



**SELINUS UNIVERSITY**  
OF SCIENCES AND LITERATURE

**THE ECONOMICS OF *MOKSHA* IN HINDUISM,  
BUDDHISM, AND JAINISM:  
ECONOMIC INCENTIVES FOR SALVATION FROM  
DAMNATION**

by Eduardo Alberto Serpa

**A DISSERTATION**

Presented to the Department of Economics

Faculty of Business and Media

in fulfillment of the requirements for the degree of  
**Ph. D. Doctor of Philosophy in Economics**

2023

## **DECLARATION**

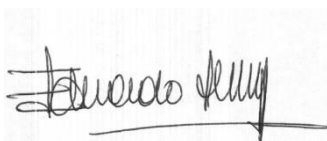
I hereby declare that this dissertation entitled *The Economics of moksha in Hinduism, Buddhism, and Jainism: Economic Incentives for Salvation from Damnation* is the result of my own original research submitted for the degree of Doctor of Philosophy in Economics at Selinus University of Sciences and Literature, Faculty of Business and Media, and that no part of it has been presented for another degree in this university or elsewhere.

I hereby declare that this thesis is entirely my own work, and that the intellectual research contained in this thesis took place in Bogotá, D.C., Republic of Colombia, and that the information used was gathered and processed between May 26, 2021, and May 13, 2023. I conducted the work personally; therefore, I bear sole responsibility for any shortcomings.

I hereby also attest that each contribution to this thesis from the works of other authors has been accurately paraphrased, cited, and that all sources of information that have been used in this thesis have been fully acknowledged according to good academic scholarship.

**Date: May 13, 2023**

**Student Name: Eduardo Alberto Serpa**

A handwritten signature in black ink, appearing to read 'Eduardo Serpa', with a horizontal line underneath.

**Student Signature:**

**Student Registration No. UNISE1470IT**

## **ACKNOWLEDGMENTS**

To the spirit of the universe, the divine energy flowing in this human body, I dedicate the merit of this work, if any. I attempted to write it free from clinging of the self; I simply wrote it to challenge my mind.

To my family, especially to my wife Clara who has been incredibly supportive while undertaking this Ph.D. course, and to my son Daniel, presently preparing his GMAT for advancing into an MBA program, I too dedicate this dissertation.

To all the teachers and professors who in one way or another with their bright minds have somehow helped shape mine into a more cultivated human being, I dedicate this work.

To all institutions of education which have hosted me and fostered the willingness to achieve full potential of mind, I as well dedicate this research.

May I further be blessed with the possibility to share this precious knowledge with others in this life while pertaining causes and conditions may so permit.

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## ABSTRACT

**Keywords:** economics of religion, Adam Smith, the invisible hand, economic incentives, economic disincentives, salvific merit, salvation ethics, karma calculus, salvation from damnation.

*The Theory of Moral Sentiments*<sup>1</sup> (1759) and a relatively unknown chapter of *An Inquiry into The Wealth of Nations*<sup>2</sup> (1791) are where Adam Smith<sup>3</sup> first laid the groundwork for the economic analysis of religion. In these works, he contends that self-interest motivates clergy just as it does all lay producers, that the same market forces constrain churches as they constrain lay companies, and that the benefits of free competition, the drawbacks of monopolistic positions, and an array of other factors all play a role in (Iannaccone, 1998, p. 1478). Some academics have argued that his famous "invisible hand" intended to be taken as "the hand of God," as stated by Viner (1972), Denis (2001, 2005), and Harrison (2011) in (Kennedy, 2013, p. 470).

Following Smith, social scientists Max Weber<sup>4</sup>, Ernst Troeltsch<sup>5</sup>, and Richard Tawney further studied interactions among religions, economics, and politics, bringing the topic to a large audience of economists and other social scientists as a new area of study. However, the subject of Economics of Religion as a subfield of economic science was not born until Laurence R. Iannaccone<sup>6</sup> from the Chicago School of Economics published an article

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<sup>1</sup> The base on which *The Wealth of Nations* was to be built later, and whereby Adam Smith describes the principles of human nature, particularly the capacity to produce moral judgements, including our own, *vis-à-vis* the apparently dominant sentiments of self-interest and self-preservation.

<sup>2</sup> The *magnum opus* of Adam Smith originally printed in 1776 and commonly known as *The Wealth of Nations*. It explains why nations build on wealth, and it is still regarded as fundamental study in classical economics.

<sup>3</sup> Scottish philosopher and economist 1723-1790, well-known as the founder of Economics.

<sup>4</sup> German political economist and sociologist, author of *The Protestant Ethics and the Spirit of Capitalism*, one of the best-known works of classical sociology, where the ethics of the capitalist entrepreneur and its institutional organization prove continuity of thought between Adam Smith and Max Weber.

<sup>5</sup> Since the pioneering studies of Weber, Troeltsch, and Tawney early in the XX century, religious historians and sociologists have attempted to clarify the complex relationship between religion and social thought.

<sup>6</sup> See Appendix I.

entitled *Introduction to the Economics of Religion* in the Journal of Economic Literature (Iannaccone, 1998). Because it is a relatively new area of study in economics, the discipline is still in its early stages when compared to other areas of economics research (Iyer, 2016, p. 395).

Iannaccone claims that outside of the United States and other industrialized western countries, there is little scientific study on the economics of religions (Iannaccone, 1998, p. 1467). Therefore, taking into consideration my dual scholarship in both economics and dharmic<sup>7</sup> traditions of India, particularly Buddhism, hence my scholarly interest in this new field of economics, applied here to these dharmic traditions which originated in India many centuries ago, in the form of the Hindu<sup>8</sup>, Buddhist<sup>9</sup>, and Jain<sup>10</sup> religions.

This proposed research focuses on the economic analysis of religion limited to these three ancient Indian dharmic religions, all of which share *dharma*<sup>11</sup> (Sk.), *moksha*<sup>12</sup> (Sk.), *ahimsa*<sup>13</sup> (Sk.), rebirth, rebecoming, and many other similarities.

The research focuses on the economics tools that can be applied to salvation ethics and attempts to quantify the economic incentives which religions subtly address to the consumers of religion for salvation from damnation, and presents a methodology using a theory of decoding religious dogma in order to present a SMI or Salvation Merit Index, together with functions in each tradition that reflect the probability of salvation taking into

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<sup>7</sup> The Sanskrit term *dharma* might appropriately be used here as “religious doctrine” or “religious teachings”.

<sup>8</sup> Understanding Hinduism as a group of religious movements. The term was originally defined by imperial Britain when ruling India to refer to an umbrella of diverse faiths as practiced in India.

<sup>9</sup> A tradition which originated in India some 2,500 years ago and whose founder was Siddhartha Gautama.

<sup>10</sup> Jainism was founded by Tirthankara Mahavira believed to have lived around the same time of Buddha Gautama.

<sup>11</sup> A Sanskrit term with multiple meanings, but “religious doctrine” may be applied here.

<sup>12</sup> The Sanskrit term *moksha* exists in the three traditions under consideration, meaning “liberation” or “salvation”.

<sup>13</sup> The focus of Jainism on non-violence *ahimsa* had a strong influence on both Buddhism and Hinduism.



consideration an economic model that deciphers salvation in each of the traditions under research.

This dissertation is one of the few comprehensive investigations that addresses the relationship between economics and eastern dharmic religions, a relationship most economic actors often ignore, despite 70% of the world being religious (Minton & Kahle, 2014, p. 1).

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## LIST OF ABBREVIATIONS

Sk. Sanskrit Language

Pl. Pali Language

Lt. Latin Language

Ch. Chinese Language

Gm. German Language

SMI. Salvific Merit Index

MA. Master of Arts

MBA. Master of Business Administration

GMAT. Graduate Management Admissions Test

S.N. The *Samyukta Nikāya* in the Buddhist *Pali Canon*

A.N. The *Aṅguttara Nikāya* in the Buddhist *Pali Canon*

TMS. *The Theory of Moral Sentiments*

MTurk. Mechanical Turk

TG. Trust Game

DG. Dictator's Game

UG. Ultimatum Game

## LIST OF DEFINITIONS

Definition 1: *Homo moralis*, p. 61

Definition 2: *Homo economicus*, p. 61

Definition 3: *Homo kantiensis*, p. 62

Definition 4: *Homo hamiltoniensis*, p. 62

## CHAPTER 1: INTRODUCTION

Most of us are unaware of how religious concepts have impacted our economic thinking, yet our notions about economics and economic policy have deep origins in religious thinking. Religion affects many aspects of our existence, including social structures, law, and even economics. Also, these days, religious ideas affect modern economics, and this effect continues to be significant. Some critics of economics today even claim that the trust of experts and many ordinary citizens in free markets is a type of religion (Friedman, 2021, p. x). Even some political ideology such as communism<sup>14</sup> has been matched to some type of religion, as in the claim that Jesus of Nazareth<sup>15</sup> (Ehrman, 1999, pp. ix-x) was the first communist, stated by Russian Party Leader Gennady Zyuganov, perhaps based on those like Houlden and Minard (2015), who view that early Christianity as described in *The Acts of the Apostles* was an early form of communism.

Now, this doctoral essay is about economics, yet my arguments contained herein are largely influenced on economic thinking originated from outside the discipline, even from times when there was no science of economics as we conceive it today. Religion, the history of religious thought, and religious institutions have shaped not only economics, but also political history, social history, and the theory of politics. However, as this is fundamentally research in economics, it does not presuppose extensive knowledge of neither Hinduism, Buddhism, nor Jainism.

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<sup>14</sup> Marx argued that a spiritual heavenly-type reward for godliness was a plot by the ruler class to manipulate masses to their ends, as the antithesis of Marxism and religion could not be refuted, for religion in Marxist doctrine is the opium of masses.

<sup>15</sup> Some scholars such as Ehrman claim that Jesus is best understood as a first-century Jewish apocalypticist, who expected the end of history would come in his own generation, or at least during the lifetime of his disciples.



Religion can be upsetting to people, owing to culture, exclusivity, and prejudice; however, the economics of religion approaches religion in terms of economic ideas and less from religious dogma or doctrine, taking an impartial approach when addressing "the truth", and does not intend to prove right or mistaken belief. Some scholars even believe that problematic terminology, such as -isms, should be avoided, because Hinduism, for example, does not refer to an entity but rather is a label that the west has given to a set of facts; the world has Buddhists but not Buddhism (Urubshurow, 2008, p. xxv), and we had better talk here of the Hindu, Buddhist, and Jain traditions<sup>16</sup>, yet this is the kind of discussion economists should avoid when addressing the study of religion; for this reason, the *-isms* in the title of this doctoral research are as convenient as ever.

## 1.1 Background of Research.

The research carried out in this dissertation in a certain manner borrows some ideas from my previous Master of Arts in Buddhist Studies thesis entitled *Buddhist Economics<sup>17</sup> and Behavioral Economics<sup>18</sup>: towards the Economics of Happiness<sup>19</sup>* (Serpa, 2021), which in brief attempts to include Buddhist ideas into economic science by means of behavioral economics. While performing this previous graduate level research, I came across the subject of the economics of religion, a relatively recent and very specialized niche of knowledge in economics. Indeed, a fascinating subject, I decided to leave it aside for further scholarly exploration in the form of a Philosophy Doctor program by research, as there are

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<sup>16</sup> Religious traditions.

<sup>17</sup> The foundations of Buddhist economics are attributed to the work of German-born economist Ernst Friedrich Schumacher (1911-1977) in his book *Small is Beautiful*, furtherly enhanced by Phra Debvedi Payutto, Buddhist monk and scholar, author of an essay entitled *Buddhist Economics*.

<sup>18</sup> Behavioral economics can be defined as an enhancement of neoclassical economics to include empirically supported evidence on human behavior. It is mainstream as experimental economics in today's peer reviewed journals in economics.

<sup>19</sup> A field of economic study which is still controversial and not all economists agree with.

no graduate programs available for its conventional study, being a specialty subject not even known by many of today's economists. The approach to the subject here is mostly from an economist perspective, yet it borrows ideas from the specialized religious studies scholar viewpoint.

## 1.2 The Global Religious Composition

Out of an estimated world population in 2020 of some 7,562.6 million people, Christians represent some 2,380 million adherents, Muslims some 1,910 million followers, Hindus represent a community of 1,160 million people, Buddhists compose a population of

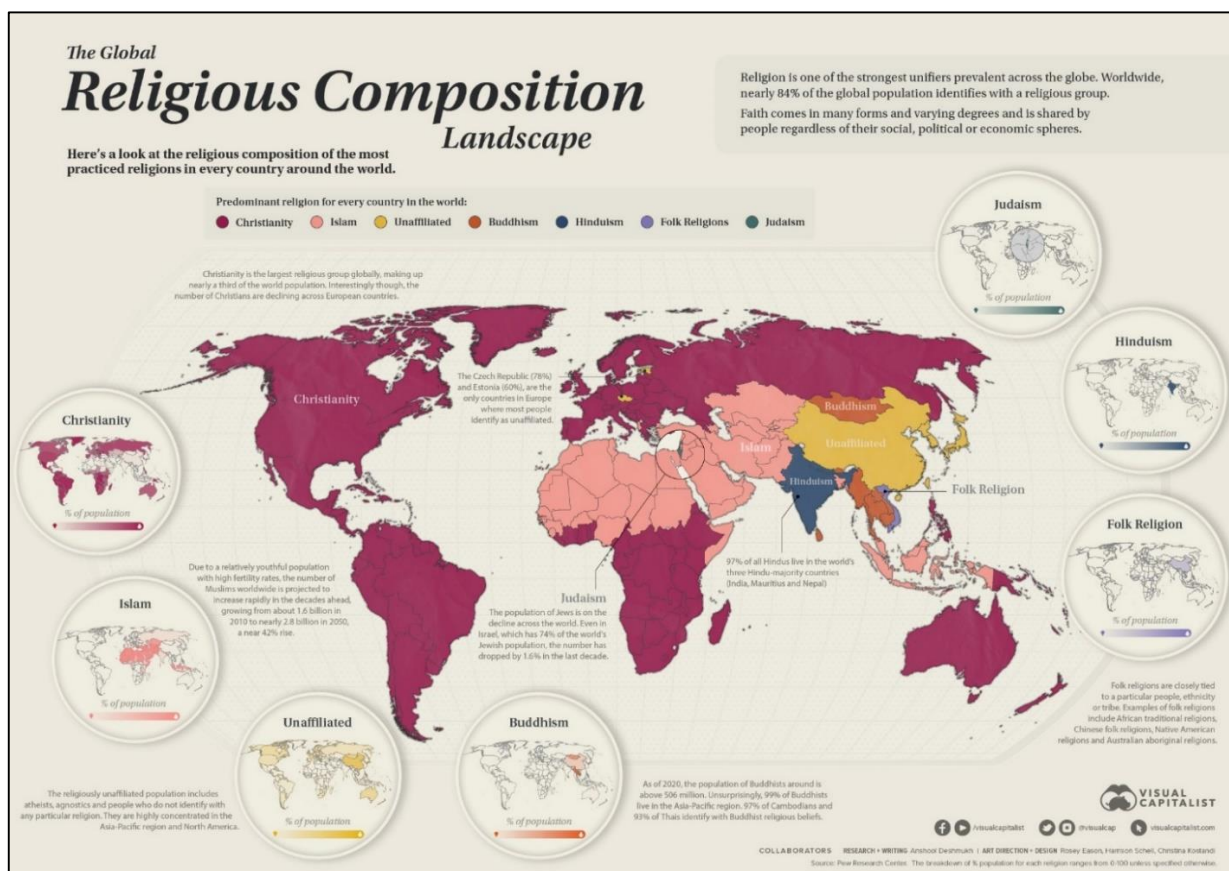
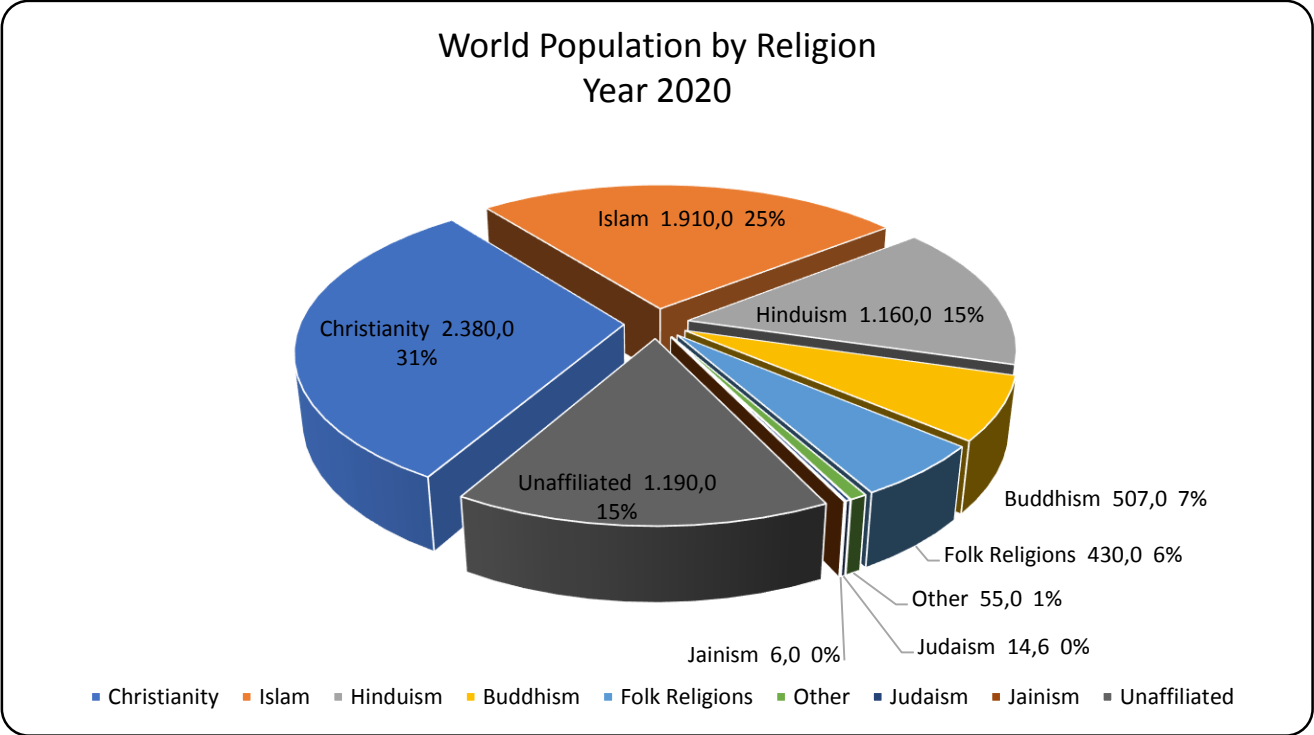


Figure 1: The Global Religious Composition Landscape. Source: <https://www.visualcapitalist.com/mapped-major-religions-of-the-world/>

507 million people, folk Religions are estimated to include 430 million people, other faiths are some 55 million people, Judaism has an audience of 14,6 million, and Jainism exhibits a population of some 6,0 million, mostly in India. The survey shows some 1,190 unaffiliated people (see Tables 1-2).



**Figure 2: World Population by Religion 2020.** Data source: [www.visualcapitalist.com](http://www.visualcapitalist.com)

Figure 3 shows the estimated population of 1,673 million followers for all the traditions involved in this research, Hinduism with 1,160 million (69 %), Buddhism with 507 million (30%), and Jainism with a minority of 6 million (0.4 %).

### Hinduism, Buddhism, and Jainism Adherents in the World Year 2020

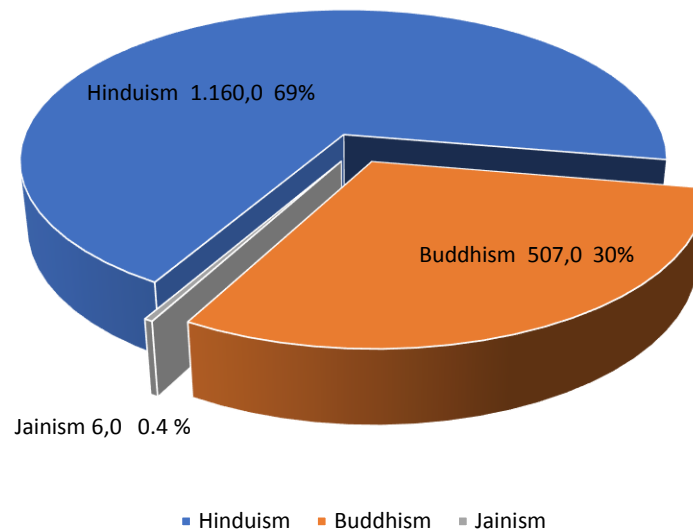


Figure 3: World Adherents of Hinduism, Buddhism, and Jainism 2020. Data source: [www.visualcapitalist.com](http://www.visualcapitalist.com)

### 1.3 Approaches to the Economics of Religion

It must seem very odd for an economist, a proponent of a very worldly science, to be thinking about religion, that most otherworldly of concerns, as conventional economic subjects such as monetary policy, game theory, and network models are at first sight extremely far removed from the world of faith and spirituality. Nevertheless, economics and religion are closer than some might believe at first.

Currently, the study of religion and economics can be classified into three main lines of study: a) religious behavior from an economic perspective, b) studies of the economic consequences of religion, and c) religious economics, which addresses how religion views economics (Jackson & Fletcher, 2007, p. 3).

<b>Approaches to religious studies</b>				
<b>Liberal arts</b>	<b>Social science</b>			<b>Science</b>
<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		Social psychology of religion
<i>Religious art and literature</i>		Experimental economics of religion		

**Figure 4 – Different Disciplines within the Study of Religion.**

Source: Hoffman, R. (2013) in *The Experimental Economics of Religion*, *Journal of Economic Surveys*, p. 813.

I approached the subject in the MA dissertation both from the latter and the first perspectives, namely from a religious studies scholar by means of religious economics – in this case specialized in the Buddhist tradition – and from an economics of religion economist via behavioral economics, which is also a burgeoning field in economic science.

Religious economics, economics and religion, economics in religion, and economics of religion are some of the terms used today to describe comparable concepts with quite diverse meanings. The latter has grown into a novel and ground-breaking approach to the study of religious beliefs, preferences, attitudes, possessions, organization, and dynamics, including key theoretical models such as market theory, rational choice, and supply-and-demand of religious products and services. The confluence of economics and sociocultural study in religion studies has grown because of globalization (Obadia & Wood, 2011, p. xiii).

## 1.4 Approaches to the Scientific Study of Religion

In his own words (Iannaccone, 2006), the economics of religion is a new field that uses the insight and methods of modern economics and analyzes the human side of religion. As a result, it asks why different denominations have different approaches to what is required of people, why some religions appear to be growing while others are declining, why religion is or is not durable in the face of social changes, and why religion captivates so many people in all eras and places in time, and leads them to do things they might not otherwise do, as religion sometimes brings out the very best and sometimes the very worst of people<sup>20</sup>. In its influence on attention to maximizing behavior, maximizing rational choice on the one hand to the stability of preferences on the other hand, and the notion of markets and market equilibrium, the economics approach differs from other related fields such as sociology of religion, psychology of religion, anthropology of religion, and other approaches. The economics of religion does not presume that people's religious activity is illogical; rather, it questions why a perfectly intelligent person would join a congregation or cult. These concepts are addressed at three levels in economics of religion: a) households and individuals, b) congregations and communities, and c) marketplaces in particular areas or nations. As a result, economics of religion is neither particularly concerned with the study of money and religion, such as contributions, compensation of preachers, the wealth of religious associations, nor is it concerned with the funding of religion. It is likewise unconcerned with applying economics to examine or evaluate theology, much alone the truth of one religion versus another or the truth of religion in general.

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<sup>20</sup> Religious conflict and warfare have also been a source of wealth in civilizations throughout history of humankind, but this is outside of the scope of this research.

Scholars have debated whether there is something that can be termed religion in and of itself. They want to know if religion can be regarded just as a social phenomenon, devoid of any type of deity or transcendent principle. Reductionists are scholars who say yes to this question because they see religion as a completely human construct. As a result, reductionists look at religion through the lenses of its social, biological, economic, or historical components. They believe that nothing is intrinsically religious, and that religion may thus be reduced to individual human beings in society. Religionists, on the other hand, are academics who believe that religion is special. Religion, according to theologians, is *sui generis*, or unique. They say that religion is unique because of its sacred experience, and that it cannot be examined just in terms of social structures, political movements, economics, historical tendencies, and so forth. They say that religion should be studied as religion (Urubshurow, 2008, pp. 3-4). As an academic scholar of economics, I shall take a reductionist stance in this doctoral dissertation, as I shall demonstrate how the theory, tools, and methods of economics may be applied to further understand religious phenomena.

### **1.5 Economic Analysis of Religion**

Adam Smith laid the foundations for the economic analysis of religion in a relatively not well known chapter of *An Inquiry into The Wealth of Nations* (1791) as well as in *The Theory of Moral Sentiments* (1759), where he argues that self-interest motivates clergy just as it does all lay producers, with the same market forces constraining churches just as they constrain lay companies, and that the advantages of free competition, the problems of monopolistic positions, and the burden of government controls and regulations affect religions just as any other sector in the economy (Iannaccone, 1998, p. 1478). Viner (1972), Denis (2001, 2005), and Harrison (2011) even assert that the phrase "invisible hand" refers to God's hand (Kennedy, 2013, p. 470).

So, what today we call economics is rightly associated to Adam Smith, whose ideas were most surely influenced by the religious thought of his time within his English-speaking protestant world, yet the idea of a central influence of religion on Adam Smith's thinking, or on that of many of his contemporaries, will at first strike many knowledgeable readers as impossible to believe (Friedman, 2021, pp. x-xi).

