

## **Religious Extremism: The Good, the Bad, and the Deadly\***

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# Religious Extremism: The Good, the Bad, and the Deadly\*

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## I. Introduction

Not long ago, I might have introduced an essay on religious extremism in any number of ways. Today I have little choice but to begin with the events of September 11. The images of hate, murder, and destruction have been seared into our minds, and our minds demand an explanation.

The question, of course, is whether I can add anything of value to the mountain of explanations already supplied by the multitude of journalists, politicians, and academics who have come before me. More precisely, can I add anything of value while speaking as an economist? I believe that the answer is yes. But I must warn that my observations concern a phenomenon much broader than terrorist attacks and radical Islam. This is, in part, a matter of necessity, for I am not an expert on Islam, Al Qaeda, or the Middle East. But it also reflects my conviction that we cannot comprehend the suicidal zealot apart from the self-sacrificing saint – not because the two share a *moral* equivalence, but rather because the internal *logic* and social *foundations* of religious extremism are much the same, whether the extremists' goals are good, or bad, or deadly.

As I see it, economics offers a new perspective on religious extremism – one that steers a path between the journalistic tendency to over-generalize *and* over-particularize the causes of September 11. The overly general explanations include those that largely ignore religion and explain radical Islam as a simple consequence of poverty, oppression, or Western imperialism. Such explanations cannot account for the relative absence of terrorism throughout the poor, non-democratic, and non-Western nations of the world. By contrast, the overly particular explanations imply that radical Islam is largely unique, the product of Islamic culture, Middle-Eastern history, and contemporary politics, economics, and technology. For an untenable combination of *both* perspectives, consider the line of scholarship that applies the term “fundamentalism” to *all* contemporary examples of religious militancy while at the same time refusing to apply the term to *any* historic movement no matter how militant or extreme (based on the unproven claim that fundamentalism represents a unique response to modernity).

My analysis follows the lead of Adam Smith (1965: 740-766) who laid the foundation for the economic analysis of religion in 1776. In *The Wealth of Nations*, Smith argued that self-interest motivates clergy just as it does secular producers; that market forces constrain churches just as they constrain secular firms; and that the benefits of competition, the burdens of monopoly, and the hazards of government regulation are as real for religion as for any other sector of the economy.

Smith's insights were overlooked for more than two centuries, by sociologists, psychologists, and anthropologists who approached religion as decidedly non-rational behavior, and by economists who ignored religion altogether. Indeed, the overwhelming majority of 19th and 20th-century social scientists dismissed religious institutions as a dying vestige of our primitive, pre-scientific past.

But contemporary scholars have returned to Smith's insights. Viewing religious behavior as an instance of rational choice, rather than an exception to it, economists have analyzed religious behavior at the individual, group, and national levels. And sociologists now speak of rational choice and market models as a "new paradigm" for their studies of religion.

My views on religious extremism grow directly from this work and cannot be explained without reference to it. I have therefore structured this talk as one might a tour, starting with broad principles, ending with specific applications, and visiting numerous examples along the way.

Throughout, I will emphasize two policy-relevant themes. First, that academics, journalists, and governing officials can best understand religious commitment – even its more extreme manifestations – by viewing it as rational (normal, reasonable) behavior. And second, that the effects of government intervention are, if anything, more pernicious in the realm of religion than in the realm of commerce. To label religious extremism the product of ignorance, coercion, or psychopathology is to foster misunderstanding. To combat extremism with the powers of the state is to invite conflict. To support "good" religion while repressing "bad" religion is to invite violence.

### *Methods: The Economic Approach*

The economics of religion is characterized by an approach rather than a domain of study. As with other applications of economics theory (Becker 1976: 5), it rests upon "the combined assumptions of maximizing behavior, market equilibrium, and stable preferences used relentlessly and unflinchingly." The approach thus views people as rational *religious consumers*. With an eye toward costs and benefits, they choose how extensively to participate in religion and what religion (if any) they will embrace. Over time they may substantially modify their religious choices and, hence, their religious activities. They may do so even if their tastes, norms, or beliefs do *not* change. Indeed, the economic approach views most behavior (and most interpersonal differences) as rational responses to varying prices, incomes, skills, experiences, technologies, and endowments.

Similar assumptions apply to religion's supply side. *Religious producers* maximize members, net resources, government support, or some other basic determinant of institutional welfare. The actions of churches and clergy (or denominations and rabbis) are thus modeled as rational responses to the constraints and opportunities found in the religious marketplace.

The combined actions of religious consumers and religious producers form a religious market which, like other markets, tends toward a steady-state equilibrium. As in other markets, the consumers' freedom to choose constrains the producers of religion. A "seller" (whether of automobiles or absolution) cannot long survive without the steady support of "buyers" (whether money-paying customers, dues-paying members, contributors and coworkers, or governmental

subsidizers). Consumer preferences thus shape the content of religious commodities and the structure of the institutions that provide them. These effects are felt more strongly where religion is less regulated and competition among religious firms is more pronounced. In a highly competitive environment, religions have little choice but to abandon inefficient modes of production and unpopular products in favor of more attractive and profitable alternatives.

