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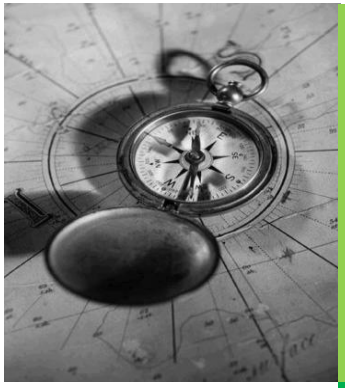


Religion’ s impact on economy

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University of St.Gallen



Religion's impact on economy: past and present

PhD Seminar: Theoretical and Practical Perspectives on Culture

May, 26, 2010

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Content

1. **Religion's impact on culture: Overview**

   1.1 Religion's impact on fine art and every day life
   1.2 Religion roles in system of culture
   1.3 Religion and system of culture

2. **Religion's impact on economic development: Past**

   2.1 «The Protestant Ethic and the Spirit of Capitalism», Marx Weber
   2.2 «The National Economy and the Religious Personality», Sergey Bulgakov

3. **What social science tells us about religion's impact: Present**

   3.1 Economic consequences of religion
   3.2 Religious behavior from an economic perspective

4. **Conclusion**

Religion's impact on culture



Even the most general view upon history of culture confirms the conviction that **religion contributes to formation of the most significant ideals and promotes society progress**.

It took **Prophet Moses** only 40 years to transform the masses of slaves into the people of new superior culture. The **Ten Commandments** given by Jehovah to the people through Prophet Moses the **formed spiritual basis of the Jewish culture and modern civilization**.

Religion's impact on culture

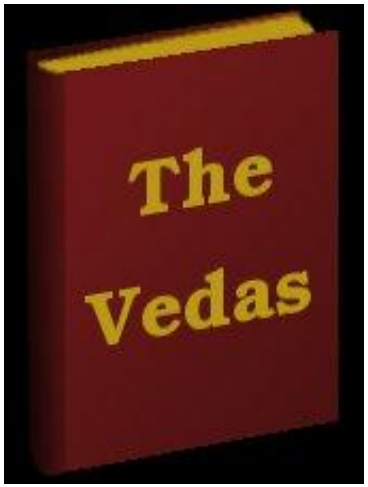
1.1 Art – Literature – Education – Music – Architecture - Politics

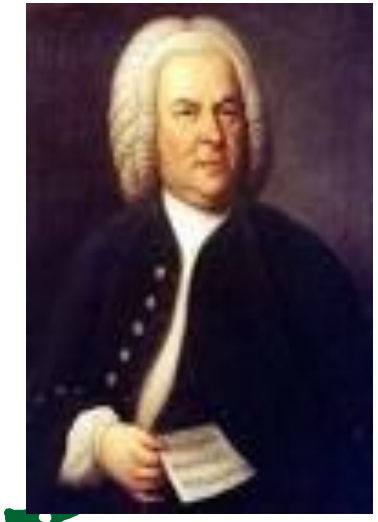




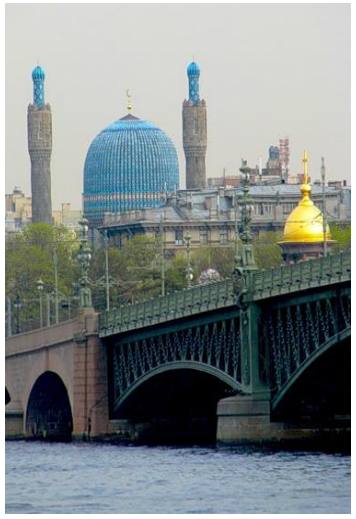
















Religion's impact on culture

1.1 Every day life habits and customs





Lets only imagine
these women changing
their settings:
would they be approved
by milieu?





Religion's impact on culture

1.2 Religion roles in system of culture:

- **Formation of world outlook** -

  Religion as method of world cognition and comprehension;

  Rationalization of the World

- **Sense generating** –

  Religion as grounds to purport of human life which is also based on a certain perception of the World

- **Regulative** –

  Religious perception of the world as a basis for norms and values, ideals defining attitude of a human being to the World

Religion's impact on culture

1.3 Religion and system of culture :



Tree of Culture and Religion

If one
compares **Culture**
with a tree,
then where should
we place **Religion**:
in roots,
trunk,
or branches?

