

Hoffmann, Robert

**Working Paper**

## The experimental economics of religion

CeDEx Discussion Paper Series, No. 2011-07

**Provided in Cooperation with:**

The University of Nottingham, Centre for Decision Research and Experimental Economics (CeDEx)

*Suggested Citation:* Hoffmann, Robert (2011) : The experimental economics of religion, CeDEx Discussion Paper Series, No. 2011-07, The University of Nottingham, Centre for Decision Research and Experimental Economics (CeDEx), Nottingham

This Version is available at:

<https://hdl.handle.net/10419/49682>

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CENTRE FOR DECISION RESEARCH & EXPERIMENTAL ECONOMICS



The University of  
Nottingham

Discussion Paper No. 2011-07

Robert Hoffmann  
July 2011

The Experimental Economics of  
Religion

CeDEx Discussion Paper Series

ISSN 1749 - 3293



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Sue Berry  
Centre for Decision Research and Experimental Economics  
School of Economics  
University of Nottingham  
University Park  
Nottingham  
NG7 2RD  
Tel: +44 (0)115 95 15469  
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[sue.berry@nottingham.ac.uk](mailto:sue.berry@nottingham.ac.uk)

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# The Experimental Economics of Religion

Robert Hoffmann

*Nottingham University Business School  
Jubilee Campus, Wollaton Road  
Nottingham NG8 1BB  
United Kingdom*

*Tel: +44 (0) 115 846 6692*

*Fax: +44 (0) 115 846 6341*

*E-mail: robert.hoffmann@nottingham.ac.uk*

4 July 2011

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## Abstract

This article surveys the experimental economics approach to the study of religion. The field has a place in the context of the scientific study of religion generally and the social psychology of religion in particular, but employs distinct economic methods which promise new and different insights. In particular, certain features of the experimental approach as used by economists such as incentive compatibility are particularly appropriate for studying the effect of religion on individual behaviour. The paper discusses results obtained so far in terms of two roles of religion in shaping individual behaviour, i.e. as a social group identifier and as a set of values.

*Key words:* religion, religiosity, experiments

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## 1 Introduction

Does religion influence economic outcomes? This question is obviously relevant to economics as well as appropriate to its methods. Religion matters to economists for at least two reasons. The first is that despite the appearance of an increasingly secular and scientific world in the 21<sup>st</sup> century, it continues to shape individual values, beliefs and attitudes profoundly. For example, in 2010, more than half of Americans polled by Gallup said that religion is very important in their lives, a figure which has not changed significantly over the last forty years. Similarly, the Bertelsmann Stiftung (see Joas, 2008, p. 310) found in 2008 that 62% of Americans self-classify as highly religious, and only 8% as non-religious. In this, significant differences exist between nations that suggest explanatory potential for this variable: in the same survey, twice fewer (28%) and more (18%) Germans than Americans respectively declared to be highly and non-religious.

The second reason for the economic significance of religion lies in its continuing role as an important social group identifier between as well as within particular societies. Accounts in the ‘clash of cultures’ vein speak of religious differences between nations and cultural spheres as a source of international conflict (e.g. Huntington, 1998). Within particular nations, for example in Western Europe, the success of multiculturalism is increasingly questioned in public discourse partly due to persistent religious differences between native and immigrant communities which are (rightly or wrongly) argued to undermine social cohesion with concomitant economic effects.

Together, these two facets of religion, i.e. religious values and religious groups constitute important variables for economic analysis as they plausibly influence behaviour in secular settings and thereby affect economic outcomes. Religious values and doctrine are social institutions with a normative character. They guide adherents’ social behaviour with clear ramifications for economic exchange. Religious groups, in contrast, influence these interactions based on the other’s ingroup or outgroup status and can generate well-known group effects such as ingroup favouritism and outgroup discrimination. Again, the resulting economic implications of groups are clear and have been extensively studied by economists in other contexts as *economic networks* (e.g. Jackson, 2008).

These issues motivate an economics research agenda as to whether and how religious values and groups affect economic decision making and outcomes (see figure 2). At the aggregate level, broadly following Max Weber’s thesis of the Protestant work ethic, one can observe striking differences in per-capita GDP between nations or regions grouped by their predominant religions (e.g Argyle, 2000, p. 151). In 2009, Christian nations had a higher mean annual GDP per capita (16500 U.S.\$) than Islamic ones (8500) and those with other religions

(11000).<sup>1</sup> A 2010 Gallup poll found that countries with more religious populations tend to be poorer (Crabtree, 2010). However, these kind of blunt facts are misleading and may reflect other geo-political or historical commonalities between the countries concerned rather than the effects of religiosity or substance of particular religious dogmata. For example, perhaps parts of the world with poorer resource endowments are more open to proselytisation. Or Christian religion outside Europe is really a proxy for an inheritance of efficacious economic institutions (e.g. Hall and Jones, 1999). As a result, sophisticated studies have been conducted by macroeconomists that gauge religious effects on economic outcomes using appropriate controls for other factors. For example, in terms of religious values, Barro and McCleary (2003) find that, across countries, average religious service attendance is negatively associated with GDP growth. As for evidence concerning the macro effects of religious groups, Guiso et al. (2009) find that bilateral trade between countries is promoted by their cultural similarity which includes religion.

These and many other empirical studies have reliably demonstrated a host of significant relationships between religion and economic outcomes at the country or other aggregate levels. However, these are hard to interpret without understanding their underlying causes, which cannot be gleaned from macro data. Three issues are involved: first, religious variables can have both positive and negative impacts on economic outcomes. For example, while McCleary and Barro (2006) show in cross-country panel data that church attendance reduces GDP growth, beliefs in an afterlife *raise* it for reasons which are not clear. The second is causality. Religious and economic variables influence each other in directions that are not easy to ascertain yet are crucial to policy makers (Scobie, 1975, p. 33). While many studies report significant least-squares relationships on the interpretation that the religious variables cause economic outcomes, McCleary and Barro (2006) show the opposite: in their instrumental variable model higher GDP per capita causes a reduction in average religiosity. A third issue relates to spurious correlations, where both the religious and economic variables are influenced by another underlying force. For example, as seen above, when certain state religions are internationally associated with lower economic performance, both may be results of particular historical, geo-political or geographical trajectories rather than direct influences on each other.

The existence but complex nature of these observed relationships between religious and macroeconomic variables motivate research to examine their micro-foundations in individual behaviour. The hope is that a better understanding of the effect an *individual's* religious values and group membership have on his or her behaviour can shed light on the causal forces behind aggregate empirical phenomena and address the three difficulties noted above. There are two reasons for optimism here. First, opposing effects of religion on economic outcomes have also been identified in individual behaviour in psycho-

logical studies. On one hand, religions tend to espouse pro-social values such as charity, forgiveness, honesty and tolerance, especially towards fellow adherents. On the other, particular religious teachings such as human sinfulness or Protestant predestination may have the opposite effect (Schoenfeld, 1978). More importantly, through its social group role, membership of a particular religious group may instil prejudice towards religious outgroup members. Microeconomic approaches may provide ways to isolate these different influences. Second, microeconomic investigations may allow us to unmask the direction of causal effects behind particular macroeconomic correlations, such as in the link between religion and economic outcomes (Shariff and Norenzayan, 2007, p. 4), co-variables of religion such as ethnicity and resource endowments and so forth. Looking at individuals permits effective controls for confounding factors. As an example, to better isolate the effect of religious creed on economic performance from country-level confounds, we may compare family incomes within multi-religious nations. This kind of work has established that within particular nations, household incomes differ by the religious creed (e.g. Homola et al., 1987) as well as religiosity (e.g. Freeman, 1986) of its members.

One of the first such micro-approaches may be termed the rational choice theory of religion. It examines religion through the lens of microeconomic theory, i.e. through the modelling of religious individuals, organisations and competition between them in order to explain known empirical facts. Here, religious adherents are rational consumers of religious commodities which provide utility in this life and the next. They are provided by religious organisations that act as joint-production or competing market organisations (see Iannaccone (1998) for a survey of this area). However, despite the promise of this approach, it has a potentially paradoxical quality that presents certain methodological drawbacks. Iannaccone (1998) concedes that it cannot deal well with what makes religious beliefs and resulting actions distinct from other forms of rational choice. Roughly speaking, it is difficult to see how agents or economists modelling them can or would assign utilities and probabilities to afterlife events.<sup>2</sup>

We have seen that aggregate-level empirical approaches confirm relationships between religion and economic outcomes but leave open questions about their nature. Conversely, the rational choice approach shows how different types of religious motivations and beliefs generate particular phenomena in theory, but say little about actual religious beliefs or behaviour. Another approach to the study of religion within microeconomics seeks to combine the advantages of empirical insight about actual religious practice with the control that modelling affords. This type of programme is in general referred to as behavioural economics (e.g. Camerer, 2003a, p. 1-4) and uses experiments as the core method. In experiments, abstracted decision tasks are systematically manipulated to observe the effect of variables of interest on subject behaviour while controlling confounding influences. In this sense, the experimental approach

more generally marries the advantages of economic theory and psychology. There are three methodological reasons in favour of such an approach to the study of religion which will be explored in more detail later: first, experimental controls promise the disentangling of confounding variables and cause-or-effect issues. Second, experimental tasks provide standardised ways of measuring key behaviours that facilitate benchmarking and replication. Third, experimental incentives may alleviate response biases.

