Rational Choice and Religious Economies*

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Adam Smith may well be the founder of the sociology of religion. His *Wealth of Nations* is a classic text in economics, but Smith ranged beyond the confines of that discipline. In analyzing the institutions of “commercial society,” he practiced sociology as well. A striking instance is a section on the “expense of public works and public institutions” in Book V of the *Wealth* (Smith 1976a [1776]). After discussing the proper role of government in commercial society, Smith turns to the role of other institutions, including religion. He points out that clergy who depend on voluntary contributions tend to be more zealous, that sects drawn from the common people are stricter, that without political interference a multitude of sects will flourish, and that over time the authority of clergy is bound to decline. In keeping with the spirit of his book, he implicitly criticizes monopoly religion that is entwined with the state. Established churches may be abused by the powerful and obstruct the “perfect liberty” Smith envisioned. As important as the specific points Smith makes is the general message he conveys. Religious activity, he implies, is just as reasonable as any other kind. The forces that shape most institutions also affect religion. We can therefore explain religious activity and institutions in the same way as other facets of society. Such explanations sidestep the question of the truth of religion.

Though Smith’s analysis of religion had little direct impact, his way of treating religion as an ordinary activity amenable to secular analysis became a hallmark of the sociology of religion as practiced by Weber, Durkheim, and their intellectual descendants. One group of present-day scholars, united under the banner of “rational choice,” claims a close kinship not just with Smith’s approach but also with the substance of his arguments. Drawing on the theoretical arsenal of contemporary economics, itself a
mutation of Smith’s legacy, they propose that religious activity is inherently rational. In choosing to join a church, take on a religious commitment, or accept a religious belief, people weigh costs and benefits in light of their preferences. Their “demand” for religion is met by a “supply” produced by religious organizations. The activities of consumers and producers constitute a market or “religious economy.” The vitality of a society’s religion depends on the way this economy works. Unless the economy suppresses all religious demand, religion is likely to be a viable institution and no society can become wholly secular.

The twin ideas that for individuals religion is a rational choice and that in society religion takes the form of an economy are at the core of a “new paradigm” for the sociology of religion. According to its advocates, this way of thinking about religion – anchored in Smith’s work though different in how it identifies rationality and choice – promises to do two things for the field. Rational choice offers to replace a hotchpotch of ideas with a more coherent theory that accounts for all the important facts of religious life. For the old notion that religion is doomed it substitutes the idea that religion is alive and well in modern societies. This chapter reviews and illustrates the arguments of the paradigm’s prolific proponents against the background of relevant points made by Smith. It shows how the paradigm comes in two related versions, each of which has tried to explain religious behavior, religious organization, and religious change.

These explanations are contested. Critics argue that rational choice assumptions are implausible, that the evidence refutes religious economy arguments, and that the new-paradigm picture of religion in modern societies is misleading. For such reasons many sociologists have resisted conversion. In the spirit of Adam Smith, who warned of the
risks of applying a single “system” to human affairs, this chapter suggests that adoption of any one “paradigm” in the study of religion may be premature in any case. Instead, I propose a more ecumenical approach to explaining religion that draws on many kinds of insights. Constructive competition and collaboration among multiple views should make the sociology of religion more vital.

*Religious choice*

What does it mean to say that religious activity is “rational”? Advocates of the rational choice approach offer two slightly different answers.

One answer derives straightforwardly from microeconomic theory. As Laurence Iannaccone, an economist trained at the University of Chicago, has explained (1997: 26; also 1990), treating religion as rational activity involves three assumptions:

1. “Individuals act rationally, weighing the costs and benefits of potential actions, and choosing those actions that maximize their net benefits.”
2. “The ultimate preferences (or “needs”) that individuals use to assess costs and benefits tend not to vary much from person to person or over time.”
3. “Social outcomes constitute the equilibria that emerge from the aggregation and interaction of individual actions.”

The first assumption deliberately simplifies human decision-making to help us “model behavioral changes . . . as optimal responses to varying circumstances” (ibid.: 27). In explaining behavior, it is not so much the rational calculation as the varying circumstances that matter: “Behavioral changes (over time) are the consequence of
changed constraints; behavioral differences (across individuals) are the consequence of differing constraints” (ibid.: 28).

This model suggests some new predictions. For example, people who place a relatively high value on their time should be more likely to substitute monetary contributions for time-consuming church attendance – a point Iannaccone finds confirmed in survey evidence. In addition, the model translates well-known sociological insights into new language. For instance, if we think of an individual’s religious knowledge as a form of “human capital,” the fact that people who switch to other denominations tend to pick fairly similar ones makes sense as an effort to preserve the value of their previous religious investments (ibid.: 33). The theory further proposes new explanations of common behavior. A case in point is the idea that religious activity is often collective because collective production reduces the risk associated with religious activities whose supernatural benefits no individual can fully assess (ibid.: 34). In a more speculative vein, the theory suggests that “portfolio diversification” reduces the perceived risk in religious commodities, leading consumers to patronize multiple firms providing private commodities (ibid.: 37-8). This type of rational choice analysis relies mainly on formal assumptions drawn from economic theory.

Few scholars would dispute that people weigh costs and benefits in deciding on the right course of action. Most also agree that in some ways religion is like other forms of social conduct, so that explanations of that conduct might apply to religion as well. The basic intuition, already implicit in Smith, is that people do not become wholly different creatures by stepping into a church or mosque. But Iannaccone goes several steps beyond this. The question is whether these additional steps pay off. Do individuals
in fact maximize their utility? Do their preferences not vary much from person to person or over time? Many scholars reject the maximization assumption, citing psychological evidence on the complexity of actual decision-making. Within short periods and homogeneous groups, preferences may be stable, but as a universal assumption most sociologists find it implausible. Critics therefore argue that since the assumptions are false, the rational choice argument at best serves as a model that makes occasionally useful predictions (Spickard 1998).

