

Religion and Economic Growth: The Relationship between “Independent” and “Dependent” Variables

Do Quang Hung

Professor and Ph.D, Hanoi National University

Email: vnquanghung@yahoo.com

Received 17 July 2019; published 5 November 2019

Abstract: *If religion is a social entity, its social variables also have two types: “independent variable” and “dependent variable”. Studying the relationship between these two variables can help identify the interaction between religion and socio-political and economic factors. From a theoretical and methodological perspective, the paper examines religious economics as both an independent and dependent variable in spatial models of secularism, religious markets and economic development. Four specific research issues analyzed hereafter include religious and economic beliefs, secularism and religious economy, religious market and religious economy, conflict and cooperation in the field of religious economy.*

Keywords: Independent Variables, Dependent Variables, Religious Economy, Religiosity, Secularization Theory, Religious Market, Religious Supply and Demand

Introduction

Religion and economics tend to have a reciprocal relationship to each other. In this relationship, religion is often seen as a “dependent variable” as any socio-political and economic development often exerts impact on the working of religion and faith. On the other hand, religion can be seen as an “independent variable,” in which, the central issue is religiosity, which exerts strong influence on religious people when participate in the economy. The economic role of religion depends heavily on this relationship.

1. First dimension: Religion as an independent variable

1.1. Religiosity, the great religions and economics

The analysis of M. Weber (1905) in *The Protestant Ethic and the Spirit of Capitalism* (1930) shown that religiosity can be seen as an independent variable which can influence economic behavior. We can see the argument of M. Weber as follows (See: Weber, 2008):

Religious faith influences economics through the nurturing of work ethics, honesty, frugality, charity, and hospitality,

etc. by increasing these characters, greater religiosity can invite investment, increase economic efficiency. The two teachings on “work ethics” and “frugality” in Weber’s view can exert more influence than “charity”, these two are the pillars of a productive economy. A core argument of Weber is that: a religious faith is important for economic results. This way of thinking is contradictory toward the perspective of cultural and social accumulation, in which, the relevant exchanges in a religious ceremony are the things that promote growth. This alternative view trivializes religious activities by considering the participation in religions as one of the many ways to accumulate social capital or to build a community. For Weber, the church is not merely a social club. The special thing about religions is that they exert influence on their followers themselves.

Religion is sui generis, the compensation such as salvation, or Nirvana is a great motivation for human behaviors. Therefore, faith is among these compensations, which could improve productivity through the nurturing of honesty, morality, and frugality. In other circumstances, a strong faith in reincarnation can promote anti-social behaviors such as violence, the “dark side of religion”. In any circumstance, the social and cultural accumulation - community services, ceremonies, religious schools - is important as it impacts faith and, hence, behaviors. In fact, with faiths, to spend time on community activities can slow down economic activities, at least, when measured by the market (for example, by gross domestic products-GDP). Moreover, “the price” of religion does not only

include the time the members or religious authorities spent, but the resources for religious works and others.

The common view of religion researchers nowadays: Faith is equivalent to the sense of belonging (or the participation) is the main channel, through which, religion can impact economic efficiency and other areas.

1.2. Salvations and Economic Incentives in the World Religions

Beliefs on the salvation of the great religions - Hinduism, Buddhism, Christianity, and Islam - bring about other economic incentives. A core concept is “to deserve salvation”, which always encourages morality in economic activities as well as in life. In many religions, “to deserve salvation” in this life is to have a better life in the next. Calvinism always has a tradition that “to deserve salvation” is judged by all other behaviors of a person. Therefore, individual behaviors cannot affect the chance of salvation. In Buddhism, “to highly deserve salvation” means to follow a path that is enlightening. In Catholicism, Hinduism and Islam, “to deserve salvation” is more different and narrower.

All religions have certain teachings to motivate people to work and accumulate assets. But in Buddhism, this aspect is more limited, as Buddhists are often controlled by the “renunciation” mindset. Individual charity is encouraged in many religions, this is especially useful when a society has no official infrastructure, such as the insurance market or social security (Gill, Lundsgaarde, 2004; Scheve, Stasavage, 2005). Buddhism also ensures its existence by connect the idea of “deserving of salvation” with specific

actions: supporting their schools financially, community prayers, constructing religious architectures.

