

Policy Issues

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Religiosity and Economic Policies in Transition Countries

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For decades traditional religions in the countries of the former Soviet Union and Central and Eastern Europe were suppressed by the communist regime. After the fall of the Soviet Union most of these economies experienced the revival of religiosity. This report documents differences in religiosity trends between country groups in transition economies and underscores implications of religiosity revival for economic policies.

The revival of religiosity

In countries of the former Soviet Union (FSU) and Central and Eastern Europe (CEE), hereinafter transition countries, the communist regime suppressed traditional religions for many years.¹ After the fall of the Soviet Union, an increasing interest in religion became noticeable in most of these countries.

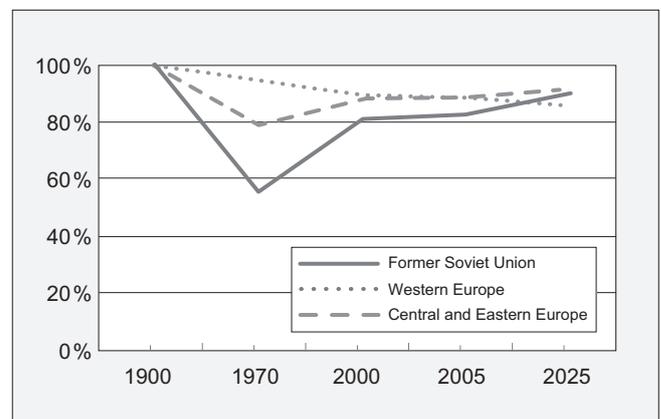
Several surveys of individuals, including the World Values Survey (WVS), document the revival of religiosity in transition economies. In the WVS individual anonymous interviews are conducted with people from more than 50 countries in the world during the period 1981–2014. Individuals are asked about their attitudes, values, and activities, e.g., about their civic participation, institutional and interpersonal trust, life satisfaction, religiosity, attitudes toward minorities, gender equality, income redistribution, among other questions. Also, socioeconomic characteristics of respondents are recorded, including age, gender, employment status, etc.

Data from WVS (2009) show that more than 70 percent of respondents in most transition countries consider themselves as being religious and state the importance of God in their life.

Historically, European countries, including transition economies, had a high number of adherents of traditional religions. In Figure 1, religiosity participation rates

defined as the percentage of population belonging to traditional religious denominations, including Buddhism, Christianity, Islam, Judaism, and others, are presented for the FSU, CEE, and Western European (WE) countries in 1900, 1970, 2000, 2005, and 2025 (forecast). This evidence is based on censuses, expert opinions, and church statistics from the World Christian Database (WCD).

Figure 1: Religious participation rates in Europe



Source: The World Christian Database; author's calculations.

As seen from Figure 1, in 1900 all European countries had religious participation rates close to 100%. With the establishment of the communist ideology, especially in the FSU countries, participation rates declined steadily. The dissolution of the Soviet Union led to a gradual increase in religious participation in the FSU and CEE countries. Forecasts suggest that by 2025 religious participation rates in the FSU and CEE will remain similarly high.

Figure 1 reveals a gradual decline in religious participation in Western Europe. This decline is consistent with a so-called secularization theory, which suggests that economic development and progress lead to a decrease in religious activities and beliefs and to a shrinking role of religiosity in the public sphere (see Need and Evans 2001, among others).

Table 1: Adherents of different religions in transition countries (the share of population)

Denomination	1900	1970	2005
Former Soviet Union			
Christians	0.484	0.270	0.418
Muslims	0.500	0.266	0.396
Other religions	0.016	0.005	0.003
Atheists and the non-religious	0.001	0.456	0.181
Central and Eastern Europe			
Christians	0.809	0.618	0.664
Muslims	0.169	0.162	0.209
Other religions	0.016	0.002	0.002
Atheists and the non-religious	0.004	0.218	0.126

Source: The World Christian Database, author's calculations.

Traditionally popular religions in transition countries are Christianity and Islam. Table 1 shows the share of population belonging to different religious denominations in the FSU and CEE countries. It is noticeable that religiosity trends in these groups of countries differ.

Historically, the adherents of Christianity have a greater share of population in CEE countries than in the FSU. During the communist regime the share of religious population decreased in this region. After 1970, the shares of different religions become relatively stable in CEE.

In the FSU the situation differs. In 1900 the population was divided equally between Christians and Muslims. The territories of present Armenia, Belarus, Georgia, Moldova, Russian Federation, and Ukraine were predominantly populated by Christians, while in those of Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan lived the adherents of Islam. Although major religions remain the same in these countries, by 1970 atheists and the non-religious reached almost half of the population in the FSU. Today the share of people belonging to religious denominations in the FSU countries is rising again.

