

RELIGIOUS LIFE AND ECONOMIC BEHAVIOUR

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Abstract: *In this paper, I will try to highlight the correlations between certain aspects of religious belief and practice, on one hand, and the economic behavior of human agents involved in both kind of activities, on the other hand. The analysis starts with a presentation of Max Weber’s view of the role of protestant ethic in the birth of capitalism, and then deals with the last developments in the field of the study of religion and economics mutual dependence.*

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During the last two centuries, the humanist studies have yielded various models, according to which the human being is understood as essentially rational – *homo sapiens* (Carl Linnaeus) –, or as ludic (meaning that the fundamental product of its activity, the culture, is interpreted as gameplay) – *homo ludens* (G.F. Creuzer and Johan Huizinga) –, or as a practical being, one which takes hold of the world by using the tools it creates – *homo faber* (Henri Bergson) –, or as rational agent driven by its own economic interest *homo oeconomicus* (W. Pareto) –, or as religious being – *homo religiosus* (A. Hardy, M. Scheler, M. Eliade). Although the list is much longer, including phrases such as: *homo viator* (“the being traveling towards God”), *homo loquens* (“the talking being”), *homo aestheticus* (“the being capable of enjoying beauty”) or *homo metaphysicus* („the metaphysical being”), in this papaer we are interested in just two of them: the religious being and the economic being. Specifically, we will try to see if there exists some connection between religious values and behaviors, on one hand, and economic values and behaviors, on the other hand, as well as what this connection is.

Although many contemporary researchers study the connection between religion and economics (founding of the *Association for the Study of Religion, Economics and Culture, ASREC*¹, and of the *Center for the Economic Study of Religion, CESR*², stand proof), this interest is not new. Adam Smith, in his *Wealth of Nations* (1776), trying to explain the conditions that led to the economic and social phenomenon known as the Industrial Revolution, applied the new principles of the *laissez-faire* to some aspects of the religious life. In his opinion, both religious and economic beliefs and behaviors are consequences of the rational choices people make: similar to commercial activities, people choose the religion they want, as well as the degree to which they want to involve in religious activities, and they do this in a predictable way, determined by cost and benefit. Smith was also interested in the connections between religion and the State. He argued strongly for separation of the Church from the State, for relinquishing the State intervention (through preferential treatment, coercion, violence or repression) in favor of one religion and for a social climate favorable to religious pluralism, which would allow many religious institutions to compete.³ State Religion and religious monopoly lead to fanaticism and intolerance, thus limiting the freedom of thinking and acting, while a “free religious market” leads to a tolerant and rational attitude.

¹ Vide <http://www.religionomics.com/asrec/index.html>.

² Vide <http://www.religionomics.com/cesr/index.html>.

³ A. Smith, (1937), *An Inquiry into the Nature and Causes of the Wealth of Nations*, London, Strahan, pp. 740sq.

Not only the modern economists were interested in the connections between economics and religion. At the other end of the spectrum we find Adam Smith's contemporary, the theologian John Wesley (1703-1791), founder of Methodism. In his sermons he promoted an attitude highly favorable to people's involvement into economic activities, repeatedly encouraging his parishioners: "*Gain all you can, Save all you can, Give all you can*".⁴ Later, in his renowned sermon *The Use of Money*, Wesley elaborated on these three ideas and argued from a religious standpoint for values such as hard work, economic independence and reciprocal help. In his late years, understanding that the connection between religion and economy is not unidirectional, Wesley noted that economic success and wealth tend to reduce participation into religious life and to diminish religious belief, so he concluded that too much economic growth can hinder religion and started to advocate the using of financial gains for charity.