Religion's impact on culture

1.3 Religion and system of culture :

- **Religion as a genotype of culture**

  Religion gives the life to cultural phenotype – also spiritual and material diversity of Genesis

- **Economic activities as a genotype of culture**

  Different forms of economic life give the cultural phenotype. *Feuerbach, Marx* «Der Mensch ist, was er isst»

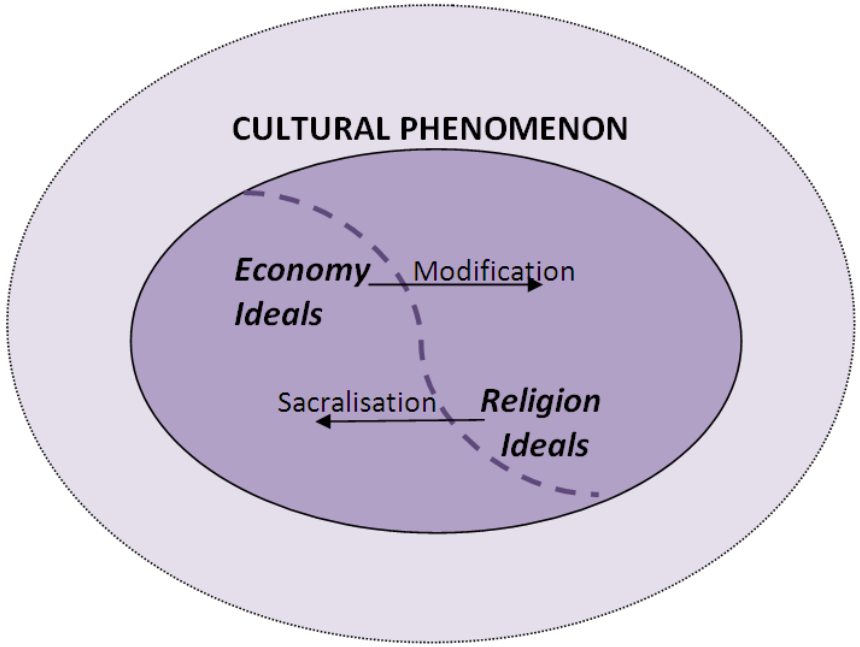
- **Religion and economic activities as a co-genotype of culture**

  This unity is not simply a sum of religious and economic ideals but represents a new quality which could be attributed neither to spiritual Genesis, nor to material existence. *Weber, Bylgakov*

