

Paul Seabright

The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

The Divine Economy: How Religions Compete for Wealth, Power and People.

Paul Seabright

Toulouse School of Economics,
Institute for Advanced Study in Toulouse.

ASSA, January 5th, 2024.

NOT FOR QUOTATION WITHOUT PERMISSION.

December 31, 2023

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

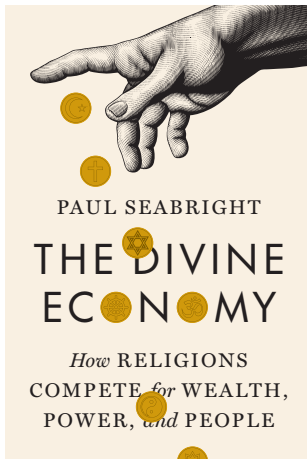
Principles

Entrepreneurs.

Summing up.

References.

References



To be published by Princeton UP in May 2024. See
<https://press.princeton.edu/books/hardcover/9780691133003/the-divine-economy>

At the Assemblies of God in Accra, Ghana

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References



Worshippers thronging to place offerings in the collection at a Revival week service of the Assemblies of God in Accra, Ghana

Shortly after this the choir sang hymn whose refrain was:

I had a debt I could not pay
He paid a debt he did not owe
I needed someone
To wash my sins away

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

Opinion **Catholic Church**

Pope Francis fights a losing battle in the Middle East

The mass flight of Christians from the region continues unchecked

DAVID GARDNER



Pope Francis in Abu Dhabi. The visit was another step in the perennial but glacial institutional rapprochement between Christianity and Islam © AFP

David Gardner YESTERDAY

Pope Francis's visit to the United Arab Emirates is the first by a Roman Catholic pontiff

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References



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Giving Up on God The Global Decline of Religion

By Ronald F. Inglehart September/October 2020



Empty seats at a Catholic church in New York City, June 2014



From *Gallup*, 29 March 2021:



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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

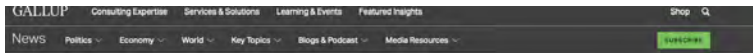
Principles

Entrepreneurs.

Summing up.

References.

References



POLITICS MARCH 26, 2021

U.S. Church Membership Falls Below Majority for First Time

BY JEFFREY M. JONES



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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

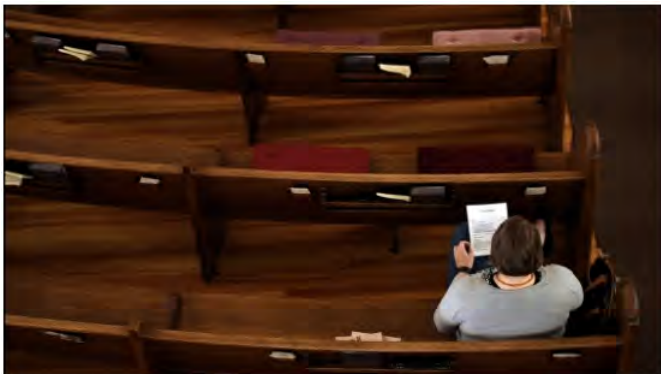
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Entrepreneurs.

Summing up.

References.

References



REPORT | DEC 14, 2021

About Three-in-Ten U.S. Adults Are Now Religiously Unaffiliated

Self-identified Christians make up 63% of the U.S. population in 2021, down from 75% a decade ago.

The Big Picture.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- To read the press, you would think that in today's world:
 - Christianity is in retreat, caught between secular atheism on one side and militant Islam on the other;
 - Violent struggle is replacing peaceful proselytism as the main engine of religious competition.
- The truth is interestingly different:
 - Both Christianity AND Islam are on the advance today;
 - Peaceful proselytism and demographic growth have largely replaced violent struggle as the engines of religious rivalry.
 - Religion is increasingly becoming corporatized and branded, pushing out local and folk religions across the world.
- Religious rivalry can be understood as a form of *platform competition*. Platforms create relationships, appropriating some of the benefits they make possible.
- In religious platforms, economic exchange interacts with identity, ritual and ideology.

Outline

1 The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data 1980-2020

2 Religious rivalry

Smith and competition.