These predictions are rarely forecasts about the behavior of specific persons or groups. That is to say, rational choice theorists typically do not diagnose a situation, assess the preferences of actors, and then perform a virtual calculation on their behalf to show how, as rational actors, they are bound to make certain “optimal” choices. Instead, their predictions are more often “postdictions,” reconstructions or just-so stories after the fact that purport to show that certain behavior in fact displayed by actors must have been optimal given their preferences under particular constraints, the latter described in ad-hoc fashion. The main reason is that rational choice observers do not have direct access to the actual preference ranking of people prior to their decisions (cf. Bruce 1999). Even if they did have such information, many critics would find the exercise itself implausible. It assumes, after all, that religion is like real commodities, that hard-nosed calculation is at work in religious choices, and that religious participation is a “standard consumer choice problem” (Iannaccone 1997: 29). Pope Benedict XVI begs to differ, arguing that faith cannot be a “consumer product” (BBC 2005). Students of religion, with perhaps a slightly smaller stake in the issue, also object that few spiritual seekers approach their decision as a “standard consumer choice problem,” that many faithful engage in religious
actions as a form of expression rather than in search of benefits, and that people’s
relations to the divine make it difficult for them to think of their faith as simply another
commodity (Bryant 2000). The sacred is in some ways also very different from the
profane. At least one prominent rational choice theorist, Michael Hechter, recognizes that
religious behavior may not be instrumental after all but rather a way of enacting
“immanent” values (Hechter 1997).

A “thicker” or more sociological version of rational choice theory, proposed by
the American sociologists Rodney Stark and Roger Finke, tries to avoid some of the
difficulties of the “thin” economic version by relaxing some of Iannaccone’s assumptions
while also attributing a wider range of inclinations to individuals (Stark and Finke 2000:84-5).
Stark and Finke start with the proposition that “[w]ithin the limits of their
information and understanding, restricted by available options, guided by their
preferences and tastes, humans attempt to make rational choices” (ibid.: 85). Realizing
that rewards are always scarce, or not directly available at all, “humans will tend to
formulate and accept explanations for obtaining the reward in the distant future or in
some other nonverifiable context” (ibid.: 88). Religious explanations are distinctive in
that they describe ways of obtaining rewards of immense value while postponing their
delivery to an otherworldly context (ibid.). People want religion because it is “the only
plausible source of certain rewards for which there is a general and inexhaustible
demand” (ibid.: 85). Religion, then, “consists of very general explanations of existence,
including the terms of exchange with a god or gods” – a form of exchange humans “will
seek” in their pursuit of rewards (ibid.: 91).
These “micro foundations” of religion have several interesting implications, spelled out in no less than 99 propositions and 36 definitions (Stark and Finke 2000). For example, Stark and Finke suggest that, as rational actors, people will pay “higher prices” to gods with more wide-ranging powers (ibid.: 98), though they do not actually show that the Christian God with these characteristics in fact commands higher prices than less omnipotent supernatural beings. Similarly, they say that people will seek to postpone or minimize religious costs (ibid.: 100), as illustrated, according to Stark and Finke, by the frequency of death-bed conversions. Like Iannaccone, they also translate sociological findings into their language, for example, by arguing that confidence in “risky” religious explanations increases to the extent that people participate in religious rituals (ibid.: 107), or by suggesting that, in trying to conserve social capital, people will tend to convert to the extent that they have or develop stronger attachments to those committed to a different religion (ibid.: 119). While Iannaccone makes bold assumptions about rationality and stable preferences, Stark and Finke are equally bold in ascribing to human beings a desire for otherworldly rewards to be obtained via exchanges with gods. The point of their analysis is to show that religion, or choosing to be religious, is not irrational.

This version raises questions as well. The definition of religion seems restrictive in that it focuses only on cognitive “explanations.” These explanations can make clear how believers might gain certain rewards, or perhaps more commonly, why God bestows certain rewards on the faithful, but it does not follow that explanations themselves are therefore the “only plausible source” of rewards. Without any apparent caveats, Stark and Finke argue further that “humans will seek” certain rewards through exchange with the
gods, a claim atheists would dispute. As in the case of Iannaccone, believers might take issue with the point as well, since the worship of or submission to the divine inherent in many religions is not wholly captured in terms of “exchange.” Few believers actually seem to seek a beneficial exchange, trading in one faith for another if it offers a better deal. One reason is that, once one accepts the values of a faith, what might appear a cost from the outside, becomes inherently meaningful and satisfying conduct. Similarly, religious organizations committed to a certain faith rarely lower the “price” of exchange with the gods specified in their doctrine as a way of attracting new customers. From the theory’s standpoint, it is understandable that individuals should be attracted to faiths that promise the benefit of eternal salvation. Less clear is why they should choose to accept teachings that expose them to the ultimate cost of eternal damnation. Why should any rational actor striving for rewards wish to be a Calvinist, or a “sinner in the hands of an angry God”? Once one accepts a certain Calvinist doctrine, the associated cost makes sense. Yet the theory portrays actors as pursuing a most advantageous ratio of rewards to costs. Since not accepting the doctrine in the first place would appear to lower one’s potential costs quite substantially, it is puzzling why anyone would want to be a Jonathan Edwards.

Religious skeptics might pursue this line of argument further. Were David Hume to address the issue from the afterlife, an event sure to shake his skepticism, he might say that rational choice arguments do not disprove the skeptical critique of the content of religious belief. The point of that critique is not to argue that people fail to weigh cost and benefits in making religious choices, or that religious organizations do not share any common features with secular ones. For all we know, Hume did not disagree with his
good friend Adam Smith on this score. Rather, skeptics typically argue that in accepting and enacting their faith religious actors also think in ways that are very different from those common in secular fields. By dealing with experiences of fear or elation via conceptions of the supernatural, believers accept mysteries not subject to verification, contradictions they would not accept in other contexts, and unreliable reports of miraculous occurrences that happened long ago. Along this skeptical line, Hume would question how believers in the supernatural can properly assess the “efficiency” of their faith. With regard to the implied earthly benefits, he would doubt that religions in fact do preserve explanations that are “efficient,” perhaps citing Christians’ persistence in praying for peace. Of course, some believers mirror the skeptics’ argument by emphasizing that, at bottom, faith and the emotions it embodies are “irrational” (Chesterton 1905: Ch. 11).

