The Economics of Religion in Communist and Post-Communist Central Europe

Habilitation thesis

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Abstract

The habilitation thesis consists of five papers and a commentary dealing with various issues related to religion in communist and post-communist Central Europe from the economic perspective. The commentary provides an overview of the relevant literature in the economics of religion, outlines the models and methods employed in the papers, as well as their results and limits and opportunities for further research. The first paper provides an economic model of religious organization under repression and offers an explanation for its choice between legal and illegal operation. The second paper focuses on the persistence of opposition in an oppressive regime with particular attention to the case of the Catholic Church in Czechoslovakia. The third paper accounts for the development of religiosity in the post-communist period, both the initial revival and the subsequent decline; the explanation is based on a microeconomic model of household allocation of time. The fourth paper turns attention to the post-communist church-state settlements in Central Europe and tries to explain the unusual duration and the specific outcome of that process in Czechia. The fifth paper examines the attitudes of Czechs towards churches as reflected in the state-paid salaries of the clergy under communism and in the post-communist period. Together, those papers represent pioneering research in the field of the economics of religion in Czechia.

Contents

Commentary on the collection of papers

1. Introduction

Europeans, and Czechs in particular, tend to view religion as something unimportant, marginal or outdated. However, global perspective shows that religion is still alive and well in the world today, and it is a significant factor that shapes people's behavior. Despite the predictions of past decades, and even of past centuries, that the world should secularize, it is still religious; and European secularism is a clear anomaly. Religion definitely deserves the attention of the social sciences, including economics.

Religion is a complex phenomenon that contains psychological, social and transcendent elements. It is open to many scientific approaches – philosophy and theology as well as humanities and the social sciences. At the same time, the picture provided by any of these approaches is necessarily incomplete. Yet it seems important to study religion, especially for its importance in today's world. From the practical point of view, social scientific research seems to be particularly important, as religion influences interpersonal relations and the functioning of society.

Economics has a special position among the social sciences, especially because of its tendency to extend its analysis to various areas of human life. Edward Lazear (2000) summarizes the important characteristics that distinguish economics from other social science disciplines: Economics brings a rigorous language to social scientific research that help to deal with complexity. It builds its models on the assumption of rational and maximizing individuals, which allows the formulation of clear predictions regarding human behavior. It also bases its models on the concept of equilibrium, in a way similar to the natural sciences. The orientation towards equilibrium and its evaluation in terms of efficiency forces economists to consistently address issues that other social sciences do not address. These characteristics make economics an "imperial science" that penetrates the "intellectual territory" that originally belonged to other disciplines. Moreover, according to Lazear, economics is not only a social science, but a genuine science in the same sense as the natural sciences because it produces falsifiable hypotheses and tests them with solid empirical methods.

The economics of religion is an excellent example of economic imperialism. The contemporary economics of religion begins in 1975 and perfectly fits into the imperial spirit of the discipline in the 1970s. However, it can be convincingly shown that the imperial approach is not new; Adam Smith analyzed religion in a remarkably modern way, and he can be described as the first imperial economist (Smith, 1904/1776; Anderson, 1988). However, over the nearly two centuries that

separate the *Wealth of Nations* and the first modern economic analysis of religion (which is Azzi and Ehrenberg, 1975), this area was mostly ignored by economists. It was only with the new effort to extend the economic approach into traditionally non-economic activities, best represented by Gary Becker, that religion regained the attention of economists.

At the beginning, it is necessary to distinguish between several different lines of research in which economics and religion meet. First, a distinction needs to be made between the "economics of religion" and "religious economics" (Iannaccone, 1998). While the first represents a social scientific study of religion, the second presents normative economic theories based on religious teachings. The economics of religion then includes two important lines of research – the application of microeconomic principles to the behavior of individuals and organizations in the context of religion, and the study of the effects of religion on the economy. This second line of the economics of religion, in contrast to the above-mentioned microeconomic analysis, has developed continuously during the twentieth century with increasing dynamics in recent decades. Religious economics is a separate area, undoubtedly interesting and worthy of attention, although perhaps more to philosophers than economists.

Within economics, religion is a small and relatively new area of interest; however, it has already gained some recognition in the field. Two decades ago, Laurence Iannaccone (1998) noted that the economics of religion had not yet earned its own code in the *JEL* classification system, let alone the subfield status that the research of religion enjoys in other social sciences. At least the first part of that note is no longer relevant; the topic of religion has been assigned its own code (Z12) in the *JEL* classification. As for the constitution of a separate subfield, it seems, especially regarding the journals in which economists publish on religion, that the economics of religion remains part of an interdisciplinary and multidisciplinary study of religion rather than a subfield of economics.

The collection of papers submitted here represents a part of an effort to extend the economic analysis of religion into the area of communist and post-communist Central Europe. The papers apply microeconomic theories already established in the economics of religion (Minárik, 2014) and offer new models or extensions suitable for the specific experience of religious groups under communism (Minárik, 2018 and 2022a). Additionally, two papers (Minárik, 2021 and 2022b) focus on the public economic issues associated with the church-state relation in Czechia. Four papers combine theoretical models with empirical research; one paper is largely empirical.

As a collection, these papers present exploratory research in the field. Thus, the research cannot be considered finalized. Still, these papers represent a contribution to the field; they contribute both to the theory and to the understanding of the empirics. The study of religion under repression

surpasses the local context, where it is primarily a historical issue since repressive regimes are still present around the world, notably in China. Moreover, the models proposed in the paper may be applicable beyond the context of religion.

The rest of this commentary is organized as follows. First, it briefly summarizes the current state of knowledge in the economics of religion as well as its application to the problems of religion in communist and post-communist countries. Second, it reviews the methods and models employed in the collected papers. Third, it summarizes the findings from those papers. The final part discusses the findings as well as the limits of the research and outlines possibilities for the further research.

2. The current state of knowledge

The economics of religion has been developing dynamically in recent decades, and there is no textbook codifying the core findings. There are several review publications that can serve as a good introduction to the field. Larry Witham's *Marketplace of the Gods: How Economics Explains Religion* (2010) may well serve a lay reader in particular. Good overview is also provided in the *Oxford Handbook of the Economics of Religion* with contributions by leading authors edited by Rachel McCleary (2011). The work of Ekelund, Hebert and Tollison titled *The Marketplace of Christianity* (2006) is also a suitable introductory reading written by economists. Other topics related to Christianity are developed by Ekelund and Tollison in the *Economic Origins of Roman Christianity* (2011) and in the *Sacred Trust: The Medieval Church as an Economic Firm* written by a team of economists led by Robert Ekelund in 1996. However, none of those publications covers all the topics dealt with by economists of religion. Review articles in the *Journal of Economic Literature* (Iannaccone, 1998; Iyer, 2016) are useful for guidance on various topics. One must also acknowledge the contributions of sociologists of religion based on the theory of rational choice. Key publications were written by Rodney Stark and William Bainbridge (*A Theory of Religion*, 1987) and later by Stark in collaboration with Roger Fink (*Acts of Faith: Explaining the Human Side of Religion*, 2000). Finally, Czech readers may also use my own book as an introductory reading (Minarik, 2018); parts of that book are also used in this commentary.

As outlined above, there are two major lines of research within the economics of religion. The first consists of the application of microeconomic tools to religious behavior, and the other focuses on the effects of religion on economic outcomes, particularly growth and development. The survey of literature is limited to the former part which is relevant to the commented studies. It is structured according to common economics textbooks; it focuses on the demand, the supply, and the market, including its imperfections and regulation.

The demand for religion is difficult to define. From the economic point of view, it can be viewed as the willingness to pay, or bear costs, to obtain religious goods and services. The nature of those goods is subject to discussion. For an illustration, Hull and Bold's (1989) classic paper defines four different benefits associated with religion. The first benefit is temporal welfare; in this respect, churches face competition from many other producers. The second benefit is social goods, i.e. social rules, socialization, income redistribution, and such. The third benefit is the promise of eternal life; unlike the previous, this product is specific to religion. The fourth benefit is an alteration of destiny; in this market, churches also face competition, for example, from science.

The classic analysis of Corry Azzi and Ronald Ehrenberg (1975) focuses on household allocation of time and material resources with regard to religion. The paper provides an economic model explaining several empirical observations – the higher religiosity of women relative to men, black people relative to white people, rural dwellers relative to urban dwellers, as well as the increase in religiosity with age. The model assumes that people allocate time among labor, secular consumption and religious activity.

The assumption of a household's utility maximization leads to several conclusions regarding the behavior of the household's members. First, the members of a household will devote different amounts of time to "afterlife production" in proportion to their income, assuming their productivity is equal in this respect. Further, since investments in the afterlife are not compounded, people will prefer to work at younger ages and to engage in religious production at older ages. This explains the increase in religious participation with age. The growth may be moderated to some extent by increasing wages over the course of life. In general, wages can be interpreted as the opportunity costs of religious participation. In this sense, wage differentials explain not only differences in participation between men and women, but also differences in the observed religiosity of members of minority groups or rural populations.

The model can also be reformulated without including the afterlife, and it may include material resources along with time as inputs into religious production (Sullivan, 1985). Such a model explains both the decision to participate in religious activities and to donate materially (financially). If those inputs are substitutable, an individual with a higher wage rate shall personally participate less in religious activities but shall contribute more materially. The substitution between material support and personal participation puts the differences described above in a new light; it is not necessarily a different level of religiosity, but a different form of religious participation. This line of research is developed in Minárik (2014) with regard to the post-communist transition.

The model mentioned above does not define the production function of religious goods in much detail. It just states that production depends on the amount of time and material goods. Intuitively, the production function should include religious experience, knowledge of rituals and doctrine, and friendship with other believers (Iannaccone, 1998). Religious rituals are likely to be of greater benefit to those who are familiar with them and know their meaning, just as interactions with other believers are more enjoyable if they are friends or acquaintances rather than strangers. Such characteristics can be subsumed under the label of religious human capital.

Laurence Iannaccone came up with the concept of religious human capital, building on the theories of "consumption capital" and "rational addiction" from Stigler and Becker's classic article *De gustibus non est disputandum* (1977). Iannaccone (1990) applies the religious human capital theory to several areas. The first concerns interdenominational mobility. Religious capital is built intensively through religious education in the family. Therefore, it is not surprising that the religious beliefs of offspring often coincide with those of their parents, and eventual conversions are made to similar rather than different denominations. Another prediction of religious capital theory is that if conversion occurs, it is more likely to happen at a younger rather than a later age. Since human (and religious) capital is generally not subject to depreciation, its value increases with the time it is used. Therefore, the expected value of conversion, i.e., investment in new religious capital, decreases with increasing age. Finally, the decisions about religious production take place at the level of the household, rather than the individual. A theory similar to Iannaccone's is developed in Minárik (2022a).

The supply in the religious market is somewhat easier to grasp. It consists of organizations providing religious goods. However, in contrast to the standard microeconomic approach, a profit-maximizing firm represents only one of the models that economists use to analyze religious organizations. Alternative models are based on club theory which reflects the interconnection between production and consumption in religious organizations. Both of those theories attempt to explain how religious organizations make decisions about the goods and services they offer, regarding quantity and quality, and regarding the prices, i.e., what they will demand in return.

Adam Smith, in the *Wealth of Nations* (1904/1776), describes the Catholic Church as if it were a large corporation (Anderson, 1988). The same approach can also be found in the modern economics of religion, particularly in the work of Ekelund, Hebert and Tollison and other authors collected in the *Sacred Trust: The Medieval Church as an Economic Firm* (1996). The book analyzes various aspects of the medieval church in the context of its monopoly status. Based on standard theories of monopoly, profit maximization, rent extraction, and transaction costs, it then explains doctrinal and

disciplinary innovations such as the prohibition of usury, the regulation of marriage, the organization of monasteries, and the doctrine of purgatory and indulgences.

Ekelund, Hebert, and Tollison (1989) describe the structure of the medieval church as a response to a situation of successive monopolies. They view the relationship of local providers of spiritual goods (i.e., local clerics and monasteries) to the Catholic Church as that of distributors and a producer. The distributors typically had a local monopoly, as much as the Church had a global monopoly on the provision of spiritual goods. From an efficiency perspective, vertical integration is advantageous in a situation of two monopolies in the supply chain. In the case of the medieval church, given the transaction costs, the integration took the form of a franchise (Davidson, 1995). Since the quality of the spiritual services offered could not be verified by consumers, the Church guaranteed the quality of the services provided; for that guarantee, it received a fee from the local clergy and monasteries.

In a more recent work, Ekelund et al. (1996) characterize the medieval church as a multidivisional firm. According to Oliver Williamson (1975), the multidivisional firm has several characteristics: operational decision-making is left to the individual divisions, elite staff of the headquarters perform advisory and supervisory functions, the headquarters focuses on strategic decision-making, planning, supervision, and resource allocation among the divisions, and the separation of the headquarters from operational decision-making allows senior staff to focus on the overall performance of the organization and to not be consumed by the problems of individual divisions. In the medieval church, the strategic management was in the hands of the curia, headed by the Pope, while local problems were dealt with at the levels of the dioceses, monasteries, or parishes. The control from the headquarters was established through papal legates and nuncios. At the same time, financial contributions to the Holy See allowed for the allocation of resources according to strategic plans, either by directly subsidizing preferred projects (national churches, religious orders, or missionary efforts) or by relieving them of set payments.

The divisional structure also allowed for product differentiation according to the preferences of different customers. Along with the basic product, i.e., salvation, the church always provided a whole “package of products” including theology, liturgy and discipline. Some religious communities targeted the more intellectual and affluent, while others targeted the poor. Land-cultivating monastic orders provided spiritual services to the rural population, while cathedral chapters provided services to the urban population. The church also provided rules and the enforcement of them in different areas, such as loans or marriages (Ekelund, Hebert, and Tollison, 1989; Davidson and Ekelund, 1997).

The view of the religious organization as a club was brought to the economics of religion by Iannaccone (1992 and 1994). Iannaccone starts from the premise that the production of religious goods is collective, and each person's consumption depends on the contribution of others. It is not only about material resources but about the general level of commitment of the other members of the community. The quality of the goods consumed generally increases with the size of the religious group; there is some kind of network effect involved.

The collective nature of production in religious clubs leads to the free rider problem. This problem has two sources. First, if club members are heterogeneous, each member has a different optimal level of commitment. Thus, less active members become free riders without specifically seeking to do so. However, even those unintentional free riders reduce the average commitment of club members, and hence the quality of the consumption of all group members. Second, even when members of a religious organization are homogeneous, free riding may still occur. Participation in joint production is associated with a positive externality which leads to suboptimal activity by rational individuals.

The standard solution to the positive externalities is to subsidize the activity associated with the externality; however, that is frequently not acceptable to religious groups. The alternative to subsidizing religious participation is to ban or penalize alternative activities that use the same resources. Thus, religious organizations may, for example, prohibit the consumption of specific commodities (alcohol, tobacco) or services (secular entertainment). In a heterogeneous population, such regulations help to differentiate people with different levels of commitment and exclude potential free riders. In a homogeneous population, they redirect resources from non-religious activities to their religious substitutes.

Religious restrictions impose additional costs that are seemingly unproductive. Because compliance with those religious restrictions may be difficult to monitor, religious groups may alternatively choose some form of costly sacrifice or stigmatization, such as specific hairstyles or clothing. The sacrifices appear to be unproductive expenditures of scarce resources. However, it is the cost associated with religious prohibitions or stigmatization that allows for the selection of members with high rates of commitment, thus solving the problem of free riders. The sacrifice plays the role of a signal, and a signal must be costly to be effective.

However, the sacrifices required by sects cannot be arbitrary; Iannaccone (1994) points out some limits. First of all, the costs of joining cannot be too high, as they cannot exceed the benefits of membership. At the same time, the religious organization must offer adequate substitutes for the sacrificed secular activities. Excessive or wrongly chosen restrictions lead to the decline of the group.

Iannaccone also speculates on the consequences of the Second Vatican Council for the Catholic Church, where the Church abandoned its uniqueness in liturgy, theology and lifestyle, but kept in place unpopular restrictions on reproduction control and celibacy.