New economics of religion.

3 Platform model.

Services

Principles

Entrepreneurs.

4 Summing up.

5 References.

Paul Seabright

The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

Changes in the shares of world religions 1900-2020:

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Some big changes in the shares of world religions since 1900 (and, with more reliable data, since 1950).
- But it's not what you think....
- To get a clue as to why, look at the distribution across regions.

The changing proportions of world religions (source: World Religion Database)

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

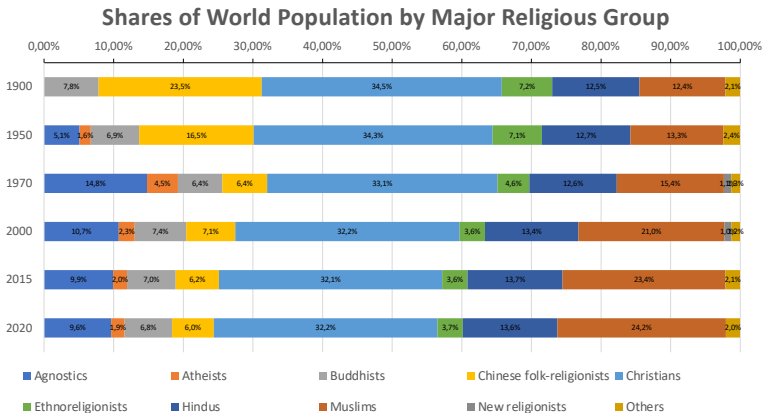
Principles

Entrepreneurs.

Summing up.

References.

References



The changing proportions of religions in Asia

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data 1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

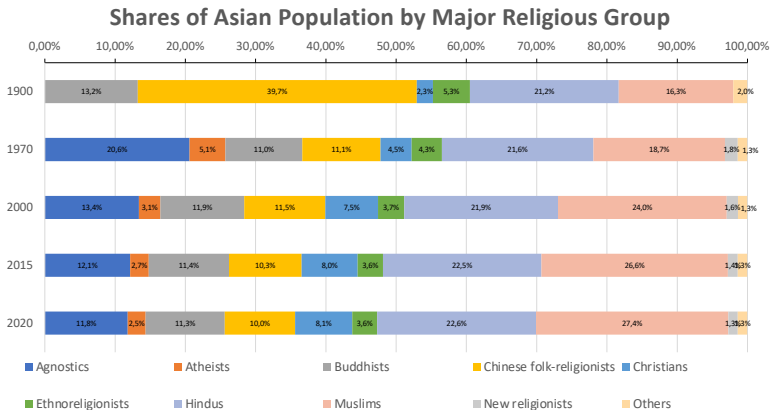
Principles

Entrepreneurs.

Summing up.

References.

References



The changing proportions of religions in Africa



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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

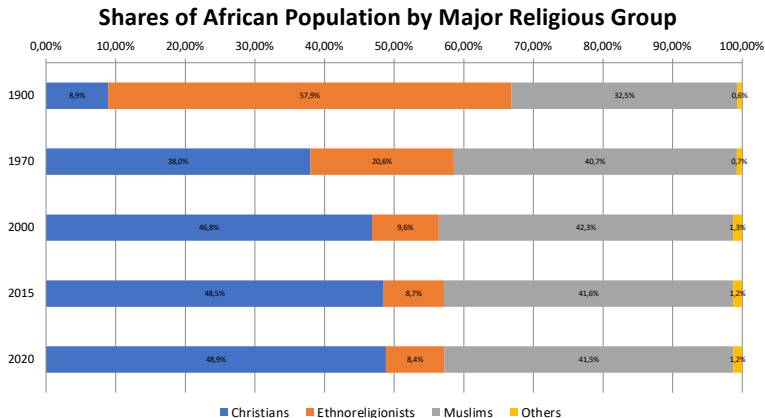
Principles

Entrepreneurs.

Summing up.

References.