The purpose of this article is to survey, for the first time, a growing field of the experimental economics of religion. In addition to organising and evaluating existing studies, I will assess to what extent the field has made good on the promise to make a contribution to the study of religion from economic science. I will begin by outlining its methodological antecedents in the scientific and, in particular, psychological study of religion (section 2). The article then discusses the unique methods the experimental economics approach commonly uses and the results so far obtained in its application to religion (section 3). The final section provides an overall assessment and outlook to future work.

## 2 The social scientific study of religion

The experimental economics of religion has roots in prior scientific approaches to religion and especially those from psychology (see figure 2 for a family tree of the different approaches). While the liberal arts (i.e. historical, philosophical, theological and aesthetic approaches) tend to study the content of religious doctrines and practices normatively, the scientific study of religion is interested in gauging its causes and impacts in various aspects of social life. It arguably began in earnest with the separation of the individual social sciences from philosophy over the last 150 or so years. Accordingly, each brought its own objectives and methods to the table (for the historical context, see Spinks, 1963; Scobie, 1975). While, as we have seen, economists are relative newcomers to the issue of religion, it has generated well-developed sub-fields within all the other social sciences. Anthropologists study different stages in the development of religion; sociologists examine the role of religious institutions in sustaining order in society. The contribution of psychology to the scientific study of religion is distinct from these approaches in that the focus is on the *individual* and its thought processes (Spilka et al., 2003). It was motivated by previous comparative studies in anthropology which uncovered similarities between religions in otherwise different societies that could not be explained entirely by cultural mechanisms (Spinks, 1963, p. 3, 11, 35). A potential explanation is that religion developed in response to universal human psychological features such as the need for explanation and for social order (Spilka et al., 2003, p. 46-47). Religion may be the result of cultural evolution in response to mental adaptations (e.g. Boyer, 2001). It fulfils these human needs through religious groups and doctrines.



Approaches to religious studies				
Liberal arts	Social science			Science
<i>Philosophy of religion</i>	<i>Anthropology of religion</i>	<i>Economics of religion</i>	<i>Psychology of religion</i>	
<i>Theology</i>	<i>Sociology of religion</i>	Macroeconomics of religion	Comparative psychology of religion	Religious psychopathology
<i>History of religion</i>		Rational choice of religion		
<i>Religious art and literature</i>		Experimental economics of religion		

Fig. 1. Different disciplines within the study of religion.

A number of different strands in the psychological approach to religion can be identified. The first, perhaps the psychoanalysis (or psychopathology) of religious individuals, lies outside social science and attempts to explain *religious* behaviour (such as sudden conversion and mystical experiences) through individual thought processes. A second strand, akin to a comparative religious psychology, deals with differences in socio-economic and political attitudes, personality and demographic characteristics between the members of different religious denominations. Such work has links to the sociology of religion and reveals the social trends in particular societies. These types of concern are peripheral to economists' interest and will remain incidental to the survey of findings of this paper. A third, recent strand is neuro-theology which examines the roots of religious experience in inherited traits and neurological processes. Finally, the fourth strand is the social psychology of religion (Argyle and Beit-Hallahmi 1975, p. 1-2; Argyle 2000, p. 11; Spilka et al. 2003, p. 2). It assesses the causes and effects of individual religion on behaviour in religious as well as secular spheres. It provides a launch point for the experimental approach to religion from economic science. A brief outline of this field is therefore worthwhile to provide the scientific context. The three parts of this field, individual religion, its causes and effects provide the structure to this overview. The various dependent and independent variables examined in the process are displayed in schematic form in figure 2 which will be explained further as part of the summary in the concluding section 4.

### 2.1 Definition and measurement of individual religion

The scientific study of religion and the psychological approach to assessing its causes and effects rests on the identification and measurement of pertinent variables, and none more so than individual religion itself. The definition of religion has been as controversial as that of the related and similarly elusive, intangible concept of culture. For Argyle and Beit-Hallahmi (1975, p. 1), religion is “a system of beliefs in a divine or superhuman power, and practices

of worship or other rituals directed towards such a power”. Other commentators add dimensions of religious emotions and experience, as well as effects of religious belonging on behaviour in secular contexts (Spinks, 1963, p. 8).

In terms of measurement, there are two aspects to religion at the individual level: ‘horizontal’ religion, i.e. denomination or creed, if any (atheism or agnosticism), and ‘vertical’ religion, the extent of adherence to it in the former case, i.e. religiosity. Even the first of these dimensions is not as straightforward as one might think with a proliferation of faiths and schisms within them that often have fuzzy boundaries. In most studies, this kind of information is elicited by asking whether or not respondents belong to a religion, and presenting those who do with a pre-set list of alternatives (**C2** in figure 2).

Compared with religious affiliation, the definition and measurement of religiosity involves deeper, conceptual issues. In psychological terms, religion can be defined and measured as a set of attitudes and accompanying behaviours, or both. As a result, many measures have been used (Argyle and Beit-Hallahmi, 1975, p. 2): a behaviourist approach is to measure outward signs of religiosity such as self-reports of religious service attendance, religious occupations (e.g. someone’s clergy or seminary student status) or religious donations (**C2**; **D4**). While these types of measure are useful in that they generate interval scale (or at least ordinal) data on religiosity relatively easily through surveys, there may be reliability issues when respondents have lacking incentive or ability to accurately state true values. Further, different institutional practices makes comparisons across religions for variables like service attendance problematic. Also, outward signs of religiosity may capture convention following and not private religious devotional activities or spirituality which researchers need to tell apart. In response, alternative behavioural indicators have been used including private prayer activity and particular religious experiences. In addition, researchers can measure general attitudes towards religion and specific beliefs (such as the divine and an afterlife, **B4**). The motivation behind individual religion can also be gauged. For example, Allport and Ross (1967) created a religious orientation scale that measures individual religiosity as *extrinsic* (participation for instrumental reasons such as social or material benefit) or *intrinsic* (acceptance of and engagement with the doctrinal content) religiosity (**B3**). Batson et al. (1993, p. 166) later added *quest* as a third orientation that captures honest search and existential questioning without dogmatic attachment to particular precepts.

As a logical consequence of this variety of individually valid but incomplete aspects of religiosity, a multi-dimensional approach has been pioneered by Glock and Stark (1965). This work theoretically and empirically identifies five separate aspects of individual religiosity (**C3**). Religious *knowledge* (or theological religiosity) encompasses the extent of intellectual familiarity with dogma. Religious *belief* involves the degree of personal commitment and faith in a par-

ticular religion's tenets and dogma. Religious *practice* (ritual religiosity) includes organised worship, prayer, study of scriptures, proselytising activity and adherence to the moral/ethical precepts of the religion concerned. Religious and personal mystical *experience* (experiential religiosity) include conversion events, glossolalia and healing events. Finally, religious *effects* (consequential religion) involve the connection between belief and behaviour, i.e. the rewards and responsibilities that accompany religiousness, such as peace of mind, composure, adoption of morals and principles of behaviour. Most scholars accept the multi-dimensionality of religiosity (DeJong et al., 1976). As a result, there is now a large number of tested, reliable instruments measuring one or more of the facets of individual religion discussed above. A volume edited by Hill and Hood (1999) contains over 120 of these measuring the dimensions discussed here as well as additional ones.

## 2.2 *Antecedents of individual religion*

While the definition and measurement of religion is crucial for social scientists, its antecedents are less obviously important. Why may we want to know the *reasons* some people are more and others less religious according to the dimensions described in the previous section? When religious belief has potential for harmful consequences, as in the case of cult activities, understanding what kind of person is typically religious informs policy. The ebb and flow of religious sentiment over time can also be better understood in the context of more general demographical or socio-economic changes in society. The origins of religiosity in age, gender, social class etc. permit such insight. Finally, the antecedents of individual religion can help disentangle spurious correlates from causal factors found in empirical religious research. For instance, a relationship between religiosity and behaviour may capture the causal influences of individual-level variables (such as gender) underlying a person's religiosity rather than its independent effect. This informs empirical researchers which kinds of variables require control in their studies.

On the other hand, the study of antecedents of religiosity harbours its own methodological issues which serve as a caution for the results summarised in outline below: relationships are not always linear or clear-cut, may affect different religiosity dimensions or religious creeds differently and involve psychological or demographic constructs that are not obvious to interpret. In addition, these relationships themselves require control for other correlated variables that may confound them. Cause and effect between antecedents and religiosity are likewise not simple to tease apart: religious membership is capable of reinforcing or changing independently-held traits.

That being said, a number of antecedents of individual religiosity have been reliably shown in empirical research (see Argyle and Beit-Hallahmi, 1975; Argyle, 2000, for comprehensive, but now dated overviews). First, physical

demographics such as age and gender have been studied (**A1**). Religiosity typically exhibits a cycle over a person’s lifetime. While childhood religion follows parental guidance, adolescent questioning lowers religiosity into adulthood when it remains stable. Older people’s religion becomes more complex with stronger beliefs but lesser activity and fundamentalism. In terms of gender, females are significantly more religious in most measures. Among potential explanations, there are potentially biological ones (lesser aggression and greater fearfulness), environmental factors such as upbringing (**A3**) and occupation (**B1**), as well as certain personality traits more associated with women such as suggestibility and guilt (**A2**).

