



University of
Connecticut

Department of Economics Working Paper Series

Religious Identity and Consumption

Lanse Minkler
University of Connecticut

Metin Cosgel
University of Connecticut

Working Paper 2004-03

February 2004

341 Mansfield Road, Unit 1063
Storrs, CT 06269-1063
Phone: (860) 486-3022
Fax: (860) 486-4463
<http://www.econ.uconn.edu/>

Abstract

Consumption choices assist in solving the problem of how to convey and recognize religious identities. In the communication of an identity, individuals use the knowledge embedded in consumption norms, which restrict the range of choices to a smaller set and abbreviate the required knowledge for encoding and decoding messages. Using this knowledge as a shared framework for understanding, individuals with religious beliefs can choose consumption items that would not only strengthen their beliefs but also help them express the intensity of their commitments to these beliefs. Because individuals and societies have different beliefs, norms, commitments, and expressive needs, consumption choice can help to express these differences. Our explanation contrasts with incentive-based approaches that view religious consumption norms as solutions to free-rider problem inherent in clubs.

Religious Identity and Consumption

LANSE MINKLER AND METIN M. COŞGEL*

The University of Connecticut

Abstract: Consumption choices assist in solving the problem of how to convey and recognize religious identities. In the communication of an identity, individuals use the knowledge embedded in consumption norms, which restrict the range of choices to a smaller set and abbreviate the required knowledge for encoding and decoding messages. Using this knowledge as a shared framework for understanding, individuals with religious beliefs can choose consumption items that would not only strengthen their beliefs but also help them express the intensity of their commitments to these beliefs. Because individuals and societies have different beliefs, norms, commitments, and expressive needs, consumption choice can help to express these differences. Our explanation contrasts with incentive-based approaches that view religious consumption norms as solutions to free-rider problem inherent in clubs.

INTRODUCTION

Religious beliefs and institutions have become important topics of inquiry in economics, receiving increasing attention by even prominent mainstream economists.¹ Whereas until recently religious phenomena were typically considered outside of the domain of economics, it has now become popular to provide explanations of these phenomena grounded in standard economic theory. These explanations typically apply economic concepts and models by viewing believers as rational consumers and religious organizations as clubs or firms that collectively constitute a religious market.

Some of these studies have sought to explain the distinct and sometimes seemingly strange patterns of consumption behavior that most religions prescribe. Among the well-

* Direct all correspondence to Lanse Minkler, Department of Economics, The University of Connecticut, Storrs, CT 06269-1063. Tel: (860) 486-4070. Fax: (860) 486-4463. Email: Alanson.Minkler@uconn.edu.

¹ Barro and McCleary (2003), Iannaccone (1998), Kuran (2004).

known consumption prescriptions are the dietary guidelines such as the Catholics being asked to abstain from eating meat on Fridays during Lent, vegetarianism for Hindus, and Muslims and Jews abstaining from pork altogether. There are similarly well-known prescriptions in clothing, grooming, art, music, charity, chastity, thriftiness, and so on, that believers are asked to observe. The traditional approach to these prescriptions had been to view them as being outside of the realm of economic inquiry, belonging in the same black box that includes tastes and preferences. A recent and influential approach, however, has sought to explain these religious prescriptions by applying standard incentive theory and viewing them as solutions to potential free-rider problems (Iannaccone, 1992).

Considering incentive based approaches to these phenomena as being misguided and incomplete, we offer an explanation based on the communicative role of consumption. We view general consumption guidelines as social institutions and argue that these institutions serve the essential functions of storing the knowledge required for communication. Once an individual makes a religious commitment (to a principle, individual, or group), he or she acquires an identity. For many, this personal identity then needs to be expressed. Consumption institutions assist in the communication of religious identities to others.

