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WORKING PAPER SERIES

Religious Values
and
Social Limits to Development

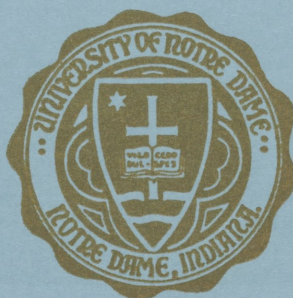
Charles K. Wilber and Kenneth P. Jameson
University of Notre Dame

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February 1980

DEPARTMENT OF ECONOMICS

WORKSHOP IN ECONOMIC DEVELOPMENT



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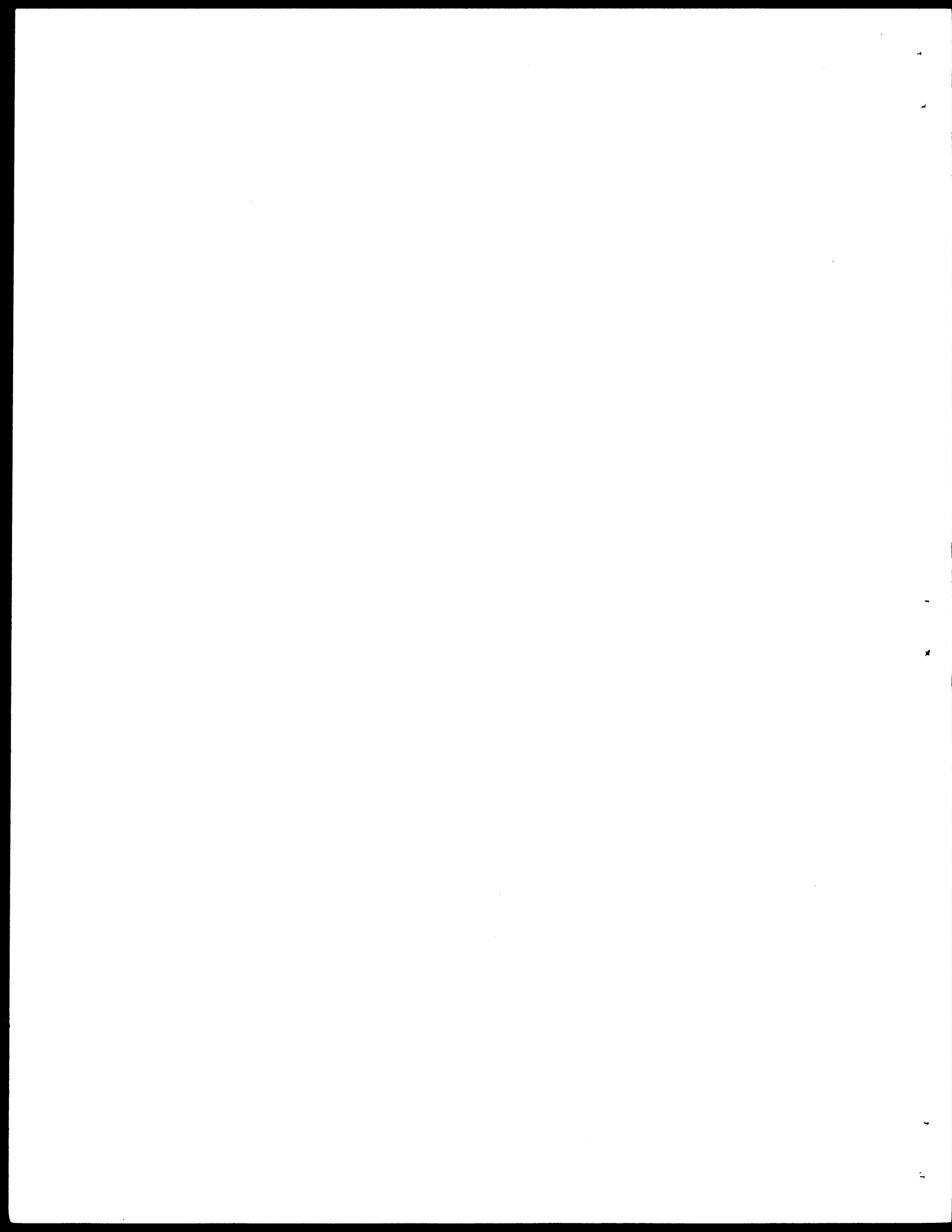


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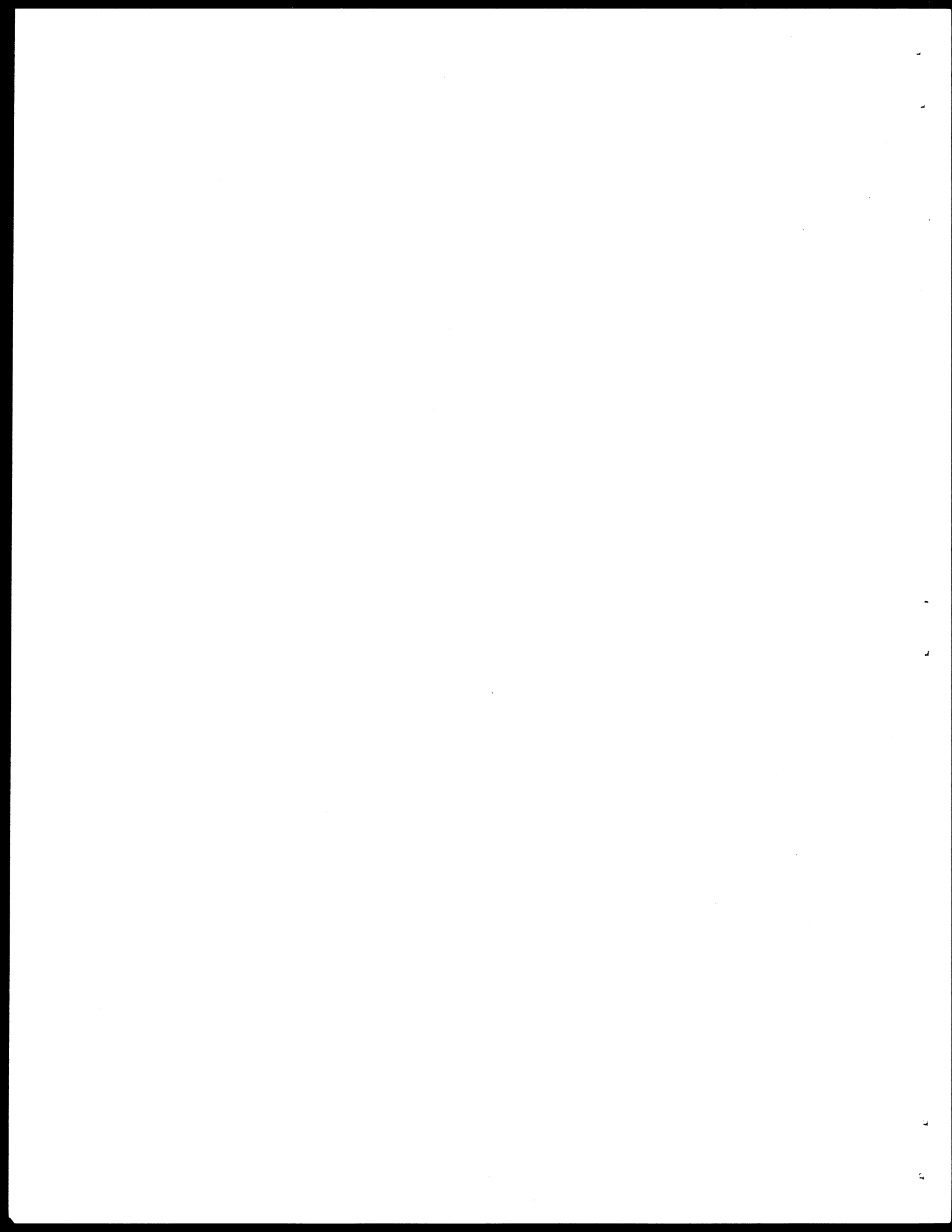
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Religious Values
and
Social Limits to Development

Charles K. Wilber and Kenneth P. Jameson*
University of Notre Dame

*We would like to thank our colleagues in the Notre Dame Development Workshop for their comments and suggestions, and also John Roos, Stan Hauerwas, Denis Goulet, David Burrell, and Andrew Weigert.

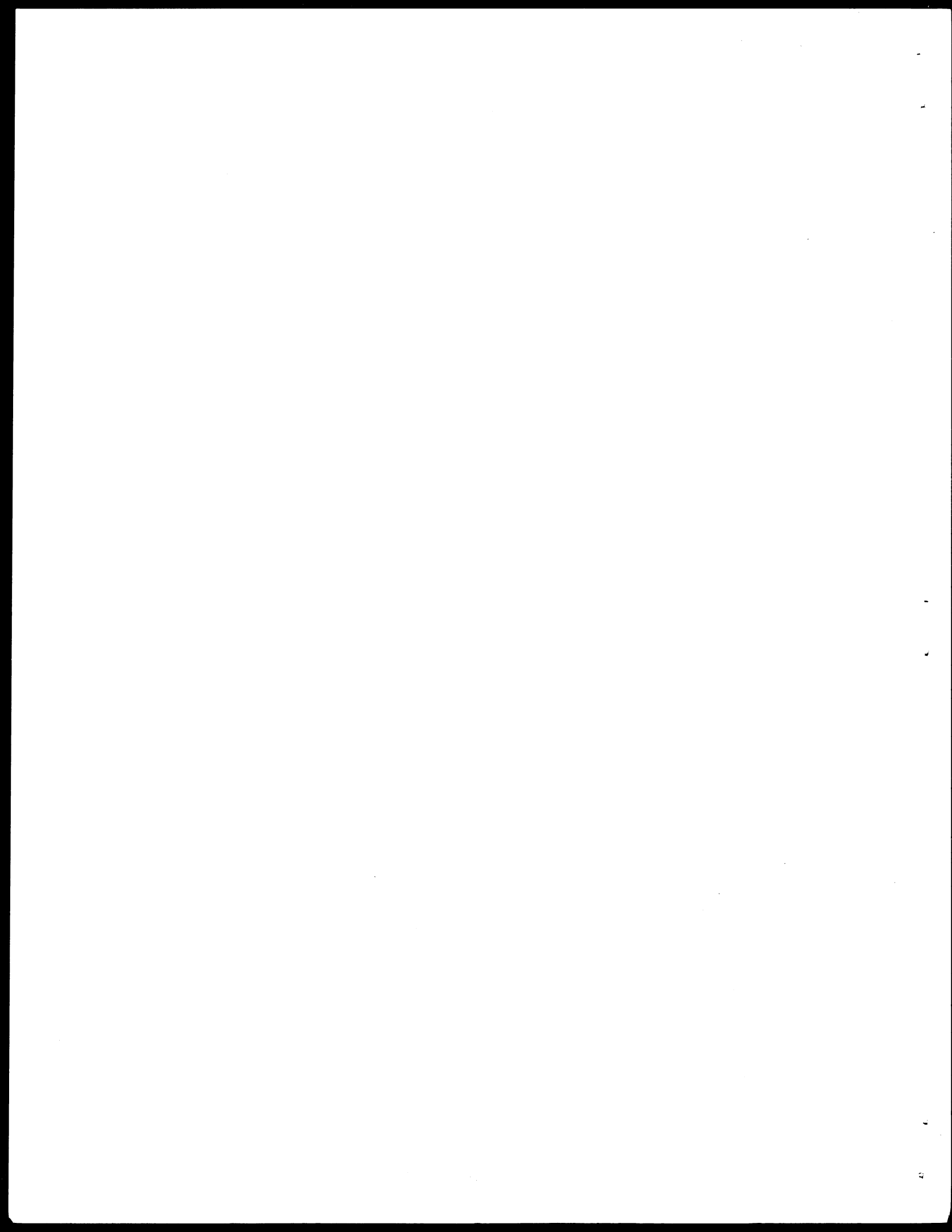


There are a number of factors which justify and indeed require a reconsideration of the relationship of religion and religious values to economic development. In the first place there has been a substantial change in our understanding of development, beginning with the ILO Missions and leading to the NIEO and Basic Human Needs analyses; but there has been little concentrated thought given to a reinterpretation of the relation of religion and development in light of this change of thinking.

W. H. McNeill's monumental historical treatise, The Rise of the West is a useful vantage point from which to examine the traditional "growth" version of development. He proffers the vision of a "worldwide cosmopolitanism" which will provide a new stability after a 400-year period of instability, and which will be based on "western traits" of industrialism, science, and advocacy of democratic political faith.¹

Development economists felt at ease with this vision. They shared a widespread agreement on the definition of development as growth of per capita GNP, on the lessons of historical experience, and on effective development policies. Developing countries were expected to mirror previous experience, and their political, social, and cultural dimensions were expected to adjust during a development process driven primarily by economic and technological advances.

This view continues to have substantial support. An example is the interpretation of post-war development experience. David Morawetz, writing under the auspices of the World Bank, finds that the 25 years of development after 1950 were years of substantial progress and accomplishment on a wide variety of development indicators such as growth of GNP and GNP per capita, infant mortality rates, life expectancy, etc.² He finds no reason to question the common "growth = development" view. His position is reinforced in the



work of Bill Warren whose Marxist analysis suggests that the growth of industry in developing countries is leading to the development of many new capitalist economies.³

The development as growth view dominated the research agenda for many years. As a result research on the role of religion in development focused on its contributions to growth via fostering individualism and entrepreneurship. First was the "Protestant Ethic" debate on the religious sources of thrift, hard work, saving, and reinvestment. A second and corollary research agenda focused on the ways religion impeded economic growth. A third approach was to see religion and development as independent phenomena or at most to see religion as a dependent variable of development. In either case, consideration of religious factors was unnecessary for developmentalists. No attempt will be made to mediate among these views here. Rather, since the most developed corpus of work is in the area of the Protestant Ethic, it will be used as the basis for the discussion in Section 2 of the paper.

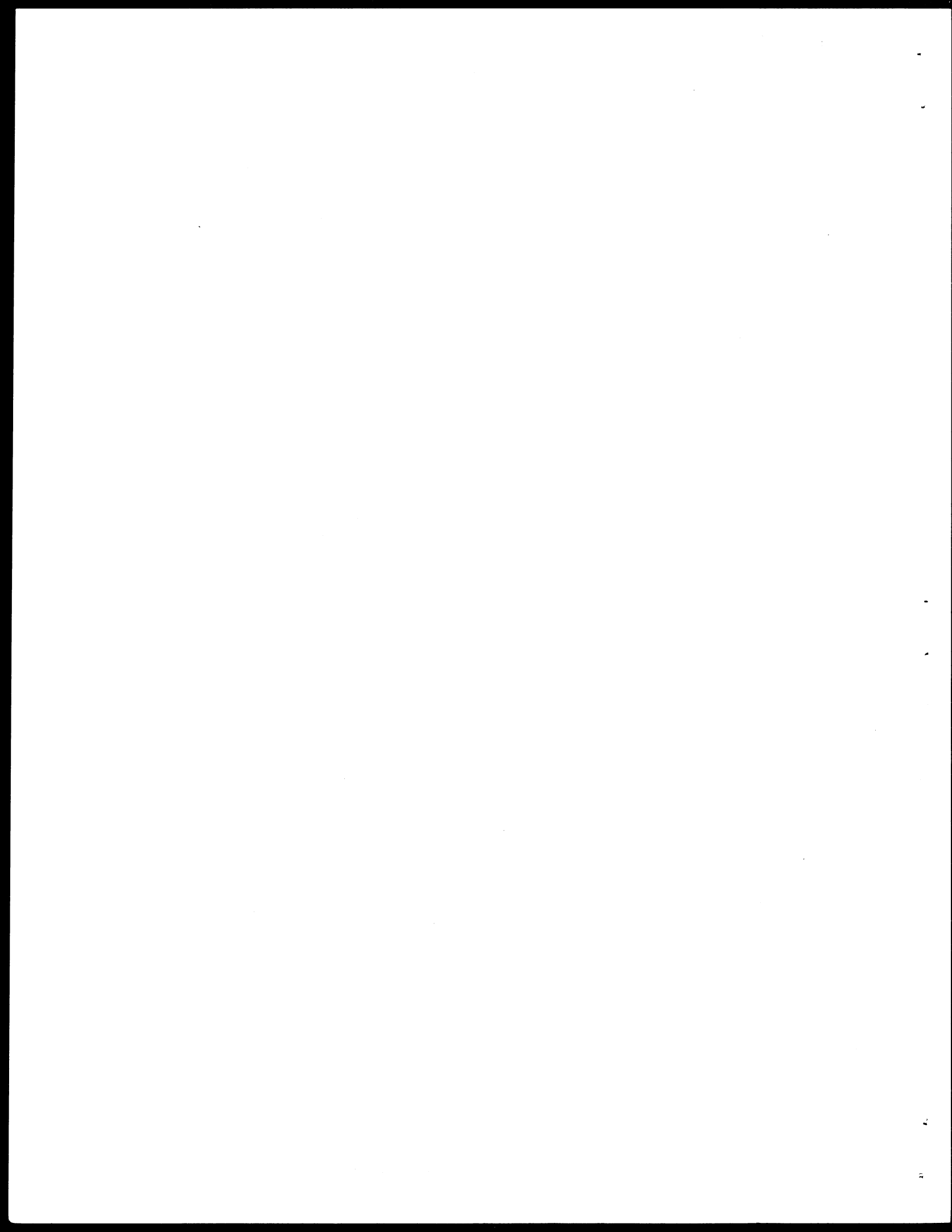
During the 1970's substantial work appeared on development as "growth with equity." It differs from the earlier view in significant ways: definition of development, selection of strategies for development, and even in its interpretation of postwar development experience. Where others see success, they find signs of failure: deterioration in the relative income position of the poor, growth of unemployment, increase in the number of impoverished, etc. The firmest evidence is the decline in the relative situation of the poor, but there is some evidence that the absolute level of material welfare of significant groups has deteriorated over the period.⁴

As the growth with equity view begins to establish the research agenda for the 1980's, it is appropriate to reconsider the relationship between religious values and development. In this paper we explore an approach which is

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in the spirit of the growth with equity view of development. It follows the "Protestant Ethic" approach in some degree in making religion instrumental in development. This is an approach congenial to the economist. But the approach also suggests that religion may be constitutive in the sense of playing a role in defining development and putting limits on acceptable definitions. The third section elaborates on the argument, but in brief its claim is that religious values are the source of the moral base of society which in turn is essential to the efficient and sustainable functioning of the economy. We use this view to argue that there are "social limits to development" whose implication is that the post-war development experience was flawed and carried within itself the seeds of failure.⁵ These social limits are generated by the incompatibility between the inherited moral base of society and the type of growth characteristic of the post-war period. Thus the claim that a "basic human needs" strategy of development will be more successful is at least partly (and implicitly) a claim that it will provide or reinforce the moral base which is essential to society's functioning. While growth may be important, it must be limited, or informed, by such considerations for a viable development to occur. Otherwise it will engender instability or at best a type of distorted and oppressive development which is not worthy of the name.

This effort to examine again the linkages between religion and development has more importance than simply contributing to our theoretical understanding of development processes, however. For there can be little doubt that the objective conditions which relate development processes with religious impulses have changed dramatically in recent years. Certainly the best example of this is found in the Islamic world, with the events in Iran providing the most tangible impact of religion on development. But there are other



areas of the world and other conditions in which religious factors are reasserting their claim to a role in development. This is even occurring at the transnational level where churches and religious conferences are able to exert an influence as a result of the general unsettled state of the international system. The final section of the paper examines these areas in an effort to suggest where the interesting question might lie in a re-examination of the relation of religious values to development.