To sum up, there are different possible assumptions regarding the goals of the churches. One option is to model the Church as a profit-maximizing firm, as in the approach of Ekelund et al. (1996). Another option is to assume that the Church behaves like a welfare maximizing club, as is the approach of Iannaccone (1992 and 1994), as well as Barros and Garoupa (2002) and Ferrero (2008). Yet another option is to assume that the Church maximizes its membership or market share; that is the approach of McBride (2010) and Ferrero (2014). One of the commented studies (Minárik, 2018) adopts the idea that the Church maximizes the welfare of its members, which also depends on the size of the organization; that is, there is a network effect involved.

The economics of religion analyzes religion as a market phenomenon. In order to explain the observed religious changes, it is necessary to reflect both sides of the market although a significant part of literature focuses on one side only. The theory of religious markets is sometimes referred to as the supply-side theory. The modern approach to religious market analysis starting from the 1980s focuses on the effect of competition and regulation on people's religiosity. In general, this theory is an extension of standard insights about the consequences of competition, monopoly, and government intervention in the market mechanism. Interestingly, some of the modern contributions reiterate Adam Smith's (1904/1776) classic observations in this area.

There are two opposing theories in this area; one predicts a decline in religiosity, the other a strengthening of it. The secularization theory which links religious pluralism with modernization states that pluralism undermines the credibility of religion, and the consequence is the decline of religiosity (e.g., Berger 2009/1967). The economics of religion leads to the opposite conclusion. Adam Smith observed the adverse effect of established churches on people's religiosity (Smith, 1904/1776; Anderson, 1988). According to Smith, the impact of a religious monopoly is the same as that of an economic monopoly – a decline in the quality of services provided and lower consumer welfare. Smith saw the origins of the Catholic Church's religious monopoly in state intervention and saw the solution to the problem in relaxing regulation.

The idea of the positive effect of competition in the religious market reappeared in the late 20th century. The sociologists of religion, Finke and Stark (1988), were the first to formulate a model of the religious economy. According to them, the natural state is a diversity of religious groups offering their services. Even in its prime, the medieval church was surrounded by heresies. Strict regulation may drive competing groups underground, which may superficially appear as a monopoly, but a

relaxing of the regulation leads back to pluralism. A monopoly organization cannot adequately satisfy a segmented religious market. If it tries to cater to one group, it loses another. Small, diversified groups, on the other hand, can adapt to the demand of each market segment, and the overall religiosity of the population will grow. Additionally, Finke and Stark use the argument of the "lazy" monopolist that does not seek to satisfy the needs of its customers. Finke and Stark (2005/1992) empirically tested their theory using data from the United States in the early 20th century and developed the idea into a description of American religious history.

That work laid the foundation for the "supply-side" theory of religious markets, which received considerable attention in the 1990s. Anderson (1988) reminded researchers that the idea had been around since Adam Smith. Iannaccone (1991) not only pointed to Smith's surprisingly modern thinking on religion but also added additional empirical material. His analysis of 17 developed Western countries shows that competition from Protestant churches led to greater religiosity. The paradox is the relative success of Catholic monopolies. Iannaccone tentatively explained it by the internal diversity of the Catholic Church. Diotallevi (2002) has given strong empirical support to this idea in his analysis of Italian religiosity. Finke and Iannaccone (1993) offer an interpretation of the religious history of the United States as a series of supply shifts in the religious market. Among them, they list the deregulation of the religious market after the establishment of the United States and the significant shift in supply in the 20th century which resulted from a deregulation of television broadcasting and the rise of "televangelism," as well as the entry of foreign competition from Eastern religions. Stark and Iannaccone (1994) claim that the religious situation in Europe can also be interpreted within the framework of supply-side theory and that secularization theory no longer has any validity.

In the 1990s, a number of empirical studies examining international or historical differences in religiosity produced mixed results. Zaleski and Zech (1995) report the results of eight studies, three of which speak in favor of the traditional approach and five in favor of the supply-side theory. Most of the studies are based on the number of religionists or rate of church attendance of each denomination and the Herfindahl-Hirschman index as measure of concentration in the religious market. Unfortunately, that approach has proven problematic (see Voas, Crockett, and Olson, 2002). Zaleski and Zech (1995) use financial contributions to churches as an alternative measure of religiosity. They find that concentration in the religious market positively affects the contributions of Catholics but not Protestants, which is inconsistent with previous findings.

The Protestant Reformation has been repeatedly studied as an interesting case of religious market dynamics. Economists analyze it as a transition from a monopoly of the Catholic Church to a

pluralistic religious market with competition between different denominations. Again, this is a topic already addressed by Adam Smith in the *Wealth of Nations* (1904/1776; see also Anderson, 1988). According to Smith, the personal consumption possibilities of clerics grew with the development of production and trade. As a result, they devoted fewer resources to charity, and the church lost its prestige and political power. Secular rulers, more powerful than before, then took advantage of religious divisions to consolidate their position, vis-à-vis Rome and the Catholic Church, which had lost popular support.

Ekelund, Hebert and Tollison (2002, 2004 and 2006) offered a modern economic analysis of the Protestant Reformation and the Catholic Counter-Reformation. They see the Protestant Reformation as a consequence of the monopolistic behavior of the Catholic Church, especially the high prices the Church imposed on the means necessary to achieve salvation. The Protestant churches entered the market with a product that was very similar, preserving the core of the Christian faith without many of the doctrinal innovations of the Catholic Church. Thus, they offered a close substitute for the original product at a much lower price. Ekelund, Hebert, and Tollison also analyzed the Catholic Church's reaction to the entry of a new competitor. Economic theory predicts that the entry of a new firm into a previously monopolistic industry will lead the ex-monopolist to reduce the price, to attempt to increase its own residual demand by increasing competitor's costs, and to reduce the elasticity of demand for its own product through promotion and service improvement. Those predictions are fulfilled in the reforms of the Council of Trent, which were aimed at increasing the attractiveness of the Catholic Church, providing better services and solving governance problems within the Church. At the same time, the Church tried to make conversions to and the operation of Protestant churches more difficult, thereby increasing their costs.

An alternative model of competition is offered by Ferrero (2014 and 2008). Ferrero models the competition between two exclusive religions using the example of Judaism and Christianity in the Roman Empire and the Counter-Reformation. According to Ferrero, the dominant religious group can either allow the entry of the other group, which leads to an outcome corresponding to Stackelberg's oligopoly model, or it can discourage the entrant by committing sufficient or rather excessive capacity. For centuries, the Catholic Church has relied on cooperation with secular power to prevent the spread of heresies. However, that method of controlling entry into the religious market failed in the case of the Hussites and the Lutherans. Therefore, in the period after the Council of Trent and the Peace of Westphalia, the Catholic Church tried to prevent the entry of new competitors into its territories by massive efforts, which were manifested by the building of new and expensive baroque churches, improving the education and control of priests, and founding new orders (such as the Jesuits).

The topic of competition in the religious market is closely related to regulation. Adam Smith (1904/1776) attributed the monopoly position of the Catholic Church to the state guarantee. Similarly, Finke and Stark (1988) argue that pluralism is the natural state of the religious market and that a monopoly can only be established through the forceful suppression of competition. Although monopolies can sometimes be established without state intervention, such as a natural monopoly or a monopoly resulting from the network effect, religious markets typically do not exhibit the characteristics necessary for the emergence of those types of monopolies.

Stark and Finke (2000) argue that an unregulated market economy is pluralistic and composed of more vibrant religious groups. This assertion builds on their earlier thesis that an unregulated market is inherently competitive. The effect of state regulation is often illustrated by examples where the religious market has been deregulated or not. A popular example for the negative effect of state regulation is Sweden (Barro and McCleary, 2005; Finke, 1997; Iannaccone, Finke and Stark, 1997). Some deregulation in the US religious market was already mentioned above with the study of Finke and Iannaccone (1993). Another example is provided by the deregulation of religion in Japan after World War II (Iannaccone, Finke and Stark, 1997). However, Bruce (2000) provides contrary evidence. Cases from post-communist countries are analyzed in Minárik (2014).

The question remains why state religion exists in some countries and not in others. Barro and McCleary (2005) examined the existence of state religions across 188 countries in three periods, 1900, 1970 and 2000. Out of the countries studied, 72 never had a state religion and 58 had undergone one or two changes, i.e., the introduction or abolition of a state religion. The most important factors leading to the establishment of a state religion include the proportion of believers in that religion and its existence in 1900. State religions are also more common in smaller countries.

In addition to the state regulation in favor of a particular religious group, state intervention may aim to eliminate religion as such. Fenggang Yang (2006) analyzes the effects of state regulation on the religious market in China. Efforts of the Chinese government to eliminate religion have resulted in a threefold division of the religious market into a red market of officially sanctioned religious groups, a black market of banned religions, and a grey unregulated market of non-institutionalized religion. The grey market is difficult to measure, which typically leads to an underestimation of the true religiosity of the population. Moreover, regulations that seek to criminalize particular denominations, thereby moving them from the gray market to the black market, only open up space in the gray market for new religious movements. The results are thus both partial growth of the black market, although not everyone is willing to practice the banned religion, and the growth of

new religious movements in the unregulated space. The topic of communist religious repression is developed also in the commented papers (Minárik, 2018 and 2022a).

Many other contributions could have been included in this survey. There is interesting literature on saints and terrorism (Iannaccone and Berman 2006; Ferrero 2002, 2006 and 2013; Barro a McCleary, 2016), corporate governance within monasteries (Inauen et al., 2010a a 2010b; Rost et al., 2010) or the impact of religious reforms on the economy (Bell, 1968). Let us mention one additional approach, the use of public choice theory. Bell (1968) reports on how relaxing of Catholic norms regarding meat abstention on Friday led to a significant drop in the price of fish in the United States. Ault, Ekelund and Tollison (1987) also tried to explain why this change had occurred. They based the explanation on changes in the College of Cardinals where meat-producing countries gained more representation compared to fish-producing countries (see also Thornton, 1992). That explanation is not very persuasive for those who understand the internal structure of the Catholic Church, but it illustrates that public choice theories are applicable to religious organizations. The public choice approach is also developed in one of the commented articles (Minárik, 2021).

3. Methodology and models

Economists of religion use various methodological approaches. Generally, their research approach is in line with that described by Lazear (2000). That is, the researchers formulate models based on the rational choice approach and confront those models with the reality. The papers differ in the presentation of the models – some rely on verbal exposition, and some use rigorous formal (mathematical) modeling. In the empirical verification, they rely on case studies, comparative studies or statistical methods, using both historical and contemporary data.

This section describes the models and methods employed in the commented papers. They represent a combination of different methods used in the economics of religion. For each of the papers, the following text first describes the theoretical approach followed by an outline of the empirical strategy. More details on those aspects can be found in the individual papers. Where the papers contain formal mathematical models (Minárik, 2018, 2022a and 2014), the following text exposes the models only verbally; for the formal models, see the respective papers.

Minárik (2018) aims to account for the different strategies adopted by the Catholic Church under communist repression in different countries. In some countries, the Church operated entirely legally, in some countries only illegally, and in some countries, it diversified its operation between the official and black markets. The paper starts with a comparative case study of communist Czechoslovakia and Poland and formulates an original model to explain the behavior of the Church,

which is an approach similar to that of Ekelund et al. (1996). The comparison points to the differences of the communist anti-church policies in those two countries resulting in the different strategies of the Catholic Church. The model is formulated to account for the difference.

The model assumes that the goal of the church is to maximize the welfare of its members, or to maximize the consumer surplus. This goal corresponds to the club model of the church (Iannaccone, 1992; Barros and Garoupa, 2002; Ferrero, 2008). Alternative approaches that model the church as a profit-maximizing firm (Ekelund et al., 1996) or a firm that maximizes its market share or membership (McBride, 2010; Ferrero, 2014) do not seem fit for the purpose of the paper. The model of the church as a rent-seeking entity offered by Ekelund and his colleagues does not seem relevant to the situation of the repressed Church in communist countries. The maximization of size or market share is typically assumed in models explaining competition in the religious market; however, the goal of the proposed model is to account for rivalry with the state, not with other churches. Thus, the assumption of welfare maximization seems the most natural.

The church is modeled as an organization providing religious goods, but at the same time the production and consumption of these goods is intertwined (see Iannaccone, 1992). Religious goods are divided into two groups – the first is the church membership itself, associated with a lower level of services, a kind of compromise between the church's intended practice and the state regulator; the second is a higher level of religious services fully in line with the church's own intentions. At the same time, the model abstracts from the possible different goals of various groups among members, such as the hierarchy and the laity, and it does not address the mechanism through which decisions are adopted.

Further, it is assumed that believers-consumers have heterogeneous preferences and different religious activities bring different benefits to them. Believers' utility comes from two sources that correspond to the two types of religious goods provided by the church. One source of utility is the religious services provided by the church; the other source of utility is the church membership itself. In this regard, it is further assumed that those who value the religious services provided by the church more also value church membership more. Finally, it is assumed, as in Ferrero (2008), that the utility of membership for individuals increases with the total number of members, that is, the believers prefer to be members of a larger church over a smaller one; there is a network effect to the membership.

Given the regulation imposed by the state, religious organizations have only limited control over the costs of religious participation. Costs in this context represent the total costs of religious activity, including potential sanctions by the state. It is assumed that the costs associated with consuming the

higher level of religious services consistent with the church's intent are higher than the costs associated with the membership and the lower level of religious services consistent with government regulation.

In the model, the choice of a religious organization is constrained to the type of goods it will provide. It can legally provide a lower level of religious services, it can illegally offer a higher level of services, or it can operate in both markets. In the first stage, it is assumed that operating in neither of these markets involves any setup costs. This allows comparison of the different options in terms of the objective pursued by the church, that is, the surplus of believer-consumers. The setup costs are considered later, as they may explain why churches do not always choose the apparently optimal way of providing their services.

The demand for a given church's religious services is derived from the benefits these services bring to the faithful. If a church operates only in the official market, that is, if it provides membership and a lower level of services, it is determined by the utility of those services. If it operates exclusively on the black market, the benefit – and the willingness to pay, or to bear the cost – is the sum of the benefit of both the lower- and higher-level services. Finally, when the church operates in both markets, demand is kinked; only a portion of people derive utility from consuming the higher level of religious services, and the remaining consumers stick with the lower-level services. The surplus of believers-consumers, which is the target of religious organization in our model, is the difference between the utility from religious services and the cost of participation.

The formal model (see Minárik, 2018) leads to several conclusions about consumer surplus in different variants of church operation. Simultaneous provision of religious goods in both the official and black markets is a better option than exclusively legal activity, as long as there is at least one person who prefers the higher level of religious services despite the higher costs involved. Operating in both markets is better than exclusively illegal activity if the legal activity attracts at least one new member to the church. Considering zero cost of building parallel structures to operate in both markets, simultaneous provision of religious goods in both markets is better in any case.

If we consider the costs associated with building parallel structures in both markets, the situation is more complex. In such a case, it is not possible to determine theoretically which of the options is preferable. Nevertheless, several theoretical conclusions can be drawn from the model. Operating in both markets will be the optimal option, where (1) the difference in benefits of the higher-level services compared to the lower-level services are significantly higher than the difference in their costs, and where (2) the benefits of religious participation in a given church are significantly higher than the costs of participation.

These predictions can be applied to the reality of the communist countries of Central and Eastern Europe. First, where the gap between the church-intended and the state-permitted way of participation was large, the model predicts the development of parallel structures in the official and black markets. Conversely, where the compromise between the church and state was more in favor of the church, we expect only official operation. Second, parallel structures are more likely to be built by churches where the membership in that particular church is itself important. This is particularly the case of the Catholic Church, which, compared to the various Protestant denominations, postulates a certain exclusivity in providing the resources needed to achieve salvation.

Minárik (2022a) looks into a different issue that arises under communist rule; the aim is to explain the persistence of opposition in an oppressive regime. That paper takes a similar methodological approach to the previous paper. Again, the paper starts from an empirical observation; in this case, it builds on a case study of the Catholic Church in Czechoslovakia. Then, it formulates an original formal model to account for the observed reality. As with the previous paper, the following text exposes the model only verbally; the formal model is available in the paper itself.

The model is inspired by Ferrero's (2014) account of early Christianity. It assumes two periods, and an individual may join a religious group in any of those periods. Joining in period one is associated with a sacrifice, which can also be interpreted as an investment in religious human capital; the sacrifice increases one's utility from religious participation but decreases her wage rate and subsequently her secular consumption. The individual allocates time between work and religious activity so that she maximizes the total utility received from secular and religious consumption.