Religion's impact on culture

1.3 Religion and economic activities as a co-genotype of culture

- **Positive interaction**

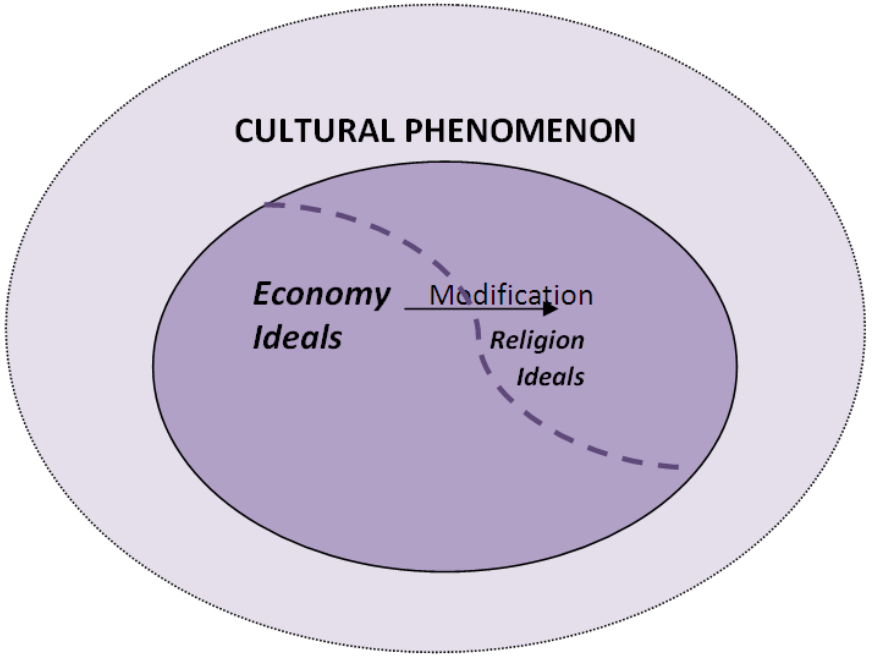


Economy Ideals ⟶ ⟵ Religion Ideals

Synergy

❖ **Christianization of Kievan Rus' in 988**

- **Conflict interaction**

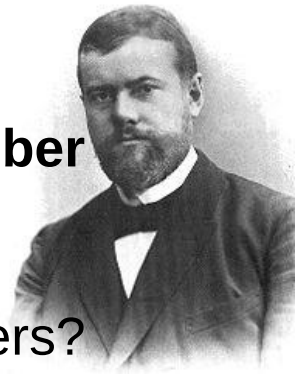


Economy Ideals ⟷ Religion Ideals

Conflict

❖ **Church reform of Peter I in 18th cen.**

Religion's impact on economy



2.1The Protestant Ethic and the Spirit of Capitalism (1905), Marx Weber

- ***Problem statement***

  Why capitalism has appeared in European civilization but not in others?

  What are the roots of "this sober bourgeois capitalism with its rational organization of free labor?"

  - ***Spirit of capitalism***

    «Time is money; credit is money; money can beget money; people have to pay all of debts on time because it encourages the confidence of others; people have to present themselves as industrious and trustworthy at all times». Benjamin Franklin ⟶

  - ***Idea of Calling***

    Earning money reflects virtue and proficiency in a calling

    One's duty in a calling is the basis of «the social ethics of capitalist culture».

    Way of life common to the whole group of man

Religion's impact on economy

2.1 The Protestant Ethic and the Spirit of Capitalism, Marx Weber

Spirit of capitalism	Traditionalism
Existence for Work	Work for Existence
Profession as form of existence	Profession as burden
Strategy: max income even at cost of hard work	Strategy: min work at desirably stable income
Commercial Principle: "Honesty as best guarantee"	Commercial Principle: " No sell without chicanery"

Religion's impact on economy

2.1 The Protestant Ethic and the Spirit of Capitalism, Marx Weber

- ***Relationship between the spirit of capitalism and Protestant ethic***

  Luther's Conception of the Beruf:

  - Religious connotation of a task set by God
  - Religious significance of worldly activity - "moral justification of worldly activity"
  - «…calling an individual pursued he saw more and more a special command of God to fulfill these particular duties which the Divine Will had imposed upon him»

  BUT, aim of calling is not greed, It is Salvation

  «The salvation of the soul and that alone was the centre of their life and work. Their ethical ideals and the practical results of their doctrines were all based on that alone, and were the consequences of purely religious motives».

Religion's impact on economy

2.1 The Protestant Ethic and the Spirit of Capitalism, Marx Weber

- ***Protestantism and the development of commercialism***

  The "paradox" Weber found was, in simple terms:

  - **An individual** was religiously compelled **to follow a secular vocation** with as much zeal as possible. A person living according to this worldview was more likely **to accumulate money**.
  - The new religions effectively **forbade** any traditional method of actually **using any money**. The purchasing of luxuries or items to make one's life more pleasurable was considered a sin.
  - Solution of this paradox was **the investment of this money**, which gave an extreme **boost to nascent capitalism**.

Religion's impact on economy

2.1 The Protestant Ethic and the Spirit of Capitalism, Marx Weber

- **Conclusion**

  Modern religion and economy interreflection:

  - Little connection between religious beliefs and «such conduct»
  - Motivation - business is an end in itself
  - Spirit of capitalism – adaptation
  - Modern capitalism doesn't more need the force of religious conviction

- **Importance of Weber's study: how we look at religion -**
  - Not simply take religion on its own terms, but
  - **<u>Consider religion also as a creator of broader social values and economic institutions!</u>**

Religion's impact on economy



2.2 The National Economy and the Religious Personality (1909), Sergey Bulgakov

- ***Problem statement***

The political economy does not remember its own spiritual kinship.

According to the classic political economy (Ricardo) based on idea of J. Bentham:

- The living psychological personality as «the economic man»
- The society as a sack of atoms that do not need to interfere with their mutual motion

«The economic man»= man in general!

Economic materialism and socialism has a similar notion of personality.

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- ***Bylgakov's counter-evidences:***

➢ Political economy is a *historical* science – about the historic and specific!

In reality, the economic man is just one side of the life of the human personality.

➢ Human personality is an independent economic factor.

The economy is an interaction between freedom, the personal creative initiative, and the mechanism. *The economy of the household is led by its master*.

➢ In the human soul there is a constellation of different motivations: selfish and idealistic. ⟶

Religion is introduced in economic life study as a factor of economic development.

