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Vladislav Kutyanov

**RELIGION AND PREFERENCES
FOR GOVERNMENT INTERVENTION
IN RUSSIA**

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In this paper we present evidence for the influence of religion on demand for the government intervention in Russia. We use a 2011 representative survey of Russian regions which includes about 33,200 respondents. We show that declared religiosity is positively related to the fact that respondent will not choose the “Western way” of economic development. Additionally, active participation in the life of the religious community is negatively connected to support the of redundant product safety audits. We validate our findings by using the density of different religious denominations in Russian regions in 1897 as an instrument. Overall, our results confirm that in Russia, declared religiosity affects political preferences. Moreover, the religious community acts as a club good, where adherence to attitudes and rituals leads to a substitution of government intervention.

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Vladislav Kutyarov, Higher School of Economics, International Center for the Study of Institutions and Development, Research Fellow, and Economics Department, Higher School of Economics, PhD Student; E-mail: vkutyarov@hse.ru

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Introduction

According to the results of a sociological survey by The Pew Research Center, conducted in 2019, Russia ranks first among European Countries in terms of rejection of market and democratic institutions. This attitude is largely due to the results of privatization and the transition to a market economy [Denisova et al., 2010; 2007]. However, researchers also point to the importance of cultural and historical determinants in relation to the desired level of government intervention [Aghion et al., 2010; Koesel, 2014]. Among these determinants, religion is of particular interest, since it acts as a club good [Ianaccone, 1992]: the requirement of active participation in the life of the religious community solves the free-rider problem, but thereby influences attitudes regarding intervention [Hungerman, 2014]. Moreover, churches may act as a legitimizing agent in relation to the incumbent and provide ideological support to the state and the status quo [Rubin, 2017].

We present an assessment of the influence of religion on the demand for the government regulation in Russia. We consider the preferred economic route and support for product safety audits as two distinct measures of the desired level of intervention. Religion, in our analysis, includes two dimensions: the declared faith and the degree of participation in the life of the religious community. We use a 2011 representative survey of Russian regions which includes 33,200 respondents and also add a wide range of individual and regional controls.

We show that the declared religiosity is positively related to the fact that the respondent will not choose the “Western way” of economic development. On the other hand, active participation in the life of the religious community is positively associated with the fact that the respondent will not support food safety audits. These results confirm that in Russia, declared religiosity is connected to the ideology of state intervention. Moreover, the religious community acts as a club good, where adherence to attitudes and rituals leads to a shift in attitudes towards the desired level of outside (e.g. government) intervention.

Due to potential problems with endogeneity, we also provide a model with instrumental variables. We use the density of different religious denominations in Russian regions in 1897 as an instrument. In this model active participation in life of a religious community remains negatively associated with support for intervention. Moreover, it becomes negatively associated with the choice of a non-market economic path.

In the following sections we provide the literature review, the description of data, empirical strategy, and a discussion of the results.

Literature review

[Aghion et al., 2010] point out that the level of trust in society is a key explanatory factor for the desired level of intervention. This is explained by the fact that if the population does not trust entrepreneurs, then it will expect negative externalities from the activities of firms, and demand regulation. The conclusions of this model are confirmed by Russian data [Denisova et al., 2010]. [Landier et al., 2008] show that institutional and cultural heritage plays a key role in attitudes towards redistribution. Finally, works on ethnolinguistic fractionalization (ELF) link the

level of diversity with the level of economic freedom and the quality of governance [Alesina et al., 2003; Alesina, Zhuravskaya, 2010].

Among the cultural determinants, religion is of particular interest for us for a number of reasons. First, religion can be modelled as a club good [Ianaccone, 1992]. Adhering to community attitudes and participating in rituals solves the free-rider problem. But these requirements also lead to negative attitudes towards external intervention [Hungerman, 2014], including government policies. In this regard, we expect that believers and active participants may differ in their attitudes towards intervention: the latter may share more strongly the attitudes of the religious community and not support external interference.

Second, the religious community can substitute the state in redistribution and social support. This idea is supported by empirical research [Clark, Lelkes, 2009; Hungerman, 2005]. However, this approach is debated in [Scheve, Stasavage, 2006]. These authors point to the fact that the benefits of religion can also be psychological: active participants are better protected from external shocks, since they can count on the support of the religious community. It is also important to note that the substitution hypothesis has its limitations: the replacement of state distribution programs by religious ones is more pronounced in homogeneous communities [Hungerman, 2009]. This is probably due to the fact that religion increases the level of trust, only in members of its own denomination.