## II. Origins: Supernaturalism

As the previous paragraphs suggest, standard economic insights have much to say about religion. The economic theorist can posit a demand for (suitably-defined) religious commodities and jump directly to standard insights about production, consumption, supply, demand, cost, benefit, monopoly, competition, regulation, and laissez-faire. Most contributions to the economics of religion do just this, sidestepping debates about the true nature of religion, the foundations of individual faith, and the structure of religious institutions. (See, for example, Iannaccone 1998.)

A different approach is needed, however, to construct a *general* theory of religion – one with relevance for many religions, in many times, cultures, and places. To explain the fundamental features of religious practice and religious institutions, religious commodities must be distinguished from all other commodities, and the demand for religion must be distinguished from all other demands.

The following paragraphs review a theory of religion that I develop more fully in a forthcoming book. The theory is by no means complete. It does, however, get beneath the standard “givens” of economic analysis, working from more basic assumptions about the physical world and human nature. It defines religion, magic, and supernaturalism in terms that are broad yet amenable to economic analysis.<sup>1</sup> It accounts for the universality of supernaturalism, the differences between religion and magic, the appeal of specific religious doctrines, and the tendency for science and technology to displace magic more readily than religion. (The body of this paper restricts its focus to religion; see the appendix to this paper for a discussion of magic.) Thanks to the meticulous work of anthropologists, sociologists, and historians, we can confirm many of the theory’s predictions, drawing from a wealth of historical and ethnographic data concerning “primitive,” ancient, and non-Western cultures.

### *Scarcity, Rationality, and the Demand for Supernaturalism:*

The theory presumes a human tendency to identify most everyday phenomena as natural or normal. The *SUPERNATURAL* refers to forces or beings beyond or outside this natural order, which can suspend, alter, or ignore the normal flow of events.

The theory also presumes scarcity and rationality. In the beginning, in the end, and everywhere in between, there is no such thing as a free lunch, no escape from scarcity. Humans, however, are not equipped simply to accept scarcity, but are instead driven to satisfy their wants and are equipped to do so with unparalleled efficacy. The pressures of survival and the powers of their minds motivate people to defy their apparent destiny and strive for longer, more comfortable, and more meaningful lives. Most efforts fail, but some succeed spectacularly, as with the development of cooking, hunting, agriculture, writing, and the wheel, or democracy, law,

literature, and art, or, in more recent times, physics, biology, chemistry, engineering, mathematics, medicine, and computing. Each of these magnificent inventions may be viewed as a technology to expand our “opportunity sets” and push back the limits of scarcity.

Against this background, supernaturalism emerges as an *alternative technology* – a natural, understandable, and perhaps even fully rational attempt to enhance individual and collective welfare. Supernaturalism posits the existence of mystical powers that transcend the normal physical limits of everyday life. If it is possible to influence, harness, or benefit from such powers, then the supernatural provides yet another way to combat scarcity. To be sure, its existence and efficacy eludes positive proof – a fact that did not escape the notice of ancient “primitives” any more than it has that of modern scientists. But uncertainty cannot quench its underlying attraction, for by definition the supernatural holds forth the prospect of otherwise unattainable rewards.

Demand for the supernatural can be viewed as a reasonable response to inescapable scarcity, insatiable wants, and irrepressible hope. Supernaturalism confronts humans with the broadest form of Pascal’s Wager (Pascal 1910, §233). For anyone willing to grant the supernatural *some* probability of existence, it almost certainly makes sense to try at least one thing that one would not otherwise do – offer prayers (as even most atheists admit to saying), practice rituals, embrace beliefs, wear charms, worship, meditate, study, dance, chant, conjure, or sacrifice. As with “normal” behavior, these acts of religion and magic increase one’s expected utility wherever their costs are lower than their postulated benefits times the subjective probability that the benefits will, in fact, arise. Supernatural investments make sense, not just for the credulous, fanatic, and faithful, but also for the hopeful skeptics and cautious agnostics – anyone who does not *know* the skies are empty. We thus arrive at a proposition that turns the standard notion of faith on its head:

*Rational individuals will seek to understand and influence the supernatural to the extent that they remain uncertain of its NON-existence.*

The point is not to defend supernaturalism, nor discredit it, but merely to emphasize its underlying economic rationale and universal attraction. Neanderthal and Cro-Magnon man left cave paintings, burial sites, and carvings that virtually all archeologists take as proof of religious beliefs. Every historic culture has left a rich record of supernatural beliefs and practices – in temples and totems, traditions and texts, and art and administration. Supernaturalism is no less universal in the hundreds of preliterate societies observed and catalogued by 19th and 20th century anthropologists.

Supernaturalism likewise prevails in every society of today’s developed world. Although Americans seem to hold the record for religiosity, with more than 95% professing belief in “God or a Universal Spirit,” the supposedly secular populations of Europe maintain remarkably high levels of faith in supernatural phenomena. In every European country (except the former East Germany), atheists number fewer than fifteen percent of the population (Jagodzinski and Greeley 1997). The resilience of religiosity is nowhere more evident than in Russia, where despite sixty years of state-sponsored atheism, bloody church purges, widespread religious persecution, and pervasive secular indoctrination, only eight percent of the people remained atheistic by 1990 and

religious belief is especially widespread among the young (Trojanovsky 1991; Filatov 1993: 120).