There are several predictions resulting from the model. First, the model shows that, with the sacrifice in place, the choice between staying in the group and leaving it in period two is different from the choice between joining and not joining the group in that period. The sacrifice creates a trap that keeps people in, even if they would not join the group otherwise; the sacrifice must be interpreted not as a sunk cost but as a transaction-specific investment. Also, the minimum sacrifice required to keep people in the group increases with the level of oppression in period two.

Second, the model focuses on the choice of an individual in period one, that is, the decision about joining the group and making the sacrifice. The model predicts that the following characteristics make people more likely to join the group: it is those with a high preference for religion and low sensitivity to repression, those expecting lower intensity of repression in period two, and those with a low wage rate even without the sacrifice. That is, the group is likely joined by true martyrs, optimists, and people with nothing to lose.

Empirically, those predictions are difficult to verify at the individual level. Even if people join the religious group due to unsubstantiated optimism, they are likely to adjust their personal narrative in response to cognitive dissonance (Ferrero, 2014). At the societal level, behavior consistent with the model manifests in persistent religious activity despite the repression. However, there are alternative explanations consistent with such a development; those should also be discussed in relation to the model.

Minárik (2014) represents an application of a model of household allocation of time to religious participation in Central European post-communist countries. It is based on the classic model of Azzi and Ehrenberg (1975). The original model assumes that the household derives utility from the consumption of goods, the expected value of consumption in the afterlife, and religious participation itself. But it has been shown by Sullivan (1985) that the afterlife is unessential in the model; thus, it is also omitted in my paper.

The budget constraint corresponds to the standard microeconomic model of the household. The extension is that the household devotes time not only to work and home production (leisure) but also to religious activities. Consumption expenditures are constrained by the lifetime earnings of household members, which depend on the chosen working hours and the wage rate, the household's non-labor income, and the interest rate with respect to consumption smoothing over the life cycle. The combination of the utility function and the budget constraint gives rise to a well-defined maximization problem.

The assumption of a household's utility maximization leads to several conclusions regarding the behavior of its members. First, household members will devote different amounts of time to religious activity in proportion to their income (assuming their productivity is equal in this respect). Thus, in practice, the participation rate will be higher for women than for men, since men generally have a higher wage rate. Further, since investments in the afterlife are not compounded, people will prefer to work at younger ages and to engage in religious production at older ages. This explains the increase in religious participation with age. The growth of religious participation with age may be attenuated to some extent by wage growth over a lifetime.

In general, wages can be interpreted as the opportunity cost of religious participation in the model. In this sense, wage differentials explain not only differences in participation between men and women, but also differences in the observed religious participation of the members of minority groups or rural populations. Sullivan's (1985) paper also points to the substitution between the inputs of time and material resources. Individuals with higher wage rates shall have lower personal participation in religious activities but donate more money.

The model is applied to explain the growth of religious participation in post-communist countries in the early 1990s and the subsequent decline. The early 1990s were characterized by economic instability, decline of the GDP, high inflation rates in most countries and a sharp rise in unemployment due to structural changes. The decline of employment and real wages is especially relevant for religious participation as predicted by the model. One shall expect an increase of religious participation; a religious revival, as this is called in the sociology of religion, at least as measured by the attendance rate of religious services. By the end of the 1990s, socioeconomic conditions had improved in Central Europe. The situation in the late 1990s is commonly characterized by economic growth and lowered inflation, although the employment rates continued to decline in several countries. For those who were employed, real income has been rising on average in the new millennium. Following the model, the situation has turned worse for religion as the opportunity costs increased.

The empirical strategy in Minárik (2014) focuses on the microeconomic model. It aims to test whether individuals in Central European post-communist countries really did respond to economic incentives. For that purpose, the paper uses survey data from the International Social Survey Programme; at the time of writing data, from three waves of the survey concerning religion were available from 1991, 1998 and 2008.

The ISSP survey on religion provides data on both religious beliefs and participation. It also contains data on many relevant demographic characteristics. Unfortunately, it does not contain wage rates. Those were estimated using incomes and hours worked per week as reported by the respondents. That approach does not distinguish between labor and non-labor income; however, such approximation is unlikely to introduce any serious bias in the results. Wage rates were normalized relative to the average rate in each country and time period.

Several statistical methods were employed. First, participation rates were compared between those employed and those not employed. Second, among the employed respondents, a correlation between the wage rate and participation rates was examined. Third, a multiple logistic regression was used to predict weekly and yearly attendance with belief in God, Catholic affiliation, gender, age, education, employment status and wage. The effect of employment and wages was also individually examined across countries using interaction variables.

Minárik (2021) aims to explain why it took so long in Czechia to achieve church-state settlement in the post-communist period. Unlike the previous papers, which followed the tradition of Beckerian economics, this paper belongs to the field of public economics and the public choice theory although the general approach is similar to that in the previous two papers.

The paper starts with an empirical observation of the differences between Czechia and other Central European post-communist countries. The church-state settlement was achieved much later in Czechia, and it is the only country with complete financial separation of churches from the state. The explanation of the differences is based on the median voter theorem, the Edgeworth box, and the concept of efficiency in a pure exchange economy. The model is exposed verbally and graphically in the paper.

The model presents the issue of the post-communist church-state settlement as a two-dimensional public choice issue. One dimension concerns the property restitution, the other concerns the government financing of churches. Where the distribution of poplar preferences is unimodal, the settlement follows the most-favored preference, that of the median voter. That seems to be the case in most Central European countries, but not in Czechia.

The distribution of preferences in Czechia is assumed to be bimodal. There is a strong anti-church sentiment which would prefer little or no property restitution as well as no government financing. Churches and their members stand in opposition to that; however, they represent only a small minority of the Czech population. The status quo before negotiation of the settlement, that is, no property restitution and full government financing, was unacceptable to both groups.

Further, it is assumed that the two groups in Czechia do not see both dimensions as equally important. The anti-church group felt more strongly about the government financing of churches while it was more inclined to accept property restitution as a continuation of the general restitution process. At the same time the churches were more inclined to give up government financing in favor of the property restitution, as the proper property was a less risky source of future revenue. This created a contract curve distant from status quo ante, which prolonged the negotiation.

Regarding the empirical strategy, it goes beyond the simple remark that the model fits the observed duration of the negotiation process and its outcome. It also uses the scarce data from sociological surveys to document the different attitudes of the population toward churches and their financing. That part builds on data from both the European Values Study and Pew Research Center surveys and relies on a comparison of descriptive statistics as well as interpretations of religious attitudes by sociologists of religion.

Finally, Minárik (2022b) adds more empirical content to the ideas developed in the previous paper on the specific attitude of the Czech population towards organized religion. Unlike in the previous works, no new economic model is developed in this paper. The paper employs theories of assertive and passive secularism (Kuru, 2007) to describe and evaluate the situation in Czechia. While the

theory comes from political science, the data utilized in the empirical investigation belong to the area of public finance.

The empirical part of the paper focuses on the public finance support of the Catholic Church in the Czech lands. Particularly, it focuses on the salaries of clergy which manifest the attitude towards the Church. The data come from historical and contemporary statistical sources. Methods are, again, less sophisticated; they consist of comparison. First and most importantly, the development of clerical salaries is compared over time, between the communist and post-communist period. Additionally, the paper uses comparison between Czechia and Slovakia, two countries sharing a common history under communist rule.

To summarize, the methodology of the commented paper generally consists in formulation of theoretical model explaining some social phenomena connected with religion and test them against the empirical observations. The models are presented either formally (as in Minárik, 2014, 2018 and 2022a), or verbally (as in Minárik, 2021). Empirical strategy in the presented papers uses statistical methods (Minárik, 2014), historical case studies (Minárik, 2022a and 2022b), or the comparative approach (Minárik, 2018, 2021 and 2022b). Those method are in line with the general practice in the field of the economics of religion.

4. Results

Research in the economics of religion provides explanations of religious phenomena from the economic perspective. Better understanding of those phenomena is valuable as such since religion represents an important element in society. More in line with the traditional view of economics (defined by its object of study rather than its methodological approach), it also provides models applicable elsewhere. This section provides an overview of the findings in the commented papers.

Minárik (2018) offers a model of church operation under repression. The model predicts that, absent any costs of diversified operation, it is advantageous for a church to operate both legally and underground. If those costs are positive, the church is more likely to diversify where the difference between the church's intended operation and what the state allows is larger, that is, where the repression is tougher. Further, the churches that claim exclusivity, such as the Catholic Church as compared to mainstream Protestant churches, are more likely to diversify.

The paper illustrates and tests the prediction with a comparative case study of communist Poland and Czechoslovakia. While in Poland the Catholic Church enjoyed relative freedom, religious repression in Czechoslovakia was the toughest in Europe, except for that in the Soviet Union and

Albania (neither of those countries belongs to the Western Christian tradition). The conditions for the operation of churches were radically different in those two countries; thus, the strategy should have also been different.

Indeed, the reality is in line with the model. In Poland, the Church had not developed any underground structure. Traces of underground activity can be found in the initial period of Communist rule when the Communists employed some harsh repressive measures. However, since the Church was soon able to achieve a favorable compromise with the state, the seeds of an underground church never developed further.

On the contrary, the Church in Czechoslovakia, facing serious repression, developed an extensive underground structure parallel to the official operation of the Church. The Church never ceased to seek compromise with the Communist state, so it could minister to its more risk-averse (or relatively less religious) members. At the same time, believers looking for religious services untainted by the compromise could have satisfied their needs within the underground Church.

The model is applicable beyond the two cases debated in the paper. In Minárik (2022c), I developed the idea further, claiming that the mode of operation (actually, the ratio between legal and illegal operation) is a function of the level of repression; the paper is not part of the collection, and it is discussed in the next section. The model may be useful in explaining the religious situation in China and other countries, where governments repress religion. The Chinese case in particular resembles that of Czechoslovakia.

Further, the model is applicable beyond the economics of religion. There are political groups, such as the communists themselves, operating legally and illegally in different countries, and sometimes in both modes. Finally, the paper aims to attract the attention of economists to the problem of legal and black markets existing in parallel and to the behavior of organizations not aimed at profit maximization. Such situations are not too common, yet they exist in the real world, and the economic literature should not ignore them.

Minárik (2022a) offers a model explaining the persistence of opposition to an oppressive regime. It predicts that the membership in the oppressed religious group is more likely to be persistent if it is connected with an initial sacrifice affecting both religious life and secular productivity. The model does not focus on the true martyrdom, that is, the cases where people join the group due to a high preference for religion. It explains the behavior of the people who join the group due to misjudgment regarding future development but stay in the group even when they learn about the misjudgment.

The model predicts a trap created by the initial sacrifice. Due to that trap, some members do not leave the group despite the continuing or even increasing repression. The predictions of the model are difficult to observe at the individual level. Those who joined the group due to misjudgment and stayed due to the trap may reinterpret their previous choice in reaction to cognitive dissonance.

At the societal level, the trap shall manifest itself as a hysteresis in respect to measures of religious activity; particularly the decline of religiosity shall lag behind the increase of repression. When it appears that the antireligious measures soften or the oppressive regime will end soon, people are more likely to join the oppressed religious group. And even if that does not happen and the repression continues, members do not leave the group due to the trap and continue to practice religion.

Empirically, that explanation fits well into the data on religiosity in Communist Czechoslovakia. During Communist rule, religiosity in Czechoslovakia declined; however, the decline was uneven. In the first two decades after 1948, church attendance fell significantly; the decline was somewhat slower in Slovakia. In the late 1960s during the period of Prague Spring, there was a minor religious revival in Czechia, and there was the stabilization of religious activity in Slovakia. Notably, it did not end with the Soviet invasion of 1968, and church attendance increased well into the 1970s. The revival is observable in different measures of church attendance as well as from the data on Catholic baptisms and marriages.

The general decline of religiosity during the communist period is unsurprising. It is possible that the forced secularization brought about by the communists only accelerated the trend of secularization observable elsewhere in Europe. However, the revival of the 1970s does not fit that trend. Furthermore, the communist antichurch policy, which was relaxed in the 1960s, tightened again in the period of “normalization” after 1968. Despite that, the trend of secularization was temporarily reversed. Such development fits the predictions of the model well. The model is also consistent with the post-1990 religious revivals observed across Central and Eastern Europe.

In Minárik (2014), the focus is on religiosity in Central Europe in the post-communist period. Post-1990 religious revivals have attracted significant attention in Western sociological literature, particularly connected to the approach of religious economy. The subsequent decline of religious activity has been studied less in that literature; perhaps because it is generally in line with the trend in Western Europe.

The model predicts that people are sensitive to opportunity costs even when deciding about religious participation. Thus, the revival could be attributed to the decreasing real wages and

increasing unemployment in the early post-communist transition. Similarly, the subsequent decline of religious participation could be attributed to economic recovery, improving labor income and lower unemployment.

The empirical part of the paper confirms the sensitivity to opportunity costs. There is a significant difference in participation rates of employed people and others across time and countries; that difference is typical for frequent participation (at least once a week), but less so for occasional participation (at least once a year). Among those who are employed, there is often a negative correlation between estimated wage rate and religious participation; however, that result is not consistent across the countries examined in the paper.

The effects of employment and wage rates are best separated from other relevant factors in multiple regression analysis. Both employment and wage rate is negatively related to frequent (weekly) participation. When it comes to occasional (yearly) participation, the effect of employment is positive, and that of wage rate is negative but statistically insignificant. Another model interacting wage rate and country shows that wage rates have significant negative effects in Poland and Slovakia, while the effect is positive in Slovenia. The regression models also confirm the effect of age, in line with the model, and several control variables (belief in God, Catholicism, gender and education).

In a way, the paper presents a challenge or an alternative to the most-favored “economic” theory regarding the post-communist transition, that is, the supply-side explanation. That theory postulates that the revivals are brought about by deregulation and increase in competition. Indeed, deregulation of the religious market occurred in the post-communist countries; however, the competition did not increase significantly in the Central European religious markets. To the contrary, as pointed to by Froese (2004), the end of state-sponsored atheism as a competitor in the religious market has sometimes resulted in a religious monopoly. Yet the revivals occurred; those facts support a demand-side explanation.

Minárik (2021) focuses on the post-communist church-state settlements, an issue that belongs to the area of public economics. The model explains why the settlement took so long in Czechia, much longer than in other Central European countries. Building on public economics and public choice theories, the paper attributes the duration and the outcome of the negotiations between Czech churches and the government to the specific preferences of the Czech population.

The Czech church-state settlement in Czechia is specific as it included a full compensation for the property taken by the Communists (composed of property restitution and financial compensation)

and a complete financial separation of churches from the state. In contrast to the situation in Czechia, the situation in other Central European countries favored compromise combining partial property restitution and the continued financial support of churches by the state.

The paper attributes the difference between Central European countries to the different attitudes of the people towards organized religion. While those attitudes are assumed to be unimodal in Poland, Slovakia and Hungary, with the median voters being positioned differently in those countries, in Czechia, it is estimated that the population is divided into two distinct groups, one pro-church and one anti-church. Thus, as there was no modus to be followed by the public policy, the government engaged in lengthy negotiation with the churches. Since both parties to that negotiation were willing to trade public subsidies for property restitution, the resulting settlement includes financial separation combined with an extensive property restitution and compensation for the property taken.

There is little direct empirical evidence to corroborate the predictions; however, there are some facts supporting the explanation. Among the Central European nations, Czechs have by far the lowest confidence in churches, and Czechia is the only country in the region where the people who have no confidence at all outnumber those who have a great deal or quite a lot of confidence, according to the European Value Study. Survey data also show a significant decline of confidence in churches over the 1990s. A similar picture is provided by church attendance rates. The relative confidence and attendance rates generally correspond to the public support for churches. Additionally, a survey by the Pew Research Center shows that Czechs, as compared to Hungarians and Poles, are less inclined to agree with state financing of churches,.

The last paper, Minárik (2022b), focuses on clergy remuneration in the Czech lands under Communism and in the post-communist period. Based on archival data and the statistics from the post-1990 Ministry of Culture, it relates the state-paid salaries of clergy to the average wages of the general population. Interestingly, the development in the pre-1990 and post-1990 period have much in common with respect to clergy salaries.