Smith begins by demonstrating what seems to be the superiority of a free market in religion over a state-administered one, but concludes by commending the Established Church of Scotland, which considered itself to be the only legitimate expression of Christian faith in the country (Mochrie, 2014, pp. 422-423). Nonetheless, God's omission from a book concerning the nature and reasons of national riches is noteworthy. Smith makes no specific statements that the economy was created by God or that God functions inside it, which may indicate the system's secular foundations in the concept of humans operating in concert, albeit not always in tune. There is no evidence of Smith's active religious engagement, let alone religious fervor; rather, the pioneers of modern economics lived in a period when religion was both more common and central than anything we know today in the western world (Friedman, 2021, p. xi). Natural theology was a part of what Smith taught as a professor of moral philosophy at the University of Glasgow, and this concept is crucial to comprehending the historical process of how we came to understand today's economics. What we now call economics is the result of the Enlightenment, specifically the Smithian revolution and subsequent development of economics as an intellectual discipline, both of which were part of a secular modernization process, in the sense of a historic shift away from thinking in terms of a God-centered universe and towards what is now commonly known as humanism. Here it might be useful to recall that not just *The Wealth of Nations*, but Smith's entire project for a modern science as cited by Phillipson in Friedman (2021)



was “built on the foundations of the Enlightenment’s quintessential assault on religion, so the Smithian revolution partly grew out of new ideas in theology, and the religious debates of those days most surely shaped economics” (Ibid. p. xii).

Anyhow, Smith does mention religion in *The Wealth of Nations* when analyzing the social role and organization of churches. He opened his institutional history of revealed religion with an ironic, almost mocking tone as cited from *The Wealth of Nations* (V.i.g.1: p. 788) by Kennedy (2013): “The institutions for the instruction of people of all ages are chiefly those of religious schooling”, the purpose of which, “is not so much to render the people to be good citizens of this world, as to prepare them for another and a better world in a life to come” (Kennedy, 2013, pp. 470-471), but the path to that better society was not apparent, and the residents of this planet were far from perfect. He investigated religious institutions to find out what was causing the problem.

## **1.6 Towards a new Field of Study as the Economics of Religion**

Following Smith, social scientists Max Weber, Ernst Troeltsch, and Richard Tawney further studied interactions among religions, economics, and politics (McCleary, 2007, p. 49), as well as American sociologists Peter Berger (1970’s – 1980’s), Rodney Stark, Robert Finke, and others in the 1980’s-1990’s (Obadia & Wood, 2011, p. xv): However, economics of religion was not conceptualized as a subfield in economic science until Laurence R. Iannaccone from the University of Chicago School of Economics published an article in the *Journal of Economic Literature* titled *Introduction to the Economics of Religion* (1988), introducing the subject as a new field of research to a large audience of economists and other social scientists; the field is still nascent compared to other fields of economics (Iyer, 2016, p. 395).

Under his landmark book *The Protestant Ethic and the Spirit of Capitalism* (1904), Max Weber, who had studied Smith's *The Wealth of Nations*, utilized the rational choice model to argue that salvation in Calvinism was to be gained by labor or output. Everyday work, rather than monastic ascetic pursuits, was ordered and rationally justified in an impartial moral framework that applied to one's daily life activities and logically led to the rational arrangement of labor. If Christian labor specialization via the development of one's God-given gifts was proof of grace, then the outcomes in terms of money gain were also evidence of grace. Weber also applied components of his sociology of religion to Hinduism and Buddhism, as well as Confucianism, Taoism, and Judaism, in his later publications. Although his study on global religions was criticized by some for being erroneous in several ways, it established the credibility of social-science research into the link between religion and economic progress. When quantitative, statistically based social-survey techniques emerged during and after World War II and was applied to sociological difficulties, the economics of religion became a scientific field of research, while being conceptually anchored in the writings of Smith and Weber (McCleary, 2011, pp. 4-5).

Professor Iannaccone affirms that “with two centuries separating its first and second publications, there is no denying that the economics of religion got off to a slow start” (Iannaccone, 1998, p. 1465). The Enlightenment view that religion was irrational and hence outside the realm of economics, and that it would eventually fall with the growth of science and technology, was part of the cause for the big gap in time. This is known as the secularization thesis, which has long been popular in the social sciences but has now been shown incorrect and out of favor, with even its most well-known proponents admitting that facts and experience from the twenty-first century do not support theory as cited by (Berger 1999) in (Bose & Blanchard, 2011, p. 9). Given that religion does not appear to be vanishing

in the face of modernization, the concept that individuals may be religious for rational reasons supports the premise that religion should be an area of economic research.

### **1.7 A Change from Economy and Religion towards the Economics of Religion**

According to Obadia and Wood (2011), the study of religion experienced a transition from a focus on economics and religion to a newer focus on the economics of religion, which requires specific prerequisites:

1. Economic theories are compatible with the study of religion, and they are relevant to it.
2. In the context and place of their production, promotion, circulation, and appropriation, religious elements – ideas, symbols, beliefs, rituals, and so on – might be classified as products and even commodities.
3. Using economic and political economy principles, the logics of organizational arrangements and institutional dynamics of religious traditions and landscapes may be studied and described.
4. The individual or group of actors' relationships to religion is motivated by understandable rational intentions – *homo religious*<sup>21</sup> can be considered, in this theoretical context, as a kind of *homo economicus*<sup>22</sup>.

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<sup>21</sup> An evolution of *homo sapiens* as characterized by Mircea Eliade as a mode of human existence prior to the advent of a modern, secular consciousness. This definition usage takes secularization as an abandonment of religion and in the weight, it assigns religious elements within the modern, secularized world. Its adherents can conceive religion in terms of concrete phenomena normally considered religious (such as myths and rites), without recourse to subtle redefinitions governed by their views of humanity in general. At the same time, they may still appreciate religion's secular manifestations. It is perhaps the most widely known modern use of *homo religious*.

<sup>22</sup> The term *homo economicus*, or economic man, is the portrayal of humans as agents who are consistently rational and narrowly self-interested, and who pursue their subjectively defined ends optimally. It is a word play on *Homo sapiens*, used in some economic theories.

In addition, some scholars maintain that market forces more directly concern expanding or missionary traditions, especially new religious movements, rather than world religions or mainstream churches (Obadia & Wood, 2011, pp. xviii-xix).

## **1.8 The Economics of Religion in the Hindu, Buddhist, and Jain Traditions**

Given my dual background in economics, and in the religious studies of dharmic traditions of India, particularly Buddhism, hence my scholarly interest in this new field of economics, applied here to these traditions which originated in the Indian subcontinent many centuries ago in the form of the Hindu, Buddhist, and Jain religions. The research is focused on the economic analysis of religion limited to these three Indian dharmic traditions, all of which share *dharma*, *moksha*, *ahimsa*, rebirth, rebecoming, and many other similarities. Here, I will address the issue mainly from a conventional economics approach, and little from ontological<sup>23</sup> or eschatological<sup>24</sup> perspectives, considering religious groups such as sects, *ashrams*, *sanghas*, and the alike<sup>25</sup> as firms, religion as an industry, and belief as a product, all of which face conventional economic issues such as entry costs, profit-maximization, individual entrepreneurship, competition with other religions, government controls, and economic theories of franchising, etc. This doctoral dissertation intends to fill the current subject gap in the subject of the economics of religion applied to these dharmic oriental religious traditions of India, as there is very little existing analysis on the economic effects of religious affiliation to these three traditions as stated by (Becker, et al., 2020) as “the vast majority of the recent literature has concerned one of the three main monotheisms: Judaism, Christianity, and Islam”.

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<sup>23</sup> Ontology is the branch of philosophy that studies concepts such as existence, being, becoming, and reality.

<sup>24</sup> Eschatology is a part of theology concerned with the final events of history, or the ultimate destiny of humanity. This concept is commonly referred to as the end of the world or end times.

<sup>25</sup> The western equivalent term would be churches.

Researching the relationship between economy and religion now presents substantial difficulties. Primarily, scholars must comprehend what religion entails, as academics have debated its meaning for a long time. Second, the researcher must investigate the endogenous relationship between religion and economic factors. Next, the economic implications of religion must be identified. Finally, especially in developing nations, it is vital to assess the impact of religion on economic policy as well as the influence of economic policy on religion (Iyer, 2018, pp. 9-13). This research cannot provide answers to all these questions, so the subject must be limited also according to the scarce data available.

### **1.9 The Influence of Religion in Economics**

According to Laurence Iannaccone, mainstream economics needs the economics of religion, so scholars should seek to understand through applied economics, the impact of beliefs, norms, culture, values, self-control, social capital, social networks, and institutions, all of which are of course the realms of religion (Iannaccone, et al., 2005, p. 1). Therefore, economists use economic theories to understand religion and draw upon both theoretical and empirical economics to help elucidate religious practice and religious change (Iyer, 2018, p. 2).

So, understanding the historical relationship between religious and economic thought impacts not just the society we live in today, but also defines what economics is. Economics, as we know it now, is still a new discipline, and I claim that religious thought has always had an impact on it. As a result, if we are to properly comprehend the intricate complexity of human experience, economists and policymakers should continue to be interested in the economics of religion.

Thus, the central aim of this research is to discuss why economists need to be concerned about bringing their insights and methods to bear on the study of religion. The central question of this research is to address, from an economic perspective, the different economic incentives provided by these three doctrines of salvation or liberation *moksha*: Hinduism, Buddhism, and Jainism, for performing economic activities and charitable deeds, in a comparative analysis of the three traditions. Consequently, as in the economics science subfield of history of economic thought, the emphasis here on the economics of religion approach of this research is more qualitative than quantitative yet proposing a SMI or salvific merit index as my contribution to the field.

Consequently, I will investigate the economic incentives for salvation from damnation that impact liberation *moksha* in each of the eastern traditions of Hinduism, Buddhism, and Jainism, using the current tools that economics of religion provides to economists. Let us see.

## CHAPTER 2: ADAM SMITH AND RELIGION

Adam Smith was not simply an economist; he was also an exceptional astronomer and physicist, a moralist, linguist, theologian, art and literature critic, outstanding mentor, and an expert on politics and jurisprudence; he was a product of the Scottish Enlightenment's educational environment, which peaked in the first part of the eighteenth century. Scotland surpassed England in several areas of intellectual endeavor during the Scottish Enlightenment, which followed a 150-year era in which Scotland was divided between Roman Catholicism and Calvinism. The Calvinist (Presbyterian) victory in Scotland in 1701 had significant immediate implications. One of the earliest was a compelling popular backlash against Roman Catholicism. While Adam Smith was supposed to have lectured on natural theology to his students at the University of Glasgow throughout his tenure, researchers who have compiled student notes from Smith's lectures on rhetoric, the arts, and jurisprudence, have not found student notes from Smith's lectures on natural theology. Some historians feel that Smith devoted insufficient time to this issue. Hence, we do not know much about Smith's ideas on God because we do not have any information from his lectures on natural theology. Besides, he ordered the destruction of any of his writings that he considered did not make a unique addition to human knowledge and understanding at the time of his death (Ward, 2004, pp. 46-49).

### 2.1 Significant Contributions to Religion by Smith

Michael Novak<sup>26</sup> points out in *The Spirit of Democratic Capitalism* (1982) the significance Adam Smith placed on the concept of compassion, while lacking sympathy.

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<sup>26</sup> (1933-2017) American Roman Catholic philosopher and journalist whose most widely known book is *The Spirit of Democratic Capitalism* (1982).

David Hume's books use the same word sympathy with a comparable focus. What distinguishes Adam Smith's viewpoint from Hume's is his emphasis on how to determine if one is sympathetic to others. Smith discusses the necessity to emotionally remove oneself from any moral quandary and employ what he refers to as the "man inside the breast" or "impartial spectator" as a judge. Using this as a starting point, one must consider if Smith's sensitive impartial spectator is universal to all humans. Rather than relying one's view on what others believe, one may make sound judgments. Smith endeavored to comprehend the process of moral decision-making as well as the processes for achieving justice and fairness in society and the market via observation and intuition. Reading Smith, one gets the impression that he tried to apply a rigid moral standard to his own life. He plainly felt let down by the clergy and depended on this more existential approach to moral decision-making all the time. However, one must wonder whether Smith's sensitive impartial observer is common to all humans. He failed to relate it to the mystery of religion due to the circumstances of his life. Smith lived in a different era than ours, and unfortunately, he is not seen in the context of all of his work, but is simplistically associated with the "invisible hand," a term that he very rarely used and had very little to do with the personalized perspective with which he addressed the moral quandaries that he faced in his own life (Ibid. p. 55-59). There is a vast literature on the interpretation of Adam Smith's invisible hand; nevertheless, he refers to the invisible hand only three times. Here, for example, is a famous paragraph, the second of three instances on which Smith makes the claim of the notion of an invisible hand (Denis, 2005, pp. 2-3):

*The rich ... are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing*



*it, advance the interest of the society, and afford means to the multiplication of the species. When providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last also enjoy their share of all that it produces. In what constitutes the real happiness of human life, they are in no respect inferior to those who would seem so much above them. In ease of body and peace of mind, all the different ranks of life are nearly upon a level, and the beggar, who suns himself by the side of the highway, possesses that security which kings are fighting for (TMS IV.1.10).*

Consequently, the poor should be pleased with their lot since they are just as well off as the affluent in the major areas. Smith's entire system of thinking is best understood not as a scientific enterprise aimed at world discovery, but as a rhetorical project aimed at world reconciliation – fact he explicitly states – and the concept of the “invisible hand” rests at the core of this rhetorical project. On the abstract usually known as Smith's *History of Astronomy*<sup>27</sup>, *the History of Ancient Physics*, and *the History of Ancient Logics and Metaphysics*, he proposes a perspective of science as an effort geared primarily at reconciling us with the world, rather than intellectually apprehending it. Smith sees the universe as a harmonic mechanism run by a providential deity. This notion initially appears and is explained clearly in *The Theory of Moral Sentiments*, and it later underpins the social universe in *The Wealth of Nations*. Thus, Smith's concept of the "invisible hand" is clearly here a representation of an omniscient, omnipotent, and benign deity's work on our behalf (Kennedy, 2013, p. 470).

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<sup>27</sup> Its full title is *The Principles that Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy*.

In logical view of these arguments, Smith's invisible hand concept was totally and unequivocally theological. There is no need to argue for a fresh and radical reinterpretation of Smith's meaning: theological interpretation is the first and most evident meaning that strikes the reader of what Smith said. It is the non-theological interpretation, which claims that, despite what Smith stated, he truly meant something else which demands proof. According to Adam Smith, God does not interfere directly and instantly in human events. We do not know what Smith privately believed or did not believe, yet he shared his colleague David Hume's well-known denial of miracles. What he does plainly demonstrate is a view that human happiness is the distal, rather than the proximal, result of God's purpose, as mediated by the whole of natural and social occurrences. The latter, which include the simple system of natural liberty, competition, supply, and demand, are indirect expressions of God's will and tools for conducting God's goals (Ibid. pp. 26-27).

## **2.2 The problem of evil, the problem of free will, and Adam Smith's contradictions**

*If God exists, then God is omnipotent, omniscient, and morally perfect.*

*If God is omnipotent, then God has the power to eliminate all evil.*

*If God is omniscient, then God knows when evil exists.*

*If God is morally perfect, then God has the desire to eliminate all evil.*

*Evil exists.*

*If evil exists and God exists, then either God does not have the power to eliminate all evil, or does not know when evil exists, or does not have the desire to eliminate all evil.*

*Therefore, God does not exist.*

The epistemological challenge presented by evil is whether the world contains undesired conditions of affairs that might be used to make it irrational to believe in God's existence. If we consider God to be all-powerful, all-knowing, and fully good, one extremely succinct method of expressing the well-known problem of evil is as shown above (Tooley, 2021).

Smith's thesis contains several logical flaws. Everything in his *weltanschauung*<sup>28</sup> (Gm.) is planned to maximize the amount of enjoyment in the world at every second. There is clearly misery and injustice in actual reality. How does the latter square with the management of the universe's machine by a benign, omniscient, and omnipotent God? To paraphrase Hume, Epicurus<sup>29</sup> old questions remain unresolved. Is God willing but unable to avert evil? Then he is powerless. Is he capable but unwilling? Then he is malicious. Is he capable as well as willing? So, where does evil come from? At some point in theodicy<sup>30</sup>, free will is invoked: God must accept evil to give man free will and thus moral accountability. Smith is on slippery grounds again here, since he has made everything, including human nature, a part of nature; all activity, including human conduct, is natural, and thus God-given (ibid. p. 56). However, one can also consider the problem of free will as present in the Hindu, Buddhist, and Jain traditions:

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<sup>28</sup> His conception or view of the world.

<sup>29</sup> (342-271 BCE) Epicurus of Samos claimed that the existence of evil proved there is no God. This is known as the problem of evil.

<sup>30</sup> The vindication of God: it is to answer the question of why a good God permits the manifestation of evil.

All three traditions Hinduism, Buddhism, and Jainism understand the haunting presence of karma that explains determinism<sup>31</sup>. At the same time, they quite often acknowledge human free will. So, the question is how they can explain both together. In Hinduism there is no one accepted view on the concept of free will. The Advaita (monistic) schools generally believe in a fate-based approach, and the Dvaita (dualistic) schools are proponents for the theory of free will. Buddhism believes in neither absolute free will, nor determinism. It preaches a middle doctrine called *pratitya-samutpada* (Sk.), which is often translated as interdependent arising<sup>32</sup>. It is part of the theory of karma in Buddhism (New World Encyclopedia contributors, 2017). In Jainism, an individual's present condition is also determined not by any absolute principle but by his own actions performed either in his past lives or in this life. The Jain thinkers have systematized the karma doctrine to such an extent that it is possible for them to account for every disposition in a soul with its corresponding karma, albeit with one exception, *jñāna*<sup>33</sup> (Pandey & Jain, 2020, p. 79).

If karma predestines future outcomes, how is it possible for people to have free will? This is also known as the predestination problem. The Buddha explicitly discards the absolute free will or ultimate self-control or ultimate bearers of moral responsibility (Das & Sahu, 2017, p. 137), yet Smith's dilemma is that if God's goal is to maximize happiness, he cannot allow evil, suffering, or free will at the same time. If he allows pain, the quantity of happiness is not at its logically conceivable maximum; if he allows free will, he is not maximizing happiness since he leaves it to the conclusion of errant limited minds'

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<sup>31</sup> The doctrine that all events, including human action, are ultimately determined by causes regarded as external to the will.

<sup>32</sup> *Pratitya samutpada* (Sk.) is a central teaching of Buddhism: the idea that human life is a continuous process of change, rising and falling through interdependence with numerous other processes.

<sup>33</sup> Soul.

deliberations. We began by asking Smith how he perceived the relationship between individual conduct at the micro level and society results at the macro level. The solution is that the articulation mechanism is a deity's agency. He utilized the concept of a divine teleological<sup>34</sup> purpose, of the creation as a machine overseen by a deity to explain away misery and evil as proximate representations of chains of connection whose long implications would entail more than compensating benefits. The goal is to persuade us that we do not need to do anything at the macro level. All we need to do is follow our unique micro-interests while displaying acceptable degrees of patriotism and respect for our leaders. The wealthy, powerful, and fortunate all ensure that society's major decisions are made for the best — because God guides them. Everything works out in this, the finest of all conceivable scenarios (Tooley, 2021, p. 57).

(Armstrong, 2015, p. 54) supports my central hypothesis of this research and my thesis that salvific merit, or liberation merit from suffering, is something that may be earned, accrued, and produced similarly to mercantile wealth in the path to liberation *moksha* (Ibid.) as the ultimate objective or goal in each of these traditions Hinduism, Buddhism, and Jainism. So, Karen Armstrong provides grounds for my formulation and econometric modeling of the Economic Model of Salvation from Damnation as a Function of the SMI - the Salvific Merit Index of this project applicable to these dharmic religions.

Hence, it might be stated that by “the invisible hand”, Adam Smith most probably could have meant “the hand of God” as debated by some academic scholars (Kennedy, 2013, p. 470), yet there is no certainty in proof or evidence to corroborate such, but it is a logical assumption of what he could have meant, supporting my thesis here that economics

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<sup>34</sup> Teleology is the explanation of phenomena in terms of the purpose they serve rather than of the cause by which they arise.

as postulated by Adam Smith was largely influenced by religion. We will next examine *moksha* in Hinduism, Buddhism, and Jainism: *dharma* for salvation from damnation and their key particulars of the results on the economy of religious decisions.

### CHAPTER 3: THE ECONOMICS OF RELIGION

Having introduced some concepts that support the thesis that religion has largely influenced economics since its origin, we now analyze in this chapter in more detail the economics of religion, as developed by Laurence Robert Iannaccone and others. Following the ideas of (McCleary & Barro, 2006, p. 51), religion is *sui generis*, as in a class by itself, and their general view is that believing relative to belonging, or attending, is the main channel through which religion matters for economic and other outcomes. This is clearly a religionist approach, but McCleary and Barro provide top scholarship in religion economics, even if, as discussed in the previous chapter, the religionist approach is in opposition to the reductionist way as in this research studying religion through economics, as reductionist research delves into the social sciences and warns us that religious data should not be taken at face value (Urubshurow, 2008, p. 9). As a result, reductionists reject any assumptions regarding the truth of the sacred. The economics of religion mitigates the problem by not interfering in the pursuit or proof of such truth.

There are several reasons why a social science academic investigation of religion varies from other subjects: religion is a very personal experience. Our own religious tendencies and views affect the realities we strive to respond to, and our own religiosity appears in our activities. Some individuals consider religion to be a cultural construct, like superstition, and so illogical. Others, such as scientist Carl Sagan and philosopher Tim Crane, who are atheists, have a respectful knowledge of religion; Sagan concluded that the presence of God cannot be proved or disproven, and that only certain conceptualizations can be examined. Other scientists, such as Sigmund Freud, had previously reached this conclusion, but both Freud and Sagan agreed that some components of religion, such as prayer, had a positive influence on individuals, even if they did not believe in God. (McCleary

& Barro, 2006, pp. 1-2). Consequently, conducting research on religion is sensitive because it is so personal, and deeply rooted in people's minds. Moreover, as a scholar and researcher myself, I am not only an objective observer and recorder of religious phenomena, but also an active participant, yet I will follow the religious studies approach of methodological agnosticism<sup>35</sup>, by means of which I need to be a detached observer, impartial in the outcomes of my research, secular in many dimensions.

### **3.1 Economic Incentives, Disincentives, and the Risk of Religious Activities**

Now, we may discuss intrinsic and extrinsic incentives, which are financial motives for people to do intrinsic and extrinsic activities. This implies that religion clearly influences human beings internally to take certain extrinsic actions, such as behavior, which is extensive to a consumer behavior approach when searching for religious alternatives, and under the economics of religion, we may say that consumers, in this case religious consumers, behave rationally in trying to find the best possible alternative that maximizes the outcome of their decision, not only while in this world, but evidently while in the afterlife as well. Of course, regardless of how we define religion and religious goods, religious actions clearly entail and involve a high level of risk, since the promised rewards may never materialize, the beliefs may turn out to be incorrect, and the sacrifices may be for naught (Iannaccone, 1998, p. 1491). Negative incentives, such as sanctions or fines, are also evident in religion, and are incorporated in disincentive concepts like sin, purgatory, and hell,

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<sup>35</sup> The methodological agnosticism principle established in Religious Studies by Ninian Smart in the early 70's is commonly used as a convenient principle for research in comparative religion, since it does not presuppose any strong ontological commitments concerning the truth or falsity of religious belief. Since religious studies in academia have everything to do with the situation of religious pluralism, it is rationally imprudent to take either atheism or theism as a sufficient requirement to religious research, so the agnostic attitude is the only viable position. Peter L. Berger famously argued that any scientific inquiry into religious matters must be methodologically atheistic.



which we might refer to as sin-taxes. As a result, economic incentives can be used as rewards or punishments.

### 3.2 Religion in the Context of Economics

So, how should we think about religion in terms of its economics? How can we produce a viable definition of religion when many experts are still divided on the subject? How can we compare the economics of religion in the Hindu tradition to the Buddhist and Jain traditions, given that Buddhism and Jainism are non-theistic religions with no God, but Hinduism is usually viewed as a polytheistic religion with many gods? All of these, and many more, are highly interesting problems that arise when applying conventional economics theory to these unique religious traditions in the field of economics of religion.

Here I introduce an enhancement to the field of the economics of religion presenting a novelty approach that differs from what we have been looking at thus far. Given that a religion's degree of economic performance is encoded in its doctrine, only religious dogma should be investigated or decoded by economists, according to Paul Fudulu<sup>36</sup> (2017). Simply the most obvious characteristics of religious practices, such as religiosity, might be deceiving. He claims that studies of the relationship between dominant religions and economic performance of corresponding communities are equally misleading, and that this is because the economic performance of many countries has become increasingly reliant on economic systems and institutions that have been forced or induced to adopt and that have nothing in common with their own cultures, and thus their own religions (Fudulu, 2017, p. 3).

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<sup>36</sup> Paul Fudulu is a professor of economics, University of Bucharest, and visiting scholar at the Center for Study of Public Choice, GMU, Virginia. He is the author of *The Economic Decoding of Religious Dogmas*, *Teoria economica a culturilor si institutiilor*, and *Metamaximizare: Avutie si Justitie*.

Although Fudulu has a different point of view, stating that he "takes an approach that is thoroughly different from both the Weberian and the one belonging to orthodox economic theory," it is worth noting that I agree that economists should understand the forces behind religious dogma, which essentially induce religious consumers to behave in a certain or another way, as previously discussed. Furthermore, I genuinely think that he considers that salvation, most broadly defined as salvation from death as a direct result of man turning away from God and approaching sinful behavior, is the most important goal of religious life, and that it is precisely here that direct reference to absolute wealth or economic performance is the most difficult (Ibid. p. 81).