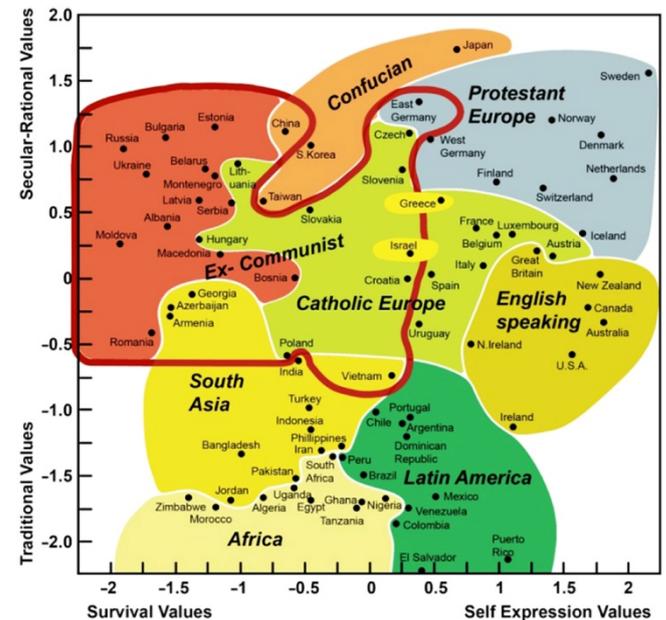
It is also noticeable that the number of adherents of different religions in both CEE and the FSU is still below the historical level of 1900, while the number of atheists and the non-religious remains high. This suggests that the secularization theory may also be applicable to both CEE and the FSU countries, since both country groups developed economically over recent decades.

Religiosity and economic development

A helpful tool to analyze how religiosity is affected by economic development is the global cultural map constructed by Inglehart and Welzel (2005, 2010). In Figures 2 and 3 this map is presented for 1999–2004 and for 2010–2014, respectively, while in Figure 4, a change over 1999–2014 is depicted. The periods 1999–2004 and 2010–2014 correspond to data collection periods of WVS (2005) and WVS (2015), respectively. The maps are based on the statistical analysis of various individual values that are explained below. Each country is placed in the map according to a specific relationship between religious and economic values. Then countries are grouped into clusters according cultural proximity.

The maps have two dimensions, namely, traditional/secular-rational values (a vertical axis) and the survival/self-expression values (a horizontal axis).

Figure 2: The cultural map of the world, 1999–2004



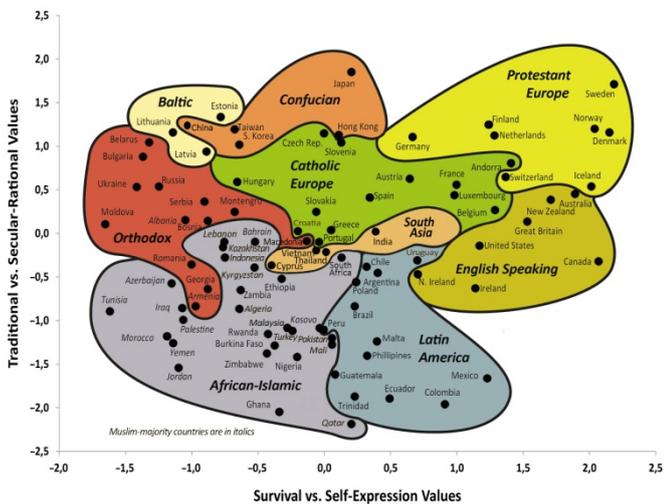
Source: Inglehart and Welzel (2005, p.63), WVS (2005).

In the first dimension (traditional/secular-rational values) traditional values emphasize a high role of religion, the importance of family, deference to authority, and high levels of national pride, while secular-rational values indicate lower importance of religion stated by individuals. In general, this dimension represents the importance of traditional and religious values in a society.

In the second dimension (the survival/self-expression values) survival values include economic and physical security, while self-expression values underscore the importance of quality of life, equality, diversity, and participation in economic and political life. As Inglehart and Welzel (2005, 2010) argue, this dimension characterizes the transition from industrial to post-industrial economy.

As can be seen from Figure 2, in 1999–2004 ex-communist countries fell into the top-left quadrant of the map. This means that even though individuals in most of the FSU countries declare high religious participation, they still have more secular and survival values. This is also true for the CEE countries, although individuals in some CEE countries are more likely to declare self-expression values than individuals from the FSU. These differences between individuals from the FSU and CEE countries are relatively stable over time, since a similar pattern is also observed in 2010–2014 (see Figure 3).

Figure 3: The cultural map of the world, 2010–2014



Source: Institute for Future Studies (<http://www.iffs.se/en/world-values-survey>), WVS (2015).