References



The changing proportions of religions in Europe

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data 1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

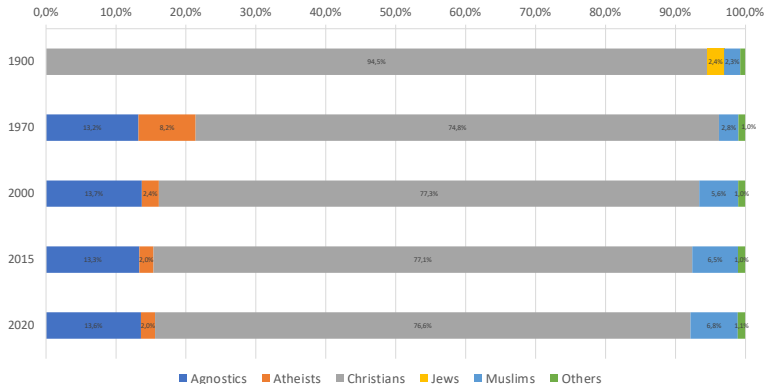
Entrepreneurs.

Summing up.

References.

References

Shares of European Population by Major Religious Group



The changing proportions of religions in North America

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

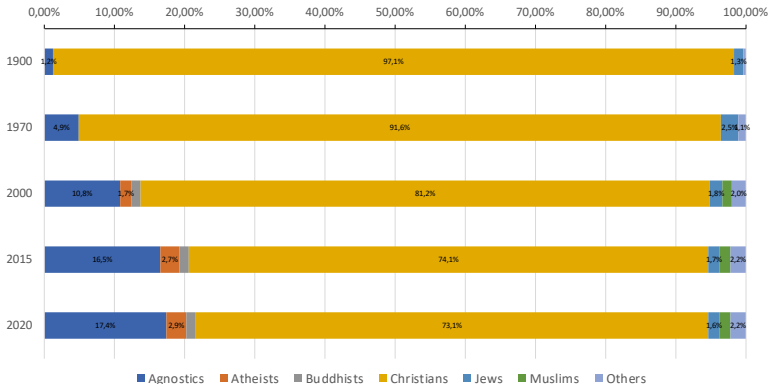
Services
Principles
Entrepreneurs.

Summing up.

References.

References

Shares of North American Population by Religious Group



The changing proportions of religions in Latin America



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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

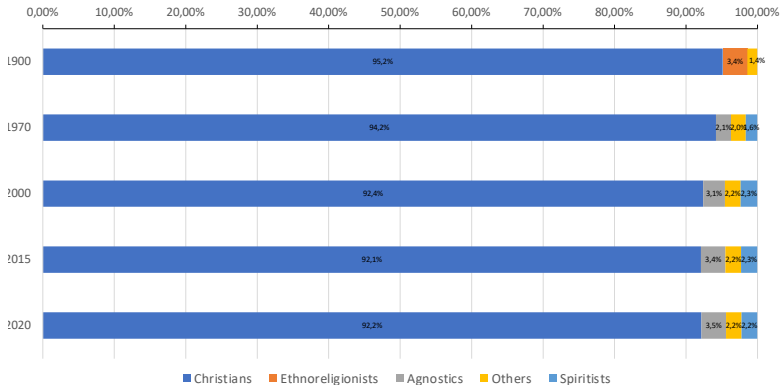
Services
Principles
Entrepreneurs.

Summing up.

References.

References

Shares of Latin American Population by Religious Group



The importance of demography

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- The different rates of population growth in different countries during the 20th century would have had major effects on the shares of world religions even without any other factors.
- Compare actual shares in 2020 with the shares that would have been predicted on the basis of different country rates of population growth.
- The predicted shares are those that describe what would have happened in the absence of any within-country competition between religions.
- The difference between predicted and actual shares is a measure of the impact of within-country competition.

Global shares of religious adherents, actual versus projected from 1900 or 1970

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

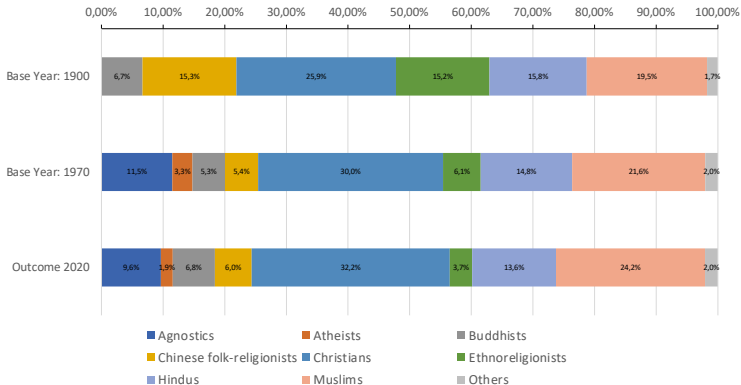
Entrepreneurs.