The vast majority of people find atheism intellectually demanding and emotionally unsatisfying. One must push well beyond the uncertainty of the agnostic or the inactivity of the apathetic, only to be rewarded with the absence of hope. No wonder the children of atheists are more likely to abandon their parents' beliefs than are the children of any (other) religion (Stark and Bainbridge 1985: 47-48).

An economic perspective thus helps us to understand one of the great predictive failures in the history of the social science: the failure of secularization theory. For centuries, scholars have confidently, and incorrectly, predicted the immanent demise of religion. With powerful prose, but no real proof, Hume, Comte, Marx, Freud, the Huxleys, and other influential intellectuals, pronounced religion a dying vestige of our primitive, pre-scientific past (Iannaccone, Stark, and Finke 1998). Within academia, the media, and most public discourse, this received wisdom sustained a large body of stylized facts. For example: that religion must inevitably decline as science and technology advance; that individuals become less religious and more skeptical of supernaturalism as they acquire more education, particularly more familiarity with science; and that most members of deviant "cults" and fundamentalistic "sects" are victims of indoctrination or abnormal psychology (from trauma, neurosis, or unmet needs). In contrast, decades of empirical research, using methods that range from cross-cultural comparisons, to cross-sectional surveys, leave no doubt that these generalizations are simply false (Stark and Bainbridge 1985; Hadden 1987; Greeley 1989). Throughout the world – in Latin America, India, Africa, Europe, the Middle East, formerly communist countries, and the United States – religion continues to flourish, especially its more fundamentalistic variants.

In short, the demand for supernaturalism is as basic and irrepressible as the wants it seeks to satisfy.

### **III. Development: Professionalism**

What many demand, others will gladly supply. The consumers' hope for otherwise unobtainable payoffs provide ample opportunities for producer profit. Pie in the sky regularly sells for cash on the barrel. Markets for supernatural goods and services thus develop as naturally as other markets, and sooner in cultural history.

Self-interest and other standard economic forces promote professionalization. Supernatural specialists arise to exploit the gains from trade, specialization, and entrepreneurship. These would-be priests, prophets, and seers fan to flame the sparks of faith. Whether prompted by conviction or the lure of profit, prestige, and power, their activities promote belief and shape its form. Specialization leads, in turn, to institutionalization and product differentiation. Groups of religious professionals establish firms and franchises, offering distinctive services, terms of trade, apprenticeship programs, rites of initiation, and rules of membership. The organizational features we associate with religion in contemporary Western countries, including congregations, denominations, and clergy, are strictly analogous to those of secular industries.

On the other hand, markets for the supernatural have special features, which trace back to the unique character of their underlying technology. Three deserve emphasis:

First, the market is naturally competitive, with few barriers to entry or imitation, modest returns to scale, and a range of promised products for which the sky (literally) is the limit. Backed by coercive power, a single religious firm may dominate the market for “legitimate” religion, but diversity and competition almost always persist in an underground economy (as illustrated by Biblical Israel’s failure to root out pagan worship or the Medieval Catholic Church’s inability to eliminate witchcraft, heresy, and sect movements).

Second, the market offers a uniquely wide range of products. In principle and practice, no desire, however large, small, abstract, or specific lies beyond the range of the supernatural. People will invoke the supernatural for *everything*. Individually, they will pray (and sacrifice, and chant, and meditate) for physical health, emotional support, information and advice, prosperity, good fortune, favorable weather, protection from enemies, plentiful harvests, life-after-death, romance, revelations, and, yes, good sex.<sup>2</sup> Collectively, they will also petition the supernatural for peace, prosperity, domestic tranquillity, victory in battle, and a bright future. And those in positions of power will, regardless of their personal beliefs, will publicly invoke the supernatural to motivate (or terrify) their subjects, maintain loyalty, legitimate their power, and reinforce the prevailing social order. There is thus *no logical limit* to the size or scope of rewards that humans will seek through supernatural means.<sup>3</sup> Jeffersonian Deists and Unitarian preachers may proclaim a distant God, who forswears miracles and magic, but rank-and-file believers the world over seem happy to seek every conceivable blessing – material or spiritual, miraculous or mundane, specific or general, and here-and-now or by-and-by.

Third and last, the market must address problems of information and uncertainty. The existence and efficacy of supernatural technologies remain always a matter of faith. The prospect of otherwise unobtainable rewards (including eternal life, peace on earth, and unending bliss) is tied to tremendous uncertainty. In the language of economists Darby and Karni (1973), religion offers the ultimate in “credence goods,” because no amount of experience (this side of death) suffices fully to evaluate its quality and efficacy. Insights from the economics of uncertainty help us understand the activities and institutions that arise in response to this dilemma. In particular, two different strategies for managing risk – diversification and specialization – arise in both secular and religious markets. As we shall see, the different strategies lead to different forms of religious organizations (inclusive versus exclusive) specializing in different types of products and different patterns of practice.