The most well known approach of this relationship between religion and economy is that of the German thinker Max Weber (1864-1920), and is being laid out in a series of books starting with *The Protestant Ethic and the Spirit of Capitalism* (1904-1905)⁵ and including, among others, *The Religion of China: Confucianism and Taoism* and *The Religion of India: The Sociology of Hinduism and Buddhism*. The main goal of Weber in these papers is to understand and explain, leaving aside value judgements, the different manner in which the Western civilization developed, compared to the Eastern one, highlighting the original and distinctive elements of the former. According to Weber, the specific features of the Western civilization are the rationalist approach of natural science (using observation, experiment and mathematical organization of the results) and a rational concept of jurisprudence, of administration, of government and of economic activities. Not lastly, the Western religion is also rationalized, i.e. freed of magical thinking, through the so called "un-bewitching of the world". The paradigm of this tendency is the Protestant or Reformed Christianity, especially the Calvinist one, of which Weber thinks that played a major role (although not exclusive) in shaping the distinctive features of the Western civilization. Because we are here interested in the relationship between religion and economy, we will mainly discuss *The Protestant Ethic and the Spirit of Capitalism*, Weber's most renowned work. Its fundamental thesis is that the religious ethic of the Calvinist Protestantism strongly influenced the birth and the development of capitalism in Western countries, especially in the Northern European ones. Because, as we have seen, the fundamental feature of all the characteristic elements of the Western civilization is their rationalism, Weber wants to identify the source of this rational tendency, and his conclusion is that it can be found in the religious ethic of the ascetic Protestantism.

The declared goal of the German thinker is that of understanding the "spirit" of capitalism, essentially determined by a rational approach of economic activities, by using rationally the formally free workforce, by industrial organization of labor, by separating private money from business money, by understanding profit as an end in itself, and by regarding effort towards economic success as a praiseworthy virtue.⁶ For this, he introduces as main explanation the Protestant Christian mentality. One of its key features is Martin Luther's (1483-1546) view of salvation. According to Luther, salvation is exclusively determined by belief and by the individual's personal relationship with God, as well as by the sacred text (*Sola fide, sola Scriptura*), thus rendering useless the

⁴ *Apud* R.M. McCleary, (2008), "Religion and Economic Development", in *Policy Review*, no. 148, April & May.

⁵ Cf. M. Weber, (1930), *The Protestant Ethic and the Spirit of Capitalism*, trans. by T. Parsons, with a Foreword by R.H. Tawney, London, Allen & Unwin.

⁶ Cf. M. Weber, *op. cit.*, ch. 2, "The Spirit of Capitalism", <http://www.marxists.org/reference/archive/weber/protestant-ethic/cho2.htm>

intercession of the Church (considered essential in the Catholic and Orthodox Christianity). The emphasis moves strongly on the believer's individual action, which is decisive for his salvation.

On the other hand, notes Weber, one Protestant denomination, which originated from the activity of Jean Calvin (1509-1564), suggests a special form of the salvation doctrine, based on predestination: people are predestined from birth to be either saved or damned, and that will happen no matter how they act during life. From this, there is a psychological urge to discover clues regarding each one's individual destiny: people want to know if they are saved or damned. Calvinists thus consider that individual worldly success is a sign of divine favor. For them (and for others, such as Pietists, Methodists and Baptists), economic success came to mean not only a positive fact, but a sign of divine predestination for salvation. This attitude, believes Weber, contributed decisively to a change in the traditional mentality and to the birth of modern capitalism.

Max Weber resorts to this kind of explanation because he noticed that, in European countries where Catholic and Protestant priests co-exist, it is obvious “the fact that business leaders and owners of capital, as well as the higher grades of skilled labour, and even more the higher technically and commercially trained personnel of modern enterprises, are overwhelmingly protestant”⁷. This could mean either that the Reform was successful mainly among those who had the necessary qualities for being capitalists, or that the Reform itself encouraged the birth and development of capitalism. Either way, there is a direct correlation between being a Protestant Christian and being inclined to that particular brand of rationalism which is the mark of capitalism. So we need to clarify this relationship by looking into religious aspects that distinguish various Christian confessions, to see if they indeed play an important role in determining economic behavior.

One of Luther's important ideas, which individualize Protestantism among other religious doctrines, is that of “vocation” or “calling” (*Beruf*), through which “a religious conception, that of a *task* set by God, is at least suggested”. Compared to the pre-capitalist mentality, this introduces the new idea that “the valuation of the fulfillment of duty in worldly affairs as the highest form which the moral activity of the individual could assume”, in the sense that it gave “everyday worldly activity a religious significance, and first created the conception of a calling in this sense”.⁸ According to this doctrine, each person has an individual calling, determined by his or her place in the world, set at birth, and also has the duty to fulfill this calling, as in the face of God there is no hierarchy of callings, no calling being superior to other. The duty to fulfill one's calling comes from Luther's belief that obeying the divine will – which sets these callings – has to be an absolute one. Nevertheless, Weber thinks that we should not regard Luther as a conscious promotor of capitalism, because none of the religious reformers was mainly guided by economic motivations; the economic consequences of their actions come from the general social impact that new religious doctrines eventually have.

