Review of the Book The Wealth of Religions - The Political Economy of Believing and Belonging by R. J. Barro and R. M. McCleary

The Wealth of Religions by Barro and McCleary is an epoch-making work of the inter-discipline of religious studies and development economics, an eight-chapter summary of sixteen years of research and seminar work. The topic is very up-to-date, eye-catching, and provocative to some extent, considering the fact that politics, economics, and religion remain divisive topics in most societies today. In an era of renewal of religious terrorism, religious wars, and religious discrimination, writing this book shows a brave commitment to freedom, justice, and universal prosperity. Barro and McCleary, coming from an economic and a moral philosopher background, respectively, have published plenty of academic papers, while simultaneously running the class Political Economy of Religions at Harvard on topics they write about in this book, published by the Princeton University Press.

The title is not a coincidence - even the authors mention the substantial theoretical basis of their work being Adam Smith, beside the primary theoretician of the field, the sociologist and anthropologist Max Weber. The book keeps the framework of these two, while providing a complex approach of development economics by taking both directions of effects into account: religion on economic growth and vice versa. This back-and-forth effect is missing in several key papers in this particular research field, which can lead to unclear conclusions in certain situations, but here, this is hardly the case.

The eight chapters of the book can be separated into two main parts. From the second to the fourth chapter, the book deals exclusively with (the two-way) religion versus economic growth issues, while chapters five to seven open the research to political economy and institutional effects.

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In the first chapter (Religion: It's a Market), Barro and McCleary lay down the framework of their future work, while in the last, eponymous chapter (The Wealth of Religions), they sum up the conclusions and limitations of the book.

"Religion: It's a Market" – states Barro and McCleary – a Market, meaning a place of competition, which can be free, regulated, or dominated. A place where products and services compete, where the production finds the consumption, that binds society together. Religious services such as rituals, pastoral care or teaching are self-evident parts of the religious market – these services compete even within religions and churches, not to mention that they specialise in reaching all target groups. But there is a deeper level of market, the market of *believing* and *belonging*. The Club Model of Iannaccone, which is used by the authors to explain the *belonging* part draws an equation of social cost and benefits. By defining individual preferences and the weights of the choice (on a behavioural-economic basis) one can explain "why people join in violent religious groups, such as Hamas, ISIS, and the Taliban, as well as commercial communal groups, such as the kibbutzim in Israel." Beliefs are the least tangible field of the model, since they influence your preference when choosing your club, but they will change over time (e.g. joining cults). Since shared beliefs determine lifestyle and afterlife rewards, both of which increase or decrease certain costs, the position of the individuals will always be uncertain on the market, leading to various results, from exiting the cult to suicide attacks. In the book, these decisions will be examined as rational individual and social choices despite their religious nature, leading to solid conclusions about one of the least tangible topics of our times.

After introducing the framework, Barro and McCleary start the first main block with the question of what determines religiousness: "Religiousness has a two-way interaction with political economy." The first direction, as discussed earlier, is "What determines the religiousness in a country?". To answer this question, the authors consider both natural and social causes, such as income, urbanization, and life expectancy as well as institutional causes. This separation of institutional causes could be considered redundant from a distant, historical perspective, but in our case, when analysing human-scale timeframes, it is relevant. The Second Chapter is an in-depth analysis of the wealth of nations where religion is the dependent variable. The effect of this direction was broken down into demand-side and supply-side components. The demand, which relies strongly on a Weberian basis, comes from the desire for salvation and enlightenment, leading to a "subjective feeling of assurance and concrete blessings from God, such as economic success". This demand may vary slightly in different cultures, since - through the course of the religions' evolution - one can see diverse problems, from staying alive to having a meaningful life, which should be solved by obtaining a belief. The supply was defined through the work of Smith, questioning the pluralism, participation, and market efficiency of churches throughout history. From the available data, Barro and McCleary found strong support for the secularisation hypothesis, meaning that economic growth has a negative effect on participation, beliefs, and political influence. They've also found that regulating tendencies of the market lowers religious activities, but having a state religion or "restricting secular alternatives, such as attending sporting events on Sundays" has a positive effect on institutional religiousness. They also highlight that secularisation or suppressive regulatory changes do not have a complete impact since "atypical" or "cross-cultural" adaptations may rise in the space left.

In the Third Chapter, the opposite direction is examined: the effect of religiousness on economic, social and political structures and behaviour, an analysis where religion is the independent variable. This idea comes from Weber,– more specifically from when he stated that the religious changes of the 1500s contributed to the Industrial Revolution, leading to the rise or fall of certain countries. The concept, which is used by Barro and McCleary, is that religiousness can change social behaviour by rewarding values such as "honesty, work ethic, and thrift", which leads to prosperity in the long term. They compared the thoughts of the three leading protestant thinkers, Luther, Calvin, and Wesley, to execute their critique of Weber as precisely as possible and run their analysis on the 20th and 21st-century data, to see the effects on a longer-term and more detailed set. Barro's first works on this topic were published in 1991. Since then, the methods and the dataset have changed slightly, but the main framework of the neoclassical growth model, credited with Solow, has not. As a result, the authors found that, even after the era of Weber, the effect of Protestantism is detectable in economic growth. The expected result regarding the importance of believing in afterlife rewards and values was confirmed. Nevertheless, religious services have no impact on economic growth.