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- ***Pivot of problem - Different motivations for human labor:***

- Economic labor may be exercised as under the pressure of necessity to provide for subsistence
- Economic labor may be observed as the fulfillment of religious and moral duties

- **Types of attitudes toward the world in general and economic life:**

- Mechanistic-utilitarian view: Different interests and their struggle

  Bentham, R. Owen and Marx
- Religious view: Social life as a system of mutual obligations

  Carlyle, Ruskin, Morris, Kinsley, Tolstoy, Solovyov

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- ***Conclusion* - Russian society:**
  - Priority of Bentham's ideas (Marxist)
  - Development of the productive forces as a creative task does not consider.
  - Pursuit of productive development and the very creative initiative are interpreted as "bourgeoisie-ness," a drive for a lucre .
  - Intelligentsia professionals are estimated by a completely different measure as something superior, full of ideal, and dignified.

Consequences:

- The representatives of industry are held morally hostage: being demoralized and degraded in public opinion.
- The national and economic whole is split into different social classes, divided by fences.

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- **Benthamism and Marxism are inappropriate as a means of public education:**
  - Dangerous and harmful to reduce all social relations only to this antagonism and forget about centripetal forces
  - «…every class has its own place in the production process, its own duties and its own social responsibility from which it cannot—must not—liberate itself in the name of its own interests»
  - Factor of decomposition and harm, as long as it has an impact on the attitude of a person toward personal duties
  - Factor of destruction the moral discipline - foundation for every professional labor

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- ***Social progress of Russia requires:***
  - Development of the personality - improvement of personal responsibility and self-discipline!
  - Such discipline presupposes recognition of superior ethical and eventually religious values, of moral responsibilities in the area of professional labor!
  - Liberation of ideological phantoms as «economic man».
    Economic activity - social service and execution of a moral duty!
  - Public education has to based on these principles!

Religion's impact on economy

2.2 The National Economy and the Religious Personality, Sergey Bulgakov

- **Importance of Bulgakov's study: how we look at religion –**
  - Not simply take religion on its own terms, but
  - **<u>Consider religion also as a basis of human labor motivation and development of personal duties and self - discipline</u>** ⟶ **<u>as a resource of society integration!</u>**

Religion's impact on economy

2.2 Conclusion

- **Weber and Bylgakov:**
  - Consider religion as creator of social values; thus religion acts as one of the most important factors of human progress along side with political and economic conditions
  - Consider labor through the prism of calling and duties
  - Recognize redaction of religion role as one of the factors of «economic man» concept popularization and development
  - Define a high role of education in human progress

Religion's impact on economy

3. What social science tells us about religion impact: Present

Studies of religion and economics:

- Economic consequences of religion
- Religious behavior from an economic perspective, applying microeconomic theory and techniques to explain patterns of religious behavior among individuals, groups, and cultural
- Religious economics – evaluation economic policies from a religion perspective

Religion's impact on economy

What social science tells us about religion impact: Present

3.1 Economic consequences of religion

- Critic of Weber

- Absence of empirical support;
- Nearly all the capitalist institutions preceded the Protestant Reformation;
- Early Protestant theologians were not particularly interested in economic matters;
- Economic progress was uncorrelated with religion, or was temporally incompatible with Weber's thesis, or reversed the pattern claimed by Weber.

- Religiosity and economically important social behavior:

- criminal activity, drug and alcohol consumption, physical and mental health, and marriage, fertility, and divorce;
- impact religious beliefs on social values and economic progress.

Religion's impact on economy

What social science tells us about religion impact: Present

3.1 Religion and Economic Growth (Barro and McCleary, 2002)

- **Research question:** How religiosity affects aggregate economic growth: influences of religious participation and beliefs on economic progress.
- **Central perspective:**



- **Main Findings:**

- ↑ Church attendance ⟷ ↓ Economic growth

- ↑ Religious beliefs (hell, heaven, after-life) ⟷ ↑ Economic growth

Religion's impact on economy

What social science tells us about religion impact: Present

3.2 Religious behavior from an economic perspective

«Self-interest motivates clergy just it does secular producers; that market forces constrain churches just as they constrain secular firms; and that the benefits of competition, the burdens of monopoly, and the hazards of government regulation are as real for religion as for any other sector of the economy».

