



INDIVISIBLE

Social and Economic Foundations of American Liberty

Leading Conservatives
Exchange Policy Perspectives

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INTRODUCTION BY JAY W. RICHARDS

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RELIGION

Why Faith Is a Good Investment

BY ARTHUR BROOKS, PH.D., AND ROBIN CURRIE



Arthur Brooks



Robin Currie

RELIGIOUS FAITH IS AN IMPORTANT CHARACTERISTIC of America today, just as it has always been. It is generally considered to be a quality-of-life issue—a significant factor for those who practice, but an entirely personal one. However, the practice of religion in America affects not just the particular individual concerned. It has consequences, and beneficial ones at that, for everyone in society.

The scope and scale of those consequences are relatively straightforward in the non-financial sphere (happiness and optimism, for example). More surprisingly for many, however, faith also has financial consequences, and these too benefit American public life. In a nutshell, all the available data tell us that income and practice of one's faith are positively correlated.

Surveys typically show that, on average, religious people do better financially than non-religious people, all other things being equal. For example, the General Social Survey reveals that, in 2004, the average “religious person” (who attended a house of worship once a week or more) earned 8 percent more income than the average “secularist” (who attended once per year or less). There is some variation between religions—for example, practicing Jews earn, on average, about 25 percent more than practicing Christians and people of other religions. Within Christianity, however, denomination seems to matter little with regard to income.

RELIGIOSITY AND INCOME

Even if it is clear that church attendees do better financially than non-attendees, correlation, in itself, does not imply causation. Because of what economists call exogenous heterogeneity—that is, outside factors affecting both worship and income—it is difficult to prove that church attendance actually causes financial prosperity. There are just too many other factors involved. For example, we know that the strength and intactness of one's family can increase both religiosity and income. But to prove a causal link between the two variables, we have to use more sophisticated tools.

One idea might be to conduct controlled experiments—like doing drug tests, but with religion. Just imagine, though, what such studies might entail: Over

the course of a generation, one group would be fed a diet of Billy Graham sermons, the other the plays of Jean-Paul Sartre. In other words, experiments are an impractical method of finding a causal link between faith and material prosperity.

Fortunately, there are other ways to isolate and examine the causal effects. One of the most ingenious was developed by MIT economist Jonathan Gruber. Gruber attempted to relate religious participation and economic outcomes by analyzing “religious market density” (defined as the proportion of the population in an area that shares an individual’s religion).

All the available data tell us that income and practice of one’s faith are positively correlated.

He found that higher levels of religious market density result in higher levels of income. From this, we can infer causality between religious activity and income. It really does appear that religion in one’s life and community drives up income.

But the question remains: Why is this so? There are four plausible reasons.

First, religious faith builds **healthy social bonds**—what American political scientist Robert Putnam called social capital. Strong connections among individuals increase social cohesion and a sense of community. What are the traits associated with these desirable outcomes? They include honesty, dependability, responsibility, accountability, loyalty, sacrifice, generosity, trustworthiness, and transparency. Such traits—sought and rewarded by all mainstream religions—are factors that make it easier to transact business. Expectations of this kind of behavior from others can create a virtuous cycle, and the practice of trade and commerce can more easily flourish.

Second, religious faith can develop **robust human capital**. As defined by Scotsman Adam Smith, human capital includes skills and knowledge acquired through education and training. These are the skills that, when coupled with hard work and perseverance, produce economic value and increase material well-being. Religious people, data show, tend to attain higher education levels. In short, all other things being equal, those who live in religious communities do better materially than those who live in secular communities because they are better educated.

Third, religious faith—and the human capital that it builds—encourages the development of **entrepreneurship**. With its emphasis on private ownership of property, exercise of talents, and stewardship of resources, the Judeo-Christian ethic facilitates enterprise, achievement, and the fulfillment of one’s potential. Many scholars have argued that these are characteristics of Western nations that were informed by the Judeo-Christian ethic. For example, German social scientist Max Weber famously examined that ethic in a Protestant context, analyzing the sociology of religion and the culture of hard work and prosperity that stems from it. He concluded that a personal religious belief had repercussions for society as a whole. According to Weber, a Protestant Calvinist ethic had the effect of spurring large numbers of people to engage in enterprise, trade, and the generation of wealth in the secular world. While most scholars think Weber overworked the connection between Calvinism and capitalism, his broader insight is confirmed by the data.

And fourth, religious faith promotes **constructive behavior**. One of the first to use quantitative methods to explain this truth was Émile Durkheim. The Jewish-born sociologist had abandoned the faith of his parents at an early age.

Religious people tend to forge healthy social bonds, strong human capital, an entrepreneurial approach to life, and constructive forms of behavior.

engaged less in destructive behavior than those who exercised the most moral license. People of faith who adhered to the constraints of their religious group live happier, more productive lives, contributing more fully to the well-being of the societies in which they live.

Yet he acknowledged the importance of religious faith in his classic study *Suicide*, in which he compared the mental states of various groups of Europeans with their social constraints. Durkheim concluded that those who submitted to moral rules

Let's return, then, to the initial proposition that religious faith is essentially a quality-of-life issue. Few would disagree with this statement. The surprising truth is that quality of life for believers appears to be manifest in financial (as well as non-financial) ways. Religious people tend to forge healthy social bonds, strong human capital, an entrepreneurial approach to life, and constructive forms of behavior.

INDIVIDUAL PROSPERITY AND SOCIETAL WELL-BEING

This finding is important for public policy because financial benefits to individuals have spillover effects for communities. If practicing their faith increases the earning capacity of religious people in my community, the resulting impact on economic growth will help me—through job opportunities, tax revenues, and increased charity, among other channels. In this sense, at least taken broadly, Judeo-Christian religion is good for all of us, regardless of our more specific religious beliefs.

Secularists, atheists, agnostics, and lapsed Unitarians may not share the four attributes mentioned above. But if they live in communities and societies with people who do, then they likewise will derive a share of the economic benefits that such high levels of religiosity bring. Strong social bonds promote the transaction of business for all. Well-developed human capital promotes general economic mobility. Fulfillment of potential leads to innovation and achievement across the economy. And lives lived within defined moral constraints produce entire societies with less destructive behavior.

One's spiritual well-being not only has a positive impact on one's spiritual life. It similarly improves one's material well-being—and that of one's non-believing neighbor as well.

An individual's belief that his religion is good for his neighbor has always underpinned the work of missionaries. It has inspired great acts of courage, dedication, self-sacrifice, perseverance, determination, and altruism. The findings here provide evidence that serving one's neighbor as a person of faith occurs even

without overt acts of evangelism. Indeed, by just being who they are and living how they live on a daily basis, religious practitioners will be helping their neighbors economically, whether they convert them or not. One might go so far as to say that the private matter of faith is an act of public charity.

Perhaps in some instances this is the Good News that many will have to settle for—the realization that my religion is not good for me alone. Whether he or she is religious or not, it's good for my neighbor, too.

Might divine providence again be the explanation? Adam Smith's *The Wealth of Nations* claims that individuals pursuing their own economic self-interest tend also to promote the economic good of their community as a whole. Similarly, those pursuing their own spiritual “self-interest” can also promote the economic good of the community. One might interpret this phenomenon as evidence of not just the “invisible hand” of Adam Smith but of the all-powerful arm of God.

Indeed, by just being who they are and living how they live on a daily basis, religious practitioners will be helping their neighbors economically.

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