#### **IV. Differentiation: Denominationalism**

Within the religious marketplace there naturally arise different niches, not all of which provide equally intense experiences. Some religious traditions, notably Judaism, Christianity, and Islam, have a much stronger communal orientation than that of others, such as Buddhism and Hinduism. Within each religious tradition, moreover, some firms maintain rigorous systems of shared beliefs, morality, whereas other firms demand very little. It is the former that we label “extremists” (or “sects,” “cults,” and “fundamentalists”); the latter are more known as “moderates,” “liberals,” or “mainstream churches.”

Traditional academic theories of religion have no way to explain the persistence of extremist groups except to view their adherents as victims of ignorance, coercion, deception, or psychopathology. Economic theory does better. Without resort to irrationality, it explains ongoing demand for supernaturalism, distinguishes magic from religion, predicts their chief differences, and, as we shall see, accounts for religious extremism.

*Risk:* To better understand the appeal of group-oriented religion, and to see how this leads in turn to religious extremism, let us return to the problem of religious risk. The dilemma confronting religious consumers is analogous to that which confronts used-car buyers. Product quality is difficult to assess, even after purchase and use, and this tempts sellers to overstate the value of their merchandise or disguise its flaws. Not wishing to be cheated, buyers demand guarantees, seek information from third parties, or investigate the seller's reputation. Sellers are thus motivated to provide, or at least appear to provide, proof that their claims are true. Because the logic of this argument applies quite generally, we can predict the emergence of religious institutions and arrangements designed to reduce fraud and increase information.

Examples are not hard to find. Testimonials are commonplace in religion and, predictably, are more common in those variants that place greater emphasis on material blessings. Testimonies are more likely to be believed when they come from a trusted source, such as a personal acquaintance or a respected figure. They are especially credible when testifiers have relatively little to gain (or, better yet, much to lose) from having their claims heard and believed. This helps to explain why the character of religious activity is so often *collective* and the structure of religious organizations is so often *congregational*. Fellow members are more trustworthy than strangers. They also have less incentive to overstate the benefits of the religion than do members of the clergy, whose livelihood depends on a steady stream of "sales." The clergy, in turn, are more persuasive when they do not benefit materially from their followers' faith or when they receive low salaries relative to their level of training.

Economic theory thus explains several distinctive features of religious institutions in terms of their ability to reduce fraud. These include: a minimal professional staff whose financial compensation is low or independent of customer payments; heavy reliance on part-time and volunteer workers (and thus reliance on payments of time and service rather than money); a congregational structure, which limits the need for full-time professionals and provides a source of credible product endorsements; and collective activities, which provide continuous assurance through the enthusiasm, devotion, conviction, and testimony of fellow members.

*Free-riders:* Unfortunately, the same congregational structure that works to reduce the risk of fraud, thereby making religion more compelling and attractive, also makes it more vulnerable to "free-rider" problems. Such problems arise wherever individuals find it possible to reap the benefits of other people's efforts without expending a corresponding effort of their own.

One need not look far to find examples of anemic congregations plagued by free-riding – a visit to the nearest "liberal" Protestant church usually will suffice. In theory and practice, however, it is the most communally-oriented groups that are most susceptible to free-riding. Kanter (1973: 157-158) documents the commitment problems that plagued most nineteenth century communes and quotes Charles Guide's observation that "these colonies are threatened as much by success

as by failure ... [for] if they attain prosperity they attract a crowd of members who lack the enthusiasm and faith of the earlier ones.”

*Sacrifice and Stigma:* Costly demands offer a solution to the dilemma (Iannaccone 1992; 1994). The costs are not the standard costs associated with the production or purchase of secular commodities. Rather, they are apparently *gratuitous* costs that demand sacrifice and invite stigma: burnt offerings, which destroy valued resources; distinctive dress and grooming that bring ridicule or scorn; dietary and sexual prohibitions that limit opportunities for pleasure; restrictions on the use of modern medicine or technology. The list goes on. Such costs are present to some degree in all religions, but they are especially pronounced in the groups we label “extremist.”

Costly demands mitigate the free-rider problems in two ways. First, they create a social barrier that tends to screen out half-hearted members. No longer is it possible simply to drop by and reap the benefits of attendance or membership. To take part, one must pay a price, bearing the stigma and sacrifice demanded of all members. Second, they increase the relative value of group activities, thereby stimulating participation among those who do join the group. Social stigmas make it costly (or even impossible) to engage in activities outside the group, and as the price of external activities rises, the demand for internal substitutes increases. To put the matter crudely: a comprehensive ban on dances, movies, gambling, drinking, and “worldly” friendships can turn a church social into the highlight of the week.