Finally, religion can act as a source of legitimation for the authorities. The growing interest in this topic [Carvalho et al., 2019; Rubin, 2017] is due to the fact that the degree of participation of religious representatives in negotiations with the authorities explains the different trajectories of development in Europe and in the Middle East [Rubin, 2017]. Studies [Koesel, 2014; Ukhvatova, Shcherbak, 2018] also show that in the case of Russia, declared Orthodoxy leads to support for the incumbent and the status quo. This effect is especially strong in the central regions, since it is easier for the federal authorities to influence ideological attitudes there.

Thus, research shows that cultural factors are an important factor in preferences regarding the desired level of intervention. Moreover, religion has several channels of influence: “club good”, redistribution substitute, and a source of legitimation. We assume that in the case of Russia, the declared religiosity should be positively related to the fact that the respondent will choose a non-market economic path. In other words, religion is one of the sources of legitimation for the authorities. We also expect that active participation should reduce the support of intervention.

Data

We use data from the “Georating” survey from 2011 that was conducted in all regions of Russia and includes 33,200 respondents. For the purpose of our study we exclude data from the North Caucasus Federal District. As a dependent variable we take answers to the questions about the choice of economic path for Russia (“Economy”) and the abolition of numerous food safety audits (“Intervention”).¹ If the respondent indicates that Russia should follow the economic path of the USA or Europe, then the binary variable “Economy” takes the value 0, if the answer was

¹ Questions are given in the Appendix.

China or the USSR, “Economy” takes the value of 1. This variable is appropriate for analysis because it shows ideological attitudes towards economic policy only and thus could be considered as a proxy for the desired level of government intervention [Landier et al., 2008].

“Intervention” is also a binary variable. It takes the value of 1 if a respondent favors the safety audits and 0 otherwise. This variable reflects the component of security which is sensitive for believers [Hungerman, 2014] and acts as a measure of state intervention.

For the explanatory variables, we use “Faith” and “Church”. If a respondent attributes himself to any denomination then the value of “Faith” takes 1, otherwise it's 0. “Church” is measured only for the religious respondents. It is an ordinal variable that takes 4 values: from the absence of any participation in the life of a religious community (0) to the most active one (3). Descriptive statistics of key variables are presented in Table 1.

Table 1: Descriptive statistics

| Variables | N | Mean | Std. Deviation | Min | Max |
|--------------|-------|-------|----------------|-----|-----|
| Economics | 25887 | 0.87 | 0.336 | 0 | 1 |
| Intervention | 28482 | 0.802 | 0.398 | 0 | 1 |
| Faith | 29142 | 0.816 | 0.387 | 0 | 1 |
| Church | 20560 | 0.576 | 0.724 | 0 | 3 |

We also include a wide range of individual and regional control variables for analysis. Individual controls include age, gender, level of education and estimated wealth, type of respondents’ settlement, and frequency of Internet use. In the regional controls, we included the logarithm of average income, the level of corruption, the Gini coefficient, and the ELF.

Empirical strategy and basic results

In this paper, we focus on the analysis of the individual preferences of agents. Since we use binary explanatory variables, probit regression is selected as the basic model for the analysis. This model is used both in research on the economics of religion [Iyer, 2016] and in microlevel analysis for the regions of Russia [Denisova et al., 2010]. We assess the following models:

$$P(I = 1|\mathbf{x}) = G(\beta_0 + \beta_1 x_1 + \boldsymbol{\beta}\mathbf{x}),$$

here I – “Economic” or “Intervention”, x_1 – “Faith” or “Church”, \mathbf{x} – control variables and fixed effects for the regions, $G(*)$ - CDF of the standard normal distribution.

In tables 2 and 3 we provide the marginal effects of the model with a full set of individual controls and regional FE.

Table 2: Influence of declared faith on preferences for the economic path and intervention

| Variables | Economics | Intervention |
|---------------|----------------------|---------------------|
| Faith | 0.021*** (0.006) | 0.007 (0.007) |
| Age | 0.004*** (0.0002) | -0.0001 (0.0002) |
| High Income | -0.05*** (0.014) | 0.33** (0.00136) |
| Internet User | -0.02*** (0.006) | 0.019** (0.007) |
| N | 21462 | 22037 |
| Pseudo R^2 | 0.089 | 0.046 |

ME are presented, Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 3: Influence of participation on preferences for the economic path and intervention

| Variables | Economics | Intervention |
|------------------------------|----------------------|---------------------|
| Rare worships | 0.01* (0.006) | 0.02** (0.007) |
| Frequent worships and visits | 0.02* (0.112) | -0.05** (0.016) |
| Active participation | -0.003 (0.18) | -0.01*** (0.024) |
| Age | 0.004*** (0.0002) | 0.0002 (0.0002) |
| High Income | -0.049*** (0.016) | 0.01 (0.014) |
| Internet User | -0.02*** (0.007) | 0.016** (0.007) |
| N | 15953 | 13705 |
| Pseudo R^2 | 0.1 | 0.08 |

ME are presented, Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

The results of the model show that faith is positively associated with the fact that the Respondent will not choose the “Western path of development”. This result agrees with the literature [Koesel, 2014; Ukhvatova, Shcherbak, 2018]: declared faith supports the authorities and

the status quo, i.e., the ideological aspect of intervention and declared religiosity are positively related to each other. We also check the specifications for Orthodox believers only and obtain the same results. Faith is positively associated with the request for intervention, but in our model the relationship is insignificant. Moreover, the magnitude of the effect of a declared faith – and participation – are at least compatible in size with the individual controls, therefore, the economic effect is compatible with the other variables.