Summing up.

References.

References

Projected Religious Proportions and Outcome in 2020



... there is also movement within religions:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

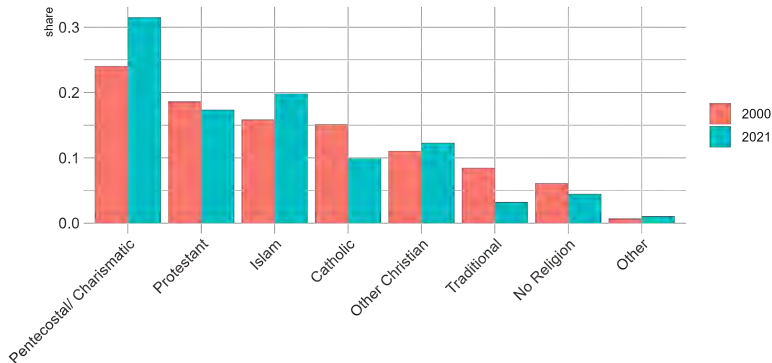
Principles

Entrepreneurs.

Summing up.

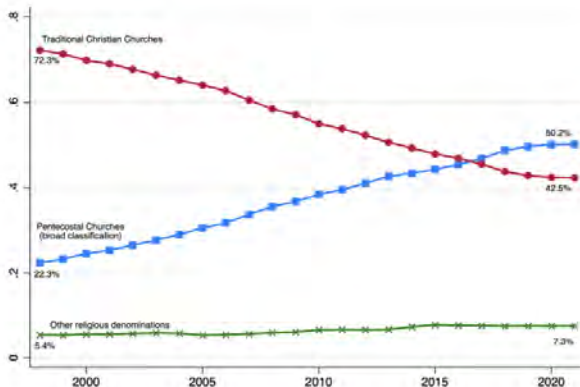
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References



Religions denominations in Ghana. Share of the population belonging to each religious denomination (other includes atheists) in 2000 and 2021. Based on the Ghana Census. Auriol et al. (2020): c. 20% changed church within past 5 years.

... there is also movement within religions (Alfonsi et al. (2022) for Kenya):



- KLPS: 39% from traditional Christian to Pentecostal churches
- Within traditional (7%) and Pentecostal churches (25%).
- Self-reported importance of religion and church attendance is stable.

What's the story here?

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- The story is not about an ideological struggle between Christianity and Islam, with Islam winning.
- Islam has expanded faster than Christianity because more concentrated in poor parts of Asia with high population growth.
- The story is about the growing corporatization of religion.
- Folk religions everywhere - in Asia and especially in Africa - have been replaced by their branded and corporately-organized counterparts, some of which are also franchised.
- Catholicism has declined in favor of other Christian denominations.
- But overall, Christianity has benefited more from this trend than Islam, and may do so even more in the future (watch China!).
- Corporatization is also associated with high levels of reported religious commitment.

So what about intensity of religiosity?

It's hard to get comparable survey figures across countries and religions and over more than 2-3 decades, but:

- Proportions saying religion is "very" or "somewhat" important in their lives has declined in some countries in recent decades (Ireland, Spain, Chile, US/Canada - though from a high level).
- In many countries it has been low for as long as surveys are available (Japan, Korea, France, Germany, UK) and is not visibly declining further.
- In former communist countries it has increased.
- In Muslim countries it remains very high (over 90%).
- In much of Latin America and Asia it is very high and even increasing (over 80% for Brazil, Colombia, Thailand; over 90% for Indonesia, Myanmar, Philippines).
- In Africa proportion saying religion is "very important" is over 90% in Ethiopia, Ghana, Kenya, Nigeria, Zimbabwe....

