Review of Michael McBride's *An Economic Approach to Religion*, World Scientific Publishing 2022, 420 pp.

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In 2021, I was looking for resources to teach the Economics of Religion, a new elective undergraduate course that I was developing for my department. I was unable to find a textbook at the undergraduate level, so I ended up drawing mostly from journal articles to design my course (Jahangir 2022). However, I recently came across the textbook by McBride and I found it to be an excellent resource. In what follows I offer a synoptic and critical review.

McBride emphasizes that his focus is on explaining religious behavior and not on analyzing the impact of religion on other socio-economic variables (vii). This means that the impact of religion on economic growth is not directly considered. His broad objective is to investigate why individuals provide time and resources to religious groups, how religious groups succeed, and what may be the future of religion (v). Thus, in contrast to religious economics, McBride defines the economics of religion as based on the application of rational choice theory (vii). Additionally, he states that this economic approach can be applied to study a vast array of social phenomena (3), an approach that is critiqued as economic imperialism (foisting the economic method) within heterodox economics circles.

While McBride recognizes that the technical conditions of rational choice require "extreme cognitive abilities" and strict "behavioural consistency," he states that whether real-world individuals conform to such conditions is not important for economic analysis (8). However, the approach undertaken in the heterodox economics literature critiques hyper-rationality, as limited cognitive ability in real life does not allow individuals to optimize; instead, they make decisions based on heuristics, which allows corporations to take advantage of consumers through information overload, framing, and fine print. Nonetheless, McBride does not exclusively focus on the standard economics approach, as he delineates topics of cultural transmission, internalized moral norms, change based on tipping points, and models not usually considered at the ECON-101 level. Thus, McBride's approach goes beyond standard neoclassical economics.

McBride notes that the decision to attend church is based on cost-benefit analysis, where the opportunity cost of attending is weighed against the benefits that include expected well-being in the afterlife, satisfaction from a sermon, time spent with friends, or financial gain from professional networking (48-9). Moreover, preference for church attendance can shift with age, as the retired person may have more time, they may experience a decrease in utility from secular leisure activities, or they may attend church with children or grandchildren (58). Thus, to explain religious choice, McBride not only uses the standard economic approach, which assumes taste or preferences as given, but also accounts for a shift in preferences.

He uses a similar nuanced approach to illustrate the impact of income on religious participation. Thus, he states that the impact of a positive income shock on church attendance is not always clear, as higher income increases the value of secular substitutes but also allows for deriving greater value from church through financial donations (57). He adds that empirical evidence shows a positive relationship between attending and donating, which means that attendance and donation are complements. It also shows, however, that with wage increases, religious activity becomes more money intensive instead of time intensive, which means that attendance and donation are substitutes (59, 60). Overall, such a nuanced presentation confirms that empirical evidence in economics is hardly conclusive.

Referencing the Dictator game and the Ultimatum game in experimental economics, McBride notes that individuals do not behave as *Homo Economicus,* and emphasizes the role of social norms (70, 71). In contrast to merely carrying out cost-benefit analysis, individuals seem to be motivated by praise and criticism, they have an intrinsic bent toward norm compliance, and they experience feelings of guilt and shame arising from norm violations (73-5). McBride thus provides a richer picture of how individuals make decisions, as opposed to the caricature of *Homo Economicus.*

McBride defines religious capital as referring to a compilation of the individual's knowledge, friendships, and acquired taste associated with a religious group (79-80). Using this definition, he states that because of accumulated religious capital, a greater percentage of religious folks will maintain their religious affiliation (80-81). This means that less conversion is observed among older individuals than among young adults, and that religious switching is more likely to happen between religious groups with similar teachings and practices, as religious capital could be easily transferred (81). However, apart from religious capital, he highlights the role of cultural transmission, as parents and communities transfer religious values intergenerationally (84).

Overall, by highlighting religious capital, which emphasizes the role of personal choice, and cultural transmission, which emphasizes the role of parental and social influence, McBride illustrates individual religious preference as both sovereign and interdependent. In the subsequent three chapters he addresses three economic problems—the credibility problem, the free-rider problem, and the coordination problem.

McBride notes that the task of a religious group is to convince potential members of the veracity of the doctrine and to convince members to sacrifice time and resources for the group (89). One way this credibility problem can be addressed is through signaling. For instance, clergy are paid lower salaries compared to the secular market, as it allows for a "credible signal" to outsiders that the clergy are not incentivized to overstate the quality of the religious group (99). Similarly, in Islam, young Muslim scholars obtain an *ijaza* (signed notes of training) from older scholars to signal their credibility, as less-effective scholars would not undertake such rigorous training (100). Another way religious groups can address the credibility problem is by acting against individual critics that threaten the credibility of the group by removing them from positions of power, severing social ties with them, or by expelling them from the group (101). Thus, McBride shows that the credibility problem can be resolved with the economic approach of signaling or the social approach of exclusion. To reiterate, he offers multiple approaches instead of confining himself to standard neoclassical economics.