Extremist groups thus survive and flourish. Their costly strictures induce high levels of commitment and participation; and, strange as it may seem, many members come out ahead, even after taking full account of their social and economic losses. The required tradeoff is most likely to benefit people with limited secular opportunities (due, for example, to limited education, low wages, unpleasant jobs, or low social status). People with greater secular opportunities (and those who simply attach less faith or value to the supernatural) will prefer less demanding groups, even if these groups provide fewer rewards. Their behavior represents an alternative risk-reducing strategy, tantamount to investing in assets with lower but more certain rates of return.<sup>4</sup>

*Denominationalism:* The journey through risk, collective action, free-riding, and costs thus leads to theory of religious denominationalism. The theory classifies religious groups according to the extent to which they limit the consumption opportunities of their members. Moreover, it predicts the emergence of a *denominational continuum* within any major religious tradition, be it Christian, Jewish, Moslem, Buddhist, or Hindu. Toward one end of the continuum, we expect to find “extremist” groups that demand very high levels of sacrifice. Toward the other end, we expect to find “lenient” groups that demand very little of their members. If the theory is correct, then groups that demand similar levels of sacrifice will display similar social characteristics despite their differences in organization, history, and theology. Thus, the high-cost groups of any religious tradition will tend to be exclusive, strict, small (at the local level), suspicious of other groups, and critical of secular society. Members will learn to fully embrace the group’s distinctive lifestyle, devoting their resources to the group’s activities and goals, or else face penalties, up to and including expulsion. In contrast, low-cost groups will tend to be inclusive, lenient, tolerant of secular values, and open to loosely affiliated members.

To emphasize that these and other characteristics hang together is nothing new. The empirical regularities associated with different “types” of religious groups have fascinated sociologists of religion for nearly a century. Following the pioneering work of Ernst Troeltsch (1931) and Max Weber (1963), *sect* is the generic term most often applied to exclusive groups, whereas inclusive groups are called *churches*. In one sense, church-sect research is the sociology of religion’s greatest accomplishment. There thus exists a mountain of research documenting the social characteristics of religious groups and their members and confirming the correlation among various institutional and individual characteristics. In another sense, however, church and sect have been a source continual frustration and confusion. Despite decades of work, scholars consistently failed to explain *why* different characteristics hang together. Nor could they agree on classification schemes that fit their growing body of data.

Against this backdrop, the economic theory of denominations is a major step forward. Mainstream “churches” and extremist “sects” emerge from it as analytically distinct modes of religious organization rather than *ad hoc* descriptive categories, and the empirical correlates of sectarianism (including strict behavioral standards, dramatic conversions, high levels of religious participation, resistance to social change, lower-class and minority appeal) emerge as formal consequences of a high-cost/high-commitment strategy. (See Iannaccone 1988; 1992; 1994 for details.) A single theory thus suffices to explain (and predict) numerous empirical insights about religious organizations and their members.

## **V. Conflict: From Extremism to Militancy**

High-cost sectarian religion appeals to people not because the people have deviant wants, but because high-cost groups provide a collective setting in which normal, but unsatisfied, wants can be met. Extremist “sects” are faith-based *communities*, dedicated to the production of communal goods and to the pursuit of communal goals. To miss this point, as do many scholars and most journalists, is to miss the essence of sectarianism and buy the rhetoric of its critics. Leaning heavily on words like “angry” and “intolerant,” the standard accounts portray sect members as “militant” fundamentalists “fighting” backward-looking campaigns against the enlightened forces of liberal, progressive modernism.

The truth is far different and far less frightening. Sectarian movements flourish because they provide their members hope for the future, benefits for the present, and insurance against misfortune. They assist those who suffer financial setbacks and ill health. Their social networks help members form joint business ventures, establish long-term friendships, and find suitable marriage partners. As Adam Smith realized, they also provide information about an individual’s reliability and credit-worthiness, which economically disadvantaged people may otherwise have trouble signaling to financial institutions, prospective employers, and the society at large (Smith 1965 [1776]: 747).

Sects help parents socialize their children; their concern for “family values” is no coincidence. Combine the typical sect’s comprehensive behavioral guidelines with its members’ high levels of commitment and participation. Add extensive monitoring and sanctions, both formal and informal. One arrives at a very effective means of constraining opportunistic behavior and transmitting values to children (Iannaccone 1995b).

Case studies and survey data provide strong support for all these claims. In America, for example, adolescents raised in sectarian denominations manifest lower levels of most “deviant” behaviors including drug use, smoking, drinking, and criminal activity (Bock, Cochran et al. 1987; Stark and Bainbridge 1998). Sect members who marry within their religion have substantially lower divorce rates than couples from different, or less sectarian, religious backgrounds (Lehrer and Chiswick 1993). There is, moreover, a large body of empirical research, published in numerous medical and psychological journals, linking higher levels of religious faith and participation to improved mental and physical health. Religiosity in general, and sect membership in particular, seems to increase life satisfaction, promote healthy behaviors, and insulate people against emotional and physical stress (Ellison 1991 and; 1993).