As Hume might stress, skeptics and rational choice theorists simply make different kinds of arguments, with skeptics questioning the reasons for forming certain preferences in the first place, new-paradigm advocates emphasizing rational choices in light of already existing religious preferences. Rational choice therefore cannot dismiss the skeptical critique. For sociology, the point is not to support Hume’s own theory of religion or to belabor reasons for skepticism as a kind of intellectual game. It would not be difficult, but less than illuminating, to complicate the skeptics’ case by showing that rational calculation in light of arguments, evidence, and sound risk assessment often leaves something to be desired outside the sphere of religion as well. More importantly, the skeptics remind us that religion is stranger, more puzzling than rational choice.
theorists believe. The challenge for sociology is that if religion is also a distinct human activity, it likely requires explanations that take this distinctiveness into account.

**Religious organization**

Adam Smith regarded clergy as rational actors. “The clergy of every established church,” he said, “constitute a great incorporation. They can act in concert and pursue their interest upon one plan and with one spirit . . . . Their great interest is to maintain their authority with the people; and this authority depends on the supposed certainty and importance of the whole doctrine which they inculcate, and upon the supposed necessity of adopting every part of it with the most implicit faith, in order to avoid eternal misery.” Smith’s point here is to counsel the “sovereign” that in this case he can “never be secure unless he has the means of influencing in a considerable degree the greater part of the teachers of that religion.” Since, in principle, “the authority of religion is superior to every other authority,” the safer course for the sovereign is to stay out of religious affairs altogether. Smith also has an argument about the impact of religious demand on the products supplied by organizations. “Almost all religious sects have begun among the common people, from which they have generally drawn their earliest . . . . proselytes.” Since people of higher rank typically prefer a liberal or “loose” system of morality, while commoners like their morality more “strict or austere,” it follows that the “austere system has . . . . been adopted by those sects almost constantly.” Their strictness, in short, fits customer demand.

Expanding on Smith’s idea about the rationality of religious providers, Iannaccone treats churches as “profit maximizing firms” (1997: 39). Instead of simply
trying to maintain their “authority,” churches, established or not, seek to survive and flourish by attracting committed members. One way to do so, according to economic logic, might be for churches to lower the price of their product. Churches promising eternal salvation in exchange for minimal contributions should be highly popular. Yet in fact, Iannaccone argues, it is “strict” churches that survive and flourish (ibid.: 36). The reason is not the nature of the demand from certain groups, as suggested by Smith. Iannaccone’s point is that the strictures are not simply a cost but also provide a benefit: they get rid of religious free riders. In stricter sects, members must participate fully, and exclusively, or not at all. As a result, their members will believe more fervently, attend more frequently, and give more generously, as a comparison of American denominations confirms (Iannacone 1994: 1191-5). Members also benefit from the high commitment of their fellow believers, adding to the attraction of strictness. Strict churches are therefore stronger. In this way, cost-benefit analysis produces a counterintuitive result.

Catholics might object that their church has managed fairly well over two millennia in spite of free riders. Iannacone conveniently defines strength in terms of average member contributions and commitment, which makes Mormons and Jehovah’s Witnesses look strong, but measured by size, longevity, or global scope, the Catholic Church would seem just as strong. Academic critics like Marwell (1996) add other objections. For example, since strictness includes costly participation, the argument risks becoming tautological. The statistical finding of high average contributions in strict churches is simply a result of strict organizations forcing backsliders to leave. The quantitative evidence does not cover strict churches that failed, making them seem more successful than they are. The evidence also does not show that solutions to the free riding
problem actually induce people to join a particular church. In fact, Marwell concludes, it might be more logical for rational actors to join churches where they can ride free on the efforts of everyone else, but then they would dilute the averages of all churches, leaving no church stronger than any other. As such criticism indicates, this application of rational choice theory to religious organization is still contested (Sherkat and Ellison 1999: 384).

Stark and Finke offer another version of Iannaccone’s argument. Sects, they posit, are “religious bodies in relatively higher tension with their surroundings” (2000: 144). Such tension or deviance will typically raise the cost of membership: “The higher its level of tension with its surroundings, the more exclusive, extensive and expensive is the level of commitment required by a religious group” from which it follows, say Stark and Finke, that “to the degree that they manage to attract and to hold members,” if a group’s level of tension with its surroundings increases, its members will become more committed (ibid.: 145). Or as they say even more emphatically in their book on the “churching” of America, “religious organizations are stronger to the degree that they impose significant costs in terms of sacrifice and even stigma upon their members” (Finke and Stark 1992: 238). To explain why rational actors should want to join more costly groups, Stark and Finke suggest that “despite being expensive they offer greater value” and that they are able to do so “partly because they are expensive” (ibid.; emphasis in original). This point they support in turn by arguing that groups in tension with their surroundings typically think of god as more dependably providing otherworldly rewards, whereas groups in lower tension conceive of god as more distant, impersonal and unresponsive (ibid.: 146). They then suggest that this also explains why “growth has been concentrated among the higher-tension religious groups, while lower-
tension groups have declined.” In their view, the decline of “mainline” Protestant churches and the growth of conservative ones in the U.S. since World War II confirm the point (Finke and Stark 1992: 249ff).