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

Importance of religion in people's lives: before and after the year 2000

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

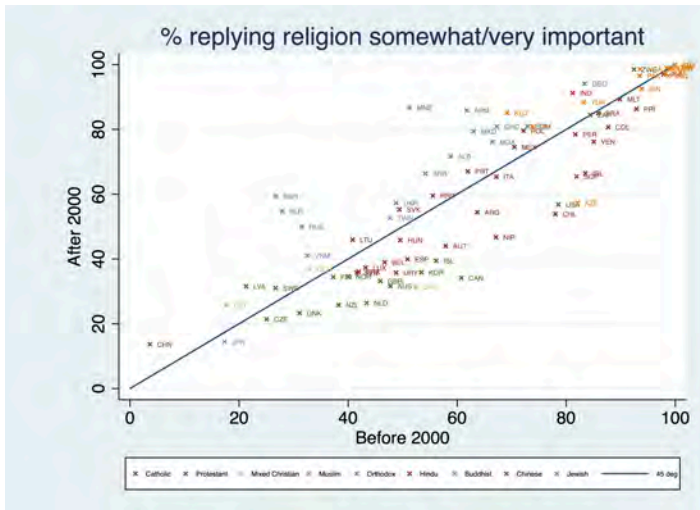
Principles

Entrepreneurs.

Summing up.

References.

References



A possible pattern in these data?

- There may be several states:
 - Stable high religiosity
 - Stable medium religiosity
 - Stable low religiosity.
- Many of the countries don't see much movement (mean change is -0.4% , statistically indistinguishable from zero).
- But some countries may be in transition between different stable states.
- We may gain insight from looking at different dimensions of religiosity.
- Mean change in belief in God is $+1.1\%$, $t=0.61$.
- Mean change in monthly service attendance is -3.6% , $t=-2.50$.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

References



Paul Seabright

The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious
rivalry

Smith and competition.

New economics of religion.

Platform
model.

Services

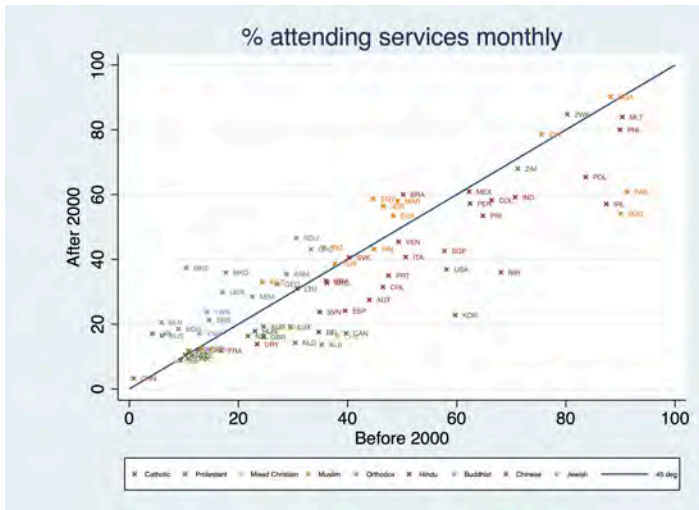
Principles

Entrepreneurs.

Summing up.

References.

References



Revenues of religious organizations in the US in 2016:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Grim and Grim (2016) estimated revenues of faith-based organizations at 378 billion dollars.
- Greater than the revenues of Apple and Microsoft combined in that year.
- More than 2% of total personal income in the US.
- Equal to 60% of the revenues of media and entertainment industries (film, books, gaming, music).
- Half of the revenues of the US restaurant industry.
- This is without counting contributions of time, energy and resources in kind.
- In many countries it's reasonable to think that 1 in adult in 10 is paying tithes (10% of personal income) and many more are paying smaller but still important proportions.

How do religions compete?

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Historically, in three main ways:
 - Through war and conquest.
 - Through differential population growth (demographic competition for resources).
 - Through persuasion (“in the market”).
- The growth in the extent and sophistication of the third mechanism is the outstanding religious fact of the 20th and 21st centuries.
- Adam Smith was fascinated by the process (and especially by the interaction between the first and third mechanism) but the subject fell out of interest among economists until the late 20th century.