In Chapter Four, the book turns to the issue of Islam. The Islamic World had a different development route than Europe in the Middle Ages - in the 11th century, or as some call it, the Islamic Golden Age, one can find a remarkably high level of knowledge in sciences and technology. From the 12th century, the Islamic region started to decline into the currently observed disparity between the civilisations. Besides Islam, the authors also sum up briefly the implications of other religions such as Judaism, Hinduism, and Buddhism. However, perhaps this is the least complete part of the book, where the most additional research is needed.

In the Fifth Chapter, starting the second major part, Barro and McCleary examine the State Religion, the institutional and political economic solution of governance via common faith. As secularisation progresses, there are fewer and fewer state religions worldwide, with 59% of states having a state religion in 1900, falling to 40% by 2000, and 40% between 2000 and 2017. The broader analysis was run on three sample dates: 1900, 1970 and 2000. There were additional results to the ones of the Second Chapter: one can expect a state religion when the society religion-wise is more homogenous, independently from the religion itself, except Islam, which has a "small, additional positive effect". Regarding state religion Turkey is a strong outlier, since it has been a secular state since 1923 and is a good example of giving an independent value to institutional (value-based) decisions against the mainstream of history. "Higher economic development [per capita GDP] […] has no explanatory power for the existence of a state religion. In contrast, a state religion is most probable for countries of intermediate population size." – the authors sum up their findings. They argue that big countries are too diverse, while smaller countries do not reach the critical size to manage the costs of a state religion. Regarding democracy or the rule of law in countries with a state religion, there are no results, which could be an object of future research.

The Sixth Chapter is about the most urgent religious challenge of our times: cults. To understand the issues of cults and radical religious movements, the authors use the Club Model of Iannaccone. As examples, they analyse two concrete religious groups, Islamic Terrorists and Tibetan Buddhists. To be a club member, one should pay high admission costs and be dedicated. In return, from the point of obtaining the membership, the club will care, which is needed under some circumstances. Besides the availability of services and dedicated behaviour, the key features of clubs are the stigma and the self-sacrifice for the community. Being a club is very effective in multiple cases: when living in an extreme natural environment, when being a minority regarding religion or culture, or when fighting the saint war against the rest of the world. This chapter offers institutional economic and sociological solutions to the issue of smaller religious groups, with the approach, again, having Weberian roots. In this case, Barro and McCleary's solution is similar to Weber's analysis of neo-protestant cults. However, the chosen fields of Tibet and the Muslim region provide valuable lessons in the context of the religious wars and suicide attacks of our times.

In the seventh chapter of their book, Barro and McCleary discuss the delicate balance between Catholicism and Protestantism in Latin America. Titled "When the Saints Come Marching In" the chapter emphasizes the significance of saint-making as a tool used by the Catholic Church to counter the influence of Protestantism. The authors provide a detailed explanation of the process of saint-making, based on their analysis of historical data on beatifications in different regions over time. Besides the religious competition, saints appear as the first concrete role models of our history. Saints are not otherworldly in the sense of being omnipotent or perfect. They provide different life paths to God. Through the behaviour of the saints, the Will of God – to act morally – could also copied by the community, promoting economic success.

The book is well-written, with clear links between chapters and paragraphs, making it a pleasant read. It uses simple language compared to religious jargon, despite including numerous examples from different religions, nations, and beliefs. The hypotheses and theories are explicitly stated and well-described, making them understandable for readers of various backgrounds. When analysing religion as a set of beliefs and practices, economic tools can be appropriate and fruitful. Still, it is important to note that this is only one perspective - for this book to have much to offer its readers, it is necessary to have a religious interest but also a science-centred, agnostic stance, to match the preconceptions of the authors.

The only criticism one may raise is the lack of analysis of hybrid- and proto-religions that occurred in history, of the New Age movement or the new waves of Buddhist or Hindu cults one can find in the West. These phenomena may be an object of further research, since, despite the book's topicality, it focused on historical analysis and data, as well as on models, which can describe the structural effects of believing and belonging on the wealth of nations. Although the authors conclude by emphasising the need for further research on various aspects of religion, including the diffusion of religion over space, the book is a complete and round summary of the topic, the seminar work done by Barro and McCleary, as well as the papers published in the last almost two decades. In the era of the clash of civilisations, the field of religion and economic development may be appreciated, and the knowledge presented in The Wealth of Religions could have a major role in the discourse.

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