The objections to Iannaccone’s argument also apply to Stark and Finke, but once again their version raises other questions as well. Even assuming that individuals are attracted to high-cost sects because these offset sacrifices with distinctly valuable otherworldly rewards, one would still expect competing sects to steal customers by offering similar rewards at lower cost. Some American megachurches that accentuate the benefits of Christianity and dispense with the gloomy parts fit this pattern, but religious discounting is still rare. While Stark and Finke attribute the religious beliefs of sects to their tension with the environment, it is at least as plausible to reverse the causality: Jehovah’s Witnesses do not believe what they believe due to “tension” but, rather, what they believe creates the tension in the first place. The meaning of “tension” remains fuzzy in any case. For example, it is not clear in what sense Southern Baptists are in high tension with their surroundings in the American South. Without such presumed tension, Stark and Finke cannot explain Baptists’ conception of the supernatural or their relatively high growth. Some observers of the American South might go a step further and suggest that it is “liberal” denominations, such as the Unitarian-Universalists, that are in “tension” with the prevailing culture, which, by the logic of rational choice arguments, should pay off in future growth, though this has yet to materialize.
Religious competition

Smith noted that clergy who depend on voluntary contributions are likely to show greater zeal and industry in their work than those who rely on government support. Secure in their funding, the latter neglect “to keep up the fervour of faith and devotion in the great body of the people.” Forced to work harder to attract believers, teachers of new religions have an advantage in challenging the establishment and are more likely to keep up the fervor of the faithful. While religious zeal at times has disturbed public order, Smith argues that it is “innocent” where society is divided into many sects. Surrounded by many others like themselves, members of each sect will treat each other with moderation and respect. This will come about, Smith suggests, if government stays out of religious affairs: “if politics had never called in the aid of religion . . . . it would probably have dealt equally and impartially with all the different sects, and have allowed every man to choose his own priest and his own religion as he thought proper. There would in this case, no doubt have been a great multitude of religious sects.” In other words, the separation of church and state promotes pluralism, at least in the sense of actual diversity of options, which in turn fosters religious moderation and civic peace.

Rational choice advocates expand on Smith’s diagnosis of government support for religion: “a state-sponsored religious monopoly will provide only the appearance of piety – an ineffective clergy and an apathetic population lie just below the surface” (Iannaccone 1997: 40). By contrast, pluralistic competition “will stimulate religious markets just as it does secular markets, forcing suppliers to efficiently produce a wide range of alternative faiths well adapted to the specific needs of consumers” (ibid.). This “supply side” model thus argues that deregulation fosters pluralism, that pluralism creates
competition, that competing religious firms will supply more desirable products more effectively, that the wider offerings in a competitive market will more adequately satisfy the latent religious demand of consumers, and that as a result overall religious vitality will increase. Far from harming religion, pluralism helps. Rational theorists argue that this accounts for American religious exceptionalism: because the U.S. has a more open and competitive religious market than overregulated Europe, its people are more religious and its firms more successful (Stark and Finke 2000: 220ff.; Finke and Stark 1992). Within any society, they argue further, places that have a more competitive market should also be more religious, a point they have supported with studies of American cities (e.g., Finke and Stark 1988). The argument also leads to counterintuitive predictions, such as the audacious one that the more European societies become deregulated, the more competitive their markets will be, the more religious Europeans should become, and the more we can look forward to the “churching” of Europe (Stark and Iannacone 1994). As a case in point, Introvigne and Stark cite the experience of Italy in the late-twentieth century, where, they suggest, a modest rise in competition for the Catholic Church produced a religious “revival” of “guaranteed” durability (Introvigne and Stark 2005: 15).

Each step in the religious economy argument has generated debate. Take the first step first: state regulation of or support for religion in fact need not stifle pluralism, as illustrated by the case of Britain, where the established churches have faced competing independent churches for centuries (Bruce 1995: 426). In the U.S., the presumed second step – disestablishment leading to pluralism – actually occurred in reverse order (Olson 2002: 155-6; Phillips 2004: 148). Contrary to religious economy arguments, pluralism
also need not foster actual competition, as in the case of diverse religious communities locked in conflict. Where competition does occur, the religious economy model argues that the market will be stimulated because potential religious customers act like consumers in other markets and respond to better deals. Yet its actual propositions do not support the argument about the way market behavior raises vitality. For example, according to Stark and Finke, people preserve religious capital. Presumably they would agree that car owners do not try to preserve their “transportation capital” in the same way. It follows, then, that there is something special about religious brand loyalty. Trading in a Ford for a Toyota is easier than switching from Episcopalian to Baptist. But if religious switching is exceptional and potential religious customers do not respond like car buyers to suppliers’ incentives, then it is not clear how competition should translate into vitality. In practice, a large portion of church growth does not depend on switching. Successful religious brands, such as conservative churches in the U.S., tend to grow more through effective socialization of members than by gaining new customers through competition. It thus remains an open question to what extent the market analogy really works for religious actors.

The linchpin in the religious economy argument is the link between pluralism and vitality. In one wave of studies, an index of the variety of religious offerings, derived from the market shares of each, measured “pluralism” while the total participation rate measured “vitality.” Many such studies report negative findings (cf. Breault 1989). For example, an analysis of U.S. counties finds that pluralism did not increase participation (Land, Deane and Blau 1991). Another study of the U.S. argues that “North Americans are religious in spite of, not because of, religious pluralism” (Olson 1999: 171). The most
thorough review of relevant research up to 2001 concludes that the evidence “does not support the claim that religious pluralism is positively associated with religious participation in any general sense” (Chaves and Gorski 2001: 261). Because much early research suffered from technical problems, such negative judgments do not yet settle the issue. To measure pluralism, researchers typically need evidence on how many different churches command at least a small share of the market. But if the measure of pluralism includes information on participation, the independent variable becomes entwined with the one to be explained. The conventionally used Herfindahl index displays this problem, since this measure of “supply-side” diversity depends mathematically on the “demand side” (Montgomery 2003: 787). A more serious technical problem is that this index is also very sensitive to variation in the size of large and small congregations and, as a result, produces positive or negative correlations for mathematical reasons (Voas et al. 2002: 215). Instead of treating such correlations as evidence of a causal link between pluralism and the total participation rate, a better model would say that a number of historical and random forces shape denominational participation rates, from which we can calculate both the level of denominational pluralism and the total participation rate, leaving the link between the latter two variables as an artifact of the calculations (ibid.: 217). In view of this model and the quantitative analysis it inspires, the most plausible reading of previous studies may well be that “pluralism actually has little or no effect on participation” (ibid.: 227). Until quantitative studies become more refined, the link between pluralism and vitality thus remains in limbo.

