Reforms prompt a broader church of economic views

CASH ON THE COUCH
ALISON BEARD

Even tangential scraps of academic research can give us something to think about

In writing this column, I have become an avid reader of academic research. The best studies, for any purpose, are the ones that deal with specific topics (Can CNBC anchor Maria Bartiromo move stock prices?) and give firm answers (Yes, 43 basis points inside a minute). Unfortunately, the studies that I expect to provoke the most thought among Financial Times readers are often too wide-ranging for me to distill into 800 words. Most ask as many questions as they answer, and end with caveats such as “we cannot be sure about causality” or “further research is needed”.

Such was the case with “People’s Opinions on Religion and Economic Attitudes”, the paper I wrote about last week. Its authors — Luigi Guiso of the University of Sassari, Paolo Sapienza of Northwestern University and Luigi Zingales of the University of Chicago — analysed the responses of people from 66 countries around the world to see how their religiosity had affected their opinions on issues ranging from private ownership to tax evasion. The professors looked not only at religious types — Protestants, Catholics, Jews, Hindus, Muslims and atheists — but also at how religious the respondents were and whether they belonged to the majority or minority religion in their country. They also controlled for health, sex, age, education, social class and income.

One clear headline emerged from the analysis: Christian religions seemed to be good for economic growth. But, with so many variables in play, the authors happened upon several other significant correlations that can and should be investigated.

“Go through the tables and look at the variables that have nothing to do with religion,” Zingales urges. In doing so, I discover that healthy people are more pro-market and that older people like competition but not private ownership. But this second examination of the paper also yields some interesting new information on one of the paper’s central themes — the differences between Protestants and Catholics. Zingales and his colleagues repeatedly highlight their finding that members of both religions are pro-growth and pro-market, contradicting previous studies.

But an attempt by the professors to explain the inconsistency — comparing the responses of those raised before and after a 1983 relaxation of Catholic doctrine — was left to a three-paragraph passage and an appendix table. The data indicate that younger Catholics have significantly different attitudes than their elders. Specifically, they are more trusting of other people, less intolerant and less likely to break laws — all characteristics that promote economic growth.

That could explain why the conclusions reached by Zingales, Sapienza and Guiso were so different from the ones that came before. These include not only Max Weber’s treatise on the Protestant work ethic and capitalism, but also a 1993 study that blames Catholicism for a lack of trust and poor economic development in southern Italy and a 1998 paper discussing how Catholic intolerance in Spain thwarted growth in the 16th and 17th centuries. The new data on generational differences shows that “the negative impact of Catholicism found in the previous literature may be explained by some cultural characteristics that survive in countries . . . but do not exist anymore in Catholic people,” Zingales and his co-authors wrote.

Modern-day Protestants and Catholics are each more trusting than members of other world religions, according to their data. Protestants are more likely to trade performance-related incentives for equality, but Catholics are bigger proponents of competition and less as likely to support private ownership. “We can conclude that Catholicism today is not a significant obstacle to economic development,” the professors said.

Still, the facts that wound up as sidenotes in the professors’ paper open new avenues for research. For example, they found that levels of trust and obedience increased among Catholics after the Vatican reforms but support for market mechanisms faltered.

So was 1962 really a catalyst for putting Catholics on a par with Protestants in terms of their economic attitudes? If it was, as the authors still hypothesise, could reforms to Buddhist or Muslim doctrine generate similar results, promoting pro-growth attitudes among younger believers?

Research can be maddening when it whets your appetite for an issue without providing any definitive answers. But academics who tackle broad topics, presenting not only the meat of their findings but also the tangential scraps, provide a great service. They give us more to think about.