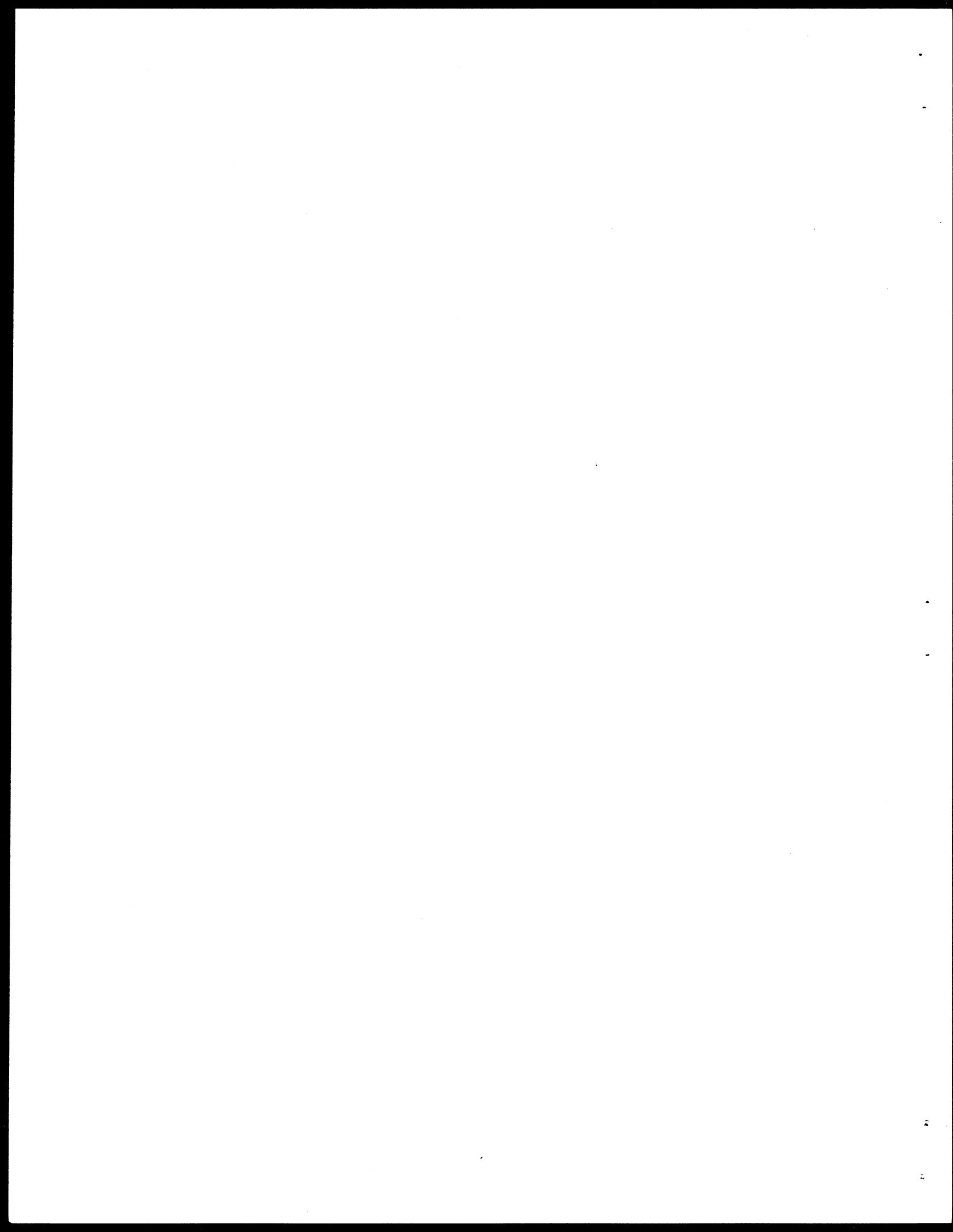
Included in these sections are brief references to most of the papers in this volume and their contribution to the understanding of many of the topics mentioned. In some cases they may be the definitive answer on a particular issue; in others they may open up a topic for further investigation. But in all cases they are provocative and challenging contributions.

The Traditional View of Religion and Development--Christianity and Capitalism

The best developed framework for dealing with the relation of religion and development was Max Weber's effort to analyze the rise of capitalism. Though much of Weber's work remains highly controversial, though he dealt primarily--or at least most completely--with Christianity, and though he dealt only with capitalist development, the analytical framework will be useful as a point of departure.

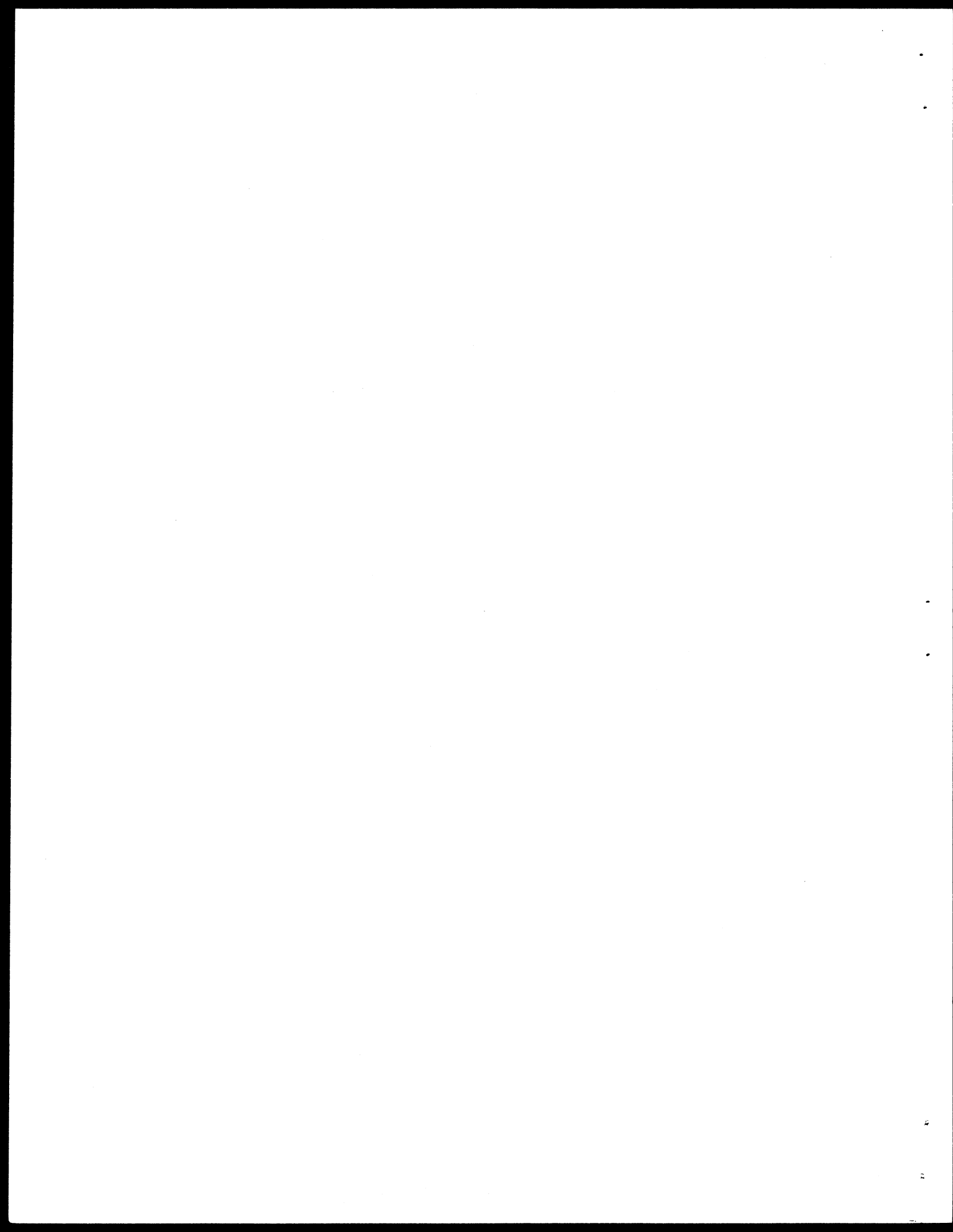
Economists have traditionally defined development in terms of growth of per capita GNP, so the interest in religion has centered historically on its contribution to growth--i.e., thrift, hard work, and reinvestment by the middle class; hard work, obedience, and contentment for the working class. One key to the whole treatment was the role of religion in generating the capitalist spirit of entrepreneurship.

The issue is direct and fundamental. What were the psychological conditions--the capitalist spirit--that accompanied and aided the development



of capitalist civilization?⁶ Greed and the pursuit of riches are nothing new. Money lending, commercial trading, piracy, plunder and other forms of unrestrained avarice are as old as history. But a way of life based on the rational, calculated pursuit of pecuniary profit through Adam Smith's "truck, barter and exchange" and its organization into an economic system using free wage-labor is a modern phenomenon. As R.H. Tawney said: "The inherited dispositions with which men are born may have altered little in recorded history; but man's social heritage, his values, principles of conduct, dominant purposes, standards of judgement . . . have altered much. We have to consider the effect, if any, of such changes, on his economic behavior."⁷

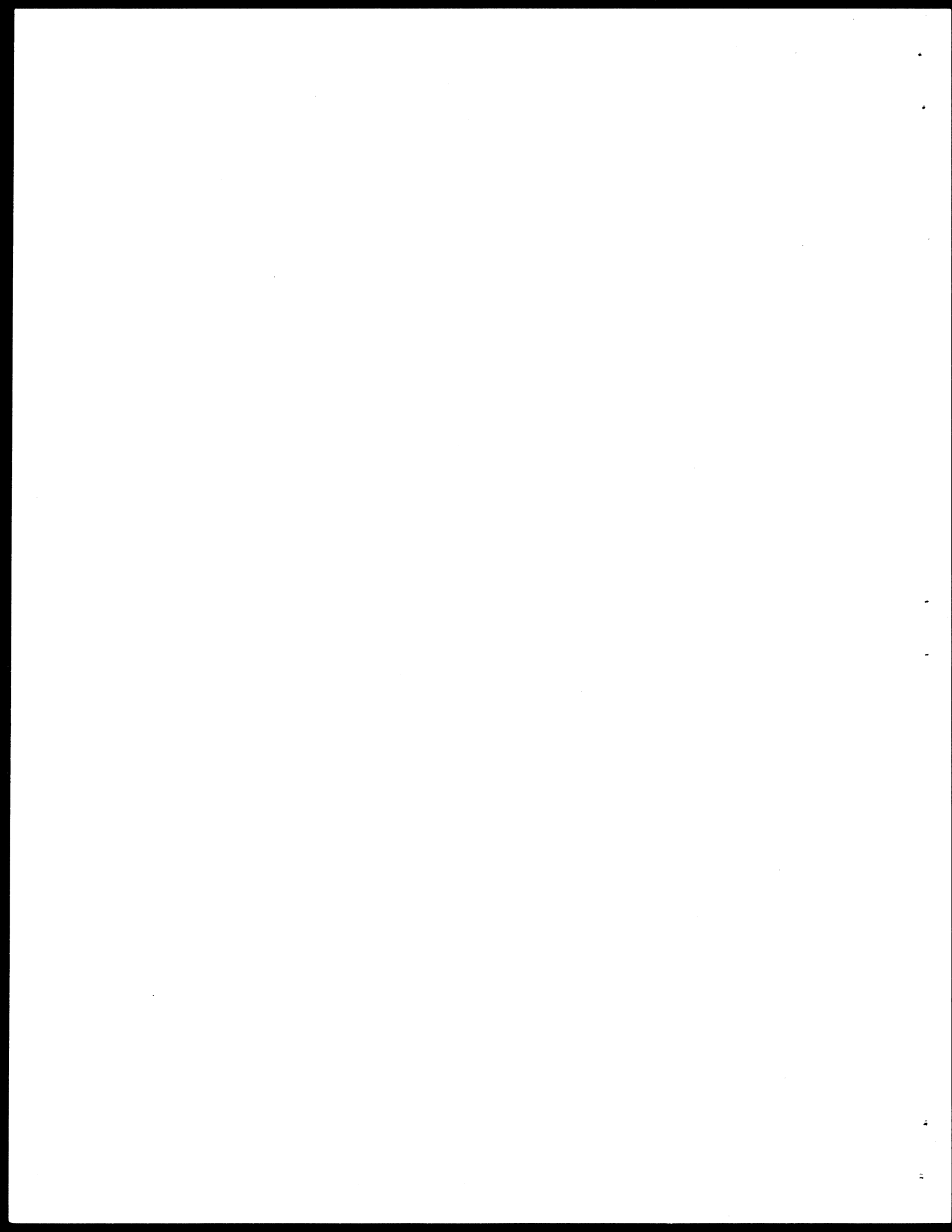
It was only after centuries of struggle that capitalism established its claim to legitimacy, for it involved a code of economic behavior and a system of human relations sharply at variance with traditional customs and values. Men of originality, self-confidence, and tenacity of purpose were required to initiate and carry on this struggle. These were the entrepreneurs. They emerged partly because changing economic conditions helped the Reformation succeed and helped shape the development of new theologies and creeds. But, in turn, the emerging religious beliefs helped direct and shape the subsequent economic development. Economic reasons alone are insufficient to account for the extraordinary power of entrepreneurship and rational profit seeking in the modern world. Tawney and Weber agreed that something deeper, more transcendental, must be included in any explanation of the psychology or spirit of capitalism. As Tawney pointed out, "if the circumstances which determine that certain kinds of conduct shall be profitable are economic, those which decide that they shall be the object of general approval are primarily moral and intellectual. For conventions to be adopted with wholehearted enthusiasm, to be not merely tolerated, but applauded, to become the habit of a nation and



the admiration of its philosophers, the second condition must be present as well as the first." (p. 205)

Most historians now agree that there was a connection between Protestantism and the rise of capitalism but there is little agreement on the nature of that connection.⁸ Max Weber saw the relationship as a positive one, arguing that economic rationalism--the spirit of capitalism--was inspired by the doctrines of Calvin and of his Puritan followers. The Calvinist doctrines emphasized virtues such as diligence, regularity, prudence and thrift which in turn aided economic growth. H.M. Robertson argued that the relationship was just the reverse: Calvinist doctrines were shaped by the development of capitalism and the Protestant ethic was a response to its needs.

Tawney argued, and we agree, that it was equally over-simplified and one-sided to argue that capitalism had to wait until the Protestant ethic had produced a capitalist spirit or that the Protestant ethic was itself merely the result of the development of capitalism. He never discounted the impact of economic changes on religious thought and practice, but he insisted that neither could the impact of religion upon economic life and behavior be dismissed. In referring to the period before the English Civil War (1640), Tawney argued that "the life and thought of the majority of men move within a framework fixed by assumptions as to the nature of the universe, which, in the view of those concerned, have their source in religion. To dismiss that whole world of reflection and emotion as an ideological super-structure rationalising ambitions, discontents, and cupidities operating on a different plane, is to sacrifice known realities on the altar of hypotheses still awaiting proof." Tawney continues with a comment that seems designed to describe the economic development literature and its emphasis on the role of the entrepreneur. He

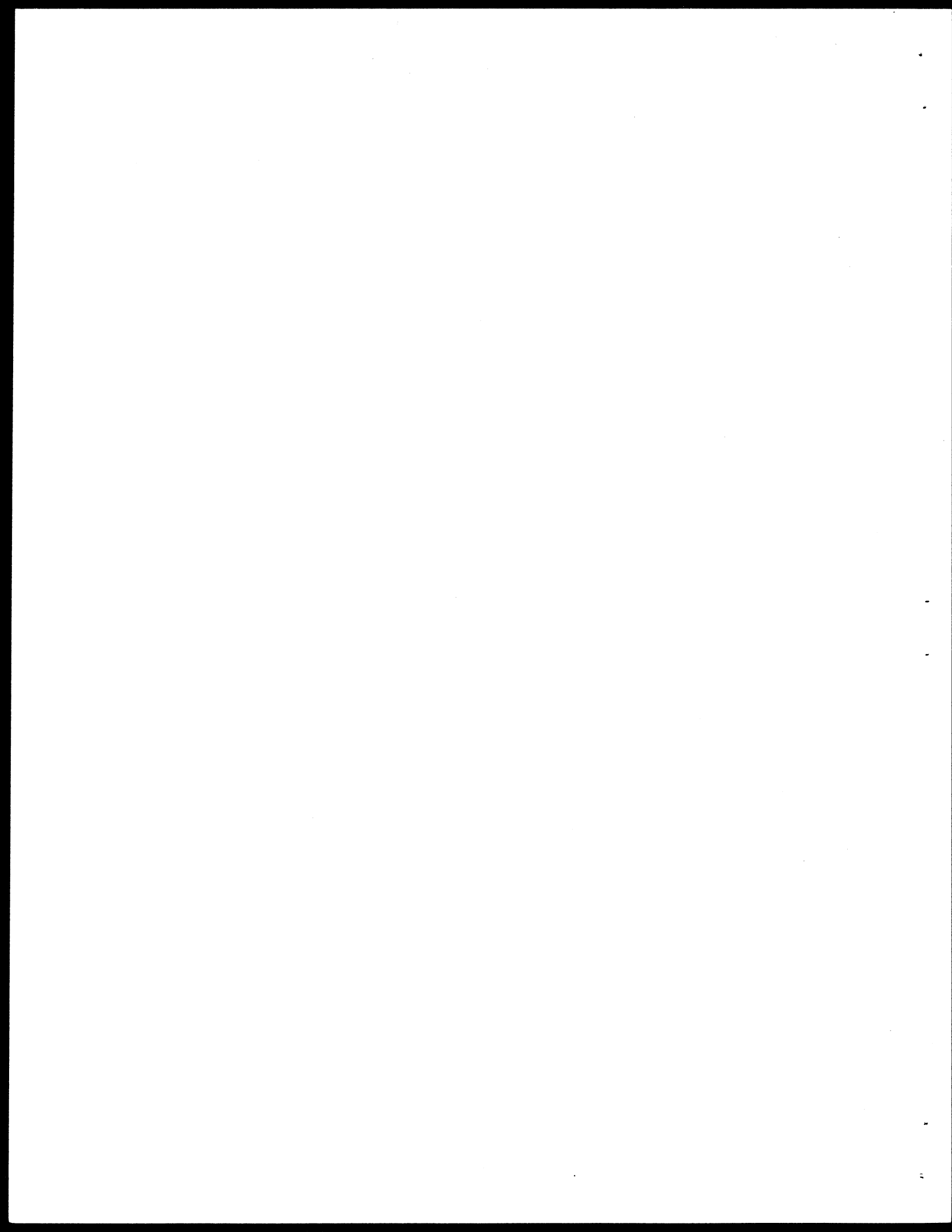


says that dismissal of religion "is one more example of the apparently ineradicable propensity to suppose that a mentality alien to our own cannot really have existed, and, as a consequence when confronted by so surprising a monstrosity, to explain it away by translating it into terms intelligible to our more enlightened selves. The world, unfortunately, is not so made."⁹

Protestantism's contribution to the rise of capitalism was subtle and complex. Indeed Luther, Calvin, Baxter, Bunyan and a host of others did not preach the "Puritan ethic," but held that human interests had to be subordinated to religion. In this they reflected a well-developed Catholic tradition which had been based on ideas of station in life, the just price, the rejection of usury. How then did Protestantism aid the development of capitalism and the entrepreneurial class?

It did so not through its preachings of economic ethics, which differed little from the Medieval Schoolmen, but through the kind of character development encouraged by the essence of Puritan theology.