Next, Weber examines a series of traits common to the “ascetic” forms of Protestantism, namely Calvinism, Pietism, Methodism and the sects originated from the Anabaptist movement – of which, as previously said, he considers that they are more closely related to the birth of capitalism. He is less preoccupied by the official teachings from the religious ethical books, and more interested in “the influence of those psychological sanctions which, originating in religious belief and the practice of religion, gave a direction to practical conduct and held the individual to it.”⁹ There are dogmatic similarities and differences between these cults, but there are also similarities regarding

⁷ *Ibidem*. <http://www.marxists.org/reference/archive/weber/protestant-ethic/cho1.htm>

⁸ *Ibidem*. <http://www.marxists.org/reference/archive/weber/protestant-ethic/cho3.htm>

⁹ *Ibidem*. <http://www.marxists.org/reference/archive/weber/protestant-ethic/cho4.htm>

their ethical consequences, because oftentimes similar moral rules are derived from quite different dogmatic bases. Here we shall pay a closer look only to Calvinism, because Weber's conclusions regarding it are valid for the other confessions too.

The Calvinism's specific feature is, as previously shown, the doctrine of predestination or of being chosen by divine grace. This idea is derived exclusively through rational, logical means. Calvinists think that humans exist only through divine grace and for the glory of God, and to apply human standards of justice and fairness to God would be absurd and offensive. It follows that one's destiny is pre-determined, and "to assume that human merit or guilt play a part in determining this destiny would be to think of God's absolutely free decrees, which have been settled from eternity, as subject to change by human influence, an impossible contradiction. (...) God's grace is, since His decrees cannot change, as impossible for those to whom He has granted it to lose as it is unattainable for those to whom He has denied it."¹⁰ Humans do not have the power or the the right to question or to change the divine decisions, they only know that some are predestined for salvation, and others for damnation. To complain about this is absurd, because it is like an animal would complain about not being human. God is not seen, as in Catholicism, as a deity close to people, who is happy when someone repents and whose decisions can be influenced through various methods, but becomes an absolute transcendent deity, opaque, mysterious and inaccessible.

The consequence that this idea must have had, thinks Weber, is a dramatic one: it led to "a feeling of *unprecedented inner loneliness of the single individual*"¹¹. Each individual has to face alone the most important problem of his destiny: salvation. Each has to solitarily face his or her destiny and nothing can help or console, because the intercession of the Church, the saints or the sacraments is no longer possible. There is no way for an individual to obtain the divine grace, once God has already decided not to grant it to him.

On the other hand, this doctrine of predestination came up in an age when the problem of salvation was more important than ever. The fundamental question each believer asked inevitably was if he or she was among the chosen ones. Calvin himself, who thought of himself as being chosen, stated that in principle humans could not find the answer to this question, because this would mean an attempt to unveil God's secrets. But his followers tried to answer this acute psychological urge to find ways of identifying those who were blessed in the first place. Firstly, it was said that it was anyone's duty to consider himself chosen and to regard any doubt about this as an evil temptation. Secondly, involvement in worldly activities was encouraged, this being considered the best way of heightening one's self-confidence.

The emphasis on success in profane activities stems from the fact that Calvinists rejected the Lutheran mystic, according to which man is just a passive recipient filled by God, so they had to conceive an active relation between man and God. This means that God himself is manifest into human actions, and man is nothing but an instrument for this manifestation of divine will. Belief is verified through the results of mundane activities, and their ultimate goal is to heighten the divine glory. Therefore, human success is not a way of achieving salvation, but is a sign of being chosen.

The moral consequence of this view is an ascetic ethic. There is no room for weakness or error, because each deed has to find its place into a coherent whole in which God manifests himself. This is why the believer is compelled to a permanent self-control and to approach life holistically, rationally and systematically; and his ethic has to be methodic and rational.

