

what was happening in the economy, indices like GDP came to the rescue and made enormous difference.” To Nordhaus, GDP is one of the greatest inventions of the 20th century.

But criticisms of GDP go deeper and for years, economists critical of the measure have enjoyed spinning its flaws and limitations. They are somewhat correct in finding out its loopholes.

As it's often said that what you measure is what you get. Building the future we desire requires that we measure what we want, remembering that “it's better to be approximately correct than being precisely wrong!!”

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Economics of Religion

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Summary: *Economics has for long been known as the science of the rational. We seldom realise how society and individuals channel and mould this rationale. This article portrays the essence of economics being an omnipresent and ubiquitous science, for it is indistinguishable from other aspects of our life. ‘Economics of Religion’ tries to bring together the two most primitive yet immensely powerful forces that dictates man’s life. The two forces that might seem like chalk and cheese at a superficial glance are indeed intricately connected and the article seeks to establish and even prove the existence of this link in the real world.*

INTRODUCTION

Economics of Religion? Praying to the Lord Almighty to accelerate economic growth somehow or for your country to join the “developed economy” club soon may be? No, this is not what I am going to talk about here. Think of what comes to your mind when I ask you, “What according to you helps/makes economies grow? Some of your very first answers would be openness to trade (in the era of globalization, this being one of the most obvious things) or an educated

populace. Or maybe, greater national incomes. Some might even say that the type of political systems also have an important role to play.

But even in our wildest imaginations, what none of us will even think about is Religion. Yes, religion or religiosity as an independent variable can influence economic outcomes (such as growth/development).

HOW WE UNDERSTAND RELIGION

To grasp this, it is vital that we first reflect on our understanding of religion. Human beings possess an innate and undeniable instinct for prayer. We can assume that a mixture of fear, awe and respect towards the natural world and its phenomenon, quite naturally led to the human expression of prayer. Religion came into being in response to this. It is not the other way round. Now it only makes logical sense to conclude that something that is so primitive to human beings will definitely have a bearing on the way they “behave”.

In the economic scenario, the very same human being is our economic actor who takes decisions with regard to production, consumption and savings with an underlying aim of maximizing his utility. These

decisions as we all know are the ones of prime importance with regard to growth/development of an economy. Now, according to statistics, more than eight out of ten people (i.e. almost 84% of the world's population by 2010 data) identify themselves with some religious group. The point here is that, the decisions that these 84% of the people take, which shapes the economies they live in, are to some extent influenced by the religious beliefs they uphold. Also, how a society as a whole operates influences economic outcomes. How? Talk about sex ratios, education, organizational discipline, political stability and even work participation. All these are "social preconditions" to economic growth, aren't they? And these are largely influenced by the culture prevailing in the country.

What is emerging now is a clearer picture of how an economy's prosperity can depend, to some extent, on seemingly abstract "theories" like religion and culture.

HOW ARE THE TWO RELATED?

Let me elaborate how exactly this works. The social preconditions that we stated above are majorly affected by different aspects of religion. Let's see how:

- 1) Education: It is important to note that when I talk of religion and education, I do not mean religious beliefs being instilled in students at school/universities via textbooks. On the contrary, I am talking about religious beliefs being a source of encouragement for what I call a "literate culture" in society. For instance both Confucianism and Buddhism specifically lay great emphasis on increasing and enriching the possibilities of human ingenuity. Such propagation of "high literate culture" facilitates economic growth.
- 2) Productivity and work participation: This is somewhat tricky. How productive an individual is to an economy, is somewhat contingent upon what the religion's beliefs and interpretations are about society and profession.

Hinduism, Buddhism and Christianity encourage active participation in society. For instance, the interpretation of Dharma, in Hinduism as "Work is Worship" seeks to promote "work culture" in society. Confucianism states, "the natural world and man's social world are seen as a unity"

justifying social norms and institutions. Similarly, Buddhism encourages, giving the best one has, in the role one plays, in the drama of life.

- 3) Stability: All of us know that a well ordered society is as important a consideration as any other economic resource for an investment company. Research in the US for instance, suggests that religion reduces corruption and increases respect for law in ways that bring about stability in society and even boost overall economic growth. Similarly, an Italian economist presented findings that religion can boost GDP as a result of increasing trust and organizational discipline within a society. (Harvard researchers' paper - 'Satan the great motivator')
- 4) Savings and wealth accumulation: It is important to note that in bringing out the relationship between religion and wealth accumulation or savings, I do not intend to undermine the complex process of wealth accumulation to a single set of input. Now, taking the case of Jews, a direct effect has been observed, of Jewish religious affiliation on wealth accumulation. In Jewish culture, accumulation is seen as an indicator of success, so Jewish families encourage the 'worldly pursuits' including actual accumulation of wealth and other activities that lead to wealth accumulation such as high-income careers and investing. Or Jains in India, for example, are renowned for their religiosity and thrift.

CASE STUDIES

Let us now look at specific countries and their experiences with development with our "religious glasses" on.

For example, let us take the case of Japan with respect to industrialization and modernization. There existed and still continues to exist mainly two religions - Confucianism and Buddhism in Japan. As a matter of fact, Japan owes its high literate culture to its religious beliefs, because of which, to an extent, it has been relatively easy for it to modernize.