From the beginning of the Reformation, Protestantism had evidenced a dual nature; one tendency was toward an extreme individualism and the other was toward the enforcement of religious discipline by an iron collectivism as in Calvin's Geneva. As Tawney described this tension: "there was in Puritanism an element which was conservative and traditionalist, and an element which was revolutionary; a collectivism which grasped at an iron discipline, and an individualism which spurned the savorless mess of human ordinances; a sober prudence which would garner the fruits of this world, and a divine recklessness which would make all things new." (p. 176) These various ingredients within the Puritan soul were present from the time of Calvin until after the English Civil War, but mixed in changing proportions. The tendencies in Puritanism which were to make it a powerful ally of economic individualism did



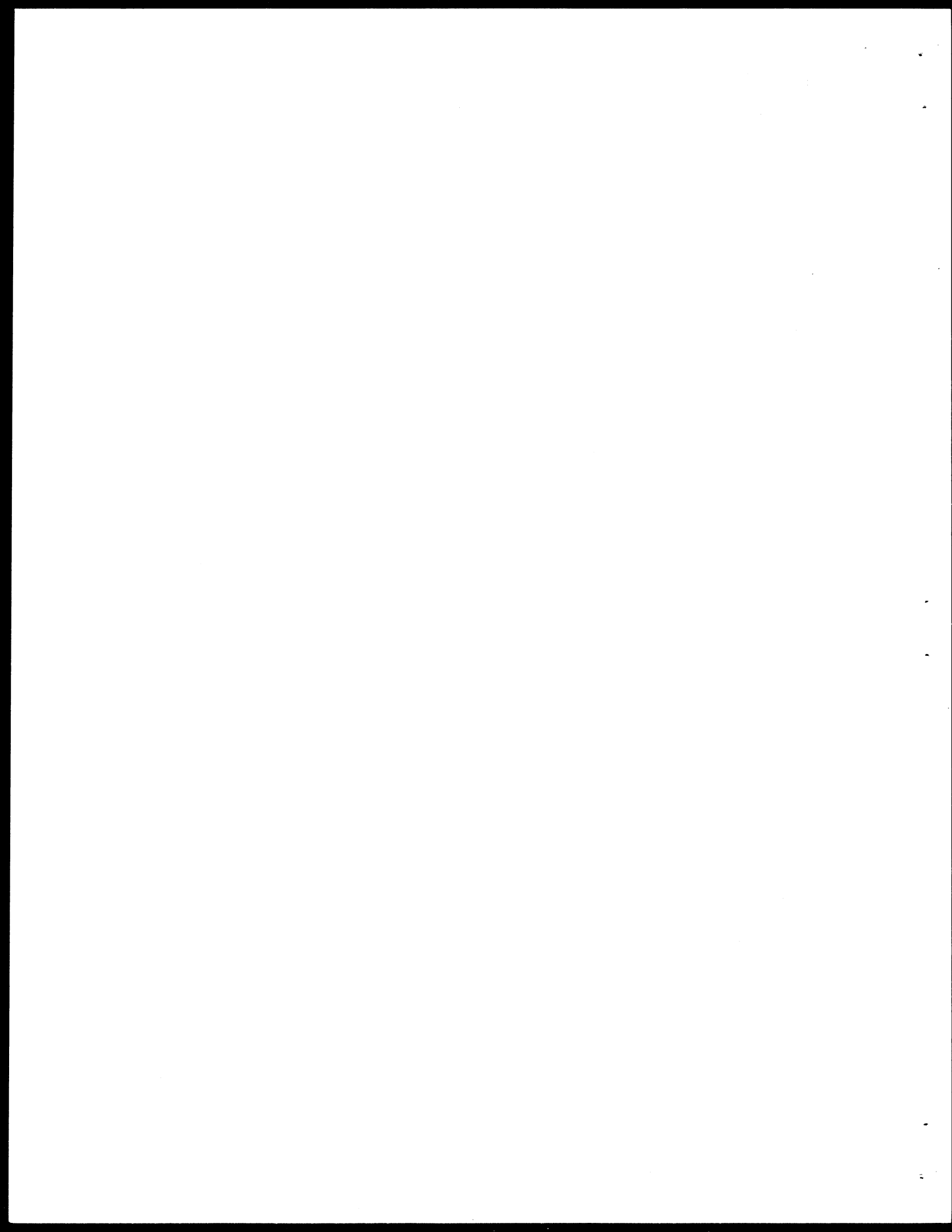
not reveal themselves until political and economic changes had prepared an environment congenial to their development.

While the revelation of God to the individual soul is often the center of religion, the essence of Puritan theology was to make it not only the center but the whole circumference and substance, dismissing as dross and vanity all else but this secret and solitary communion. Grace alone can save, and this grace is the direct gift of God, unmediated by any earthly institution.

In Tawney's view the insistence that the Christian should look inward to his own heart creates in the very soul of Puritanism a fundamental bias toward individualism. This individualism led Puritans to ignore the subtle economic casuistry of preachers like Richard Baxter (A Christian Directory, 1673) and John Bunyan (Pilgrim's Progress, 1673 and The Life and Times of Mr. Badman, 1680) and to embrace those aspects of Puritan teaching--hardwork, diligence, thrift--that were consistent with the emerging economic environment.

Growing out of this individualistic approach to religion was a theory of the Church which denied even the principle of a discipline exercised by bishops, presbyters or any other kind of church structure. Thus Puritanism rejected the church as an arbiter of social or economic morality.

The result, neither immediate nor intended, but inevitable, was the tacit denial of any spiritual significance in the transactions of business and in the relations of organized society. While repudiating ethical discipline from the church, Puritanism found in the rapidly growing spirit of economic enterprise something not uncongenial to its own temper, and welcomed it as an ally. Puritan leaders continued to warn of the peril to the soul involved in a preoccupation with economic self-interest. But more and more these warnings were aimed not at the pursuit of wealth as such but at the "excesses" committed in the process. And more and more they took on the air of minor qualifications.

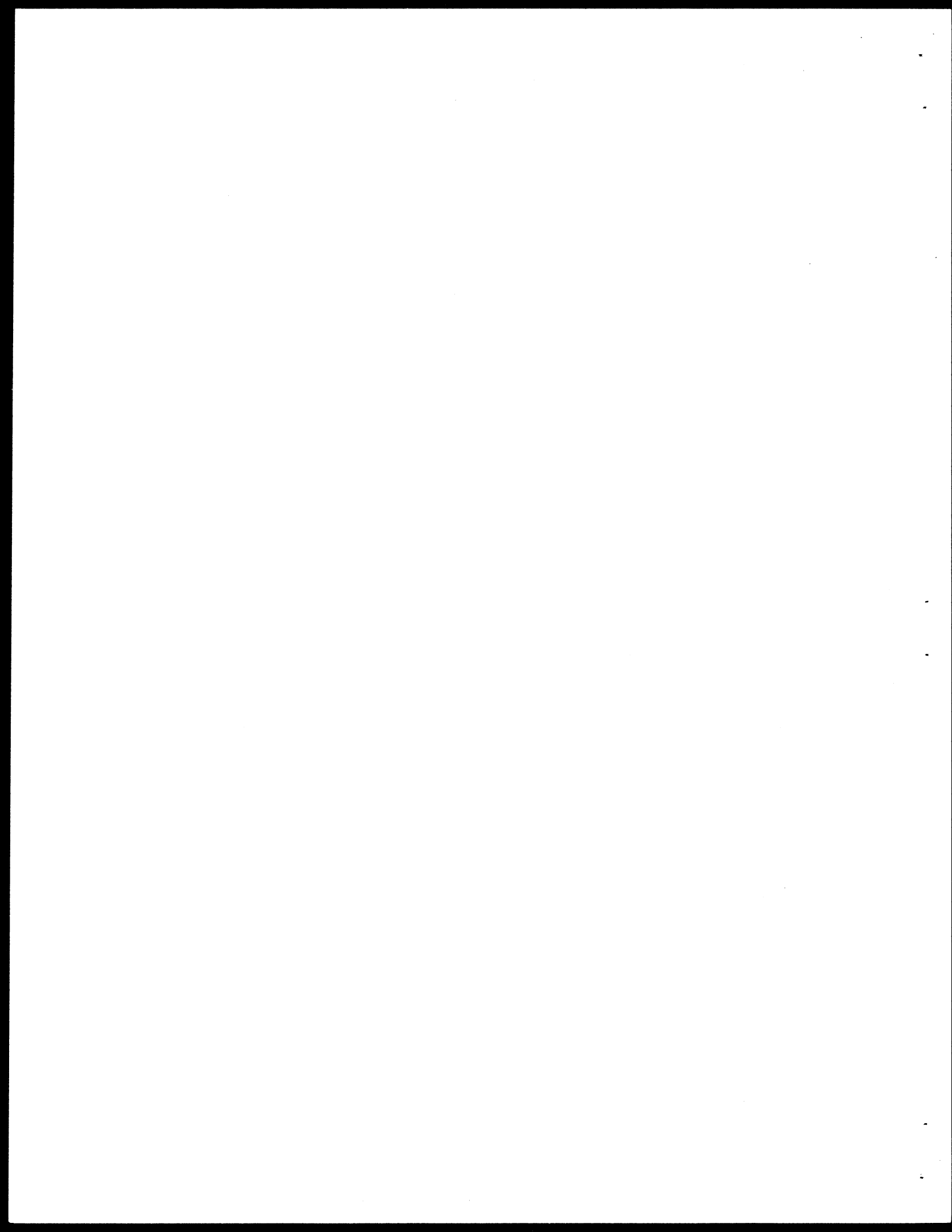


By the 19th century the pursuit of economic self-interest had been proclaimed the law of nature by the philosophers and had become "identified by the pious with the operation of the providential plan, which is the law of God." (Tawney, p. 215) The attitude toward enclosures of common pasture land in England in the 17th-18th centuries is a good example. Long the typical example of uncharitable covetousness, enclosure was now considered not merely economically expedient, but morally beneficial. It would increase the output of wool and grain, since each man knows best what his land is suited to produce, and the general interest will be best served by leaving him free to produce it. In addition, since common rights encouraged idleness by offering a precarious and demoralizing livelihood to men who ought to be at work for a master, enclosure, done in moderation by a pious man, would enable a master to establish a moral discipline among his employees, which would not occur if they worked for themselves.

To the Puritan, life was one long spiritual combat, with the battles all fought alone. Thus the Puritan character esteemed hard work, frugality, sobriety and efficiency. Self-reliance became the symbol of this worldly asceticism. In the development of the capitalist spirit as embodied in the person of the inventor and engineer and captain of industry, the Puritan character played an important formative role.

If the Puritan character was the prototype of the modern entrepreneur and if Puritan teachings helped shape the capitalist spirit, the developing economic system in turn helped shape that Puritan character and theology.

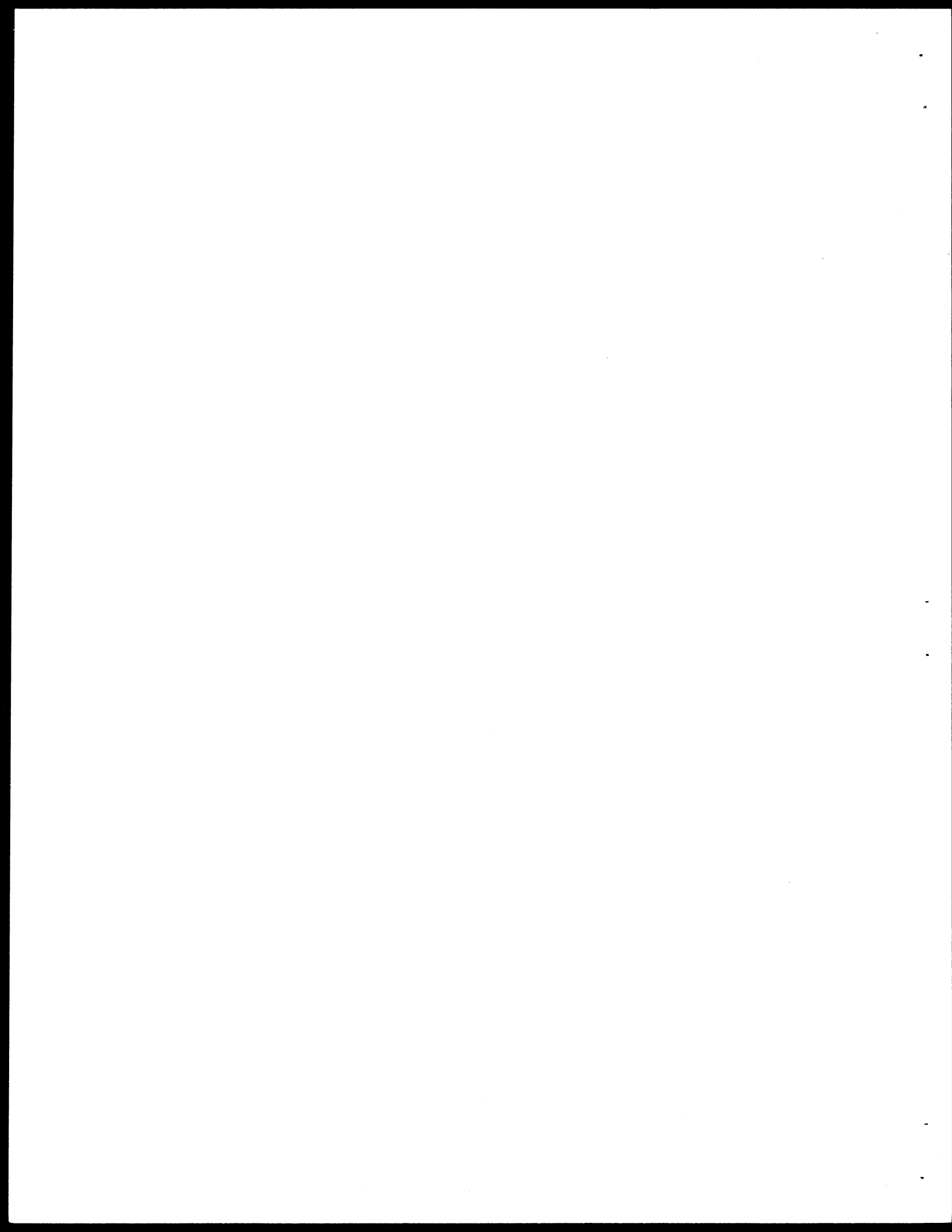
Since to the Puritan it is in the heart of the individual that religion has its throne, to externalize it in rules and instructions is to tarnish its purity and to degrade its appeal. The consequent repudiation of the social



character and responsibility of religion aided the development of individualism in all areas of society--economic, social, political. As Tawney wrote, when religion became a private affair, it was "converted from the keystone which holds together the social edifice into one department within it, and the idea of a rule of right [was] replaced by economic expediency as the arbiter of policy and the criterion of conduct." (p. 228) As this occurred the capitalist spirit broke away from its religious mooring and became the new state "religion" and the private secular "religion" of entrepreneurs (and of economists). Thus the religious revolutions of the 16th-18th centuries aided the development of capitalism, and the rise of capitalism in turn meant the decline of religion as "the keystone which holds together the social edifice." This was not considered a matter for societal concern, but simply reflected the power of capitalism and was a natural outcome of growth and development.

Since the entrepreneur and the middle class were seen as the key to economic development, it is understandable that the analysis of religion took the direction it did. However there were a number of other dimensions considered, though they were generally less well explored.

For example, religion seemed to play a two-fold role in the formation of the modern working class. First, "acceptance of the Protestant Ethic eased the way to systematic organization of free labour. . . . Every occupation was said to be noble in God's eyes. For those with limited talents, Christian conscience demanded unstinting labour even at low wages in the service of God --and, incidentally, of employers . . . it did not much matter who held legal title to wealth, for it was not for enjoyment. The rich like the poor were to live frugally all the days of their lives."¹⁰ Thus a way was found to make the inequalities of capitalist development tolerable to the newly emerging

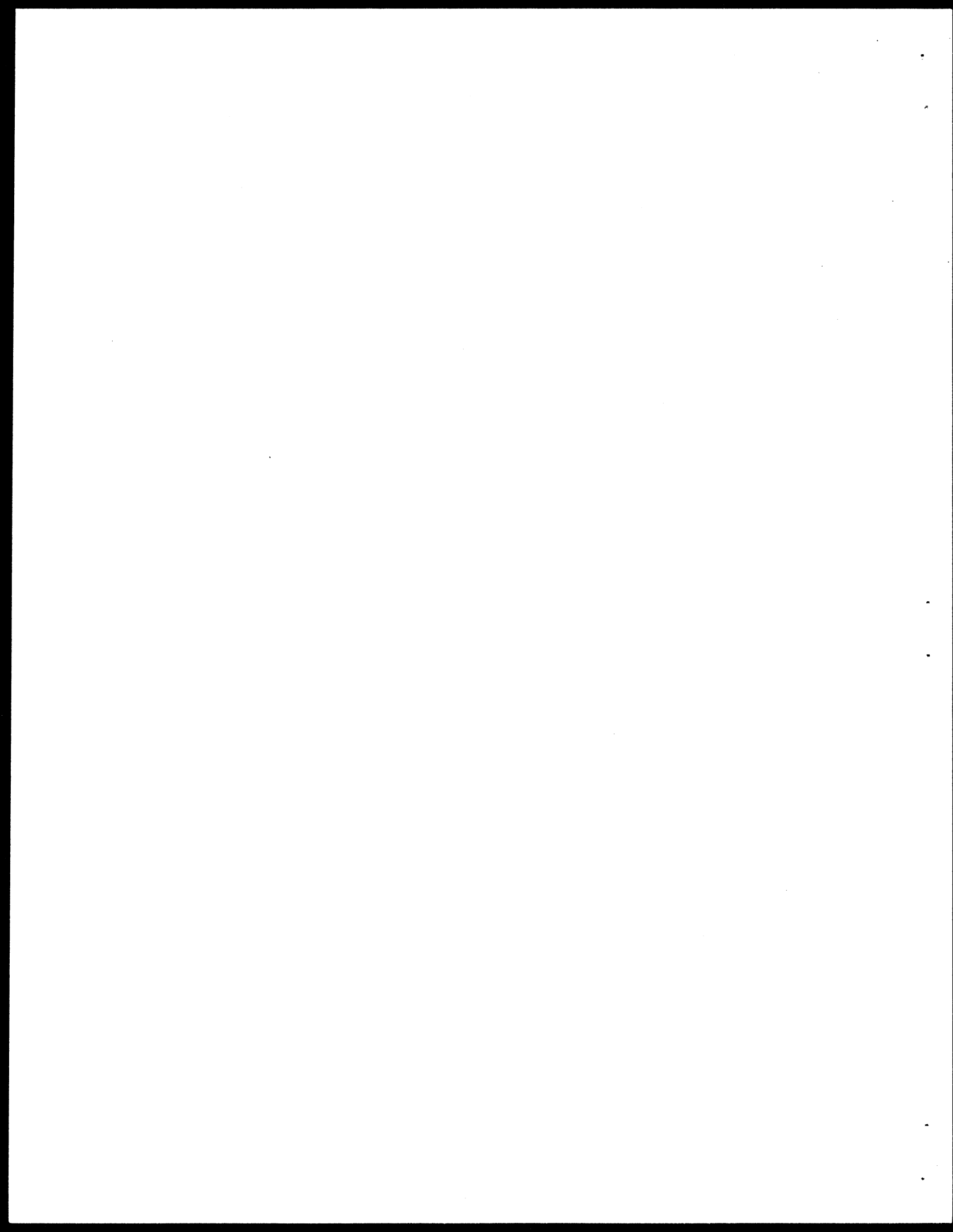


working class. It was in this case that religion was the opiate of the people.