Adam Smith on competition between Anglicans and Methodists

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

The [clergy] may either depend altogether for their subsistence upon the voluntary contributions of their hearers; or they may derive it from some other fund...such as..an established salary or stipend. Their exertion, their zeal and industry, are likely to be much greater in the former situation than in the latter. In this respect the teachers of new religions have always had a considerable advantage in attacking those ancient and established systems of which the clergy, reposing themselves upon their benefices, had neglected to keep up the fervour of faith and devotion in the great body of the people; and having given themselves up to indolence, were become altogether incapable of making any vigorous exertion in defence even of their own establishment. The clergy of an established and well-endowed religion frequently become men of learning and elegance, who possess all the virtues of gentlemen...but they are apt gradually to lose the qualities, both good and bad, which gave them authority and influence with the inferior ranks of people, and which had perhaps been the original causes of the success and establishment of their religion. – *Wealth of Nations*, bk V, ch. I. art. III.

Adam Smith on the life cycle of religious movements

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

The clergy of an established.. religion.. when attacked by a set of popular and bold... enthusiasts, feel themselves...perfectly defenceless... have commonly no other resource than to call upon the civil magistrate to persecute, destroy or drive out their adversaries, as disturbers of the public peace. It was thus that the Roman catholic clergy called upon the civil magistrates to persecute the protestants, and the church of England to persecute the dissenters; and that in general every religious sect, when it has once enjoyed for a century or two the security of a legal establishment, has found itself incapable of making any vigorous defence against any new sect which chose to attack its doctrine or discipline...If politics had never called in the aid of religion, had the conquering party never adopted the tenets of one sect more than those of another when it had gained the victory, it would probably have dealt equally and impartially with all the different sects, and have allowed every man to choose his own priest and his own religion as he thought proper. There would in this case, no doubt have been a great multitude of religious sects. . . . – *Wealth of Nations*, bk V, ch. I. art. III.

Summarizing the story so far:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- The big story of religion in the 20th and 21st centuries is not an ideological struggle between a retreating Christianity and an expanding Islam, nor a global decline in religiosity.
- It's about the growing corporatization of religious life and marginalization of folk religions.
- This displacement is not complete, total nor irreversible: individuals may have multiple religious affiliations (in the city and the country?), and their needs will evolve, including through a demand for (non-corporate) "authenticity".
- How do religious organizations compete to meet these needs?
- Religion is big business, but also big politics: Putin, Trump, Modi, Xi Jin-Ping, Netanyahu, Erdogan.....

The way we pray now:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020



Religious rivalry

Smith and competition.

New economics of religion.



Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

The way we pray now (II):

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References



The way we pray now (III):

Paul Seabright

The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References



The way we pray now (IV): Master Yinguang returns the favor

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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References



“Now the range of China’s rejuvenation is the globe. We have a good leader, President Xi. Really lucky. I read his speeches when he visited India and several other countries. I feel really happy. He is the reincarnation of the Buddha and he devotes to the country, the national and the lives around the world, regardless himself. Therefore the world is promising”

The new economics of religion:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- After Adam Smith, economics as a discipline lost interest in religion for a couple of centuries, in spite of the efforts of historians and sociologists like Durkheim, Weber and Tawney to address the economic interactions with religious life.
- Beginning in the 1960s and accelerating in the 1990s, growing convergence between rational-choice sociologists of religion (Berger (1963, 1967); Greeley (1962, 1969, 1989); Finke and Stark (2005)) and economists (Iannaccone (1992); Gruber and Hungerman (2007)) that religions compete to satisfy demands.
- Religious adherents are not passive recipients of cultural inheritance but active seekers of religious benefits.
- In this view, religions have their particular characteristics not because they impose these on members, but because they are what members demand.
- The result is not necessarily optimal - depends on the interplay of religious entrepreneurs.

The services provided by religion:

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- One line of research sees churches as private clubs that provide exclusive services to members, screened by high financial and behavioral costs of membership (Iannaccone (1992)).
- Recent work has described religious institutions as helping to smooth consumption, particularly in the absence of an extensive welfare system (Scheve and Stasavage (2006); Gruber and Hungerman (2007); Dehejia et al. (2007); Chen (2010)).
- In some countries (eg India, see Iyer (2018)) religions have greatly expanded the services they provide.
- However:
 - Costs of membership seem high vs. secular alternatives.
 - Profits can be large, but entry barriers seem low.
- A new perspective (thanks to my co-authors Emmanuelle Auriol, Amma Panin and Eva Raiber): Churches charge high prices from members because they are *platforms*, offering bundles of services and screening for trustworthiness of other members.