The central premise of Fudulu's concept is that capitalism is an effective institutional setting that becomes a transcultural good: the megaobjective of absolute wealth<sup>37</sup>, which when a collectivity fails to embrace as an efficient setting, leads to another, the megaobjective of relative power<sup>38</sup>. Per order to generate absolute wealth, as in traditional economic theory, the megaobjective of absolute wealth must triumph over the megaobjective of relative power. As a result, the stronger a community's choice for absolute wealth (as defined by its culture) in relation to its preference for relative power, the better its economic performance. In the case of societies with a culture that values relative power above absolute riches, a greater portion of their energy will be spent on control over other humans, making collaboration more difficult. Good or bad economic performance is essentially determined not by the selection of a good (capitalist) or bad (non-capitalist) economic system, but by modeling the kind of man, which is achieved via the employment of all other institutions, religion being one of the most important (Ibid. p. 17-18).

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<sup>37</sup> As in the case of today's United States, Japan, and western Europe.

<sup>38</sup> As in the case of today's China, Russia, and some fundamentalist Islamic countries.

Therefore, in this research, my approach to the economics of religion for salvation in the three traditions involved, is one based on the methodology of the economics of religion as originally formulated, addressing the issue of its flaw in the sense that dogma must be decoded to arrive to an economic model which can best quantitatively describe the type of salvation in terms of the economic incentives provided in these religious traditions.

### **3.3 The Economics of Religion: Beliefs are Mostly what Matters**

When we think of religion, we think of the institutions and people who engage in it. It is not necessary to be a member of a religious organization to be religious. Nonetheless, a religious institution's longevity is contingent on its members' engagement. The marketplace of religion regulates religious groups' competition for adherents (McCleary & Barro, 2006, p. 5). My approach to this market is centered on religious ideas like salvation, damnation, the afterlife, and supernatural beings like gods, angels, and demons. I am especially interested in the consequences for human conduct when those ideas are held, because religious beliefs are powerful directing mechanisms for economic action. Economic theories and factual evidence may be valuable in assessing the function of religion in society in general, and they may contribute to the work on religion done by philosophers, theologians, sociologists, and historians throughout centuries. It begins with an overview of economists' methods to understanding religious transition in developing nations. It entails considering religion through the lens of club good models, investigating the impact of religious networks and econometric concerns, and demonstrating that religion has a causal effect on economic and social behavior (Iyer, 2020, p. 238).

### 3.4 A Definition of Religion: from the Social Sciences to Economics

This brings us to the problem of how to define religion for the purpose of this essay. I feel that jumping here straight to a working definition under the scope of the economics of religion would not honor how human thought has attempted to define religious phenomena. So, I believe justice must be given first to a more complete definition, for which I bring here Mircea Eliade, who has been often described by scholars as the world's most influential historian of religion (Allen, 2021), who worked to distinguish the field of history of religions from theology, psychology, and other academic disciplines, clearly in a religionist position postulating that religion is *sui generis* and should be treated as a field *per se*, clearly not in accord with the reductionist approach of the economics of religion of this doctoral research, so a word of caution on Eliade's thought.

Several essential assumptions and concepts characterize Eliade's scientific and literary approaches to myth, symbol, and religion. First, he argued for the irreducibility of the sacred. He felt that religious events must be understood as conveying meaning on a religious level of reference, and that they must be interpreted as such. Those who sought to reduce religion to psychological, social, economic, historical, or other nonreligious aspects were severely chastised by Eliade. They, he claims, failed to give honor to the sacred, which is the distinctive and irreducible substance of religious experience. Second, the religious may be separated from the secular because it represents a universal, basic structure that Eliade referred to as the sacred-profane dialectic, or the dialectic of hierophanies<sup>39</sup> or manifestations of the sacred in the world. The transcendent experience, in which the sacred

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<sup>39</sup> The word hierophany recurs frequently in the works of religious historian Mircea Eliade, who preferred the term to the more constrictive word theophany, an appearance of a god. Eliade argues that religion is based on a sharp distinction between the sacred (God, gods, mythical ancestors, etc.) and the profane. According to Eliade, for traditional man, myths describe breakthroughs of the sacred (or the supernatural) into the World—that is, hierophanies.

(infinite, eternal, nonhistorical) paradoxically expresses itself via typically profane (limited, temporal, historical) occurrences, is the subject of this dialectic. How can a transcendent, perfect God appear in ordinary human and worldly forms? How the absolute and eternal can be expressed in limited words, in trees and rivers, in historical beings and animals, and in dreams and other human experiences? This seems paradoxical, illogical, and incomprehensible to the rational, conceptual, natural, scientific, secular, human understanding. The ultimate Christian mystery of the incarnation<sup>40</sup>, in which God took on human form, is no more paradoxical than the general dialectical structure of all religious manifestations in this regard. Eliade's method is partly based on his assertion that there exist universal, consistent symbolic systems that offer the framework for interpreting religious meaning. Religious language is always symbolic, pointing to transcendent sacred truths beyond itself. Eliade understood human beings as religious beings *homo religious*<sup>41</sup> and as symbolic beings *homo symbolicus*<sup>42</sup> (Ibid.).

For the purposes of this research, a bit of complication appears in the sense that Hinduism understood as a group of religious practices with common roots, is clearly a god-centered tradition, with many deities worshiped by his followers, yet such is not so clear the case in the Buddhist and in the Jain traditions, as these traditions mostly lean to philosophies as they are not god-centered religions, as there are no gods embedded in them as conceived in the west. Nobody can affirm there is a Buddhist God other than meditational deities, which greatly differ from Hindu deities such as Brahma, Krishna, and Vishnu. In the Buddhist tradition, *arhats* (Sk.) in ancient Buddhism, and *bodhisattvas* (Sk.) in *Mahāyāna*

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<sup>40</sup> Compatible with the idea of rebirth and reincarnation in Hinduism, Buddhism, and Jainism.

<sup>41</sup> Mircea Eliade approaches religion by imagining an ideally religious person, whom he calls *homo religious* in his writings.

<sup>42</sup> Mircea Eliade introduces this concept to support the idea that all activities of man involve symbolism, so it follows that all religious facts have a symbolic character.

and *Vajrayāna* Buddhism could be considered more like saints as understood in the west, and not gods as sometimes is incorrectly understood. In the Jain tradition, both *arihants* (Sk.) and *siddhas* (Sk.) could be considered as perfect human beings and preach the Jain religion to the people during their remaining life. After death they become *siddhas*. All *siddhas* are perfected souls, living for ever in a blissful state in *moksha*. Quite different from the western concept of God.

Having presented somewhat of a tribute to those attempting to study religion and give a definition, we need to find one that serves the purpose of the economics of religion. So even if there is no scholarly consensus over what precisely constitutes a religion, according to Merriam-Webster, religion is a social-cultural system of designated behaviors and practices, morals, beliefs, worldviews, texts, sanctified places, prophecies, ethics, or organizations, that relates humanity to supernatural, transcendental, and spiritual elements; however, for the purposes of the economics of religion, we shall strictly adhere to the definition of religion as given by Iannaccone, as taken from Stark and Bainbridge (1985): “Insofar as an explicit definition of religion proves necessary (for example, to exclude political ideologies and secular philosophies), it suffices to define a religion as any shared set of beliefs, activities, and institutions premised upon faith in supernatural forces” (Iannaccone, 1998, p. 1466); this definition excludes purely individualistic spirituality and systems of metaphysical thought that border on pure philosophy.

Let us now briefly address the traditions in this essay: Hinduism, Buddhism, and Jainism. Indian religions evolved in greater India and share several essential principles such as *dharma*, karma, and rebirth. They have the most influence in the Indian subcontinent, East Asia, Southeast Asia, and remote portions of Russia. Hinduism, Jainism, Buddhism, and Sikhism are the four major faiths of India.

Belief systems that deny that God and the universe have their own separate identities and that the two are the same are known as pantheist. Pantheism recognizes that unity of all beings and the identity of the cosmos with the divine (Ergener, 2020, pp. 43-44). According to Ergener (2020), pantheistic ideas are present in eastern religions. Hinduism, Buddhism, and Jainism all teach to some degree that man should respect nature, because he is part of the same whole with nature.

### **3.4.1 Introduction to Hinduism and Economics**

Hinduism is based on the teachings and practices of India's ancient, enlightened men and women, known as Veda seers. Their knowledge was recorded in the Vedas, a collection of religious texts. These texts give readers access to their original understanding of Advaita or nondual consciousness; yoga, which enables a still mind; *ayurveda* (Sk.), the first holistic system and healing; and *moksha*, which is the path to self-actualization and self-realization through union with a transcendent state of pure being. Although Hinduism came later, the Vedas, which are more of a method of conscious life and thinking than religion, are revered by Hindus. The Vedas inspired all later faiths that evolved in India, to a greater or lesser extent (Iyer, 2018, p. 43).

Who am I? Why do I suffer? What happens after death? Why am I never fulfilled? What am I made of? What is the purpose of my life? These are all questions that the Vedas attempt to address. What intelligence existed before the big bang? Who or what existed before the so-called creator existed? These questions the Vedas also venture to inquire.

The vast wisdom of the Vedas, formerly solely conveyed verbally from a high master to a trusted disciple in Vedic spiritual lineages, could now be obtained readily in four large volumes known as *The Rig-Veda* (Sk.), *The Sama-Veda* (Sk.), *The Yajur-Veda* (Sk.), and

*The Atharva-Veda* (Sk). They are unique among religious scriptures in that they include contributions from not only male seers known as *rishis* (Sk.), but also twenty-seven female seers known as *rishikas* (Sk.), who have added hymns and knowledge-packed poems to their channeled wisdom. The seers, on the other hand, are simply channels for a higher cosmic intellect that has no shape or name. The Vedas are known as *apaurusheya* (Sk.) because they have no human author. This transcendental wisdom was simply revealed in meditation by the *rishis* and *rishikas* in the depths of their awakened awareness. As a result, the Vedas convey insight, not dogma, to the genuine being (Ibid. p. 46).

The second portion of each Veda, known as the Upanishad section, is particularly important. The Self *atman* (Sk.) is defined by the Upanishads as the deepest implacable essence of all living entities, an awareness that transcends the perishable ego. *The Bhagavad Gita* is an Upanishad as well, but a later addition to the canon and arguably the most well-known. It includes the essence of all the Upanishads that survives. *The Bhagavad Gita* literally translates to "God's Song." The deity Krishna, who is considered an embodiment of supreme reality, spoke it on a battlefield. It incorporates Advaita Vedanta nondual wisdom, yoga's numerous interconnectivity routes, and the timeless and universal Vedic principles of right value *dharma*, right action karma, and right knowledge *jnanam* (Sk.).

Not only do the Vedas' intellectual wisdom encompass Hinduism, Buddhism, Jainism, and Sikhism, but its universal and eternal knowledge has affected civilizations for eons. The Vedas are the roots of yoga and meditation, two of ancient India's most magnificent offerings to humanity, as well as Ayurveda, the world's first fully holistic and comprehensive system of mind, body, and soul wellness, which is today widely practiced across the world. Influential personalities such as Mahatma Gandhi, Rudolf Steiner, Carl Jung, Aldous Huxley, Huston



Smith, Joseph Campbell, and Immanuel Kant have been influenced by them (Shunya, 2020, pp. 2-5).

Of course, Hinduism can be combined with secular interests and lives bound to business, with considerable presence of the belief system in communities, politics, and certainly economic relations globally. Here it is vital that research on Hinduism and economics be sensitive to both contemporary and traditional threads. For example, of interest are sacred infrastructure<sup>43</sup>, rebranded values<sup>44</sup>, migration<sup>45</sup>, nationalism<sup>46</sup>, development devotees<sup>47</sup>, and economic expenditure by organization and individuals (Birtchnell, 2016, pp. 88-90). Also, Hindu consumers feel more in favor of brands that acknowledge Hindu beliefs (Minton & Kahle, 2014, p. 49).

### **3.4.2 Introduction to Buddhism and Economics**

Buddhism was founded by Siddhartha Gautama in the fifth century BCE. Buddhists agree that Gautama aimed to help sentient beings end their suffering *dukkha* (Sk.) by understanding the true nature of phenomena, thereby escaping the cycle of suffering and rebirth *saṃsāra* (Sk.), that is, achieving nirvana. Buddhists believe that all things, both material and spiritual, are interrelated, and they also believe in reincarnation (Ergener, 2020, p. 44).

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<sup>43</sup> Zones of activity where economic and divine considerations overlap and intermingle in organized, logistical, and coordinated ways.

<sup>44</sup> Excitement about Asian economies has seen an institutionalization of studies of religious, philosophical, and spiritual values and practices and new interests in how they might relate to business and economics.

<sup>45</sup> The presence of Hindu diaspora in countries such as the United States certainly impacts business and economics.

<sup>46</sup> Recent work involving economics and Hinduism is contained within the scope of Hindu nationalism on one side, and Asian values on the other, looking at Hinduism as a value system that is global and deterritorialized.

<sup>47</sup> Development is a part and parcel of economic flows and religion plays a pivotal role in structuring and facilitating development goals.

*Theravāda* Buddhism, which is practiced mainly in Sri Lanka and Southeast Asia alongside folk religion, shares some characteristics of Indian religions. It is based on an enormous collection of texts called *The Pali Canon*. *Mahāyāna* Buddhism, or the great vehicle, under which are a multitude of doctrines that became prominent in China and are still relevant in Vietnam, Korea, Japan and to a lesser extent in Europe and the United States. *Mahāyāna* Buddhism includes such disparate teachings as Zen, Pure Land, and *Chan* Buddhism 禪 (Ch.). *Vajrayāna* Buddhism first appeared in India in the third century C.E. (Williams & Tribe, 2000, p. 194). It is currently most prominent in the Himalaya regions and extends across all of Asia. After the communist invasion of communist China to Tibet in the mid-twentieth century, Buddhism expanded to the west, mainly Europe, the United States, and to a lesser extent to South America.

All Buddhists have the same teacher, Lord Buddha, and all Buddhists take refuge in the Three Jewels; their teachings are based in the four truths of the *āryas* (Sk.): the malaise of *dukkha*, its origin, cessation, and path, the three higher trainings (ethical conduct, concentration, and wisdom), and the four immeasurables (love, compassion, joy, and equanimity), and all seek liberation from *saṃsāra* (Sk.) (The Dalai Lama & Chodron, 2014, pp. xvii-xviii).

At first, Buddhism's view of economics, and market economics may seem apparently distant, apart, and not interrelated, yet Buddhist economics as such is about incorporating Buddhist values into economic systems, including the free market model. This Buddhist approach to economics involves a more sustainable development, where all sentient beings -both humans and animals- can reach their potential, and where inner development in terms of happiness and a purposeful life can coexist with material economic growth (Serpa, 2021, p. 2). Buddhism influences behavioral economics also through consumption: just as

Buddhism affects consumption, it also influences anti-consumption (Minton & Kahle, 2014, pp. 46-47).

### 3.4.3 Introduction to Jainism and Economics

Jainism is an intriguing old Indian religion that shares many similarities with the major Hindu traditions, particularly Buddhism, with which it has coexisted for about two and a half millennia. According to many of its modern devotees, it is a tradition of nonviolence *ahimsa* (Sk.) and deep ecological awareness. Despite this, it is mostly unknown in the west. This tradition has at its core five vows that dictate the daily life of Jain laypersons, monks, and nuns. These five vows, which can easily be reinterpreted as being ecological, are: nonviolence *ahimsa*, truthfulness *satya* (Sk.), not stealing *asteya* (Sk.), sexual restraint *brahmacarya* (Sk.), and non-possession *aparigraha* (Sk.) Adherence to these oaths enables one to do the least damage to all varieties of life. Jainism inspired and influenced Mahatma Gandhi (Ergener, 2020, p. 45).

Jains, like Hindus and Buddhists, believe in the existence of a universal moral principle of cause-and-effect karma, which means activity in Sanskrit. Jains, like all Hindus and Buddhists, derive the concepts of rebirth and reincarnation from the principle of karma, and see the goal as liberation from the cycle of rebirth, or nirvana, as it is known in these traditions, a state of absorption in unending bliss; however, like most Hindus and Buddhists, this final goal is widely conceived as remote and difficult to attain. The more immediate goal of religious activity is merit making: the acquisition of good karma.

Jains, like Buddhists and unlike most Hindus, do not believe in God, at least not in the Abrahamic faiths' understanding of God as a creator and moral judge of the cosmos. We are

all responsible for our own happiness and suffering, and karmic "reward" and "punishment"<sup>48</sup> is a completely impersonal process. Unlike Hinduism, but like Buddhism and other global faiths, Jainism has a founder, although this individual is just a founder in the sense that he is a rediscoverer and re-initiator of eternal truths and an everlasting path that have been rediscovered and reinitiated repeatedly. Mahāvīra, the "Great Hero," lived about the same time as the Buddha and in the same place: roughly 2500 years ago in India's northeastern region that recent scholarship has designated "Greater Magadha".

One could call Mahāvīra the founder of the Jain community as it exists today. But Jain tradition tells us that he is the 24th in a series of *Tirthankaras* (Sk.), or fordmakers: beings who discover the way across the river of rebirth to the further shore of liberation and build a *tirtha*, (Sk.) or ford, that others may use to make their way across as well. This *tirtha* (Sk.) is the Jain community (Long, 2009, pp. xi, 1-2).

South India is the home of Digambara, or sky-clad Jainism. Because their ancient canon has been destroyed, their sacred books are *The Pravachanasara* and *The Samayasara*, penned by their Prophets Kundakunda and Amritchandra. Western India is the home of Shwetambara, or white-clad Jainism. *The Jain Agamas*, penned by their Prophet Sthulibhadra, are their holy texts.

The core of Jainism is the precept of "live and let live," *ahimsa paramo dharma* (nonviolence as the greatest virtue), and *parasparopagraho jivanam* (Sk.). This peculiar feature of Jainism distinguishes it from other religions, and it maintains a prominent place among Indian intellectual systems.

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<sup>48</sup> Although practitioners of the traditions of this research do not consider karma neither as a reward nor as a punishment.

Jain philosophy is, at its core, a philosophy of coexistence. Ācharya Mahapragnya in his book *Economics of Mahaveera* said that modern economics is based on materialistic economic prosperity. Thus, economic, industrial, and technology development; per capita income, and standards of living are at the yard stick of modern economics all these measured by the promotion of self-interest. Here Jainism advocates for all live creatures to be treated equally, and non-living being exploitation is likewise avoided. Furthermore, because the ground, water, fire, and flora include live creatures, their exploitation is banned. According to Vinod Kothari in his essay *Jain Philosophy and Modern Economics: Conflict or Complementary*, the *ahimsa*-based Jain way of life is particularly near to the notion of sustainable economic growth that Jainism sees as required in today's consumer-oriented economic system, and that the lure of economic development is not the exclusive function of economic motivations alone, but has much with religious beliefs of the people (Parshwanath & Ramachandra, 2006, pp. 632,634).

### **3.5 Economics of Religion applied to the Case of India, where Hinduism, Buddhism, and Jainism Originated**

Sriya Iyer<sup>49</sup>, author of a relevant book entitled *The Economics of Religion in India* (Iyer, 2018), is these days an expert in the subject of religion economics applied more directly to the case of India, where the three traditions of this study, Hinduism, Buddhism, and Jainism, all started many years ago. She is an official fellow and director of studies in economics at the University of Cambridge's St Catharine's College. She also claims that the economic perspective on religion is so specialized and niche that many economists are unaware of it. Sriya examines how religious groups in India provide religious and nonreligious services, ethnic conflicts, riots, religious competitiveness, and religious

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<sup>49</sup> See Appendix II.

education in her work. She believes that the economics of religion is a new and intriguing topic of economics study, in which economists use economic theory methodologies and statistical tools to assess the role of religion in society. They look at the characteristics of religious communities and look at the way in which religious organizations evolve over time. In her own words, “economists do have much to contribute to broader debates about religion in society, as well as related issues, such as religious conflict” (Iyer, 2020, p. 9).

She also agrees with Iannaccone and others that when economists consider the economics of religion, they employ what is known as the rational choice method, which entails thinking of religion as a market, much like other commodities and services. There is a demand for religion on the side of those who follow it. There is a supply of religion offered by religious groups, and market forces attempt to match demand with supply, resulting in the creation of a religions market. Economists may help here since they study the evolution of distinct types of marketplaces in general. At the same time, economists are particularly interested in the concept of club goods, which is a feature of religion. Religion is anything that is practiced by a group of people. It is something that is communally shared. If it is a club good in that sense, it will have numerous features that will make individuals appreciate religion more if it is shared by others in their society. The club good features of religion, as well as determining demand and supply of religion on an individual basis, are two more aspects that economics considers. In general, the economics of religion may be defined as the application of economic theories and statistical methods to assess the function of religion in society in diverse empirical circumstances (Ibid. p. 184). We shall begin our approach to the economics of religion in the next chapter, starting with a suggestion to the area of economics using experimental economics and behavioral economics of religion.

## CHAPTER 4: THE APPROACHES TO ECONOMICS OF RELIGION

In the context of the scientific study of religion, certain features are used by economists in an experimental approach which are appropriate for studying the effect of religion on individual behavior (Hoffman, 2013, p. 813). The rational choice theory of religion is one of the earliest such micro-approaches. It investigates religion via the prism of microeconomic theory, *id est*, by modeling religious persons, organizations, and competition among them to explain known empirical findings. Religious devotees are rational buyers of religious items that bring usefulness in this and the next world. According to Iannaccone (1998), they are offered by religious groups that serve as joint-production or competitive market organizations. Nonetheless, despite its promise, this approach has a potentially paradoxical aspect that poses certain methodological limitations. Iannaccone admits that it cannot adequately address what distinguishes religious beliefs and acts from other types of rational choice. In general, it is difficult to understand how agents or economists modeling them could or would assign utility to afterlife occurrences (Hoffman, 2013, p. 815).

In theory, the rational choice approach demonstrates how diverse types of religious motivations and beliefs cause certain occurrences, but it says truly little about religious beliefs or conduct. Another method to studying religion in microeconomics aims to combine the benefits of empirical insight into actual religious activity with the control that modeling provides. This sort of program is commonly referred to as behavioral economics<sup>50</sup>, and it employs experiments<sup>51</sup> as its primary technique. Abstracted choice tasks are systematically changed in experiments to examine the effect of factors of interest on subject behavior while

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<sup>50</sup> Behavioral economics has found that people are a lot less rational than traditional economics had assumed.

<sup>51</sup> Experimental economics is a branch of behavioral economics that studies human behavior in a controlled laboratory setting or out in the field rather than just as mathematical models. It uses scientific experiments to test what choices people make in specific circumstances to study alternative market mechanisms and test economic theories.

controlling for confounding influences. In this way, the experimental method more broadly combines the benefits of economic theory and psychology (Ibid.). The goal of this chapter is to provide an overview of the expanding discipline of experimental economics of religion, which is related to behavioral economics.

#### **4.1 The Club Goods Model**

While Adam Smith was the first to propose an economic approach to the study of religion, economists expanded on it in the 1990s. It entailed considering religion through the lens of club goods models, investigating the impact of religious networks and econometric concerns, and demonstrating that religion has a causal effect on economic and social behavior. Religious service supply possesses all the features associated with what economics refer to as club goods. Thus, the criteria the religious organization uses to decide people's inclusion and exclusion from a given service is a crucial facet of service providing (Iyer, 2018, pp. 100-238).

Religious commodities that enter the utility function of a household now rely not just on their own inputs of time, goods, and capital, but also on the contributions of other church members. So, for example, the pleasure and spiritual growth I derive from a worship service are not solely determined by what I bring to the service, such as my presence, attentiveness, public singing, and so on; it is also determined by how many other people attend, how warmly they greet me, how well they sing, how enthusiastically they read and pray, how deep their commitment, and so on. The religious output of the household (Function 5) is a function of the religious inputs of the other group members. Club theoretic models of prohibitive cost "sects" and low-cost "churches" explain and integrate a wide body of empirical results that have captivated religious sociologists for more than a century.



Conversion, apostasy<sup>52</sup>, and other significant behavioral changes are more frequent in sectarian groups than in mainline churches because sect membership is a form of corner solution that requires entire renunciation from numerous secular commodities. Because there is no space for compromise, a member's optimal reaction to a change in the shadow price of these goods is either to continue abstaining and stay a member, or to quit the organization and leap to a conventional, non-religious optimum. Sects impose notably excessive costs on those with high earnings and strong career prospects by restricting access to secular activities and rewards (including high-paying employment and high-status social networks). As a result, sect membership is more appealing to persons with limited secular prospects (Iannaccone, 1998, pp. 1482-1483).

#### **4.2 Strictness and Networks**

The stigma screening hypothesis proposed by Iannaccone, Berman, and others is a cornerstone of the economics of religion (Iyer, 2016, pp. 413-414). Their reasoning is that stigmatizing religious actions screens out prospective free riders, therefore rigorous churches in general should have fewer free riders, more donations, and better religious goods. While much of the study on economic theory of religion looks at organizations in a static environment, others look at religious groupings in a dynamic setting. McBride (2015) contends that religious organizations require free-riders to possibly grow future enrollment, contradicting this accepted view and demonstrating that even stringent religions have free-riders and direct efforts towards them. This argument is appealing because it implies that if exposure to a religious good builds religious capital and eventual commitment, then the church must consider free riders as an investment, and as a result, stringent religions may

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<sup>52</sup> The formal disaffiliation from, abandonment of, or renunciation of a religion by a person

allow some free riding to achieve their goals. This is because churches utilize stigmas to screen out those who are most likely to remain free riders, focusing its resources and controlling those who might invest eventually in churches, even if they are free riders in their consumption of religious goods now. Furthermore, as an individual's religious capital grows, the motivation to free ride grows. Religious strictness models investigate how and why organizations grow strict. Levy and Razin (2012) investigate the link between religious beliefs, involvement, and collaboration and how religions implant these. They demonstrate that more demanding religious organizations are smaller, more cohesive, and include persons with extreme convictions. Models of strictness are quite valuable, but there appears to be a paucity of evolutionary models that investigate how strict groups form. In this perspective, one topic that is understudied is economic theory on extremism (Berman 2009; Berman and Laitin 2008; Ferrero 2005); there are articles that discuss this topic in the context of fundamentalism's evolution.