Second, religion often became the locus of resistance to oppression. The oppressed classes used their religious expression to maintain their own sense of worth and to define and construct a value network contrary to that fostered by the oppressor.¹¹

From this necessarily brief overview of a long debate on the relationship of religion and development, we can isolate several themes that provide the basis for our attempt to suggest a reorientation of our understanding of religion and contemporary development. The dominant themes are:

1. Religion is seen primarily in instrumental terms: how can it affect development, which is defined externally as growth in GNP. The paper by Denis Goulet in this special journal issue examines this theme in greater detail.
2. Religion as a social institution is seen as an impediment to development, unless it helps the masses obediently accept the leadership of an entrepreneurial elite. Thus Catholicism, Hinduism, Islam, Buddhism, tribal religion, etc. are all suspect as likely hindrance to development. The essay by Ibrahim Ragab confronts this issue.
3. Only when religion becomes a purely private matter can it aid development, and even then only if it resembles a particular form of Protestantism. Under these circumstances individual energies will be freed for economic activity and the driving force of entrepreneurship will be stimulated.
4. This successful development will in turn undercut the viability of religion; but society will continue to function successfully even if its religio-moral base, derived from its religious heritage, is no longer a factor.



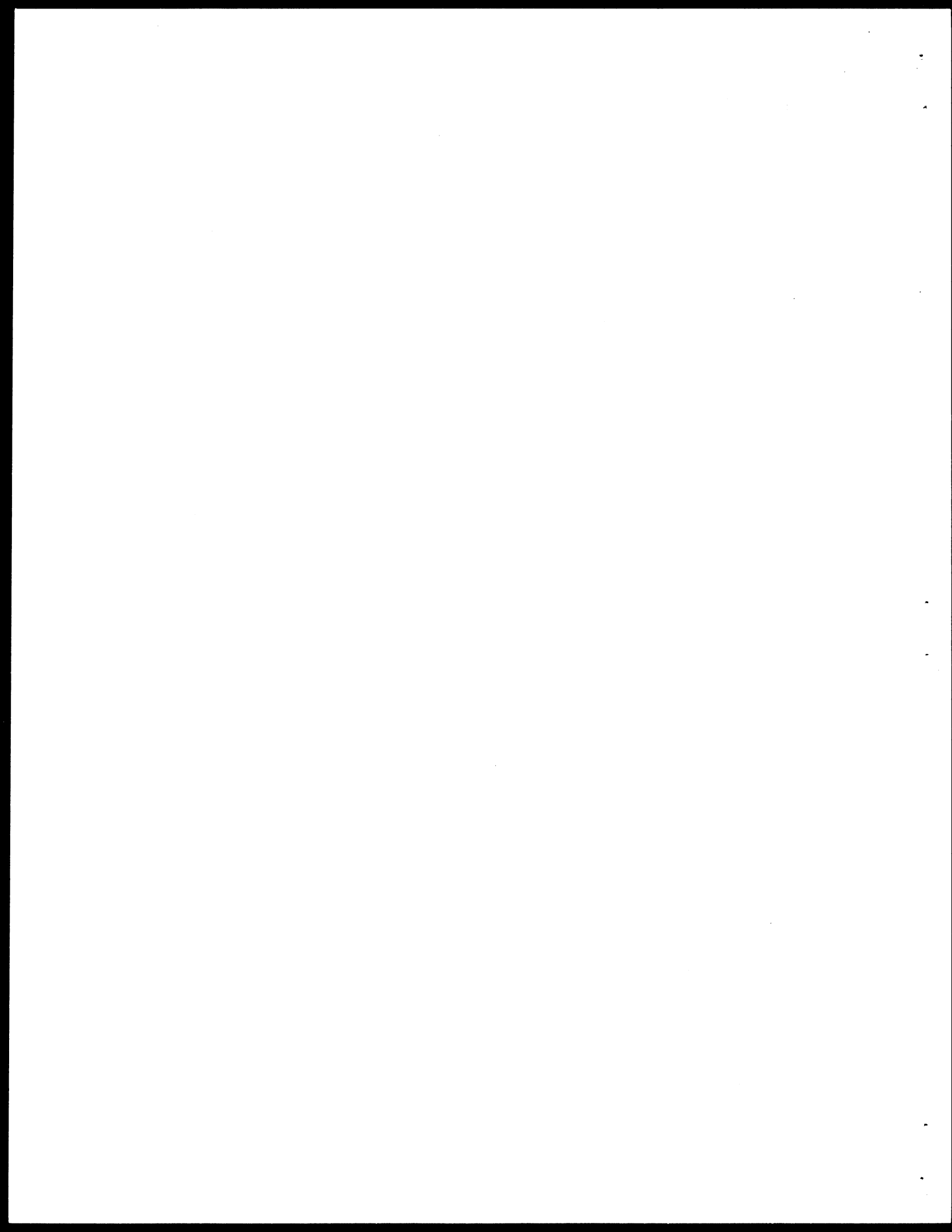
The next section suggests an alternative framework for viewing the relationship of religion and development, one which differs substantially from that contained in the "Protestant ethic and the rise of capitalism" debate.

Social Limits to Development

An attempt to use this earlier framework for understanding the relationship between religion and contemporary development must confront three realities and be modified by them. First, drawing on development experience, the earlier assumption that entrepreneurship is absent in developing countries is very difficult to justify. Indeed this maximizing, individualistic pursuit of material welfare seems to have permeated large portions of those societies. As a result, Leff's survey of some 88 studies found that "[economists in] omitting specification of entrepreneurship in recent development models, have in effect treated entrepreneurship as a slack variable."¹²

The second major difference today is the increased role of government in development efforts. No longer can government be considered a passive reactor whose only role is to maintain some common rules of the game and to protect the country from external threats. Now government is at the center of development efforts, with government enterprises, government planning, government borrowing, and government policy key elements of any development process. The ability of government to set the rules of the game means that it would be unjustified to treat government as the entrepreneur and thus formed behaviorally in the same fashion.

The final change is a re-examination of the meaning of the term "development." It is no longer obvious that increases in output due to individual entrepreneurial effort sum to development. Other dimensions must be considered as well, and in this regard religion and religious values can play a

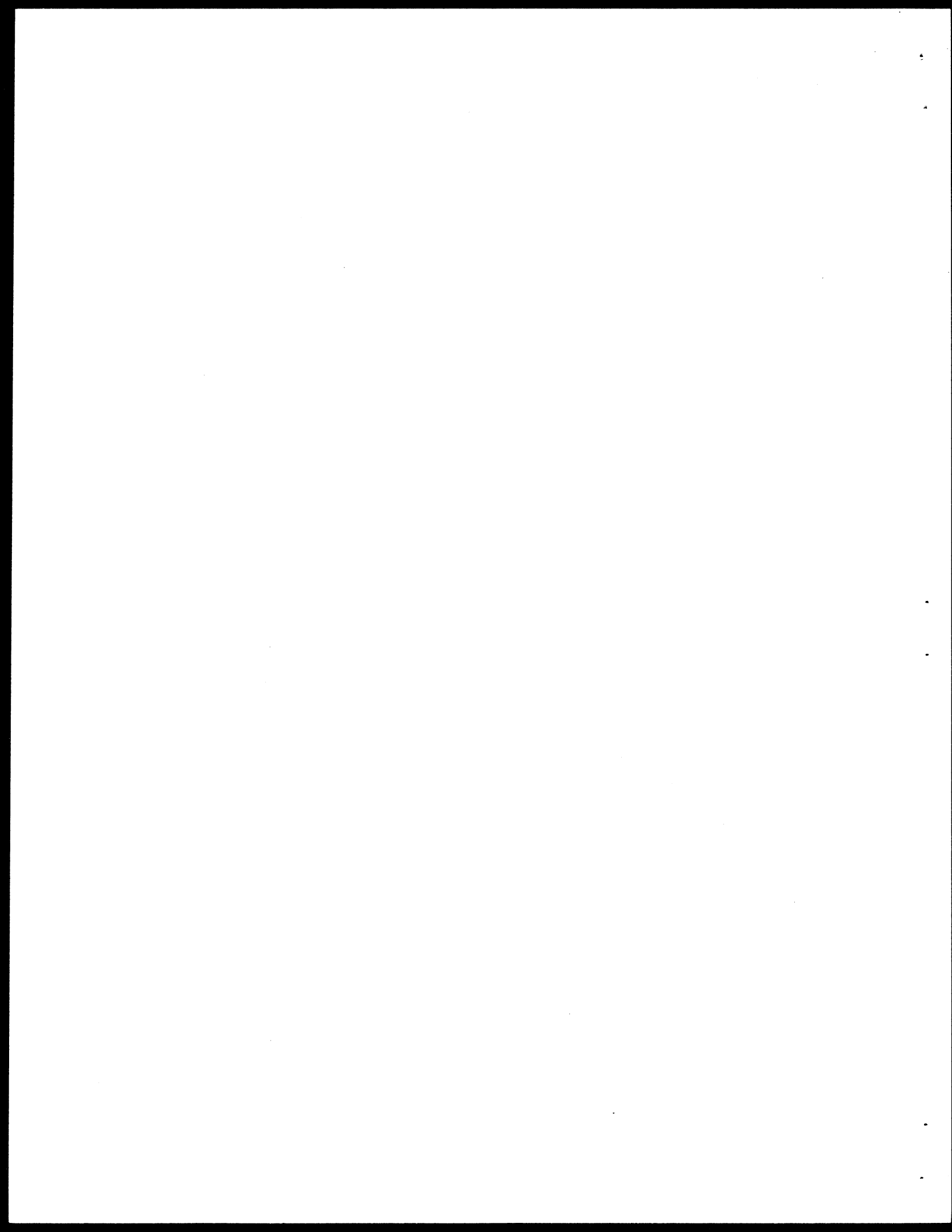


role both as component parts of development and as sources of definition of development.

This section develops an alternative view of the relationship between religion and development. We feel it is both more realistic and more relevant to contemporary development experience. In this view religion is a, or in many cases the, major component in the cultural milieu of development. It is here that "social limits" to development reside; it is here that the parameters of development are established and that determination of what is valid and legitimate in that process is defined. This is the "moral base" of society: the set of norms and definitions whose widespread acceptance allows the society to function on a basis other than pure compulsion. Successful development can occur only if the economic processes of growth and structural change correspond with the social limits, or guidance, determined in the moral base. Otherwise the change will be flawed and will carry within sources of instability and failure. In this we disagree categorically that loss of the viability of the religio-moral base is unimportant in development.

Let us turn now to the argument and take as a starting point a critical evaluation of many of the central components of the development experience of the past twenty-five years.

There can be no denial that major changes have occurred in developing countries in the post-war period. Substantial industrialization has been characteristic, accompanied by a series of changes in organization and functioning of the economy and the implementation of more efficient forms of decision-making in certain sectors. The general level of education has also risen in virtually every society. At the higher levels of education, the number of graduates far exceeds those of all previous periods. These highly educated persons have often provided the human resources for new public and

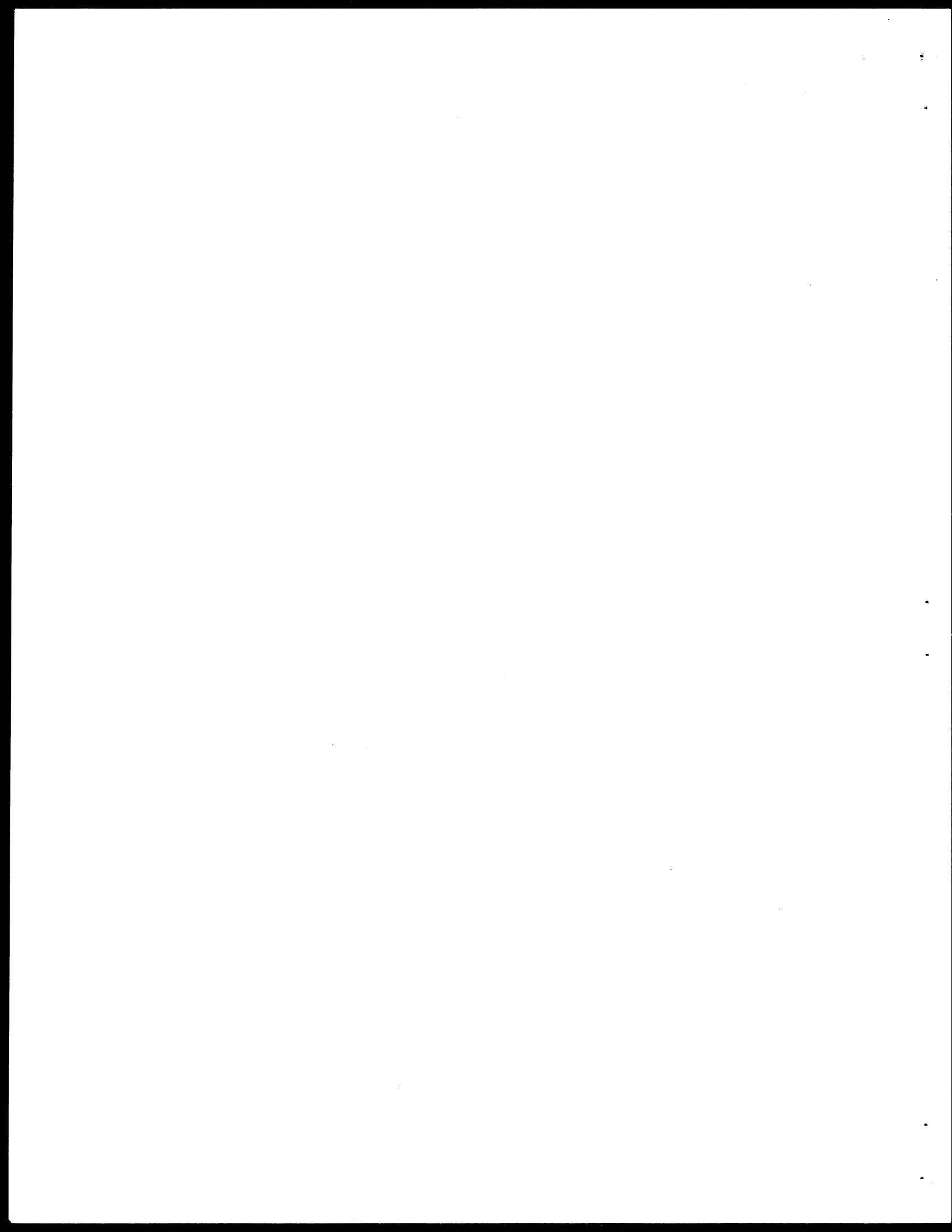


private activities. Overall, health care also has improved as the general statistics on health show. In all of these areas, it would seem that development has indeed been occurring during the post-war period.

But implicit in this description is a problem, for as industrialization has proceeded, as education has been improved, and as health care has been modernized, the benefits have been shared very unequally.¹³ A thin upper layer has prospered while the vast majority of the population remains entrapped in the back waters of underdevelopment.

At the same time this development process has undermined the inherited moral base of society. An economic system is a collection of social institutions and behavioral patterns which enable many people to work together to achieve goals that could not be attained individually. A society deals with scarcity by devising social institutions which mobilize human energy for productive purposes. Production and distribution must be carried out in such a manner that people have both the capacity (health and skills) and the willingness (incentive) to continue working. When traced to its source, this social functioning rests upon a moral base, i.e. a fundamental acceptance by the citizens of the relations and institutions of the society and their functioning in the economic sphere. As societies change and develop, the results of the process must correspond with this moral base, or the moral base must develop along with other aspects of the society.¹⁴

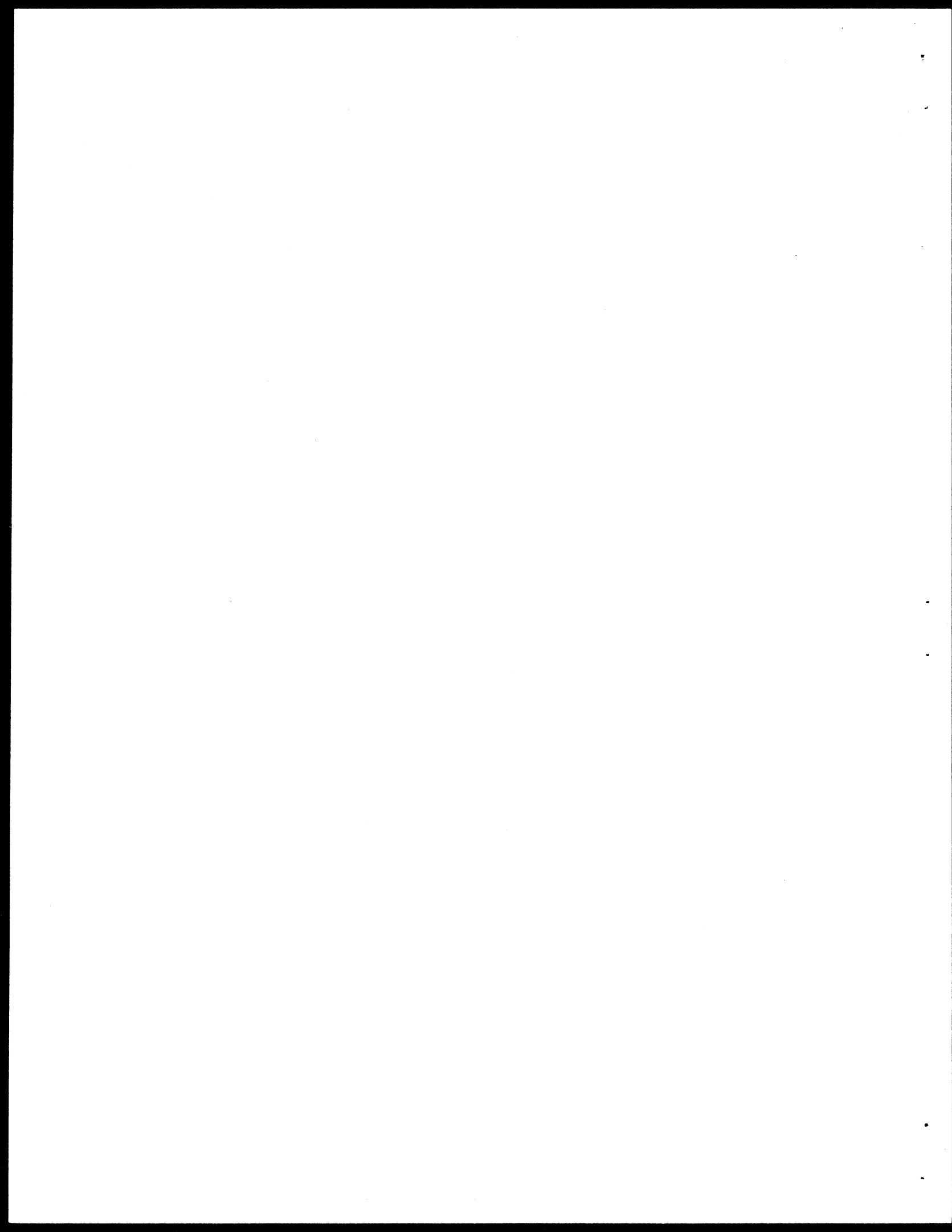
In looking for the sources of these developments we find that government has generally played a guiding role; but non-socialist development in the postwar period has resulted largely from the expansion of the market and of market relations, internationally through trade and domestically through specialization. Free labor and wage relations have grown, and traditional economic relations have attenuated. Central to the process has been the role



of the individual acting in a self-interested manner. The genius of capitalist development, distorted though it may be, is its ability constantly to encourage such action. In the developing countries there can be no question about the expansion of the motivation of individual self-interest. As peasants by the millions have been uprooted from their traditional village context and pushed or pulled into large and poorly organized urban settings the individualistic motivation can be the only response, even though tenuous ties may be maintained with the traditional setting. There has been a major expansion of the wage labor force, including the informal sector which exhibits many similarities. In addition the tremendous expansion in the range of goods available to the "average" consumer reinforces this same pattern of individualism, for it is now possible to use such goods to differentiate individuals in the society. The growth of modern advertising efforts both reflects the increase in individualistic motivation and strengthens it.

