims are a minority in Edmonton, so religiosity is greater for Muslims in Edmonton.</p>
<p>Is the rise of Asian religions and cults in the U.S. explained by youth challenging materialism, individualism, and rationalism?</p>	<p>Religious preferences (demand) are assumed to be stable; the rise of Asian cults and televangelism is explained due to shifts in supply through change in regulation</p>

***The economics of extremism***

<p>Is a typical extremist recruit poor, alienated, with below-average IQ, mentally ill or devoutly religious?</p>	<p>Terrorists are often from the middle class or they are rich, intelligent, not alienated or mentally ill but have poor social ties; they have political grievances not religious ones; where religious people have a social network, terrorists don't have such ties.</p>
<p>What factors go into the cost-benefit analysis of a suicide bomber?</p>	<p>Benefits of glory, afterlife rewards; Costs of suffering, pain to loved ones, risk of failure or capture</p>

<p>What factor explains violent Islamic militancy versus non-violent Christian extremism? Why are the Amish and Hutterites peaceful but the Taliban violent?</p>	<p>Political grievances are better addressed in the U.S. compared the Middle East, because of democracy, law and order, and employment opportunities; In contrast to the Taliban, the Amish and Hutterites have access to public services, law and order, and can express their religion.</p>
<p>Will Islamic radicalism end when Muslim countries attain the economic prosperity of western countries?</p>	<p>It is about political grievances not low-income levels; what is needed in the Middle East is democracy instead of suppressive autocrats.</p>
<p>Is terrorism countered effectively through superior military power? Based on economic theory, how can terrorism be defeated?</p>	<p>Terrorists can simply innovate and substitute away from airports to embassies to kidnapping; we can't be in a state of 24/7 surveillance; democracy is required for the expression of political grievances; the government has to offer public services and cut off financial resources, weapons, recruits for terror groups; the focus should be on the demand side.</p>

***Islam and economic development***

<p>What is the economic irrelevance thesis in explaining why the Muslim world lagged behind Western countries in economic progress? What is the limitation of this thesis?</p>	<p>The thesis goes that Islam has nothing to do with economics progress, as religious arguments are after-the-fact. This does not explain why the Islamic world succumbed to colonization; Economic decline occurred prior to colonization, so causes are internal including lack of competitive institutions and innovative thinking.</p>
<p>Why did the Islamic world decline in economic progress compared to western countries?</p>	<p>Less capital accumulation, less diversification of economic ties, anti-competitive regulations, more unproductive redistribution, low support for innovative thinking</p>

How did Islam tackle economic inequality?	Zakat (wealth tax), waqf (religious endowment and poor relief), ban on interest to prevent exploitation of the borrower
If Muslims self-report low productivity and tiredness during Ramadan, then are they acting irrationally by fasting?	Rationality means weighing the costs and benefits at the margin; Rational actors trade off productivity for spiritual benefits and report greater subjective well-being.

***Religion and morality***

The data from world values survey shows that a vast majority of Muslim respondents in Muslim countries consider work very important and are quite rigid on bribery, compared to Protestants in Protestant countries. Why does this disparity in beliefs and outcomes exist in Muslim countries?	Bribery is high in Muslim countries because institutions (courts, press) are weak; since bribery is widespread, people develop rigid views against it; since unemployment is high, people express willingness to work by saying work is important.
Why do Protestant countries show greater tolerance for homosexuality?	Homosexuality can be seen as an indicator of self-determination; tolerance of homosexuality emerged as a byproduct of individualism and equality in capitalist societies
Why does religiosity have a greater impact on marijuana and alcohol use than on property and violent crimes? How about homosexuality versus pre-marital relations?	Religion has a stronger impact when secular norms are ambiguous on a given issue; religion has a greater impact on non-victim crimes; religion has greater impact on pre-marital relations if secular institutions exist against homosexual relations

***Interfaith marriage, family and religion***

Why are divorce rates for same-faith couples lower than those for couples married outside the faith?	Same-faith couples enjoy benefits from economies of scale; they attend church together, benefit from shared resources, go to same church, have fewer conflicts on raising children
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<p>What are the economic consequences of the greater risk of divorce in interfaith marriages?</p>	<p>Women are more tied to job markets and have fewer children; they are aware of the probability of marriage dissolution and know that the likelihood of (re)marriage with children declines.</p>
<p>What is the impact of education and pre-marital pregnancy on marriage outside the faith?</p>	<p>Pre-marital pregnancy makes marriage outside the faith more likely. The impact of education is ambiguous, as it increases mobility and widens horizons for marriage outside the faith, but it also facilitates increased offers within the same faith.</p>
<p>Why are American Jews willing to eat in non-kosher restaurants, ignore the Shabbat and have English translations of Hebrew prayers? Are they becoming less religious over time?</p>	<p>Because of opportunity costs of time, they substitute time-intensive religious practices with financial donations.</p>