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**GLOBAL INVESTING - Which religion is best for the economy? God knows Academics are testing theories ...**By **ALISON BEARD.**

819 words

14 December 2002

Financial Times

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English

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GLOBAL INVESTING - Which religion is best for the economy? God knows Academics are testing theories about which faith is more positively associated with attitudes conducive to economic growth CASH ON THE COUCH ALISON BEARD.

In 1904 and 1905, sociologist Max Weber published a two-part study arguing that economic success and religion were intertwined.

"A glance at the occupational statistics of any country ... brings to light... the fact that business leaders and owners of capital, as well as the higher grades of skilled labour ... are overwhelmingly Protestant," Weber wrote.

He went on to argue that the "Protestant work ethic" was a main force behind modern capitalism, while Catholic doctrines muted economic growth.

Nearly a century later, academics are putting Weber to the test, employing modern scientific analysis in an effort to prove - or disprove - his theories.

One of the most interesting studies I've found on the topic is a working paper from three professors associated with the Centre for Economic Policy Research.

"People's Opium? Religion and Economic Attitudes" analyses the correlations between religion and attitudes about six issues that have been proven to affect economic growth - willingness to co-operate, support for women's rights, trust in government, adherence to legal rules, support for the market economy, and belief in thrift.

It builds on previous studies that have linked slow economic development in primarily Catholic countries to some of the religion's characteristics, including perceived intolerance, aversion to borrowing and emphasising worship to the detriment of human relationships.

But the authors - Luigi Zingales at the University of Chicago, Paola Sapienza at Northwestern University and Luigi Guiso at the University of Sassari - take a broader approach. Instead of focusing on economic outcomes, which can be generated by other factors, they focus on attitudes, divined from a World Values Survey of people in 66 countries.

Controlling for respondents' country, health, age, sex, education, income and perceived social status, the professors examine not only Catholics and Protestants but also Jews, Hindus, Moslems, Buddhists and atheists.

They also explore whether there is a difference between the opinions of those brought up in a religious households and those who are still active in their religion.

Their primary conclusion: Religion is generally good for the global economy and financial markets. "Religious people trust others more, trust the government and the legal system more, are less willing to break the law and

are more likely to believe that markets' outcomes are fair," the authors write.

At the same time, religion can have negative effects. Religious people have mixed opinions on some market mechanisms, including incentives, competition and private property. And they tend to be intolerant and less supportive of women's rights, which often leads to reduced work-force participation, hurting the economy.

This brings us to a central question that most readers will want answered: Which of the world's major religions is most conducive to economic growth? Unlike Weber, the authors take no definitive stance. Instead, they present findings from which readers may draw their own conclusions.

Although regular churchgoers and temple attendees generally place more trust in their fellow citizens, the authors found that people raised in Catholic, Hindu and Moslem homes displayed lower trust levels.

Trust in government, police and the armed forces increases with religious participation, except among Buddhists. The effect is strongest for Hindus and Moslems, whose trust is also boosted by religious upbringings. Catholics and Protestants seem to gain trust only through church attendance.

On average, religious people are more likely to obey laws, but there were gradations in their responses to different scenarios. Jews were least willing to cheat on taxes, followed by Protestants, while Protestants and Buddhists were most likely to balk at accepting a bribe.

When it comes to market mechanisms, people of different religions have vastly different opinions. Protestants and Hindus are quite willing to trade equality for incentives, but Jews and Moslems are typically not. Protestants, Catholics and Hindus support private ownership, but Moslems don't. Catholics are the biggest supporters of competition, while Moslems and Hindus denounce it.

Only Catholics believe that saving money is an important goal. This is "somewhat at odds with Weber's claim that the Protestant religion has favoured the development of capitalism through its emphasis on thrift," the authors comment.

"On average, Christian religions are more positively associated with attitudes that are conducive to economic growth, while Islam is negatively associated," they add. "But the ranking between the two main Christian denominations is less clear." The authors stop short of declaring whether Weber is right or wrong for other reasons, as well. "We need to investigate the relative importance of the attitudes studied for economic growth (and) to make a stronger case that the statistical relations observed are causal," they said.

Even in 2002, we need more research.

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