Case studies avoid the technical problems just mentioned. They also have the advantage of being able to examine whether increases in pluralism over time lead to
greater vitality. A study of Utah shows that, even after the Utah market opened to competitors, the LDS church limited pluralism and maintained high Mormon market share by virtue of its high birth rates, insistence on marrying within the faith, and distinct beliefs and rituals (Phillips 1999). In Aberdeen, as available religious options increased from 15 in 1851 to about 40 in 1991, church attendance fell from about 60 per cent in 1851 to 37 per cent in 1878 to 11 per cent in 1995 (Bruce 1999: 80ff.). In the Netherlands, the more competitive situation that followed the decline of closed and mutually exclusive religious “pillars” since the 1960s has not yet led to the churching Stark and Iannacone expected (Lechner 1996a). As various Dutch studies have shown, changes in market structure did not significantly affect overall religious attachment and an expanding supply of church options did not lead to greater participation (Becker et al. 1997; Verweij 1998; Sengers 2003). In other words, in an American state, a Scottish city, and a European country the religious market did not produce the expected effects. Other local comparisons, such as the different trajectories of a Boston neighborhood and a Georgia county (Ammerman 1997), reinforce the point. Though it may be too early to say that the qualitative evidence falsifies the theory, the accumulating evidence has put the burden of proof on rational choice advocates.

They have responded to contrary evidence in part by conceding that the effects of competition are contingent. Pluralism may be necessary for competition but it is not always sufficient, since factors other than regulation can constrain choice and “muffle” competition (Stark, Finke and Iannaccone 1995: 442). Stark and colleagues even turn this point into a formal proposition: “To the degree that competitive forces are constrained within a religious economy, pluralism will not be related to religious participation”
The concession is reasonable, but it does not explain in terms of the original theory which factors constrain competition, and to what extent; instead of building general theory, the concession gives way to an ad-hoc account of how numerous mediating factors might promote or restrain the effects of pluralism. Stark and Iannaccone (1996) also attempt to parry the Dutch evidence by arguing that conflict among Dutch religious communities accounts for previously high commitment. The concession correctly recognizes that Dutch religion was quite “vital” when a competitive market was absent, but, regardless of its historical accuracy, the point that communities in conflict reinforce commitment to norms and raise religious participation does not follow from the argument about religious suppliers seeking adherents in a market, and the rejoinder also leaves unexplained why decades of “backsliding” failed to produce the expected rechurcning (cf. Stark and Finke 2000: 242-3; Lechner 1996b). Though one could view competition and conflict as alternative forms of opposition, as Olson (2002) has suggested, such an argument again departs from the religious economy model. One possible refinement of the religious economy model draws on industrial organization economics to suggest that a market offers a “richer menu” of options if the denominations present in one include those present in another (Montgomery 2003: 782-3).

Unfortunately, evidence on New York towns in 1865 and U.S. counties in 1990 indicates that even with this refinement, the link between competition and participation is negative. As Montgomery concludes from his study of counties, “U.S. counties with more religious options . . . generally have lower religious participation” (ibid.: 805). Such responses to earlier criticism therefore do not bolster the religious economy model’s prospects.
Religious change

Looking back at Europe’s religious history, Smith argued that “[t]he gradual improvement of arts, manufactures, and commerce, the same causes which destroyed the power of the great barons, destroyed in the same manner, through the greater part of Europe, the whole temporal power of the clergy.” In part, this was the result of self-interested action by the clergy, which “found something for which they could exchange their rude produce” and who “wished to get a better rent from their landed estates.” Already by the fifteenth century, the power of the church was limited in much of Europe to its “spiritual authority,” and even that the clergy sometimes undermined by their lack of “charity.” Without spelling out all the ways in which it unfolds, Smith paints a picture of secularization, in the sense that with the advancement of competing productive institutions the scope of religious, or more precisely church, authority declines. This line of argument became the hallmark of subsequent work on secularization, which argued that in the process of modernization religion loses its social significance.

Rational choice theorists partly agree this view of secularization, insofar as they take for granted that secularization, a process that took centuries, greatly changed modern societies, and at times produced intense strife in Europe, is now “obvious” and “limited” (Stark and Finke 2000: 60). They say it is evident in the fact that “primary aspects of public life [are not] any longer suffused with religious symbols, rhetoric or ritual” (ibid.). Translating the findings of other scholars, Stark and Finke also describe secularization in their own terms. A monopoly firm, they suggest, will try to “sacralize” a society by seeking to exert its influence over other institutions (ibid.: 60). By contrast, deregulation in a previously regulated economy will lead to desacralization (ibid.: 200). Their point,
however, is to emphasize that the “obvious” desacralization of society does not result in the secularization of believers. To think otherwise was the great error of the “old paradigm” in the study of religion. Its adherents, Stark and Finke assert, believed that only monopoly religions are strong, that pluralism weakens faith, and that in modern societies religion is doomed. By way of example they cite Peter Berger’s argument that contention in a pluralistic market calls into question the “plausibility” of faith (Berger 1969) and the similar claim by Steve Bruce that since “pluralism universalizes ‘heresy’,” a “chosen religion is weaker than a religion of faith” (Bruce 1992: 170). To Stark and Finke, America’s religious vitality massively refutes such bleak scenarios. The “new paradigm” based on the religious economy model proposes a sunnier scenario: since competitive pluralism raises religious vitality, there can be no overall trend toward individual secularization. If any secularization does occur, for example in periods of slack competition, it will prove to be temporary, since the market will correct when new providers enter and consumers find religious offerings that suit their needs. Barring artificial constraints on the market, secularization is self-limiting.

