Do Christianity and Judaism Lead to Economic Flourishing?

Despite ongoing conflict and regional unrest, Israel's economy is doing exceptionally well. Unemployment is under six percent, incomes are up, and the Index of Economic Freedom shows Israel's rank improving over the last few years while America and many Western European nations are declining. Acton's Director of Research, Samuel Gregg, discusses this situation in a new article for the *Jerusalem Post*. He says:

> *[I]t's no exaggeration to say that many developed economies – mired in debt, out-of-control welfare spending and high unemployment – would envy the Israeli economy's current overall trajectory.*
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> *It's the economist's job to try and understand why some economies, like Israel's, are doing comparatively better than others. Less well-known, however, is that more economists are looking beyond strictly economic explanations to explain economic successes and failures. As it turns out, they are discovering that culture matters.*

He discusses Edmund Phelps, the 2006 Nobel economist whose thesis stated that while "good policy is important, the value commitments prevailing in a society explain why economics with very similar structures and institutions can produce quite different economic outcomes." Gregg continues:

> *[D]eveloped nations which attach higher value to economic security than economic freedom run a higher risk of economic decline in an increasingly competitive global economy.*
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> *This, Phelps maintains, helps to explain why much of Western Europe is apparently incapable of engaging in substantive economic reform. If most Western Europeans are asked what*

> *they value more — liberty or security — you can safely bet they will nominate security. Placing a premium on security has economic consequences and helps explain why Western Europe has such low levels of entrepreneurship and innovation compared to America.*
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> *Culture's economic significance, however, goes beyond the liberty/security nexus. It's not a coincidence that the word "culture" is derived from the word "cult." This reflects the fact that a society's dominant cult — i.e., religion — is always central to its culture. That suggests that more attention should be paid to religion's role in shaping economic outcomes. Is it the case that a society like Israel — the Jewish homeland for the Jewish people, with a majority of Jewish citizens (with obviously varying levels of religious commitment) — is more likely to emphasize certain values which, in turn, will have particular economic consequences? This isn't a new discussion. 110 years ago, Max Weber famously raised the issue in his Protestant Ethic and the Spirit of Capitalism. While many scholars (including myself) have taken issue with Weber's particular claim that certain forms of Protestant Christianity helped to facilitate capitalism's emergence, few dispute that religious belief has some type of impact upon an economy's character.*

Religion is a significant part of of culture and the predominant religion of Israel, Judaism, is no different:

> *Judaism also articulates a linear understanding of history and holds that human freedom has a role in unfolding it. By contrast, Greco-Roman culture not only embodied circular conceptions of time, but their religions portrayed the gods as rather frivolous creatures who treated human beings as mere playthings. In other words, Judaism holds that neither the world nor the human beings who inhabit it are ultimately meaningless.*

> *This is likely to facilitate very different perspectives on the significance of human choice and action, including in the economy.*
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> *Christianity was fortune enough to inherit Judaism's emphasis upon these things. Indeed, scholars such as the sociologist Rodney Stark have produced compelling arguments to suggest that it was precisely because Judaism and Christianity prevailed over the Greco-Roman pagan religions that capitalism first developed and eventually flourished in Western Europe.*

Read Gregg's full piece, 'Culture, Religion, and Israel's Economy' at the Jerusalem Post.

Anyone in Jerusalem or the surrounding area is invited to attend an upcoming conference exploring similar themes next week. On September 9, 2015, Acton Institute and the Jerusalem Institute for Market Studies will hold a day-long conference in Jerusalem – "Judaism, Christianity, and the West: Building and Preserving the Institutions of Freedom." It is a day long event going from 11AM until 5PM and will be held at the Notre Dame of Jerusalem Center. For more information about this event or to register to attend, please visit This is the latest in the "One and Indivisible" conference series.

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