

# Right Now

The expanding Harvard universe

## DEVOUT DIVIDENDS

### Heaven, Hell, and Profits

**T**he Protestant Ethic—you probably know the gist of it. Sociologist Max Weber's famous treatise on "the spirit of capitalism" argued that Puritan values of hard work and frugality, motivated by the belief that worldly success was a sign of salvation, drove modern capitalist enterprise and prosperity. Although Weber's theory has become a cultural given of sorts, empirical research has largely ignored religion's influence on economic growth. Now a 59-country study reverses that trend, and its startling results out-Weber Weber himself.

The religious beliefs that positively affect a nation's wealth have nothing to do with this life and everything to do with the next, according to research published in the *American Sociological Review* by Warburg professor of economics Robert Barro, Ph.D. '70, and Rachel McCleary, director of the religion, political economy, and society project at the Weatherhead Center for International Affairs. (The two are married.) "We find that there's a

dimension of religiousness that seems to be conducive to growth—certain kinds of beliefs that relate to Weber and perhaps support productivity," Barro says.

The afterlife with the biggest economic clout isn't heaven, but hell. Increased belief in hell, along with a given level of church attendance, can push growth in gross domestic product (GDP) per capita up by 0.5 percent per year, compared to the average growth rate of 2 percent for

all countries studied. (The annual U.S. growth rate since 1870 also happens to be 2 percent.)

How can such otherworldly beliefs raise GDP? "By affecting individual character traits like work ethic, which Weber focused on," explains Barro, "but also [by affecting] honesty, thrift, and openness to strangers, thereby affecting productivity and then economic growth." Afterlife beliefs provide incentives. "You can think about the incentives either as positive rewards for good behavior, which would be more like belief in heaven, or negative actions—'sticks'—related to bad behavior," he says. "Some religions tend to stress one more than the other, and the role of hell and damnation is particularly strong in the Muslim religion."

To investigate and quantify religion's economic influence, Barro and McCleary analyzed data on 59 countries from the World Values Survey, Gallup, and other polls taken between 1981 and 1999.

The questions (such as "Do you believe in God/life after death/heaven/hell?") concerned religious belief and attendance at places of worship for nine religious affiliations, including the five major faiths. The researchers correlated these data with a country's economic growth and other economic variables, such as educational attainment and life expectancy.



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Belief in God is so widespread—90 percent in the United States and 80 percent across all countries in the sample—that it fails to signify specific behavior or traits. “Instinctively, people think they have to say yes to this question,” says Barro. But for what he calls more “extreme” beliefs, the yes fraction is smaller and more related to economic results. Across the whole panel of countries, 55 percent of respondents believed in heaven, but hell garnered only 38 percent. In countries such as France, Barro says, it’s not intellectually respectable to say one believes in hell. But in Muslim countries such belief is extremely high, nearly 90 percent.

If belief in hell enhances economic success, it would follow that Muslim cultures, with the most vivid depictions of damnation, would have the greatest prosperity. Yet that’s not quite the case. Growth is above average in Turkey, Malaysia, and Indonesia, for example, but Nigeria, Iran, and Iraq have done badly. There is something else at work. “The Muslim countries are high on the beliefs that are reinforcing of growth,” says Barro, “but they’re also the highest in terms of the resources used up in religious participation—like the business of praying five times a day, or attendance at formal services.” McCleary explains, “The more you participate in a religious activity, the more you’re not engaged in productive activity and the more you’re out of the marketplace.”

Britain, Japan, and the Scandinavian countries, on the other hand, exhibit a pattern of high belief relative to low attendance at worship services. “People say that somehow these countries have lost religion,” Barro says. “But we don’t see it that way, because the belief levels are still pretty high,” even though people don’t spend a lot of time going to church. If you think of the “religion sector” as being in the business of producing beliefs, he suggests, then the way for it to be most productive is to generate a lot of belief without expending a lot of resources or time.

The study contravenes the long-dominant “secularization thesis” that religiosity decreases as national wealth increases. “If you separate out religious activity from religious beliefs, then religious beliefs do continue to play an important role in productivity,” says McCleary. The researchers conclude that strong belief despite minimal practice is the most economically advantageous religious orientation.

High conversion rates from Eastern religions to Protestantism have reinforced the tremendous economic growth in South Korea, the researchers say, and they anticipate greater prosperity in Latin America due to widespread conver-

sion from “time-consuming” Catholicism to productivity-enhancing Protestantism. In other words, à la Weber, Protestantism triumphs once again. Whether you applaud or question this empirical support for the Protestant ethic, future economists will find it hard to ignore religion as an important economic determinant.

—HARBOUR FRASER HODDER

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### BOTH SIDES OF THE AISLE

## Megastore Politics

**W**AL-MART, with its 3,500 stores across the country (as well as plans to add nearly 10 percent more in 2004), is the most visible part of the trend toward “big box” stores, giant warehouse-style

discount stores that offer every conceivable product under one roof—from food and clothing to gardening equipment and tires. Recent research shows that at least 82 percent of American households make at least one purchase annually at Wal-Mart.

Shoppers check out at the Wal-Mart supercenter in South Reno, Nevada, in July 2003.