These kinds of finding point to antecedents of religiosity in individual differences between people.<sup>3</sup> Personality traits, learning styles, values and attitudes have been examined comprehensively, but one should note the fuzzy conceptual boundaries between them. Evidence suggests only weak links of the major personality factors to religiosity. However, at more specific levels of personality, there is evidence that more religious people generally tend more towards agreement with others, and especially to those in authority. In particular, traits found to be related to religiosity include psychoticism, conformity, suggestibility, submissiveness, guilt feelings, lower self-esteem as well as dogmatism and authoritarianism (Argyle and Beit-Hallahmi, 1975; Argyle, 2000, **A2**). In terms of learning and problem solving, there is some evidence for negative relationships between religiosity and creativity (Bender, 1968), IQ (Nyborg, 2009) as well as educational (Albrecht and Heaton, 1984) and, in the case of academics, scientific achievement (Larson and Witham, 1998). Positive relationships have been shown with intuitive, ‘feeling’ thinking styles. The meta study by Saroglou et al. (2004) surveyed studies relating religiosity to Schwartz’s universal human values system and found that it is positively associated with a range of values expressing conservatism and negatively with individualistic ones. Attitudes, which operate at a more specific level than values, have also been examined. Religious people tend to be politically more conservative and right-wing, ethnocentric and prejudiced (**B2**).

### *2.3 Consequences of individual religion*

In contrast to more invariant personality traits, explanations of religiosity in terms of attitudes and to a lesser extent values beg the question of causation. Religious activities can shape attitudes and, through them, generate consequences in secular life. Psychologists in particular and social scientists more generally have studied a variety of such individual consequences of religiosity, including subjective well-being, physical and mental health outcomes, relationship and sexual behaviour, crime and delinquency as well as occupational choices (for overviews, see Iannaccone, 1998; Spilka et al., 2003). In addition to lifestyle and long-term behaviour (**B1**, **C1**), one may look at behavioural tendencies and specific types of social interaction. This latter area is particularly

interesting to economists as it relates religion to generic individual decision making that influences economic outcomes and may provide insights on the effects of religion observed in the empirical work discussed earlier. This area holds promise also because of the moral and ethical prescriptions religious doctrines consist of. Four main dimension of social behaviour have received most attention, which we may categorise as trust, co-operation, altruism and opportunistic behaviour (**D3**).

*Trust* As a lubricant of social and economic interactions, trust is important to organisation generally and has been studied by social scientists in many contexts. As we will see later, it is an increasingly important variable in economic research. We may suspect a link to individual religiosity because religion encourages an individual's trust in religious authority, figures and deities. On the other hand however, some doctrines depict people as sinful by nature (Schoenfeld, 1978). Others, such as certain types of Calvinism, portray life as zero-sum where divine favour is revealed in individual material success compared to others (McCleary and Barro, 2006). There is evidence from two studies that trust is related to church attendance irrespective of denomination. However, qualifications apply in both. In Schoenfeld's (1978) attitude survey of over 1500 U.S. respondents he additionally finds hints of a curvilinear relationship between trust and religiosity: in particular, there was greater *mistrust* among high-attendance individuals and members of more fundamentalist churches. In a similarly-sized sample of U.S. high school students studied by Bahr and Martin (1983), faith in people was related to a three-way classification of church attendance, but less strongly than with non-religious variables such as school grades and parental socio-economic status.

*Forgiveness* Forgiving others may seem like a purely religious notion, but its role in sustaining the evolution of cooperation is important in economic theory (Axelrod, 1984, p. 36). Although it is a key religious concept, especially in Christianity, it eludes easy definition and measurement. It is often advocated selectively based on the transgressor's (different or same) religious affiliation, remorse or restitution or other contextual factors. McCullough and Worthington (1999) survey the empirical psychological research on religion and forgiveness. They conclude that there is some evidence of a correlation between religiosity and positive attitudes towards forgiving. These appear, however, to be stronger in the genuinely devout rather than religious conformists. Significantly, there are no or at best low correlations between religiosity and forgiveness when respondents are asked to recall specific past situations. The reason for this discrepancy between forgiveness attitudes and forgiving behaviour might be the high social desirability of the concept for religious people.

*Opportunism* This euphemistic term is commonly used by economists to describe "self-interest that contemplates guile" (Williamson, 1993, p. 92). Psychologists of religion have studied it as dishonesty, deviance and cheating

behaviour. Grasmick et al. (1991) interviewed over 300 adults about their attitudes towards tax compliance, petty theft and littering. In general, demographic variables provided more powerful relationships than religious ones. However, tax evasion was negatively correlated with church attendance and fundamentalism. For theft, religious variables had no impact. Church attendance but not fundamentalism was negatively associated with littering. Perin (2000) tested the relationship between religiosity and cheating behaviour among 150 undergraduate students. In the experiment, subjects were asked to check their grades in an ostensibly wrongly-graded class test. Only 32% reported back honestly, 52% falsely claimed their tests were correctly graded, and 16% claimed they were owed a point. Four out of seven measures of religiosity were significant and positively related to honesty. However, by inspection, the marginal effects in this study seem low or non-existent for the highest religiosity categories.

*Altruism* The fourth dimension involves altruism, which, as we will see later, is also an increasingly important notion in economics (e.g. Rabin, 1993). In the social psychology of religion, it has been measured in contexts such as charity, general volunteering and specific helping behaviour. A number of studies elicit self-reports of helping which were, on the whole, only weakly correlated with various measures of individual religion (for an overview see Batson et al., 1993). However, because religious people may over-report pro-social behaviour which conform to religious norms and contribute towards positive self-image, other studies have attempted to measure helping in actual behaviour. An example is an experimental design where subjects encounter people apparently in distress staged to assess the effect of religious variables on assistance rendered. Darley and Batson (1973), for instance, asked theology student subjects to prepare and then record a speech on either a neutral topic or on the Good Samaritan parable. Although the religious prime was associated with more assistance when subjects encountered the distress situations, the authors found these to be statistically insignificant. The authors comment that “it is hard to think of a context in which norms concerning helping those in distress are more salient than for a person thinking about the Good Samaritan, and yet it did not significantly increase helping behaviour” (Darley and Batson, 1973, p. 107). This conclusion has been criticised as unwarranted due to the small sample size and statistical methods used (Greenwald, 1975). However, in two studies by Annis (1975; 1976) the same result was obtained in that religious attitudes and activities do not explain helping behaviour.

Hunsberger and Platonow (1987) argue that the unexpected, face-to-face nature of the helping situations above elicit situational rather than persistent influences on behaviour and therefore limit the generality of the findings reported. In their own two experiments, subject groups of students who completed a questionnaire were approached three weeks later with an apparent request for volunteers by local charitable organisations. In both experiments,

religiosity measured as Christian orthodoxy did not differentiate those subjects who agreed to volunteer from the rest. In the second experiment, the authors added a scale of extrinsic versus intrinsic religious orientation to the questionnaire, the former of which correlated negatively, and the latter weakly positively with intention to volunteer. Overall, there seems to be little evidence for an association between religiosity and altruism. Batson et al. (1993, p. 338-342) survey a dozen or so studies in the area of helping and conclude that when helping is measured in self-reports, weak positive associations with religiosity exist, but these largely disappear when behavioural rather than attitudinal measures are used.

#### 2.4 Conclusion

The social scientific approach to the study of religion surveyed in this section seeks to identify how individual religion is caused by and in turn affects social behaviour in secular settings. In this agenda, the antecedents of religion are interesting mainly to the extent that reliable consequences of it can be found. We would expect such relationships due to the clear hypothetical link between religion and greater pro-social behaviour. But, as Batson et al. (1993) ask, do religious people practice what they preach? While a number of studies have shown that religious people are more pro-social in religious contexts, i.e. towards fellow church members and in terms of church donations (Argyle, 2000, p. 184-185), these results do not translate into the secular realm economists are interested in. In the words of Spilka et al. (2003, p. 171), there is “a classic problem—namely, the discrepancy between the word and its realization in practice.” The situation was summarised in a confessional by a leading scholar in this area:

Particularly disappointing were my efforts to find any empirical support for the proposition that religion sustains conformity to the normative order ... Even with large samples and hundreds of survey items to work with I was unable to find any clear patterns of religious effects. None of the many measures of religious commitment seemed to matter on a whole range of attitudes and social activities. (Stark, 1984, p. 273, 281)

The situation is exacerbated when scholars move beyond self-reports of pro-sociality that give benign religious consequences the best chance of manifesting themselves. As we have seen, this is true especially when studies are trying to correct for desirability bias which presents a significant methodological problem generally: “the distinction between personal involvement and social conformity needs to be explored with regard to the actual *practice* [...], not its social desirability, conformity, and self-serving verbal possibilities” (Spilka et al., 2003, p. 172). In Perrin’s (2000) words:

Most of the studies are plagued by measurement problems, especially in the dependent variable [which is] typically measured as *self-reported* attitudes

and behaviours. Since prosocial behaviour such as honesty, kindness, and compassion are very socially desirable, especially among young Christians, it seems especially difficult to interpret high self-ratings. Complicating matters further, much of the research suggests that the religiosity effects are strongest when people self-report prosocial behavior, or feel others might be watching. (Perrin, 2000, p. 537)

Despite the recognition of desirability and similar types of bias, researchers within the psychology of religion have not made much progress in overcoming it. Spilka et al. (2003, p. 419) note, in the context of measuring cheating behaviour, there are practical difficulties in putting people in “realistic circumstances” for ethical and practical reasons.