The contrast Stark and Finke draw between old and new paradigms overstates the differences among scholars. For example, they chastise Durkheim for suggesting that where multiple groups compete, “the less [religion] dominates lives” (Stark and Finke 2000: 31), yet Durkheim is hardly predicting the “demise” of religion but in effect merely states a version of the desacralization argument. That religion becomes “weaker” under pluralism, in the sense intended by Bruce, need not entail universal decline in faith, though such declines have unmistakably occurred in some large countries. Stark and Finke take another leading secularization scholar, Karel Dobbelaere, to task for evasively
suggesting that “the religiousness of individuals is not a valid indicator in evaluating the process of secularization” (ibid.: 60), when Dobbelare simply means to distinguish the issue of individual religiousness from the “macro” secularization he finds more important, a distinction that is also crucial to the rational choice argument itself. Similarly, they criticize yet another “old paradigm” figure for implausibly suggesting that secularization seems hard to reverse (ibid.: 259), but fail to add that such irreversibility has to do with the institutional secularization Stark and Finke themselves find “obvious.” In fact, few sociologists expect the “demise” or “extinction” of religion (Beckford 1989). Most agree on the importance of macro secularization and on the variability of individual religiosity across time and space. There is much common ground (Demerath 1995: 110).

When rational choice theorists argue that micro secularization cannot happen, they do so partly by assuming that it is impossible. Iannacone assumes that religious preferences are stable, at least across populations, and Stark and Finke similarly assume that humans will keep seeking supernatural rewards exclusively supplied by religion. Of course, if the latent demand for religion is assumed to be constant, no society can become secular without ruthlessly suppressing it. In principle, the theory thus rules out a collapse of the religious market and of individual religious commitment. Yet even in Stark and Finke’s terms there is actually good reason to think that people’s taste for religion can change over time and that humans vary in the extent to which they seek supernatural rewards. Let us assume, as Stark and Finke rightly do, that human beings devise stories and explanations to make sense of their experience (cf. Stark and Finke 2000: 86-7). Humans want to lead meaningful lives. Religion, by the theory’s definition, offers one particular type of explanation. But if religion is one type of meaning supplier, then in
principle it faces competition from other stories that offer other answers and rewards. Assuming that the taste for religion remains constant really means that the relative attractiveness of different kinds of explanations cannot vary. But why should that be so? If the key to all the explanatory story-telling is the production of meaning, as Stark and Finke appear to agree, one can well imagine new suppliers of meaning altering the very nature of the demand. In other competitive markets, that happens all the time. Instead of holistic religion giving meaning to all of human experience, upstart providers such as therapists, artists, or even sociologists might claim to shed distinctive light on only slice of human experience. One question for the sociology of religion is how and to what extent such alternatives might gain favor in the market for meaning. Of course, assuming constant preferences or demand forestalls even raising the question. In a very general sense, to be sure, the demand for meaning may be constant. But just as the introduction of automobiles changed demand for horses, and the advent of personal computers changed demand for mainframes – altering not just the level but also the nature of the previous demand for transportation and communication, respectively – religious demand itself is subject to challenge. If so, then we cannot dismiss micro secularization by assuming it away.

Beyond the assumptions, both versions of the theory argue that the workings of the market moderate any budding tendencies toward individual secularization. The basis for this argument is the crucial link between pluralism and vitality, which, as we have seen, is in doubt. While it is certainly plausible that ineffective churches create opportunities for aggressive challengers, it does not follow that such competition will necessarily stem society-wide declines. In some cases, as recent European experience
shows, actual preferences or demand do in fact shift, for reasons not easily captured by
the theory. Religion is in fact in decline across Europe, and increasingly “open” markets
did not keep consumption from falling (Voas 2004). This is not to say that Europe is the
model for studying religion elsewhere. The point is simply that European evidence
refutes one of the religious economy claims. By the logic of falsification à la Popper, one
of Stark’s heroes (Stark 1997), this is just the kind of critical evidence that should lead to
revision of the theory. At least, “any paradigm that admits an exception as broad as
historical Europe has obvious problems of generality” (Demerath 1995: 109).

Taking rational choice propositions at face value, it is not clear that the theory
actually should rule out individual secularization. As Iannaccone has rightly suggested,
economic theory “does not force a particular conclusion” on secularization; for example,
if one assumes that at least some of the “fruits of technology” may substitute for
“religious commodities,” the former may “crowd out” the latter (Iannaccone 1995: 117).
Since Stark and Finke appear strongly committed to their anti-secularization view, the
case of the thick version is more complicated. According to one of Stark and Finke’s
propositions, “[a]n individual’s confidence in religious explanations is strengthened to
the extent that others express their confidence in them” (Stark and Finke 2000: 107).
They also say that participation in rituals strengthens confidence (ibid.). It follows that if
some people in a group or society lose faith, this should weaken the confidence of others
around them, and that if they stop participating in rituals, this also lessens attachment. As
we have seen, Stark and Finke argue as well that “people will attempt to conserve their
religious capital” in making religious choices (ibid.: 121). If people have invested little in
their faith, they have less at stake in changing their allegiance. As Stark and Finke further
point out, “[s]ocieties with low levels of religious participation will be lacking in effective religious socialization” (ibid.: 202). By the logic of their argument, it follows that if a society begins to tolerate backsliders and to falter in transmitting “religious capital,” some individuals will lower their religious investments. As they have less reason to stay or become religious, they further affect those around them. The propositions entail that this is more likely to become a self-sustaining than a self-limiting process. Backsliding can easily snowball. A market correction may not occur. The theory does not tell us how to reverse micro secularization once it begins.