¹⁰ *Loc cit.*

¹¹ *Loc. cit.*

Weber thinks that, in order to better understand how these Protestant ascetic ideas led to the development of capitalism, we have to study mainly those writings stemming from clerical practice, especially the sermons – because they had the most practical impact on shaping the people's character.¹² A good example are the sermons of Richard Baxter (1615-1691), a Puritan pastor, which contain all the elements of the Protestant ascetic ethic. Baxter thought that the greatest danger to man is inactivity, excessive relaxation, together with forgetting the fact that man's fundamental duty is to a virtuous life. In this sense, and only in this sense, wealth can be bad: when it leads to idleness and inactivity. Inactivity is the greatest sin because it wastes precious time, which should be dedicated to fulfilling the divine will, according to each person's calling. Baxter praises hard and untiring work, seen as an ascetic exercise, and recommends it to anyone, poor or rich, because each has a calling to fulfill. Exploiting lucratively an opportunity of material gain is good, because it is part of fulfilling one's calling. Wanting to be poor is morally blameworthy, as is the fact of wanting to be ill.

Trying to clarify how the ascetic Protestantism (Puritanism) and the idea of calling influenced the development of capitalism, Weber firstly notes that asceticism comes against the human tendency to enjoy life spontaneously, because such an attitude would distract one from fulfilling his or her calling. From there originates the “powerful tendency toward uniformity of life, which today so immensely aids the capitalistic interest in the standardization of production”, and which “had its ideal foundations in the repudiation of all idolatry of the flesh.”¹³

Secondly, Weber points out that, according to Puritanism, man is not the true owner of his material wealth, but a simple trustee of it. The true owner is God, who, through his grace, lends this wealth temporarily to man, so man “must, like the servant in the parable, give an account of every penny entrusted to him, and it is at least hazardous to spend any of it for a purpose which does not serve the glory of God but only one's own enjoyment.”¹⁴ The ascetic Protestantism set an ethical foundation for the idea that acquiring and owning goods is advisable, even a duty, as far as it does not become an end in itself, but a means to fulfill the divine will and to heighten the divine glory – in this case acting a sign of being chosen. But getting rich for the sake of it, as well as greediness and dishonesty, are morally wrong.

In this way, thinks Weber, Puritan mentality favored the development of the capitalist economy. But it should be noted that economic success, once achieved, has a negative effect on religiosity, thus speeding the tendency towards secularization. The religious roots of the capitalism died out slowly, leaving room for the unbound pragmatism and utilitarianism characteristic for the modern capitalist economy. Religious ethics has been replaced by a secular ethics of labor, where material values came to dominate the individual without any other reference beyond them, towards the transcendent.

Certainly, apart from its interesting and stimulating aspects, Weber's analysis is far from being complete, and he was criticized for that. For instance, professor Paul Fudulu, from the Bucharest University, considers the webberian view is incomplete because, analyzing the impact of religious ideas upon society, he focused on the single mega-objective of economic performance, leaving aside another mega-objective, equally important: the analysis of power.¹⁵

¹² *Loc cit.*

¹³ *Ibidem.* <http://www.marxists.org/reference/archive/weber/protestant-ethic/ch05.htm>

¹⁴ *Loc. cit.*

¹⁵ Cf. P. Fudulu, *The Economic Performance of Great Religions. An Alternative to Weber's Rationalism*, paper presented to ASREC Annual Meeting, 2009, <http://www.religionomics.com/asrec/>

Others emphasize something which Weber himself admitted, the fact that his study is unidirectional: it takes into account only how the religious ideas influence the economic behavior, but not how economic realities can influence religious life. This bi-directional determination is subject to newer research, such as that done by the Americans Laurence R. Iannaccone (probably the most important contemporary researcher of the relationship between religion and economy), Rachel M. McCleary and Robert J. Barro.

According to Iannaccone, Economics could benefit from studying the relationship between economy and religion in many ways: economists could acquire knowledge about the understudied area of human behavior not following the market principle, they could discover new ways of adjusting economic models in order to answer belief, norms and value problems, and they could be stimulated to further explore how religion influences individuals', groups' and societies' economic behaviors and attitudes.¹⁶ According to the American researcher, there are many ways to study the correlation between religion and economy. A first approach is to interpret the religious behavior from an economic perspective, using the microeconomic theory and techniques to explain models of religious behavior (this being Iannaccone's field of expertise); a second approach is to study religion's economic consequences (what Weber tried); a third way, dubbed by Iannaccone "religious economics", focuses on assessing economic policies from a religious perspective; finally, a fourth approach is to assess religious organizations from the perspective of open market laws, trying to increase their efficiency in resource usage, in advertising, in growth and in development.¹⁷

R.M. McCleary and R.J. Barro put forward a perspective focused on the bi-directionality of the relationship between the religious and the economic field. They think that "with religion viewed as a dependent variable, a central question is how economic development and political institutions affect religious participation and beliefs. With religion viewed as an independent variable, a key issue is how religiosity affects individual characteristics, such as work ethic, honesty and thrift, and thereby influences economic performance"¹⁸.

