

# The Political Economy of Religion: An Economic Anthropologist's Perspective

by

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## *1. Introduction*

The recent interest among economists in the effects of ideology (NORTH [1993]) upon economic performance leads naturally into a concern for the role of religion in economic performance. By extension, one can turn the investigation around and ask what role economics plays in the selection and practice of different religions. All of these questions are of interest as well to anthropologists and sociologists, though, given the historically divergent orientations of the latter two disciplines, their approaches have often differed quite markedly from those of economists. While these differences are sometimes merely ones of focus, fundamental theoretical differences exist as well. For example, while economists generally operate from variants of neoclassical and rational actor perspectives, and are often concerned with effects on economic performance, anthropologists and sociologists usually focus upon larger social structures (often from interpretivist or Marxist orientations) and have spent more time researching the hermeneutics of individual religious systems and the status and distributional effects of religion.<sup>1</sup>

Space obviously does not permit a comprehensive review of any of these literatures. Instead, I shall focus upon the two central questions in the causal relationship between religion and economics, from which flow a myriad of fascinating research topics that clearly beg the attention of both economists and anthropologists. Although I am an anthropologist, my own methodological and theoretical leanings are more to the rational actor, new institutional perspective (ENSMINGER [1992 a]). I shall try in this essay to use my dual loyalties to good effect as I discuss recent research in anthropology that may have relevance to the theoretical concerns of institutional economists. The reader should bear in mind that not only do the people in these “disciplinary cultures” speak different languages, but they often have different “mental models” as well.

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<sup>1</sup> GREIF [1989] and KURAN [1986] are notable exceptions among economists for their breadth and attention to historical detail, as is WEBER [1958] among sociologists.

I begin with why people convert to specific religions. What role does economic self-interest play and what other explanations have been proposed? A related question concerns the specifics of religious systems that are adopted by various societies. Anthropologists have conducted numerous studies of the syncretism of indigenous cultures with the major world religious systems, and noted the enormous variation in religious practice that results. Given the ambiguity possible in the interpretation of religious doctrine, what role do economic forces play in the aspects of a world religion a people choose to adopt and those they choose to ignore? Next, we turn to the economic consequences of religion. Here, I will touch upon transaction costs and the distributional effects of religion. Finally, I wish to take up two issues I consider most promising for future research, namely: 1) the role of religious ideology, or moral authority more generally, in creating self-enforcement or cooperation, and 2) the role of religion as a source of supply for new norms in society. Most of the examples I use for illustration betray my background as an Africanist who works with a recently converted Muslim population, the Orma of Kenya.

## *2. Can Economics Shed any Light on Religious Conversion and Practice?*

The simple answer to this question is yes, but maybe not always. To avoid the functionalist trap, we need to distinguish the motivations of individuals in the process of converting from the effects of religion upon the society as a whole, a separate topic which I discuss below. Thus, individuals may convert for economic or political gain, but evidence of societal-level gains does not explain such conversions.<sup>2</sup> I begin with motivations that work on individuals.

There is an extensive body of case study within anthropology dealing with religious conversion and an equally extensive theoretical debate about causation. HEFNER [1993] provides a recent and highly readable review of this literature. One of the biggest sources of contention is over the relative significance of mental versus material motivations for conversion. One of the more prominent theorists on the mentalist side is Robin HORTON [1971], [1975], [1993], though his perspective has received considerable critique (especially HEFNER [1993] and LAUNAY [1992]). He begins with the observation that many

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<sup>2</sup> Although I will not be discussing the relationship between cultural evolution and religion in this paper, I suggest that Africa offers some fertile ground for testing the proposition that religion has affected the success of various societies. Africa was historically a labor poor continent, and innumerable strategies were employed by lineage heads to increase the size of their labor force; high birth rates, polygyny, war capture, adoption, child fosterage, and slavery were some such means. In this competitive environment for labor, ethnic boundaries were highly permeable. If Islam offered advantages for trade and production (as I argue below), it may have also increased the relative attractiveness of its followers' cultures at the expense of other groups. The evidence cuts both ways, however, as religious jihads periodically devastated some African societies (LEWIS [1980]).

indigenous African religious systems had a two-tier cosmology including both the lesser spirits and a supreme being. The lesser spirits were concerned more with the local community, while the supreme being was concerned more with the world as a whole. As most African societies were little involved with the outside world, the lesser spirits got a lot more attention. According to Horton, as societies were drawn into relations with the outside world, as for example when they became involved in long distance trade, the supreme being became much more significant to them. Exposure to Islam and Christianity often coincided with increasing exposure to the outside world, thus these religions found fertile ground, as societies were in the process anyway of "groping toward a more elaborate definition of the supreme being" (HORTON [1975, 220]).