The low salaries of the clergy are not surprising under Communist rule. Initially, in 1949, salaries were set somewhat above the average wage in Czechoslovakia. However, they were not increased in the subsequent period, ignoring both inflation as well as the growth of wages elsewhere. Thus, the purchasing power and the relative income of the clergy declined significantly. Attempts at a reform in the late 1960s were unsuccessful due to the Soviet invasion of 1968. An increase of the salaries only came in the 1980s, but even that increase did not make up for the growth of the average wages in other professions.

The post-1990 period is more surprising. Nominally, the political regime changed its attitude towards religion. Regulations of religion were removed in 1990, some of the church property was restituted, and the state-paid salaries to the clergy were significantly increased to a level somewhat above the average wage of the general population. However, in the subsequent year, the salaries were only occasionally increased, and the increase never caught up with the growth of the average wage in Czechia; they were kept at a rate between 60 and 70 per cent of the average. Thus, even if the salaries never got as low as they were in the 1970s, they stayed in the same proportion to the wages of the general population as that of the late 1980s.

The paper also compares the state-paid salaries to clergy in Czechia and Slovakia. The two countries share the same history, and until 2012 they both kept the old communist law of 1949 establishing the salaries. Interestingly, the ratio of the salaries paid to clergy was similar in both countries after 2000. However, one should not conclude that there is no difference in the attitude towards religion between the two countries. In Slovakia, the salaries were paid even after most of the church property had been restituted to the churches before 2000.

The comparison of pre-1990 and post-1990 salaries demonstrates the attitude of Czechs towards (organized) religion. The collapse of Communist rule in 1989 ended the period of religious repression but did not change the attitude of Czechs. The transitional period is marked by a struggle between the assertive secularism typical for the former regime and the passive secularism typical for a significant portion of Czech society. That struggle hindered the final church-state settlement which was only achieved in 2012 with a restitution of church property taken by the communists and the financial separation of the churches, i.e., the abolishment of the state-paid salaries. The empirical evidence presented in RAP is in line with the model presented in Minárik (2021).

5. Discussion

There are limits to the economics of religion as well as to the particular analyses presented in the collected papers. The former limits are extensively discussed in the literature, particularly that which is critical to the rational choice approach (e.g. Bruce, 1999; Young 1997; Jerolmack and Porpora, 2004; Sharot, 2002), but also elsewhere. In the following text, the discussion is restricted to the papers presented above. In addition to the limits, this section focuses on the possible extensions of the proposed models beyond the economics of religion. The final part is devoted to further lines of research.

Minárik (2018) could be criticized both on the theoretical and the empirical level. Regarding the model, one may question the assumptions of the model. Taking the positivist approach, such questions are irrelevant, and only the predictions of the model matter. However, when it comes to explanations of historical events, the material for empirical verification of the predictions is limited. Yet economists try to provide such explanations (as Ekelund et al., 1996, with regard to the Medieval Church).

The empirical part could be criticized for relying on a comparative case study with only two cases included. In a recent study, Minárik (2022c), I have developed the idea of Minárik (2018) further; the newer study claims that the combination of legal and underground operation chosen by a church is a function of the level of repression. The study relies again on a comparative case study although now it includes four countries with different levels of repression instead of just two.

In the case of Minárik (2022a), one may ask about alternative explanations that would fit the same observation, that is, the lag between the increase in the level of repression and the decline of religious activity. A simple alternative model where people respond to immediate costs and benefits does not fit. An explanation based on imperfect information does not seem plausible. What actually fits is the socialization hypothesis of sociologist Ronald Inglehart (see, e.g., Inglehart 1997). Inglehart's theory concerns values, but it can be extended to practices as well. It claims that the condition in one's pre-adult period is what matters the most, more than the conditions occurring later. However, the model presented in Minárik (2022a) and the socialization hypothesis do not compete; actually, the model can be viewed as one interpretation of the socialization hypothesis within the rational choice framework.

Both Minárik (2018) and Minárik (2022a) offer further applications beyond the economics of religion. The former paper attracts attention to situations where legal and black markets exist parallelly. Also, it adds to the existing economic literature on organizations (firms) that do not maximize profit but focus on alternative goals. In this case, it is the maximization of consumer welfare. Minárik (2022a) contributes to the literature on illegal and terrorist organizations and provides additional arguments for certain strategies that were proposed in the earlier literature.

Unlike the previous papers, Minárik (2014) contributes more to the sociological literature. That could be listed among the limits. On the other hand, the paper is based on a solid economic model; thus, it provides evidence on how economists can contribute to other social scientific disciplines in line with the imperialist tradition. The same could be said about Minárik (2021), which provides an economic view of a political issue.

In the Czech context, the presented papers are pioneering. It is unlikely that the economics of religion would ever become a major stream of research, yet it provides an inspiration to economists to extend their research beyond the traditional topics of economic research. At the same time, the economics of religion provides inspiration to sociologists of religion and other researchers with regard to the available methods of research.

Being an interdisciplinary area of research, the economics of religion is naturally open to multiple criticisms. From the perspective of sociologists, it is viewed as reductionistic; indeed, the methodology of the economics of religion is very narrow compared to the wide scale of methods used in the sociology of religion. From the perspective of economists, if they are at all interested in the topic, the research may perhaps seem shallow and distant from what economists are supposed to do.

Finally, let us consider further lines of research. The commented papers focus on the communist and post-communist period. From the Czech perspective, it would be interesting to extend the analysis further back into history. Czech religious history is marked with a formal monopoly of the Catholic Church which ended with the establishment of Czechoslovakia in 1918. Bohemia, especially its northern part, was religiously very pluralistic in the 1920s and 1930s, making it an ideal environment to empirically test the religious economy theory.

The research can also be extended beyond the Central European context. Among the countries with illiberal political regimes, the Chinese religious market in particular attracts the attention of scholars; there are interesting parallels between the situation in Communist Czechoslovakia and China. However, the models proposed in the papers presented above can also be applied elsewhere. The current situation in the German Catholic Church could perhaps be interpreted in terms of the model presented in Minárik (2018 and 2022c).

Even further, the model could be extended into areas closer to the traditional economic research. There are different organizations, both profit-oriented firms and non-profit organizations, facing similar conditions to those described in religious markets. Perhaps the models developed in the presented research papers could be employed to account for the choices made by those organizations.

Ultimately, economists should not narrow down their area of interest, so as not to lose relevance as social scientists. The warning was aptly put by F.A. Hayek (1956), “Nobody can be a great economist who is only an economist – and I am even tempted to add that the economist who is only an economist is likely to become a nuisance if not a positive danger” (p. 463). If nothing else, the

economics of religion stands as a reminder of how far economic analysis can be extended beyond the traditional themes.

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An economic model of religious organization under oppressive regulation

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Abstract This paper aims to explain the behavior of certain religious organizations in countries with severe regulation that limits the religious market, such as those under communist rule. Religious organizations in those countries sometimes choose to operate both legally and illegally. The model proposed here shows that such behavior may increase the consumer welfare of religionists compared to solely legal or illegal provision of religious services. It assumes that religious organizations maximize the consumer surplus of their adherents. The choice of a religious organization between legal and illegal provision of religious services depends on the costs of religious participation imposed by the government and the set-up costs of dual operation. As an illustration, the paper accounts for the different response of the Catholic Church to restrictions imposed by the communists in Poland and Czechoslovakia.

Keywords Religion · Regulation · Communism · Catholic church · Poland · Czechoslovakia

JEL Classification Z12 · L51 · P39

Religious groups face severe restrictions in many parts of the world. They choose different strategies to cope. Sometimes they yield to the government and sometimes they operate illegally. In certain cases, such as communist Czechoslovakia, they split and function both legally and illegally. The behavior of such groups has been studied by sociologists (e.g., Yang 2006), but without any specific model that would explain

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the choice of the modus operandi. This paper formulates a model that may explain why a religious group chooses to operate legally, illegally, or both.

Economists have been systematically studying religion for several decades. The basic assumption is that human decisions related to religion are similar to all other choices; that is, individuals seek utility and avoid costs. A rational choice approach has also been adopted by some sociologists of religion, and vigorously criticized by others.[1]

Religious economy is a way to describe religious activities going on in a society. The religious market consists of current and potential adherents and one or more religious organizations seeking to attract or maintain adherents (Stark and Finke 2000). The demand for religion is the pursuit of specific goods and services that would satisfy religious needs. The supply of religion is the production of such goods by religious organizations.

The demand for religion is not easily characterized. Early concepts (such as Azzi and Ehrenberg 1975) rely on the concept of the after-life. Later approaches focus on the secular benefits of religious participation. Hull and Bold (1989), for example, distinguish four benefits associated with religion: temporal bliss, social goods, deferred perpetuity, and altered fate. Stark and Finke (2000) write about explanations and otherworldly rewards offered by religion. Another motive for religious participation is social pressure; that is, avoiding some negative consequences of non-participation.

One of the major issues in the analysis of religious markets is the explanation of what shifts the demand for religion. Secularization theory proposes different reasons why the demand for religion should decline with modernization; perhaps the most important factors are loss of faith and loss of purpose of the religion, and an increase in existential security (Norris and Inglehart 2004). However, it is often possible to argue for a change in relative prices that are not related to religion to explain shifts in the demand (e.g., Minarik 2014).

The supply of religion is apparently more manageable. Religious organizations have been studied since Adam Smith (Anderson 1988), and the modern supply-side theories provide an explanation of changes in religious participation as an alternative to secularization theory (Finke and Iannaccone 1993). Besides the obvious problem in religious market analysis–the problem of distinguishing supply and demand shifts–the analysis of the supply side is difficult with unorganized religion.

The regulation of religious markets receives particular attention from the supply-side economics of religion. Starting with Adam Smith's Wealth of Nations (Book V; see also Anderson 1988; Iannaccone 1991), economists have noticed that limited competition in religious market has similar effects as in any other market; that is, privileged producers tend to increase prices or decrease quality. The lower quality of religious services leads to a decrease in religious participation. Competition, on the other hand, should increase both quality of services and participation.

Stark and Finke (2000: 201) summarize the argument in the following proposition: "To the degree that religious economies are unregulated and competitive, overall levels of religious participation will be high." Conversely, a lack of competition will result

[1] Iannaccone (1995) summarizes and responds to some of the criticism.

in a low level of religious participation. However, they also note that conflict may substitute for competition; in such case, a religious firm can generate high levels of participation even where competition is limited.

Finke and Stark (1998) summarize the empirical evidence in favor of the supply-side explanation of religious changes. Studies supporting those theories range across different religions, nations, and historical periods. Iannaccone et al. (1997) present several historical cases from the United States and elsewhere to support their thesis that deregulation of the religious market results in religious revivals. On the other hand, it should be noted that the supply-side explanation is criticized and there is also evidence showing the limits of this approach (e.g., Bruce 2000).

Religious markets under severe regulation deserve attention on their own, beyond the effect of regulations on religious participation. Yang (2006) presents a triple-market model that emerges under the regulation in China; there exist a "red market" represented by officially permitted religions, a "black market" of officially banned religions, and a "grey market" of religions with an ambiguous status. Such distinction allows an analysis of how different suppliers deal with regulation. The present paper draws on this concept of different markets and attempts to provide more insight into the functioning of religious organizations facing severe regulation. Particularly, it focuses on the decision whether to operate on the "red" or the "black" market, or on both.

This paper aims to explain the behavior of certain religious organizations in countries with severe regulation of the religious market; specifically, it explains why these organizations sometimes choose to operate on both legal and illegal religious markets simultaneously. We limit our attention to regulation that seeks to suppress religion as such; alternatively, governments may seek to promote particular religious organization and eliminate competition.[2]

In order to explain the behavior of a religious organization in unfavorable circumstances this paper proposes to use a specific economic model. It assumes that a religious organization aims to maximize the consumer welfare of its members. Consumers in the religious market have heterogeneous preferences and derive unequal utility from participating in various religious activities. Furthermore, due to constraints imposed by the government's anti-religious policy, a religious organization has limited control over the costs of participating in religious activities.

The paper is organized in the following way. First, it presents the history of the Catholic Church in Poland and Czechoslovakia to illustrate the different reactions of religious organizations to regulation and repression. Then, a formal model of religious organization under severe regulation is constructed and the historical example is interpreted within the framework of the model. The final section summarizes and concludes.

[2] The difference may be superficial. Froese (2004) points to the fact that the state-sponsored atheism under communist regimes was a de facto competitor in religious markets that sought to achieve a monopoly position.

1 The catholic church in communist Czechoslovakia and Poland

Soon after the Bolshevik revolution of 1917 in Russia, the Catholic Church had to formulate its position toward communists as a ruling party. That position has been modified through the following decades both in response to the changes in communist policies and diplomacy, and development within the church itself. The church had adopted different strategies in different countries; these strategies reflected differences in the severity of communist anti-religious policies and the church's own strength (Chenaux 2009). We focus on the situation in Czechoslovakia where the regime was among the most severe in the oppression of religious groups (Balík and Hanuš 2013), and contrast it with the situation in Poland where the Catholic Church had a much better position than in any other communist country (Davies 2001).

1.1 Religious regulation under communist rule

The situation of the Catholic Church in Czechoslovakia was particularly uneasy after the Second World War. In Bohemia, secularization had advanced considerably due to the history of religious conflicts (Hussite Wars, Wars of Religion) as well as the political and social development in pre-war Czechoslovakia. Slovakia was dominantly Catholic, and Catholicism was an important part of national identity; however, the Catholic Church had been somewhat discredited because of the involvement of several church officials in the politics of the fascist Slovak state during the war. Thus, conditions were quite favorable for a radical offensive against the church after the communist coup of 1948.

The coup of 1948 marked the beginning of a massive anti-religious campaign in Czechoslovakia. The first and most brutal period lasted through the 1950s; it was followed by a relative increase in religious freedom in the 1960s, especially during the period known as the Prague Spring. After the Soviet intervention of 1968, the anti-religious activities had intensified, although they did not reach the extent and brutality of the Stalinist 1950s.

The situation was quite different in Poland. Unlike in Bohemia, Polish society had been deeply religious and Catholic; also, unlike in Slovakia, there was little record of collaboration with Nazi occupiers that could be used to discredit the church. On the contrary, the Catholic Church was seen as an important vehicle of national opposition to any occupation, German or Soviet, and any government installed by foreign intervention. Thus, communists had limited opportunities to apply their anti-religious policies.

The time scale in Poland roughly corresponds to that of Czechoslovakia. There are four main periods:[3] The first period of Gomułka's leadership from 1945 to 1948 was followed by the Stalinist period lasting up to 1956. The Polish thaw (following the Khrushchev thaw in the Soviet Union) restored Gomułka as leader and eman-

[3] Following the account given by Diskin (2001) and Davies (2001).

cipated Poland from the direct control of Soviet leadership.[4] The definition of the fourth period preceding the end of communist regime in Poland is more difficult. The end of Gomułka's second rule is one option (Diskin 2001); perhaps a more important milestone is the rise of the Solidarity movement (1980–81) and the period of General Jaruzelski's military dictatorship (1981–83, Davies 2001). The election of Karol Wojtyła as Pope John Paul II in 1978 is another breakpoint event and a precursor to Solidarity (Weigel 2003).

State regulation and anti-church measures have touched different areas of religious life. To compare the situation in Poland and Czechoslovakia, it is useful to select measures from several categories. First, we compare measures aimed at the church hierarchy, i.e., bishops and priests; second, measures concerning property as the source of church independence; and third, regulations targeted at religious education. In all categories, there are similarities and differences between the Czechoslovak communist regime and the Polish one.

In both countries, the regime attacked the Catholic hierarchy. Restrictions ranged from the removal of economic independence to physical imprisonment, torture, and even capital punishment in several cases. The government also interfered with the appointment of church officials. In Poland, some 2000 Catholic activists were imprisoned by 1956, including eight bishops and 900 priests (Weigel 2003). However, after 1956, they were all released and the government stepped back on restricting appointments. Thus, the Polish church could maintain a well-developed hierarchical structure. Between 1945 and 1980, the number of clergy doubled (Nowak 1982).