Although Hinduism and Buddhism do not have hell and heaven in the same way Judaism or Christianity have, reincarnation can put Hindu followers and Buddhists in their right place based on their actions. To carry out one's duty better can help someone be moved into a higher plane of existence, and to shorten the time of for repentance (Keyes, 1983: 267; Conze, 1963:41).

Reincarnation is a process in which, a person can remove bad karmas and move into a better phase toward enlightenment. In short, Hinduism and Buddhism are system of beliefs about how to attain perfection, which can be interpreted as a form of salvation.

To focus strongly on fate, Evangelicalism seems to encourage economic activities less. Protestantism (followed closely Calvinism) emphasizes on the outward signs or the social signs of salvation. Productivity and frugality of a person (which might result in material success) are the strongest signs that God has chosen that person among the salvaged (Calvin, 1584: 194-196, cited in Weber, 1968:124). Therefore, economic success has a high value, but the charity activities become less important, even be criticized as going against the wish of God (because it encourages laziness).

The warranty of salvation is also important in Methodism, Lutheranism, Quakers and the Pentecostal. These religions recognize a warranty in private. The teachings on perfection and growth in faith after receiving a warranty of salvation, interpret the good works as a mental sign, and a

part of a process to perfect one's faith. Such warranty, therefore, encourages the followers to strive for perfection in all their relationships with God. This helps motivate people to work and produce.

Islam and Catholicism interpret that hell consists of several temporary stages and a permanent end. A person who ends up in hell is because of their own wishes, not from the revenge of God. There are many levels of hell. Individuals possess an ability to be salvaged but continuously commit immoral things will suffer in hell temporarily, until an intermediary decides to help. Nowadays, for the developing countries, the influence of Max Weber regarding Protestantism and economics is still strong. O.D. Ajaegbu (Nigeria National University) claims that Weber's analysis is still valid when we examine the influence of religion towards economics in Nigeria, as long as, the faith-based values and the religious practices encourage "moderation" rather than "extremity". He writes: The recent growth of Islamic financial benefits in the non-Muslim countries (USA, UK, and Singapore) manifest this phenomenon. To peaceful co-existence of many religions can be seen as the most important condition for the growth and prosperity of the current world (Ajaegbu, 2012).

Our analysis on the international survey data shows that: in terms of tendency to believe in paradise and hell, Islam and Christianity are the highest; then next is Catholicism, and Orthodoxy; then the Jew; finally Evangelicalism and Hinduism. This can be explained by the fact that Christianity focuses on the individual responsibility concerning the religious duties. On the other

hand, in Islam, individual responsibility must be obeyed absolutely, this is codified into a law, which is supported by the community. Absolute compliance in Islam strengthens the community support for religiosity. Therefore, according to Islam, beliefs in paradise and hell are strengthened through an understanding of the next life. Protestantism is similar in this regard, while Catholicism is in the middle.

Christianity considers the existence of the soul after death, while Islam considers the existence of the body and the soul. The Koran gives vivid examples on the suffering of the body in the hell fire. The New Testament also thinks hell is a fire pit, and portrays many things about hell and paradise.

1.3. Buddhism and economics: from an independent variable perspective

Thich Tam Duc has presented various viewpoints on this subject: “The Buddha has acknowledged that, it is not easy to have a stable life when one is poor” (Thich Tam Duc, 2008:78), when relates to the Sutra: “Suffering in this life is about being poor and being indebted”¹ and “poverty is like greed, it creates criminality and social instability”². As such, according to Thich Tam Duc, Buddhism does not only have an word view concerning economics, but also, it is a means to change mind, it can be harnessed to enhance economic development. The state can harness these moral ideals to tap into the potential of the people (including the Buddhists) in order to

“chase away poverty”. The teachings of the Buddha: to erase “the presence of poverty” is a socio-economic achievement of the state and the people.

When mentioning the independent variable of religiosity in economics, it is important to note that the problem does not only lie in the classical ideals of the great religions, but also in how each religious community views the matter. Both in lives of monks or lives of people who practice Buddhism at home, “satisfactoriness” is an important point, sometimes it is even viewed as the greatest asset. This does not mean to submit to one’s fate, but it is really about an “awaken mind”, which is the character of the Buddha, himself. In terms of economics, these people can participate in economic activities in a responsible and discrete manner. E. F. Schumacher claims that Buddhonomics is different from common understanding of economics in that the later is often based on a materialist viewpoint. Buddhonomics is become increasingly complete in their teachings, which include:

- 1/ Efforts to achieve (uthana sampada)
- 2/ Protect one’s asset and savings (arakka sampada)
- 3/ Make acquaintance with talented and moral people (Kalyanamittata)
- 4/ Live in one’s own limits (sama jivikata)”

These teachings clearly have a straightforward relationship with economics. Buddha has explained these teachings to his followers when he lectured people who are like him, those who are deeply involved with the world (Kumar, 2014: 91-92).