The irony of Horton's perspective, from the point of view of economists, is the prominence of economic variables in his analysis, but the total lack of attribution of causation. He notes the evidence that Islam followed the routes of long-distance trade throughout Africa, with large numbers of people converting along the way.<sup>3</sup> Yet, while reporting the incredibly strong correlation between trade and conversion to Islam, including the fact that the first to convert were often those most involved in trade, Horton's thesis remains centered on cosmology and is decidedly non-economic.

Many other current theorists of conversion in anthropology also look to the collapse of traditional systems in the process of incorporation into world political and market systems as the primarily impetus for conversion. Yet, unlike Horton, many of the recent entrants to this debate have tended to take a more multi-causal perspective, emphasizing both the mental and the material motives for conversion. They see political and economic incorporation leading to a "crisis of identity and authority" (HEFNER [1993, 23]). HEFNER [1993, 25] sums up this perspective nicely:

"The changing social environment in which conversion so often unfolds is not simply a product of material forces. Its effects register not only in actors' material well-being but also in their sense of self-worth and community and in their efforts to create institutions for the sustenance of both."

Hefner's perspective is an interesting one. He effectively conjoins psychological and economic perspectives with the argument that people convert out of self-interest when they seek the moral or social identification afforded by a religious order and the group with which it is associated. Thus, the group (or religion) becomes "an anchor for their sense of self and other and for the entitlement and obligations thought to characterize relationships" (HEFNER [1993, 25]). In a similar fashion, COLEMAN [1987, 148] agrees that norms are sometimes adopted to cement an individual's solidarity with a group and to

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<sup>3</sup> The association between long-distance trade and conversion to Islam was common elsewhere in the world, particularly in Indonesia, and even in China (GLADNEY [1991]).

differentiate the collectivity from others. HEFNER [1993, 28] suggests that, "... rather than oppose psychological models of conversion against sociopolitical ones, we should insist on and explore their interpenetration." This certainly seems a balanced approach, but finding cases to untangle the psychological and material motivations for conversion will not be easy. Where the anthropologist is inclined to see the need for a new sense of identity as societies become incorporated in the world system, the economist is likely to see the need for new norms of coordination to reduce externalities. Religion may provide both. As HEFNER [1993, 28] notes, world religions are both "ideologically and organizationally preadapted to the macrocosm."

Anthropological research on identity formation may also have relevance to political economists working on the frontier between selfishness and altruism (ELSTER [1990], MANSBRIDGE [1990], and MARGOLIS [1990]). As identities change with incorporation into larger systems, such as world religions, so do reference groups. It is well understood in anthropology that ethnic groups define family and household differently (NETTING, WILK and ARNOULD [1984]). As people change religions and identity, they may redefine family, household, and those people with whom they are likely to cooperate and engage in altruistic behavior.

Despite the current attention to mentalist and multi-causal perspectives, anthropologists have also provided significant case descriptions of political and economic motivations for conversion (BUNGER [1979], COHEN [1969] and [1971], ENSMINGER [1992 b], and LAST [1979]). Of these, Last is one of the most articulate. He describes the situation among the Hausa of west Africa, who have historically been involved in long-distance trade with links to Islamic traders in north Africa. Chains of middle men developed as the trade extended into new areas, with pressure always building on those at the bottom to convert in order to move up in the chain. LAST [1979, 239–240] provides a clear illustration of how this process functioned:

"I suggest that if one draws a graph to show the growth of a trader's turnover for a number of years, there is a point on the graph where the size of the turnover is such that the trader must convert to Islam in order to maintain or increase the initial rate of growth... Hausa trade is essentially dependent on networks. Growth depends on the number of trading friends, not on the cheapness, necessarily, of one's wares and number of new customers one can thus attract. 'Friends' are those to whom one gives goods on credit – in effect those to whom you can give capital. The more creditors one has, the greater the turnover – and the greater the profit to one's own creditors."

In addition to the problem of explaining the role of economics in religious conversion, there is a related problem associated with accounting for the particular aspects of world religions that are adopted by given societies. All religions are open to multiple interpretations,<sup>4</sup> and this is arguably even more

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<sup>4</sup> There is a parallel trend in anthropology, more generally, to focus upon the "multiplicity" of culture rather than its unity (BARTH [1989], ROSALDO [1989]).

the case in the process of their original introduction. Thus, there is ample opportunity for elites to pick and choose those aspects of a religion that serve their interests and ignore or reinterpret those that do not. Especially in largely illiterate societies, a relatively small learned minority may enjoy a monopoly on interpretation. This has not gone unnoticed by anthropologists, who have written a great deal about the "political economy of meaning" (EICKELMAN [1979]).