This does not indicate that individuals had no interest in their own welfare prior to this development process. But these interests were generally expressed within the bounds of a close-knit community where the "invisible hand" had not replaced communal limitation and agreement. In the new development of capitalism, that social cement is no longer present. Hirsch's description of the process is apt: "the system has thereby lost outside support that was previously taken for granted by the individual. As individual behavior has been increasingly directed to individual advantage, habits and instincts based on communal attitudes and objectives have lost out."(p. 117)

Of course this same process occurred in the advanced countries--in the success stories of development. Our argument is that inherent in this process are social limits to the development which it can engender, and that if they are passed, development will falter and instability may set in and halt the

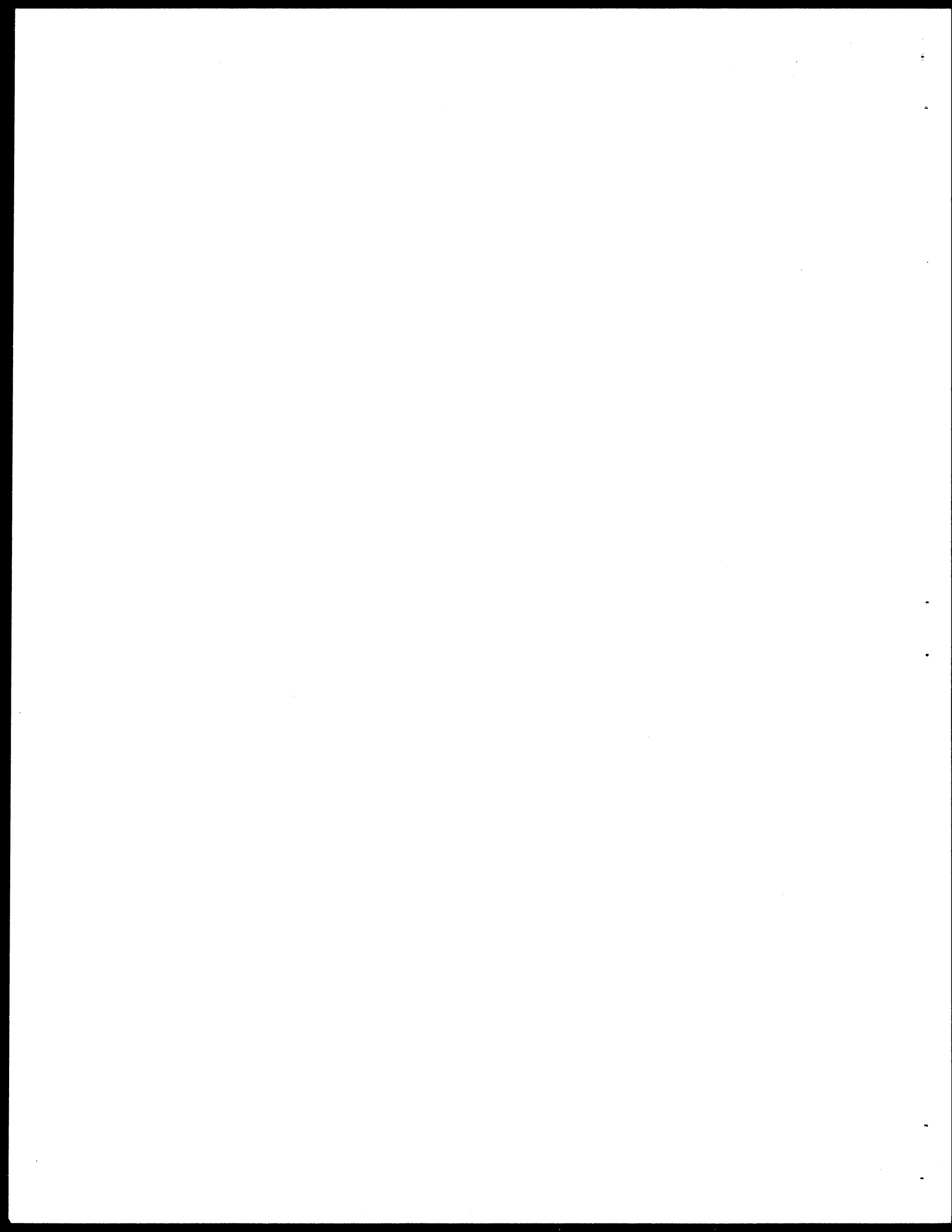


process. Hirsch has shown how these limits operate in the advanced countries, this section examines them in the developing countries.

Central to the argument is that these individual choices are made in the context of a wider society and must be melded together into a desirable social result. Traditional economics has forgotten one of Adam Smith's key insights. He claimed that self-interest will lead to the common good if there is sufficient competition, but also and more importantly, only if most people in the society accepted a general moral law as the guide for their behavior, i.e. if there were a moral base for the society.¹⁵

The assumption that self-interest in a competitive environment is sufficient to yield the common good is an illusion. The focus cannot be solely on the private entrepreneur. An economy, capitalist or socialist, where everyone--buyers, sellers, workers, managers, consumers, firms--constantly lied, stole, committed fraud and violence, etc., would neither yield the common good nor would it be stable. Yet pushed to its logical extreme, individual self-interest would suggest that it would usually be in the interest of an individual to evade the rules by which other players are guided. Similarly, the "free-rider" concept suggests that it is in an individual's interest not to cooperate in a situation of social interdependence if others do cooperate, for he/she will obtain the same benefits without any sacrifice. Why don't individuals in societies always operate in this fashion? The answer is usually not fear of the police power of the state but rather that individual aggrandizement is inhibited by a deeply ingrained moral sense, one often based on religious convictions.

Peter Berger reminds us that "No society, modern or otherwise, can survive without what Durkheim called a 'collective conscience,' that is without moral values that have general authority."¹⁶ Hirsch reintroduces the idea of



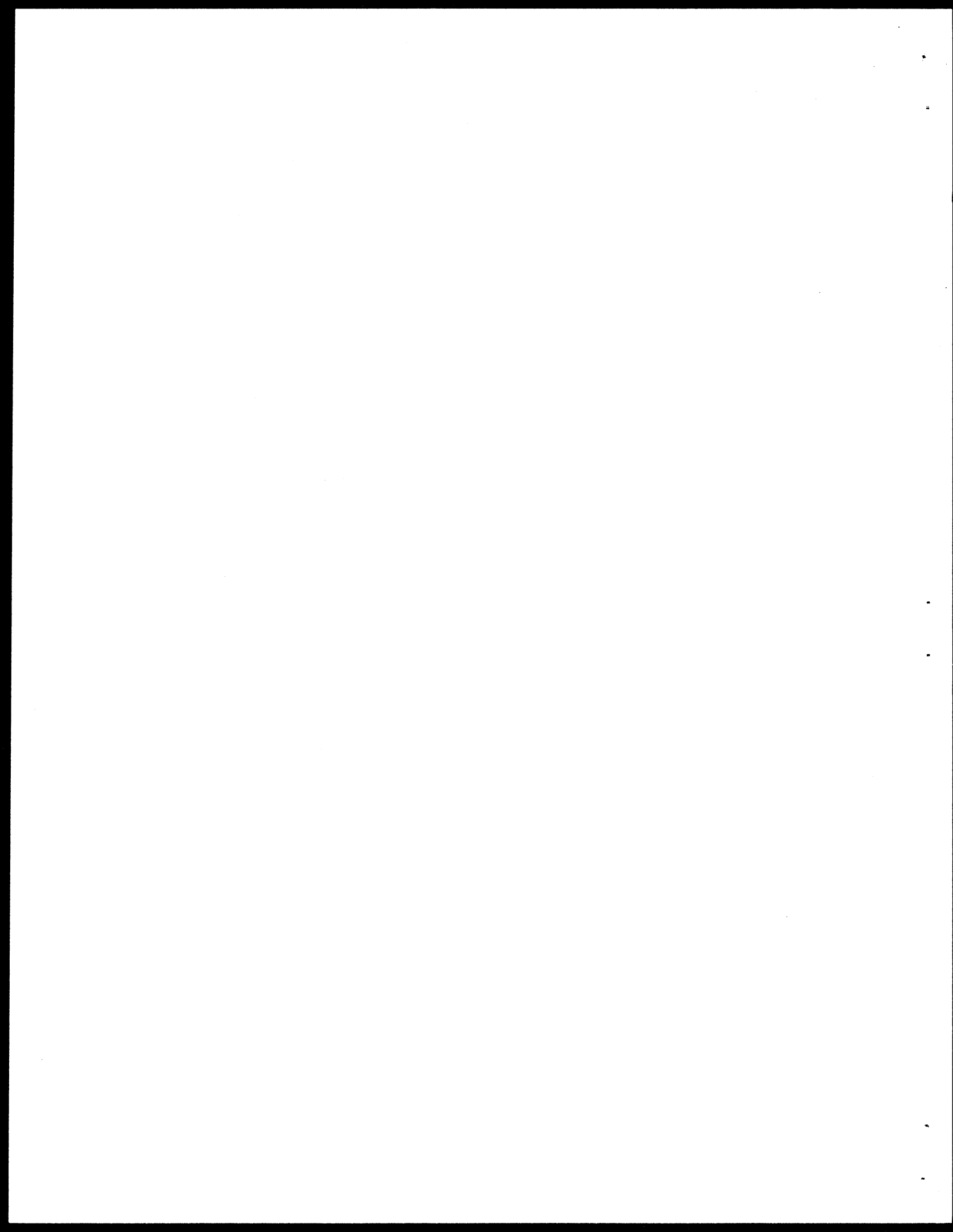
moral law into economic analysis: "truth, trust, acceptance, restraint, obligation--these are among the social virtues grounded in religious belief which . . . play a central role in the functioning of an individualistic, contractual economy. . . . The point is that conventional, mutual standards of honesty and trust are public goods that are necessary inputs for much of economic output."¹⁷

The major source of this social morality has been the religious heritage of the precapitalist and preindustrial past. As Barrington Moores put it:

This experience provides the soil out of which grow peasant mores and the moral standards by which they judge their own behavior and that of others. . . . The standards usually have some sort of religious sanction, and it is likely to be in their stress on (equality) that the religion of peasants differs from that of other social classes.¹⁸

The historical debate over the importance of the Protestant Ethic focused on the support it gave to the entrepreneurial elite and on the pacifying effect on the working class. However, the decline in the viability of religion and the moral base may be as important. The legacy of religious values diminished over time in "protestant capitalist" development because of a two-fold change: 1) the repudiation of the social character and responsibility of religion meant its banishment to a purely private matter and 2) the elevation of self-interest as a praiseworthy virtue in turn undermined that privatized religious ethic.

The erosion of this preindustrial, precapitalist moral legacy in the developed countries proceeded slowly for two reasons: 1) economic growth was spread over a very long time period and 2) that growth relied on decentralized decision making for the most part. This slow and seemingly natural process allowed popular acceptance as well as permitting adjustment in the moral base of the society so that there seemed to be consistency. Hirsch's point is that



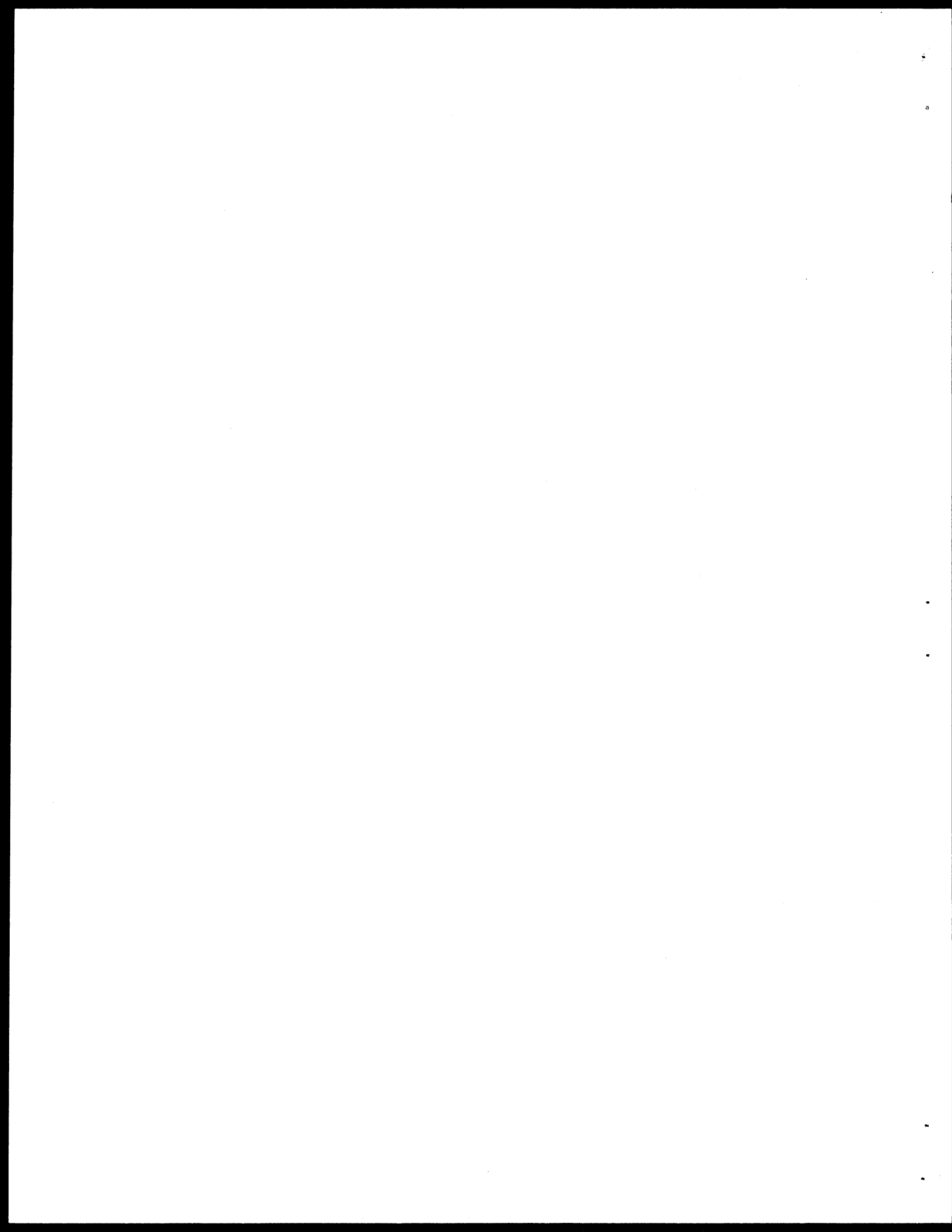
in the advanced capitalist countries the limits to this process have been reached and further adjustment along these lines is highly problematical.

Our claim is that examination of developing countries questions even more fundamentally the likelihood of this accommodation between development and the moral base. There are two reasons for this: 1) growth has been substantially more rapid than the historic rate of the West and 2) central management of economic growth by the state has been almost universal.

The very success which Morawetz and others point to increases the tension between economic change and society's moral base. The postwar growth rates of GNP and GNP per capita which are very high by historical standards indicate that the process of development is being compressed into a very short period, thus hampering the gradual accommodation between the economy and its moral base which occurred in the West.

Compressing a century of growth into two decades, such as in Iran, has created serious problems. On the one hand, an elite (trained in the West) has emerged, stripped of most traditional values. They often see their religious heritage as irrelevant at best and obscurantist at worst, though they are unlikely to be able to break from its hold completely. In reaction, they often embrace wholesale the philosophy of individual self-interest. On the other hand, large segments of the population, particularly in the rural areas, see this growth and the new ways that come with it as in opposition to everything they believe. These changes generate two potential social limits to development.

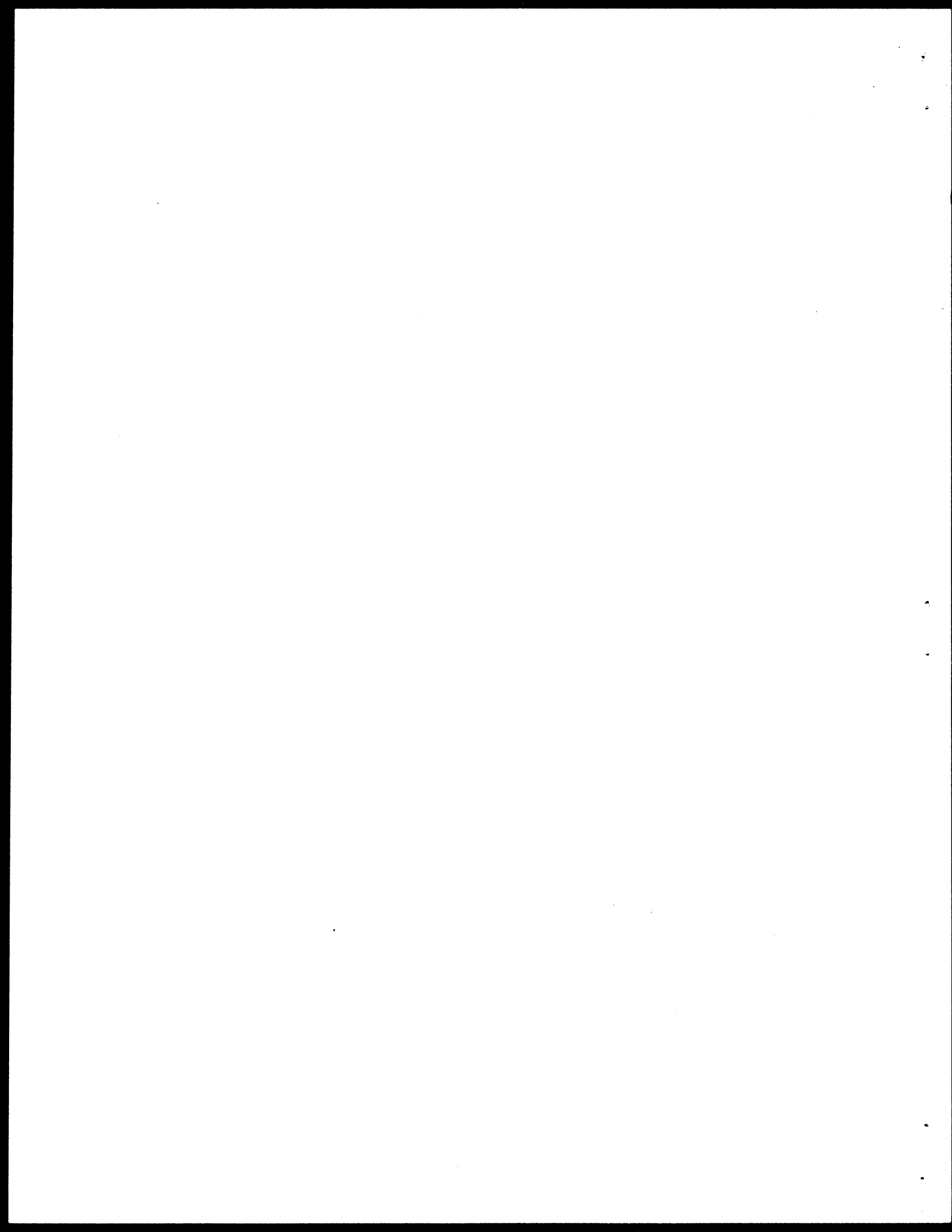
First, while individualism has expanded at a rapid pace, it has not and cannot include all members of the society. Large portions of the population are, in popular terms, marginalized. But they are outside of the process and at the same time threatened by that process and its sheer rapidity. They can



become a potent force of resistance, and the reaction of this religious majority, such as in Iran, Pakistan, and Afghanistan, can threaten the whole process. In some degree this has always been the case, for capitalist development was far from conflict-free in the developed countries. But one of its advantages was the absence of an identifiable villain behind the disruptions which occurred. Such changes resulted from the independent decisions of thousands of persons acting rationally. None could rig the rules to his or her benefit, so inequalities appeared legitimate and the undermining of religious values had no identifiable cause. The centrality of government in most developing countries does provide a target for dissatisfaction. In such circumstances the legitimacy of inequalities and changes in values is open to question and to challenge. The rapid disappearance of the moral base of society forces government to attempt to act as a substitute and to provide a context which will encourage principled action among the elite while at the same time ensuring acceptance of the outcome by the majority. Thus, government must create or in some sense embody a "civil religion." But as Bellah points out, "No one has changed a great nation without appealing to its soul, without stimulating a national idealism, as even those who call themselves materialists have discovered, culture is the key to revolution, religion is the key to culture."¹⁹ It is highly unlikely that government in most Third World countries can successfully play this role.