In Czechoslovakia, the anti-church campaign was much harsher. By 1951, all but one of the bishops were deprived of liberty; 18 bishops were imprisoned and another 10 placed under house arrest.[5] Some of them died of torture in prison. Several hundred priests were imprisoned, some of them sentenced to death or killed in prisons and labor camps. Some 2400 members of religious orders, both men and women, were interned in selected monasteries (operated as labor camps), and their activities were outlawed. The repression lasted into the 1960s. The communist regime persistently refused to approve the nominations of new bishops; thus, the episcopate shrunk significantly during communist rule. Providing religious services without state approval was a criminal act. Unlike in Poland, the number of priests in Czechoslovakia halved between 1948 and 1987 (Balík and Hanuš 2013).

Communists in both countries tried to elicit support from the clergy and the Catholic laity. In Poland, collaborating Catholics established the movement Pax and the Patriotic Priests group; both groups aimed to support government anti-church policies and to make communist ideology more acceptable to Polish Catholics. However, neither group was able to command popular support, and their influence in society and among the clergy remained marginal (Diskin 2001). In Czechoslovakia, this role was given first to the Peace Movement of the Catholic Clergy and later, after the Prague Spring, the Association of Catholic Clergy Pacem in Terris. Membership in those organizations

[4] Historian Norman Davies (2001: 9) characterized the change in the following way: "The Polish People's Republic ceased to be a puppet state, and became instead a client state." In particular, it meant concessions to the peasantry (end of collectivization) and the Catholic Church.

[5] Consider that the population of Czechoslovakia was less than half of Poland.

was often involuntary; thus, it is difficult to evaluate the extent of actual collaboration with the communist regime. However, the numbers are quite significant; in the 1970s, about a third of Czech and a quarter of Slovak priests were members of Pacem in Terris (Balík and Hanuš 2013).

Property represents a source of economic independence. Although the nationalization of property was an integral part of communism, it also served as part of the anti-church campaign. In Poland, landed property was never collectivized to the extent known in other communist countries, and state-run collective farms were only established in western territories acquired from Germany after the Second World War. Landed property of the church was confiscated except for small farm holdings of parish priests not exceeding 50 hectares (Cieplak 1969), which provided a certain degree of economic independence. In Czechoslovakia, all church property was expropriated. The law established a state-paid salary for clergy with state approval; the communists used the threat of its removal as a pressure tool.

The control of education was an important element in communist plans to control society. The most important fights between the communists and the church concerned elementary schools, Catholic instruction of children, and the education of clergy. In both countries, church schools were closed or taken over by the government. Polish children could receive religious instruction outside school, and Nowak (1982) reports the existence of "more than 21,000 catechism classes, which are held in churches, parish buildings, and private homes." In Czechoslovakia, the law allowed religious instruction in public schools only; parents had to apply for classes and risk retaliation from the communists. The proportion of children attending religious instruction in school fell from almost 100 percent in 1950 to less than 10 percent in the early 1980s (Balík and Hanuš 2013).

The Polish church was also successful in getting concessions in higher education. The Catholic University of Lublin was the only Catholic university in the Eastern bloc. In 1980, nearly 6,300 seminarians were studying in 46 seminaries in Poland (Nowak 1982). In Czechoslovakia, the government allowed two seminaries under strict control, and the number of seminarians in the 1980s did not exceed 300 (Balík and Hanuš 2013; Vaško 2007).

The measures discussed here are just a selection of the wide range of different restrictions used by the communists in their anti-church campaign. Further measures were targeted against religious associations, charities, media and publishing houses, and lay people in different positions. The selected restrictions should suffice to illustrate how different the Polish and the Czechoslovak regimes were in their approach to the regulation of religious markets.

1.2 The official and the underground church

The response of the Czechoslovak and the Polish church differed as much as the regulatory policies. In Poland, the Catholic Church emerged as the major vehicle of anti-communist opposition. With few exceptions, the church was unified and it was able to maintain its official operation with modest concessions to the communist regime. The church in Czechoslovakia virtually split into two organizations, although

they were not completely separated. The official church sought compromise with the communists, while the underground church strictly followed Catholic doctrine and opposed the regime.

The situation of the Polish church allowed a firm position against the communists. Casanova (1994) attributes its strength to the interconnection between Catholicism and Polish nationality. The church had superb organization with a centralized hierarchy and a prominent position of the clergy in society. Another important element was popular devotion, best represented in pubic rituals such as pilgrimages and processions. The Catholic Church represented religious as well as national and civic resistance against the communist regime. As such, it never had to yield too much to the restrictions that the communist government tried to impose.

The church in Czechoslovakia was in a different position. It was not as strong as in Poland, and the repression it experienced was much harsher. The official structure never ceased to exist, although it was much weakened through the restrictions described above. Over time, the church sought a modus vivendi that would allow it at least a basic official operation. The concessions to the regime were backed by the Vatican's Ostpolitik of the late 1960s (Chenaux 2009). However, the official church stagnated during the communist era.

In the early 1950s the Catholic Church started to build its underground organization in Czechoslovakia. It included secretly ordained bishops and priests as well as the lay movement. Besides religious services, the underground church provided religious instruction for children, education for its clergy, published or smuggled books, and organized various activities. The underground church was not always personally separated from the official church, although there is a clear difference in its structure and activities (Balík and Hanuš 2013). The underground church was a natural choice for Catholics seeking a deeper involvement in their religion, the strict observation of doctrine, or more information and access to religious literature. The underground church had been growing over time and it showed considerable power in the final years of communist rule. After the 1989 revolution, both organizations merged into one as the underground church members joined the official church again.

2 The model of church behavior

The model proposed here aims to provide a simplified picture of a real-world situation faced by religious groups in countries with governments hostile to religion. A church is modeled as a firm producing particular consumer goods (further referred to as religious services). The nature of religious services is not examined in detail here, although some important features are noted. The services respond to particular demand and can be provided only by the church. For simplicity, we disregard competition in the religious market and possible competition from the state.[6]

[6] The state can sponsor specific religious organization or provide some quasi-religious services. Beyond secular goods, such as schools or charity, some totalitarian and authoritarian states provided secular substitutes for religious activities, such as the veneration of revolutionary leaders instead of church saints and martyrs, or mass public celebrations that replace religious feasts.

There are diverse models of religious organizations in the literature differing in their objective. One approach is to model the church as a profit-maximizing firm; Ekelund et al. (1996) use this approach to explain the rent-seeking behavior of the medieval church. Others, like Iannaccone (1992), Barros and Garoupa (2002), and Ferrero (2008), view the church as a club and define the objective as welfare maximization for individual members. Yet another possibility is to assume that the church maximizes the number of its members or market share, like in McBride (2010) and Ferrero (2014). Considering the situation we aim to explain, rent-seeking behavior is very unlikely. The objective of membership maximization is typically used to model competition in the religious market which is not the focus of this paper. Thus, the welfare maximization of church members seems to be the most reasonable objective to assume.

For simplicity, we treat the church as a unified entity. That is, we disregard the possible differences in the interests of participants. The objectives of the clergy might have differed from the objectives of the laity, and the same applies to the costs imposed by the government. We also ignore the mechanism of choice where the church hierarchy would probably have more say than the laity. Despite those omissions, the model provides useful predictions.

The church can provide its services at two quality levels. First, it can provide some basic services, which we refer to as low-quality services. Second, the church can also provide high-quality religious services if demanded. We can imagine high-quality services to be what the church intends and what it provides on an unregulated market, while the low-quality services would be a compromise between the church and the government that allows the church to legally operate.

Consumers differ in their preferences for the quality of religious services. We index consumers by $x \epsilon [0; N]$, where N is their total number. Let $H(x)$. denote the extra utility from high-quality religious services compared to the low-quality services. We order the consumers so that $H'(x) < 0$; that is, consumers with lower indexes value quality more highly.

Further, the consumer enjoys utility from being a member of the church regardless of service quality. We assume (with Ferrero 2008) that the utility of church membership depends positively on its size; that is, people prefer to be members of larger religious group to a smaller one because of network effects. We also assume that those who value service quality also put a higher value on membership in that particular church. Thus, the utility from being a member of a particular church regardless of quality is defined as $C(x, m)$, where m is the number of church members. The basic properties of the utility function are $C'_x < 0$ and $C'_m > 0$. Provided that both options are available, a consumer willing to satisfy his religious needs chooses from two alternatives–he can pick high-quality church services which brings him total utility $U = H(x) + C(x, m)$, or choose low-quality church services with utility $U = C(x, m)$.

The costs of religious services are not fully controlled by the religious organization. The costs here represent full costs, including that of participation in the religious activities, as production and consumption is not easily distinguished in the religious market. The costs of religious consumption are assumed to be mostly under government control; that is, the church has no reason to increase costs above what is imposed

by the government.[7] Let h denote the costs of participation in high-quality religious services offered on the black market and l the costs of consuming the low-quality services on the official market, where $h > l$.

The choice of the church is limited to the different modes of operation. It can either choose to provide high-quality services only (on the black market), or low-quality services only (on the official market), or to provide both. We begin with an assumption that there are no costs in setting up either mode of operation and compare them in terms of church's objective, i.e., the welfare maximization of its members. The set-up costs of different operation modes are considered later to explain why the apparently best mode of operation is not always chosen.

Let us begin with the definition of demand for church-provided services under each mode of operation. In the following, p denotes the price that the consumer is willing to pay, or the costs of participation (consumption) that she is willing to accept. The inverse demand function for church services in the case that only high-quality services are offered is defined as

$$p = H(x) + C(x, m) \tag{1}$$

The same function in the case that only low-quality services are offered is

$$p = C(x, m) \tag{2}$$

Finally, the demand function in the case that both high-quality and low-quality services are offered simultaneously is

$$p = \begin{cases} H(x) + C(x, m), & 0 < x \leq x_H \\ C(x, m), & x_H < x \leq m \end{cases} \tag{3}$$

where x_H is such that $H(x_H) = 0$; that is, x_H is an index of a consumer indifferent between the high-quality and low-quality services.

Consumer surplus, which is the target of church operation, can be easily derived from the demand and cost functions. If the church only offers high-quality services, the consumer surplus can be quantified as

$$\int_0^{m_H} [H(x) + C(x, m_H)]\, dx - hm_H \tag{4}$$

where m_H is the number of adherents if only high-quality services are provided. Similarly, if only low-quality church services are offered, the consumer surplus equals

$$\int_0^{m_L} C(x, m_L) dx - lm_L \tag{5}$$

[7] The church may have a reason to increase costs further to screen for commitment of (potential) members, as explained by Iannaccone (1992). We assume that the costs imposed by the government are sufficiently high, if not higher, than needed for that purpose.

where m_L is the number of adherents if low-quality services are provided. Finally, a simultaneous offer of both high-quality and low-quality services leads to somewhat lengthy expressions; the first expression takes consumer surplus by the two intervals on which demand is defined, and the second distinguishes surplus from the consumption of church-brand services and the extra surplus of high-quality services consumed only by some of the church members:

$$\int_0^{x_H} [H(x) + C(x, m_H)]\, dx - hx_H + \int_{x_H}^{m_L} C(x, m_L) dx - l(m_L - x_H)$$
$$= \int_0^{m_L} C\,(x, m_L)\, dx - lm_L + \int_0^{x_H} H(x) dx - (h - l)x_H \tag{6}$$

A comparison of the respective consumer surplus functions gives us the conditions under which one mode of operation is superior to another. First, let us compare the combination of high-quality and low-quality church services to the sole provision of low-quality services. The combined regime is superior if and only if

$$\int_0^{m_H} H(x) dx - (h - l)m_H > 0 \tag{7}$$

Obviously, that inequality holds if at least one person prefers high-quality to low-quality services in spite of the higher costs associated with the former. That kind of demand for extra quality should be apparent to the church and provide an easy-to-use criterion for introducing both modes of participation.

Second, we compare the combined regime to the provision of high-quality services only. The combination is superior in terms of consumer surplus if and only if

$$\left[\int_0^{m_H} [C\,(x, m_L) - C\,(x, m_H)]\, dx\right] + \left[\int_{x_H}^{m_L} C(x, m_L) dx - l(m_L - m_H)\right]$$
$$+ \left[(h - l)(m_H - x_H) - \int_{x_H}^{m_H} [H(x) + C(x, m_H) - C(x, m_L)]\, dx\right] > 0 \tag{8}$$

That particular algebraic form of the condition allows for a meaningful interpretation. The first term represents consumer surplus gain from increased participation to those church members who would participate even if the church offered high-quality services only. The second term represents consumer surplus gained by the additional church members attracted by the option of consuming low-quality services. The third term is the change in consumer surplus for those members who would switch from high-quality to low-quality services if they had this option.

That condition surely holds as a weak inequality, and in the real world it probably holds as a strict inequality as well. The first term is positive if $m_L > m_H$, i.e., at least one new member is attracted by introducing low-quality services. The second term must be non-negative, the utility gains to the new members must be at least equal to their costs; otherwise, there would be no new members attracted to the church. Finally, the third term must be non-negative; if one's utility decreased after switching from

high-quality to low-quality services, she would not have switched, and the third term would be equal to zero.

To complete the comparison, we may also relate the provision of exclusively low-quality or exclusively high-quality church services. The sole provision of low-quality services is superior in terms of consumer surplus if and only if

$$\int_{m_H}^{m_L} C(x, m_L)dx - l(m_L - m_H) > \int_0^{m_H} [H(x) + C(x, m_H) - C(x, m_L)]\,dx - (h - l)m_H \tag{9}$$

The interpretation of that condition is rather straightforward and intuitive. The sole provision of low-quality services is superior to the sole provision of high-quality services if and only if the gain in consumer surplus of additional church members is higher than the loss of consumer surplus of those preferring high-quality services in spite of higher costs associated with such services.

Finally, let us consider the effect of the potential set-up costs of combining the high-quality and low-quality (i.e., legal and illegal) modes of operation. So far, we have concluded that the combined mode is always advantageous as the net change in consumer surplus compared to the provision of a single type of service is non-negative; and, in practice, probably positive. However, providing the combination of high-quality and low quality-services may impose some additional costs associated with setting up parallel structures.

Considering such set-up costs, it is not clear that the simultaneous provision of both types of services is always advantageous. Formally, set-up costs replace zeroes on the right-hand side in Eqs. (7) and (8). In that case, it is a purely empirical question as to which mode of operation is superior.

Several hypotheses follow from the theoretical model. First, if set-up costs are zero or very low, a church will provide both high-quality and low-quality services. Otherwise, a sufficient advantage must follow from setting up the combined mode of operation. In that case, a combined provision of high-quality and low-quality services will occur where (1) the extra benefits of providing high-quality services in comparison to low-quality services are significantly higher than the difference in the costs of the respective services, or where (2) benefits from participating in church services are valued significantly high relative to the costs of participation.

Those hypotheses may be translated into the reality of Eastern European communist countries in the following way. First, where the difference between the intended church teaching and operation and the church-state compromise was high, the church established parallel structures providing both types of services; where the compromise was more in favor of the church, parallel structures were not established. Second, the parallel structures were established in those churches in which belonging to the particular church is considered important. That is typical especially for the Catholic Church, which claims its exclusivity in the provision of the necessary prerequisites of salvation (i.e., the sacraments) more intensely than various Protestant churches.

3 Interpreting history in terms of the model

The stories of the Catholic Church in Poland and Czechoslovakia provide an illustration for the problem described in the model. In both countries, religious markets were heavily regulated, although not to the same degree. The difference in the position of the Polish and Czechoslovak church vis-à-vis the communist restrictions provide the key to explaining their choices.

The model predicts that the choice depends on the difference between the intended church teaching and operation and the church-state compromise. Where the difference is high, the church establishes parallel structures providing both types of services while remaining unified where the compromise was more in favor of the church. Indeed, the Catholic Church in Poland was able to force the government into an acceptable modus vivendi. Thus, it had little incentive to create underground structures, perhaps with an exception for the initial years of communist rule. In Czechoslovakia, the church had to accept the stronger interference of the communists in its internal affairs. Thus, to provide an alternative for the most orthodox Catholics willing to bear the higher costs of religious participation, it created the underground church.