### **3 The experimental economic study of religion**

The issue of self-report biases in questionnaires and difficulties with confounds in some of the richer experimental studies provide important motivations for the application of experimental economics to the scientific study of religion. First, then, in contexts such as religion, survey responses may be unreliable due to conformity, self-image or desirability biases (Bertrand and Mullainathan, 2001; Chandon et al., 2005). In response, economic experiments usually involve incentive-compatible choices, i.e. ones where subjects are incentivised to reveal true behaviours by associating their particular decisions with corresponding material outcomes. Second, controlled and abstracted laboratory tasks offer an alternative approach to studies of individual behaviour in natural or otherwise uncontrolled settings which can be subject to various uncontrolled influences. As an example, the distress design used in the experimental helping literature presents a potentially confounded task environment to the extent that subjects harbour conflicts between desires to help the apparent victim and compliance with the experimental instructions, ability to deal with sudden and face-to-face interactions and the like. Similarly, survey-based studies at the microeconomic level can suffer from the problem of confounds to which controlled experiments provide an potential answer. A difference in behaviour seemingly attributable to religion may easily be caused by other associated differences, such as class. As Argyle and Beit-Hallahmi (1975, p. 94) note: “it is important to distinguish between the effects of religion and of associated cultural variables.” Freeman, who found an association between church attendance and economic potential in the survey responses of African-American youths, comments:

We must now ask to what extent, if at all, the estimated effects of the background variables reflect true causal influences ... To answer this question requires a genuine experiment in which one changes the relevant background variables and observes the ensuing behavior. For instance, one could provide money to black churches to expand their membership and see whether the youths attracted to the churches altered their behavior. In the absence



of such experiments, it is difficult to draw more than tentative inferences about causality. (Freeman, 1986, p. 371)

Despite Iannaccone's (1998, p. 1475) pessimistic response to this suggestion, one would have thought such type of experiment is clearly possible (if logistically and financially challenging).<sup>4</sup> Third, experimental economics is useful in the study of religion as it has developed a set of standard game tasks that measure a range of pro-social behaviours (Camerer and Fehr, 2004) which are particularly suited for the study of the behavioural consequences of individual religion. They allow us to study the effects of religious creed or religiosity on different aspects of pro-sociality such as fairness, altruism and reciprocity. These games have been used widely with different samples and conditions that allow the benchmarking of new data collected in the context of religion. Each of the games is said to measure particular aspects of pro-social behaviour, i.e. behaviour that reveals subjects' utility not only from their own payoffs, but from those others receive both in absolute terms (altruism, spite) and compared to own payoffs (fairness, envy). A rapidly growing literature in experimental economics has established impressive lists of factors that determine subject behaviour in these games including different sorts of social preferences that are relevant to religion scholarship.

So what are economic experiments? Subject behaviour is typically observed under conditions of incentive compatibility and absence of deception of subjects in tasks that can be systematically manipulated to examine the effect of decision variables of interest while controlling confounding influences.<sup>5</sup> The effects of these decision variables on behaviour in different tasks constitute the body of findings the experimental economics field generates. If one conceives of experimental behaviour as the result of decisions made on the basis of decision makers' own characteristics, their expectations of others' behaviour and the features of the task, then three groups of factors that influence observed behaviour emerge.<sup>6</sup> The first group of *environmental* factors relate to the structural, fixed characteristics of the experimental task that subjects respond to, including decision alternatives, task repetition and framing, the absolute and relative size of payoffs for different outcomes as well as number of other decision makers. A second set of *social* factors involves the influences these other participants have on subject behaviour and encompasses a number of pervasive and robust social phenomena such as influence, facilitation and intergroup effects that are fundamental to social behaviour. Thirdly, *internal* variables reflect the nature of subjects themselves such as their demographics (age, gender, academic major, ethnic origin), level of experience, attitudes or even hormonal balances that moderate their decision making. The latter two groups of social and internal factors provide the context for the study of religion, as religious groups and values, within experimental economics. We now survey the findings these two have generated in four classes of relevant experimental task, cooperation, trust, altruism (**D1**) and parametric choice (**D2**).<sup>7</sup>

They partly correspond to the types of consequence of religion examined by psychologists of religion reported above. For the purposes of the survey, I classify (and therefore review) studies as belonging to experimental economics of religion to the extent that they entail controlled manipulations that test the effect of religious variables on subject behaviour under conditions of incentive compatibility. The individual studies surveyed are summarised in tables 1-3.

### *3.1 Cooperation*

We have seen that religion has obvious links to cooperation, an individual's contribution to a public good despite self-regarding incentives to the contrary. The possibility of cooperation in the absence of external enforcement is one of the central themes of economic science (e.g. Sugden, 1986). To study how informal religious activities and values support individual cooperation and contribute to 'spontaneous' order, i.e. order without external enforcement is an important question in this broader agenda.

#### *3.1.1 Common-pool resource dilemma*

In one of the first projects in the experimental economics of religion, Sosis and Ruffle examined cooperation using a new game in which two players each make simultaneous withdrawals (i.e. under imperfect information) from an envelope containing 100 coins. If the sum of withdrawals exceeds 100, neither wins anything. Otherwise, players receive their withdrawals plus half of the sum remaining in the envelope multiplied by 1.5. The best reply to any withdrawal by the other player is to withdraw the remainder, which is unknown. Any two withdrawals summing to 100 are a Nash equilibrium (as are mutual withdrawals of 100 each). All Nash equilibria are Pareto-dominated except the two where one player withdraws 100 and the other nothing. Further, collective efficiency (the sum of both players' payoffs) falls with both players' withdrawals. Lower withdrawals therefore mean greater cooperation.

Ruffle and Sosis used this game in two studies with Israeli subjects. In the first (Sosis and Ruffle, 2003; Ruffle and Sosis, 2007), they compare average withdrawals between subject pairs where both are from either a religious or a secular kibbutz. Overall, religious individuals withdraw more (31.8 shekels) than secular ones (30.3). Further broken down by gender, the respective average withdrawals for secular males (30.1) and females (30.5), religious males (29.9) and females (33.7) look rather similar. There is a significant difference between religious, but not between secular males and females respectively (Ruffle and Sosis, 2007). However, when comparing religious with non-religious kibbutz subjects, there are no significant differences for males or for females respectively.<sup>8</sup> Overall and for females, then, religious individuals are less cooperative, albeit not significantly. In addition, the gender effect seems larger than that of religious membership.

When other variables are controlled for in Tobit regression analysis, the authors do however obtain significant coefficients for dummy variables for three of the four gender-religion subgroups.<sup>9</sup> They conclude from this that religious males withdrew less than religious females and secular males. This effect is found to be driven by those religious males who attend synagogue daily and is attributed to their institutional role in Jewish religious practices. The picture that emerges from this work is that values from religious socialisation in the kibbutz had little impact on cooperative behaviour.

Karlan (2005) includes church attendance variables in an experiment with 41 groups consisting of 9 to 29 female joint micro-finance loan recipients in rural Peru. Each received a coin to keep or pass back to the experimenter; if 80% or more were received from the group, every subject in it was given two coins. Whether a subject attends church was not a significant factor. However, subjects who attended church recently were more likely to contribute (only at the 90%-level of significance). The  $R^2$ -value of the model concerned was only about 6%.

### 3.1.2 *Public good game*

A popular experimental tool to examine cooperation is the public good game which has been used extensively over the last half century or so to populate an impressive list of factors which promote cooperative behaviour in it (for an overview see Ledyard, 1995). A number of studies have used it to examine the link between religion and cooperation. In it, a group of  $n$  players individually decide to divide a stake of tokens in either a group or private fund. Total earnings are their private allocation plus  $a$  times the total of all group allocations. This is repeated  $r$  times. This game is a multi-person version of the prisoners dilemma. Instrumentally rational play involves allocating the entire endowment to the private fund, an outcome that is inefficient compared to full investment in the public fund. In typical experiments, depending on their demographics, structural conditions of play and values, subjects contribute positive amounts to the public fund that decline over repetitions of the game.

Anderson and Mellor (2009) conducted a PGG experiment with U.S. subjects in the age group 50+ years and  $n=8$ ,  $a=2$  and  $r=10$ . They found that average contributions over rounds by subjects of Protestant (52% of the stake), Catholic (40), other (30) and no religious affiliation (51) were not significantly different. Similarly, there were no clear patterns in contributions between those who, in the last month, attended religious service never (52), once (45), 2-3 times (50), four times (43) and more (57). Only the latter group's average was significantly different to that of non-attendees. On the other hand, Protestant (but not Catholic or other religion) subjects seemed to be more able to sustain cooperation over the rounds of the game compared with non-religious ones.

In a subsequent study, Anderson et al. (2010) repeated the same exercise with college students and again none of the variables explained contributions significantly. Interestingly, they find a negative but insignificant effect of any religious affiliation compared with none. The coefficients for the denominations have different signs, but none reach significance. Three different levels of monthly service attendance are not individually significant, but high attendance subjects contribute more than low ones. Overall, the work by these authors finds little effect of religious variables on public good contributions, a game for which a host of other individual difference effects have been ascertained.