Let us summarize this first social limit to development. The erosion of the inherited moral base under the onslaught of rapid growth and the spread of individualism creates the following conditions:

- 1) The (entrepreneurial) elite has been freed of the old religious and moral values, but the individualistic development path does not provide any ready substitute social morality. Thus the previously effective inhibitions



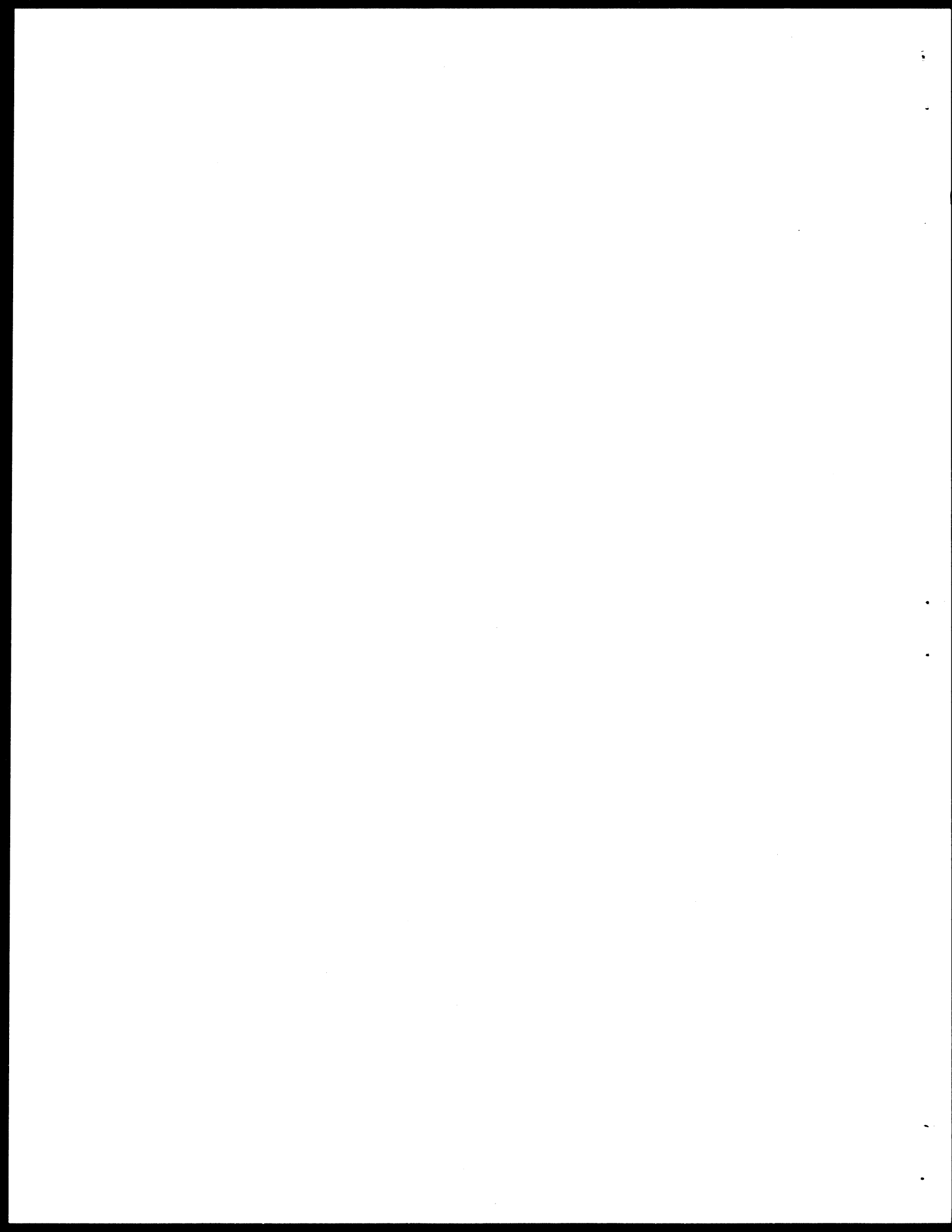
on lying, cheating, and stealing have lost their effectiveness with a resultant malfunctioning of the private sector compared to earlier capitalist development. As Ibrahim says in Sembene's Mandabi, "In this country honesty is a sin!"

2) Those of the non-elite who have had their religious values undermined by the rapid changes will form potential opposition since the legitimacy of societal inequalities has been brought into question by the weakening of the common moral base. (The article by Lucy Creevey examines the stance vis a vis religion of a group such as this).

3) Those of the non-elite whose religious values have been challenged will form a potential opposition whose goal is the protection of those values and a reassertion of their vitality.

The implication of this social limit is that development which does not correspond with society's moral base will lead to instability and its own failure.

A second limit to growth arises in the central role played by the state in managing development. There is a central flaw in the current approach of planned capitalist development. It calls for the pursuit of self-interest by individuals in the private sector, but forbids it in the public sector. The expectation that public servants will not promote their private interests at the expense of the public interest reinforces the argument that the economy rests as importantly on moral behavior as self-interested behavior. "The more a market economy is subjected to state intervention and correction, the more dependent its functioning becomes on restriction of the individualistic calculus in certain spheres, as well as on certain elemental moral standards among both the controllers and the controlled. The most important of these are standards of truth, honesty, physical restraint, and respect for law."(Hirsch,

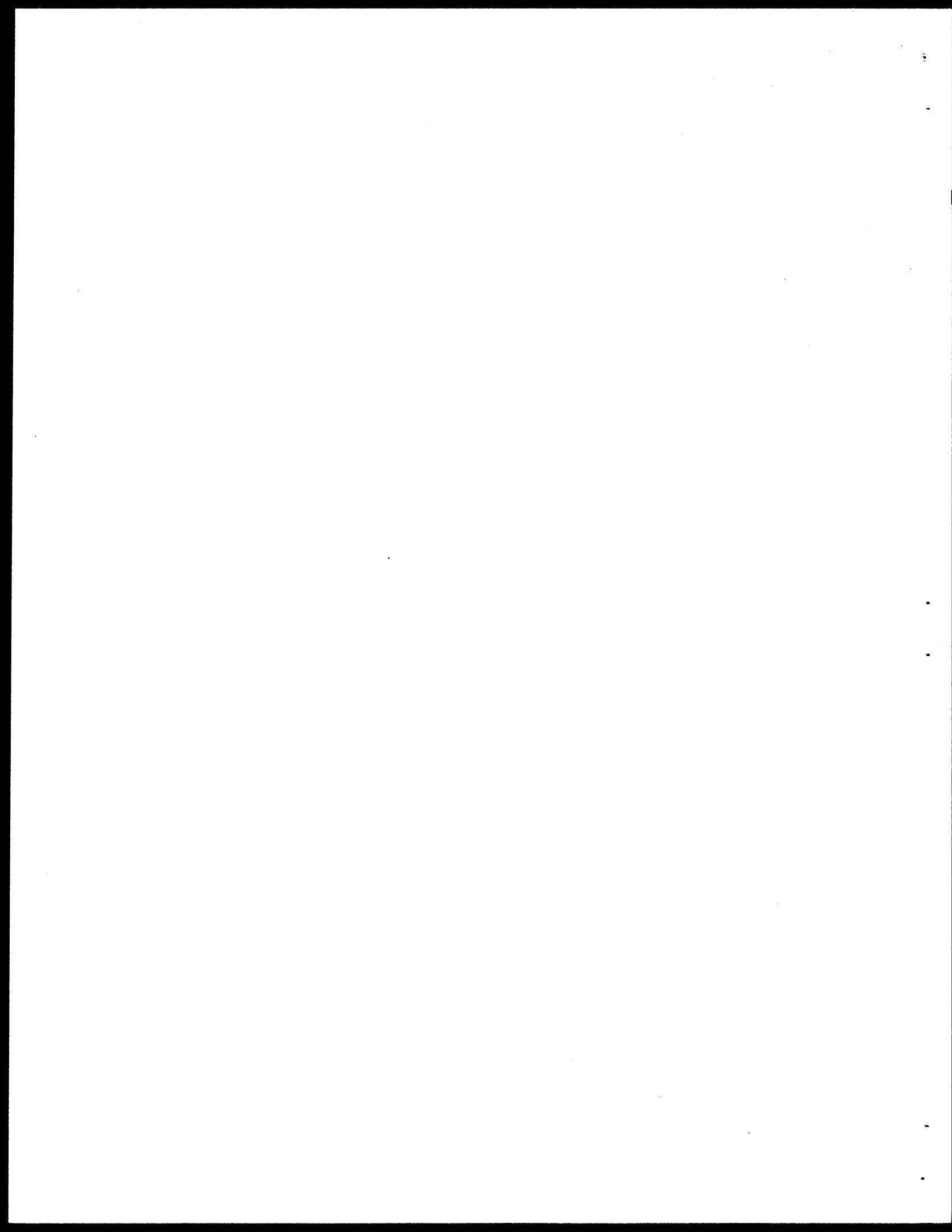


pp. 128-9). But the more that development progresses and the more that the original moral base of the society is undercut, the less likely are these conditions to be met.

Attempts to rely solely on material incentives in the private sector and more particularly in the public sector suffer from two defects: 1) A policeman on every corner to prevent cheating simply doesn't work. Regulators are at a disadvantage in relevant information compared to those whose behavior they are trying to regulate. In addition, who regulates the regulators? Thus, there is no substitute for an internalized moral law that directs persons to seek their self-interest only in "fair" ways.²⁰ 2) A reliance on external sanctions further undermines the remaining aspects of an internalized moral law.

The result is that just at the time when religious values are most needed to provide a moral code for state-directed economic development they are being undercut by the growth process itself. This again will limit any such process of development.

The implications of these limits for the relation between religion and development should now be clear. The influence of religion on individual behavior continues to be a major question and an important influence on development, but in the context of Third World development there is an even more important linkage. In most cases, the moral base of society has religious roots, and that moral base has been undermined during the process of capitalist development since 1945. But unless this tension between moral base and development is resolved, the process of development will be self-limiting, and it is likely in many cases to engender major instability which can radically transform the entire experience.



This conclusion supports the claim that development must build on indigenous religious values because the preservation or growth of the moral base of the society is central to development. As Hirsch says:

. . . the payoff to religious belief is in earthly coin. The traditional concept of religion as insurance on the next world, which might or might not pay off in this one, is exactly reversed. One might or one might not go to heaven by loving one's neighbor as oneself (on certain days and for certain purposes). What was certain was that one would thereby get more worldly goods out of the market; provided that all one's neighbors did likewise. More exactly, the earthly payoff does not require neighborly love to exist, but only action as if it exists. And the religious belief, once adopted, operates conveniently as a private sanction, being seen to provide rewards and penalties directly in accordance with the individual's performance of his social obligations. A more effective inducement for cooperative action could hardly be devised deliberately.

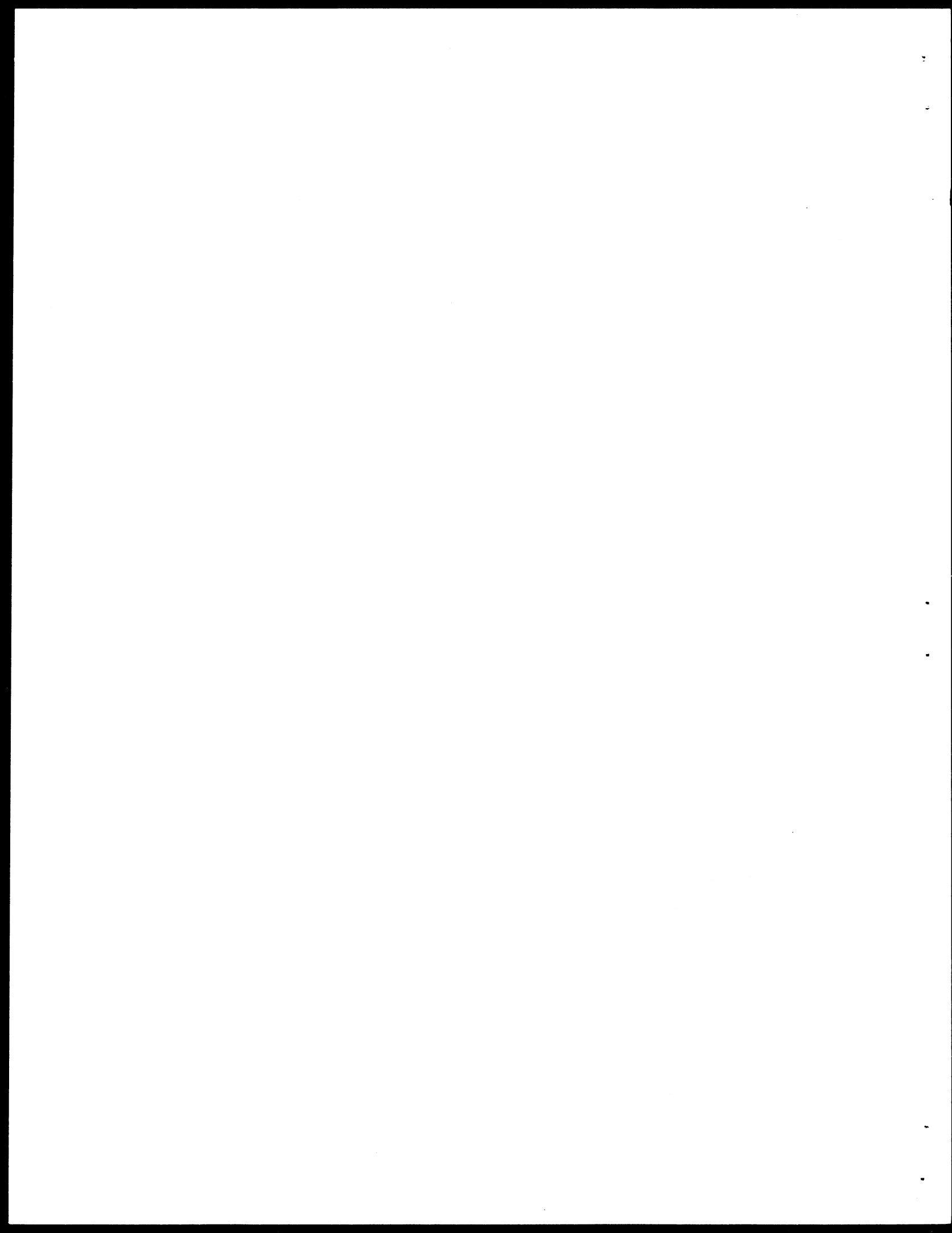
Religious obligation therefore performed a secular function that, with the development of modern society, became more rather than less important. It helped to reconcile the conflict between private and social needs at the individual level and did it by internalizing norms of behavior. It thereby provided the necessary social binding for an individualistic, nonaltruistic market economy. (pp. 141-2).

In addition religion is more than a mere instrument for development. A broad definition of development as meeting basic human needs would include religious values as one of those needs that are ends in themselves.

This general understanding of the linkage between religion and development allows the next section to examine more specifically the areas in which the understanding of religion and development should be pursued with an eye to learning from and improving upon the development experience.

Religion and Development

Treating religion and the moral base as a source of social limits to development provides a more helpful view of that relationship and suggests

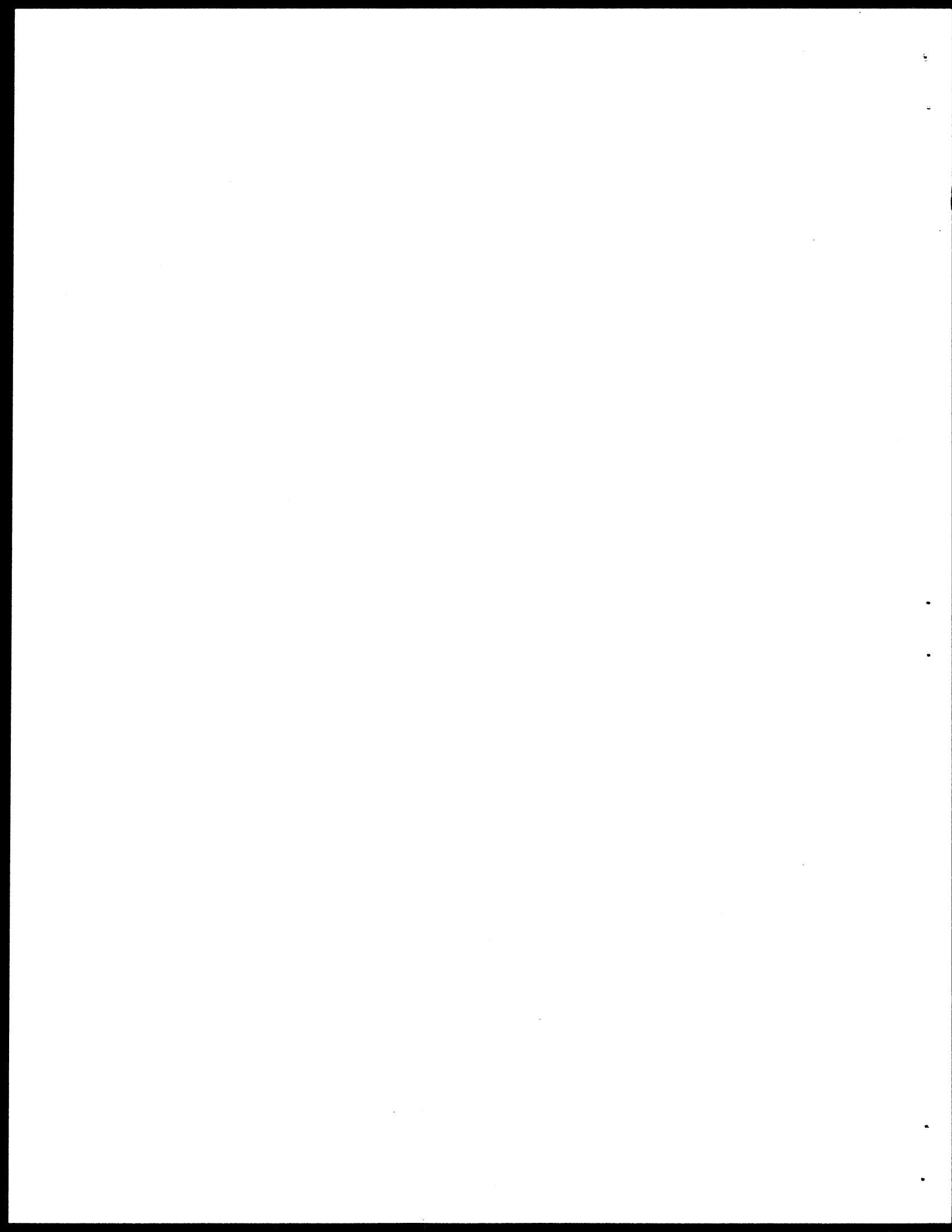


that a number of dimensions must be examined rather than one alone. This section attempts to outline the various roles religion and religious values play in the development process. The suggestions are tentative, and in many ways they outline a research agenda. In no way do they attempt to reduce development problems to problems of religion and religious values. Their starting point however is that religion and development are not simply independent realms, a question which Cynthia Morris and Irma Adelman address in their paper. The suggestions highlight areas where mutual influence between religion and development is likely and where greater understanding will enhance our appreciation of both.