### **4.3 Churches as Firms**

Whereas club models focus on the collaborative aspect of religious production, other models emphasize the distinct responsibilities of clergy and lay people. Considering churches to be profit-maximizing enterprises (Iannaccone, 1998, p. 1484), one may apply typical ideas from neoclassical theory to examine the evolution of religious doctrine, the organizational structure of religious institutions, and the evolution of religious practices. Individual entrepreneurship, for example, has been stressed by Stark and Bainbridge (1985, pp. 171-88) in the establishment of new faiths. Richard Dolin, Frank Slesnick, and John Byrd (1989) link the structure of modern denominations to that of ordinary franchises, implying that economic theories of franchising might help us better comprehend church expansion. Finke and Stark (1992) argue persuasively, drawing on a plethora of historical sources, that

the explosive growth of the Methodist and Baptist denominations in nineteenth-century United States was due to their clergy's more effective marketing and superior incentives relative to the older Congregational, Presbyterian, and Episcopal denominations. To date, the book of Ekelund et al (1996) on the political economy of the medieval Catholic church is the most ambitious study evaluating churches as enterprises. Ekelund et al. explain various elements of medieval Catholicism in terms of its monopoly position, drawing on Adam Smith's fundamental observation that "the clergy of every established church constitute a large incorporation". They see the church as a monopolistic "multi-divisional" corporation with a central office that controls overall budget allocations and performs strategic, long-term planning while granting its (typically regional) divisions a great degree of autonomy in day-to-day operations. They propose economic explanations for interest rate limits, marriage rules, the crusades, the organization of monasteries, indulgences, and the doctrines of heaven, hell, and purgatory by drawing on traditional theories of monopoly, rent seeking, and transaction costs. Rent seeking is viewed as the key incentive for adhering to a specific belief in this context.

#### **4.4 Spatial Location Models**

The theoretical study of religion is also well-suited to models that address both the demand and supply sides simultaneously, such as models from industrial organization economics. A few publications have claimed that utilizing Hotelling-style<sup>53</sup> spatial location models to think about religion, such as the establishment of sects with stringent regulations, is a good method to think about religion. Even though some of these models do not solve for the whole equilibrium result. McBride (2008) uses the Hotelling model, as stated above, to

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<sup>53</sup> A method of office management in which workers dynamically schedule their use of workspaces such as desks, cubicles, and offices.

comprehend religious plurality and involvement. Iyer, Velu, and Weeks (2014) design and solve a formal Hotelling-style model to explain how religious organizations might differentiate themselves based on the strength of their religious convictions and the consequences for service provision in the setting of a developing country like India. Their approach stresses the interconnectedness of religious and service decisions: this link is frequently noted but not always fully elaborated formally in the literature on economics of religion.

This model is also relevant in nations with wealth disparity, a point that is referred to in many Hotelling-style models but not completely developed into the reasoning. According to the model, one reason that drives religious organizations to extremes is nonreligious service providing: religious organizations differentiate their services to reduce competition in service supply.

This paradigm, as well as others that employ industrial organization theories, are particularly relevant to religion in developing nations, where inequality can be extreme, and the state cannot effectively provide services such as education and healthcare. The model also explains why, as religious groups become more distinct, there is a larger risk of conflict among them, which may be minimized by the same organizations also providing more nonreligious services. However, the location models raise the question of whether it is practical to assume one religion per individual. People in many places of the world can successfully practice two religions, especially in the case of Buddhism, where one can be either Hindu and practice Buddhism, or Christian and Buddhist, as this latter does not claim exclusivity.

#### **4.5 Behavioral Economics of Religion**

In contrast to the neoclassical school's abstract depiction of a cold and calculative *homo economicus*, behavioral economics carves a more realistic portrait of the existing man. Many behavioral research articles have been published in recent decades that demonstrate deviations of human behavior from benchmark expectations theoretically generated with neoclassical analysis and assumptions. The fascinating part comes next: explaining the economics of such conduct, for example, by invoking alternate preferences assumptions or by employing alternative decision-making models (Tan, 2014, p. 512).

According to behavioral economics theory, from ideas taken from evolutionary biology, anthropologically speaking, *homo sapiens'* mind evolved intellectually to include other more sophisticated features, such as the cases of *homo moralis*<sup>54</sup>, *homo religious*, *homo economicus*<sup>55</sup>, and *homo kantiensis*<sup>56</sup>; such evolution has been the subject of study under behavioral economics in the sense that Alger and Weibull (2013), as cited by (Dahmi, 2016, p. 1081), have considered the evolution of morality within the indirect evolutionary approach. In this approach, the preferences of individuals are selected by evolutionary pressures. Evolutionary game theory is based on Darwin's theory of natural selection. The basic idea is that each animal is represented by a genotype, or its exact genetic structure. Each genotype induces a particular behavior that is its phenotype. Therefore, animals are hardwired to follow certain strategies. In contrast, in classical game theory, strategies are at least as applied to humans, and are the product of conscious deliberation. A central question in evolutionary game theory is whether the existing phenotypes, also known as

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<sup>54</sup> A rational individual whose preferences are driven by the resulting payoffs, in a combination of selfishness and morality standing out as evolutionarily stable.

<sup>55</sup> The term economic man was used for the first time in the late nineteenth century by critics of John Stuart Mill's work on political economy. The term *homo economicus*, or economic man, is the portrayal of humans as agents who are consistently rational and narrowly self-interested, and who pursue their subjectively defined ends optimally. It is a word play on *homo sapiens*, used in some economic theories.

<sup>56</sup> At the other extreme of *homo economicus* is *homo kantiensis*, who does what would be the right thing to do, in terms of payoffs, if all others would do likewise.

resident phenotypes, can survive invasion by other mutant phenotypes (Ibid. pp. 1040, 1037). We can define the precise sense in which individuals possess moral virtues tied to religion in *homo religious* using evolutionary game theory analysis (Serpa, 2021, p. 57):

Definition 1 *Homo moralis* (Lt.): An individual is said to be *homo moralis* if his utility function is given by the following convex combination of two different tendencies:

$$u(x, y; k) = (1 - k)\pi(x, y) + k\pi(x, x)$$

Function 1

where  $k \in (0, 1)$  is the degree of morality of the individual,  $\pi(x, y)$  is the payoff from the strategy  $x$ , against an opponent who plays  $y$ , and  $k\pi(x, x)$  is the payoff against a hypothetical opponent who also plays  $x$ .

From this definition, *homo moralis* individuals care about selfishness, and morality. Morality as defined above is different from altruism, inequity aversion, or efficiency concerns. We can associate the concept of *homo religious* as a special limiting case of *homo moralis*. Now, *homo economicus* is a textbook economic individual who differs from *homo moralis* in the sense of utilitarianism and its maximization as per economic theory, and whose utility function is given using the following behavioral economics definition (Ibid. p. 58):

Definition 2 *Homo economicus* (Lt.): Consider the definition of utility function  $u(x, y; k)$  of definition 1 above. An individual is *homo economicus* in the limiting case  $u(x, y; 0)$ ,

and

Definition 3 *Homo kantiensis* (Lt.) in the limiting case  $u(x, y; 1)$ .

finally,

Definition 4 *Homo hamiltoniensis* (Lt.): the individual is termed *homo hamiltoniensis* in the special case  $u(x, y; \sigma)$ .

*Homo economics* is a textbook economic individual who is at the other spectrum of *homo religious*. *Homo kantiensis*, at the other extreme, chooses his strategy  $x \in X$  to maximize  $\pi(x, x)$ . *Homo hamiltoniensis* turns out to be an evolutionary important type. So, the implications of these evolutionary theory on altruism and morality are relevant to this research as the fact that economic theory has begun to reflect such interest provides an interesting link for the influence on morality as a form of religion in the economics of religion.

The main themes considered here include how religion potentially shapes individual preferences, the possible implications of religious affiliation for interaction within and between social groups, and the religious institution as a unit of the economy at large (Tan, 2014, p. 512). Methods mentioned include religiosity assessment and psychological stimulation of religious attitudes or group affiliation, both of which are commonly employed in experimental laboratory studies. Field experiments were also conducted in various natural settings. Behavioral economics does not rely just on experimental techniques; they also consider non-experimental research that uses ethnographic methodologies and survey or chance data. Various empirical research has found a link between religion and economic

behavior, such as beliefs and economic growth (Barro and McLeary 2003) and good economic attitudes (Guiso et al. 2003), church attendance and crime rates (Lipford et al. 1993), religious membership and trading patterns (Guiso et al. 2009). These correlations may be micro-found, and the foundations can be verified and understood further by acquiring controlled data at the decision-making unit level. Thus, experimental data and survey data can complement one other (Ibid. p. 513).

#### **4.6 Experimental Economics**

Experimental economics is concerned with testing in a laboratory to understand how and why markets behave. The field was pioneered by Vernon Smith who won the Nobel Prize in economics in 2002 (Halton, 2021). Experimental economics provide important motivations for applying the economist's distinct method to the scientific study of religion (Hoffman, 2013, p. 822). Accordingly, we outline here the key features and uses of the economic method.

As cited by (Hoffman, 2013, p. 823), Friedman and Sunder (1994), and Bardsley et. al. (2009) state that even though experimentation is a major component of the empiricist heritage shared by the modern disciplines, economics has historically been seen as non-experimental. However, in recent years, experiments have proven themselves as a helpful complement to theoretical techniques in economics. Theories guide experiments by identifying relevant variables and proposing hypotheses about their interrelationships. Experimentalists in economics use a distinct technique that differentiates them from experimental psychologists. The unifying theory of rational choice, which depicts agents maximizing decisions between alternatives based on their preferences and information, is the starting point for experimental economics. Economic experiments entail creating models that embody this depiction of choice situations. Recruitment of experimental subjects is



guided by the fact that economic theory is traditionally concerned with the representative agent; as a result, subject pools are often drawn as representative samples (Ibid.).

#### **4.7 Experimental Economics and Religion**

The benefits of utilizing economic experiments to research religion especially are as follows: first, incentive compatibility implies that individuals are driven to reveal real behaviors by correlating their actions with material results. Second, strong incentives may diminish the amount to which a religious subject's pro-sociality is influenced by his conduct outside of the experiment; economists seek to create incentives that reduce subjects' extraneous thoughts of this type. Third, controlled and abstracted laboratory activities provide an alternate technique to studying individual behavior in natural or otherwise uncontrolled settings that can be influenced by a variety of uncontrollable factors. A variation in behavior that appears to be caused by religion might simply be caused by other connected factors, such as class, as quoted by (Hoffman, 2013, p. 824) citing Argyle and Beit-Hallahmi (1975): "it is important to distinguish between the effects of religion and of associated cultural variables". Despite Iannaccone (1988) pessimistic response to this suggestion, one would have thought such a type of experiment is clearly possible, if logistically and financially challenging (Ibid., p. 825).

We now survey findings that the application of experimental economics to religion has generated.

##### **4.7.1 *Sahakāra* (Sk.) Cooperation**

We have shown that religion has clear linkages to cooperation, an individual's contribution to a public good, despite self-interested incentives to the reverse. One of the key concerns of economic research is the feasibility of collaboration in the absence of external coercion. As

cited by (Hoffman, 2013, p. 825), Sugden (1986) states that to study how informal religious activities and values support individual cooperation and contribute to spontaneous order, that is, order without external enforcement is an important question in this broader agenda.

Two studies were conducted using explicit primes rather than implicit primes. Implicit primes are an intriguing and powerful tool for investigating psychological phenomena; however, explicit primes are also important in the context of contemporary religions: all world religions explicitly exhort their adherents to behave virtuously and to exercise selfless behaviors towards others, primarily through exposure to specific authoritative literature.

Experimental research done over the Internet via the website Amazon Mechanical Turk by (Rand, et al., 2014, pp. 31-48) to investigate the influence of explicit religious primes on collaboration, or MTurk. Subjects in the Hindu religious condition ( $n=131$ , where  $n$  = the number of participants) read the following paragraph about the significance of generosity from *The S'rîmad Bhâgavatam*, Hymn 9:21<sup>57</sup>. To guarantee that respondents really read the material, after reading their passages, all subjects were asked to summarize the section. Following that, all subjects read the instructions for a prisoner's dilemma game (in accordance with regular MTurk wages, which were paid in US dollars). Following completion of the instructions, the subjects were asked to answer five comprehension questions concerning the game's payout structure<sup>58</sup>.

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<sup>57</sup> The fame of King Rantideva is sung in this and the other world, Rantideva, who, though himself hungry, was in the habit of giving away his wealth as it came, while trusting in God to provide his needs. Even in time of famine, Rantideva continued his generosity though his family was reduced to poverty. For forty-eight days he and his family were starving; a little liquid, and that enough for only one, was all that remained. As he was about to drink it, an outcaste came begging for water. Rantideva was moved at the sight and said, "I do not desire from God the great state attended by divine powers or even deliverance from rebirth. Establishing myself in the hearts of all beings, I take on myself their suffering so that they may be rid of their misery." So, saying, the compassionate king gave that little liquid to the outcaste, though he himself was dying of thirst. The gods of the three worlds came and desired to bestow upon him manifold blessings, but Rantideva, who had no attachment or desire, merely bowed to Lord Vasudeva in devotion.

<sup>58</sup> Which earns you more money: [You pick A, you pick B]?

Which earns the other person more money: [You pick A, you pick B]?

Which earns you more money: [Other person picks A, Other person picks B]?

Which earns the other person more money: [Other person picks A, Other person pick B]?

Because the sample size allows for a regression analysis and the outcome variable (cooperation or defection) is binary, the study is based on logistic regressions. It was discovered that Hindu and secular readings had no influence on Christians and that none of the passages (Christian, Hindu, or secular) have any effect on non-Christians. The findings demonstrate the potential efficacy, as well as the selectivity, of openly religious exhortations that facilitate cooperation. The inability of the Hindu prime to increase cooperation among Christians shows that, to the extent that religious primes impact people, they may be more susceptible to primes from their own religious tradition.

#### 4.7.2 Public Good Game<sup>59</sup>

Several studies by Ledyard (1995), Zelmer (2003), and Chaudhuri (2011) have applied this experimental method to investigate the relationship between religion and cooperation. A group of  $n$  participants decides to distribute a token investment between two groups of a private fund. Total profits are the sum of their individual allocations plus the sum of all group allocations multiplied by  $a$ . This is done  $r$  times. This is a multi-player variant of the prisoner's dilemma.

Ahmed (2009) investigates public good game contributions ( $n = 3$ ,  $a = 1.5$ , and  $r = 1$ ) using a naturally existing categorization of religiosity based on 103 male participants training for priesthood or secular degrees in rural India. The average contributions of religious (66%) and non-religious pupils differ considerably ( $p = 0.014$ ). This finding, however, might be attributable to other features that differentiate the two groups; no multivariate analysis with

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If you pick B and the other picks A, what bonus will you receive?

<sup>59</sup> The public goods game is a standard of experimental economics. In the basic game, subjects secretly choose how many of their private tokens to put into a public pot. The tokens in this pot are multiplied by a factor (greater than one and less than the number of players,  $n$ ) and this "public good" payoff is evenly divided among players. Each subject also keeps the tokens they do not contribute.

suitable controls is presented. Furthermore, the one-time nature of their game prevents more fine-grained measurements of cooperation from being obtained.

#### **4.7.3 Prisoner's Dilemma<sup>60</sup>**

Chuah et al. (2011) investigated the interaction of religious groupings and values. In each of the eight experimental sessions, twelve Malaysians from various religious groups (Buddhist, Christian, Muslim, and Hindu) played ten rounds of the game against each other. In one circumstance, the opposing player's religion, and ethnicity (Chinese, Indian, or Malay) were exposed; in another, it was disguised. The results show that, when compared to the no-information scenario, knowing the ethnicity and religion of the coplayer has no influence on the amount of cooperation in the game. Cooperation, on the other hand, is much higher when the religious affiliation of the co-player is known to be the same, and even higher when both religion and ethnicity are the same. Furthermore, the author examines respondents' religiosity using a multidimensional scale (Rohrbaugh and Jessor, 1975) as well as a fundamentalist religious views questionnaire (Altemeyer and Hunsberger, 1992). Although religious values had no independent influence on cooperation, fundamentalism contributed to increasing the favorable effect of religious similarities on cooperation. As a result, this study allows for a comparison of the impacts of religious ideals and religious groupings. The findings imply that not only are group effects bigger, but that religiosity and fundamentalism only impact behavior indirectly by enhancing group effects.

#### **4.7.4 *Āsthā* (Sk.) or “Trust” (Faith)**

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<sup>60</sup> The prisoner's dilemma is a game analyzed in game theory. It is a thought experiment that challenges two completely rational agents to a dilemma: they can cooperate with their partner for mutual benefit or betray their partner ("defect") for individual reward. This dilemma was originally framed by Merrill Flood and Melvin Dresher in 1950. Albert W. Tucker later formalized the game by structuring the rewards in terms of prison sentences and named it "prisoner's dilemma".

The term *Āsthā* is prominent in Hindu, Buddhist, and Jain literature, doctrine, and preach. It is linked to faith, trust, confidence, and loyalty. It has been discovered to be a crucial explanator in broad macroeconomic research because it lubricates economic relationships and hence minimizes transaction costs (e.g., Fukuyama, 1995; Glaeser et al., 2000). Several aspects of trust behavior are often evaluated in experimental economics using the trust game (TG), a sort of sequential prisoner's dilemma initially introduced by Kreps (1990) and first applied in an experiment by Berg et al (1995). Several large-scale studies have considered religious groups as explanators of trust behavior.

Johansson-Stenman et al. (2008) conducted TG's with Bangladeshi Muslim and Hindu individuals of Bengali ethnicity. Their participants were informed of the religious affiliations of (absent) coplayers, which were methodically diversified, including Muslim–Muslim, Muslim–Hindu, Hindu–Muslim, and Hindu–Hindu sender–responder pairings.

Surprisingly, there were no changes in sending or answers between these four experimental settings to suggest either ingroup bias or outgroup prejudice, as has been seen in other cross-cultural experiments where ethnicity rather than religion was the group identity as stated by Fershtman and Gneezy, (2001), Burns (2006), and Chuah et al., (2007).

#### **4.7.5 Altruism and Fairness *Daya*<sup>61</sup> (Sk.) *Karuṇā*<sup>62</sup> (Sk.) and *Ahimsa*<sup>63</sup>**

Many Indian faiths preach the oneness of all living species, as well as nonliving components of nature, and accept their inherent value. Altruism in Hinduism extends not just to all classes and castes of people, but also to the various forms of life participating in the

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<sup>61</sup> In terms of kindness in Hinduism.

<sup>62</sup> In terms of compassion in Buddhism.

<sup>63</sup> In terms of non-violence in Jainism.

Bhakti movement<sup>64</sup> across India, particularly the neo-Vaishnavite school of Srimanta Sankaradeva of Assam. Most Indigenous ethnic groups in India have long practiced altruism towards other living species through the preservation of holy forests, prohibitions on harvesting and hunting, and other techniques. The necessity of self-realization and the recognition of brahman in all matter and energy was emphasized in the Upanishadic teachings. Nonviolence *ahimsa* and the mutual interdependence of all living beings are central to Jainism. Buddhism also helped to spread altruistic behavior to other animals. (Gupta, 2013, p. 1).

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.

As previously stated, studies conducted by psychologists have revealed that religion relates to attitudinal and value dimensions such as right-wing political orientation, prejudice, and ethnocentrism. The fall of communist theory in China has created an ideological void that is being filled by both religion and nationalist feelings. This provides a chance to examine how these two sorts of values grow and interact with one another. Hoffmann and Larner (2012) describe a field experiment with 447 Chinese members of the general population to see if religiosity related to ethnocentric conduct. In the experiment, respondents were instructed to divide a ten-renminbi gift made on their behalf between a Chinese educational charity and an international medical organization. The percentage of

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<sup>64</sup> The Bhakti movement was a significant religious movement in medieval Hinduism that sought to bring religious reforms to all strata of society by adopting the method of devotion to achieve salvation.

endowment subjects who invested in local charities had no relationship with their overall religiosity or any of the specific aspects.

#### **4.7.6 Parametric Choice**

Individual preferences for risk and time are two economically relevant factors explored in the general experimental literature on parametric choice. Religious ideologies typically advocate for thrift and a long-term perspective, while condemning gambling and other dangerous pursuits. However, the relationship between parametric behaviors and religiosity is significantly less apparent than the link between social behaviors and religiosity. Benjamin et al. (2010) conducted three tasks to assess the influence of religion on parametric behavior. In conclusion, they discovered minimal difference in these parametric behaviors among religious affiliations. While comparing the non-religious groups of atheists and agnostics gives some insight into the influence of religiosity in this context, linking a continuous religiosity measure to parametric decisions would provide a finer-grained assessment. Furthermore, any differential effects for religious affiliations explored in this study may be especially vulnerable to mistakenly collecting correlated, non-religious effects.

#### **4.7.7 Charity and Generosity *Dāna* (Sk.)**

In Indian philosophy, *dāna* represents the virtue of generosity, compassion, or almsgiving. *Dāna* is the practice of fostering generosity in Hinduism, Buddhism, Jainism, and Sikhism<sup>65</sup>. It might take the form of aiding a person in distress or need. It can also take the

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<sup>65</sup> Sikhism is a dharmic Indian religion and philosophy that originated in the Punjab region of the Indian subcontinent around the end of the 15th century CE. It is the most recently founded major organized faith and stands at fifth largest worldwide, with about 25–30 million adherents (known as Sikhs) as of the early 21st century.

shape of altruistic public projects that empower and assist many people. *Dāna* is an old practice in Indian traditions that may be traced back to Vedic times. In behavioral economics, generosity is typically evaluated empirically using the dictator game, which was developed by Forsythe et al (1994). Player 1 is a proposer in the dictator game, and he must determine how to split a surplus,  $S$ , handing  $x_2$  to Player 2 and keeping the remainder  $x_1 = S - x_2$ . Assuming perfect self-interest, nothing will be passed, hence  $x_2 > 0$  suggests broad benevolence. Departures in behavior suggest deviations from self-interest (i.e., generosity).

Altruism, broadly defined, inspires acts of compassion where the welfare of others is important. Inequity aversion theories such as Fehr and Schmidt (1999) and Bolton and Ockenfels (2000) define utility functions that incur losses due to remorse and envy when one is in a better or worse position compared to others. Thus, disparities in wellbeing are important. In terms of justice, altruism may be described as a care for another's well-being regardless of relative status (Tan and Bolle 2006).

As Binmore and Shaked (2010) argue, “to say that agents are money-maximizers does not imply that they are selfish”. Hitchens (2003), states that if Mother Theresa<sup>66</sup> had been a subject in one of Fehr and Schmidt’s experiments, she would have sought “to maximize the money she made with a view to distributing it among the poor and needy.” (ibid. p. 517).

#### **4.7.8 *Ksama* (Sk.): Justice, and Forgiving; *Kṣamāpanā* (Sk.): Supreme Justice, and Forgiving**

*Ksama* (Sk.) describes the notion of forgiveness in Hinduism's Vedic texts and epics. *Kshama* is also a major notion in Buddhism, and it is required for freedom, or *moksha*.

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<sup>66</sup> Mary Teresa Bojaxhiu (1910 – 1997), better known as Mother Teresa or Saint Mother Teresa of Calcutta, was an Albanian-Indian Catholic nun and the founder of the Missionaries of Charity.



Forgiveness is one of the most important characteristics that Jains must acquire. *Kampan* (Sk.) or great forgiveness is one of the ten *dharma* traits (Jinendra, 1993, p. verse 84).

The ultimatum game, developed by Güth et al. (1982), is an extensively researched negotiating game that may be used to measure the degree of tolerance for moral infractions. Player 1 suggests dividing  $S$  by providing player 2  $x_2$  and to himself  $x_1 = S - x_2$ . Player 2 has the option to accept or decline the offer. If accepted, the pie is divided as requested, but if rejected, neither party receives anything. Because more is preferable to less, money-maximization means that even little proposals will be accepted. By backward induction, the proposer offers the smallest division possible  $\epsilon$ .

According to Fehr and Schmidt (1999) and Bolton and Ockenfels (2000), fairness concerned respondents reject unfair offers because they prefer the equitable (0,0) to a sufficiently inequitable ( $S - x_2$ ). Fehr and Schmidt conceptualize jealousy as a disutility that develops when one's income is lower than that of others. Fairness issues, in general, enhance the chance of rejecting unfair offers. In the dictator game, fairness improves generosity, but it also raises "punishment" in the ultimatum game.

Justice motivated by fairness concerns discourages antisocial behavior (rejection of unfair offers in the ultimatum game), but justice motivated by forgiveness does not penalize. If pro-sociality is defined in terms of social welfare, "positive" fairness produces bad social results. However, altruism lessens the risk of rejection—it consistently produces favorable social outcomes in both games.

Tan's (2006) regression analysis of data on the minimal offers acceptable by respondents in ultimatum bargaining suggests that more indoctrinated persons are ready to take less, implying that they are more tolerant and forgiving of unfair behavior. Tan

discovered that more spiritual people were more likely to retaliate. This pertains to how individuals, particularly the young, exact justice as a spiritual expression (Engebretson 2002; Chile and Simpson 2004). McKay et al. (2010) also cite evidence of religiously motivated punishment. They expanded the dictator game by enabling the responder to delete (at a cost) the proposer's winnings after witnessing the dictator's allocation choices. They discovered that priming people with religious beliefs resulted in increased punishment of unjust behavior. The authors explain that religious priming may have operated through the sensation of being watched by a supernatural agent who would judge the subject negatively if punishment was not implemented—although, as I previously discussed, interpersonal punishment for justice conflicts with doctrine—or the primes activate cultural norms such as fairness and, as a result, behavior consistent with such norms. Whereas religion should function as a restraint on such punishment, "good intentions" might materialize as violence in the name of religion due to fallen human nature (Ibid. p.518).