For economic activities, in terms of psychology, Buddhist experience conflicts

¹ Majjhima Nikay’a, Volume III, translated by Thich Minh Chau, Van Hanh University, Sai Gon, 1973, p. 352

² Dīgha Nikaya, Volume III, p. 70

first and foremost because of their view on material hoarding. Fortunately, Buddha has pointed out that being a Buddhist does not mean one has to renounce the “accumulation of assets”, in contrast, “similar to a bee collecting honey without harming a flower: accumulate assets similar to the bee. Collecting honey without harm. If there are too much stuffs, one can share these assets” (Kumar, 2014:84).

Nowadays, the Buddhist understanding of Economics, or the role of Buddhism in economic development, is only framed within the scope of “an independent variable”, has developed nonetheless. In the past few decades, the development of terms such as “Buddhist services” or “Buddhism and spiritual services” has pointed toward this trend.

2. The second dimension: Religions are dependent variables in the relationship between religion and economics

When studying the impact of religions toward macroeconomic development, McCleary and R. Barro (2003) have shown that, religions are influenced by the movements of day to day socio-economic and political events, the secular state’s policy toward religions, and the religious life itself. These characters reflect the aspect of an dependent variable of religion.

2.1. From a religious market and secularism

R. Barro claims that: dependent variable of religion must first manifest through the supply-demand relationship of a religious market. As the economy develops, it is possible to reduce the individual’s participation in religious life, even narrowing the influence of religion.

Religious theories as a dependent variable are broken down into demand and supply-side models, but economists instinctively combine the two approaches. The demand-side influences the secularization model. In this model, economic development reduces the participation of individuals in formal church services and personal prayers, reduces religious faith and reduces the influence of religion on religious organizations. education (McCleary & Barro, 2003). This debate is rooted in the preaching of “Using the money” of Methodism founder - John Wesley [1760]. A more complete version of secularism is the classic work of Max Weber - Protestant Ethics and the Spirit of Capitalism (1930), and this idea was adopted by Berger [1967] and Wilson [1966]. The extreme views on secularization are expressed in the views of Hume [1757] (1993) and Freud [1927], who viewed religious faith as a reflection of fear and ignorance. As such, they predicted that religion would be reduced along with advances in education and science, with movements moving away from the cycle of agriculture and towards greater economic security of the advanced urban economy. In Marx’s analysis [1859], the decline in religion was a manifestation of the trend of “modernization”.

2.2. From the perspective of rational choice theory: The role of the state

Azzi and Ehrenberg (1975) have begun to adopt a rational choice approach to the “demand” for religion. The key feature is the connection between religiousness and the possibility of “salvation”. For Buddhists, the penchant for doing good is associated with the need for enlightenment.

The welfare programs of governments often have the active support of religions. The concept of heaven and hell in Hinduism and Buddhism is not the same as Judaism, Christianity, and followers of these religions often consider them as intermediate stages to heaven. This doctrinal character also indicates Hinduism and Buddhism have a more special connection with social security. Azzi and Ehrenberg emphasize religiosity and comparisons to show the ability of religions in economic activity. When viewing religious participation as a powerful activity, they anticipate - in line with secular views - that rising wages actually reduce religious participation. This view implies that people with whom they do not place a high value for time (such as non-workforce women and retirees) will have more time for formal religious services and personal prayer. In addition, the elderly will spend more time on religion if the capacity to be salvaged does not depend too much on the secular activities of each person. In short, religiosity (especially the notions of salvation or liberation) have a great influence on the social and economic activities that secular societies must pay attention to.