The situation is much the same throughout the Middle East. From Egypt and Palestine to Pakistan and Afghanistan, extremists groups have enjoyed broad support – especially among the poorer segments of society – because they are major suppliers of mutual aid and social services. In countries plagued by widespread poverty, rampant corruption, oppressive governments, people look to religion, not only for spiritual solace, but also for education, entertainment, health care, mutual aid, and economic opportunities. Religiously supported institutions have served these functions in many times and places (including 19th and early-20th century America), but they loom especially large in contemporary Islamic countries, where external funds and internal politics have combined to enhance the power of mullahs, mosques, and *madrashahs*. Thus, as Fritsch (2001) notes, the “near collapse of public education in Pakistan and Afghanistan – and the corresponding rise in influence of the *madrashahs* – are critical legacies of more than two decades of Cold War proxy battles,” for when the Soviets retreated and the U.S. suspended most of its financial support, “Militant Muslims eagerly stepped into the vacuum” providing, among other things, free education, room, and board to the young boys it trained as *taliban*.

### *The Dark Side: Intolerance, conflict, and “fanaticism”*

Sects are high-powered religious organizations, peopled by committed, active members. Their commitment is the social equivalent of potential energy, their activity, the equivalent of kinetic energy. As illustrated by the *taliban*, the combination can be explosive. It is, of course, this aspect – aggressiveness, militancy, and occasional violence – that accounts for much of the attention given to religious extremists.<sup>5</sup> Yet only a very selective inquiry can sustain the notion that most or even many sectarian groups are prone to violent conflict with their religious or secular opponents.

I see no theoretical justification for limiting the label “extremist” or “fundamentalist” to the *militant* subset of all sects, thereby viewing them as a special “type” of religious movement. Upon closer inspection, one finds few, if any, internal social-religious traits that differentiate such sects from the rest. More importantly, the degree of militancy within such groups varies dramatically over time, even as their underlying sectarian traits remain fairly stable. (For extensive evidence, see the volumes of the Fundamentalism Project, edited by Marty and Appleby 1991)

For an economic perspective on religious militancy, consider a centuries-old debate between David Hume and Adam Smith. Reading these two intellectual giants, one quickly recalls that

militant fanaticism is hardly unique to contemporary sects, nor uniquely attributable to their “clash with modernity.”

Writing in an era well-acquainted with the bloodshed of the Reformation and religious violence of the English civil war, Hume (1989: 76-77) warns of the dangers of religious “enthusiasm:”

“The *independents* [Congregationalists], of all the ENGLISH sectaries, approach nearest to the *quakers* in fanaticism ... The *presbyterians* follow after ... The violence of this species of religion, when excited by novelty, and animated by opposition, appears from numberless instances; of the *anabaptists* in GERMANY, the *camisars* in FRANCE, the *levellers* and other fanatics in ENGLAND, and the *convenanters* in SCOTLAND.”

In a different essay, Hume (1989: 135-136) offers a fascinating economic interpretation of fanaticism’s cause and remedy. In essence, he argues that religious *laissez-faire* generates powerful negative externalities, as religious suppliers promote superstition and hostility toward the members of all competing religions, leading ultimately to civil strife and political instability.

Hume’s solution is a state-funded *established* religion, precisely because it “bribe[s] the indolence” of the clergy, turning them into government-paid civil servants with minimal incentives to craft products that excite the general population.

Smith disagrees. Despite quoting Hume at length, and accepting Hume’s premise, he utterly rejecting his conclusion. Yes, says Smith (1965 {1776}: 741), the clergy of an established church will give “themselves up to indolence” and will neglect “to keep up the fervour of faith and devotion in the great body of the people.” And, yes, religious *laissez-faire* will stimulate the clergy’s self-interested “industry and zeal,” leading them to “use every art which can animate the devotion of the common people” and encouraging numerous sects to enter the religious market and vigorously compete for members. But in the end, it is this vibrant, unregulated religious market that most benefits the state, the general populace, and religion itself.

Had each European government *not* enlisted the aid of a single sect (and returned the favor by suppressing all other competing sects), there would have been “a great multitude of religious sects.” Competition would then induce moderation, rather than the furious, fanatical violence envisioned by Hume:

The interested active zeal of religious teachers can be dangerous and troublesome only where there is, either but one sect tolerated in the society, or where the whole of a large society is divided into two or three great sects; the teachers of each acting by concert, and under a regular discipline and subordination. But that zeal must be altogether innocent where the society is divided into two or three hundred, or perhaps into as many thousand small sects, of which no one could be considerable enough to disturb the publick tranquillity. The teachers of each sect, seeing themselves surrounded on all sides with more adversaries than friends, would be obliged to learn that candour and moderation which is so seldom to be found among the teachers of those great sects, whose tenets [are] supported by the civil magistrate. (Smith 1965 {1776}: 745)

Theory may not suffice to validate Smith’s reasoning over Hume’s, but subsequent history provides overwhelming evidence of the moderating effects of a truly competitive religious market in which, to paraphrase the U.S. Bill of Rights, government makes no law respecting an

establishment of religion nor prohibiting the free exercise thereof. Alexis de Tocqueville and many other 19th century European intellectuals traveling in America commented repeatedly on the high level of religious participation, abundance of religious sects, and absence of religious conflict. They did not hesitate to identify religious freedom as the cause of all three (Finke and Stark 1992: 17-20, 39-40).