McBride notes that the free-rider problem arises in religious settings, as enthusiasm and donations are required to produce religious goods such as the worship service and maintenance of the church building (112). This means that individuals have an incentive to free ride on the efforts of other religious participants who volunteer their time and donations. One solution to the free-rider problem is to recognize group members that make outstanding contributions, through (publicly) expressing appreciation for their efforts or through awarding a commemorative plaque (122). Religious groups can also reduce the free-rider problem by promoting dense social networks, as they allow informal monitoring through gossip and impact on reputation (128-9).

The economic solution is screening religious members through dietary, grooming, and dress codes, which are costly actions to undertake (as they invite social stigma, 126). The free-rider problem is reduced, as the cost of following such codes is less for those with more accumulated religious capital and internalized religious norms (127). Moreover, since screening increases the cost of secular activities and reduces the opportunity cost of church participation, it increases member contribution to the religious group (127). Thus, McBride shows that the free-rider problem can be tackled by the economic approach of screening or the social approach of community recognition and dense social networks.

According to McBride, the inability of religious group members to coordinate actions results in the coordination problem, which is resolved by aligning social expectations through religious authority (137-8). This happens when religious leaders appeal to internalized moral norms that shift individual preferences towards compliance. However, cooperative behavior also requires that enough people comply with social norms so that a tipping point is achieved when enough individual preferences have shifted, which allows for abrupt change (148-150, 153). Finally, in addressing the coordination problem, religious leaders also have to have the authority to decide on doctrine, change church policies, and expel those who violate the rules of the religious group (142). Overall, McBride shows that the coordination problem can be resolved by moral authority. It is interesting to note that this authority approach contrasts with the free market approach in neoclassical economics, where the invisible hand guides individual actions.

McBride notes that religious competition can explain high religiosity in the U.S., and that barriers to religious entry explain low religiosity in Europe (224). However, the impact of competition and regulation on religious participation is complex. According to McBride, religious competition or pluralism can either reduce participation by undermining credibility, or increase participation by better matching consumer preferences (225). Similarly, when regulations inhibit religious substitutes but do not inhibit secular substitutes there can be low religious participation (as in the case of Sweden), but when regulations inhibit both religious and secular substitutes there can be high religious participation (as in the case of Saudi Arabia) (222-3). Thus, we can find a positive correlation between pluralism and participation when the data set includes countries like Sweden and the U.S., but a negative correlation between pluralism and participation when the data set has countries like Saudi Arabia and the U.S. (225-6). Thus, McBride provides a more complex picture of the impact of competition and regulation on religious participation.

McBride notes that, according to one form of the secularization thesis, instead of declining, religion changes over time to emphasize personal choice over tradition (319). Therefore, religion is not necessarily undermined if it is understood broadly as a "humanistic moral code" (320). Moreover, secularization is contained if market forces support religiosity through religious competition in the absence of government intervention (319).

McBride provides a complex picture of the impact of secularization on religious participation. He reiterates that secularization may facilitate religious participation if the religious market becomes more competitive when the official church loses state patronage, but also asserts that if state regulations impede religious entrepreneurship, then religious participation will be undermined (327). Likewise, he offers a complex picture of the impact of education on religious participation. Thus, while education on the scientific method can undermine the demand for religion, religious groups can remedy for that by focusing on teachings on the supernatural and the afterlife (331-2). Moreover, by offering psychological benefits, religion helps people cope with insecurities and negative life events affecting health and wellbeing (340).

Overall, McBride offers a nuanced view of the secularization thesis and the rational choice theory by arguing that not only does secularization not necessarily undermine religion, but also rational choice theory does not necessarily incentivize religion, as given the multiple demand and supply factors at play, the overall impact on religious participation is not always clear.

McBride highlights many other ideas, such as situating violence in the context of communities marred by violence and the absence of public services (199), the impact of racial discrimination in housing on congregation segregation (258), and the unintended consequences of veiling regulations (354-6). However, his textbook is based on complex models (such as the church-sect theory or the evolution of norms model), which are suitable for 400-level topics or an advanced undergraduate course. For a 200-level or 300-level elective course, I would use his book as a recommended resource for further study. Regardless, it is an excellent resource that goes beyond the standard neoclassical economics paradigm to address topics of cultural transmission and internalized moral norms, the complex impact of competition and regulation—and in so doing, leaves the readers with a richer understanding of the complex real world.

References

Jahangir, Junaid B. 2022. “Teaching the Economics of Religion to Undergraduate Economics Students.” *Journal of Economics, Theology and Religion* 2, no. 1: 29–50.