«The Wealth of Nations», Adam Smith

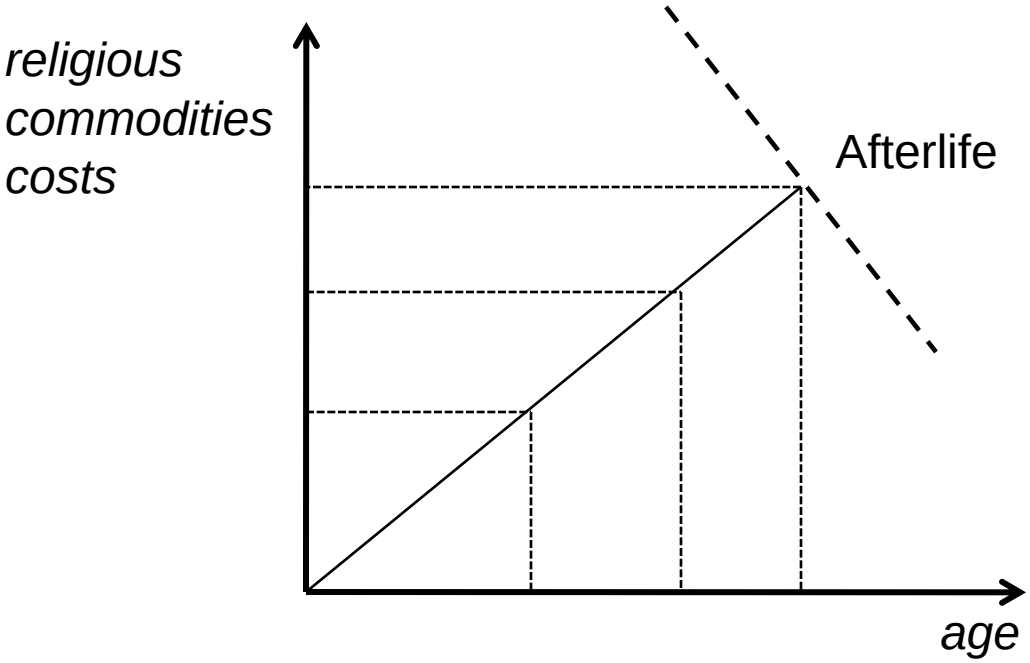
- Religious behavior as an instance of rational choice:
  - **religious household production**
  - **religious markets**
  - religious human capital
  - religious group and institutions

Religion's impact on economy

What social science tells us about religion impact: Present

3.2 Household production model of church attendance and contributions

(Azzi and Ehrenber, 1975)