Carrying this insight forward to the present, the most striking feature of contemporary American sects may well be their near total *lack* of militancy. Despite unflinching attachment to what they perceive as absolute and exclusive “truth,” the Jehovah’s Witnesses, Mormons, and Adventists, and virtually all other American-born sects display strong commitment to religious toleration. Indeed, talk of the fanaticism, intolerance, and militancy of the “Christian right” strikes me as overblown, unwarranted, and misleading – effective rhetoric, but very bad scholarship. Even Jerry Falwell’s Moral Majority and Pat Robertson’s Christian Coalition, the most politically aggressive organizations within evangelical Protestantism, have engaged in less civil disobedience than religious liberals did in the 1960’s Civil Rights era (and *far* less violence than did the left-wing radicals of the same period). Conservative evangelicals may indeed scare liberal Americans (and surveys leave no doubt that most academics and journalists are *very* liberal), but the threat remains democratic, nonviolent, and conventional – the product of grass-roots political organization and mainstream voter support.

This is not to minimize the threats posed by truly militant religious groups. The well-organized terrorism of Al Qaeda, Islamic Jihad, Hamas, and other Muslim extremists are a threat of global proportions. The continuing, violent conflicts between India’s Sikhs, Moslems, and Hindus threaten the political and social stability of the world’s largest democracy. The bombings and murders attributable to Ulster Protestants and IRA Catholics have made a war zone of regions that should, by all rights, be places peace and prosperity. But taking a cue from Adam Smith, scholars should examine these true instances of religious militancy, particularly in the Middle East and India, and ask how much violence should be attributed to the religious-political environment rather than the religion itself. Genuinely violent sects tend to arise in countries where the civil government has suppressed religious freedom, favoring one form of religious expression over all others. Within these environments, an unfavored sect is strongly motivated to oppose the government, despise the established religion, and covet the privileges that come with state support.

## **VI. Conclusion**

The economic theory of religious extremism is just one piece in a much larger theory of supernaturalism, which explains the persistence of belief in the supernatural and the inevitable spread of religious groups along a denominational continuum from lenient “churches” to rigorous “sects.”

Extremist religions are high-powered religions rooted in separation from and tension with the broader society. Despite (or rather, because of) their heavy demands, extremist groups can offer unusually great benefits to potential members, particularly those at the margins of society. An economic perspective thus explains how extremist groups can persist and prosper in thoroughly modern societies peopled by perfectly rational citizens.

To equate religious extremism with religious militancy is a serious error (and, in many instances, a political ploy). Whereas barriers of mutual suspicion usually separate sect members from other groups and mainstream society, this in itself rarely leads to violent conflict. Direct attacks on members and institutions of the larger society are usually fatal for groups outnumbered by hundreds-to-one or more.

Political conflict and militancy are common, however, where the state favors one religious group over another, thereby raising the stakes for all sides. Groups of rational individuals will take great risks to defend or enlarge their political power. Sectarian groups are better positioned than most other groups, religious or secular, to obtain the commitment and resources needed to direct effective, and sometimes violent, attacks on their religious and political opponents.

Even here, however, the economic perspective strikes a somewhat sanguine note, for it suggests that religious freedom offers the best insurance against religious fanaticism. Whereas government regulation and state-sponsored religion encourage sects to fight both church and state, a truly competitive religious market encourages religious tolerance and mutual respect if only as a matter of necessity. American history seems to bear out the wisdom of this policy. In the Middle East, the extreme militancy of Islamic groups engaged in struggles over *political* objectives and *political* power underscore the peril of the alternative approach.

## Appendix: Religion versus Magic

Of all the factors that promote product differentiation and sub-market formation in the market for the supernatural, none are more striking than those that separate *religion* from *magic*. These two conceptions of the supernatural imply two different modes of interaction, leading to differences in form, content, outcomes, and organizational structure.

My use of the words “magic” and “religion” parallels that of 19<sup>th</sup> century anthropologists. *Religion* consists of beliefs, practices, and institutions that relate to one or more *supernatural beings*. The one great God of Israel, the many small gods ancient Greece, the ancestral spirits of Chinese Shinto worshippers, and, I suppose, the ghost of Christmas past all qualify as supernatural beings. At a minimum, every such being possesses consciousness and desire in addition to superhuman powers (Stark and Bainbridge 1987: 82). *Magic*, by contrast, consists of beliefs, practices, and institutions that concern *impersonal supernatural forces* or the impersonal manipulation of supernatural beings. When astrologers cast horoscopes, or athletes carry good luck charms, or fortune-tellers read the future from a deck of cards, their activities qualify as magic. Most “New Age religion” likewise qualifies as magic, be it crystals, pyramid power, palmistry, or mystical auras.<sup>6</sup> Insofar as humans cannot help but imagine the supernatural with reference to the natural, the tendency to distinguish between personal and impersonal agency is understandable and, probably, inevitable.

The economics of magic versus religion hinges on the fact that methods of magic and religion are inherently different. The former involve supernatural *production*; the latter, supernatural *exchange*. Production is *impersonal*; specific inputs, manipulated in specified ways, yield specific outputs. Exchange is, by contrast, *interpersonal*, a process of communication and bargaining that involves character no less than competence. (Here again, the magic-religion distinction embodies a natural difference, corresponding to the two ways humans overcome scarcity in the natural world.)