It should be noted, as we shall propose ahead, that these economic theories contained in behavioral economics lack decoding the economic dogma embedded in each religion. Hinduism, Buddhism, and Jainism, as salvation in terms of economics must address this fact that dogma must be decoded in order to arrive at an economic model that can quantitatively describe best in the terms of the types of economic incentives provided in these religious traditions for salvation from damnation.

## CHAPTER 5: THE ECONOMICS OF RELIGION METHODOLOGY

As previously stated, the economics of religion has been dominated by a supply-side model created early on by Stark (1983) and Bainbridge (1987). The focus of Stark's investigation was on changes in religious supply while assuming that religious demand remained constant. It is unclear why Stark and Bainbridge, and subsequently Iannaccone and Finke, built their religion theory in this manner. Changes in the supply of religion identify the demand curve; that is, the equilibrium lays out quantity and price combinations that lie along a stable demand curve. However, the price of religion is often more difficult to assess experimentally than quantitatively, as discussed by Ekelund, Hébert, and Tollison<sup>67</sup> (2006) in the context of a religious monopoly.

Religion providers, according to the Stark-Bainbridge supply model, enter a market when incumbent suppliers underserve clients. When the limits on the religion market are relaxed, religious vendors enter to match the current demand. With a steady demand curve, the forecast is that the number of religious services would increase while the price will decrease. (Olson, 2011) proposes a way for determining when demand for religion exceeds supply, as opposed to supply expanding to meet demand, which is believed to be constant in the supply-side model.

Economists have questioned Stark's supply-side model, and Olson's approach has undergone similar scrutiny. This brings up the question of how specialized interdisciplinary work should be with a multidisciplinary methodology: the economics of religion. Olson claims that evaluating religious demand is difficult because measures of participation are inextricably tied to measures of supply. The number of people put on the market at a given

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<sup>67</sup> *The Marketplace of Christianity* is a remarkable book; it is basically an examination of the supply and demand for Christianity, using the tools of neoclassical economics.

price is referred to as supply. The quantities sought and supplied are equal when the price adjusts to clear the market. Supply and demand are valuable concepts since we have some ideas about variables that impact one but not the other, and researchers have incorporated the demand-supply scheme into their analyses (McCleary, 2011, pp. 22-23).

In this research, my approach is one based on the methodology of the economics of religion as originally formulated, addressing the issue that dogma must be decoded to produce an economic model which I label SMI, “the salvific merit index” which can best quantitatively describe the type of salvation in terms of the economic incentives provided in these religious traditions.

Now, the Paul Fudulu (2017) approach for assessing religious coherence with economic performance differs radically from the mainstream economic models: Stark and Bainbridge's rational choice model and the Weberian rationalism model. Unlike these theories, he seeks the sources of large disparities in economic consistency in the varied relevance of the megaobjective of absolute wealth as encoded in religious dogmas. Instead of being unique, this mega objective has an immensely powerful replacement – the megaobjective of relative power – that has yet to be recognized by conventional economic theory derived from western civilization. Each religion, as in the case of Hinduism, Buddhism, and Jainism, has a flawless logical framework; in other words, they do not differ in terms of level of rationality. All dogmas were created – and frequently evaluated – by great human brains, allowing them to become properly encoded descriptions of unique terrestrial social systems or cultural approximations. If Stark and Bainbridge, as well as Iannaccone and others, had a correct model for decoding religions, they would have been forced to accept the conclusion of the perfectly logical structure or rationality of all religions, which Fudulu sees as irrefutable facts, as they are still searching for indirect clues to the

rationality of religions after the publication of Stark and Iannaccone's many studies on religion (Fudulu, 2017, pp. 177, 180).

### 5.1 The Religious Household Production Model, and the Religious Production Function

In an essay that is the first systematic approach by economists to analyze the determinants of individual participation in religious activities, Azzi and Ehrenberg (Azzi & Ehrenberg, 1975, p. 27) pioneered the application of the rational-choice approach to the demand for religion, where they develop a multiperiod utility-maximization model of household behavior, and their theory is empirically tested. The relationship between religion and the likelihood of salvation is a key characteristic. Such a relationship might represent perceived impacts of religious engagement and beliefs, or, more broadly, good actions, on one's chances of salvation. They measure the advantages of religiousness against the time and other expenses of increased engagement because they perceive religious participation to be a time-consuming activity (McCleary & Barro, 2006, p. 50).

Azzi and Ehrenberg define afterlife consumption as the primary goal of religious participation; households are assumed to maximize an intemporal utility function which depends upon both secular consumption  $Z_t$ , in each period, and expected afterlife consumption  $A$ ;

$$U = U (Z_1, Z_2, \dots, Z_n, A)$$

Function 2

Secular consumption in each period is a standard household commodity, which depends upon household inputs of time,  $T_z$ , and purchased goods  $X_z$ . Afterlife rewards

depend upon the household's entire history of religious activities  $R_1, \dots, R_n$ , which in turn depend upon the time and purchased goods devoted to religious activities in each period (Iannaccone, 1998, p. 1479). Therefore,

$$Z_t = Z(T_{Zt}, X_{Zt})$$

Function 3

$$R_t = R(T_{Rt}, X_{Rt})$$

Function 4

$$A = A(R_1, \dots, R_n)$$

Function 5

Following Finke and Stark (1992), Finke and Iannaccone (1993), and Iannaccone himself (1991), Iannaccone created his religion market model, which focuses on supply-side issues. This literature, following Adam Smith, contends that government regulation and subsidies impact competition among religion suppliers, therefore influencing the character of the religion product. When the government imposes state religions and restricts entrance, the quality and range of services are expected to be affected. As a result, people participate in formal religion less, even though the effects on religious beliefs are less, as cited by Davie (1994) in McCleary and Barro (2006, p.50). Societies can have low attendance at formal religious services while still maintaining high religious beliefs: believing may be high relative to belonging. Outside of the United States and other industrialized western nations, according to Iannaccone, there is little scientific research on the economics of religion. (Iannaccone, 1998, p. 1467). Besides, when addressing the scientific study of religion, there

are also other possibilities from a variety of other religious traditions perspectives, including Hinduism, Buddhism Judaism, and Sikhism, as cited also by Paxson (2004), Pryor (1991), and Ray and Das (2004) in Jackson & Fletcher (ibid. p.2), who also state that “borders are permeable and that some categories could, theoretically belong to more than one group”, which most probably are the case here, yet analyzing religious phenomena and its consequences from social and economic perspectives (Iannaccone, et al., 2005, p. 3).

For Iannaccone, alternative models such as the club model of religion, the treatment of churches as rent-seeking firms, and the introduction of the concept of afterlife consumption are the starting point to the issue; however, with the exception of a few remarks in Iannaccone (1998), users of the club model have rarely analyzed Smith on religious instruction in detail (Mochrie, 2014, pp. 423,433).

Iannaccone’s household’s religious production function as an extension of the household production approach then becomes:

$$R = R(T_R, X_R, S_R; Q)$$

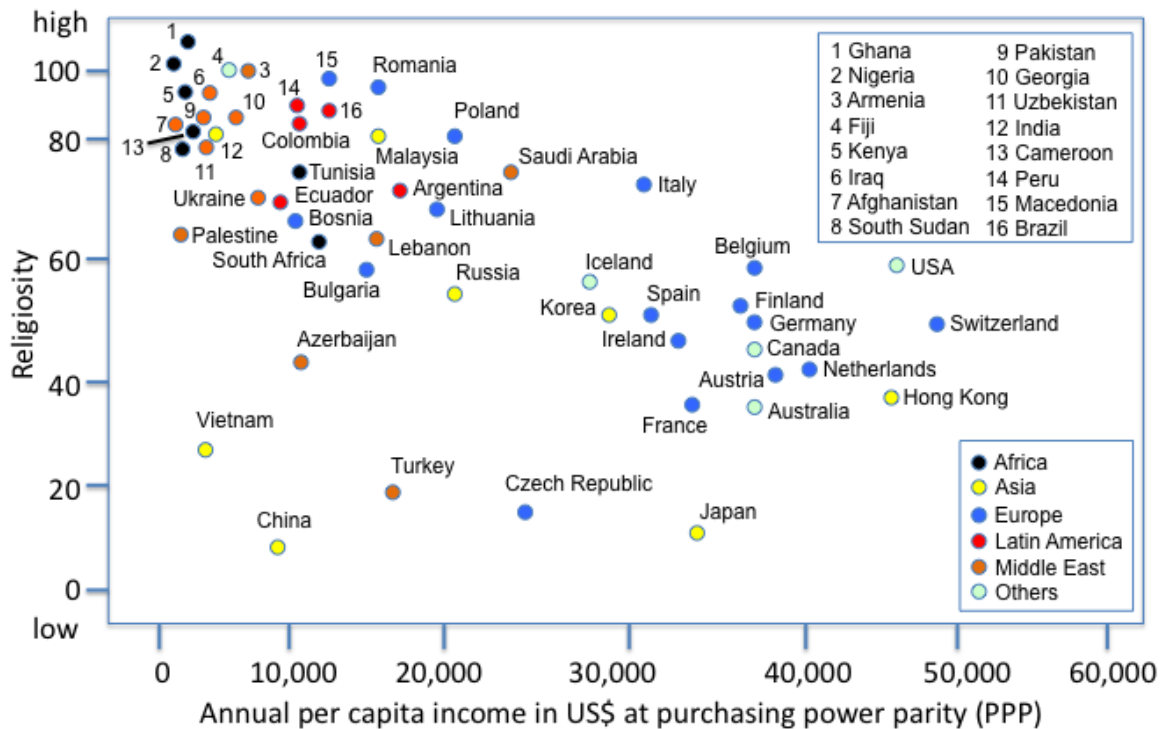
Function 6

where  $Q$  indexes the quality of the group, which is in turn a function of the religious inputs of the other group members (Iannaccone, 1998, p. 1482).

Because Iannaccone differentiates economics of religion from religious economics or religious economies (economy and economic theory and practice supported by confessional actors), his work may be seen as both pioneering and significant. Previously committed to the scientific study of religion, concepts such as religious marketplaces, consuming religion, supply and demand approaches, or religious entrepreneurship have now become extended vocabulary to economic science (Obadia & Wood, 2011, pp. xii,xiv,xvi).

## 5.2 The Secularization Theory

Is religion a factor in economic growth, or is economic growth a factor in religion? The key point of contention here has been the secularization hypothesis. Norris and Inglehart (2004) as cited by (Iyer, 2018, p. 13) show that while many studies have examined the secularization hypothesis—that as a country's population grows more educated and wealthy, its religiosity may decline—however, the facts show unequivocally that while affluent nations become more secular, the world as a whole becomes more religious.



**Figure 5: Religion and economic growth. Source:**  
<https://web.archive.org/web/20121016062403/http://redcresearch.ie/>

This concept is supported by actual evidence suggesting that wealthier nations are becoming more secular, while the rest of the world is becoming more religious. Some researchers have bolstered the secularization theory by pointing out that, while development



may entail a drop in religion, individuals in affluent countries pay more to religion through financial gifts, even if they spend less time in church on average than those in poor countries (McCleary & Barro, 2006, p. 49). Religious engagement may also be affected by the availability of religious institutions, which can be influenced by other variables such as a country's demographic mix. As a result, just considering religious affiliation as a measure of religion is problematic. The discussions concerning secularization also address another major set of issues: how all of this can be connected to religious plurality (the percentage of the population that belongs to a certain denomination), and whether that pluralism affects religious engagement as secularization grows. Hindu fundamentalism is usually portrayed in analyses as a response to secularization, particularly the secular nationalism of the Indian National Congress and the Congress Party<sup>68</sup>. Although Hindu fundamentalism is less isolated than Abrahamic<sup>69</sup> fundamentalism, it nonetheless encourages isolation by advocating separatist. While attempting to highlight the superiority of Hinduism over other religions, it also aims to bring untouchables and others back into Hinduism (Iyer, 2018, p. 51). Economists are divided on whether growing secularization is correlated with increased economic growth. Data throughout the world reveal that religious belief has grown in lockstep with economic progress in the world's poorest regions.

### **5.3 Religion and Finance**

One component of development that stands out is the financing of religious activities and how religion may affect financial institutions in poor countries. Economic historians have

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<sup>68</sup> Indian National Congress, byname Congress Party, broadly based political party of India. Formed in 1885, the Indian National Congress dominated the Indian movement for independence from Great Britain. It subsequently formed most of India's governments from the time of independence and often had a strong presence in many state governments.

<sup>69</sup> The Abrahamic religions are a group of religions centered around worship of the God of Abraham. Abraham, a Hebrew patriarch, is extensively mentioned throughout the Abrahamic religious scriptures of the Quran, Hebrew, and Christian Bible.

conducted extensive research into the Middle Eastern financial systems to better understand Islam. Concurrently, Iannaccone and Bose (2011) propose that Christian faiths may be contrasted with non-Christian religions such as Hinduism, Buddhism, and hence Jainism, which has consequences for religious membership costs. They explore alternatives to the rational choice method, such as "client-practitioner" relationships in which individual religious goals can be achieved without involving communal participation in religious services or other practical forms of religious observance. As a result, they say that religions that receive donations for specific services provided individually vary from those that collect membership fees or are government financed (Iyer, 2016, p. 426). Again, while we have learned a lot about religion and finance in the past, further research that shows these linkages for contemporary populations would be beneficial.

#### **5.4 The Economic Consistency Model**

The essential premise of Paul Fudulu's notion is that capitalism is an effective institutional setting that becomes a transcultural good: the megaobjective of absolute wealth, which, when embraced as an efficient setting by a collectivity, leads to another, the megaobjective of relative power. As in classical economic theory, the megaobjective of absolute wealth must win over the megaobjective of relative power to achieve absolute riches. As a result, the greater a community's desire for absolute wealth (as defined by its culture) in comparison to relative power, the better its economic success. In civilizations where relative power is valued above absolute wealth, a higher percentage of their energy will be spent on control over other people, making collaboration more difficult. Good or bad economic performance is decided mostly by the choice of a good (capitalist) or bad (non-capitalist) economic system.

## 5.5 Economic Model of Salvation from Damnation as a Function of the SMI - the Salvific Merit Index

How might an orthodox economist learn about a community's drive to prosper economically if its religion, for example, places a high importance on the afterlife, involves the concept of numerous gods, or has a low transcendence? A more concrete limitation is that many of the behaviors influenced by religious beliefs are difficult for researchers to monitor (Thornton & Helms McCarty, 2010, p. 1). These notions and linkages are unable to communicate using the concepts and correlations provided in conventional economic theory. This challenge posed a significant barrier in identifying a persistent heterogeneity of religions in terms of economic consistency. So, to build my economic function of the SMI, the salvific merit index, I utilize economic consistency criteria, which are nothing more than dogma components to which I attach logics that finally allow the decoding of the preference for the aim of absolute wealth, the latter in a methodology like Paul Fudulu's. Could we therefore utilize the historical sequence of faiths and economic systems to show or disprove a link between them? Definitely not. The only way to reveal a specific type of relationship between religions and economic systems is to use a method based on the *ceteris paribus* condition: an in-depth economic analysis and decoding of those religious dogmas, as such an intellectual enterprise is nearly impossible from an orthodox economic perspective because they view religious behavior as an instance of rational choice. As a result, I will further ahead present then my economic model as a function of the SMI - the Salvific Merit Index for the economics of *moksha* in Hinduism, Buddhism, and Jainism in terms of the economic incentives for salvation from damnation.

## **CHAPTER 6 THE ECONOMICS OF RELIGION APPROACH FOR SALVATION, DAMNATION, AND ECONOMIC INCENTIVES IN HINDUISM, BUDDHISM, AND JAINISM**

The doctrinal systems represented here—Hinduism, Buddhism, and Jainism—have distinct doctrines of salvation and damnation, which offer various motivations for engaging in productive work and benevolent gestures. A comparison of the three religions reveals that each one encourages the acquisition of money and difficult labor while deterring sloth, debt, and poverty. The main distinction between the various religions is how they see charitable giving<sup>70</sup>. Religions that emphasize universal charity emphasize that salvation is only achievable via divine selection (McCleary, 2007, p. 49).

Now, according to Azzi and Ehrenberg's model, people who place little value on time, such as retired people and women who choose not to work, will spend a lot of time attending formal religious services and engaging in personal prayer. Additionally, if one's lifetime is worthy of religious activities determines their likelihood of salvation, older people will devote more time to religion. When past negative karma can be erased through kind deeds, charitable deeds, charitable contributions, or other humane methods for redemption, as is the case when activities made in later life matter the most for salvation. By encouraging qualities like work ethics, honesty (and thus trust), thrift, hospitality to strangers, and other qualities, religious beliefs have an impact on the economy. Greater religiosity could encourage investment and economic progress by improving these characteristics. The Weberian paradigm makes it clear that what matters for economic success are religious beliefs rather than involvement in organized religion and private prayer. Only when beliefs are strengthened or when the focus is shifted towards the kinds of beliefs that support

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<sup>70</sup> Selective charity comes in many forms and is frequently emphasized in religions that empower followers to work for their own salvation.

productive economic activity are religious services, education, and private prayer productive. More time and resources devoted to organized or personal religion would be a financial burden for those who hold those views, at least in terms of quantifiable market output or Gross Domestic Product<sup>71</sup>.

According to Paul Fudulu (Fudulu, 2017, p. xii), “the level of economic performance determined by a religion is encoded in its dogma, nothing else but religious dogma should be studied or decoded by economists. Just the outside, plain aspects of religious activities — like religiosity — cannot but mislead. It is equally misleading to study the correlation between dominant religions and economic performance of the corresponding communities.”

The reason for this, is that many nations' economic success has become increasingly dependent on institutions and systems they have been forced to adopt and which have little to do with their own cultures and, consequently, faiths. The typical economic models used to study religion are insufficient to address this issue. Other than from the perspective adopted in this research, and by its derivative notions and correlations, it is difficult to economically decode religious dogmas and obtain a reliable economic consistency rating of the traditions under study here: Hinduism, Buddhism, and Jainism.

Empirical research of Barro and McCleary, *Economic Growth, State Religions, and Political Economy* investigates the effects of religious participation and beliefs on economic growth. They discovered that for given rates of formal religious service attendance, growth increased in response to an increase in certain religious beliefs. The most important beliefs were those about an afterlife, particularly those about hell and heaven. They also discovered that as participation in formal religious services increased, growth in those beliefs

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<sup>71</sup> GDP.

decreased. To put it another way, growth increased in response to a rise in belief relative to belonging. For our purposes, the most important finding was the significant role of religious beliefs, as quantitative analysis of religious beliefs and economic performance across countries necessitates a thorough, yet comparative understanding of beliefs (Ibid. pp 49-50). We want to look specifically at religious differences in beliefs about the afterlife — or more general concepts of salvation. Then we would like to connect these differences in beliefs to differences in incentives for economic activity, charitable giving, and so on. The core belief structures of the three religions—Hinduism, Buddhism, and Jainism—are a natural place to begin<sup>72</sup>.

My discussion focuses on concepts of salvation and damnation found in a religion's or religious tradition's central doctrine, as stated in authoritative documents. All the world's major religions recognize salvation as an ideal type. Salvation is a spiritual goal that can be attained or not through human effort<sup>73</sup>. If people believe they can achieve salvation through their own efforts, it makes sense that they will take actions that help them get there. As a result, religious beliefs influence behavior such as work effort, saving, and charity. A religion's institutional authorities—prophets, canonical texts, and ecclesiastical hierarchy—define salvific merit as the effects of a person's actions on the person's likelihood of attaining salvation, as defined by the religion. This doctrine provides believers with incentives—rewards and punishments—for performing various actions.

Salvific merit varies in degree. Depending on individual behavior, a religion and its institutions can provide believers with zero to high chances of salvation (See Table 1).

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<sup>72</sup> Weber's (Protestant Ethics, China) comparative approach to world religions - Christianity, Islam, Hinduism, Buddhism, Confucianism—employed "ideal types" (Weber, Writings 270–6).

<sup>73</sup> It can be pointed out that in the Abrahamic religions, the deity does the salvation of the individual, whereas in the dharmic religions of Hinduism, Buddhism, and Jainism, saving is achieved mainly by one's means.

**Table 1: Salvific Merit, Charity (generosity), and Hell (damnation) across Hinduism, Buddhism, and Jainism.**

Religion	Salvific merit	Charity	Hell
Hinduism	Medium	Superogatory (charity to strangers). Quasi-superogatory (dana). Obligatory (hospitality).	Temporary and intermediate.
Buddhism	High	Quasi-superogatory (dana): alms giving to monastics.	Temporary and intermediate.
Jainism	High	Quasi-superogatory (dana) for the benefit of the giver. Merit can only be acquired through morality (dana).	Temporary state of punishment.

Source: Adapted from Table 1, McCleary (2007) Salvation, Damnation, and Economic Incentives. *Journal of Contemporary Religion* p. 52.

Salvific merit can be transferred from one animate being to another in some religions, including Hinduism, Buddhism, Jainism, Roman Catholicism, and Islam. Salvific merit can thus be a spiritual gift rather than something earned by the believer. I am only interested in behavior that results from beliefs in salvation and damnation for the purposes of discussion and analysis, not in the foundations of religion, whether irrational or rational. As a result, there is no discussion of how merit transfer works, only that it is permitted by certain religions. After discussing salvation doctrines, I examine how these doctrines relate to economic activities such as work, personal wealth accumulation, debt, and poverty, and redistributive activities such as charity, gift-giving, generosity, and hospitality. I present a typology of religious incentives<sup>74</sup> related to the performance of economic and distributive activities, some of which are positive: earning salvific merit, and others of which are negative: accruing demerit.

<sup>74</sup> The typology of religion sorts groups based on the religious and spiritual beliefs they share, how actively they practice their faith, the value they place on their religion, and the other sources of meaning and fulfillment in their lives.

I distinguish between morally obligatory or duties, and supererogatory, voluntary, or quasi-supererogatory activities. Morality defines right action and how to achieve a goal. Morally, obligatory acts are required, and their fulfillment is expected. If a person fails to perform an obligatory act, he or she is held accountable and receives a demerit in the form of bad karma or sin. A supererogatory act is morally commendable because it earns a believer salvific merit. Failure to perform a supererogatory act, on the other hand, has no effect on a person's salvific merit or incurs a demerit. Following through on a promise, for example, falls somewhere between obligatory and supererogatory acts. Fulfilling the promise increases salvific merit, whereas breaking the promise results in a demerit. The economic implications of religious beliefs vary depending on whether a person earns salvific merit through directly productive efforts such as arduous work and saving, or through non-productive activities such as giving alms to the *sangha* and performing prostrations or daily prayer in a communal setting. In some cases, charitable acts would be classified alongside directly productive activities. Charity is a type of communal insurance that can be effective in a society where there is a lot of uncertainty. A link between salvific merit and charity would be especially beneficial if society lacked formal structures to deal with individual uncertainties, such as insurance markets and government welfare programs.

It is critical to understand that salvific merit is a combination of two distinct elements. To begin, a religion must have a clear concept of an afterlife that offers either reward or punishment<sup>75</sup>. Through the doctrine of karma, Hinduism, Buddhism, and Jainism have a less permanent notion of afterlife consequences for moral behavior<sup>76</sup>.

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<sup>75</sup> Major Protestant sects, Catholicism, and Islam, for example, each have their own concept of Hell (punishment) and Heaven (reward).

<sup>76</sup> This is because karma doctrine states that negative karma may be purified before bad karma ripens or matures, thus changing the future outlook.



Second, even if a specific religion has a concrete concept of eternal punishment or reward, this does not necessarily imply that an individual can influence their afterlife position through moral actions. According to Rachel McCleary, many of the major Protestant denominations believe that "Christ's self-sacrifice on the cross causally produced merit (he died for our sins), whereas merit is earned by the devotee in Hinduism, Buddhism, and Jainism" (McCleary, 2007, p. 56). One could argue that Martin Luther's concept of justification by faith effectively decouples charitable actions from any afterlife consequences in many protestants sects. In contrast, religious texts in Hinduism, Buddhism, and Jainism propose a remarkably close relationship between individual action and afterlife condition. To create "ideal types," McCleary synthesizes the doctrinal characteristics of these major world religions from their respective authoritative documents. It should be noted that this does not necessarily imply what the majority (or even the majority of) believers believe. Instead, it is a model based on their original religious texts. Her work is the basis for us to reduce, complete and propose a rank ordering, deleting other traditions not being subject of this study and include Jainism<sup>77</sup>.

## 6.1 Concepts of Salvation

Economics lags other social sciences in the examination of the influence of religious beliefs on individual behavior. This is partly due to the difficulty of reconciling the demands of rational choice models with religious behaviors (Bruce, 1993) as cited by (Thornton & Helms McCarty, 2010, p. 1). I consider the three religions that share *moksha*, or salvation from damnation: Hinduism, Buddhism, and Jainism. The doctrinal definition of salvation is given for each religion. The major traditions of each religion are discussed to capture the

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<sup>77</sup> See Table 1.

belief spectrum of each religion. The nature and attainment of salvation are described in religious doctrine<sup>78</sup>. These three traditions are distinct from the other major world religions in that they lack a single primary text that is understood as revealed theology; in other words, these traditions cannot be labeled as revealed creed or theology. The Hindu texts are regarded as ancient wisdom and epic literature, whereas the Buddhist canon collects the teachings of a human being, Siddhartha Gautama, and the Jain canonical scriptures were transmitted orally and consisted of teachings of the historical Jain leader Mahavira.

Otherworldly compensators such as salvation, damnation, and nirvana are powerful motivators in this world. Thus, beliefs in these compensators can boost productivity by cultivating personal characteristics such as honesty, work ethics, and thrift. In other cases, the powerful force of afterlife beliefs can encourage anti-social behavior, such as violence—the so-called "dark side of religion." In general, we believe that believing versus belonging (or attending) is the primary channel through which religion influences economic and other outcomes.