CONSUMPTION, INCENTIVES, AND COORDINATION

In an influential article that contributed significantly to the acceptance of the “Economics of Religion” as a legitimate field of inquiry, Iannaccone (1992) extended standard microeconomic analysis to the study of religious behavior.² Rather than presuppose special motives for religious activities, he modeled religion as a club good that brought positive

² For a review of the literature of the economics of religion, see Iannaccone (1998).

returns to “participatory crowding” and noted that the collective character of religious activity can lead to free-rider problems that cannot be easily overcome by explicit monitoring. Borrowing insights from incentive-based theories, he showed how the free-rider problem could be solved (at least theoretically) by seemingly strange and unproductive religious requirements. Applying this approach to consumption, an incentive-based analysis of religious prescriptions of consumption would thus seek to explain these restrictions by examining how they make it possible for religious groups to identify committed members and screen out free-riding imitators.

Although studying incentives might help to understand other phenomena in economics or religion, we believe that consumption patterns and routines attributed to religion have little to do with incentives and free-riding and much to do with imperfect knowledge and communication. In a complex and uncertain world where individuals have only imperfect knowledge about each other, religious consumption norms can serve as communicative devices that lower the cost of expressing one's religious identity. They often indicate the intensity of commitment, and perhaps even reinforce that commitment and help others respect that commitment as well.

The starting point of our approach is to recognize the central roles of identity, commitment, and integrity in religious behavior. Elsewhere we recently sought to explain religious behavior by proposing a framework based on philosophical discussions on the concept of integrity (Coşgel and Minkler, 2004).³ Adopting the notion of integrity defined as identity-conferring commitments, we provided an alternative to economic explanations of religious behavior based on preferences, opportunity sets, and social pressure. Although we

did not deny that religious behavior might be guided directly by the distinct preferences of religious people, constrained by available opportunities, or dictated by social pressure, we argued that such explanations fail to explain some observed behavior. For a more satisfactory explanation, we examined how one's commitment to the religious dimension of his or her identity affects behavior. To have integrity, an individual must have commitments (internal requirements or constraints imposed on one's own self), which in turn define his or her identity. Developing these notions in a formal framework, we sought to explain such anomalies as why people follow religious prescriptions even when no one else is present to observe. We did not fully address, however, the function of religious prescriptions themselves. We now build on these notions and examine how religious consumption norms facilitate communication about identities.

Our approach to consumption norms is consistent with and supported by various recent developments in economics. Shifting the point of emphasis from incentives to coordination has been one of the central accomplishments of the emerging "capabilities view" in the theory of organizations (for instance, Langlois and Foss 2003). In that literature, firms are seen as solutions to the problem of coordinating dispersed knowledge capabilities rather than as solutions to shirking and opportunistic behaviors. Similarly, the communicative perspective that we adopt has been shared by recent developments in economic methodology, where studies have sought to move away from modernist approaches that emphasize problems with incentives (such as the search for a demarcation criterion and the concern with the protection of prescribed methodologies) to those that emphasize how knowledge is

³ For a game theoretic analysis of how integrity could affect economic interactions, see Minkler and Miceli (2004).

communicated (McCloskey, 1994).⁴ The central importance of identity has also been recently recognized in other fields of economics, incorporating the psychology and sociology of identity into economic models of behavior (Akerlof and Kranton, 2002). Finally, the function of norms and institutions in storing knowledge has been variously studied in recent developments in institutional economics (Langlois, 1993; Coşgel, 1997).⁵

KNOWLEDGE AND RELIGIOUS CONSUMPTION NORMS

A religious commitment is often at the core of an individual's sense of identity. Social scientific studies of religion have shown the variety of ways in which religions powerfully serve the identity impulse. As Seul (1999: 553) states, religions often serve various psychological needs "more comprehensively and potently than other repositories of cultural meaning that contribute to the construction and maintenance of individual and group identities." Each religion typically provides its followers with a distinct theology and a coherent and stable set of norms, institutions, traditions, and moral values that provide the basis for an individual to establish and maintain a secure identity.