If we view religion as a "dependent variable", i.e. if we try to see how economic and political development influences religiosity, we see, thinks McCleary, that a significant economic development (measured by GDP *per capita*) tends to be inverse proportionally related to religiosity. Empiric data seem to confirm the thesis that as people get more wealthy, they become less religious (their belief is diluted and they participate less to religious activities). Economic development leads to a lesser role played by religion in political, legal and social decisions. The American researcher suggests four indicators for measuring the influence of economic development upon religion¹⁹:

a. *Education*. The level of education is generally proportional with wealth and inverse proportional to religiosity: more a person is educated, more he or she will be inclined to renounce the religious vision about world and to adopt the scientific one. On the other hand, there is direct proportionality between education and participation into the religious life of the community: educated people tend to appreciate social networks and other forms of social capital offered by religious cults. Therefore, on average the positive effect cancels the negative one, so we cannot infer that rich societies are less religious because of higher education.

¹⁶ Cf. L. Iannaccone, „Introduction to the Economics of Religion”, in *Journal of Economic Literature*, Vol. 36, No. 3 (Sep., 1998), pp. 1465-1495.

¹⁷ *Ibidem*, p. 2.

¹⁸ R.M. McCleary, R.J. Barro, „Religion and Economy”, in *The Journal of Economic Perspectives*, Vol. 20, No. 2 (Spring, 2006), pp. 49-72.

¹⁹ R.M. McCleary, *op. cit.*

b. *Value of time.* Simple economic reasoning shows that participation into religious life is lower when the cost of the time so spent is higher, and that cost is higher in developed economies, where the average income per unit of time is higher. As the average income per capita is higher, participation into religious activities is lower. The very young and the very old, i.e. persons whose time is less expensive, tend to participate more into the religious life of the community.

c. *Life expectancy.* Associated with the increase of life expectancy that we see in the contemporary world, due to increased well-being, we see a trend of reduced participation into religious life, followed by an increase with age.

d. *Urbanization.* Urbanization also has a negative effect on religiosity, because in urban zones participation into religious activities enters a competition with more pleasant ways of spending time.

If, on the other hand, we consider religion as an independent variable, we can use the same four indicators to evaluate the influence of religion on economic development.

a. *Education.* Research shows that religious ideas attract educated people, because religious beliefs can be neither proved nor disproved, so religiosity is compatible with higher education. On the other hand, it stimulates economic productivity, because it promotes values such as hard work, honesty, saving and efficiency. Thus, we find that members of those religions that intensely promote education of all youth (e.g. Judaism) have above the average economic success.

b. *Value of time.* In this case we have to take into account the relationship between faith and participation into religious activities. Research shows that, for a given “level” of faith, increase of participation into religious activities leads to decrease in economic growth. By contrast, for a constant participation, more faith – especially faith in certain compensations in the afterlife – tends to lead to an increase of economic growth. Therefore, the economic growth is determined by an increase of faith compared to the level of participation.

c. *Life expectancy.* In most religions, the last part of one's life is mainly dedicated to religious devotion, so religiosity increases with age. This means it is comparatively diminished during that period of life when individual's economic productivity is higher, because people tend to spend their productive years working rather than participating into religious life.

d. *Urbanization.* Research shows that urbanization has a negative effect on religiosity. A reduced level of participation into religious life has a negative effect on people, often bearing a negative effect on their inner peace and their psychological balance, thus increasing the risk of depression. This leads to low economic performance.

In conclusion, shows McCleary, if we are interested in the effects of religiosity on economic growth, contemporary research shows that high religiosity (monthly participation into at least one religious service) is correlated with a negative effect on economic growth. Also, if we take into account beliefs such as afterlife, Heaven and Hell, we find that higher religiosity is correlated with a trend of lower economic growth.