Church attendance is not significantly related to the choice of economic path. The connection with intervention is significant, and the rare participation increases the demand for intervention. However, with an increase in the respondents' activity, there is a rejection of the intervention. This result is consistent with the idea that religion is a club good. As a result of active participation in the community, agents share the community's attitudes and may have a negative attitude towards intervention.

Apparently, food safety is not a sensitive criterion for believers: for example, in the United States, active church members support a higher legal drinking age [Hungerman, 2014]. It is likely that the risk of buying low-quality products is not high enough for active worshipers to demand regulation.

For Russia it is also important that negative attitudes towards intervention may have been influenced by a low level of trust in government [Denisova et al., 2010]. For religious respondents this effect could be stronger, since increased prosociality and mutual trust in a religious community [Norenzayan et al., 2016; Tan, Vogel, 2008] may contrast with a low level of generalized trust and lead to a more active rejection of outside intervention. We also test the model exclusively for the Orthodox believers and obtain the same results. It is worth noting that cross-country studies on transit economies show that believers in Russia are more open to the market [Minarik, 2014], and our results confirm this conclusion.

We also test OLS and probit with regional controls in order to check the estimates for robustness.

Table 4: Robustness check

| Variables | OLS | | Probit | |
|------------------------------|---------------------|---------------------|---------------------|----------------------|
| | Economics | Intervention | Economics | Intervention |
| Faith | 0.024*** (0.006) | 0.012 (0.007) | 0.016*** (0.006) | 0.04 (0.025) |
| Rare worships | 0.01* (0.005) | 0.019*** (0.006) | 0.017 (0.007) | 0.023*** (0.006) |
| Frequent worships and visits | 0.017 (0.12) | -0.05*** (0.013) | 0.019 (0.014) | -0.053*** (0.014) |
| Active participation | -0.01 (0.17) | -0.01*** (0.02) | -0.013 (0.018) | -0.088*** (0.021) |
| Regional Controls | FE | | Yes | |

Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 4 shows that the results of the basic model are indeed robust. Nevertheless, basic estimations may suffer from endogeneity. The following section is devoted to discussing the problem of endogeneity and its solution.

Model with instrumental variables

Endogeneity is a serious concern in the economics of religion [Iyer, 2016, p. 418]: religion is associated with many cultural determinants, which may cause the problem of missing variables and reversed causality. The situation is also complicated by the possibility of self-selection bias. Experimental studies [Benjamin et al., 2016] show that causal connections can be established by “anchoring”: words with religious content (“God”, “Church”) significantly affect the economic attitudes of the believer. Unfortunately, it is not possible to apply this strategy on the survey data.

Another approach is suggested by [Gruber, 2005]. He calculates historical religious density per region. The idea is as follows: we look at the respondents’ denomination and determine what was the share of believers of the same denomination in this region before. This approach allows to take into account the unobservable variables in the form of more tight social connections of believers in a region with a large representation of their religion, as well as historical and cultural institutions, which in turn affects the desired level of intervention [Landier et al., 2008]. The use

of religious density allows us to assert that the influence of unobservable variables will be exerted only through religious explanatory variables. However, we may face the following problem: a person can move to a region where the proportion of people with his denomination is higher – as a result, there may be a bias in estimates and a problem with causality. The case of Russia here is, in many respects, unique: the mass displacement of the population was rather the result of state actions (exile, centralized redistribution), and they were applied regardless of the religious density of the regions. After the collapse of the USSR, inter-regional mobility was caused by economic factors [Guriev and Andrienko, 2004]. Thus, the effect of “religious movement ” for Russia is minimal.

To calculate religious density, we use data from the 1897 census of the Russian Empire. We match the administrative division in 1897 and 2011 and calculate the religious density. We also exclude the Kaliningrad region from consideration due to historical concerns [Meyers, 1892, p. 1022]. Moreover, estimates of religious density cannot be applied to a specification with “Faith”, since the influence of density on atheism is unclear.

We evaluate the two-step probit model with instrumental variables. In the first step, we calculate the influence of religious density on participation. In the second step, we evaluate the impact of participation on the “Economy” and “Intervention” using a full set of controls. The results of estimation are presented in tables 5 and 6.