Ahmed (2009) examines public good game ( $n=3$ ,  $a=1.5$  and  $r=1$ ) contributions using a naturally-occurring classification of religiosity based on 103 male subjects studying for priesthood or secular qualifications in rural India. The finding is that the average contributions of religious (66%) and non-religious (51) students differ significantly ( $p = 0.014$ ). However, this result could be a function of other factors differentiating the two groups; multivariate analysis with suitable controls is not presented. Also, their game's one-shot nature does not allow more fine-grained measures of cooperation to be derived.

Ahmed and Salas (2009) use the same game with identical parameters to study an international subject group of college students who were asked to self-declare dichotomously to be either religious or not. These authors found that %-contributions of religious Indian (47), Mexican (63) and Swedish (66) subjects were not significantly different to those of their respective non-religious compatriots (55, 61, 57). In addition, these differences have different directions between the three countries: non-religious Indians give more than religious ones, but religious Swedes and Mexicans give relatively more than their compatriots. However, between countries, contributions are significantly different. Again, other demographic variables seem to have stronger effects than religious belonging.

In another study with the PGG (Benjamin et al., 2010), college subjects of different (Protestant, Catholic and Jewish) and no religious affiliations were primed using sentence-unscrambling tasks (see section 3.3) to make religion salient for them. The authors then estimate separate regressions for each of the four groups to examine whether the priming influences cooperation. The relative size of constants in the four models suggests that Catholics give most and non-religious people least, but the authors report no uni- or multivariate tests between the contributions of different faith groups. Instead, the regressions show that the religious priming intervention had a positive effect on contributions in the models for Protestant subjects and those of no religion, it was negative in the Catholic and not significant for the Jewish subjects models respectively. The authors interpret the priming to make the relevant norms, in this case one's religion, salient, which thereby brings out its effect on

behaviour. As a result, they conclude that Catholicism has a negative effect on cooperation, and Protestantism a positive one. However this interpretation is not consistent with the larger size of the constant in the regression for Catholic subjects and has to be treated with caution. Using the data for direct comparisons across the religious groups might help shed more light on this issue.

### 3.1.3 Prisoner's Dilemma

Chuah et al. (2011) used the well-known prisoner's dilemma for their study of religion and cooperation. In this game, each player decides between a cooperative and a non-cooperative act, the latter of which is strictly dominant. The resulting dominant-strategy equilibrium is however Pareto-dominated by mutual cooperation. The game is a  $2 \times 2$  version of the more general public good game. Subject behaviour in experiments in the game usually resembles what is observed in the public good game, with some cooperation declining over rounds of the game.

The authors studied both religious groups and values and their joint effect. In each of the eight experimental sessions, twelve subjects from different religious groups in Malaysia (Buddhist, Christian, Muslim and Hindu) played ten rounds of the game against every other subject. In one condition, the religion and ethnicity (Chinese, Indian or Malay) of the other player was revealed, in another, concealed. The finding is that compared to the no-information condition, knowledge of the co-player's *different* ethnicity and religion has no effect on the level of cooperation in the game. However, cooperation is significantly higher when religious affiliation of the co-player is known to be the same, and higher still when both religion and ethnicity are the same. In addition, the authors measure subjects' religiosity using a multi-dimensional scale (Rohrbaugh and Jessor, 1975) as well as an instrument for fundamentalist religious beliefs (Altemeyer and Hunsberger, 1992). While subjects' religious values had no independent effect of cooperation, fundamentalism especially served to enhance the positive effect of religious similarity on cooperation. This study therefore permits a comparison of the effects of both religious values and religious groups. The results suggest not only that group effects are larger, but that values only influence behaviour indirectly through enhancing group effects further.

## 3.2 Trust

Trust has been found to be an important explanator in general macro-economic studies as it lubricates economic interactions and so reduces the cost of transacting (e.g. Fukuyama, 1995; Glaeser et al., 2000). In experimental economics, different facets of trust behaviour are commonly measured using the trust game (TG), a type of sequential prisoner's dilemma first presented by Kreps

(1990) and first used in an experiment by Berg et al. (1995). It is a two-player sequential game where a sender chooses any part of a stake of money to send to a responder. Whatever is sent gets doubled or tripled before the responder decides how much of it to return to the proposer. The sender's payoff is whatever was sent plus what is received back; the responder gets whatever was not returned to the sender. In theory, a rational self-interested responder would return nothing. In anticipation, a sender would send nothing in the first place. In contrast, efficient outcomes entail the sender sending the entire stake and can be attributed to sender 'trustingness' and responder 'trustworthiness' respectively, i.e. the fulfilled expectation by the sender that the responder will return more than the amount sent. The average amount sent in TG experiments is typically about half of the stake. Responders tend to return the absolute amount sent to them. A large general literature in experimental economics has established a number of factors that affect trust in sending and responding, including attitudes to risk, demographics (culture, gender and age) as well as structural variables in the experiment such as anonymity (see Camerer, 2003a, pp. 86 for an overview).

A number of such general studies have included religious denominations among different explanators of trust behaviour. Fehr et al. (2002) find that in among 429 German household survey respondents contacted to participate in a TG experiment, Catholic religion raised sending levels significantly in a regression model with a baseline of religiously unaffiliated subjects. No effects were found for Protestant religion on senders or for any denomination on responder behaviour. No effect on trust behaviour was found for church attendance ( $\geq$  once a month). Other variables, such as age and education, were however significant. In a similar study, Bellemare and Kröger (2007) found that religious affiliation (Catholic, Protestant or none) does not explain either sending or response behaviour of 499 Dutch subjects while certain age, gender and education variables do. The impression from these studies is low explanatory power of religious variables, especially when compared to demographics.

The previously-mentioned study by Karlan (2005) with rural Peruvian micro-finance recipients also included a TG played after completion of the public good task. Senders and responders decided face-to-face but without communication. Any of a stake of three coins sent by the senders were matched by the experimenter, and any amount received could be returned. The religious characteristics of subjects in both roles, i.e. whether and how recently they attended church, had no effect on their behaviour. However, the characteristics of the other person did: responders who do not attend church at all, and senders who did not attend recently were sent more by their co-players. These latter two results are not intuitive and no explanation is offered.

Johansson-Stenman et al. (2008) conducted TGs with Bangladeshi Muslim and Hindu subjects of the same Bengali ethnic origin. Their subjects were told

the religious affiliation of (absent) co-players which was varied systematically, including Muslim-Muslim, Muslim-Hindu, Hindu-Muslim and Hindu-Hindu sender-responder pairs. Surprisingly, there were no differences in sending or responses between these four experimental conditions to demonstrate either ingroup favouritism or outgroup discrimination, which has been found in a number of cross-cultural experiments where ethnicity rather than religion was the group identifier (Fershtman and Gneezy, 2001; Burns, 2006; Chuah et al., 2007).

Tan and Vogel (2008) look at the effect of religiosity rather than religious affiliation on trust behaviour using the multi-dimensional survey instrument by DeJong et al. (1976). They find that senders' religiosity as an independent variable fails to predict their behaviour in any of the models presented. However, more subtle effects exist. In contrast to the result by Karlan (2005), senders send more the greater the religiosity of responders which they were told. This relationship holds overall and for high-religiosity senders, but not for those with lower religiosity. This latter fact speaks against statistical discrimination, i.e. a belief in greater trustworthiness of religious responders. A tempting alternative explanation would be that religiosity plays the role of a group identifier and generates ingroup favouritism. This is rejected to the extent that differences between religiosity of sender and responder do not predict measures of the extra amount senders send when responders are more religious. In addition, subjects were not told their own religiosity according to the survey responses they gave. Responder behaviour was significantly and positively influenced by their own overall religiosity, and in particular with a religiosity dimension related to agreement with a number of Christian doctrines. Interestingly, while responders who receive more do return more, this effect is stronger with more religious senders. Overall, the explanatory power or religiosity in the various models presented in terms of  $R^2$  is modest, between 0 and 6%.

As part of their study mentioned previously, Anderson et al. (2010) report the effects of religious affiliation (none or different specific denominations) of college students on their behaviour as TG sender and responders. Neither religious affiliation nor church attendance levels affected behaviour in the game significantly.

A task related to the TG is the gift exchange. In it, a 'manager' moves first and decides a wage to pay an 'employee', who, in response, chooses a hypothetical work effort level. In this game, manager payoffs rise in employee effort and fall in wage level; the opposite is true for the employee. Since employees have no incentive to invest any effort as the wage is already set, managers should not have an incentive to set a wage above the minimum. In experiments, both wages and effort level are observed to be larger than these equilibrium values and are seen to reflect reciprocity norms. In the aforementioned study

by Benjamin et al. (2010), religious priming had little impact on the wages or effort levels of subjects from different affiliations. While for all groups, priming is positively related to both wages and effort, the relationship is negative for subjects of no religion. However, none of these effects are significant with the exception that Jewish subjects in the employee role expend more effort after priming.