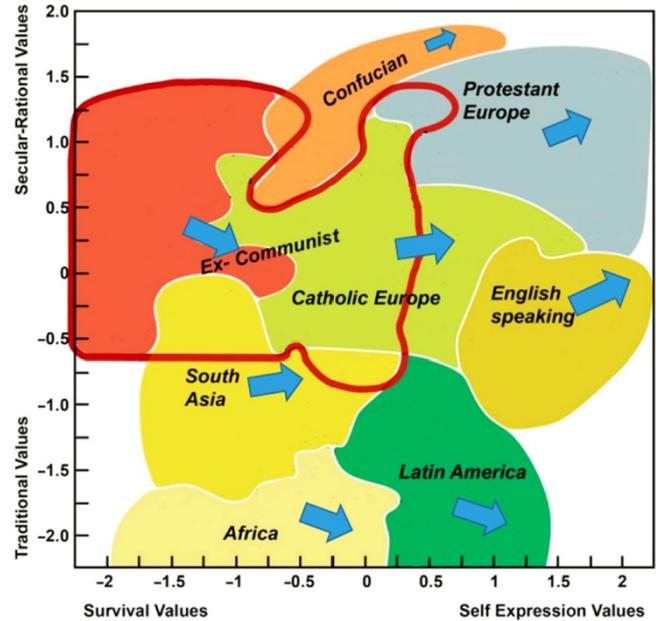
In Figure 4, the change of the cultural map over time is presented. Colored clusters in Figure 4 are the same as in Figure 2, while arrows show the direction of change in the position of these clusters between 1999–2004 (Figure 2) and 2010–2014 (Figure 3).

According to Inglehart and Welzel (2005) and consistently with the secularization theory, with economic development, the countries tend to move from the bottom-left corner of the map to the top-right corner. It means that as a country develops economically, traditional religious beliefs as well as survival values are replaced by secular and self-expression values. Research findings document this trend for most developed countries. The upward trend for the developed countries is also seen in Figure 4.

To what extent can the secularization theory be applied to transition countries? Need and Evans (2001) provide some support to this theory for selected post-communist countries, including Belarus, Bulgaria, Romania, Russia, Ukraine, Czech Republic, Hungary, Lithuania, Poland,

and Slovakia, but warn that trends in religious participation and economic development in these countries should be analyzed taking into account specific institutional conditions in a particular country.

Figure 4: The cultural map's change from 1999 to 2014



Source: constructed by the author based on Figures 2 and 3.

Interestingly enough, over time, values in CEE and the FSU countries change differently (see Figures 3 and 4). In the period 2010–2014, as compared to 1999–2004, in most CEE countries, individuals tend to have slightly more secular and self-expression values. This is in accordance with the secularization theory. In contrast, individuals in the FSU countries tend to have more traditional and self-expression values. These differences in values can be explained by uneven economic development of CEE and the FSU. While the economic development of CEE catches up to Western European countries, the FSU countries still have more uncertainty and undergo a number of economic reforms. This creates differences in religiosity trends between CEE and the FSU.

Religiosity and public policies

Most religions call upon their adherents to follow specific moral norms. This is reflected in individual behavior and attitudes. For instance, religious people are likely to avoid unhealthy behavior, including drugs, tobacco, and alcohol consumption, and have varying attitudes toward justice and ethics. This implies that a range of public policies from welfare redistribution, family, health, and education policies to the future of biotechnologies may be affected by the revival of religiosity in transition countries.

As an example of such influence, one may consider a compulsory religious component within a state-provided education in some post-communist countries. For instance, in 2012 Russian authorities introduced a compulsory course for elementary school education entitled

“Principles of religious cultures and secular ethics”. In this course pupils and their parents have to choose one of six suggested modules, including “Principles of Orthodoxy”, “Principles of Islam”, “Principles of Judaism”, “Principles of Buddhism”, “Principles of global religious cultures”, and “Principles of secular ethics”. Currently, this course is introduced to several grades of the elementary school education in Russia, but the extension of this course to all school grades is being considered.

The statistics provided by the Russian Ministry of Education and Science suggest that most pupils in Central and Southern federal districts of Russia take a course “Principles of Orthodoxy”, while in other federal districts, the course “Principles of secular ethics” prevails (see Table 2). Although the majority of parents across Russia choose a secular education for their children, the demand for religious education is on the rise. A challenge for policy makers is to govern how majority and minority religions are represented within the education system.

Table 2: Regional distribution of a course on religious cultures and secular ethics in Russia (% of the 4th grade pupils enrolled in a particular course in 2013/2014 academic year)

Course Module \ Federal District	Secular	Global	Orthodox	Islam	Buddhism or Judaism
Average across Russia	46	19	31	4	0
Central	40	14	46	0	0
Southern	27	9	63	1	0
Northwestern	55	18	27	0	0
Far Eastern	54	19	27	0	0
Siberian	58	21	19	1	1
Ural	61	22	16	1	0
Volga	48	24	27	1	0
North Caucasian	23	23	14	40	0

Source: <http://www.interfax-religion.ru> based on statistics from the Russian Ministry of Education and Science.