In making the case against micro secularization, Stark and Finke ridicule the argument that pluralism in modern societies undermines the plausibility of beliefs. Yet their own theory implies much the same thing. Without stressing the point, Stark and Finke leave open the possibility that the desire for supernatural rewards could actually vary. For example, they say that “[t]o the degree rewards are scarce, or are not directly available at all, humans will tend to formulate and accept explanations for obtaining the reward in the distant future or in some other nonverifiable context” (ibid.: 88). They also assume that humans “will attempt to evaluate explanations on the basis of results, retaining those that seem to work most efficiently” (ibid.: 87). Conversely, then, if rewards become less scarce or if new explanations for old problems come to seem “efficient,” the acceptance or plausibility of older explanations should decline. Now more modern societies, as Smith implied, do offer a much wider range of rewards, though of course no mere mortal enterprise can supply salvation. More pluralistic societies also supply a wider range of “explanations,” many of which produce “results” in areas such as health and economic well-being previously covered by religious explanations. The larger
the supply of effective secular explanations for life’s problems, the more they will call into question the authority, perhaps even the plausibility, of previous religious explanations. At least some humans eager to retain “those that seem to work most efficiently” may decide to jettison their old beliefs. Change in the “environment” of religious suppliers can thus trigger change in religious demand (cf. Sengers 2003: 193). Catholics who rejected the Church’s teaching on sexuality after the introduction of the contraceptive pill are a case in point. It is to the theory’s credit that it can account for such facts, but doing so contradicts the claims some of its authors prefer to make. More clearly than traditional secularization theories, which focused on institutions and the culture at large, the religious economy argument predicts micro secularization in modern societies. While Iannaccone still chases the red herring of the “death” of religion, he indeed expects that, in the face of competition from other institutions, America’s religious institutions are likely to jettison some of their traditional “supernatural” teachings, shift to support for positive innerworldly experiences, and lose market share to a growing nonreligious segment of the public (Iannaccone 2004). This plausible argument nicely mirrors old-paradigm expectations.

*Embedded rationality and the sociology of religion*

In science it is often fruitful to analyze one thing in terms of something else – light waves as particles, genes as information, brains as computers, and so on. In social science it is reasonable to assume that human social behavior is all of a piece and therefore amenable to explanation in terms of one theoretical scheme. The application of rational choice theory to religion combines these strategies. By analyzing religion as a
form of rational conduct carried out in a religious economy, it promises to unify the study of religion under one theoretical canopy. Advocates for the new paradigm at times seem to apply their own account of sects as they create tension with their old-paradigm environment, require adherence to strict principles, and promise the transcendent reward of a testable deductive theory. In pursuit of their new truths, they have guarded their core ideas and resisted falsification. Enticed by an approach whose assumptions appeal to modern common sense and derive partly from another high-status discipline, sociologists converting to the new paradigm have not had to sacrifice much intellectual capital. Ritual repetition of its claims and a growing cadre of proponents, at least in the United States, have increased the paradigm’s scholarly plausibility.

From a rational choice perspective, the question is whether adoption of rational choice pays off. Does it help students of religion maximize their explanatory utility? Does it reduce costs and add rewards? For individual scholars, much depends on their preferences. Those who prefer to think that human relations to the divine have specific, intrinsic qualities will resist reducing religion to rational exchange in the absence of proof that such reasoning by analogy at least makes descriptive sense (Bryant 2000). From this point of view, the cost of doing violence to the “real” quality of religion by applying a distorting metaphor is simply too great. Others who are open in principle to a general theory relying on such a metaphor still might question its utility on the grounds that the assumptions of the “thin” version of rational choice are invalid (Spickard 1998) or that the theory is not as logically unified and deductive as its proponents claim (Chaves 1995) or that the 99 prose propositions of the “thick” version yield, as we have seen, results at odds with what its authors want to argue.
For most sociologists, neither disagreement about the presumed “real” nature of religion nor evidence of logical deficiencies in the theory is decisive. Their main concern will be whether the new paradigm accurately answers their questions or fruitfully produces new ones. Certainly, rational choice proponents have raised new questions, translated old ones, and offered provocative explanations of well-known facts. At the same time, their specific accounts of the sources of religious organization, the consequences of religious competition, and the trajectory of secularization are now in doubt (Bruce 1999, 2002). A prime example, as noted, is the religious economy argument about the benefits of pluralism and competition, which appeared to be intuitively promising but has not been confirmed. Of course, social science can learn from productive errors and successful falsification, which in this case point toward significant modification of the new-paradigm thrust. Still, for rational sociologists interested in maximizing returns to their scholarly investments the accumulation of negative results makes it difficult to judge whether the reward of learning outweighs the cost of the research effort expended.

Since sociology as a whole has yet to settle on a single theory and sociologists do not even agree that it is desirable to have one, it may be overly risky to commit a subdiscipline to a paradigm defined in terms of one theory, even one more successful than rational choice has been to date. Adam Smith wisely warned against falling prey to intellectual “systems,” and perhaps sociologists should take this to heart. Instead of betting on a single horse, or to replace the sociology with the economics of religion, portfolio diversification seems the rational strategy. Collective diversification would still justify concerted efforts by individual scholars to pursue the consequences of a single
theory, though in light of shifting scholarly opinion on the merits of rational choice even in economics this “pure” play also carries risks. Like sociologists before them, economists are increasingly contextualizing rational choice. In the sociology of religion, the analysis of context has taken many forms. The old “paradigm” – if we can call family resemblances among wide-ranging views a paradigm – treated religion as a form of social construction embedded in a system of institutions, in processes of interaction, in ecological settings, and in historical conjunctions. Once we understand how they are embedded, especially how religious “preferences” are themselves shaped by individuals’ ties and context (cf. Ellison 1995; Sherkat 1997), the rationality of individuals may help us to explain better, but only a little better, how and why they do what they do – a small portion of the variance, as methodologists might put it.