### 3.3 *Altruism and fairness*

Pure altruism involves unconditional positive concerns for others' payoffs, while fairness involves reciprocation of their kindness and unkindness (Rabin, 1993). These kinds of social preference are increasingly finding their way into economic analysis (Camerer, 1997) and can be examined experimentally using the dictator (DG) and ultimatum (UG) games respectively. In the UG, a proposer chooses to divide a fixed stake with a responder, who subsequently decides whether to accept the division (the shares are paid out) or reject it (neither receives anything). As a rational, self-regarding responder would never reject any division, the proposer should keep the maximum. In typical experiments with the game, proposers tend to offer 40-50%, and responders reject shares less than about 20%. The rejection of unfair offers is thought to reflect inequity aversion. Proposer offers reflect anticipation of this as well as altruistic motives. The DG differs from the UG only in that the responder has no decision to accept or reject; in that sense it isolates pure altruism by the proposer by eliminating any motivation to strategically anticipate a responder's fairness concerns (Forsythe et al., 1994). While self-regarding dictators should give nothing, experimental ones tend to give in the region of 20-30%.

Eckel and Grossman (2004) study a DG where 167 U.S. college students were asked to split an endowment of cash between themselves and a non-religious charity they chose from a list under twelve different donation conditions, relating to the size of the endowment as well as rebates and matching funds given by the experimenters. Subjects were classified as either religious or non-religious according to whether they reported to attend religious services regularly. While the average donations made by the religious subgroup were somewhat larger than those of the non-religious one, in ten out of the twelve task conditions, none of these differences were statistically significant.

Tan (2006) performed both the UG and DG with 47 German college students. Subjects' religiosity was measured using 17 of the questions in the multi-dimensional instrument of DeJong et al. (1976). In regression models using one-tail significance, the finding is that *overall* religiosity across all items is unrelated to both UG proposer and responder behaviour as well as DG offers. Tan (2006) then performed a factor analysis of the religiosity questionnaire responses which yielded five internally consistent factors of individual religiosity. When these factors are added to the regression model to replace overall



religiosity, none explain level of proposer offers significantly. However, three of them are significant explanators of responders' declared minimum acceptable offers (two negative, one positive), and the other two significantly explain DG offers (one negative, one positive).

The result that individual, internally reliable dimensions of religiosity are related to behaviour in opposite ways is striking and suggests a potential explanation for the lack of overall effects of religiosity on different kinds of behaviour found in most studies: perhaps the countervailing effects of individual dimensions of religiosity cancel each other out. On the other hand, the five religiosity factors obtained by Tan (2006) differ from the theoretical dimensions in DeJong et al. (1976) and are not easy to interpret as each contains an unintuitive mix of belief, participation and experiential dimensions of religion. Nonetheless, these provide a promising starting point. Further work is clearly warranted to unpack the overall effect of religiosity and uncover more about the sub-effects of its individual dimensions on different types of economic behaviour.

After performing the PGG discussed above, the student subjects of Ahmed (2009) played a DG using their PGG winnings as the stake and fictitious receivers.<sup>10</sup> The students enrolled on religious courses gave a significantly larger proportion (22%) of their previous winnings than non-religious (13) students. It should be noted that these DG-donations may have been affected by subjects' PGG experience and size of winnings. Also, the study does not control for potentially other differing aspects between the religious and non-religious subjects which may explain the finding.

Shariff and Norenzayan (2007) address the issue that associations between religious variables and pro-social behaviour may reflect correlations rather than causation, i.e. merely capture the effect of other causal variables underlying both, such as feelings of guilt or empathy. As a result, they designed a DG-experiment where subjects were religiously primed, i.e. concepts of the divine were activated in them using a sentence task where the correct unscrambling of word sequences reveals certain religious concepts. In the control condition, subjects self-declared to be religious gave slightly more than others, but this difference was not statistically significant. However, the religious prime raised average donations across both groups markedly from 18.4% to 42.2%. This effect was significant both in religious and non-religious subjects. The same results held for 75 city residents, with the exception that the overall significant effect of the religious prime (raising giving from 25.6 to 45.6%) was present in religious subjects but insignificant for non-religious ones who, for this second group, were defined in a stricter way. An additional secular-moral prime caused similar effects to the religious one (raising giving from 25.6 to 44.4%), but the authors do not test for a difference in effect between the two primes. This latter finding leaves open the possibility that priming or framing

effects of a general and not specifically religious nature are responsible for the impressive rises in altruism.

In contrast to these results, Benjamin et al. (2010) find no significant effects of religious priming on DG-giving for subjects of different or no religious denominations. The coefficients of the dummy variable for the priming condition for Protestants and Catholic are negative. For Jewish subjects, there was an insignificant positive effect. The priming only affected no-religion subjects, who gave significantly less as a result (at  $p < 0.1$ ). Benjamin et al. (2010) also pool their data with those of Shariff and Norenzayan (2007) and find no effect of priming overall.

Malhotra (2010) examines bidding behaviour in a field experiment involving online auctions where proceeds go to charity. After being outbid, subjects received onscreen message appeals to continue bidding. Subjects were classified according to their declared religious attendance as either non-religious (attends never, rarely, occasionally) or religious (regularly). The finding of logistic regressions is that type of appeal (either to subjects' religious motives or competitiveness), subjects' religiosity and the auction's day of the week did not influence appeal effectiveness. However, looking at Sunday auctions only, he finds that re-bidding probability is significantly higher in religious (40%) compared with non-religious (12%) subjects. On other days, re-bidding was similar for both groups (around 26%). The interpretation is that Sunday served as a prime that activated religious norms in religious subjects. What causes the opposite effect in non-religious subjects is not clear.

Chuah and Hibbert (2011) also conducted a field experiment on the effect of persuasive messages on online charitable giving, in their case DG-donations to a international aid charity by 91 UK college and non-college subjects over five days. Three conditions were created by framing the appeal message either neutrally, positively or negatively through uplifting or guilt-inducing photos of ostensible recipients. Religiosity was measured using the dimensional scale of Rohrbaugh and Jessor (1975) and a dichotomous classification as either belonging to a religion or not. Overall religiosity did not explain donations in any of the conditions. When religiosity is broken down into the four individual dimensions of the measure, only in the neutral condition, consequential religion reduces donations at the 95% level of significance. In addition, there were no differences in giving between subjects based on belonging to a religion in any of the three conditions. However, those belonging to a religion were influenced by either kind of appeal, whereas non-religious subjects were not.

As we have seen, psychologists have found in surveys that religiosity is associated with attitudinal and value dimensions such as right-wing political orientation, prejudice and ethnocentrism. In China, the demise of Communist doctrine is creating an ideological vacuum that is filled by both religion and

nationalist sentiments. This presents an opportunity how these two types of values evolve and are relate to each other. Hoffmann and Larner (2011) report a field experiment with 447 Chinese members of the public to assess whether their religiosity was associated with ethnocentric behaviour. In the experimental task, subjects were asked to split a 10 Renminbi donation made on their behalf between a Chinese educational and International medical charity. The percentage of the endowment subjects invested in the home charity was unrelated to their overall religiosity or any of the individual dimensions.

### 3.4 Parametric choice

The studies discussed so far considered *social* decision making where subjects' decisions affected the payoffs of others (altruism), and, in the case of *strategic* social situations, also vice versa (cooperation and trust). In contrast, parametric decisions do not involve others. Economically relevant dimensions studied in the general experimental literature on parametric choice include individual preferences for risk and time. Religious doctrines tend to espouse thrift and a long-term orientation and oppose gambling and other risky activities. However, the link of parametric behaviours to religiosity are much less intuitive than those for social ones. The study by Benjamin et al. (2010) includes three tasks to test for the effects of religion on parametric behaviour.

First, similar to the standard task introduced by Holt and Laury (2002), Benjamin et al. studied the risk attitudes of subjects in terms of a series of binary choices between a sure thing and a chance of increasingly large prizes. The authors assess, within each of the religious affiliations in their sample, whether their religious priming treatment (discussed previously) affects subjects' risk taking. Interestingly, priming causes increases in risky behaviour for all but Jewish subjects. These effects are significant only for non-religious subjects at 95% and for Catholics at 90%.

Second, Benjamin et al. studied time preference, i.e. subjects' trade-offs between a certain amount now and a large one at a certain point in the future. Subjects faced 24 such choices with differing time intervals and delayed amounts. In their regressions again testing for the effect of religious priming within each of the religious affiliations, the coefficients for the treatment dummy variable were positive (suggesting greater now-orientation) but insignificant for every one of the four religious affiliations.

Finally, Benjamin et al. examine subjects' work effort levels using a laboratory piecework task. It is motivated by Weber's hypothesis of a Protestant work ethic. The authors measured how many anagrams subjects solved in a five minute period in return for a fixed reward for each. Again, there seem to be (untested) differences in effort between religious affiliations, but there were no effects of religious priming on effort within each of these. Interestingly,

the insignificant coefficients are positive for all groups except Protestants, who, contrary to Weber's hypothesis, seem to invest less effort under priming. However, there were no reported controls for subject solving ability, disposable income or opportunity cost which may have confounded results.

In summary, Benjamin et al. (2010) found little variation in these parametric behaviours between religious affiliations. While comparison between the non-religious group of atheists and agnostics provides some insight into the effect of religiosity here, relating a continuous religiosity measure to parametric decisions would provide a finer-grained measure. In addition, any differential effects for religious affiliations as examined in this study may be particularly susceptible to inadvertently capturing correlated, non-religious effects. As an example, an effect found for Jewish subjects compared to non-religious ones may reflect general aspects of Jewish culture rather than of religion. Analyses controlling for individual religiosity could account for this type of confound.