The Platform Competition approach

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- When religions offer services they are never just selling these services in head-to-head competition with secular suppliers.
- Literature on multi-sided markets has emphasized role of platforms as putting different groups in contact with each other.
- It's possible to see religious organizations as putting believers in touch with each other, using demand for certain services of religion as credible signals of their trustworthiness.
- Importantly, these services are neither just spiritual, nor just secular. They're both. The two are intrinsically bundled.
- Those who genuinely demand spiritual services are considered more trustworthy counterparties in secular markets.
- It's hard to distinguish "demand side" and "supply side" characteristics: religious adherents both demand and supply components of the overall portfolio.
- But it is possible to distinguish the role of entrepreneurs from that of adherents.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

“Business is usually on the cutting edge of innovation and change because of its quest for finances. Therefore the church would be wise to look at business for a prediction of future innovation. The greatest innovation in the last twenty years is the development of the giant shopping centers. Here is the synergetic principle of placing at least two or more services at one location to attract the customers. A combination of services of two large customers with small supporting stores has been the secret of the success of shopping centers” (cited in Harding, Susan Friend: *The Book of Jerry Falwell: Fundamentalist Language and Politics*, Princeton University Press, 2000.)

An example: services provided by church in Auriol et al. (2020) (536/570 responses):

Finding a marital partner:

- Only 5% of respondents say that finding a partner, for themselves or their children, is one of main reasons for attending their church.....BUT
- 28% of married say they found their spouse through church.
- 48% of church population are single, o/w 60% expect to meet their future spouse through church.
 - 57% of single males expecting to meet a spouse in church pay tithes vs only 26% of those not expecting this.
 - No significant difference for single women (38% versus 37%).
 - 53% of single males expecting to meet a spouse in church cite moral guidance as a main motive vs only 41% of those not expecting this (55% versus 41% for single females).

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

Services provided by church (II):

Providing counselling for family issues:

- 62% would ask a pastor for help regarding family issues, 25% would ask another church member (multiple answers possible).
- Only 20% say they would ask a pastor for financial help, and 8% would ask another church member....BUT
- 24% report receiving financial assistance from the church within the last 2 years.
- 28% would seek medical support from pastor when sick.
- Reported church donations significantly increase with income, education, church attendance and age.

It seems likely that the motives are linked: members prefer to search for a marital partner among those who signal their willingness to seek church guidance on family and spiritual issues.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

Respondents preferring to interact with church members as friends, at work, in business:



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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

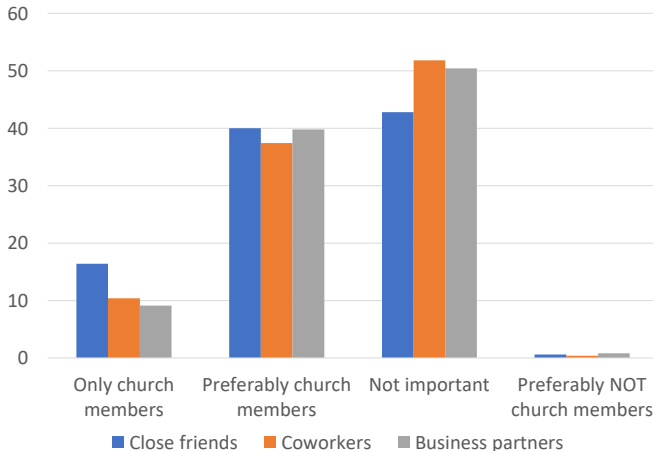
Principles

Entrepreneurs.

Summing up.

References.