The logic of production traps magic. On the one hand, magicians must promote themselves as masters of the supernatural. On the other hand, they cannot properly account for their failures, except to emphasize their personal limitations or the limitations of the forces they control, neither of which plays well in the market. No magician can fully escape the dilemma: impersonal forces *do* admit testing, and effective methods for their control *should* work on demand. True magicians should succeed here and not just there, now and not just then. Yet by all accounts, scientific, ethnographic, and even autobiographical, they do not.

Religion avoids the trap of magic. In a religious system, maximizing humans seek to interact with maximizing “gods” – supernatural beings with their own preferences. This makes religion less susceptible to refutation, because failure can be explained in terms of the gods’ autonomy and personality. The implications are immense:

*Religious practitioners can ask whereas magical practitioners demand:* Humans approach the gods as supplicants – listening, petitioning, hoping, and waiting, rather than summoning, compelling, projecting, and manipulating.

*Religion can excuse failure while taking credit for success:* A priest, pastor, or petitioner can always counter frustration or disappointment with the thought that God did hear and did answer, but the answer was “No.”

*Religion can focus on the future:* The gods are not obligated to deliver on demand or even in this life. They can take their time, promising only that “it shall come to pass” (Isaiah 2:2).<sup>7</sup>

*Religion can remain general:* The gods can avoid specifics, even as they promise to sustain, nurture, and save.

*Religion can refuse tests:* Gods can play by their own rules. Thus, the same biblical tradition that scoffs at magicians’, applauds the king who tests them, and proclaims its superior efficacy, can nevertheless denounce those who would “test the Lord your God” (*Deuteronomy* 6:17, see also *Daniel* 2-3).

*Religion can demand sacrifice, whereas magic can only demand technique:* The gods can ask things of you as a matter of need, preference, or concern for your own good.

*Religion can ask why; magic remains matter-of-fact:* Religion can produce systematic theology (though this is certainly more characteristic of Western monotheism than other religious traditions). If only to protect itself against refutation, magic tends to be highly *unsystematic*.

*Religious specialists can work clearly, openly, publicly, and regularly:* With all the protections described above, religion has relatively little to hide. It can offer instruction instead of mysterious mumbo-jumbo, and it can regularly meet in public rather than work in secret. Magic centers on one-on-one client-practitioner relationships governed by the customer’s sporadic needs and satisfaction with the specific services rendered.

The technology of religion thus serves to promote group activities, intense commitment, long-term relationships, loyalty, exclusivity, contribution-based financing, and collective goods. These, in turn, sustain religion’s most important contributions to culture: *collective identity, shared values, and individual moral constraint*.<sup>8</sup>

## Endnotes:

<sup>1</sup> Many elements of the theory are present or presaged in two seminal works by Rodney Stark and William Sims Bainbridge (1980; 1987).

<sup>2</sup> The day after writing this sentence, I happened to visit a Christian bookstore where I encountered shelf upon shelf of “Christian” self-help literature, including hundreds of books on getting out of debt, disciplining children, coping with death, healing, mother-daughter relationships, addiction, retirement, cooking, exercise, home-schooling, adoption, dating, divorce, marriage, and, yes, sex. One particularly striking volume, *A Celebration of Sex* (xxx 199x)(zz), carried the subtitle “A guide to enjoying God’s gift of married sexual pleasure.”

<sup>3</sup> This conclusion contrasts with that of most early-to-mid twentieth-century sociologists and anthropologists, who sought to define, explain, and analyze religion in terms of its supposed functions, most notably social integration (e.g., Durkheim, Radcliffe-Brown, Malinowski, Parsons, and Yinger).

<sup>4</sup> Diversification through limited involvement in a variety of different supernatural activities is yet another risk-reducing strategy common among consumers of magic. As Iannaccone (1995a) demonstrates, however, religious institutions must limit diversification to avoid free riding.

<sup>5</sup> Since the late-1970’s, however, most media talk about the “religious right” and other “religious extremists” reflects partisan battles over political outcomes.

<sup>6</sup> Magical elements are, to varying degrees, present in all religious traditions. Orthodox Catholicism, with its emphasis on miracles, saints, and relics, is considerably more magical than traditional Protestantism, which emphasized faith and Biblical teaching above all else. Reform Judaism is considerably less magical than Hassidic Judaism.

<sup>7</sup> Except where otherwise noted, all biblical quotations come from the New International Version (International Bible Society 1988).

<sup>8</sup> This conclusion recapitulates Durkheim’s (1965: 59, 44-45) famous observations contrasting religion and magic, which went so far as to *define* religion in terms of its collective dimension. According to Durkheim, “In all history we do not find a single religion without a Church” “It is quite another matter with magic. . . . The magician has a clientele and not a Church, and it is very possible that his clients have no other relations between each other, or even do not know each other. . . . A Church . . . is a moral community . . . . But Magic lacks any such community.”

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