#### 4 Discussion

Religion continues to be one of the most important and visible institutions in human society which captures public imagination and discourse like few others. It is associated with clear hypothetical links to individual behaviour in secular settings that make it relevant to social science. This is true especially for the types of pro-social behaviour experimental economists commonly study, such as cooperation, trust and altruism, which are at the heart of most religion's doctrines. However, the application of experimental economics to religion has so far shown that such relationships are at best weak and, if found in one study, lack robustness in terms of replicability. In surveying the studies, one is struck by the paucity of significant effects and their small size reported across the literature. The effects of other variables, such as gender, age or other demographics, are mostly stronger when assessed alongside religious variables. Perhaps we should not be surprised at this state of affairs: first, similar results of religious consequences were found in the psychological approach outlined in section 2.3. In addition, conditions of incentive compatibility which experimental economics brings to the analyses is meant to reduce the very response biases which tend to operate towards an expression of pro-social religious consequences. Finally, to the extent that religiosity and religious participation are universal human experiences, perhaps we should not expect to find these variables powerful in explaining differential behaviour patterns (cf. Argyle and Beit-Hallahmi, 1975, p. 80).

These thoughts notwithstanding, experimental economics has developed reliable methods that have shed much insight into other areas of social life, and to this extent one ought to have confidence in what has (not) been found. It remains for us to conclude. In this final section, I first provide a schematic overview of the variables examined in the course of the psychology and the

experimental economics of religion discussed in previous sections. I then summarise the overall picture that emerges and comment on possible explanations for the lack of religious consequences. Finally, I conclude regarding the role of religion in social behaviour as well as the contribution experimental economics has made here.

#### *4.1 Variables in the social scientific study of religion*

Figure 2 provides an overview of the different variables studied in scientific approaches to religion discussed in this article. The approaches examine (a) the antecedents and effects of individual religion in (b) both religious and secular domains (Argyle and Beit-Hallahmi, 1975, p. 1). These two dimensions are captured by the two axes in the chart. The horizontal axis measures the location in the causal chain between antecedent cause, individual religion or its behavioural effects. Some factors examined by researchers are clearly causes and not effects of religion (such as parental religion and gender). Others, such as specific decisions observed in economic games, are effects rather than causes. However, some variables are a mixture, and exist in mutually-reinforcing relationships with religion. For example, certain prior values may attract people to religion, but clearly religious membership has the potential of shaping these further. As we go from left to right in the chart, antecedent factors influence a person's religion, which in turn shapes behaviour. The second dimension, on the vertical axis, relates to the religion-specific versus general (secular) nature of the factors of interest to the social scientist. While some behavioural variables, such as prayer activity and church attendance are clearly religious, others are secular, such as the decisions studied in experimental economics. Other behaviour, such as charitable donations, fall somewhere in the middle in being secularly situated, but subject to religious precepts. The same distinction can be made for antecedent factors: people may be prone to become religious due to general, inheritable traits or specifically religious environmental factors such as parental socialisation. In the chart, those variables commonly studied in the experimental economics approach to religion are shaded.<sup>11</sup>

#### *4.2 The lack of religious consequences*

Across the five areas of social and parametric behaviour, using the various measures of individual religion, few significant effects of religious values or groups have been found. Parametric decisions were examined in one study only, which found no significant relationships. For cooperation, only Ahmed (2009) finds greater contributions of religious subjects. The result however is blunt both in terms of the one-shot nature of the task and of dichotomously-measured religiosity; in addition, one might be worried by the lack of control for other factors. Other studies have not been able to replicate it. Chuah et al. (2011) find only an indirect effect of religiosity via religious groups. For trust,

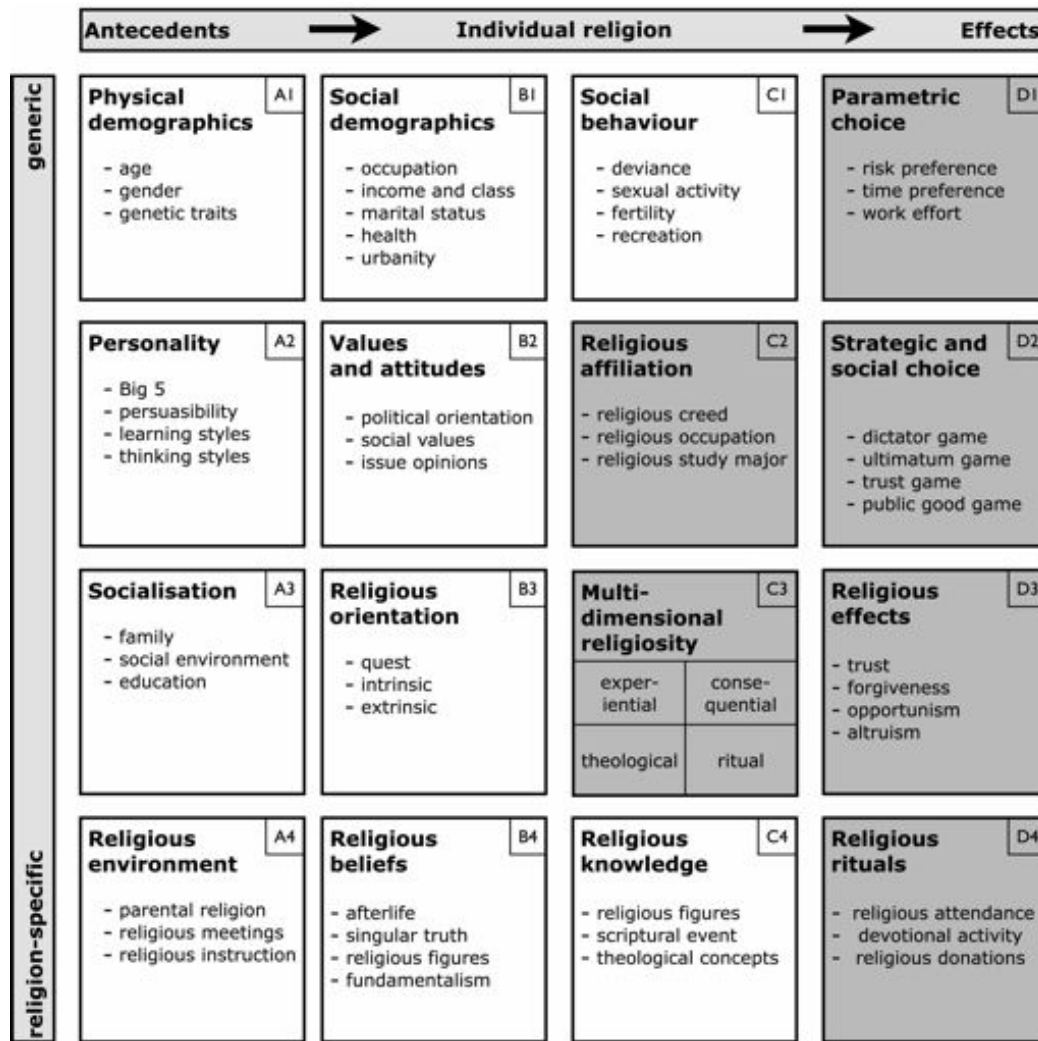


Fig. 2. Variables examined in the social scientific study of religion. The horizontal dimension shows variables as aspects of individual religion or its antecedents and effects. The vertical axis displays them as specifically religious or general secular factors. Gray boxes indicate variables used in the experimental economics of religion.

religious affiliation or non-affiliation also produced no robust effects across a series of studies. The only effect of religiosity on trust behaviour involves not a subject's own but only the co-player's religiosity (Tan and Vogel, 2008), raising the possibility of religiosity acting as a group identifier rather than in its own right. However, surprisingly, the same lack of results is true for one study (Johansson-Stenman et al., 2008) that directly measured religious ingroup-outgroup effects. These are generally easy to observe in other settings, using both naturally-occurring or manufactured group identifiers. For altruism, the study by Ahmed (2009) is again alone in finding higher levels of pro-sociality in religious subjects. Other studies involving different measures of religion and religious priming treatments do not suggest robust effects on altruism. Tan (2006) offers a potential explanation here by detecting opposite effects of

different dimensions of religiosity.

This latter finding points to one potential explanation for the dearth of significant results. Countervailing positive and negative effects of religiosity may operate between or within individuals. Between subjects, extrinsically and intrinsically religious people may differ in their pro-sociality. Alternatively, the greater pro-sociality of moderate religionists may be offset by the opposite tendency in fundamentalist ones (e.g. Allport, 1954). For instance, there may be a generally curvilinear relationship such that greater pro-sociality lies in individuals of overall medium religiosity (e.g. Argyle, 2000, p. 193). More sophisticated empirical modelling and analyses (Greenwald, 1975, p. 583) are needed in this area, especially to the extent that the relationships between religious variables and behaviour are indeed non-linear. Within subjects, very religious people may be torn in facing cognitive dissonance between the purported only truth of their faith and tolerance towards non-adherents. Practices such as confession, divine forgiveness and absolution may lessen the pro-social consequences in some religious individuals. We have seen also how the ostensible effects of religious values may really reflect the influence of other correlated, antecedent variables such as certain individual difference or demographic traits associated with religious people. It is possible that some of these may work in opposite directions, for example, prejudice and feelings of guilt. In this sense, researchers may be picking up the countervailing effects of the different underlying variables through religion, rather than its independent effect.