Japan's industrialization, as well, shows the magnificent ways by which Japanese entrepreneurs made ingenious use of their society's value systems and even their traditional social structures in the course

of industrial development. The feudal society of Japan which had, in various ways, fostered strong group loyalty over the ages, transformed into loyalty to the company one works for through lifelong employment.

Or if we look at the western orbit, (Guido Tabellini, in his paper) research shows that economic growth and per capita GDP are higher in those regions throughout Europe, which exhibit higher levels of cultural values.

Taking the case of Pakistan, where Islam is the dominant religion. I am not saying that we can, in any way blame religion, for the country's poor economic performance. But the obsequiously submissive role that women play in Muslim nations is not only disappointing but also a factor strong enough to be an economic drag in itself. Think about it, keeping half the talent of a population away from productive activity cannot be overlooked.

INDIA : A land with many religions

Let us talk about India, a country with a diverse religious background. For our country we can in fact see a stochastic relationship between religion and economic growth with the help of clear data. Census 2001 data:

In this what should hold our attention is the percentage of people belonging to a particular religious group and the literacy rate, sex ratio and work participation of people belonging to that group. Focusing mainly on the four religions, i.e Hinduism, Buddhism, Christianity and Islam namely, we see that the smallest proportion of people follow Buddhism in India (0.8% approx) but are in fact the most active participants in the economy, with 40.6% of work participation. They are followed by Hindus, Christians, and then Muslims. If we talk about literacy rates, the highest is in the Christian community followed by Buddhists, Hindus and Muslims by order of ranks.

To substantiate the data we can see that economic growth has not been very uniform in different states within India itself. Of course, there are a lot of other factors that play and have played a dominant role when it comes to economic growth, but at the same time we cannot completely turn a blind eye to this newly found aspect as well. Compare states like Kerala and Uttar Pradesh or Gujarat and Haryana for that matter and you will know what I'm pointing at here.

The 2011 census, which is yet to be out officially, reports a decline in the percentage of people following Hinduism below 80%. What would be interesting to see is, how will, when and if there is significant change in the mix of the percentage of people adhering to these 4 religions, impact the economic outcomes of our mother land.

Religious Groups	Popula tion	Growth	Sex Ratio (total)	Litera cy	Work- Participation
Buddhism	0.77%	18.2%	953	72.7%	40.6%
Christianity	2.34%	22.6%	1009	80.3%	39.7%
Ethnic faiths, others	0.72%	103.1%	992	47%	48.4%
Hinduism	80.46%	20.3%	931	65.1%	40.4%
Islam	13.43%	29.3%	936	59.1%	31.3%
Jainism	0.41%	26%	940	94.2%	32.9%
Sikhism	1.87%	18.2%	893	69.4%	33.7%

CONCLUSION

I would like to conclude by bringing a few observations to the fore. First, Religion does not impact economic growth the same way everywhere. As suggested by Harvard researchers, this kind of a relationship is seen to work more in developing countries or while a country is still developing than in an already developed nation. Second, a lot of it also depends upon the level of engagement (faith) people have in what they follow. Lastly, and most importantly people's interpretation of the religious beliefs, are often observed to be very short and superficial. In this way, religion can and in fact it has been a cause for a lot of social stigmas, unnecessary divisions and even economic backwardness.

But the point that would like to make here is, that it is now time for us to realize that religion is not merely an obstruction to development. As suggested above, it can in fact provide favourable conditions for growth and development of economies. Our wisdom as economists and policymakers lies in taking religion into consideration as a variable, influencing the decisions of our economic actor and the society he lives in, while formulating policies and perhaps even using culture positively for its successful implementation.

I, in no way, wish to create any divide between people following any religion, nor do I seek to place one religion superior, in comparison to the other or encourage the use of religion for self serving goals of politicians. What I, on the other hand, feel is that economics is not desolate from the concepts of religion as both individuals and society are important units in any economy and religious beliefs definitely have a role (big or small) to play in influencing them in one way or the other.

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The Essence of Economics to a First Year ...

Haritha Vijay -1st year

Summary: *This article is more of a personal account given by the writer on her encounter with the subject -ECONOMICS. She expresses her joy in the following lines, "There is always a joy that you sense when you find things written in the textbook coming alive in life, and I feel that very joy, amidst the bewilderment of decision making." It is a light read full of witty remarks made on economic concepts of tradeoffs, opportunity costs and scarcity that makes it easy to relate with.*

After the benevolent board exams, sweeping sky high percentage to one's credit and a whole lot of ecstasy

and fulfillment, most of us proceed to the next big step in life; a college life in the prestigious Delhi University. Beginning from the filling up of application forms, to the day of the last cut-offs, we eagerly wait and hope that the top colleges lower down their cut-offs. And gusto, that feeling when we make it to one of the top colleges for one of the most "elite" courses!

Just as anyone else who qualified for Economics Honours, I too was excited and relieved. Being a science student, the yearlong pain taken to swallow physics, mug up chemistry and prove all the calculus equations in dreams, bore their fruit as I stepped in to study Economics at Miranda House.