Once an individual has decided upon a religious identity, there is often the need to communicate that personal expression. The problem, which is central to this paper, is how one's religious identity might be effectively expressed. One option could include lengthy, time-consuming interactions with others. The cost of that process could increase further, given the tacit nature of knowledge.

⁴ For an extension of these ideas to the level of the economy, see Coşgel (1992, 1994, 1997).

⁵ Our approach is also supported by parallel developments outside of economics that have adopted a communicative approach to consumption and/or emphasized the central roles of identity, commitment, and integrity to understand behavior. See, for example, Douglas and Isherwood (1979), Burke and Reitzes (1991), Goffman (1959), McFall (1987).

Religious consumption norms provide a solution to the knowledge problem. Each religion typically provides a distinct set of consumption norms that become the blueprint for its followers. For example, Muslim women wear headscarves to cover their hair, and Jewish men similarly wear *yarmulke* for religious expression. Other examples of religious expression include distinctive styles in clothing and grooming, necklaces with the cross, household decorations, and items like candles and ornaments that mark religious holidays. Understanding the consumption of these items invite an analysis based not on the preferences or incentives of individuals but one based on identity, commitment, and expression.

Individuals can use the blueprints that consumption norms provide in making their own statements and expressions of commitment. A Muslim woman, for example, is able to express her commitment by the color and style of her headscarf and how well it is covering her hair. Sometimes seemingly trivial differences in style, color, and shape of a consumption item may make significant statements about religious belonging and commitment. Among the Amish, for example, the shape, color, or even the size of one's hat, shirt, trousers, or dress can mark subtle differences between groups and express one's commitment. Sometimes intense commitments are marked by minimal consumption patterns, as in the case of Buddhist and Christian monks and nuns. A variety of factors can influence such differences in individual expression, which we will explore in more detail in the next section.

Consumption norms provide not just the required language but also the rules that regulate communication. These norms and regulations facilitate communication by both constraining and enabling the construction of meaning. As constraints, they restrict the range of choices available to an individual in encoding a message and the range of interpretations available to the audience in understanding it. A Muslim woman, for example, can express her religious

commitment by wearing a headscarf, but not by wearing a beret or a necklace. Similarly, the audience is not at liberty to interpret her headscarf as a sign of her marital status, political affiliation, or ethnic identity. Consumption norms include both formal and informal rules that constrain the range of choices available for expression. What matters for them is not so much that everyone agrees with or always follows them, but that they simply exist to define meaning. Their existence provides a shared frame of reference and a common ground for communication. By constraining both ends of the communication channel in the same way, they allow individuals to use goods to stand for the same meaning as understood by the audience.

As enablers, consumption norms facilitate communication by abbreviating the required knowledge for encoding and decoding messages and by restricting the range of choices to a smaller set. Because these norms can substitute for extensive reasoning and deliberation, less effort is required to communicate and to generate meanings that elicit desired reactions. Consumption norms thus assist us to cope with uncertainty by reducing the dimensions of our problems of choice. They simplify the process by filtering and condensing the required knowledge and by carrying it across time as memory. No individual has to start from scratch or place unreasonable demands on his or her cognitive powers. Individuals who have only limited knowledge of the religious identities and commitments of others can nevertheless relate to each other through intersubjectively shared categories of communication provided by consumption norms.

There are numerous instances in which individuals may need knowledge of other people's religious identities. Many of our choice problems, ranging from simple choices like what to serve guests for dinner to more important decisions like whom to date or get married,

directly involve other people, requiring us to be informed about their characteristics.

Sometimes the relevant and most important characteristic to know is religious identity.

Otherwise we may risk making seriously wrong and offensive choices, such as would be the case if your date or guests were devout followers of the Jewish, Muslim, or Hindu faiths and you had planned pork chops for dinner. What may be a trivial matter to you may turn out to be vitally important to others. Because religion can be so important in people's lives, being courteous and making the right choices may require knowledge of their religious identities in coordinating our relationships with friends and coworkers, during our involvement in social, cultural, and political activities, and even during business dealings.