## 6.2 Salvation Ethics

The foundation for how the sacred is created has been established thus far, but that is simply to prepare us for the more crucial topic, what the sacred does. The sacred is normative in the sense that it models how believers should behave and feel, rather than just reflecting the thoughts and sentiments of a particular social group. The process of apotheosis gives members of a group a normative code of conduct that directs their behavior. A group thereby builds its ontology and ethics through apotheosis. The sacred

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<sup>78</sup> Canonical texts, such as the Vedic Texts, *The Mahābhārata*, and *The Rāmāyaṇa* in Hinduism, the Tripitaka of *The Pali Canon* in Buddhism, and *The Jain Agamas* in Jainism, are institutional sources of doctrine, as are commentaries or accepted interpretations of these sacred texts.

leads to action, and salvation is both the ultimate goal and the essential foundation of that action. As cited by (Ball, 2022, pp. 21-22), Weber argues that every religion is a “quest for salvation”, and similarly Emile Durheim writes that “the first article of all faith is the belief in salvation”. Consequently, belief in salvation should be indeed at the very heart of any examination of religion, as in my research here. Consequently, my study now turns into that soteriology, the study of salvation, but with the tools of the economics of religion, with the proposal further ahead of the salvific merit index, but with the theory of economics focused on religion, and not the opposite.

### **6.3 Salvation and Economic Incentives in Hinduism, Buddhism and Jainism Religions**

Salvation beliefs in the three religious traditions represented here—Hinduism, Buddhism, and Jainism—provide different economic incentives. A key concept is "salvific merit," which connects a person's perceived likelihood of salvation to their lifetime activities. Some religions believe that salvific merit can be earned in this life to improve one's chances of a better outcome in the next.

Each religion has a mechanism for encouraging work effort and wealth accumulation, both of which contribute to economic success. However, because the sharing of wealth is emphasized in Buddhism, the incentive to acquire and accumulate property is limited. One reason for this emphasis is to ensure the community's survival. Buddhism also contributes to its own survival by associating salvific merit with acts such as financial assistance to the religious class, communal prayer, and the construction of religious edifices. Although there are no heavens or hells in Hinduism, Buddhism, or Jainism<sup>79</sup>, believers who fulfill their obligations are effectively reincarnated into heavenly intermediate stages. Those who fail to

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<sup>79</sup> In a more of a Judeo-Christian sense.

perform their obligations are reincarnated into intermediate, transitory stages of purgatory<sup>80</sup>. Performing more than is required can also help a person move into a higher stage of heaven by earning salvific merit and can shorten a person's stay in purgatory (Conze, 1967, p. 71). Reincarnation is a process that enables a person to get rid of bad karma and move towards a higher state of perfection or enlightenment. In short, Hinduism, Buddhism, and Jainism are belief systems about how to attain perfection, which can be interpreted as a form of salvation (McCleary & Barro, 2006, pp. 51-52).

Salvific merit combines two distinct doctrinal elements: the presence of a specific doctrinal concept of eternal reward (or punishment), as well as a clear link between charitable actions in this life and personal condition in the afterlife. Thornton & Helms<sup>81</sup> (2010) formulated and tested hypotheses about differences in charitable behavior across faiths based on this typology. They propose that changes in tax breaks for charitable giving will have no effect on household beliefs associated with high salvific merit. Furthermore, this effect will be strongest in households with a prominent level of devotion. Households adhering to low-salvific-merit faiths will behave more like secular households, which are sensitive to changes in tax rates. The empirical findings back up their predictions. Specific religious doctrine has a considerable influence on the decision to make a charitable gift but has less influence on the amount of the gift. When it comes to charitable giving, households function as if they are incorporating religious doctrine. As a result, our findings show that the impact of religious belief on charitable giving has been undervalued in the literature (Thornton & Helms McCarty, 2010, p. i).

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<sup>80</sup> This would be defined in these traditions as stages in a type of different low realms in which reincarnation is possible.

<sup>81</sup> Associate professors of economics of the Brock School of Business at Samford University.

#### 6.4 Monopolistic Position of Ashrams and Sanghas: Rent Seeking and Price Discrimination for Spiritual Goods; Sin Taxes, and Tax Credits

The monopolistic position of a religious tradition relative to its adherents, which is particularly strong in the case of Hinduism followers, particularly fundamentalists, less so but still significant in the case of Buddhism due to its sectarian feature, and less significant in the case of Jainism due to its small number of followers, makes these religious traditions vulnerable to rent seeking and price discrimination. Consider marriage, sainthood<sup>82</sup>, credit (usury), and funding of holy wars as institutions that cross religious lines. When such monopolies charge higher prices to wealthier clients for price discrimination, such as the remission of afterlife penalties, this is referred to as price discrimination. A kind of "hell realm" or underworld called *narak*, or *naraka*<sup>83</sup> is also found in Hinduism, Buddhism, and Jainism. In Hinduism, Buddhism, and Jainism, it is the abode of Yama, the God of death (O'Brien, 2018). The number and names of hells, as well as the type of sinners sent to a particular hell, varies from text to text; however, many scriptures describe twenty-eight hells in the Hindu tradition (Dallapiccola, 2014). Religious institutions, due to the nature of belief and faith, typically have a distinct set of beliefs that place them in a monopolistic position over spiritual goods with distinct characteristics, such as salvation and damnation. Because these organizations have a monopoly on spiritual goods, they are in a unique position to sell indulgences, a "tax credit", and penances, a "sin tax" (McCleary, 2011, p. 25). When organizations tend to overtax their members through price discrimination, this can lead to followers not participating as fervently or even switching faiths.

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<sup>82</sup> To be understood as a *Samnyāsa* or renunciants in Hinduism, a *Bodhisattva* in Mahāyāna and Vajrayāna Buddhism, or a *Tirthankara* in Jainism: rare individual who have transcended *samsara*.

<sup>83</sup> It is the equivalent realm of hell, where sinners are tormented after death. *Naraka* differs from the hells of Abrahamic religions as souls are not sent to *naraka* as the result of a divine judgment and punishment.

Fudulu highlights “the importance of an afterlife in some religions — more exactly, the preference for rewards and punishments delivered after death or in the afterlife — should be decoded into the preference for relative power and then into the preference for absolute wealth and, ultimately, into the level of its consistency with economic performance.” (Fudulu, 2017, p. 21).

Whether or not we modern westerners want to believe in the existence of these dharmic traditions' hell realms is beyond the scope of this research, but every unwholesome action simply brings unhappiness and suffering, regardless of whether one thinks of such in terms of Dante's inferno or Jean Paul Sartre's view that "hell is other people." However, "eternal damnation as a punishment for sin is foreign to Buddhist understanding" in the case of Buddhism (Śāntideva, 2012, p. 5). The following are the causes of birth in hell, according to Jain scripture, *Tattvarthasutra* (Sk.): killing or causing pain with intense passion, excessive attachment to things and worldly pleasure with constantly indulging in cruel and violent acts, and a vowless and unrestrained life. The stay in *naraka* is described as temporary in Hindu and Buddhist traditions. After the quantum of punishment has passed, souls are reborn as lower or higher beings based on their merits, thus the importance of salvific merit in this study.

## **6.5 Economic Incentives under Relative Power vs. Absolute Wealth**

A community's economic performance increases when its choice for absolute wealth is larger than its inclination for relative power (as shown by its culture). Communities with cultures that place a higher value on absolute wealth (and a lower value on relative power) will focus more of their energy on controlling nature, and collaboration will be simpler (the objective of absolute wealth requires positive-sum type activities).

Communities whose cultures place a higher value on relative power over absolute riches will focus more of their resources on exerting control over other people, making cooperation more difficult (the objective of relative power forces individuals to engage in zero-sum or negative-sum type activities) (Ibid. pp. 17-18).

As cited by (Ergener, 2020, p. 165), Atran and Henrich (2010) state that it is also the case that supernatural beliefs can actually be more powerful than secular ones in enabling altruism. He goes further to also cite Johnson (2005) in that “tortures of hell as punishments for the lack of, and joys of paradise as rewards for the presence of altruism, may be more effective than worldly rewards and punishment” (Ibid.).

### **6.5.1 Hinduism**

We shall now proceed to decode Hinduism religious dogma to further proceed to our model. At first, the emphasis in Eastern religious traditions is on the consequences of a person's individual behavior (e.g., the laws of karma), and while religions provide guidance on proper behavior, religions are not believed to be efficacious. For most Hindus, religion is more of a personal quest to live a spiritually correct life. The path one chooses to take is viewed as a personal choice, and while many religious organizations and religious leaders offer guidance, few claim that their way is the only way. Indeed, this personal quest can, and often does, include participating not only in a variety of Hindu sects, but even in other religious traditions, or no tradition at all (Smith 1997). As cited by Wilfred Cantwell Smith<sup>84</sup> in (Miller, 2000, p. 7), "an outsider who wishes to become a Hindu has misunderstood a

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<sup>84</sup> He was a historian of religion (1916-2000), a comparative theologian, and an ordained minister of the United Church of Canada. In 1949 Smith founded the Institute of Islamic Studies at McGill University in Montreal, and later became director of the Center for the Study of World Religions at Harvard University (1964–1985).

fundamental Hindu outlook".

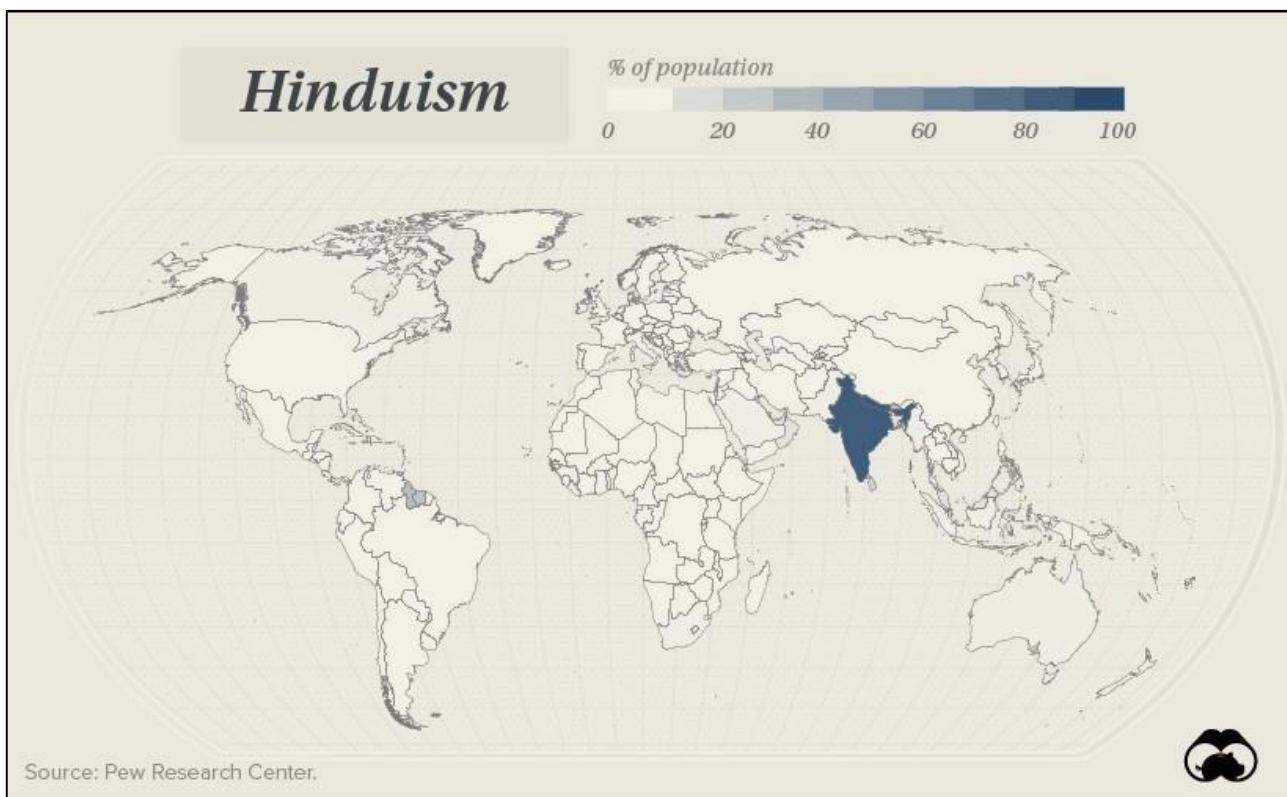


Figure 6: 2020 Hinduism % of the Population and Geographical Location.  
<https://www.visualcapitalist.com/mapped-major-religions-of-the-world/>

Scholars agree that the three major concepts of Hinduism are *moksha*, *samsara*, and karma. Although the meanings differ, these fundamental ideas are shared by Buddhism and Jainism. In Hinduism, salvation is defined as union with the supreme Brahman, the unchanging reality, in the enlightened state of *moksha*, where individual existence ceases. Diverging interpretations of the ontological state of *self-atman* upon attaining *moksha* exist among the six orthodox Indian philosophical traditions. The Samkhya tradition, for example, holds that many selves dwell in the Supreme Being (pluralism), whereas the Vedantic tradition holds that all are one in God (monism). Metaphysical knowledge, or knowledge of the ultimate reality *jana*, is how one obtains salvation in the Samkhya and Vedantic



traditions. The introduction of the Yoga<sup>85</sup> doctrine into Indian philosophy created an unresolved tension between the two forms of knowledge. Mircea Eliade, as cited by (McCleary, 2007, p. 53) stated yoga came to define the practical means of attaining salvation through the adoption of an ascetic life of contemplation and self-denial. *Moksha*, or salvation, entails four stages of renunciation of desires as well as emotional and psychological ties to this world: *Brahmacarya* (Sk.), *Garhasthya* (Sk.), *Vanaprasthya* (Sk.), and *Samnyasa*<sup>86</sup> (Sk.). As a result, if Hinduism has a concept of salvation, it is one of liberation, release, or deliverance *mukti* (Sk.) from worldly states. Through reincarnation *samsara*, enlightenment or liberation is attained gradually. The soul achieves greater perfection in successive physical bodies, and the mind works towards *mukti* through these reincarnations. Perfection is the state of *moksha* in which a person is no longer drawn back into physical incarnation (Ibid.).

The belief in reincarnation is linked to the doctrine of karma, which is central to Hindu ethics and has variants shared by Buddhism. Karma is associated with two opposing concepts: fate and free will. Karma can be fatalistic *daiva* (Sk.) in the sense that a person is morally culpable for circumstances beyond his or her control, such as birth defects and other physical characteristics, accidents, bad luck, and being born into a lower caste. Whether or not a person is responsible for his or her current circumstances, the law of karma informs us that the cause lies in the person's past life, beyond consciousness, and only he or she is responsible for his or her current situation. In this regard, Hindu belief in karma is backward looking, with present actions performed as reparations for previous behavior. Karma, as it is understood in Hindu morality, limits free will by requiring an individual to atone for past

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<sup>85</sup> The acquisition of contemplative knowledge through meditation, concentration, and ecstasy.

<sup>86</sup> The *Āśrama* is a system of stages of life discussed in Hindu texts. The four *Āśramas* are: *Brahmacharya* (student), *Grhastha* (householder), *Vanaprastha* (forest walker/forest dweller), and *Sannyasa* (renunciate).

wrongs (karmic destiny) with morally corrective actions in this life. Therefore, actions have consequences that morally carry over into another life. Since knowledge of one's past existences is not available, (McCleary, 2007) citing McKenzie "It is one's ignorance not moral fault which, in the last analysis, stands between the soul and its realization of the highest". A person is constantly seeking insight into past wrongdoing to morally rid himself/herself of it in this life. Only the individual is responsible for his or her own salvation or damnation because of moral behavior, or dharma. Outside of their caste and stage in life, others' assistance is not morally valid, according to this worldview. Transfer of karma, a supererogatory act, is the only way a person can help another person overcome bad karma. However, even such an act is frowned upon in Hinduism. Bad karma is caused by (1) failing to perform obligatory acts *dharma* of one's caste and stage of life, (2) committing a prohibited act, or (3) becoming addicted to sensual pleasures. In Hinduism, the monotheistic concept of a God forgiving sins or intervening in the rebirth/karmic process is unthinkable. Although the concept of a single redeeming savior is rejected in Hinduism, the transfer of karma between animate creatures does exist, most notably in a post-Vedic text known as the Puranas<sup>87</sup>. Karma is thus linked to individual moral choice: one's actions in this life contribute to (and are causally related to) one's reincarnation in the next life. According to the Vedic-Dharmasastras tradition and the post-Vedic text of *The Bhagavad Gita*, Hindu morality, or *dharma*, is related to the various stages of liberation from the world. Those who fulfill their responsibilities are reincarnated into heavenly intermediate stages. Those who do not fulfill their responsibilities are reincarnated into intermediate, transitory stages of hell. Supererogatory acts of merit confer karmic (salvific merit) on the performer, allowing him or her to advance to a higher stage of heaven. Failure to follow the rules of dharma earns the

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<sup>87</sup> Purana is a vast genre of Indian literature about a wide range of topics, particularly about legends and other traditional lore.

believer demerits, advancing him/her to a stage of hell. Reincarnations in hell allow a person to purge their negative karma and progress towards *moksha* (McCleary, 2007, p. 54).

Finally, according to Manu and as cited by (Brekke, 1998, p. 296) “a living creature is born alone and alone he dies: he alone reaps the benefits of good deeds and the consequence of bad deeds”, so we find that the practice of merit is abundantly documented in Hinduism.

### 6.5.2 Buddhism

To move on to our model, we shall now proceed to decode the doctrine of Buddhism. Here, the accumulation of wealth among urban merchants and moneylenders was a boon to the *sangha*, the Buddhist monastic community, which relied on the generosity of the laity for material support as well as the spread of Buddhist ideas along trade routes. Buddhism provided justification for this upwardly mobile class's economic activities and new way of life. Giving to the monks was an act of *dāna*, or generosity, which is a fundamental tenet of Buddhism. The monks served as "fields of merit," allowing laypeople to practice generosity, the first paramita<sup>88</sup>, and the foundation of all other perfections leading to enlightenment. Importantly, the amount of merit generated by such transactions was determined by the recipient's level of virtue rather than the benefactor's, forming a holy alliance between the monkhood and the laity that, at least in terms of *dāna* performance, permitted the benefactor's methods of accumulation. This alliance was strengthened by the Buddha's injunction prohibiting those in debt from joining the monastic order, effectively causing the indebted to default. Rather than opposing the accumulation of wealth, Buddhism criticizes

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<sup>88</sup> The paramitas or transcendent perfections are a system of Mahayana Buddhist Ethics and behavior. They are generosity, discipline, patience, diligence, meditative concentration, and wisdom. Some lists enumerate ten paramitas, the last four of which are aspects of the wisdom paramita and are skillful means, strength, aspiration, and primordial wisdom. These align with the ten stages of the *bodhisattva* path.

the social structures that perpetuate poverty and the unwholesome mental states that contribute to the suffering of self and others. This is admirable, but it still leaves a lot for Buddhists to grapple with.

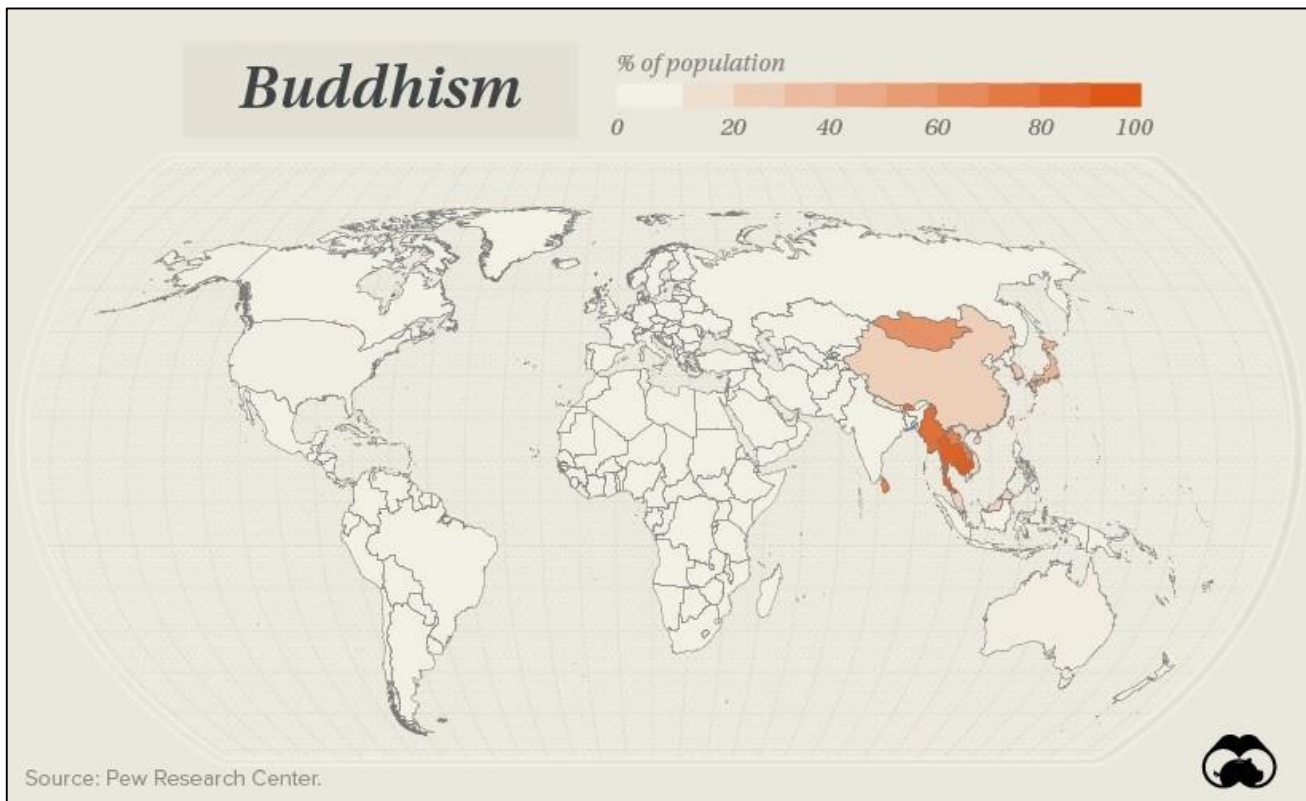


Figure 7: 2020 Buddhism % of the Population and Geographical Location.  
<https://www.visualcapitalist.com/mapped-major-religions-of-the-world/>

Buddhism has historically been tolerant of economic relations. It may be the only religion in the world that does not formally condemn usury. And wealth in and of itself has been interpreted as a sign of good karma. However, there is much in the Buddhist canon that can help us think about debt and wealth distribution. The Buddha's "Discourse on Debt," A.N. 6.45 *The Ina sutta*<sup>89</sup>, extols *ananasukha (Pl.)*, or the pleasure of being debtless. In

<sup>89</sup> The sutta discourses that poor people suffer when they get in debt.

contrast, it directly connects indebtedness to bondage and suffering, the first noble truth of Buddhism:

*“Poverty is suffering in the world. . . Getting into debt is suffering in the world. . . Interest payment is suffering in the world. . . Being served notice is suffering in the world. . . Being hounded is suffering in the world. . . Bondage is suffering in the world. . . . When a poor, destitute, penniless person, being hounded, does not pay, he is put into bondage. For one who partakes of sensuality [a layperson], bondage is suffering in the world”* (Caring-Lobel, 2015, p. 36).

Buddhist texts make extensive use of debt and exchange metaphors to impart spiritual advice, which is both a sign of the times and a winning bet made by the Buddha on the monetary economy's future hegemony. The Buddha goes as far as to use debt freedom as a metaphor for nirvana (liberation from *samsara*, the indefinitely repeated cycles of birth, misery, and death caused by karma) at the end of *The Ina sutta*: “Knowledge in the total ending of the fetters of becoming is the highest knowledge that, the happiness unexcelled. Sorrowless, dustless, at rest, which is release from debt.”

Wealth can be accumulated in the Buddhist approach to debt, but only to be given away to those to whom we are truly, karmically indebted. Thus, producing and multiplying merit-creating wealth is a noble goal. A lavishly wealthy person, according to the Buddha, should provide for the pleasure and satisfaction of himself, his loved ones, and his associates, as well as priests and contemplatives. For a long time, Buddhist monasteries accomplished a kind of wealth redistribution by supporting mendicants who owned nothing. They also invested in local economies, giving local moneylenders an alternative. However, in later years, some monasteries (such as those in Medieval China) began making high-interest loans and meddling with debtors' contracts. "The pagoda is finished, and the country

is ruined," a Burmese proverb says of Buddhist economic excess. As greed — the engine of capital accumulation and one of the three poisons<sup>90</sup> that bind beings to the wheel of samsara in Buddhism — became institutionalized in the new social order, the Buddha carved out a space for greed's opposite, generosity, to flourish. While the creation and multiplication of wealth fosters merit in the form of virtuous giving, greed destroys merit. According to the Buddha, even if one single mountain could be transformed into two mountains of solid gold, it would still not provide complete and lasting satisfaction of a single person's wants. Such is the boundless nature of desire. According to the Buddhist viewpoint, capital accumulation has no end point other than its transformation into merit through generosity. "To have much wealth and plenty of gold and food, but to enjoy one's luxuries alone," the Buddha says in the S.N. 1.6 *Parabhava Sutta*<sup>91</sup> (Pl.). Wealth is not an enemy of spiritual development; it has enormous potential to create merit — but not primarily through lending, but through giving. As a result, even living modestly while retaining great wealth is sinful. The Buddha mentions a moneylender in the S.N. 3.19 *Paṭhama Aputtaka Sutta*<sup>92</sup> (Pl.) who "ate broken rice and pickle brine" and wore only "hempen cloth" while riding around in a "dilapidated little cart." The moneylender had given alms to a contemplative many lives ago, causing the moneylender to be reborn seven times with great fortune. However, the moneylender failed to create virtue with his fortunes in subsequent lives, passing up numerous opportunities to generate merit through generosity. As a result, when the

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<sup>90</sup> The three primordial negative states of the mind known as the three poisons are: attachment, aversion, and ignorance or delusion.