Notwithstanding the efforts by rational choice theorists to replace a putative old paradigm with a superior new one, friendly competition and even collaboration across a seemingly large theoretical divide might be more rewarding to sociologists who wish to avoid a costly paradigm struggle. On closer inspection, the divide is not so large in any case. After all, Stark and Finke themselves claim that “stressing the social aspect of religion is a hallmark of the new paradigm” (2000: 35). Since most of their colleagues have been “stressing” the same thing all along, there is at least a common starting point. To its credit, much of the new paradigm is not so new. In fact, Stark and Finke touch on several ways in which religion is embedded in the wider society. Iannaccone, as well, requires an account of the “constraints” that do the explanatory work in a theory that holds preferences and calculations constant and itself cannot provide such an account (cf. Lechner 1990; Chaves 1995). In the interest of maximizing explanatory gains,
practitioners of the old paradigm might encourage their colleagues to deviate a bit more from rational choice orthodoxy, as a few examples will illustrate.

To introduce the concept of a religious economy, Stark and Finke say that “[r]eligious organizations do not exist in a vacuum” (Stark and Finke 2000: 35). The most important parts of their environment are other religious organizations and “aspects of the rules and norms governing religious activities” (ibid.). Citing Talcott Parsons, they argue that we can analyze religious life, taken in toto, as a religious economy, itself a “subsystem of all social systems” that parallels subsystems “involved with the secular (or commercial) economy” (ibid). Parsons would agree in principle that it is useful to think of religion as an institutional “subsystem” connected in regular ways to other parts of an overarching social system and that these connections are governed by norms. To explain how religion “works” in any society we must therefore describe, more clearly than rational choice theorists typically do, the form of the subsystem and its component organizations, show how it depends on and contributes to other such subsystems, and identify the prevailing institutional norms. Parsons’ own analysis of America’s denominational system, embedded in a differentiated society with a secularized Christian tradition, offers a partial illustration (Parsons 1978). At the same time, Parsons would say that it is a mistake to focus only on religion as an “economy” and to account for it only by economic reasoning. Such reasoning can only capture some aspects of any institution, he insisted throughout his work. Religious interests guide action within normative constraints, which, with some exceptions, receive little attention in rational choice theory.

Stark and Finke acknowledge that earlier versions of their theory (Stark and Bainbridge 1987) were overly cognitive. To remedy the problem they propose to give
more attention to the “emotional and expressive component of religion” (2000: 83). An example is their proposition that “prayer builds bonds of affection” between humans and gods (ibid.: 109). They “are entirely willing to give Durkheim and the functionalists their due with respect to the observation that social rituals do generate group solidarity and, in that sense, social integration” (ibid.: 108). Similarly, they follow Randall Collins in assigning a greater role to ritual (ibid.: 107). From the point of view of Durkheim and Collins – not to mention that of rational choice patron saint Adam Smith in his theory of “moral sentiments” (Smith 1976b) – this does not go far enough to incorporate emotional interaction into the theory itself. Collins might urge them to take a few more steps down the old path, to affirm that ideas are not mere instruments of exchange but instead symbols of group membership, that ideas or “explanations” are themselves created by moral-emotional patterns of interaction, and that religious interaction is but one part of a larger “market” for interaction rituals (Collins 2004: xi, xiii). Of course, this might lead to further changes in the theory, starting with the overly cognitive definition of religion itself.

As we have seen, religious economy proponents acknowledge that markets have no uniform effects, or in other words, that the possible effects of competition depend on many other factors. They also have been at pains to stress that for individual customers it is the actually available options that matter. The market plus “other factors” in any one place constitute what Nancy Ammerman (1997) has called the “social ecology” of religion. Thinking ecologically is necessary to understand “supply” in relation to “demand”: “the social ecology of a given community – and the life histories represented by that social ecology – will affect the relationship between institutional supply and
religious participation” (ibid.: 127). From this point of view, not yet fully incorporated into rational choice explanations, market operations are “path dependent.” For example, new competition plays out differently in places that have always had it than in former monopolies, especially if older cohorts dominate the community (ibid.). Specific cultural contexts “define desirable religious behavior,” which in one place may mean that many participate in spite of limited choices while elsewhere even ample supply cannot stimulate demand (ibid.: 125). Of course, such sensitivity to the impact of time and place complicates attempts to apply general theories to religion.

As a final example of a possible rapprochement between old and new paradigms, recall that Stark and Finke consider macro secularization “obvious.” As religious providers lose monopoly status, society desacralizes and the public role of religion declines. According to the theory, variations in this process might depend on previous levels of regulation. Supplementing market arguments, Stark and colleagues have also argued that national or communal conflict may prevent desacralization. Here again old-paradigm versions of secularization theory would urge them to go further. Modern societies, David Martin (1978) would insist, display a strong tendency toward differentiation, dividing society into specialized, more systematically organized institutions. This process has special implications for the place of religion in public life, but much depends on when and how its impact is first felt. Differentiation in a former monopoly associated with the “old regime,” as in France, turns religion into a divisive problem and fosters attempts at radical secularization. Differentiation in a pluralistic society providing norms for voluntary participation, as in America, more modestly reduces its public role and creates conditions in which it can flourish. If we know who the
key religious actors are, and how strong and how diverse they are in the “take-off” period for modernization, we can say much about the subsequent pattern. Martin’s work may not be the last word on secularization, but it fruitfully conveys macro secularization as a composite of societal patterns, contingent on the conjunction of near-universal processes and historical conditions.

Without formulating a single overarching theory, generations of sociologists like the ones mentioned have developed systematic ideas for studying religion as a social practice or institution embedded in a larger social structure, produced by processes of interaction, expressed within a community’s social ecology, and shaped by the conjunction of large historical forces. To this research tradition rational choice brings a desire for rigor and unity, from which the old paradigm can benefit. In turn, learning from the best the old paradigm has to offer may help new-paradigm advocates address the critical evidence reviewed in this chapter. As their proposed paradigm turns from sectarian upstart into lax denomination, intellectual free riders will borrow from it without becoming true believers. To the extent that this happens, it will not achieve the monopoly status to which its advocates may have aspired. Even for would-be unifiers, this is not all bad. Diverse scholarly markets in which multiple views compete may well produce greater vitality in the sociology of religion and better explanations of its subject. If nothing else, rational choice has given a boost to this ecumenical project. To this project, I trust, Adam Smith would give his blessing.
References