Finally, if consumption norms facilitate the communication of religious identity in the ways we have described, then those same norms may also serve to strengthen religious commitment in the first place. We can think of two ways. First, once an individual has communicated a religious commitment it may become more real to him or her. Even if it is not stated as a promise, to violate the meaning of something that one has communicated may serve as a deterrent. Since some religious commitments can prove difficult to follow, that added deterrent might be decisive. Secondly, once others know of an individual's religious commitments, they might help the individual to stay on the steady path of fulfillment.

Sanctimonious behavior is often sanctioned formally and informally by others. Friends sometimes help friends from falling to temptation, even if that temptation is not their own.

DIFFERENCES IN EXPRESSION

The existence of a religious norm does not by itself imply or guarantee that it is always observed by all followers of a religion. Just as some Catholics may not be strictly observing

the Lent, some Muslim women may not be covering their hair by a headscarf in public. Of those women who cover their hair, some may not be covering it at all public occasions, for example by leaving it uncovered during gatherings among close friends and family. Some Jews may similarly be failing to observe some of the dietary restrictions or other consumption guidelines prescribed by their religion. In general, not all religions utilize the same types of consumption norms for religious expression or require their followers to observe them perpetually; even when they do, not everyone observes them strictly.

To understand differences in religious consumption choices, we can separate influences on them into two broad categories: social and personal. Although the social and personal influences may be inextricably mixed, it is nevertheless useful to separate them analytically. At the social level, there may be substantial differences among the formal and informal norms of different religious traditions.⁶ Sometimes attempts are made to mold the religious consumption norms with formal legal regulations on behavior, such as the recent laws imposed in Afghanistan by the Taliban regime that required men to grow beards and women to wear the Burka.⁷ Whereas these regulations sought to achieve conformity by requiring everyone to display the same behavior, other regulations of consumption have sought to prevent deviations from the desired norm by prohibiting some forms of religious expression. For example, just as the Taliban regime introduced laws to regulate religious expression, the French government has recently banned such expression in public schools, introducing laws that prohibit headscarves, yarmulkes and large crosses. Although these formal laws (and parallel ones observed in other countries like Iran and Turkey) clearly differ in their ultimate

⁶ For an analysis of social norms, see Elster (1989).

⁷ Other examples include usury laws and clothing restrictions, to spontaneous orders, like styles in grooming. Regulations can also include those based on Holy Scriptures, such as prohibitions on the consumption of pork and alcohol, to abstract and informal rules that guide choices of clothing and jewelry.

objectives and in being for or against religious expression, they commonly acknowledge the knowledge embedded in these consumption norms and recognize the communicative role of consumption.

Perhaps more common are the various informal norms that influence consumption decisions. The importance of informal religious consumption norms has varied greatly between religions and societies, depending on their historical, institutional, political, and socio-economic background. These norms influence behavior by affecting the terms and social value of religious expression. Their influence on behavior has recently become an increasingly more controversial issue in the Middle East and Eastern Europe, where various social, cultural, and economic conflicts and crises have been framed in religious terms, making religious identities more prominent and attractive alternatives to secular ones. Whereas religious identities and their careful communication were also important in past or traditional societies, the importance and value of religious expression has typically diminished in secular and economically advanced societies, religious identities being gradually replaced by more secular ones. Within each religious tradition, both the nature of these norms and the value of following or deviating from them can thus vary systematically over time and across societies.

Although by studying differences in formal and informal norms we can understand how religious consumption can vary systematically among different societies and religions, these differences do not provide a complete explanation for why two followers of the same religion in identical spatial and temporal conditions might display different consumption behavior. For that we need to examine influences on consumption choices at the personal level. Numerous differences among individuals, ranging from background and upbringing to

beliefs and preferences, can affect choice. Although the standard theories of economic choice typically leave these differences outside of analysis as belonging to the shaping of the utility function, there has been progress toward understanding choice at a deeper level from alternative approaches.⁸ Two of these approaches are particularly relevant for understanding differences in religious consumption decisions. The first is to focus not on preferences or utility but on other factors, such as commitment to a religious identity, which can also affect choice. Adopting such an approach, we have previously examined choice as influenced by the intensity of commitment to a religious identity (Coşgel and Minkler, 2004). Since people vary in their level of commitment, so will their consumption choices reflecting that commitment. Given the same need to express one's religious identity, the person with a higher commitment will more closely follow the prescribed consumption norm, all else equal.