Before we examine these roles, we should deal with one objection to our argument. We should emphasize that the word limits in social limits to development does not mean at all that growth must slow and decelerate and that aspirations must be lower. Rather the term indicates that the development process must be guided by and in consonance with its moral and religious base and with the values of a country's population. This may cause a redefinition of development which is broader than the economist's, but at the same time it holds out the hope that progress in development can and will occur. In this sense it plays the same role as the rethinking implicit in the growth-and-equity theories of development, which do not discount the possibility and even desirability of growth but which suggest limits on that process that make it qualitatively different--and ultimately more successful.²¹

In terms of the specific role of religion in development efforts, there are four main linkages at an operational level that can and should be specified.

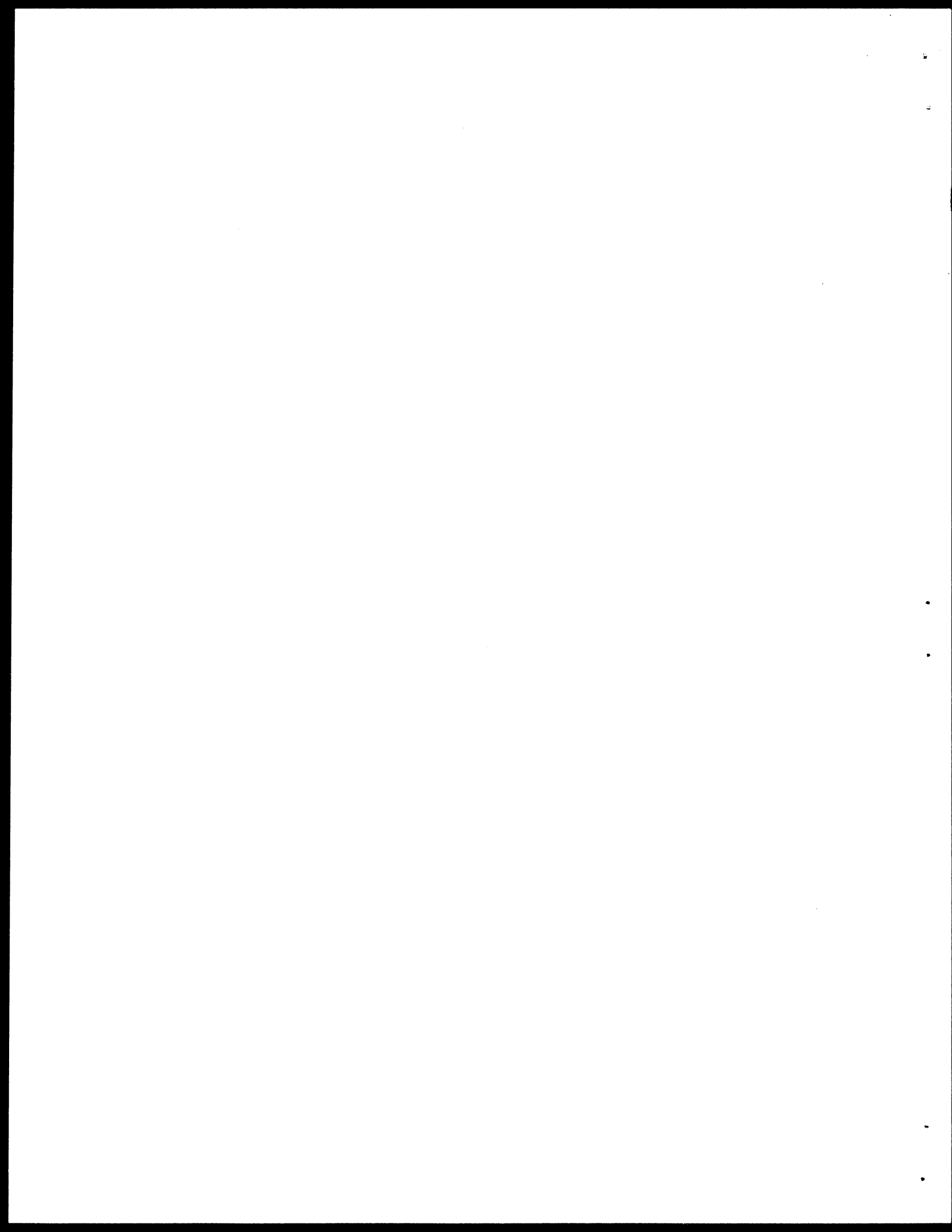
The first of these is the traditional linkage between individual attitude-behavior and religion. While development may have social limits, as it



continues, the behavior patterns of individuals operating in a changing environment will be highly important. Thus case studies in developing countries (similar to the Protestant Ethic studies) which show how religious influences can and do affect individual behavior must continue. Religious values and practices will affect the orientation to saving, toward the adoption of technology, toward particular types of labor market participation, toward education, and toward many other aspects of economic importance. These issues are dealt with in the article by Harold Turner. An understanding and appreciation of this influence is an important dimension to the understanding of religion in the process of development. This alone is insufficient, however, for a complete understanding, for we now know that development is much more complex, the role of individuals or even groups in modern development processes is much less central, and such processes are prone to exhaustion or instability as social limits are reached.

The second role which religion can play is as a source and focus of resistance to development efforts. Religion can quite obviously be a reactionary force, resisting the dominant ideology and dominant strains in the society. Of course it is this role that has usually led modernizers and developmentalists to dismiss religion as being atavistic and out of tune with objective reality. This results in emphasis on secularization in development as a means of breaking down the religious, ethnic, cultural or language barriers to development. This view overlooks the role which religion has played in permitting resistance to completely unjust impositions.

If development is constrained by objective social limits, the role of these barriers can be seen in a different light. They reflect the necessity of synchronizing the moral base of the society with the dominant strains in the development. This is a legitimate role which can ultimately facilitate

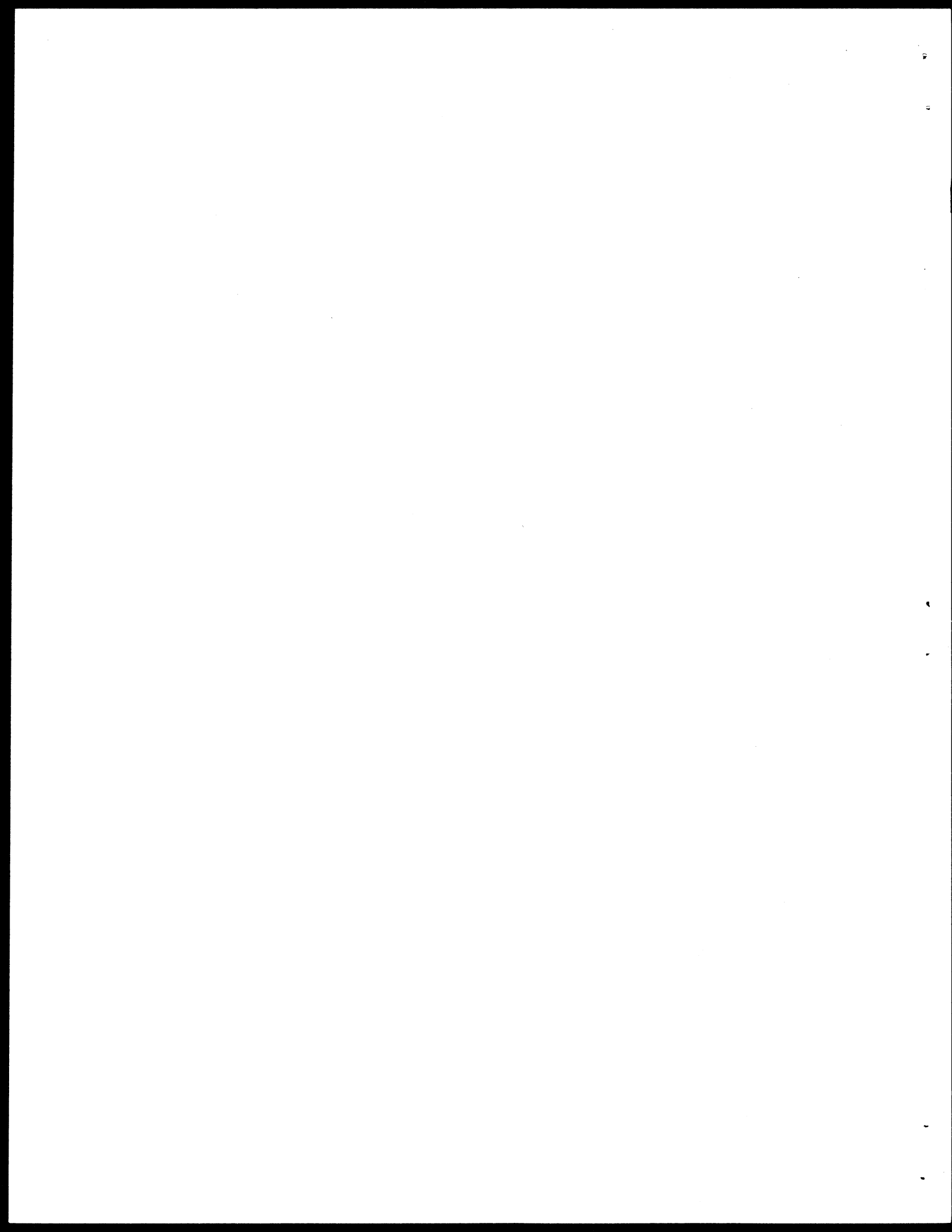


development. For it is only if the religious and other moral forces develop along with the economic that the process can be stable and likely to continue.

Iran provides an example of the impact religious forces can have in opposing a process whose moral base is weak or non-existent. The paper by Manning Nash examines it in some detail. Other examples are plentiful. For example, the role of the Catholic Church in Chile or Brazil in opposing government policy, and in focussing on human rights, both political and economic, grew out of the discrepancy between actual policy and the assumed moral basis for such policy. Similarly the Hindu opposition to special powers in India served notice as to the limits the moral base of the society could be pushed.

This in no way is meant to cloak religion in development terms and to conclude that it is always objectively beneficial to broadly defined development. But it should deconsecrate secularization and indicate that there may be circumstances in which that process with its attendant view of development may be ultimately self-defeating. The role of religion in putting limits on that process can be quite beneficial for a viable development. Individual cases will have to be evaluated on their merits, but it is important to admit this continuing role of religion and the possibility of its positive contribution.

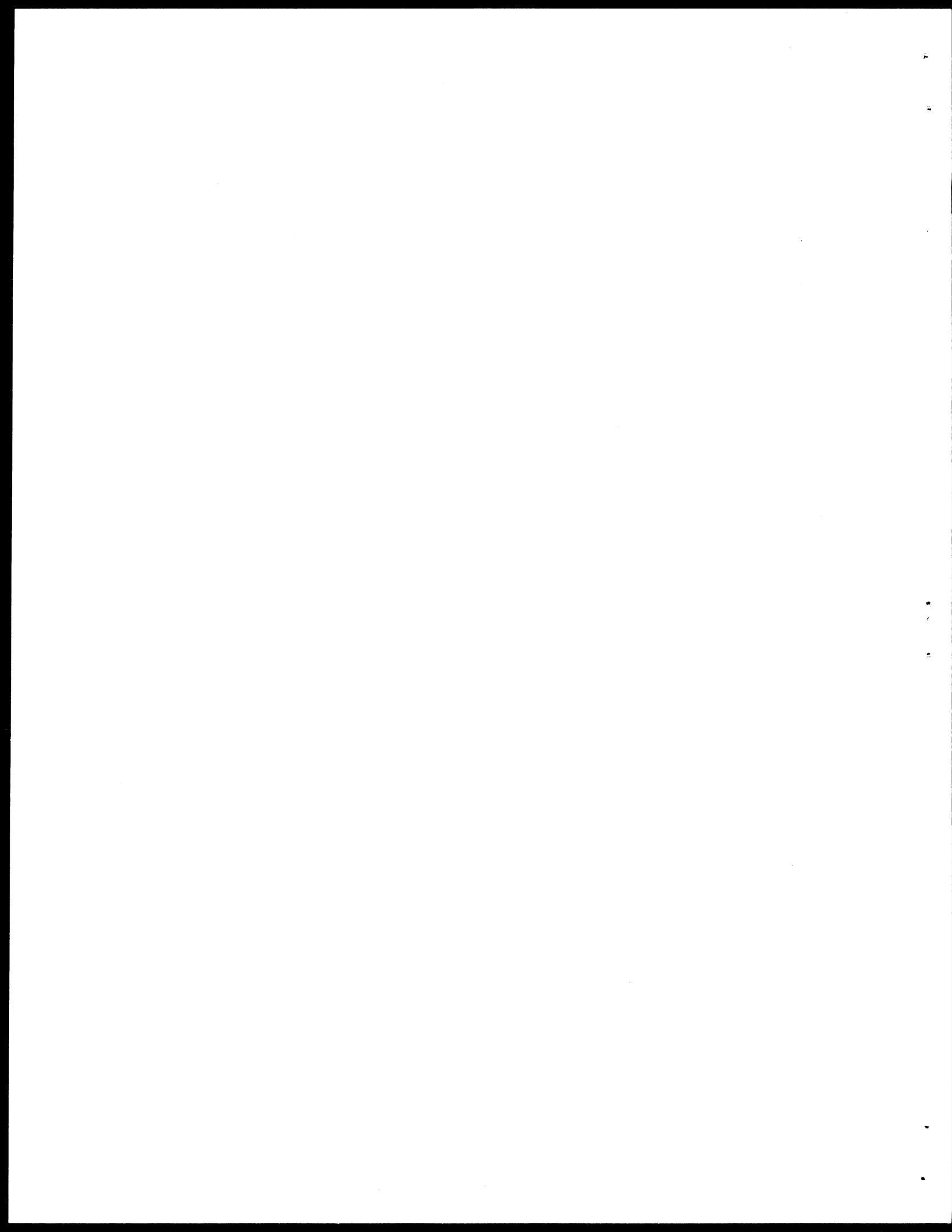
The third role which religion plays is as a positive impulse toward development. Again there are many contemporary examples, from the Basic Christian Communities in Latin America treated by Tom Bruneau to the Sarvodaya movement in Sri Lanka founded and referred to in the paper by A. T. Ariyaratne. Such efforts exhibit several notable aspects. They start from a moral code, and the maintenance of that moral base in their relation with society is central in their efforts. Their approach holds out hope of avoiding the social limits that are disrupting growth in developing countries.



In many cases these efforts are locally based in much of their activity and in their leadership. They are truly participatory in that regard, which points out an important aspect of many religious impulses. Since they generally take as their focus the ordinary believer, and since religious performance at that level is central, contact between people and their religious institutions is generally quite dispersed throughout the entire society. This has several influences. First, it forces any definition of development or progress to relate to the reality of large numbers of groups or persons, and to be modified in this fashion. Second, that very contact makes the moral base constantly open to checking so that any process which is begun in this fashion must be certain that its moral base is consonant with its activity. This is quite different from a development process simply borrowed from some western model and imposed on an indigenous moral base with consequences noted above. Indeed, it is the contention of Peter Berger and Andrew Greeley that only in such a small scale, decentralized fashion can a society maintain and develop that moral base necessary for its continued functioning and progress.²² Richard McKenzie sees this as a strength of modern business organization: "The decentralized organizational structure puts people into departments--that is, small groups--and strengthens the viability of ethical rules. Indeed, the unethical behavior. . . can be a reflection of the sheer growth in size of these private and public bureaucracies."²³

In sum, the concentration of religion on maintaining contact with individuals may often make them important constituents of the moral base and its changes over time, and they can make a major contribution to avoiding the social limits to development.

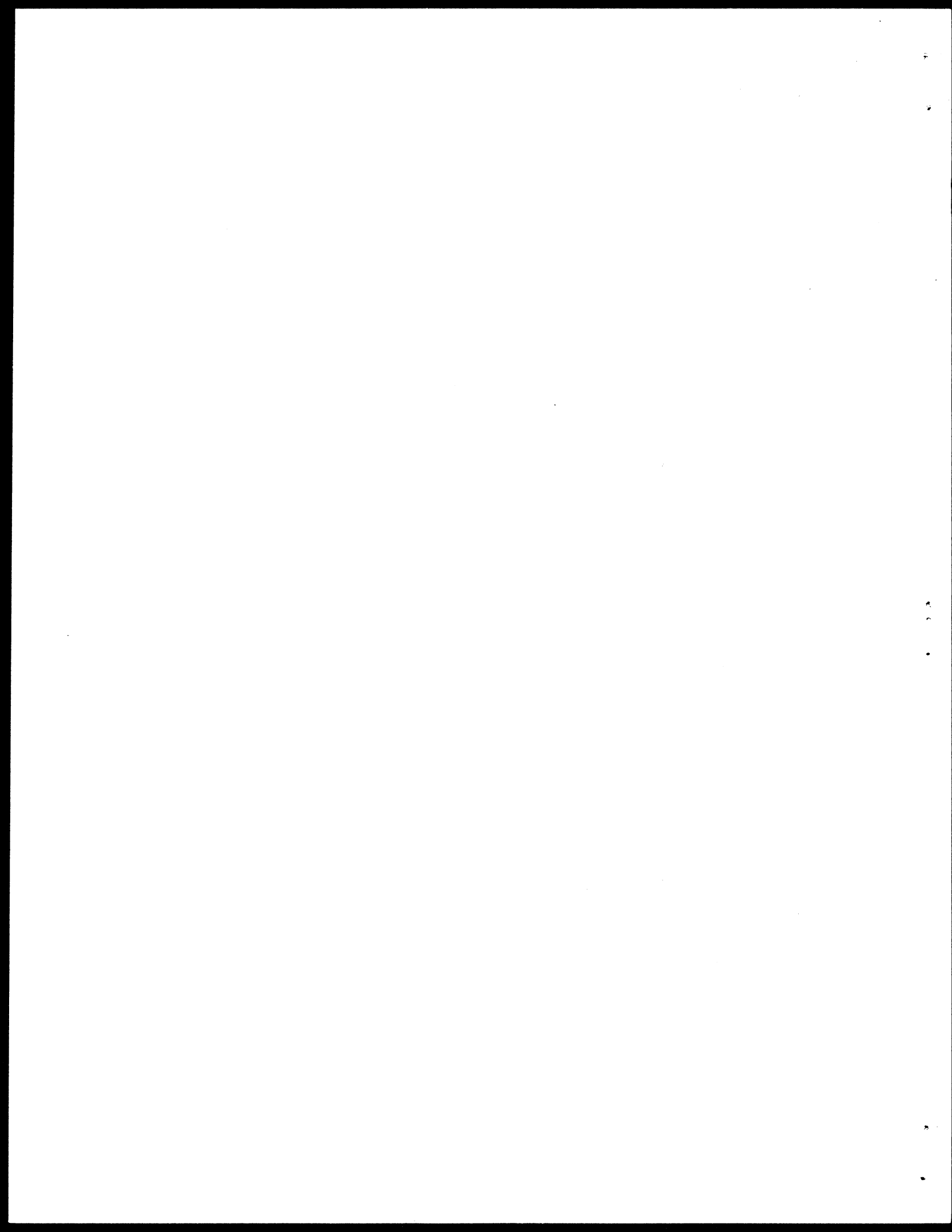
This positive view must be cautiously advanced to be sure. The question arises most clearly in circumstances when a particular religion actually



becomes the dominant factor within a society, when the sacred and the secular are one. Much of the interest in secularization was a reaction to the abuses which had been committed in the name of religion--the oppression of religious and ethnic minorities, the repression of questioning and investigation, etc. Such actions again bring forth very real limits to development. Does this necessarily occur when religion dominates politics? Of course there can be no guarantee that it would not occur and that the costs in terms of development would not be high. These issues are dealt with in the papers by Saleem Qureshi by Trevor Ling and by Fred Von der Mehden.