The state, the political environment, is crucial for the involvement of religion and faith in the socio-economic life of religious communities. Religion market model of Stark (1992) and especially Lannaccone (1994) focused on the "supply" side: State patronage will affect competitiveness in religious suppliers (religion providers and), affecting religious products. Going back to Marx's early theories: he argues that religion is a product of the economic

system. In his analysis, Marx asserts that feudalism created Catholicism and capitalism created Protestantism. Religion belongs to the superstructure, which reflects the economic foundation. This argument by Marx clearly has points to overcome and that M. Weber did (as analyzed above). But at least, Marx's analysis also shows that the role of the state as a "macro moderator" has had an important influence on the relationship between religion and economy.

Now, religious and economic researchers, therefore, have made it easier to agree that economic structure affects religion, and there is a dramatic change in religion itself in the globalized world. The state plays an important role in religious market theory when religion is consumer-driven. Therefore, non-religious spiritual phenomena play the role of a "seeker" from traditional religious ideas and practices. It seems that today, the number of people practicing yoga in the United States is as much as in India, etc. the poetry of esoteric Islamic poets (Sufi sect) has even been translated into English in Europe and America.

These are examples of the regulatory role of the state with religions in the global market. Gary Becker (University of Chicago) has developed a competitive market model of religion in the context of integration. He said that, unlike economic groups, religions often seek and control the monopoly over their religious markets, but the state religions in Europe are clear examples: Islam in Iran and Saudi Arabia, maybe Buddhism in Thailand and Sri Lanka too. Gary Becker has come up

with an interesting observation that the state can facilitate proper competition between religious markets, especially in places where there is a tendency to monopolize religion or to reduce declining religiousness. the case in Western Europe (in his view, the US case is an example of “healthy religious competition”, which makes religious promote economic growth) (Becker, 2003).

Gary Becker’s explanations also help justify when the government imposes “orthodox religion”, limits participation in religious activities, high level of religious beliefs, or religion in the secularized model: economic development reduces the participation of individuals (the “prayers”): going to church, praying, impairing faith. The religious decline is a manifestation of modernity (Marx, 1859): another condition of the dependent variable?

In short, through quantitative and transnational research, since the early 2000s the economists have affirmed: to understand religious and faith participation in economic development, we need to understand the government’s influence on the religious market. R. Barro writes: “We have focused on the macroeconomic aspects, the mutual influence between religion and political economy. On the one hand, we inform and affirm that religious faith relates to individual prayer and the concept of the afterlife, the impact of religiosity, religious cohesion in economic development, even cross-religious cohesion... But at the same time, we aim to study the government’s encouragement or prohibition effects through adjustments, subsidies, etc. In other words, we pursue an

economic-political approach to explaining the presence or absence of state religions, even the effects of communism on religious cohesion and its participation in economic life...” (McCleary, Barro, 2003).

Even that role is also expressed in all the aspects mentioned above, typically, the case of the Three Market model of religion in China. From the theory of the religious market, on the basis of “supply” and “demand” relations, Feng Gang Yang proposed a special Chinese Triple-Market Model: the Red Market, Black Market, and Gray Market. In economic relations, Feng Gang Yang draws two notable remarks: “The Gray Market stands out for its role in Tourism Economics, festivals and home worship as well as in the public space. Only in the Gray Market, believers and followers unknowingly or intentionally create a special community among young people and the group of “spiritual businesses” (Feng Gang Yang, 2006: 93-122).

The religious economy is formed and developed in an economy that is generally young and very sensitive to changes in the market structure, so their legal need is a prerequisite (churches, religious associations, religious orders, and civic activities, and public services related to religious communities, etc.) (Franke, 1997: 50). According to Stark and Finke (2000), if the state creates a privilege for a religion that easily leads to the nourishment of lazy and corrupt clergy, the consequence is not only to reduce religiosity but also to limit the social and economic activities. In contrast, the deregulation market is a free market, where religious pluralism tends to prevail over the monad. “Until the extent

that a religious economy is not regulated, it will tend to be very pluralistic”, that is, there will be more companies competing to divide the market (Stark and Finke, 1992: 198).

Feng Gang Yang said that this economic approach is applicable to the complicated case of the religious market in China. The theoretical content of China’s three religious markets makes the religious market heavily regulated, not reducing the religion, but leading to the complexity of the religious market. The analysis of the three religious markets in China is very relevant to the current practical religious life of China as well as in some other socialist countries in Eastern Europe in the past such as in the Soviet Union, Poland, the Democratic Republic of Germany, etc. The key issue is that, as Feng Gang Yang concludes: “The three-market theory shows that the power of religious markets, groups, and believers may not respond in ways that the state regulates... In particular, the Gray Market means an unmanageable situation for the state” (Feng Gang Yang, 2006).