<sup>91</sup> While the Mangala Sutta deals with the way of life conducive to progress and happiness, the Parabhava Sutta supplements it by pointing out the causes of downfall. He who allows himself to become tarnished by these blemishes of conduct blocks his own road to worldly, moral, and spiritual progress and lowers all that is truly noble and human in man.

<sup>92</sup> In this sutta the Buddha explains what a person should do if they acquire great wealth.

moneylender's merit for seven lifetimes ran out, he found himself in one of the hell realms (Ibid. p.63).

### 6.5.3 Jainism

We will now decode Jainism religious dogma to proceed with our model. Ācārya Mahapragya<sup>93</sup> proposed relative economics in terms of *aparigraha*<sup>94</sup> and the philosophy of nonviolence, which aids in the achievement of long-term economic development. According to Professor Hiralal Jain<sup>95</sup>, controlling unlimited possession through laws has always been ineffective because it does not change a person's temperament. As a result, the role of nonviolent ethical religion in controlling the tendency of extreme possessiveness through internal awareness is critical.

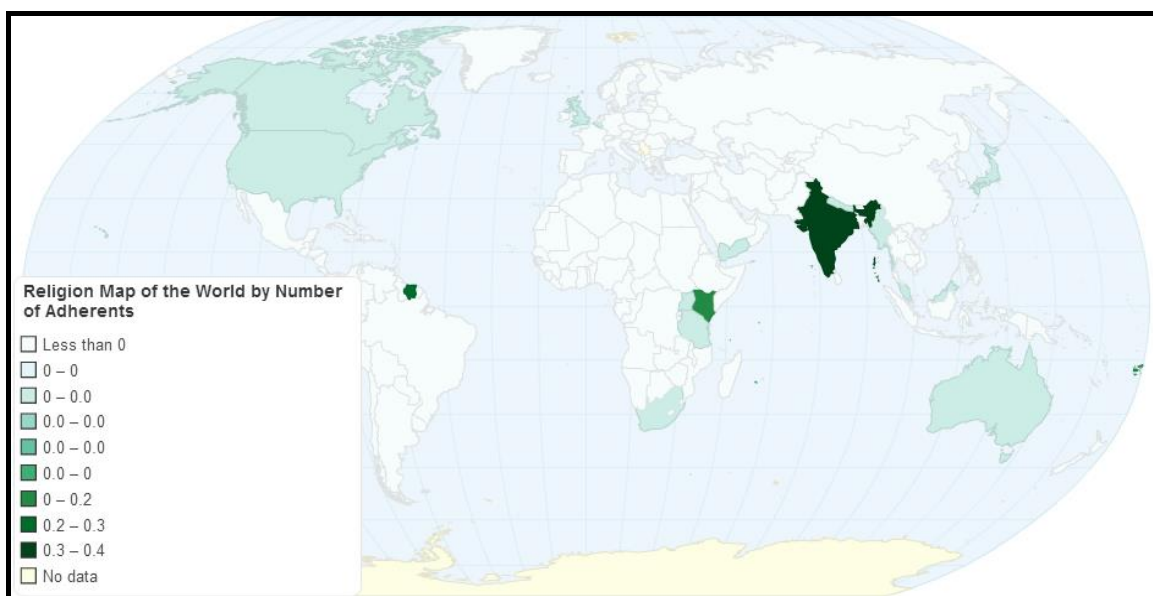


Figure 8: 2010 Jainism Adherents by country

Source: <http://chartsbin.com/view/30472>

<sup>93</sup> (1920-2010) was a Jain teacher, the tenth head of the Svetambar, Terapanth order of Jainism.

<sup>94</sup> Jainism believes that the more a person possesses in worldly wealth, the more he may be unhappy and the more likely he is to commit sin, both physically and mentally.

<sup>95</sup> Formerly, Director, Institute of Post-Graduate Studies and Research in Prakrit, Jainology and Ahimsa Vaishali, Bihar, and Professor and Head of Sanskrit, Pail and Prakrit Department, University of Jabalpur, India.

The essence of *aparigraha*'s economic virtue is that one should set a limit to one's own desire and dispose of any surplus that accumulates beyond this limit through charities. *Aushadha dāna*<sup>96</sup> means donate for the distribution of medicines and the establishment of hospitals, *Shāstradāna* means donate for education or the establishment of schools or pāthashālās, *Abhayadāna* means save the people who are in trouble, and *Āhāradāna* means distribute food for the needy, hungry, and needy people. This tendency will reduce the concentration of wealth in a few hands, allowing for a more equitable distribution of wealth. *Aparigraha*<sup>97</sup> is the only way to close the wealth gap, and fair distribution of wealth is also possible. This is how relative economics, based on the philosophy of nonviolence and *Aparighraha*, contributes to long-term economic development. As a result, the allure of economic development is not solely driven by economic motivations, but also by people's religious beliefs (Parshwanath & Ramachandra, 2006, p. 634).

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<sup>96</sup> *Dāna* connotes the virtue of generosity, charity or giving of alms in Indian philosophies. In Hinduism, Buddhism, Jainism and Sikhism, *dāna* is the practice of cultivating generosity.

<sup>97</sup> Limiting accumulation.



## CHAPTER 7: ECONOMIC INCENTIVES AND SALVATION: THE SMI – SALVIFIC MERIT INDEX APPROACH AND THE ECONOMICS OF SALVATION

We have thus so far seen that political economy and religion are mutually reliant. A key question is how economic development and political institutions influence religious involvement and beliefs when religion is seen as a dependent variable. When considering religion as an independent variable, a crucial question is how religiosity impacts personal traits like work ethics, honesty, and thrift, and how this affects economic performance.

Although economists naturally mix the two methods, demand-side and supply-side models can be used to explain theories of religion as a dependent variable. The secularization model is a significant demand-side analysis. According to this theory, as economies grow, fewer people participate in official religious services and private prayers, fewer people have religious convictions, and less structured religion has an impact on politics and government. This argument has its origins in the lecture by Methodism's founder John Wesley on *The Use of Money* (1760). *The Protestant Ethics and the Spirit of Capitalism*, a classic work by Max Weber (1905 [1930]), has a broader version of the secularization theory, and Berger (1967) and Wilson expanded the concept (1966). Extreme views on secularization can be found in Freud (1927) and Hume (1757), who saw religion as primarily a product of fear and ignorance. Thus, they projected that as education and science grew, people would shift away from agriculture's difficulties and towards the greater economic security of sophisticated, urbanized economies, religion would wane. The disappearance of religion is one example of a larger tendency towards "modernization," according to Marx's interpretation.

The supply-side components are the main emphasis of the religion market model, which was created by Finke and Stark (1992), Finke and Iannaccone (1993), Iannaccone

and Stark (1994), and Iannaccone (1991). This literature makes the argument, in the manner of Adam Smith (1791), that government regulation and subsidies affect competition among religious service providers and, consequently, alter the nature of the religious product. The standard and range of services are expected to decline when governments impose state religions and impose admission restrictions. In response, there is a decline in organized religion, while there may not be much of an impact on religious convictions.

Accordingly, communities can have low formal religious attendance while still having prominent levels of religious belief—beliefs may be strong relative to belonging—as in Davie's (1994) examination of contemporary Britain. A nation with a free religious market and a wide range of religious offerings is the United States. Tocqueville (1835) pointed out that in this diverse environment, competition produces religious "products" that are of high quality and well-aligned with individual preferences about levels of strictness and other features. As a result, formal religious attendance as well as levels of religious belief tend to be high.

Religiosity was seen by Weber (1905) as an independent variable that could have an impact on economic outcomes in *The Protestant Ethics*. By encouraging qualities like a work ethics, honesty (and thus trust), thrift, charity, hospitality to strangers, and other virtues, religious beliefs have an impact on the economy. Greater religiosity could encourage investment and economic progress by improving these characteristics. Weber cites Wesley's (1760) ideas, which are comparable in certain ways. Gain all you can, save all you can, give all you can, Wesley famously exhorted his congregation. He regretted, though, that the first two tenets had received more attention than the third. But as the foundations of a prosperous economy, the first two—corresponding to Weber's work ethics and thrift—are more crucial than charity.

The importance of religious beliefs for economic outcomes is a crucial idea in the Weberian framework for religion. A social capital/cultural perspective, in contrast, holds that what fosters development may be the networking that results from participation in formal religious services. By considering formal religious engagement as only one of many strategies to develop social capital or create a collective culture, this alternative viewpoint trivializes religion. Houses of worship were not just fancy versions of social clubs in Weber's eyes. Religion has a unique quality in that it may have an impact on beliefs that uphold certain characteristics and ideals.

Thus, religion is a unique phenomenon in this sense. Salvation, damnation, and nirvana are examples of otherworldly compensators that are effective on this planet for changing conduct. Thus, by encouraging character attributes like honesty, work ethics, and thrift, beliefs in these compensators might increase production. The so-called "dark side of religion" is when afterlife beliefs exert a strong influence that encourages antisocial behavior, such as violence. The social capital and cultural components of religion—communal activities, rituals, and religious institutions—are significant only to the extent that they have an impact on beliefs and, consequently, behavior. In fact, according to the ideas held, spending more time on social activities tends to be detrimental to the economy, at least as measured by market production GDP. Additionally, the expenses associated with formal religion include not only the time spent by adherents and clergy but also the money spent on buildings, priceless items, and other expenses. Our common opinion is that the main way that religion affects economic and other results is through believing in relation to joining or attending (McCleary & Barro, 2006, pp. 51-52).

## 7.1 The creation of the Salvific Merit Index for Religions

My contribution to the field, and its application to the traditions in this research is to investigate on how to develop an index based on qualitative variables: a quantitative index for measuring the “economic incentives for salvation from damnation”; a composite index combining various indicators into one benchmark measure that monitors and compares salvation in the afterlife based on economic incentives in the present/current one. The constructed Index provides a scientific method to quantitatively evaluate incentives for salvation from damnation in the coming life or lives in the three traditions.

Beliefs about salvation in the major world religions—Hinduism, Buddhism, Christianity and Islam—provide different economic incentives. Salvific merit, which links a person's lifetime actions to their projected likelihood of salvation, is a key idea. According to several religions, salvific merit can be acquired in this life to increase the likelihood that the results of the future life would be better. Because a person is seen to be predestined to be saved or not, Calvinist Protestantism has little to no merit for salvation. Individual behavior therefore has no bearing on the likelihood of salvation. On the other hand, Buddhism has a high merit for salvation in that following a prescribed lifetime conduct route results in salvation in the sense of enlightenment and wisdom with a high degree of surety. In that sense, individuals can affect salvation to some extent, but not always in a significant way; Catholicism, Hinduism, and Islam all have a medium degree of salvation merit. Every major religion has a system in place for encouraging money accumulation and hard work, both of which are essential for economic success. Buddhism tends to emphasize wealth sharing; therefore, there is less of a motivation to acquire and amass possessions. To ensure the community's survival is one justification for this priority. Religion lessens the uncertainties of daily life by creating networks of mutual support and altruistic deeds that are spiritually fulfilling. In other

words, charity is a type of collective insurance that can be effective in societies where there is a lot of uncertainty, like that related to agriculture. If the community lacked formal systems, such as insurance markets and government welfare programs, to deal with individual uncertainty, private philanthropy supported by religion would be helpful<sup>98</sup>. Buddhism also contributes to its own survival by associating specific deeds—such as providing financial support to the religious elite, participating in group prayer, and building religious structures—with salvific value.

Despite the absence of heaven and hell in the Judeo-Christian sense in Hinduism, Buddhism, and Jainism, adherents who fulfill their commitments are in fact reincarnated into heavenly intermediate stages. Those who disobey their duties are reincarnated into the temporary, intermediate purgatory phases. By accruing salvific virtue, performing more than is necessary can also speed up a person's time in purgatory and help them ascend to a higher stage of paradise (Keyes, 1983, p. 267), and (Conze, 1967, p. 41). One can go past negative karma and towards a greater level of perfection or enlightenment through the process of reincarnation. Hinduism, Buddhism, and Jainism are belief systems that address how to achieve perfection, which can be seen as a step towards salvation.

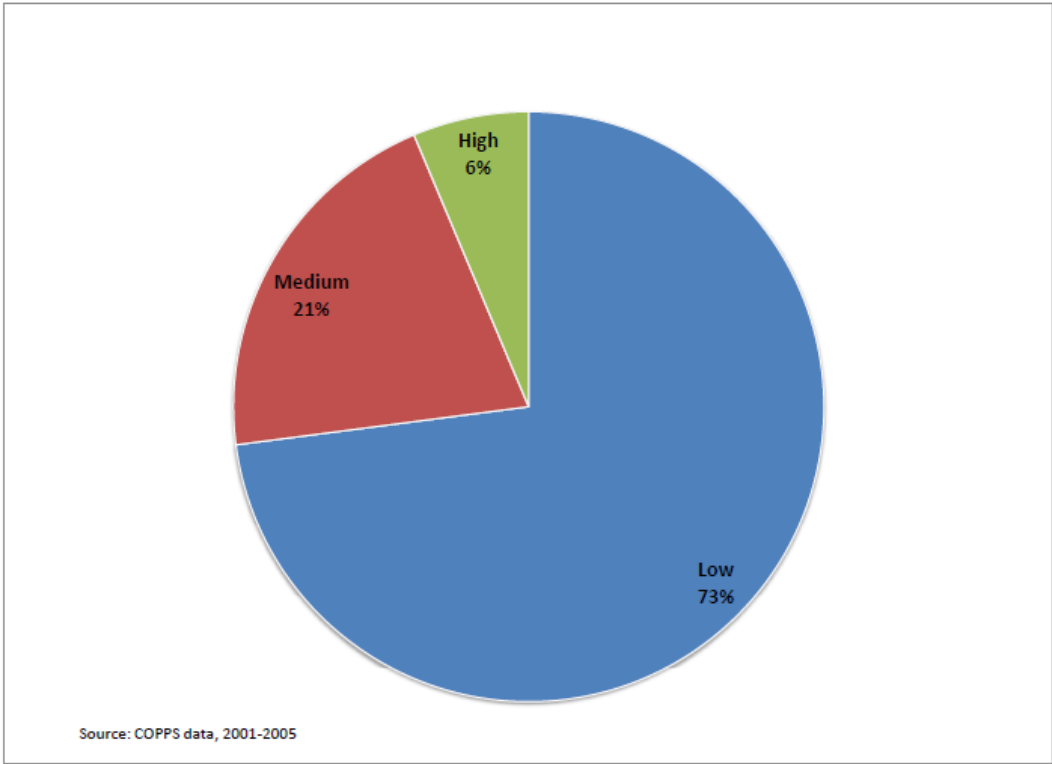
Low	Medium	High
Protestant	Hinduism	Buddism
Lutheran	Roman Catholic	Pentecostal
Methodist	Islam (Sunni)	Islam (Sufi)
Calivnism		Judaism*
Baptist*		

Source: McCleary (2007) and authors\*

**Table 2: Salvific Merit by Major Religion** (Thornton & Helms McCarty, 2010, p. 23)

<sup>98</sup> Gill and Lundsgaarde, (2004), Scheve and Stasavage (2005).

In brief, I have concentrated on the macroeconomic elements of how politics and religion interact. This investigation therefore surveyed data on afterlife-related religious beliefs, attendance at organized religious services, and private prayer, all of which were country-level aggregated. Some of our research looked at how changes in economic development, governmental structures, and religious adherence composition affected religiosity. I evaluated the effects of religion on economic growth going the opposite way. I focused on the growing impacts of religious involvement and beliefs, but I also considered the distribution of religious adherence among the major religions (McCleary and Barro: Religion and Economy, pp. 51-52).



**Figure 9: Salvific Merit as Determined by Household Religious Affiliation**  
(Thornton & Helms McCarty, 2010, p. 26)

## 7.2 The Salvific Merit Index for this Research: The Possibilities of Salvation from damnation

Hinduism, Buddhism, and Jainism have many features in common, and the idea of accruing merit is essentially the same in the three traditions as a central concept. These Indian religions also share the concept of rebirth (Brekke, 1998, p. 288), where merit plays a key role in achieving a positive rebirth in the afterlife, so the concept of salvific merit as an economics index is where this research adds to the economics science.

Let us assume for a given religious tradition subject of this research the possibility of salvation from damnation in the afterlife as a function of decoding its dogma. In other words,

$$SMI = f(m, I, D),$$

Function 7

where the Salvific Merit Index (SMI) is a function  $f$  of:

$m$  = accrued non-economic merit in each tradition,

$I$  = economic merit incentive as a positive accrual of merit.

So,

$$I = \sum_{1}^{n} i_n$$

Function 8

where:

$i_n$  = The nth economic incentive merit in the given tradition,

$n$  = the number of economic incentives in the given tradition.

Now,

$D$  = economic merit disincentive as a negative subtraction of merit

$$D = - \sum_{1}^{n} d_n$$

Function 9

where:

$d_n$  = The nth economic disincentive merit in the given tradition

$n$  = the number of economic disincentives in the given tradition

Consequently, the complete probability function for salvation from damnation of the model now ends up as:

**The Salvific Merit Index:**

$$SMI = f \left( m, \sum_{1}^{n} i_n, - \sum_{1}^{n} d_n \right)$$

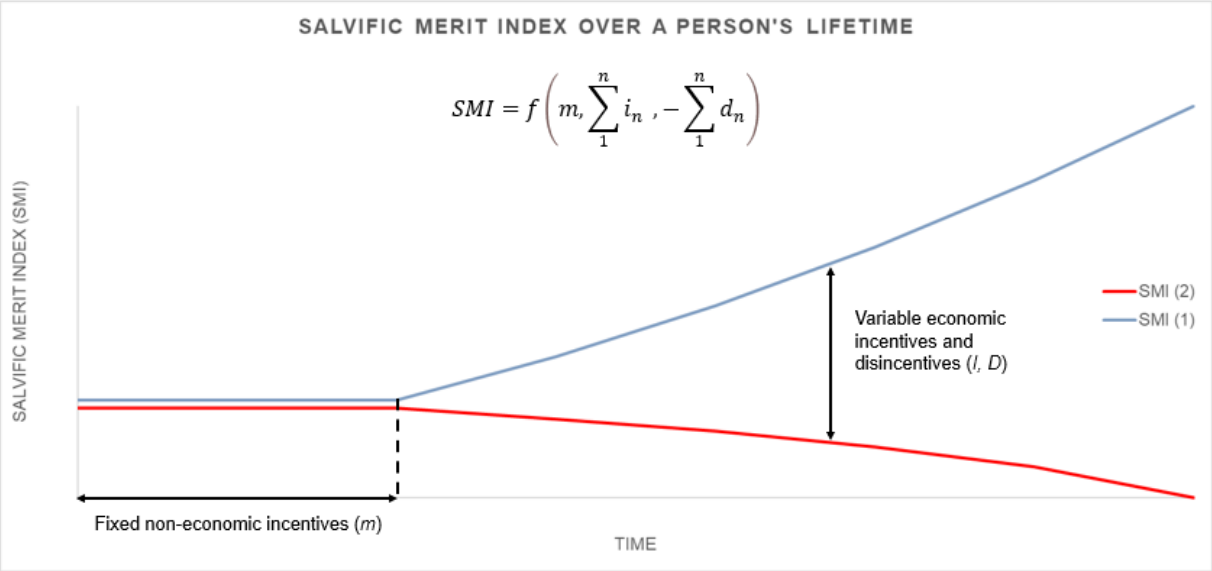
Function 10

We can now think of this index in economic terms over the lifespan of any given person. In general terms, we could say here that the SMI index has a fixed component plus two



variables which add or diminish salvific merit upon the particular causes and circumstances which condition the SMI index so that the higher its value, the better the outcome or, the lower its value, the worse the outcome or the chances of salvation from damnation.

Now, the economic model of salvation from damnation as a function of the SMI - Salvific Merit Index over a person's lifetime is constructed and reflected here in the following graphic chart:



**Graphic Chart 1: Salvific Merit Index over a Person's Lifetime**

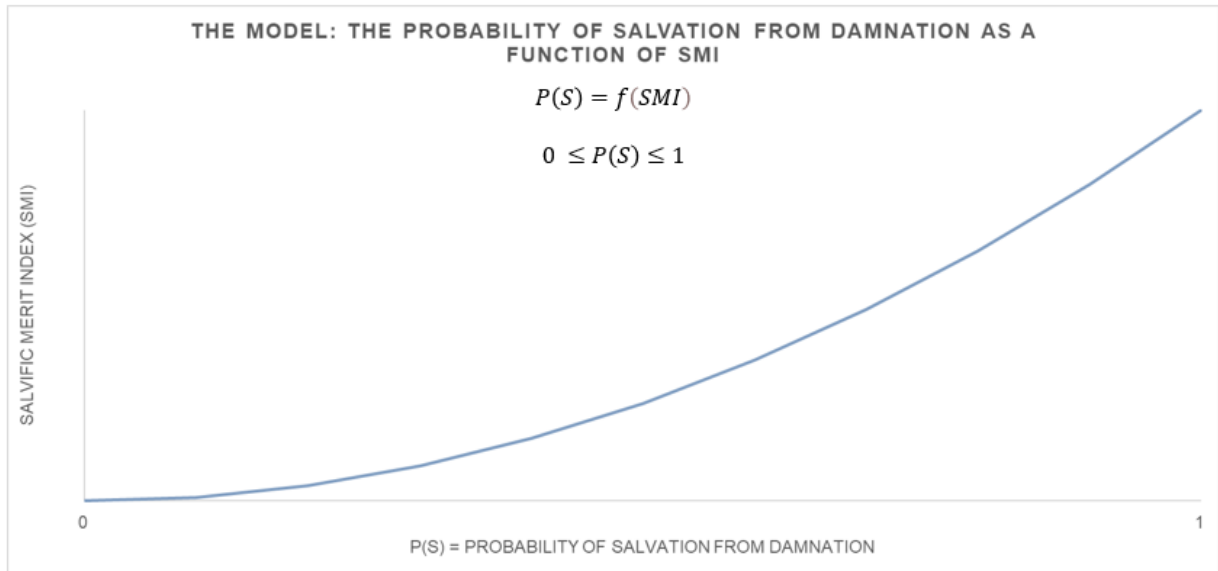
which in turn further reflects the possibility of salvation from damnation as a function of salvific merit index:

$$P(S) = f(SMI),$$

$$0 \leq P(S) \leq 1$$

Function 11

finalizing the model with the following graphic chart which borrows the statistical concept of probability as a function with domain [ 0 , 1 ] to easily understand the possibility of salvation from damnation:



**Graphic Chart 2: The Model: The Probability of Salvation from Damnation as a Function of SMI**

in more simple words implying here that chances, possibilities, or the probability of salvation in economic terms is somewhere between 0 (punishment or hell in religion), and 1 (incentive or heaven, enlightenment, or swift rebirth in religion, borrowing the statistical concept of range of probability.

Finally, for the purposes of this research, we conclude with a set of assumptions and limitations which complete the model:

1. We can think of the SMI index as a number; the higher the better, or the lower, the worse.

2. We can think of the function of salvation as Adam Smith's invisible hand, or, as previously referred to, as the hand of God. In the traditions of the research, we can use the God concept in the Hindu religion, and as conditioning karma in both the Buddhist and Jain traditions, as these are non-theistic religions.
3. The scope of this research is limited to the formulation of the economic index in broader economic terms, and not with testing or explicit numerical results, as it is obviously senseless to get proof of its application in the afterlife, whether heaven or hell.
4. The index is based solely in decoding religious dogma for economics purposes as theorized by Paul Fudulu.
5. When referring to the probability of salvation from damnation as ranging  $[ 0 , 1 ]$ , we do not take a "passing" outcome, as we limit our model as a range from  $[ 0 ]$  as damnation, to  $[ 1 ]$  as salvation.

### **7.2.1 Applying the Salvific Merit Index in the Hindu Tradition**

The Vedas say that humans are naturally good, and according to Svetasvatara Upanishad II.5 "Humans are children of immortal bliss", which Swami Vivekananda<sup>99</sup> goes further to explain that we are the Children of God, the sharers of immortal bliss, holy and perfect beings, divinities on earth, with immortal soul, free and eternal spirits". (Gangopadhyay, 2023). As a result, we will take here in our research this natural goodness of humans as the basic goodness for our economic modeling.

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<sup>99</sup> Indian Hindu monk, philosopher, author, and religious teacher who was a key figure in the introduction of Vedanta and Yoga to the western world.

In view of the above, we can now proceed to decode religious dogma when applying the Salvific Merit Index to the case of the Hindu Tradition as described by the following function:

$$SMI = f(BG, I, D)$$

Function 12

here,

*BG* = Basic Goodness or the natural goodness of humans

Now, in the Hindu tradition, there are five Sanskrit words that can be used to describe virtue or merit: *guá*, *dhárma*, *suktám*, *pyam*, and *obhanám*. However, only *suktám* and *pyam* are frequently used in the ritualistic and philosophical writings of the Vedas. They specifically relate to praiseworthy deeds or the benefits that result from them (Bodewitz, 2019, p. 368). However, only the virtues or merits known as *suktám* and *pyam* are important when discussing the pursuit of immortality and heaven, and when discussing life after death, the antithesis of virtues and sins, merits, and demerits, is especially important. Bodewitz (2019) states that in later Vedic writings, where the concept of moksha first appears, one should get rid of both demerits or sins and merits or virtues to be eligible for a *loka* in paradise (Ibid., p. 380).

The recompense for charitable deeds resembles the theory of *karman* (Sk.), which, however, refers to rebirth on earth as well as a life after death in paradise (directly after death or after a limited stay in heaven). Furthermore, the ultimate goal of the *karman* philosophy, which is connected to the theory of moksha, is not life after death in heaven where one experiences some form of continuation of the earthly life (missing in the oldest

phases of Vedic religion). Hence, at most, the doctrine of *karman* can be seen to have its roots in the concepts of *suktám* (meritorious activity and the ensuing merit stored in heaven) (Ibid. p.370), so according to the Vedic literature<sup>100</sup>, the world in heaven won by (sacrificial or other) merits (the *sukṛtasya loka*) is the final and highest destination of man (Ibid. 378).