Another approach that can help to analyze the communicative dimension of consumption is to use the concept of expressive utility, derived from expressing a belief or preference, as one of the separable components of the utility function. This concept has recently been useful to explain various phenomena in economics, ranging from preference falsification to hate speech and hate crimes (Kuran, 1995; Dharmapala and McAdams, 2002). In our context, expressive utility can be interpreted as the utility gained from expressing a religious identity through consumption. Just as individuals might have different religious beliefs and commitment, their expressive utility from consuming goods might also be different. Even the followers of the same religion in identical environments might thus choose different

⁸ For the standard economic approach to preferences, see Stigler and Becker (1977).

bundles of consumption as they balance their own expressive utility against the cost and benefits imposed by the social environment.

CAVEATS AND DISCUSSION

In this section we offer some caveats to prevent misunderstandings, place our argument in proper contexts, and discuss its implications for economic analysis of consumption. First, it is important to emphasize that the explanation offered here is logically and conceptually distinct from the one offered by Iannaccone (1992). Recall that he makes the problem of free-riding in clubs central to his analysis. In contrast, we treat the problem as one of communicating one's religious identity. So while both explain the same types of consumption choices, we do so in very different ways. Moreover, while an enormous literature has emerged from the idea of signals originated by Spence (1973), communication of the sort we describe is different because it is not incentive-based. Signals provide information in adverse selection contexts where individuals might otherwise try to misrepresent themselves. In contrast, those trying to express a religious identity have no such incentive or agenda.

Second, we address not the origins or primary intentions of religious consumption norms but one of their functions in today's societies. The origins of numerous norms commonly attributed to a religion are often unknown or may even be based on unreliable oral histories. Moreover, even when the original intention of a norm may have been explicitly and uncontroversially stated in Holy Scriptures, its current function may be far removed from the original intention. For example, the origins or intended outcomes of the prohibition of interest by Islam or the restrictions on diet by most religions are not well known and

commonly understood by all followers. Although it may be important for a variety of purposes to determine the origins and primary intentions of a religious consumption norm, it is a separate and perhaps equally important objective to understand its communicative function in a society. It is certainly important to determine the historical, social, and spiritual origins of why Muslim women cover their hair and to examine whether the original intention of this norm was to achieve modesty or distinction. That the origin or primary intention of this norm may be unclear does not change the fact, however, that ways of observing it makes a statement about religious identity and commitment. Even observing the norm halfheartedly or refusing to observe it altogether make statements. By taking the origins of these norms as given, we focus on how they facilitate religious expression.

Third, the effect of religious beliefs on consumption presents a serious challenge to the fundamental assumption about the independence between beliefs and preferences.⁹ Whereas the standard theory of rational choice considers beliefs as separate from preferences, the analysis of choice as expression of religious identity and commitment suggests the presence of a complicated relationship between them. For an intelligible consumption decision, an individual needs to consider not only his own preferences for goods but also the relevant religious norms and the beliefs and perceptions of other individuals. His or her decisions involve more than a simple translation of personal preferences to consumption choices. An appropriate analysis of these decisions thus requires an approach that does not take consumption decisions as the simple outcome of a maximization problem but one that also studies how consumption decisions communicate information about identities and commitments.

⁹ For different perspectives and challenges on the independence between beliefs and preferences, see Sagoff (1986), Coşgel (1994), and Hausman and McPherson (1994).