The religious market model has helped a lot of researchers to focus on supply-side factors. Government regulation and patronage affect the competition of religious suppliers - religious producers (supply-side) and thus affect the nature of religious products. When governments impose religious laws, especially civil laws, investment laws, and the recognition of inappropriate religious legal status, it is difficult to form a religious economy. For religious life, it also has positive or negative implications for believers, although the effects on religious faith may be small.

In short, what kind of political, social and economic conditions do religions need in order to participate in economic development? From the above-mentioned international experiences, in our opinion, the most important thing is secular states. when planning and implementing public policies on religion, especially the completion and enforcement of religious laws, it is necessary to create a social environment and a legal status for religious organizations and individuals to fulfill their full potential in religious economic activities - as a true economic component.

3. Conclusion and Discussion

We have focused on the economic aspects of the mutual influence between religion and economy and other elements of secular society. First of all, due regard to the economic factors of religious faith should be given due attention to the afterlife and to participation in official religious services and personal prayer. We are interested in the implications for religiousness from economic development, government facilities, and the composition of religious cohesion. On the other hand, we have assessed the effects of religion on economic growth. When we emphasize the impact of faith and religious participation on economic growth, we also take into account the composition of religious cohesion across major religions.

On the other hand, the religious economy depends greatly on the “dependent variables”. Among these variables, in the context of modern society, the role and state policy of religion is decisive. Many researchers are even more open: social and international relations have

influenced religion in an organized manner with government adjustments, subsidies and bans.

The correlation between the independent and dependent variables of the religious economy can be summarized as follows: 1) There is an intrinsic relationship between economic growth and faith, religious ethics (variable independence). This variable depends on religious organizations and individuals; 2) Religious economy - a new economic component that appeared when the “awakened” religions of the early 21st century - depended heavily on the dependent variable, in which the role of the state and secular institutions in each country decisive significance; 3) The two independent and dependent variables mentioned above have a close relationship, even difficult to determine cause and effect, but certainly, the good resolution of the relationship between the two variables can cause economic difficulties. Religious economy plays a role in economic growth and sustainable development □

References

1. Ajaegbu, O.D. (2012), “Religion and National Development in Nigeria”, *American Academic and Scholarly Research Journal*, Vol. 4, No.4, July.
2. Azzi, Corry and Ehrenberg, Ronald (1975), “Household Allocation of Time and Church Attendance”, *Journal of Political Economy*, Vol. 83, Issue 1: 27-56.
3. Barro, R., McCleary, R.M. (2003), “Religion and Economic Growth Across Countries”, *American Sociological Review*, 68 (5): 760 - 81.
4. Becker, Gary (2003), Lecture at the Workshop on Spiritual Capital (*Spiritual Capital Working Group*), Harvard University, 10/09/2003.
5. Kumar, Chanda (2014), “UN Economic Development Goals: Sustainable Development for Future Generations in the Context of Buddhist Economics” in: Thich Nhat Tu, Thich Duc Thien (Chief editor, 2014), *Buddhism for Sustainable Development and Social Change*, translated by Hoang Thu Huong, Religion Publishing House, Hanoi.
6. Finke, Roger and Stark, Rodney (1992), *The churching of America 1776-1990*, New Brunswick, Rutgers University Press, NJ.
7. Iannaccone, L.R. (1994), “Rational Choice: Framework for the Social Scientific Study of Religion”, in: Young, L.A. (ed, 1994), *Rational Choice Theory and Religion*, 24-25, New York.
8. Iannaccone, L.R., Berman, E. (2006), “Religious Extremism: The Good, The Bad, and the Deadly”, *Public Choice*, 128 (1): 109-129.
9. Weber, M. (1968), *Economy and Society*, University of California Press. New York, pp.120-121.
10. Weber, Max (1969), *Economies et Sociologique*, Ed. Plon, Paris.
11. Weber, Max (2008), *The Protestant Ethic and the Spirit of Capitalism*, translated by Bui Van Nam Son, Nguyen Nghi, Nguyen Tung, Tran Huu Quang, Knowledge Publishing House, Hanoi.