The set-up costs of the dual regime may not be apparent. However, the case of Czechoslovakia also shows that building a parallel structure may indeed be costly to the church. Some parts of the underground church deviated significantly from the doctrinal orthodoxy of the Catholic Church;[8] such deviations have caused certain problems in the "reunification" of the church. Tensions between members of both branches of the church have also outlived the communist regime. Even if those costs are hard to predict ex ante, they are probably not neglected when choosing the mode of operation.

4 Conclusion

The model proposed here is designed to account for the specific situation of churches in the severely regulated environment imposed by communist regimes. Poland and Czechoslovakia are just two of the many communist countries in which religious organizations had to choose their mode of operation. Naturally, the model can be applied to other countries of the former Eastern bloc. The story of the Catholic Church in Hungary could be interpreted as another example of dual operation. After the 1956 revolution, the church officially sought a compromise with the communists, but Cardinal Mindszenty, confined at the US embassy, chose to stand firm against the regime. The Ukrainian Greek Catholic Church would present an example of a church that chose clandestine operation only as the Soviet government made official operation prohibitively costly.

Beyond the historical examples, the model can serve to interpret the behavior of churches in present-day regimes hostile toward religion. China is the most natural case study for the application of the model. It is well known that the Catholic Church operates both officially and clandestinely in China, and the situation might be similar

[8] The most significant deviations would be ordination of married men and women as priests.

to that of the Catholic Church in Czechoslovakia. Many other religious organizations seem to face this choice in China (see Yang 2006). Communist Cuba may be another contemporary example, perhaps closer to the Polish case.

The model can also be applied to those countries that favor certain faiths, but severely regulate other religions. That is the case of Christian churches in Muslim countries. The regulation differs across the Muslim world. Some countries, like Syria or Egypt, have been relatively tolerant of Christianity; others, like Saudi Arabia, are very hostile. While the provision of Christian religious services is legal in some countries, like Iraq, proselytizing is not allowed and can only be done secretly. Diverse regulations have resulted in different strategies of the Christian churches in those settings.

Furthermore, the model can be extended beyond religious markets. Certain political organizations may be in the same position as the churches under communism. As the churches challenged the totalitarian claims of the communists, revolutionary organizations challenge the legitimacy of the existing regime. Depending on the regulation of the political market, the opposition may or may not be allowed to compete officially. It may also choose to operate officially and set up a parallel clandestine organization carrying out illegal actions. In the West, the communist parties were officially banned in Franco's Spain or Salazar's Portugal and operated secretly; at the same time, they could run in elections in France or Italy. However, the Italian Communist Party also had some of its members trained for clandestine warfare and provided espionage for the Soviet Union and East Germany.

Beyond the narrow field of the economics of religion, this paper aims to draw attention to the issues of the parallel existence of official and black markets, and the choices of groups with motives different from profit maximization. Those situations are rare in the economic literature, and certainly not as frequent as analyses of single markets and profit maximization. Yet they occur in the real world, and adequate models dealing with these uncommon situations may lead to fruitful policy conclusions.

Regarding further research in this area, an important limitation of the presented model arises from the fact that it ignores the mechanism of collective choice. Interesting attempts have been made by economists to explain the choice of the Catholic Church in different areas following the scholarship of public choice (see Ault et al. 1987; Ekelund et al. 1996). This might be a suggestion for further research exploring the motives of different agents within religious groups that would account for the decision from a different perspective.

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The persistence of opposition in an oppressive regime: The case of the Catholic Church in Czechoslovakia

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Abstract

When faced with oppression from the state, some groups and individuals choose costly opposition rather than a compromise. This may be caused by the cost of compromise being higher than the cost of opposition. However, it is also possible that the persistent opposition is due to some past decisions. The paper proposes a model explaining persistent opposition as a result of group-specific investment in human capital that traps individuals in an opposition group even when she would be better off outside the group. The model is illustrated with the case of the Catholic Church in Czechoslovakia, the largest group opposing the Communist regime. Within that context, the model contributes to the explanation of the persistence and growth of the underground church under Communist rule as well as the post-Communist religious revival. The same model may also be applied to malign opposition groups, such as terrorist and criminal organizations, and it provides clues about how to deal with them.

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Opposition, religious persecution, Communism, Catholic Church, Czechoslovakia

Introduction

Across the world, in times of oppressive regimes, we observe some groups persistently in opposition to the regime despite the high costs imposed by the oppression. Many times, they are benign groups, such as the churches or dissenting political groups in communist countries, or religious minorities in countries where the dominant religion uses politics to suppress religious competition. Sometimes they are malignant, such as the different radical political and religious movements that resort to violence. What they have in common is that they do not seek a compromise with the oppressive regime but remain in costly opposition.

A simple explanation is that the opposition is a matter of taste. That is, the cost of compromise with the state would be higher than the cost of opposition. This simple explanation may often be correct. However, it does not account for certain characteristics of the individual's decision-making, particularly, that her present decisions are dependent on past decisions (as aptly described by Becker, 1996). This paper proposes that some individuals stay in costly opposition because of the sacrifices or investments they have made previously, even if they would be better off not to oppose the regime otherwise.

Although the problem of persistent opposition groups is general, the focus of this paper is on the Catholic Church in Czechoslovakia, which is an example of such a persistent opposition group, especially with its underground branch. Despite the tough oppression—represented by prisons, labor camps, and torture, as well as milder forms of discrimination in education and career opportunities—many Catholics continued their religious practice, and some even chose illegal, clandestine operation as an alternative to the official Church, which was perceived as a compromise with the Communist regime. Forced secularization succeeded only partially and in the longer term.

In order to answer the question of why individuals and religious groups remain in costly opposition to an oppressive regime rather than seek a less costly compromise, the paper proceeds in the following way. First, it briefly outlines the situation of the Catholic Church in Communist Czechoslovakia, the anti-religious measures of the Communist government and the response of the Church. Second, it presents a model of individual decision-making regarding joining and staying in a religious group under oppression. Third, it discusses the development of religiosity in Czechoslovakia in the light of the

model and alternative explanations. The final section outlines further application and policy conclusions.

A brief history of the Catholic Church in Communist Czechoslovakia

Communist rule in Czechoslovakia began with a coup d'état at the end of February 1948. The country was religiously diverse at that time; Bohemia had already been considerably secularized, while Slovakia and Moravia were highly religious, and Catholicism had been an important part of the national identity (see Froese, 2005, for more details). From the beginning, the Communists attacked religion as such, the "opium of the people," but particularly the Catholic Church, as it represented an independent organization outside of their control, a challenge to the totalitarian claims of communist ideology.

The Communist anti-religious policy evolved through time. The first period, which was between 1948 and 1960, was the most violent. It was followed by a relative increase of religious freedom in the late 1960s, the period known as Prague Spring. Following the Soviet military intervention of 1968, in the period called "normalization," the anti-religious campaign intensified again, but never reached the brutality of the 1950s. It appears that in the initial "Stalinist" period the Communists aimed at destroying churches and rapid eradication of religion as such. Beyond the initial period, it did not seem that the Communists would seek to destroy churches completely, possibly due to the high costs of such an endeavor, and they focused on administrative control of churches and gradual secularization. The strategies of the Catholic Church evolved in reaction to the policy of the state.

The anti-religious policy included both supply-side measures targeting churches and demand-side measures offering secular substitutes to religious goods. The anti-church measures were aimed at controlling and elimination of churches; they targeted the clergy, church property, and various church outlets, such as schools, press, and charitable organizations. Communist authorities also discouraged religious participation, employed propaganda, and anti-religious teaching in public schools.

On the supply side, the most violent measures targeted the clergy. Most of the bishops were interned or imprisoned. Many clergymen were sentenced in show trials and often sent to labor camps, some were tortured to death. Monasteries and religious congregations were dismantled, and their members were interned in selected monasteries that were used as labor camps.

To reduce the autonomy of the Catholic Church, the Communists confiscated most of its property. The Communists also took control of the

Church's schools, publishing houses, and charities. Although the government allowed some books and papers to be published, they were censored by the Communist officials. The Communist government also introduced state-paid salaries for the clergy, another tool of control after taking away Church property; the Communists tried to differentiate among the clergy and supported those clergymen who were willing to collaborate with them. The legal religious ministry was subject to "state approval," a license from the Communist authorities.

After the Communist takeover, the secular clergy were offered a chance to collaborate with the Communists, or to subject themselves to strict control. This was not acceptable to many priests. Members of religious orders and congregations did not even get an opportunity for a compromise and were interned and often sentenced to prisons and labor camps. Upon release from prisons in 1960s, their secular opportunities were radically curtailed. In 1970s and 1980s, arrests of the clergy were less common; although, physical violence did not disappear entirely.

There are three different groups that can be identified among the clergy. The first group was a rather small group of Communist collaborators. The second group consisted of the large mass of priests ministering legally, subject to state control of various degrees. This group was shrinking the whole time except in the late 1960s (Babička, 2005). The third group comprised the underground priests; they were either those who were ordained before the Communist takeover but could not get state approval, or those who were secretly ordained during the Communist era. The numbers concerning the underground clergy are scarce; however, the available evidence indicates that by 1989 as many as one quarter of Catholic priests ministered in the underground Church (Minarik, 2019).

The number of Catholic priests does not seem to reflect the extent of oppression. Firstly, it is notable that the number of priests ministering legally remained high in the 1950s despite the oppression. Of course, virtually all regular priests were banned from legal religious service, and many secular priests were imprisoned. However, the Communists were quite unsuccessful in reducing the numbers of the clergy. During the thaw of the 1960s, some priests were able to regain state approval, and the number of priests reentering the legal ministry increased also during the 1970s (Babička, 2005). Those who could not minister legally or refused the compromise offered by the Communists often chose to minister illegally within the underground Church. The falling number of legally ministering priests during the Communist era can mostly be attributed to the retirement of older priests and an insufficient influx of new priests due to the limits imposed by the Communists on the number of seminarians. Priests persistently refused alternative careers which could not compensate for the loss associated with abandoning the priesthood.

The Communists regulated the number of seminarians; however, they could not fully regulate the interest in becoming a priest. Soon after the takeover, the Communists dismantled any existing seminaries and established two official institutes for the preparation of clergy. Many students refused to transfer to the newly formed institutes, completed their training and were ordained secretly. The number of applicants was constantly higher than the number of admitted students allowed by the Communist authorities. When the restrictions were temporarily relaxed in the 1960s, the number of seminarians increased rapidly. These new entrants can naturally be attributed to the relaxed anti-church policy during the thaw. However, the vast majority of students remained in the seminaries even after the Soviet invasion of 1968 and even with the prospect of tightening the anti-church measures; that is why the number of priests increased in the early 1970s (Balík and Hanuš, 2013). The suppressed demand for priesthood manifested itself again in the 1990s when new seminaries were opened after the collapse of Communist rule (Minarik, 2019).

The Communists also punished religious participation. Active laymen and women were sometimes imprisoned. Typically, they would face discrimination in the labor market and in education. This was particularly effective, since employment and schools were all controlled by the state. Educated members of the opposition were often assigned to menial jobs, and their children were denied access to higher education.

Religious instruction in schools represents another visible activity of the Catholic Church. Formally, the Communists forbade religious instruction outside public schools. Such regulation followed the previous tradition of religious instruction in public schools; however, in the previous period, it resulted from the state support of religious instruction, while under Communist rule it served for its control and restriction. Communist authorities controlled who taught and what was taught, and they put severe pressure on parents to discourage them from enrolling their children in religious classes.

Enrollment in the official religious classes dropped significantly during the Communist era, but the decrease was not continuous. In the early 1950s, well over 90% of children were enrolled for religious instruction; by 1956 the number dropped to 48% and by 1967 it fell to 24%. In 1968, in the period of Prague Spring, enrollment in religious classes doubled. The revival was rather short-lived, and the number of enrolled children fell again in the 1970s when it turned out that no liberalization can be expected under Soviet occupation and the restoration of the Communist hardliners. However, the decrease was distributed over several years, and it corresponds to the trend of baptisms and marriages depicted in Figure 1 (Balík and Hanuš, 2013). Simultaneously, the underground church developed religious instruction in homes, and even though the extent is hard to estimate, it could not have made up for the losses in public schools.

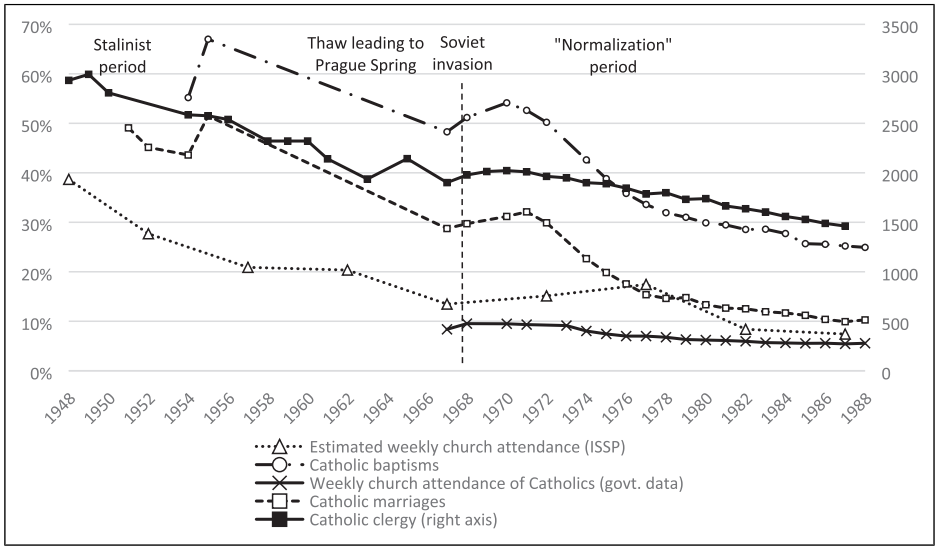

Figure 1. Church attendance, Catholic rites and Catholic clergy in Czechia during the Communist era. Note: The numbers represent only Czechia, not Slovakia. The estimated church attendance is based on retrospective questions in the ISSP survey and it comprises all denominations. Baptisms are the percentage Catholic baptisms out of all children born. Marriages are the percentage of Catholic marriages out of all marriages. Catholic clergy numbers only include the legally ministering clergy. The data are from Minarik (2021), Balík and Hanuš (2013), and Babička (2005).

Church attendance is another observable aspect of religiosity. However, there is little reliable data on church attendance from the Communist era. One source of data, possibly biased, is the archives of the Communist authorities (Babička, 2005), and another is a reconstruction from retrospective survey questions (Minarik, 2021); both sources provide the same general picture of the fundamental trends. Participation in religious rituals, such as baptisms and church weddings, tells a similar story (see Figure 1).

Generally, religiosity in Czechoslovakia declined during the Communist period; however, the decline was uneven. In the first two decades after the Communist takeover, church attendance fell significantly; the decrease was somewhat delayed in Slovakia, where the Catholic Church traditionally had a stronger position. The thaw of the late 1960s brought about a minor religious revival in Czechia and stabilization in Slovakia. It is interesting that the revival did not end with the Soviet invasion of 1968; church attendance increased well into the 1970s. The revival is also clear from the government data which account for the attendance of only the legal services in the Catholic Church and the data concerning Catholic baptisms and marriages.

The general decline of religiosity is unsurprising; it corresponds to the secularization trend in Europe, and it was perhaps accelerated by forced secularization. However, the revival of the 1970s is puzzling. The anti-church campaign was relaxed in the 1960s, but the period of "normalization"brought further tightening. Furthermore, the Soviet invasion of 1968 reduced hopes for any change of political regime. Yet, for a certain period of time, the secularization trend was reversed.

In response to the anti-religious policy, the Catholic Church diversified its operation in Czechoslovakia. Part of the Church continued to operate legally, and another part chose an illegal mode of operation (see Minarik, 2018, for more details). The Communists did not prevent the operation of the Church altogether, and the clergy sought ways to deal with the regime officials in a way that would allow continued legal operation. Also, many lay members of the Church would choose services that were offered legally, such as religious instruction in public schools. However, some religionists refused to compromise with the Communist state, and part of the Church went underground.

The underground structure of the Catholic Church in Czechoslovakia evolved following the Communist takeover. Foundations had been laid even earlier with some religionists expecting the persecution that would follow the liberation of Czechoslovakia by the Soviet Red Army. From the beginning, there was a network of laymen, secretly ordained priests, and bishops. In the later stages, the underground Church was reinforced by clergy and laity imprisoned in the initial period of Communist rule and released from prison during the thaw of the 1960s.