Afterlife consumption as the primary goal of religious participation



Religion's impact on economy

What social science tells us about religion impact: Present

3.2 Religious markets (Anderson, Leathers and Raines)

Individual denominations ⟹ Religious firms ⟹ Religious market

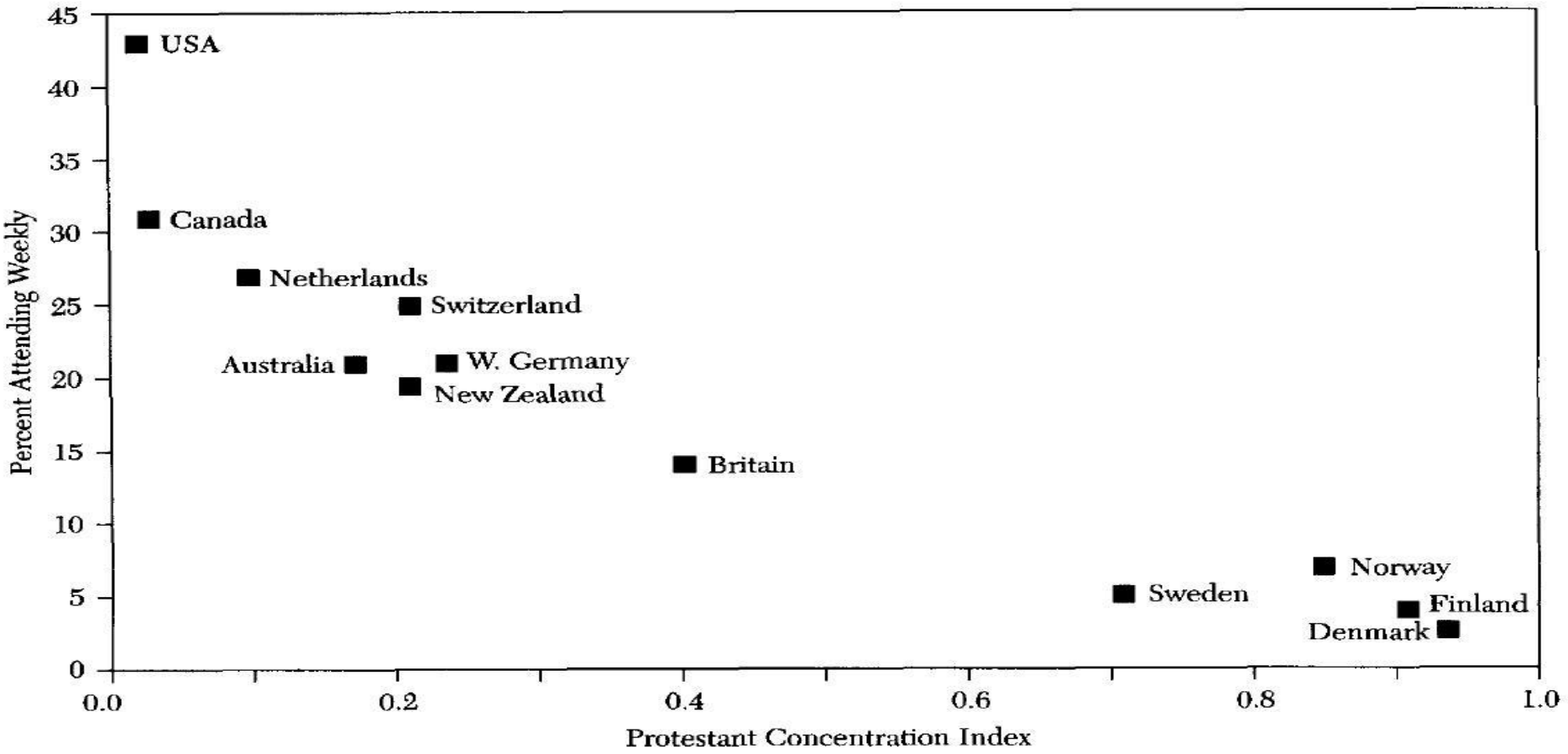
Does competition stimulate levels of religious activity?



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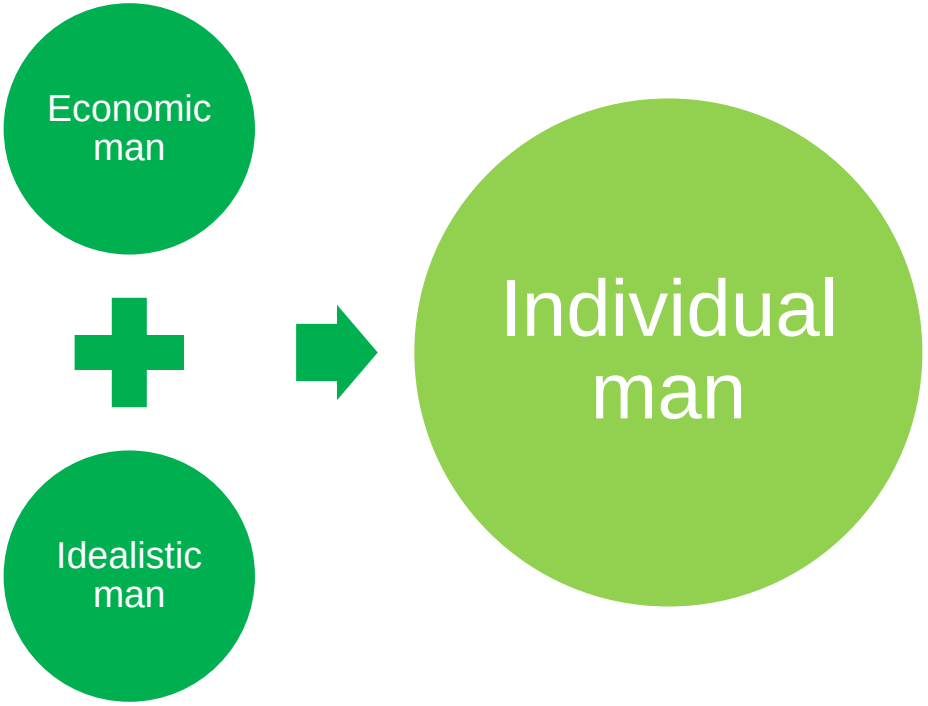
What social science tells us about religion impact: Present

3.2 Religious markets (Anderson, Leathers and Raines)



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4. Conclusion



Religion was and is one of the factors (creators) of social values and economically important behavior!

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