In his Indonesian study of conflict over religious interpretation between traditionalists and modernists, BOWEN [1993, 11] provides an account of, "how farming, trade, and politics have motivated positions taken on what *appear* to be more narrowly religious issues." However, in keeping with the HEFNER [1993] tradition of balancing mental and material motives, Bowen emphasizes even more the need of the modernists to create a separate "identity." Thus, he concludes:

"Gayo modernists have created new identities by renouncing their own past and by actively detaching themselves from the village setting. If traditionalists and most villagers have the privilege of remaining embedded in the agricultural, ancestral, local mode of communication, modernists must be continually distancing themselves from that context as well as creating their own set of alternative social, moral, and economic relations" (BOWEN [1993, 38]).

Although much attention in the anthropological literature has been given to the role of elites in manipulating the meaning of culture and religion, it is also true that periods of religious conversion and rapid social change open the door to rethinking all sorts of norms and status relationships. Although elites may obviously be privileged in this regard and take the opportunity to further increase their prestige and control of resources, it stands to reason that such periods also offer opportunities for less well-positioned groups to take advantage of the ambiguity that exists. One example is BOND's [1987] study of changing gender relations in the course of conversion in the Zambia. I can add to this my own field data from the Orma of Kenya.

Like many cattle keeping African populations, the Orma trace descent patrilineally, with all inheritance going through the male line; post-marital residence is patrilocal, that is, brides marry out and live with their husband's families; and upon the death of the husband the widow is inherited in levirate marriage by a brother of the deceased husband. These patterns continued unabated until fairly recently, even though the Orma had converted to Islam by 1940 and Islam is explicit about daughter's inheriting one-half the share of their brothers and the fact that widows must enter into marriage voluntarily. To date, I am not aware of any women even attempting to press for half their brother's share of inheritance, though it is widely known that current practice is a violation of Islamic law. In the case of "involuntary" levirate marriage, however, there have been significant changes as widows have learned that the Islamic courts will back them up if they refuse to be inherited in levirate marriage, and furthermore, that they can retain child custody and control of their deceased hus-

band's property. I am inclined to explain the adherence to Islamic law in the case of widow inheritance as opposed to daughters' inheritance as a function of the cost of change to the underlying structure of property distribution. The fragmenting of the herd among daughters (who marry out) is far more disruptive than allowing a widow to control cattle that should ultimately pass to her son in time anyway. Changes in the relative costs of raising children have also made the inheritance of widows with children less desirable, thus reducing (but not eliminating) opposition to the change. As for the failure to adopt Islamic inheritance law for daughters, another factor is women's lifelong need of support from their father's and brothers, whom they can less readily afford to take on as adversaries than they can their in-laws.

In addition to demonstrating the economic effects of changing relative prices on the adoption of religious norms, these cases also emphasize the possibility for even non-elite groups (women in this instance) to advance their interests in periods of rapid social change, such as those brought on by religious conversion.<sup>5</sup> Africa is a virtual testing ground for any hypothesis concerning the nature of syncretism between indigenous belief and Islam or Christianity. Literally hundreds of cases of conversion exist among unique ethnic groups, each of which has resulted in a singular blend of indigenous culture with Islamic or Christian ideology (for Islamic cases see LEWIS [1980] and for Christian see RANGER [1993]).

### 3. *The Economic Consequences of Religion*

In keeping with the theoretical predilections of the two disciplines, it is not surprising that anthropologists have tended to emphasize the status and distributional effects of religion, while economists are more interested in the effects on transaction costs and economic performance.

One example of the anthropological study of the distributional effects of religion is HARRISON's [1992] paper on ritual as "intellectual property."<sup>6</sup> Harrison argues that political actors compete for prestige and legitimacy with ritual, and that in some societies rank is based upon unequal distribution of intellectual property in magic. He asks, "But if political office-holders may use religious symbolism to legitimize their power, the question this raises is what legitimizes their control of these symbolic resources in the first place. . . . What needs examining is how property rights in religious symbolism are themselves

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<sup>5</sup> In Africa, Christian mission schools often resulted in the disruption of traditional status hierarchies. In the early days, elites did not appreciate the future value of education for employment more than anyone else, but they were sometimes in a better position to resist colonial pressures to send their children to school. Eventually, many of those who received education early on rose to prominence in business and government.

<sup>6</sup> For a detailed review of other approaches to the distributional effects of ritual and religion, see KELLY and KAPLAN [1990].

established, and how they are protected if they are challenged or infringed” (HARRISON [1992, 236]). As stated, the question is one that should interest economists as much as anthropologists.