Another important implication of the religiosity revival is related to income redistribution policies. A recent study by Benabou et al. (2015) distinguishes between three types of interaction between religious institutions and public spending. The first one is a “Western-European” type with declining religiosity, high taxes, and generous secular public spending. The second type is a “Theocratic” one. Extreme religious beliefs, high taxes, and high public spending on religious institutions characterize this type. The third type is an intermediate one and combines moderate intervention of religious institutions into public sphere, low taxes, and tax exemptions of religious activities.

The analysis of trends in religiosity and economic development suggests that CEE countries converge to the “Western-European” type, while the FSU countries have more similarities with the intermediate type. A recent study by Popova and Selezneva (2015) also supports

this argument. This study indicates that in Russia and Ukraine, individuals who attend religious services and pray have different attitudes toward income redistribution and the role of state than those who do not. On average, religious individuals consider receiving money without working as humiliating and are less supportive toward claiming state benefits than those who neither pray nor attend services. Thus, religiosity improves individual motivation to make personal effort in these countries.

Perceptions of economic policies

The revival of religiosity in transition economies also has implications for the perceptions and progress of economic reforms and policies in these countries. In a recent paper Popova (2014) underscores that economic reforms, including privatization, price liberalization, governance and enterprise restructuring, and competition policy reform, have different effects on life satisfaction and economic and political perceptions of religious and non-religious people. This finding is based on a so-called “insurance effect” of religiosity.

In economic and psychological literature, the insurance effect of religiosity is found for such individual socioeconomic outcomes as consumption expenditures, life satisfaction, and mental health. This effect implies that religious people perceive stressful individual and countrywide events differently from the non-religious. Individual adverse events may include a layoff or divorce, while countrywide events include various economic shocks and reforms. Individual religiosity helps to smooth possible adverse effects of these events on life satisfaction. This means that since religious people have a different system of values than the non-religious, their satisfaction with life is less affected by these events.

Popova (2014) discusses the implications of the insurance effect of religiosity in the case of economic reforms in transition countries. For instance, it is found that religious people are affected by privatization less than the non-religious. Also, religiosity reinforces the effect of competition policy reform, and makes religious people less vulnerable to price liberalization and governance reform and restructuring. This implies that even though some economic reforms may have a negative impact on individual well-being in a short run, religious individuals are likely to be affected by these reforms less and, therefore, to resist economic reforms less than non-religious. In general, due to the revival of religiosity, the implementation of reforms in transition countries may be easier. This also assumes that the revival of religiosity will reinforce the economic development and welfare improvements in post-communist countries.

Concluding remarks

For decades religiosity in transition countries was suppressed by the communist regime. After the fall of the Soviet Union most transition countries experienced a renaissance of religiosity. Since religiosity is closely related to a range of economic and political issues,

including the welfare state, education system, family, and health care, the revival of religiosity is a challenge for public policy making in the region.

Religious people have economic and ethical attitudes that differ from the attitudes of non-religious people. Thus, there is an increasing need for taking into account the interests of both religious and non-religious communities in post-communist countries, when designing and implementing public policies.

There are several important patterns of religiosity revival in transition countries. First, contemporary religious participation rates in both CEE and the FSU countries are still lower than historical ones, while the number of people declaring secular values remains high. Second, the religiosity revival in transition countries is not homogeneous. CEE countries are more prone to secularization, similarly to most developed European countries, while in the FSU there is an increasing demand on traditional religions. These differences can be explained by uneven economic development of these country groups.

The extent to which the revival of religiosity will affect the future of welfare state regimes in transition countries remains an open question. However, it is important to underscore that income inequality is a major factor that drives the shift from one type of interaction between religious institutions and welfare states to another (Benabou et al., 2015). Thus, EU policies that target the income inequality in transition countries will also help to maintain the balance between religious institutions and public sphere in these countries.

Even though the trends in religiosity in the FSU and CEE still differ, there is no reason to believe that this difference is a threat to neighboring countries. As research shows, religious people are less vulnerable to potential adverse effects of economic reforms and policies than are the non-religious. Besides, they react positively to policies promoting economic development. This implies that the revival of religiosity in transition countries serves welfare improvements and economic development of the region.

Notes

¹ According to the EBRD classification, transition economies include the countries of the former Soviet Union (FSU) and the countries of Central and Eastern Europe (CEE).

The FSU group of countries includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

In this policy issue, CEE countries include Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia.

Western Europe (WE) includes Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom.

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