Table 5: Impact of religious participation on preferences for the economic path, IV

| Variables | Economics | Church |
|-------------------|----------------------|---------------------|
| Religious density | | -0.455*** (0.03) |
| Church | -0.408*** (0.133) | |
| Control | Yes | Yes |
| N | 17453 | 17453 |

Standard errors in parentheses, *** p < 0.01, ** p < 0.05, * p < 0.1.

Table 6: Impact of religious participation on preferences for the state intervention, IV

| Variables | Intervention | Church |
|-------------------|----------------------|---------------------|
| Religious density | | -0.435*** (0.01) |
| Church | -0.373*** (0.137) | |
| Control | Yes | Yes |
| N | 16552 | 16552 |

Standard errors in parentheses, *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Estimations show that religious density is negatively and significantly associated with religious participation. This connection can be explained by the fact that Orthodoxy had the highest religious density in the Central provinces, and it was easier for the Soviet government to pursue an anticlerical policy in the regions closest to Moscow. This result resonates with [Ukhvatova, Shcherbak, 2018], which shows that in modern Russia, the central “Communist belt” turned into the “Orthodox belt”.

Religious participation is negatively associated with intervention and becomes significantly positively correlated with the fact that the respondent chooses the “Western path of development” – the latter result was not observed in the basic specification. We can conclude that the model with instrumental variables allows us to track the influence of unobservable effects.

Thus, we confirm the results of the basic model and show that inclusion of an instrument leads to a negative relationship with the choice of a non-market economic path. There is also a negative connection between historical religious density and religious participation, which is probably the result of more active anticlerical policies in regions close to Moscow.

Conclusion

In this paper, we study the relationship of religion to the attitudes of agents regarding the desired level of intervention. It was shown that a declared faith is positively related to the fact that the respondent will refuse to choose the “Western path of development” of the economy. Religious participation is negatively correlated with the support of product safety audits. That is, there is a

positive relationship between the declared religiosity and the ideological aspect of the intervention; strong involvement in the life of the religious community leads to a negative attitude towards regulation. The latter result is consistent with the modeling of religion as a club good that influences the attitudes of its active participants.

We also provide a specification with instrumental variables for participation and find that it is negatively associated with both support for intervention and the choice of a non-market economic path, confirming and strengthening the result of the basic specifications.

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Appendix

1. “Economy”: Russia must follow the same path of economic development as:
 - a. Western Europe (0)
 - b. The US (0)
 - c. China (1)
 - d. The Soviet Union (1)
 - e. Russia must have its’ own way of development (1)
2. “Intervention”: Do you approve or disapprove of the cancellation of inspections and numerous requirements for product safety?
 - a. Definitely approve (0)
 - b. Rather approve (0)
 - c. Rather disapprove (1)
 - d. Definitely disapprove (1)
3. “Faith”: Do you consider yourself a believer? And if so, to what religion (confession) do you consider yourself?
 - a. Orthodox (1)
 - b. other Christian denominations (1)
 - c. Muslim (1)
 - d. Buddhist (1)
 - e. Jew (1)
 - f. other denomination (1)
 - g. I do not consider myself a believer (0)
4. “Church”: How is your religious participation expressed?
 - a. I follow the instructions as much as possible, but I do not participate in divine services (0)
 - b. I follow the instructions as much as possible, and occasionally participate in divine services (1)
 - c. I follow the instructions whenever possible, and I regularly participate in divine services, but I am not very involved in the life of the parish and community (2)

- d. I follow the instructions, regularly participate in divine services, and actively participate in the life of the parish community (for example, in mutual assistance, charitable activities, etc.) (3)

Кутянов, В.

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В работе на примере России проанализировано влияние религии на установки людей относительно государственного вмешательства. Мы используем данные репрезентативного по регионам опроса «Георейтинг» за 2011 г., включающего 33200 респондентов. В результате анализа показано, что декларируемая религиозность положительно связана с тем, что респондент не будет выбирать «западный путь» экономического развития. Активное же участие в жизни религиозной общины приводит к тому, что респондент будет выступать за отмену многочисленных проверок продуктовой безопасности. Мы также подтверждаем результаты базовой спецификации с помощью модели с инструментальными переменными, используя доли религиозных деноминаций по губерниям Российской империи в 1897 г.

Наши результаты подтверждают, что в России декларируемая религиозность легитимизирует статус-кво, а религиозная община является клубным благом, где влияние на активных участников приводит к тому, что они требуют меньшего вмешательства.

Ключевые слова: религия; государственное вмешательство

Кутянов Владислав, стажер-исследователь Международного центра изучения институтов и развития, аспирант факультета экономических наук Национального исследовательского университета «Высшая школа экономики»; E-mail: vkutyaynov@hse.ru

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Владислав Кутянов

Религия и спрос на государственное вмешательство в России

(на английском языке)

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