The period of Prague Spring provided the Church an opportunity for revival. However, it was short-lived and unexpectedly ended by the Soviet invasion in August of 1968. Yet, despite the fact that the Communist regime survived and the oppression of the Church increased, the underground Church continued its operation and even grew in the 1970s and 1980s. Towards the end of the 1980s, the underground activity actually increased. Until the collapse of Communist rule in November 1989, the Catholic Church was the only opposition force in Czechoslovakia capable of mass demonstrations against the Communist government (Weigel 2003).

The public activities of the underground church could provide some evidence about the persistence of the hidden part of the Catholic Church. Weigel (2003) lists three major events that manifested the strength of the underground church. First, there was the mass attendance of some 150 thousand people at the 1985 pilgrimage to Velehrad, which the Communists planned to organize as a "peace festival," but which turned into a religious gathering. Second, there was the 1988 petition organized by the underground Catholics demanding religious freedom which was signed by more than half a million Czechoslovak citizens despite the danger of retaliation from the Communists. Third, there was the 1988 "Candle Demonstration," a prayer gathering of several thousand Catholics for religious freedom brutally dismantled by the police, which was the largest demonstration of opposition to the Communist regime between 1969 and 1989 (see also Minarik, 2019).

The characteristics of the Catholic Church in Czechoslovakia outlined above testify to the persistence of the Church under severe oppression. They also show how the Church had gained its strength in the times of relative freedom—the period between World War II and the Communist coup as well as in the period of Prague Spring—and did not lose its strength immediately after the increase of oppression. Even where we observe a decline in the official activities of the Church, such as enrollment in religious classes or church attendance, it is well possible that those were actually not declining, but, at least partially, shifting to the illegal sphere where the underground church operated. With all the caveats about the nature of the available data, it appears that the periods of hope strengthened the Catholic Church in Czechoslovakia which then remained viable in the subsequent periods despite government oppression.

To sum up, the oppression of the Catholic Church occurred in two waves of differing intensity. Both waves were only partly predictable. The Communist takeover and especially the extent of oppressive anti-religious measures was unexpected to most Catholics before 1948; the Soviet invasion of 1968 was equally unexpected. Similarly, the lessening of the oppression was not predicted, neither in the 1960s nor in 1989. There are no signs that the underground Catholic Church was preparing for the collapse of Communist rule and subsequent legal operation. The question is, with the

expectation of ongoing Communist rule, why would the underground Catholics not accept the compromise like the aboveground Church, but choose costlier illegal operation instead? And similarly, why had the Catholics not abandoned the publicly visible manifestation of their membership in the Church such as religious instruction in schools?

A model

The model builds on Ferrero's (2014) account of early Christianity. Ferrero explains how Christianity transformed from an apocalyptic movement into a new religion. In his model, early adopters joined the church with the expectation of the imminent arrival of God's Kingdom. Due to that expectation, they sacrificed worldly opportunities. However, as the expectation did not come true, the religionists found themselves "trapped"; the sacrifices would be wasted were they to drop out of the church. Ferrero argues that the sacrifices should not be viewed as sunk costs in the later life but rather as transaction-specific investments. Only when the religionists found themselves trapped in the Church did they transform their beliefs to match the actual situation and turn the apocalyptic movement into an established Church. The chief difference of the present model is that there is no end-of-the-world expectation.

There are two periods in the model, and the individual may choose to join the religious group in either of the two periods. Joining the religious group in period one is associated with a sacrifice K which positively affects the religious experience of the person and negatively affects her labor productivity in the subsequent periods. One can think of the sacrifice as an investment in religious human capital at the expense of investing in the secular human capital that is valuable in the labor market. Such investment is typically made early in one's life since the potential returns decrease with increasing age.[1]

In both periods, the individual chooses between work and religious activity. She is endowed with total time T which can be allocated for the two. The individual derives her utility from secular consumption S and religious activity R. Let us assume (with Ferrero 2014) quasi-linear preferences, where the utility in each period is given by

$$U_t = S_t + \alpha_t v(R_t, K) \tag{1}$$

where α is the productivity parameter that represents (subjectively perceived) religious freedom in the society and $v'_R > 0$, $v''_{RR} < 0$, $v'_K > 0$, and $v''_{KK} < 0$. The sacrifice, interpreted as acquisition of religious capital, increases the utility from religious activity, that is, $v''_{RK} > 0$.[2] Let us begin with an assumption that K is set by the religious group, and the individual only chooses

to join the group or not. Later, we relax this assumption to see how the choice of the level of investment in religious capital affects the results.

The secular consumption of the individual depends on the time allocated to labor and the wage rate. Since we interpret the sacrifice as a substitute to investment in secular human capital, we assume that it negatively affects the individual's wage rate (i.e., $w'(K) < 0$). With this assumption, the budget constraint for a religious person in period t is

$$S_t^R = w(K)(T - R_t) \tag{2}$$

and the constraint for a person not joining the group is

$$S_t^N = w(0)T \tag{3}$$

and their one-period utilities are

$$U_t^R = w(K)(T - R_t) + \alpha_t v(R_t, K) \tag{4}$$

$$U_t^N = w(0)T \tag{5}$$

Taking K as given, the religious individual chooses the amount of time devoted to religious activity R to maximize her utility. Maximization of the utility function given by the equation (4) yields the condition for the religious individual's optimal level of R in period $t, \overline{R}_t$.

$$w(K) = \alpha_t v'_R(R_t, K) \tag{6}$$

For a moment, let us ignore the question of how the individual chooses whether to join the religious group or not. If she joined the group in period one, now she chooses between dropping out and staying in the group. Since the sacrifice has already been made before, the choice only concerns the time allocated to religious activity. The religious individual stays in the group if

$$\alpha_2 v(R_2, K) \geq w(K)R_2 \tag{7}$$

The choice between dropping out and staying in the group is different from the choice of a non-member considering joining the group in period two. The non-member also chooses the amount of time to allocate to religious activity but has no religious capital. The non-member joins the group in the second period if

$$\alpha_2 v(R_2,0) \geq w(0)R_2 \tag{8}$$

The comparison of the membership conditions in period two given by equations (7) and (8) shows that a member is definitely more likely to stay than a non-member is likely to join. Having no religious capital, the non-

member enjoys lower utility from religious activity, and her opportunity costs are higher due to the higher wage rate.

The sacrifice creates a trap for the members since the reduction in wage rate cannot be recovered even if the individual has dropped out. The minimum level of K that traps the individual in the group, K^T, is given by condition (7) solved as an equality

$$\alpha_2 v\left(\overline{R}_2, K^T\right) = w\left(K^T\right)\overline{R}_2 \tag{9}$$

where $\overline{R}_2$ is set by equation (6). Obviously, $\partial K^T/\partial\alpha_2 < 0$, that is, the tougher the oppression in period two, the higher sacrifice is needed to keep the individual in the group. Membership in the group can be reduced by stepping up the oppression; however, it must be well above the level that just prevents new members from joining the group in period two.

Further, the level of oppression in period two also affects the time spent on religious activities. It follows from the equation (6) that $\partial\overline{R}_2/\partial\alpha_2 > 0$: the tougher the oppression of religion, the less time will be devoted to religious activity, and vice versa. If the oppression weakens or the oppressive regime ends $(\alpha_2 > \alpha_1)$, the result is more religious activity $(\overline{R}_2 > \overline{R}_1)$, that is, a religious revival.

Second, let us consider the choice in period one. Unlike in Ferrero's (2014) model, no individual expects the end of the world after period one; thus, we must introduce discounting. Parameter δ represents the discount factor for period two.[3] Further, parameter α representing oppression of religion may vary across the two periods, and, while the situation is clear to the individual in period one, the value of α_2 is uncertain. An individual thus must base her decision on the expected value (α_2^E). The two-period expected utilities of members U^R and life-long non-members U^N are

$$U^R = w(K)(T - R_1) + \alpha_1 v(R_1, K) + \delta\left[w(K)(T - R_2) + \alpha_2^E v(R_2, K)\right] \tag{10}$$

$$U^N = w(0)T + \delta w(0)T \tag{11}$$

The individual joins the religious group in period one if he expects $U^R \geq U^N$, that is, if

$$\alpha_1 v(R_1, K) + \delta\alpha_2^E v(R_2, K) \geq (1 + \delta)(w(0) - w(K))T + w(K)(R_1 + \delta R_2) \tag{12}$$

That is, the individual joins in the first period if the expected utility from religious activity exceeds the costs incurred from the decrease in wage rate and the time spent on religious activity.[4]

The joining condition in equation (12) suggests what kinds of individuals are likely to join in period one. They are the individuals with a high preference for religion or low sensitivity to oppression (high α's), individuals who expect the oppression to be reduced in the future (high α_2^E) and those with lesser wage reduction, either because of low $w(0)$ or for some other reason. Also, the lower the discount factor δ is for an optimistic individual (with $\alpha_2^E > \alpha_1$), the more likely she is to join the group in the first period. Since α_2 is uncertain in period one, some individuals may realize later that their expectations were too optimistic $(\alpha_2^E < \alpha_2)$ and that they would be better off if they had not joined the group. However, due to the trap described above, once they are in, they do not leave the group in period two.

Finally, let us consider the possibility that K is chosen by the individual. When joining in period one, the individual chooses K to maximize the two-period utility given by the equation (10). The condition for utility maximization is

$$\alpha_1 v'_K(R_1,K) + \delta\alpha_2^E v'_K(R_2,K) = \; w'(K)[(T-R_1) + \delta(T-R_2)] \qquad (13)$$

The following applies to K^*, the optimal level of K: $\partial K^*/\partial\alpha_1 > 0$ and $\partial K^*/\partial\alpha_2^E > 0$. The interpretation is similar to the interpretation of the joining condition (12) above. Individuals with high preference for religion or low sensitivity to oppression (high α's), and individuals who expect the oppression to be reduced in the future (high α_2^E) are not only more likely to join but also choose higher levels of K. Also, if the individual expects $\alpha_2 > \alpha_1$, then $\partial K^*/\partial\delta > 0$, that is, those with a lower discounting factor will sacrifice more in the beginning. Thus, the more optimistically the individual regards the future, the more likely she is to join and get trapped in the group. This is where the reaction to cognitive dissonance may appear, as described by Ferrero (2014), so that the religious activity of those members does not drop significantly.

To sum up, membership in the oppressed religious group tends to be persistent if connected with an initial sacrifice affecting both religious life and secular productivity. Surely, some people will join such a group no matter what as they have a high preference for religion; the oppression and possibility of martyrdom may even increase the utility of religious activity. Those are not the focus of this model.[5] The model explains the behavior of those who join the group due to misjudgment of future development and then find themselves trapped in the group. When it seems that the anti-religious measures will be weakened or the oppressive regime will end soon, people are more likely to join the oppressed group. And even if the expectations do not materialize, that is, the regime does not end and

the oppression is not significantly weakened, those members do not leave the group.

Discussion: The model and alternative explanations

The history of the Catholic Church in Czechoslovakia seems to correspond to the predictions of the model. Naturally, testing the hypotheses is rather complicated here. Membership in the Catholic Church is formally established in baptism although that does not provide any indication of subsequent religious activity. Church attendance may serve as an indication of activity, but data from the Communist period are scarce and imprecise. Furthermore, membership in the underground Church is not observable. Its public activities could serve as a proxy measure; however even with that, we have to rely mostly on anecdotal evidence. Especially with the motivations of individual members, one must bear in mind that they might not be verily revealed in individuals' accounts of their personal stories in reaction to cognitive dissonance.

At the societal level, behavior consistent with the model should have produced an uneven development of religious activity over time. The real story is not about two discrete periods; it is about overlapping generations and recurring "periods of hope." People raised in those periods are more likely to join the church, which means they are more likely to make the sacrifice or to invest in religious capital. In the subsequent period, they are more likely to stay even if conditions worsen.

Every time prospects for a better future for religion appear, new young members join the Church. Even if their expectations do not come true, they stay in the group due to the trap. Thus, the trap creates a ratchet mechanism that helps the group to persist and even grow. For that reason religiosity does not respond immediately to the changes in costs of religious participation; this is true both for the forced secularization under the Communist rule and for the post-communist religious revival.

That prediction is consistent with the pattern observed in Czechoslovakia. First, the religiosity did not decline immediately after the Communist takeover despite the toughest oppression in the initial period; it only declined later when the conditions were actually relaxing. Second, there is an increase in religious activity in the period of 1970s when the anti-church campaign strengthened. It only declined later and without any further increase in anti-church measures.

The model is supported by the development in several different groups of Catholics. Prior to 1948, certain groups invested heavily in religious capital—the clergy, seminarians, men and women of religious orders, and laymen officials of Church-run organizations. Also, parents educating their children religiously could be viewed as those investing in religious capital as

much as this was publicly visible. All those Catholics were more likely to stay in the Church despite the significantly increased costs after the Communist takeover.

Similarly at the end of 1960s, many people would have believed that the situation is improving for religion. This is supported by increased enrollment in religious instruction classes and seminaries. Again, a group of people emerged that invested in religion and publicly marked themselves as religious. Such behavior increased their benefits from further religious activities and kept them within the Church well into the "normalization" period.

An alternative model based on current costs and benefits does not fit the observation from Communist Czechoslovakia. Indeed, one could think of the anti-religious measures as a tax imposed on religious activity. In that case, some believers with lower demand would abandon religious activity altogether, others would choose between legal and illegal provision. The Church might have even diversified its operation to serve both groups and thus maximize the welfare of its members (Minarik, 2018). However, if religionists merely reacted to the change of costs, they would have refrained from religious activity immediately, not after many years and in the period when things were actually getting relatively better (as in early 1960s and in 1980s).

The hysteresis could also be attributed to imperfect information. However, that does not seem plausible. In the early period of the rule, Communists confronted religion quite openly; few religionists would have believed that the situation is not worsening for them. This is even more true for the period after Soviet invasion of 1968, when people in Czechoslovakia already had an experience with the Communists. This period is characterized by increased emigration from Czechoslovakia and unorthodox behavior of some groups in the underground church, all that being due to the perceived imminent threat of increased repression.[6]

A better explanation is provided by the socialization hypothesis of Ronald Inglehart. Inglehart (1997) explains that the relationship between socioeconomic environment and values is not one of immediate adjustment; the time lag is involved because one's basic values reflect the conditions that prevailed during one's preadult years. Although Inglehart's theory concerns values, it can easily be extended to practices, especially in case of religion where beliefs and practices are closely connected. The socialization hypothesis implies that the behavior of individuals and the society is unlikely to change overnight even if conditions change. The change takes place gradually; especially when a younger generation replaces an older one.

The socialization hypothesis seems relevant for the explanation of persistence of religion in oppressive regimes. Kelley and De Graaf (1997) show that national context matters for individual's religiosity along with the socialization in family. Müller (2009) ascribes the decline in religiosity

during the Communist period to the interruption in steady transmission of religious ideas from generation to generation. Pickel (2009) refers to the socialization to explain the opposite trend; socialization under the Communist rule prevented more rapid religious revitalization after 1989. Pollack (2003) shows significant correlation between religious socialization and current belief in God and church attendance in several post-communist countries; it is the strongest in Czechia and Slovakia. Müller and Neundorf (2012) document the difference in religiosity between the cohorts socialized before and during the Cold War across Central and Eastern European countries. Finally, Hamplová and Nešpor (2009) confirm the importance of socialization as an explanatory factor specifically for the religiosity of Czechs.

The model presented above can be viewed as a possible interpretation of the socialization hypothesis within the rational choice framework. Religious socialization overlaps with the sacrifice. Inglehart (1997) stresses the importance of early, preadult years for socialization, which correspond with the sacrifice being made in the initial period. This is also in line with Iannaccone's (1990) idea that conversions and religion-specific investment are typical for young people since the potential returns to such investments are relatively higher. The evidence collected to support the socialization hypothesis is also consistent with the model.