Now, a devoted Hindu is supposed to conduct specific rituals each day as part of their household duties. Hindus get virtue and thus accrue merit when they show their reverence to God through various rituals, prayers, and sacred celebrations (Sodha, 2020). As a result, the function considers the economic incentives as a positive accrual of merit:

$I$  = economic merit incentive as a positive accrual of merit

$$I = \sum_{1}^{n} i_n$$

Function 13

which contains the following economic incentives (Sassi, 2011):

$i_1$  = offering prayers to the Sun God.

$i_2$  = using wealth as source for philanthropic activities.

$i_3$  = making donations of one's annual income to charity.

$i_4$  = reforming tax deduction laws and regulations to promote charitable giving.

$i_5$  = sponsoring the performing of pujas<sup>101</sup>.

$i_6$  = fostering the encouragement of charitable deeds.

<sup>100</sup> Such as *The Rgveda Samhitā*.

<sup>101</sup> Rituals in which offerings are made to a deity or other spiritual agent.

$i_7$  = paying the fees and contributions for participating in *ashrams* and yoga centers.

$i_8$  = attending prayer meetings *satsangs* (Sk.) and make offers and donations.

$i_9$  = doing humanitarian work.

$i_{10}$  = visiting and donating to temples.

Now, the function considers the economic disincentives in terms of the reduction of merit due to the accrual of negative actions. According to Hindu belief, *arishadvarga* (Sk.) or *shadripu* (Sk.) are the six enemies of the mind which prevent man from attaining *moksha*, and these bind the soul to the cycle of birth and death and keep it confined in this material world (confines of Maya or relative existence) (Veda Vedic Knowledge Online, s.f.).

Especially the first three are said to pave the way towards hell:

$D$  = economic disincentive or demerit as a negative subtraction of merit

$$D = - \sum_{1}^{n} d_n$$

Function 14

$i_1$  = incurring in a sense of desire or *kama* (Sk.).

$i_2$  = incurring in a sense of anger or *krodha* (Sk.).

$i_3$  = incurring in a sense of greed or *lobha* (Sk.).

$i_4$  = incurring in a sense of strong self, ego or *mada* (Sk.).

$i_5$  = incurring in a sense of attachment or *moha* (Sk.).

$i_6$  =, incurring in a sense of partiality or *matsarya* (Sk.).

Consequently, in the Hindu religion, using the economic model of salvation from damnation as a function of the Salvific Merit Index SMI model, the probability of salvation lies somewhere between [ 0 , 1 ] upon the circumstances of an individual who possess some natural human goodness, plus his merit accrual when cultivating *suktám* (Sk.) or meritorious activity, less his faulting when incurring in *arishadvargas* (Sk.) or the six enemies of the mind.

### 7.2.2 Applying the Salvific Merit Index in the Buddhist Tradition

We can now proceed to decode religious dogma when applying the Salvific Merit Index to the case of the Buddhist Tradition as described by the following function:

$$SMI = f(BG, I, D)$$

Function 15

here,

*BG* = Basic Goodness or Buddha Nature *tathagatagarbha*

In the Buddhist tradition, behavior is particularly important when cultivating the merit towards salvation, and it is dogma or doctrine that all human beings possess some sort of basic goodness or what the traditions refers to as *tathagatagarbha* or buddha nature, which refers to the innate human capacity to flourish or awaken. It might be interesting here to contrast that in the Christian religion, it is quite the contrary: according to the tradition, all human beings are born innately with the original sin, and thus the need for salvation. Such basic goodness is the start or foundation of the Salvific Merit Index.

Now, the Buddhist tradition calls for cultivating the *paramitas* (Sk.) or transcendental virtues to awaken this human capacity to flourish or awaken, and it begins by recognizing this basic goodness and cultivating it. The *Prajñapāramitā sūtras*, and many other *Mahāyāna* texts list six perfections:

1. *Dāna pāramitā*: generosity, giving of oneself.
2. *Śīla pāramitā*: virtue, morality, discipline, proper conduct.
3. *Kṣānti pāramitā*: patience, tolerance, forbearance, acceptance, endurance.
4. *Vīrya pāramitā*: energy, diligence, vigour, effort.
5. *Dhyāna pāramitā*: one-pointed concentration, contemplation.
6. *Prajñā pāramitā*: wisdom, insight.

Now, the function considers the economic incentives as a positive accrual of merit:

$I$  = economic merit incentive as a positive accrual of merit

$$I = \sum_{1}^{n} i_n$$

Function 16

which contains the following economic incentives:

$i_1$  = donations to the master, devotion to the master

$i_2$  = donations to the monastic sangha

$i_3$  = donations to monasteries, or particular projects

$i_4$  = donations of land, buildings, or constructions for the ordained sangha



$i_5$  = fees incurred when participating in, or registering for, rituals, retreat participation, initiation fees, registration fees, food, and lodging fees, etc.

$i_6$  = purchases of ritual objects, materials, books, sadhanas, other religious implements or paintings such as *tanghkas*, or the construction of altars

Now, the function considers the economic disincentives in terms of the reduction of merit due to the accrual of negative actions:

$D$  = economic merit disincentive as a negative subtraction of merit

$$D = - \sum_{1}^{n} d_n$$

Function 17

In the Buddhist tradition we can consider non-virtuous behavior *kammapatha* (Pl.) as disincentives for salvation from damnation, which refer to the ten wholesome and unwholesome courses or paths of action. Hence, we can involve such in the function as behavior which in turn subtract to the Salvific Merit Index. Among the ten in the two sets, three are bodily, four are verbal, and three are mental. The ten courses of unwholesome actions are:

$d_1$  = destruction of life or killing,

$d_2$  = stealing or taking what is not given,

$d_3$  = sexual misconduct,

$d_4$  = false speech,

$d_5$  = divisive speech,

$d_6$  = offensive speech,

$d_7$  = senseless/idle speech,

$d_8$  = covetousness or greedy behavior,

$d_9$  = malice,

$d_{10}$  = wrong view.

Consequently, in the Buddhist tradition, using the economic model of salvation from damnation as a function of the Salvific Merit Index SMI model, the probability of salvation lies somewhere between [ 0 , 1 ] upon the circumstances of an individual who possess some basic goodness, plus his merit accrual when cultivating the transcendental virtues *paramitas*, less his faulting when incurring in the ten unwholesome acts or course of action.

### 7.2.3 Applying the Salvific Merit Index in the Jain Tradition

Using the Salvific Merit Index to analyze the Jain Tradition as indicated by the following function, we can now move on to deciphering religious dogma. In the Jain tradition, the aim of life is to achieve total purity of the self, starting from what the text *The Samayasāra*<sup>102</sup> refers to as the “innate capabilities of the soul,” and which we will use in our model as its basic goodness.

$$SMI = f(BG, I, D)$$

Function 18

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<sup>102</sup> *Samayasāra* (The Nature of the Self) is a famous Jain text composed by Acharya Kundakunda in 439 verses. Its ten chapters discuss the nature of *Jīva* (pure self/soul), its attachment to karma and *moksha* or liberation.

here,

*BG* = Basic Goodness as the innate capabilities of the self or soul *Jaina*

In the Jain tradition, all conceptual theories are centered on the soul or self and the goal in life is to achieve the total purity of the self. The Jain path for liberation of the soul *Jaina* or the self are related to the favor of merit actions and stay away from demerit activities, so here it is important in the tradition to refer to as merit and demerit. Ordinary men regard merit as good and demerit as bad. As cited by (Bharill, 2016-2023), Yoginder Deo writes in *Yogsar*<sup>103</sup> in this context: “Merits lead to heavenly phase of life and demerits to hellish phase. One who knows the soul, leaving both these, attains complete liberation.” Consequently, as the spiritual goal in Jainism is to reach moksha or liberation, for most people we can refer here as the accumulation of merit and avoidance of demerit is fundamental here in our model, as release is achieved by purging the soul. So now, the function takes into consideration the economic incentives as a positive accrual of merit:

*I* = economic merit incentive as a positive accrual of merit

$$I = \sum_{1}^{n} i_n$$

Function 19

which contains the following economic incentives (Ravindra Jain, 2021):

$i_1$  = practicing *ahara daan* (Sk.) or donation of food to the hungry and the poor,

$i_2$  = *abhaya daan* or giving shelter or saving the lives of other beings in danger,

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<sup>103</sup> Scriptures of *Adhyatma* with particular emphasis upon the nature of soul, attributed to Muniraj Yogendu deva, or Yoginder Deo.

$i_3 = aushadhi daan$  or donating medicines, paying doctor's bills, or rendering other medical help,

$i_4 = gyana daan$  or sharing knowledge. This can be in the form of teaching, donation of money for books, etc., which lead people to the right path.

$i_5 =$  compassionate aid or helping in any other way.

The function now takes economic disincentives into account when assessing the demerit brought on by the accumulation of negative deeds:

$D =$  economic disincentive or demerit as a negative subtraction of merit

$$D = - \sum_{1}^{n} d_n$$

Function 20

In the Jain tradition *asrav* (Sk.) refers to the inflow of karma into the soul; we shall decode here its negative influx in terms of demerit which in turn diminishes the accumulation of positive economic outcome. Such demerit actions are (Jain Student Group at the Univeristy of Michigan, 1999):

$d_1 = mithyatva$  (Sk.) or false belief,

$d_2 = avirati$  (Sk.) or vowlessness,

$d_3 = kashayas$  (Sk.) or passions, and refer specially to anger, ego, deception, and greed,

$d_4 = \text{pramad}$  (Sk.) or indolence, meaning that soul is inactive in contemplating on its own form,

$d_5 = \text{yoga}$  or psychophysical activity. In Jainism, psychophysical activities when demeritorious, cause the soul to gather inauspicious karma.

*Asravs* are also known by their eighteen different demerits, which include: violence, deceit, theft, sexual activity, possessiveness, anger, ego, deceit, greed, attachment, hatred, backbiting, divulging secrets, being unhappy with religious acts, lying maliciously, and believing in false beliefs, religious teachers, and religions. As a result, in the Jain tradition, using the Salvific Merit Index SMI model as a function, the probability of salvation lies between  $[0, 1]$  depending on the circumstances of a person who possesses his original pure self, plus his accrued merit when offering, less his faulting as a negative influx or demerit when acquiring bad karma.

## CHAPTER 8: CONCLUSIONS

As I have worked in the world of international business and in academia most of my life, some of my colleagues have asked me why I chose for a Ph. D. by researching the field of the economics of religion, indeed an exceedingly difficult and complex area of research. Perhaps the answer lies in the fascination that I find in the phenomena of religion, a field which definitely impacts economics, yet it is not acknowledged so by the majority of today's economist, needless to say applied to the cases of the dharmic religions of India under research: Hinduism, Buddhism, and Jainism.

Consequently, this doctoral dissertation attempts to bring light to this little studied branch of economics, the economics of religion, by applying the economic incentives which are found in each of these traditions, when aiming at *moksha* liberation for salvation from damnation. The research argues that economic theories and empirical examples might be useful in evaluating the role of religion in society comprehensively, and that they contribute to the work on religion done over the centuries by philosophers, theologians, sociologists, and historians (Iyer, 2018, p. 238).

It is a thesis of this research that there is a common ideology of merit making in life and avoiding bad deeds in the Hindu, Buddhist, and Jain traditions, and that this common ideology causes rewards in the afterlife in terms of incentives or disincentives for salvation from damnation.

As a general conclusion, it can be said that often in the economics of religion, scholars present the rational choice framework as a model of an agent who responds to costs and benefits when deciding to “purchase” religious goods; rationality is defined as characterized by maximizing behavior, a steady state of market equilibrium, and stable

consumer preferences. The preference of the consumers determine what religious organizations will produce to meet the demand, and the amount of religious liberty that exists in a market will also influence the supply of religion and the commodities offered (McCleary, 2011, p. 9). Such is also the case in belief systems of the eastern world as studied here in the cases of the Hindu, the Buddhist, and the Jain traditions.

According to Hrishikesh Vinod, Ph.D., a professor of economics at Fordham University, the Hindu concept of karma allows for the assignment of results, including economic ones, based on a person's previous spiritual deeds. According to Vinod, these Hindu ideas can promote a culture of individual responsibility and the encouragement of charitable deeds even though they are not seen as scientific by Western standards (Sassi, 2011). It should be mentioned once again that karma is a common belief in the Hindu, Buddhist, and Jain Traditions.

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 behavior in secular settings that make it relevant to social science. This is true especially for the types of pro-social behavior 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 (Hoffman, 2013, p. 838).

Using suitable methods to overcome the methodological issues identified, experiments could be designed to shed more insight in the nexus between affiliation to religious faiths and behavior. This would support efforts by macroeconomists to better understand the relationships between economic performance and religion first raised by Max Weber (Ibid, p. 841).

Studies of economics of religion have helped to the knowledge of numerous levels of human behavior. Its primary goal is to generate knowledge about a neglected area of non-market behavior, demonstrating how economic models can be modified to address questions about beliefs, norms, and values, and investigating how religion, and by extension morals and culture, affect economic attitudes and activities of individuals, groups, and societies. Because economics is a behavioral science, it views religious activity as an example of rational choice rather than an exception to it, and it examines religious behavior at the individual, group, and market levels. Theoretical approaches to religious expenditure suggest that religious expenditure has some utility for expenditure on religion.

All these disciplines are deeply rooted in the western framework of life, with Abrahamic faiths serving as the primary religions, with Asian or Indian studies being quite rare. Most of the current evidence believes that there is a positive relationship between economic prosperity and religious spending, just as there is with other types of spending (Pulikkamath, 2015, p. 11).

Religious affiliation has been shown here to prove how it influences economics, particularly economic behavior, yet academic discussions of these influences are extremely scarce, which indeed is a detriment to economic science. Comprehensive studies and a standardized methodology for the study of economics of religion are virtually nonexistent in economics literature. Most studies have approached the subject via indirect dimensions in



sociology, anthropology, psychology, and political science. A probable cause for this lack of this research is the sensitivity of the religious field, which is considered taboo by many. Another probable explanation is that scholars believe religion only influences the most often researched disciplines of sociology, anthropology, and political science. Inadequate study of religion and economics can also be attributed to a shortage of economic academics with background in religious traditions. However, the multiplicity of religious beliefs may stifle debate of an issue that cannot be answered scientifically. The intricacy almost demands for a resolution to competing opinions that may be beyond the scope of normal scientific methods, as scholars who seek simple solutions or correct answers are sometimes faced with frustration (Minton & Kahle, 2014, pp. 53-54)

### **8.1 Otherworldly Compensators**

The theory of an otherworldly compensator gives the believer incentives in the forms of rewards and punishments for taking various actions to obtain a goal. Hence, certain aspects of religion are not the type of subject matter for cost-benefit analysis. The result is to emend the rational choice approach, which can be done easily by shrinking the category of irrational behavior and enlarging the category of rational action to make a distinction between the process of reasoning about ends, including acting on partial knowledge or acting recklessly in a self-destructive manner, and the reasoning about costs and benefits (Ibid. p. 10).

The compensation for being morally good person is going to heaven or some sort of purgatory, but not burning in hell. Otherworldly compensators -salvation, eternal life, or burning in hell- are great motivators of human behavior in this world and explain the constant demand for religion and why people behave in certain ways (Ibid.).

The religious traditions of Hinduism, Buddhism, and Jainism, view worldly action as producing rewards in this world that accumulate to the next. According to *samsara* rules, believer's actions in this world cause change in the next rebirth. In Hinduism and Jainism, and in certain strands of Buddhism, a person is born into his circumstances. Therefore, karma, viewed as one's fate, cannot be changed except through actions in this life, and even then, it might not be changed in one but several lifetimes. In addition, further rebirths may not always be positive outcomes (rewards) but could be negative ones (punishments) (Ibid.).

Hindus, according to Subramanian Swamy, believe in the idea of "karma calculus," which states that if a person acts kind, then recompense or benefit would come to them at some point in their life, though not necessarily right away (Sassi, 2011), clearly referring to afterlife rewards or punishments.

## **8.2 Individual vs. Collective Action Religions**

This research tends to respond to critics of the economics of religion in the sense that some scholars argue that rational choice theorists focus exclusively on the United States religion market, as stated by Sharot (2002) and as cited by (McCleary, 2011, p. 10). The United States market is predominantly Protestant Christian, and congregational in an ecclesiastical structure. Religions such as Hinduism, Buddhism, and Jainism, tend to function more like a firm with clients. Therefore, the client-practitioner model as presented by Iannaccone (1995) better applies to these traditions, which all tend to stress individual attainment without necessarily requiring followers to participate in collective action. C.K. Yang (1991) as cited by (McCleary, 2011, p. 11) describes Buddhism as a diffused religion. By diffused, Yang means that religious activities occur as part of one's daily life, at any time of day. For example, in Tibetan Buddhism, pilgrimage *kora* around the Potala Palace is lined

with stalls containing practical goods -shoes, canned food items, hats, clothing, fruit, electronic goods- on one side and prayer wheels on the other.

So collective religions -the monotheistic faiths function more like clubs, whereas individualized religions such as Buddhism and Jainism, function like private firms charging fees for one-time events, such as the performance of a monk's prayer. Collective religions such as Hinduism finance their activities primarily through membership dues and secondarily through user fees (Ibid.). Sharot (2002) as cited by (McCleary, 2007, p. 12) points out that Iannaccone cannot explain why some societies have collective-productive religions and others have client-practitioner religions as in our case, or in other words, how one accounts for the adoption of one religious economic type over another. This is influenced by the anthropological and cultural framework and environment where each religious tradition sets its roots.

### **8.3 Applying the Rational Choice Theory to Hinduism, Buddhism, and Jainism**

When applying rational choice theory, Milner (1993) as cited by (McCleary, 2011, p. 12) found that the concepts of reward and compensator in Hinduism have strong explanatory power for demonstrating how Hindu eschatology is the structural inverse of the caste system. Whereas the caste system is rigid and immutable, Hindu doctrine of salvation and beliefs of merit making karma are fluid mechanisms by which an individual can alter his status through rebirth (reward). In rational choice terminology, the otherworldly compensator, salvation, motivates people to behave according to moral rules (cost-benefit analysis on how to act on those rules) to be rewarded by rebirth into a better life. Hinduism posits salvation (compensator) and holds that people have different outcomes in the afterlife. Some will go to heaven, others to hell, and yet others to levels of purgatory. If salvation is the ultimate goal

(compensator) and the actions one takes to attain salvation (or move closer to it) are viewed as forms of upward mobility, then a person's choices and actions in this world will influence the outcome in the next world (compensator). The implications of Milner's work are that rational theory, as advanced by the economics of religion, can be applied here to the cases of the Hindu, Buddhist, and Jain religions, which are polytheistic and communal rather than monotheistic and congregational. Milner's analysis provides a framework for understanding the demand for Hinduism and how the religion functions within the social context in which it is embedded.

#### **8.4 Towards a Theory of Religious Finance**

Of all the things that sustain formal religious institutions, none is more essential than material support; the economics of religion has yet to pay much attention to financial matters. In fact, one learns much more about financial activities of religious institutions from historians, sociologists, and religious leaders than from economists. There is no good reason for this imbalance to persist. It can be said that economists have paid so little attention to the ways religions fund themselves as back in the 1970s and 1980s "economists almost never study any aspect of religion". However, times have changed, and the economics of religion certainly has grown enough to justify sustained research in religious finance (Iannaccone & Bose, 2011, pp. 323-324-336). Hence, there should be next steps in research towards a general theory of religious finance.

#### **8.5 Findings of this Research**

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 behavior in secular settings that make it relevant to

social science. This is true especially for the types of pro-social behavior 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 (Hoffman, 2013, p. 838).

Using suitable methods to overcome the methodological issues identified above, experiments could be designed to shed more insight in the nexus between affiliation to religious faiths and behavior. This would support efforts by macroeconomists to better understand the relationships between economic performance and religion first raised by Max Weber (Ibid, p. 841).

Studies of economics of religion have helped to the knowledge of numerous levels of human behavior. Its primary goal is to generate knowledge about a neglected area of non-market behavior, demonstrating how economic models can be modified to address questions about beliefs, norms, and values, and investigating how religion, and by extension morals and culture, affect economic attitudes and activities of individuals, groups, and societies. Because economics is a behavioral science, it views religious activity as an example of rational choice rather than an exception to it, and it examines religious behavior at the individual, group, and market levels. Theoretical approaches to religious expenditure suggest that religious expenditure has some utility for expenditure on religion.

Our expectations that religious doctrine affects philanthropic giving are supported in part by empirical findings. Religious beliefs that have the most effects on charitable giving in the

afterlife seem to be the least susceptible to other (economic) motivations. Religions with the fewest (or no) afterlife repercussions for charity giving tend to link behavior more closely to tax subsidy variations. This suggests that religion has a greater influence on the decision of whether to give than on the amount. In retrospect, it makes sense because many religious writings specifically address this issue. It is logical to draw the conclusion that religion influences charitable giving. A slightly more daring conclusion is that not only does religion matter, but also its specific form. This is a significant advancement in the economic literature on charity giving all by itself. The analysis's bolder conclusion is that religion matters, and it matters in a predictable way, regardless of the religion. In this case, religion is a substantial covariate in a regression that provides valuable information about the incentives and limitations that the individual donor must deal with. That kind of information would be almost divine for scholars (Thornton & Helms McCarty, 2010, pp. 19-21).

Hrishikesh Vinod, Ph.D., professor of economics at Fordham University states that “a lot of people think that economics and religion have little or nothing to do with each other,” (Sassi, 2011), yet according to Subramanian Swamy, Ph.D., India’s former Minister of Commerce, Law and Justice, and president of the nation’s Janata Party, he suggests that Hindu economists could devise a mathematical formula that could be incorporated into universal economic teachings, one that would ensure material and spiritual growth. He adds that “a classic economic textbook tells you that consumer behavior is the maximization of utility subject to a budget constraint. I would say the Hindu approach would be minimization of the expenditure, subject to a utility constraint”, concluding that “it is time for an intellectual exercise to codify this and see if we can redefine economics in such a way that it not only produces economic prosperity, but also produces genuine happiness” (Sassi, 2011). The

mathematical formulations behind the economics of religion which are addressed in this research so attempt to reconcile.

## **8.6 Future Outlook and Recommendations**

When it comes to religious research, as opposed to religion itself, interesting theories and unexamined data are as close to heaven as we ever get (Minton & Kahle, 2014, p. 337). However, there is still a lot for future generations of economists, despite the fact that the literature on economics of religion has grown rapidly over the past ten years. Future research could also focus more on the relationship between economics and religious belief in order to better understand how people's convictions and attitudes affect their behavior. It is challenging to measure religiosity and beliefs in the modern world, and it is considerably more challenging in historical contexts where conducting surveys is no longer a possibility. While recent research has demonstrated that religion has played a significant part in economics, there is still much that can be done to improve our understanding of how religious ideas and actions have impacted people's economic life (Becker, et al., 2020).

Finally, economics and religion will continue to be interrelated. Religion has always been important in the growth of trade, lowering contract uncertainty, encouraging charity, attenuating, and enhancing dominance, and promoting attitudes, beliefs, and behaviors that are conducive to economic growth. This is especially true after the abrupt change from hunting and gathering to agriculture (Ergener, 2020, p. 246). The author hopes that this research will inspire other scholars in the field of economics to further expand the current knowledge in this subfield of economics of religion, in other traditions which are still less known, such the culture of the Voodoo tradition, and the Indigenous people's traditions of Latin America. It is also hoped that the economic model presented here could be further

taken as a source for its enhancement, perhaps evolving into a probabilistic model of salvation from damnation by means of experimental economics.



## **APPENDIX I – LAURENCE IANNACONE ON THE ECONOMICS OF RELIGION**

Professor of economics Laurence Robert Iannaccone teaches at Chapman University's Argyros School of Business and Economics in Orange County, California, United States. He was a Koch Professor of economics at George Mason University until relocating to Chapman in 2009. A new "Consortium for the Economic Study of Religion," "Religion, Economics, and Culture," and an interdisciplinary "Association for the Study of Religion, Economics, and Culture" (ASREC) have all been founded by him. Two volumes on the economics of religion are what he is now working on. He is regarded as one of the field's founders and one of its fervent supporters. Iannaccone graduated from the University of Chicago with a PhD in economics in 1984 and an MS in mathematics.

He discusses the economics of religion in this interview with EconTalk's Russ Roberts. Iannaccone discusses why Americans are more religious than Europeans, why this trend started after the colonies became the United States, and why making sacrifices for one's religion may be both wise and fruitful.

Podcast 1: <https://www.econtalk.org/the-economics-of-religion/>

## APPENDIX II - SRIYA AYER ON THE ECONOMICS OF RELIGION OF INDIA

Professor of social sciences and economics at the University of Cambridge, Sriya Iyer is also a professorial fellow at the University of Cambridge. She focuses her study on the economics of development, religion, health, demography, and education. She serves on the Advisory Council of the SCORE Initiative of the Templeton Religion Trust and the India Advisory Board of the Pew Research Centre. She is a Research Fellow of the Centre for Economic Policy Research (London), the Institute of Labour Economics (Bonn), and the Global Labor Organization (GLO). She studied for a BSc (Hons) in economics at the University of Delhi before attending the University of Cambridge for an MA, MPhil, and PhD. She has published papers in prestigious economics publications in addition to have published books on the economics of religion of India.

Sriya Iyer and Shruti Rajagopalan discuss the relationship between economics and religion in India as well as the emergence of Hindu nationalism. Shruti and Sriya Iyer discussed her most recent book, *The Economics of Religion in India*, in this episode. Development economics, the economics of religion, health, and education are some of her areas of interest.

Podcast 2: <https://www.discoursemagazine.com/economics/2020/10/01/ideas-of-india-economics-religion/>

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