Last, consumption norms are not the only means for religious expression, and they do more than the expression of religious identity. In addition to these norms, a variety of other verbal and nonverbal phenomena exist to facilitate expression. In addition to expressing identity, these norms also assist in such things as commitment, group cohesion and member recruitment. By focusing on the communication of religious identities, we only seek to highlight an understudied dimension of consumption.

WORKS CITED

- Akerlof, George A. and Rachel E. Kranton (2002) "Identity and Schooling: Some Lessons for the Economics of Education," *Journal of Economic Literature* 40: 1167-1201.
- Barro, Robert and Rachel M. McCleary (2003) "Religion and Economic Growth," NBER Working Paper Series, Working Paper 9682.
- Burke, P. J. and Reitzes, D.C. (1991) "An Identity Theory Approach to Commitment," *Social Psychology Quarterly* 54: 239-51.
- Coşgel, Metin M. (1992) "Rhetoric in the Economy: Consumption and Audience," *Journal of Socio-Economics* 21: 363-77.
- Coşgel, Metin M. (1994) "Audience Effects in Consumption," *Economics and Philosophy* 10: 19-30.
- Coşgel, Metin M. (1997) "Consumption Institutions," *Review of Social Economy*, 55(2): 153-71.
- Coşgel, Metin M. and Lanse Minkler (2004) "Rationality, Integrity, and Religious Behavior," *Journal of Socio-Economics* forthcoming.
- Dharmapala, Dhammika and Richard H. McAdams (2002) "Words that Kill: An Economic Perspective on Hate Speech and Hate Crimes," Paper presented at the 2002 American Law and Economics Association meetings.
- Douglas, Mary and Baron Isherwood (1979) *The World of Goods*, New York: Basic Books.
- Elster, Jon (1989) "Social Norms and Economic Theory." *Journal of Economic Perspectives* 3: 99-117.
- Goffman, Erving (1959) *The Presentation of Self in Everyday Life*. Garden City, NJ: Doubleday Anchor Books.
- Hausman, Daniel and Michael McPherson (1994) "Preference, Belief, and Welfare," *American Economic Review* 84(2): 396-400.
- Iannaccone, Laurence R. (1992) "Sacrifice and Stigma: Reducing Free-Riding in Cults, Communes, and other Collectives." *Journal of Political Economy* 100 (2): 271-292.
- Iannaccone, Laurence R. (1998) "Introduction to the Economics of Religion," *Journal of Economic Literature* 36: 1465-96.
- Kuran, Timur (1995) *Private Truths, Public Lies*. Cambridge, MA: Harvard University Press.
- Kuran, Timur (2004) *Islam and Mammon: The Economic Predicaments of Islamism*. Princeton: Princeton University Press, forthcoming.
- Langlois, Richard N. (1993) "Orders and Organizations: Toward an Austrian Theory of Social Institutions," in B. Caldwell and S. Böhm, (eds) *Austrian Economics: Tensions and new Directions*, Dordrecht: Kluwer Academic Publishers.
- Langlois, Richard N. and Nicolai Foss (2003) "Capabilities and Governance: the Rebirth of Production in the Theory of Economic Organization," Working Paper, the University of Connecticut.
- McCloskey, D. N. (1994) *Knowledge and Persuasion in Economics*, Cambridge: Cambridge University Press.

- McFall, L. (1987) "Integrity," *Ethics* 98: 5-20.
- Minkler, Lanse, and Thomas Miceli (2004) "Lying, Integrity, and Cooperation," *Review of Social Economy*, forthcoming.
- Sagoff, Mark (1986) "Values and Preferences," *Ethics* 96: 301-16.
- Seul, Jeffrey R. (1999) "'Ours is the Way of God': Religion, Identity, and Intergroup Conflict," *Journal of Peace Research* 36(5): 553-69.
- Spence, Michael (1973) "Job Market Signaling," *Quarterly Journal of Economics* 88: 355-74.
- Stigler, George J. and Gary S. Becker (1977) "De Gustibus Non Est Disputandum," *American Economic Review* 67 (2): 76-90.