Turning from the distributional to the performance effects of religion, we find that anthropologists have also provided data on the role of religion in reducing transaction costs. Based upon general evidence from the African continent, as well as a detailed study of the Orma, I have argued elsewhere (ENSMINGER [1992 b]) that since its introduction in Africa in the eighth century, Islam has reduced the transaction costs of trade. As Abner COHEN [1971, 278] puts it, “[Islam is a] blue-print of a politico-economic organization which has overcome the many basic technical problems of the trade. Indigenous traders become Moslems in order to partake in the moral community of other traders.” Islam provided an immediate link to the commercial centers of north Africa and via them to the rest of the world. Islam brought a common language of trade (Arabic), a monetary system, an accounting system, a credit system (including the *commenda* partnership), and a legal code to adjudicate financial contracts and disputes (compare GREIF [1989] and [1993]).<sup>7</sup> In social and legal terms, Islam provided a way of making outsiders insiders. By providing a legal structure binding upon individuals of different ethnic groups, it greatly expanded the size of potential trading networks. All of the above created an improved institutional structure in which trade could take place among people who previously had, at best, limited institutional structures with which to regulate trade beyond their own ethnic group.

This positive portrayal of the economic effects of Islam appears to run contrary to the argument presented by KURAN [1986], who discusses in fine detail some of the weaknesses of Islamic economics. In his conclusion, KURAN [1986, 159] notes that, “successful economic growth and development requires a measure of institutional flexibility.” As he well documents, practices codified in the seventh century, such as Islamic norms, *zakat* (mandated tithing in fixed rates), and interest prohibitions, run counter to the type of flexibility we associate with modern economic systems. When the historical context and differences in scale are considered, however, I do not have difficulty reconciling his arguments with my own. Relative to what existed before, when there was virtually *no* institutional structure with which to regulate trade across ethnic groups, even a rigid structure was an improvement in the African context. This is all the more the case, as Kuran points out, because the pressure of economic reality forces “reinterpretations” of scripture, thus affording some flexibility. “Reinterpretation” has its dangers as well, though, as I discuss below.

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<sup>7</sup> See RODINSON [1973] for a more detailed discussion of the advantages Islam offered for trade.

#### 4. Directions for Future Research

I have already highlighted a number of issues that seem worthy of pursuit by economists and anthropologists. In closing, I wish to briefly emphasize two additional points. One is the role of religious ideology, or moral authority more generally, in creating self-enforcement and cooperation; the other concerns the role of religion in providing a source for alternative norms in society.

Religion has the potential for reducing transaction costs not merely by the spreading of economic institutions favorable to trade, as discussed in the case of Islam, but also because religion, like all powerful ideologies, has built-in sanctions which ought to contribute to self-enforcement of contracts (NORTH [1990]). HIGGS [1987, 43] puts the case particularly strongly, "By internalizing the values and precepts of their communities of shared belief, people not only feel better about themselves but become trustworthy adherents who will act in accordance with their ideology without, or even in opposition to, external material enticement." As KURAN [1986] notes, we must tread cautiously with the assumption that religion automatically results in generalized altruism. People may selectively "interpret" meaning, and in large-scale societies anonymity may induce the urge to "cheat." I would note, however, that in the developing world of small-scale societies that anthropologists typically study, the problems Kuran attributes to scale are reduced. Nevertheless, in my own work (ENSMINGER [1992a]) I have documented many cases where ideology gave way to rising prices. The central questions which I believe we know very little about cross-culturally are, 1) how much difference does moral authority make in the reduction of transaction costs through self-enforcement, and 2) what factors (including ambiguity, scale, and relative prices) predict the degree of self-compliance, and ultimately the saving to the economy in terms of monitoring and enforcement costs?

There is an interesting interdependence between the effects of religious institutions and moral authority upon economic performance. If Kuran is correct that religious institutions need to be flexible in order to be economically successful, then changes have to be engineered in such a way that they do not undermine the very legitimacy upon which their moral authority rests in the first place. In other words, the economic gains of more "flexible" institutions (which may require reinterpretation of sacred texts) must be weighed against the costs of losing whatever cooperation may be engendered by the self-enforcement of the faithful. The perceived "rigidity" in the doctrine may provide its very legitimacy.

My second point concerns the role of religion in supplying norms. Although a considerable amount of literature exists on the evolution of social norms, little is understood about the "supply" of new norms. One source of such supply is religious doctrine. The fact that religions allow the persistence of altruistic norms among the faithful, even in highly individualistic and self-interested societies, may provide an important source of *variation* in the supply of norms.



Such norms may be economically insignificant most of the time, as they involve small numbers of devout and highly altruistic individuals. However, they may become significant as a source of variation in reserve to be adopted by the population at large, should external circumstances change.

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