On the other hand, it should be pointed out that states which have no identifiably religious basis have not been immune to exceptional degrees of repression. Such unfortunate situations do not require a religious nutrient to grow. The extremes of Emperor Bokassa or of Pol Pot along with the many less extreme cases show that such oppression can grow out of many different personal or geopolitical elements, just as well as out of religious factors. While the danger exists, there is no reason to believe that a religiously based society will engender such experiences with any greater frequency than a secular state.

The fourth and final reason for a reevaluation of development and religious values is the growing importance of religious groups as transnational actors. In the present world, with countries, their economies, and their governments linked ever more closely, the role of transnational actors such as the transnational corporation or the United Nations has taken on an added importance and interest. While certainly no rival in importance to either of these, religious groups do have a similar orientation in a number of arenas. An example is the World Muslim League, a forum of over 40 nations which consider themselves Muslim, which provides for the discussion of common problems

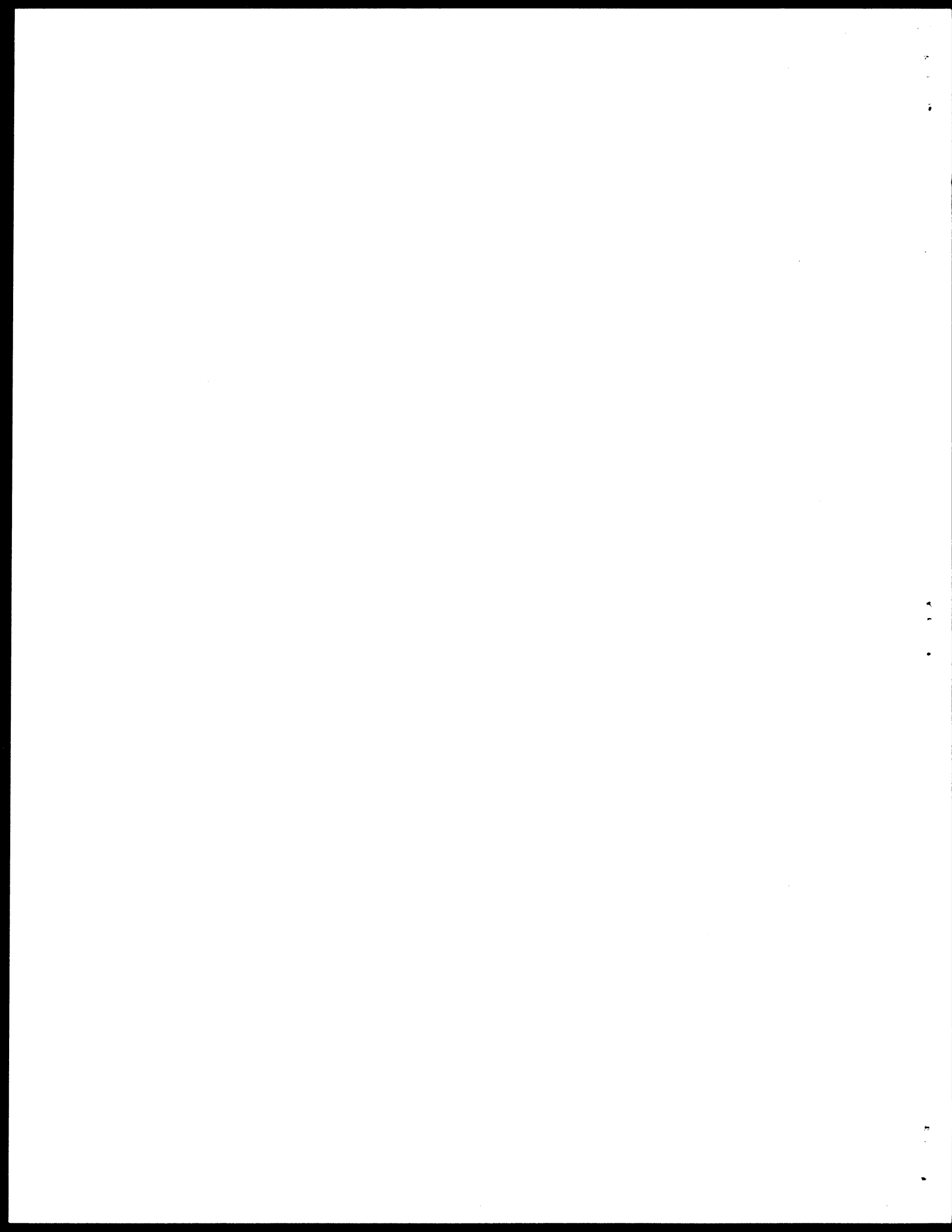


and the development of a common stance on world and international issues, many of which of course impinge upon questions of development.²⁴ B'nai Brith and The World Council of Churches are other examples. In some cases direct efforts to stimulate development projects are made by these entities, as the papers by Kortright Davis, Francois Houtart and Reginald Green will show.

There are many other examples, but the key point to be made is that such transnational entities are players in the world system and must be taken seriously; and since their impulses are primarily religious, they indicate once again the existence of a relationship between religious values and questions of development.

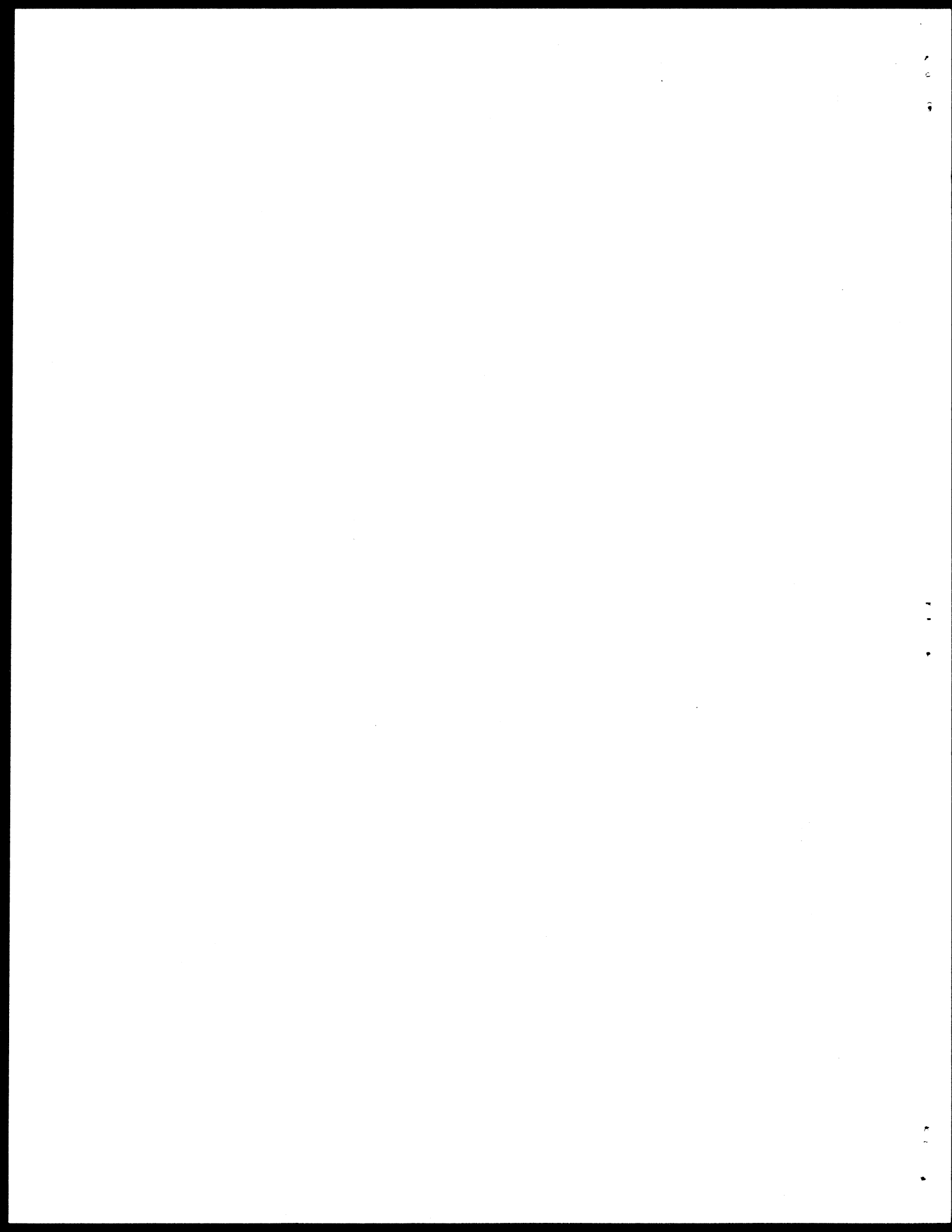
Conclusions

The reassessment of the experience of development calls for a reevaluation of the relationship between development and religion. While the traditional view which concentrated on the entrepreneur has continued importance, changes in the context of development require new thought on the subject. A view which sees religion as a major factor in the moral base of the society and consequently as a social limit on development is likely to provide a more fruitful view of how religion and development intertwine. It suggests that there are four areas of mutual influence: on the character development of actors in development efforts; as a resistant force to the dominant definitions of development; as a positive impulse toward a well-founded definition and process of development; and finally as an institutional transnational actor in matters of development. The papers in this volume deal with many facets of these questions.

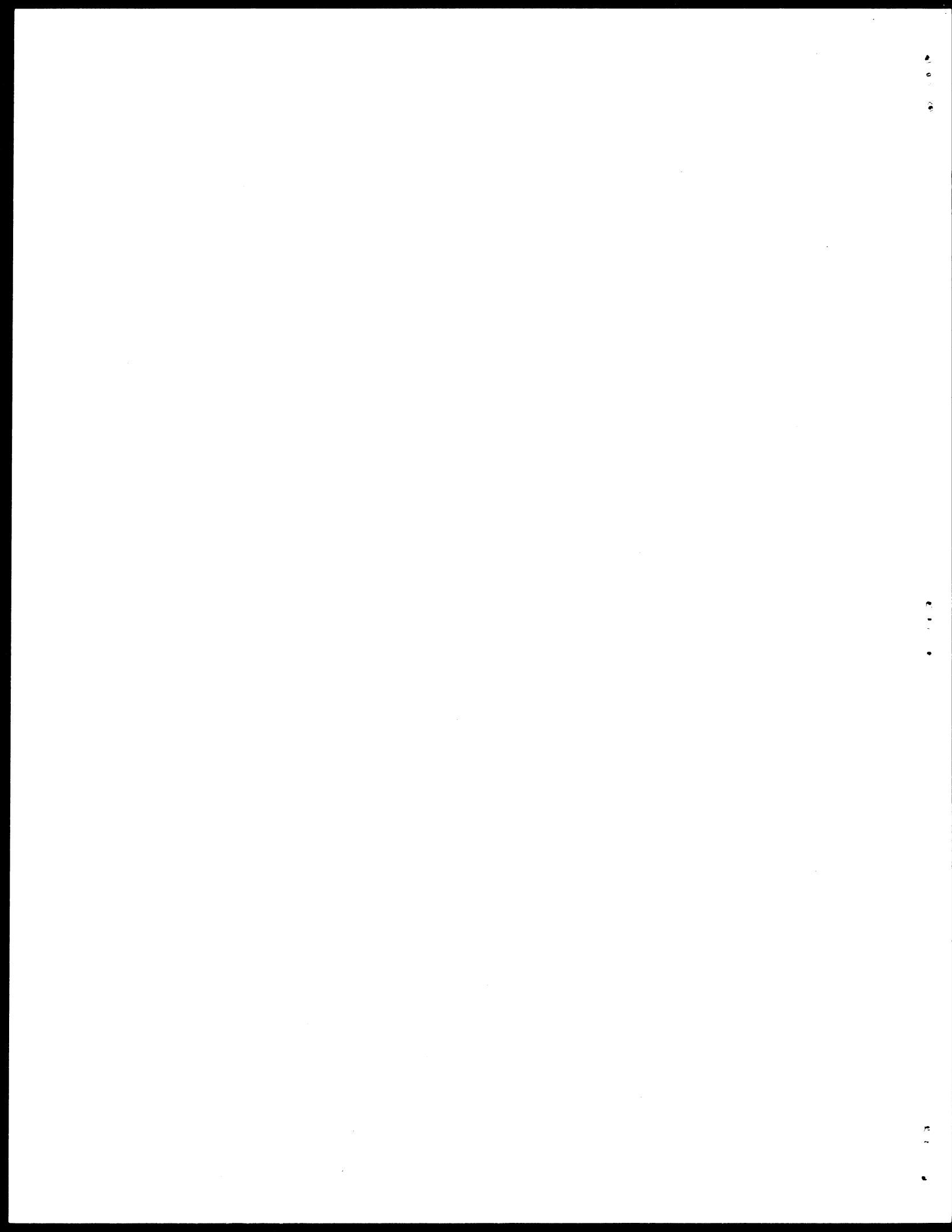


Notes

1. W.H. McNeill, The Rise of the West: A History of the Human Community (Chicago: University of Chicago Press, 1963).
2. David Morawetz, Twenty-five Years of Economic Development, 1950-1975 (Washington: Johns Hopkins, 1977).
3. Bill Warren, "Imperialism and Capitalist Industrialization," New Left Review #81 (September-October, 1973), pp. 3-44.
4. For a summary of these theories and of the evidence on economic performance, see James Weaver and Kenneth Jameson, Economic Development: Competing Paradigms-Competing Parables (Washington: AID/DSP, 1977). The most extensive case on increasing absolute poverty is in Keith Griffin, "Increasing Poverty and Changing Ideas about Development Strategies," Development and Change 8 (1977), pp. 491-508.
5. There is an obvious parallel between this concept and that in the excellent book by Fred Hirsch, Social Limits to Growth (Cambridge, Mass: Harvard, 1978). This paper will rely in a number of areas on his ideas which were developed for the U.S. and other advanced capitalist countries. Later references will give page numbers in this book.
6. The basic sources for this section are: R.H. Tawney, Religion and the Rise of Capitalism (New York: Harcourt, Brace & World, Inc., 1926) (page numbers in the text refer to this work); and Max Weber, The Protestant Ethic and the Spirit of Capitalism; (New York: Charles Scribner Sons, 1958). See also A. Fanfani, Catholicism, Protestantism and Capitalism (New York: Sheed and Ward, 1935); Kurt Samuelsson, Religion and Economic Action (New York: Harper & Row, 1961); H.M. Robertson, Aspects of the Rise of Economic Individualism: A Criticism of Max Weber and His School (New York: Kelley & Millman, 1959).



7. R.H. Tawney, "Economic History of the Great Powers." Introductory lecture-LSE: 2nd year. (The Tawney Papers, British Library of Political and Economic Science), p. 15.
8. See Christopher Hill, "Protestantism and the Rise of Capitalism," in F.J. Fisher, ed., Essays in the Economic and Social History of Tudor and Stuart England: In Honour of R.H. Tawney (Cambridge, England: Cambridge University Press, 1969), pp. 15-39.
9. R.H. Tawney, "The Economic and Social History of England." Lecture No. 2: Bristol; April 25, 1953. (The Tawney Papers, British Library of Political and Economic Science), p. 17.
10. Dudley Dillard, "Capitalism," in Charles K. Wilber, ed., The Political Economy of Development and Underdevelopment, 2nd ed. (New York: Random House, Inc., 1979), p. 71.
11. See E.P. Thompson, The Making of the English Working Class (London: Victor Gollancz Ltd., 1963); Eugene Genovese, Roll Jordan Roll (New York: Random House, 1972); Michael Taussig, "Black Religion and Resistance in Colombia," Marxist Perspectives (Summer, 1979), pp. 84-117.
12. Nathaniel Leff, "Entrepreneurship and Development: The Problem Revisited," The Journal of Economic Literature (March 1979), p. 60.
13. Let us recall again that cases of deterioration in welfare are not isolated as shown in Griffin, "Increasing . . ." Another exceptional work in this regard is Margaret Haswell, The Nature of Poverty (New York: St. Martins, 1975).
14. The importance of such a moral base has been widely recognized. Gary Wills, "Benevolent Adam Smith," The New York Review, (February 9, 1978) finds a moral system based on cooperation as central to Smith's views. Edward Banfield, The Moral Basis of a Backward Society (Glencoe: Free



Press, 1958) locates the moral base in small groups, in this case the family. James C. Scott, The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia (New Haven: Yale, 1976), finds it in a subsistence insurance ethic and shows that its destruction is likely to lead to rebellion.

15. See Adam Smith, Theory of Moral Sentiments (London: Henry Bohn, 1861), A.W. Coats, ed., The Classical Economists and Economic Policy (London: Methuen, 1971), and G. Wills, "Benevolent . . ." It is interesting that Milton Friedman's Essays in Positive Economics (Chicago: University of Chicago Press, 1966), has a similar starting point when he says "Differences about policy among disinterested citizens derive predominantly from different predictions about the economic consequences of taking action . . . rather than from fundamental differences in basic values." (p. 5)
16. Peter Berger, "In Praise of Particularity: The Concept of Mediating Structures," Review of Politics (July, 1976), p. 134.
17. Hirsch, p. 141. Roy Weintraub says the same thing in his new book but doesn't seem to recognize its significance for applied economics. See Microfoundations: The Compatibility of Microeconomics and Macroeconomics (New York: Cambridge University Press, 1979).
18. Barrington Moore Jr., The Social Origins of Dictatorship and Democracy (Boston: Beacon Press, 1967), pp. 497-498.
19. Robert Bellah, The Broken Covenant: American Civil Religion in a Time of Trial (New York: Seabury, 1975).
20. The Hirsch thesis casts new light on the recent attempts to construct theories of justice that are acceptable to all. See John Rawls, A Theory of Justice (Cambridge, Mass: Harvard University Press, 1971) and the literature spawned by that work. The whole endeavor can be seen as an

attempt to create a substitute moral law based on rationality rather than religion.

21. See Norman L. Hicks, "Growth vs. Basic Needs: Is There a Tradeoff?" World Development, 7 #11/12 (November/December, 1979), pp. 985-994.
22. See Berger, "In Praise of . . ." and Andrew Greeley, No Bigger Than Necessary (New York: New American Library, 1977).
23. Richard McKenzie, Economic Issues in Public Policies (New York: McGraw Hill, 1980), p. 53.
24. See Interreligious Peace Colloquium, Harvard Seminar on Muslim Jewish Christian Faith Communities as Transnational Actors for Peace and Justice (Washington: IRPC, 1979) for a description of these efforts in these three denominations.

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