References



A Platform Model: Theory

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Religious organizations are platforms: value of services offered to members depends on characteristics of other members.
- These include not just numbers but also quality.
- High prices can increase quality of members - a screening mechanism.
- In traditional platform literature, platforms charge low prices to some users to “get them on board”.
- We can show that effect of high prices on user quality can outweigh adverse impact on quantity if services are not subject to large congestion effects.
- More precisely, religious adherents pay high prices (financially or in kind) for two reasons:
 - the high price screens high-quality adherents.
 - the high price reflects, for any given adherent quality, an enhanced willingness to pay to interact with other users.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- The framework is flexible: business models of platforms can be very varied (e.g. depending on scale, or importance of congestion).
- The example of Pentecostalism is illustrative, not definitive: elements of platform competition are visible in Christian, Muslim, Hindu, Buddhist and Jewish traditions.
- In practice, many religious organizations practise complex multi-dimensional pricing, involving not just financial costs but also “lifestyle” costs, and targeted price discrimination.
- They also embody sophisticated management strategies and “organizational capital”, aimed at “drawing in” members.
- Platforms can make significant economic rents in spite of competition, but entrepreneurs can take these rents in different forms, including in what Hicks (1937) called “the quiet life”.

The role of religious entrepreneurs

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Because platforms make equilibrium rents, entrepreneurs are not forced to maximize profits. They may also be motivated by:
 - Theological or political convictions;
 - Altruistic or other reasons for providing community goods.
 - Vanity or desire for publicity.
- Media platforms provide an interesting analogy:
 - Media proprietors may seek profits or political persuasion.
 - Szeidl and Szucs (2021) document allocation of media advertising contracts by government and favorable coverage of corruption issues by favored media;
 - They use ownership changes to test for causal evidence of exchange of favors, versus correlation of government and owner ideology. They find evidence of both mechanisms.
 - Religions don't have advertisers, but analogy still useful.
 - Raiber and Seabright (2021) use the Covid-19 pandemic shock to look at US churches' online postings and find little evidence of political motivation.

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The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Despite some evidence of decline in parts of Western Europe and North America, religion in the world is not in decline.
- The most dynamic institutions in the religious landscape operate according to a model of platform competition.
- The economic approach here emphasizes:
 - Agency, and strategic lucidity, of members and leaders.
 - Members of religious movements are not just consumers, but assets.
 - Platforms can make rents in equilibrium even if competition is apparently intense - people's network links lock them in to the church they currently attend.
- The economic analysis of religious competition has a great deal to contribute to understanding the power of religion in the modern world.

Book outline:

Paul Seabright

The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

CONTENTS	
Acknowledgments ix	
Introduction	x
Part I. What Does Religion Look Like in the World Today?	33
1 What Is Religion?	25
2 What Is Happening to Religion in the Modern World?	38
Part II. How Do Religions Gain Their Power?	53
3 The Demand for Religion	63
4 Choosing Communities: The Platform Model of Religion	88
5 Ritual and Social Bonding	103
6 Religion and Belief	111
7 Religion, Narrative, and Meaning	148
8 The Evolutionary Origins of Enchantment	173
9 The Temple Society—and Other Business Models	191
Part III. Religion and the Uses of Power	233
10 Religion and Politics	233
11 The Great Religion Gender Gap?	253
12 The Abuse of Religious Power	278
Part IV. Conclusion	297
13 The Past and Future of Religion	299
14 Conclusion	310
Statistical Appendix	343
Notes	361
Bibliography	404
Index	433

Paul Seabright

The big picture

Religion since 1900:

Census data.

The importance of religion in people's lives:

Survey data
1980-2020

Religious rivalry

Smith and competition.

New economics of religion.

Platform model.

Services

Principles

Entrepreneurs.

Summing up.

References.

References

- Co-authors: Emmanuelle Auriol, Diego Delissaint, Maleke Fourati, Selin Goksel, Julia Hoefer, César Mantilla, Emanuela Migliaccio, Josepa Miquel-Florensa, Amma Panin, Eva Raiber, Weiwei Ren, Suping Shen, Charlotte Wang, Donghui Yang, and Ling Zhou.
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The big
picture

Religion since 1900:

Census data.

The importance of
religion in people's
lives:

Survey data
1980-2020

Religious
rivalry

Smith and
competition.

New economics of
religion.

Platform
model.

Services

Principles

Entrepreneurs.

Summing up.

References.

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