#### 4.3 *Religious values and religious groups*

Countervailing effects of individual religion may also lie in a tension between its two facets, i.e. religious values and religious groups. It may be that while internalised religious precepts favour pro-social behaviour, religious affiliation leads to outgroup discrimination towards those outside one's own faith group. Overall, religious group effects seem somewhat more robust in having been found in a number of studies (Ruffle and Sosis, 2006; Tan and Vogel, 2008; Chuah et al., 2011). From the experimental economics perspective, the available evidence leads to the opposite conclusion to McCleary and Barro (2006, p. 68), who, at the macro-level, attributed a relatively greater effect to religious values. Our present conclusion chimes with the view of Stark who argues, from and for the sociological perspective, that

there are robust religious effects to be found if we cease being *de facto* psychologists and [...] stop treating religion only as an individual trait, and seek its collective effects (Stark, 1984, p. 281).

If so, it should be noted that religious group effects intrinsically have potentially little to do with the substance of religion. The well-known minimal group paradigm attests that even 'empty' or artificially-created social groups

are powerful in influencing behaviour. Religion then has importance to social scientists mainly as one of many alternative such social group identifiers.

It is generally not well understood which among multiple group identifiers is invoked in a given situation (Fiske and Taylor, 1991, p.142). The use of religion as a group identifier over alternative possible social categories may depend on the extent to which an individual subscribes to it, i.e. on religiosity (Chuah et al., 2011). This study suggests that the effects of religious values, when they exist, seem to be mainly connected to its role as enhancing identification with the religious groups or willingness to act out intergroup behaviours such as ingroup favouritism or outgroup discrimination: religious people may express their pro-social values preferentially towards fellow adherents. Conversely, religious values may transmit stereotypes and prejudice against members of other religious groups (Allport, 1954).

In conclusion, while religion is undoubtedly important for individual development, culture, political and social discourse, it does not exert a powerful influence on individuals' interactions with others other than functioning as one of alternative social group identifiers. Substantively, it seems that religious values have little impact on individual social behaviour. Experimental economics has made an important contribution to securing these kinds of conclusion and to the scientific study of religion generally. Experimental control and incentive compatibility especially are features that are well-suited in this context and successfully addressed some of the issues surrounding response biases and confounding factors. While some results have been confirmed, some new insights have emerged from this approach. In particular, the possible interaction between religious values and groups seems important for a deeper understanding of the social consequences of religion.

There is also much unfinished business here. Recent work in experimental economics has explored anti-social preferences and behaviour such as deception and spite (e.g. Gneezy, 2005; Abbink and Sadrieh, 2009). The experimental tools developed in these and other studies promise opportunities to better examine the relationship between religiosity and opportunism discussed earlier. Finally, the game theoretic models frequently used as platforms by experimental economists are well-suited to observe strategic behaviour patterns in given interactions. They can be used to examine to what extent religiosity is associated with religious precepts such as forgiveness, turning the other cheek or an-eye-for-an-eye.

## Notes

<sup>1</sup>These figures are 2009 PPP GDP per capita figures in current international \$. Source: World Bank. Religion data are from the CIA World Factbook.



<sup>2</sup>For a counter-demonstration see Brams's (2006) game-theoretic analysis of religious and existential choices

<sup>3</sup>Note though that broad participation in religion and widespread high religiosity points to group-level explanators (Argyle and Beit-Hallahmi, 1975, p. 80). This issue will be revisited in section 4.

<sup>4</sup>Scobie (1975) shares this pessimism in that "it is extremely difficult [...] to use laboratory methods to investigate religious behaviour, as this sort of behaviour is dependent on its environmental setting" (p. 35). The latter part of his statement is clearly true but misses the point of experiments somewhat, which is to control these confounding influences to disentangle their individual impacts from each other.

<sup>5</sup>Over the past half century or so, experimental economics has developed an independent method based on experimental psychology but with distinguishing features designed for the kinds of problems economists are interested in. For overviews of the experimental method as used in economics, its uses, advantages and drawbacks, see Roth (1995, p. 22), Croson (2005).

<sup>6</sup>Depending on purpose, there are alternative ways of grouping the factors different experiments examine. Camerer (2003b, p.56-59) distinguishes between methodological, structural, demographic, cultural, descriptive and structural variables, while Ledyard (1995, p.143) has three categories: environment, systemic and design variables. Any categorisation can only serve conceptual purposes as it is impossible to draw definitive lines between them.

<sup>7</sup>For further background to these games and an overview of studies within the general literature for comparison with the results that follow, see Camerer (2003a).

<sup>8</sup>Bradley Ruffle, personal communication.

<sup>9</sup>In Sosis and Ruffle (2003), the coefficient for the dummy representing secular females is erroneously reported as insignificant in table 4. Bradley Ruffle, personal communication.

<sup>10</sup>Subjects were told donations would go to people who had not received anything, but were actually given to charity.

<sup>11</sup>The various observed relationships between individual variables discussed in this paper can be depicted in the chart; arrows indicating them have been omitted to avoid cluttering.

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Authors	Year	Subjects	Tasks	Measures of religion	Main findings
				<b>COOPERATION</b>	
Sosis and Ruffle	2003, 2007	558 members of Jewish religious and secular kibbutzim in Israel	common-pool resource dilemma	Religious or secular kibbutz membership	Controlling for other factors, religious males are more cooperative than religious females and secular subjects.
Karlan	2005	864 female rural Peruvian micro-finance loan recipients	PGG	Recent church attendance (yes/no), number of months since last attendance	Recent church attendance does not explain cooperation; months since last attendance is (marginally) negatively related to cooperation.
Anderson and Mellor	2009	64 U.S. subjects aged over 50	PGG	Religious denomination (Protestant, Catholic, other), monthly service attendance (once, 2-3, 4, >4 times)	Contributions are not significantly affected by religious denomination or attendance. Protestant subjects' contributions decline less over rounds of the game.
Ahmed and Salas	2009	408 Indian, Mexican and Swedish college students	PGG	Dichotomous self-declared religiosity measure (yes/no)	Within each national group, religious subjects do not contribute significantly more than non-religious ones.
Ahmed	2009	102 Indian students (male adolescents and adults)	PGG	Religious or secular study major	Religious students contribute more than secular ones.
Anderson, Mellor, Miliyo	2010	144 U.S. College students (48 for PGG, 96 for TG)	PGG	Religious denomination (Protestant, Catholic, other), monthly service attendance (once, 2-3, >4 times)	No effect of different religious affiliation on PGG contributions; small positive effect of attendance.
Benjamin, Choi, Fisher	2010	827 U.S. college students	PGG	Religious affiliation (Protestant, Catholic, Jewish, none), religious priming	Priming influences cooperation within the different affiliations in different directions. Compared to primed subjects, unprimed Catholics give less, Protestant and non-religious subjects more, and Jewish ones are unaffected.
Chuah, Hoffmann, Ramasamy, Tan	2011	96 Malaysian college students	Prisoner's dilemma	Religious affiliation (Buddhist, Christian, Hindu, Muslim), multi-dimensional religiosity, religious fundamentalism	Knowledge of co-player's same religious affiliation raises cooperation. Religiosity and religious fundamentalism do not affect contributions independently, but enhance the religious ingroup effect.





Authors	Year	Subjects	Tasks	Measures of religion	Main findings
<b>ALTRUISM AND FAIRNESS</b>					
Eckel and Grossman	2004	168 U.S. college students	DG	Self-declared regular service attendance (yes/no)	No differences in charity donations between religious and non-religious subjects under twelve task conditions.
Tan	2005	47 German college students	UG and DG	Multi-dimensional religiosity	Overall religiosity has no effect on behaviour; five individual religiosity dimensions from factor analysis have opposite effects on UG responses and DG offers.
Shariff and Norenzayan	2007	50 college students, 75 city residents in Canada	DG	Religious priming, dichotomous religiosity measure based on self-declaration	No difference in DG-offers between religious and non-religious subjects in control condition. Religious priming raises DG offers overall, but more conclusively in religious subjects. Secular-moral prime has similar effect.
Ahmed	2009	102 Indian students (male adolescents and adults)	DG	Religious or secular study major	Religious students give more than secular ones.
Malhotra	2010	812 online charity auction bidders	Charity auction	Dichotomous religiosity based on religious attendance (never, rarely, occasionally, regularly)	Type of message appeal to re-bid (appealing to altruism or competitiveness) and religiosity have no influence. In Sunday auctions, appeals to altruism are more effective in religious than non-religious subjects.
Benjamin, Choi, Fisher	2010	827 U.S. college students	DG	Religious affiliation (Protestant, Catholic, Jewish, none), religious priming	Religious priming does not effect DG-giving.
Chuah and Hibbert	2011	91 UK city residents and college students	DG	Multi-dimensional religiosity	More religious subjects do not give more to charity in control condition, guilt or elevation priming treatments.
Hoffmann and Larner	2011	447 Chinese city residents	Charity donation allocation	Multi-dimensional religiosity	Religiosity has no impact on ethnocentrism measured as allocations of donations between domestic and foreign charities.
<b>PARAMETRIC CHOICE</b>					
Benjamin, Choi, Fisher	2010	827 U.S. college students	Risk preference	Religious affiliation (Protestant, Catholic, Jewish, none), religious priming	Religious priming lowers risk aversion for all affiliations other than Jewish religion.
			Time discounting		No effects of religious priming on time preferences for any religious affiliation.
			Work effort		No effects of religious priming on work effort for any religious affiliation.