Conclusion

The model predicts that an initial sacrifice may trap an individual in an oppressed group despite the costs imposed by the oppression and thus keep the group functioning in opposition to the oppressive regime. The story of the Catholic Church in Czechoslovakia, especially its underground branch, seems to correspond to those predictions. One could argue that the Communists chose the wrong strategy in the confrontation with the Church as well as other opposition groups. In order to discourage people from joining such groups, they imposed harsh punishments lasting beyond one's membership in the group. Cadre policy under Communist rule required a clean personal "profile"; once spoiled, even by ancestry, it could hardly be restored. Thus, the Communists both discouraged new members from entering the opposition groups and the extant members from leaving.

The model is in no way restricted to religious groups; further applications may include political opposition as well as criminal organizations and terrorist groups. There are countries around the world that restrict political opposition in the same way as the Communists did in Czechoslovakia. Even in democratic countries, certain illiberal ideologies are restricted, such as Nazism, and their adherents bear a stigma that reduces their opportunities outside a group of like-minded people. Such stigma, if it cannot be removed,

traps those people within the group where it is perceived as valuable human capital.

Particularly with the socially harmful groups, such as criminal and terrorist organizations, government strategy maintaining the trap is counterproductive. Stepping up the effort to suppress such groups may discourage new members and even reduce their activity. However, without any compensation for the lost opportunities outside the group, their members have little incentive to leave them. The benefits received in the group may be both psychological, as typical in religious or ideological groups, and material, as common in criminal organization as well as in many terrorist groups (Ferrero, 2006).

Where there is a societal consensus that a group is deemed socially harmful the government should employ a "stick and carrot" policy; that is, it may punish membership in the harmful group, but it should reward those who are leaving it. At least, the deserting members should not bear the stigma of former membership in the group but be provided the same opportunities as non-members. This recommendation is in line with the previous economic theories concerning extremism, such as those of Iannaccone and Berman (2006). Ferrero (2006: 875) formulates a similar idea: "rather than trying to deter or deflect people from joining the terrorist organizations in the first place, try to make apostates instead of martyrs."

The present model is open to further development. One of the predictions it that people who are more optimistic regarding future levels of oppression are more likely to join the opposition groups. However, what makes people more optimistic lies outside of the model. Answering that question would improve the predictive power of the model and perhaps provide additional policy implications. Also, one could imagine an alternative model with an ongoing rather than a one-time sacrifice and implementation of further variables, such as the individual's age (which is relevant to religious activity, see Azzi and Ehrenberg, 1975) and variable duration of the different periods. Finally, one could think of including both the "stick" and the "carrots" in the model used by the government if the government would use them.

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Notes

1. The concept of sacrifice is common in the economics of religion. It serves either as a device to screen members and prevent free-riding in religious groups (as in Iannaccone, 1992, and Berman, 2000) or it functions as group-specific religious capital (as in Montgomery, 1996, and Ferrero, 2014). Here, sacrifice plays the role of an investment in religious human capital as described by Iannaccone (1990); Iannaccone also shows that such investments are typically made while people are young, and conversion among older people are very rare.
2. The afterlife is not included in the utility function explicitly. One can think of the $v(R_t,K)$ to embody both the secular value of religious consumption and the expected value of the afterlife, including the individual's beliefs regarding rate relation of R and K to the chances of obtaining afterlife rewards. Oppression primarily reduces the secular value of religious consumption; nevertheless, one can think of the propaganda also undermining religious beliefs, including those concerning the afterlife. Thus, it is reasonable to have α affecting both.
3. The model does not include the duration of the two periods a parameter, this is treated as given. In reality, changes of political regimes are uncertain or difficult to predict. Parameter δ represents the different weights of the two periods in the individual's choice. Thus, if we allowed variable duration of the two periods, it might represent the expected duration of period one relative to period two; the shorter the expected duration of period one, the lower value of δ. Although, a proper treatment of variable duration of the two periods would require a more sophisticated model.
4. We could also consider a wait-and-see strategy, where the individual does not join in the first period and only decides in the second period depending on the actual α_2. In that case, her expected utility is
   $U^w = w(0)T + \delta[w(0)(T - R_2) + \alpha_2^E v(R_2,0)]$
   If wait-and-see is an option and the individual joins in period two, the cost of not joining in the first period is reduced by $\delta[\alpha_2 v(R_2,0) - w(0)R_2]$.
5. There is economic literature on martyrdom that may explain such behavior, such as Ferrero (2013) and Iannaccone and Berman (2006).
6. Underground Catholic group Koinótés in Czechia led by F. M. Davídek reacted with increasing the stock of clergy available for the illegal religious service. Davídek consecrated number of bishops without any permission from Vatican and many priest, among them also married men and even women. Such activity were contrary to the doctrine and discipline of the Catholic Church (Liška, 1999).

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Employment, Wages, and Religious Revivals in Postcommunist Countries

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The fall of communist regimes in Central and Eastern Europe has profoundly changed the religious landscape in many countries. Sociologists have studied the rise and decline of religious beliefs and participation in the post-communist region, but economic approaches have been rare. This article suggests supplementing the dominant theories—the demand-side explanation of secularization and the supply-side explanation of religious revivals—with a model of individual time allocation. The model presented in the article predicts both the initial growth and the subsequent decline of religious participation in postcommunist countries. The empirical portion of the article focuses on six central European countries with different levels of religiosity. Data from the three waves of the ISSP survey support the model.

Keywords: *religious participation, postcommunist transition, time allocation.*

INTRODUCTION

The end of the communist regimes began a new era for religious life in Central and Eastern European countries. Religious freedom that formerly was only declared in constitutions has become a reality. Religious markets have been deregulated and opened to foreign competition. For one reason or another, the postcommunist countries have experienced religious revivals. For a short period of time, religious participation rose at an incredible rate. Of course, the rapid increase in participation immediately after the collapse of communism could be attributed to curiosity of the people in postcommunist countries and the novelty of religious freedom. However, the surge of religion has lasted longer than just a few weeks or months. The subsequent decrease in participation has only come after several years.

Indeed, religious participation in postcommunist countries has changed significantly over the past two decades. Although the data for the pre-1989 period are scarce and unreliable, anecdotal evidence testifies to a dramatic increase in religious participation in the early 1990s. At the beginning of new millennium, Greeley (2002) reports a consensus of researchers on religious revivals in Eastern Europe. In the following period, participation has either stabilized or even declined, possibly with the exception of Russia (Evans and Northmore-Ball 2012). Social scientists have provided several competing explanations for these phenomena. The most prominent are the demand-side explanations of secularization and the supply-side explanation of religious revivals. However, these theories have problems explaining either the boom or the subsequent bust. This article proposes a different approach to the analysis of religious participation in postcommunist countries to provide a suitable explanation that may account for both.

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Similar to the secularization hypothesis, this article analyzes the demand side of religious markets. However, my specific focus is on individual choices. Following the classical model of Azzi and Ehrenberg (1975) as amended by Sullivan (1985), my approach deals with the individual's allocation of time.[1] The most relevant variables determining religious activities in the model are the individual's age and her wage rate. Following this model, I claim that the variations in religious participation in postcommunist countries are well explained by variations in opportunity costs of religious activities, particularly by changes in real wage rates and employment during the transition period. Although the model is not capable of fully explaining religious participation in the region, it is a good complement to existing theories.

My account of the development of religious life in the period of postcommunist transition is organized in the following way. The first section outlines the historical context and reviews extant explanations of changes in religious participation. The following section introduces the model of individual time allocation and its predictions for the postcommunist countries and compares the model's predictions with those of competing theories. Finally, I provide some empirical evidence on six Central European countries (East Germany, the Czech Republic, Poland, Slovakia, Hungary, and Slovenia) that supports my argument and comment on several specific cases that deviate from my predictions.

Explaining Religious Participation in Postcommunist Countries

Historical Context

The situation of religious organizations has been diverse across the postcommunist countries. The differences are often rooted deeply in history, in precommunist times; further differences have arisen from the behavior of churches during the communist rule. These differences are necessarily reflected in the postcommunist period. In some countries, religion has been an important part of national identity, while in others the role of churches in public life was rather marginal. We begin with an overview of the position religion has had in the former communist countries.

Poland is a well-known exception to secularization trends. The role of the Catholic Church in the formation of Polish national identity and it opposition to the communist regime have already been well described (e.g., Casanova 1994; Weigel 2003). The church has a historical advantage of being an "opposition church" against Protestant reformation and the frequent occupation of Polish territory by secularized Prussians and Orthodox Christian Russians. Long before the communists came to power, it had developed a centralized hierarchic structure with the Primate symbolizing the unity of church and nation, and wide popular support maintained through Marian devotion and ceremonials such as pilgrimages and processions. The position of the Catholic Church was reinforced by the election of John Paul II; his visits to Poland (1979, 1983, and 1987) provided support for opposition movements such as Solidarity.

In the postcommunist period, the Catholic Church has had to redefine its role in Polish society. While still having huge membership, it had to recognize that it can no longer be the sole representative of the Polish nation. Although the constitutional separation of church and state was not unanimously supported by the clergy, the church has formally retreated from political battles. Of course, the impact of Catholicism is strong in politics and it is most visible when it comes to issues of education, family, and morality, such the early postrevolutionary vote on de-legalization of abortion. Mass support of the church demonstrating itself in very traditional ways (such as

[1] A review of the model and its extension can be found in Iannaccone (1998). An important modification is the inclusion of religious human capital (Iannaccone 1990), which is neglected in the classical model. Another major extension of the theory is the definition of religious consumption as club goods in Iannaccone (1992). However, the original model is still being used in the literature (e.g., Sawkins, Seaman, and Williams 1997).

frequent church attendance and participation in pilgrimages and other ecclesiastical events) gives clergy certain influence over public debates. Only lately have we been able to observe openly an anti-clerical reaction in Poland and it is as yet uncertain whether this marks a beginning of a new period of secularization.

The religious situation in Slovakia has been quite similar to that of Poland. Catholicism has been part of national identity, especially in contrast with the significantly more secularized Czechs. Similar to Poland, Slovak Catholicism has relied on traditional popular forms of devotion. The church has been a vehicle of opposition, although in a way different from Poland; while part of the church operated under the control of communists, an extensive underground church had formed parallel structures independent of the regime. These two organizations merged quite successfully after the revolution of 1989. Unlike in Poland, the Catholic church has had troubles finding an appropriate role in public debates. It had not opposed dissolution of Czechoslovakia and its voice was not very resolute against the authoritarian regime that emerged afterward. While keeping significant popular support, the Catholic church has lost some of its prestige.

Czech lands present a sharp contrast to Slovakia. Religious composition has been diverse and there is a long history of tension between Catholics and various Protestant groups. Well before the communists took power, Czech society had been highly secularized (this is particularly true for Bohemia, while Moravia somewhat resembles Slovakia). Under the communist regime, churches mostly survived underground; the dominant dissident movements, such as Charter 77, were secular. The Czech Republic is known for high rates of disbelief and agnosticism. Religion is highly privatized and politically marginalized. Only lately has the government decided to restitute church property taken by communists.

East Germany is another well-known anomaly. The analysis of Froese and Pfaff (2005) shows that secularization of East German society had begun long before communism. Following the Reformation and wars of religion, monopoly churches were established according to the choice of the local ruler, resulting in lower quality of services. Further anti-religious impulses appeared in the 19th century with socialism and *Kulturkampf*. The final blow to religion came from the communist repression of religious groups. Even after the revolution, there has been no significant religious revival in East Germany. Although the historical account of Froese and Pfaff (2005) focuses mostly on the supply side, the absence of any revival after deregulation of the religious market testifies to low demand for religion in the East German society.

The Hungarian case is interesting in comparison with that of Poland and Slovakia. Hungary has been predominantly Catholic (about two-thirds of the population in the precommunist period) with a strong presence of Calvinists (about 20 percent). In the beginning, both churches strongly opposed the communist rule, although they had to face severe oppression. The Reformist church was first to agree to cooperate with the new regime. After the failure of the revolution of 1956, the Catholic church also changed its attitude and opted for a cooperative *modus vivendi*. Such a position naturally compromised the position of the church, especially after the end of communist rule. Decline in religious activity and disaffiliation is not a surprising outcome. Moreover, the postcommunist Hungary reestablished religious market regulation, hence hampering competition among religious groups (Froese 2001).

Slovenia is yet another story. First, there was some difference between the more popular Yugoslavian communism and that of the Soviet bloc. Zrinscak (2004) notes a decrease in restriction of religious expression in the later periods. He also points out an interesting development of Slovenian religiosity. While the first decades of communist rule were marked by secularization, especially among more educated Slovenians, the trend reversed in 1980s. The number of nonbelievers fell significantly, and regular participation in religious services increased. On the other hand, Greeley (2003) notes the uneasy relation between the Catholic Church and society as the church attempted to impose the "Polish model" in the 1990s, assuming the same position of Catholics there. Controversial regulation of the religious market in the early 2000s is also suggestive.

Several regularities can be found in the diverse histories of Central European nations. First, the Catholic Church with its hierarchical organization has proven to be better equipped for the confrontation with totalitarian regimes than various small Protestant groups. Second, strong relations between the church and nation provided more legitimacy to religion *via-à-vis* the communist oppression. Third, forced secularization was usually successful in the early stages of communist regimes and violent repression of religious groups; religiosity has been stable or growing wherever the pressure decreased. Finally, most of the postcommunist nations deregulated their religious markets after 1989; however, many governments reregulated the market later. Although competition has surely increased with the fall of communism, the playing field is not completely level.

Previous Explanations

Previous literature has provided explanations based on two prominent theoretical models. First, the secularization theory explains the decline of religion in modernizing communist and postcommunist countries. Second, the supply-side theory is used to account for religious revivals in postcommunist countries. Let us briefly review these two lines of reasoning.

Secularization means different things, as is aptly shown by Casanova (1994), and it is useful to distinguish them. First, secularization means differentiation between religious and nonreligious aspects of life and society. There is little discussion about this phenomenon following modernization of society. However, the two other theses associated with secularization, i.e., the decline of religion thesis and the privatization of religion thesis, are debatable and they are the core of the contemporary "secularization debate." This is also where secularization theories could be useful for explaining the postcommunist religious landscape.

The secularization theory in the narrow sense claims that religion will decline with modernization, both in society and the lives of individuals. There are several reasons why religion should have declined, particularly loss of faith and loss of purpose. A more recent theory by Norris and Inglehart (2004) attributes the decline of religion to existential security. There are good reasons to assume that postcommunist countries would have become highly secularized. Communist regimes have focused on modernization, industrialization, and systematically attempted to eliminate religiosity and replace religion with atheist ideology and secular rituals. The transition period has brought a certain decrease in existential security, especially in countries of the former Soviet Union. On the other hand, the Central European countries implemented social security systems early in the transition and succeeded in maintaining people's living standards at a reasonable level.

An alternative approach focuses on the supply side. Iannaccone (1991) proposes to focus on competition in religious markets rather than the demand for religion. Secularization is attributed to the loss of competition in a religious market that results in deteriorating quality of services provided by religious organizations. Furthermore, lack of competition often arises from state regulation. On the other hand, an increase of competition should result in a religious revival, an increase of religiosity in society. This idea was reiterated by Finke and Iannaccone (1993) explaining religious revivals in America, as well as by Iannaccone et al. (1997). There is an obvious application of the supply-side framework to the liberalized religious markets in the postcommunist region. Indeed, new religious organizations have started missions in Central and Eastern Europe and the extant churches strained to recapture the losses from communist era. On the other hand, the competition of state-sponsored atheism has disappeared with the revolution.

Empirical material has been collected to support each of the alternative theories. In an early analysis of church attendance and religious beliefs in postcommunist countries, Gautier (1997) uses the data from the ISSP 1991 to show the differences between East Germany, Hungary, and Poland. She concludes that the Soviet oppression of religion had a profound effect on Protestants, but less so on Catholics. Greeley (2003) uses in his "sociological profile of Europe at the end of the

millennium" the advantage of having an extra wave of the ISSP survey on religion. Comparing the results from 1991 and 1998 surveys, he notes the different paths among postcommunist countries. He suggests that religion is doing quite well in these countries, possibly on the precommunist levels. Greeley (2003) concludes that none of the countries follow predictions of the secularization model, and they are surely not catching up to Western European nations. Need and Evans (2001) use different data from the mid-1990s to analyze religious participation in postcommunist Europe. The study finds some support for the secularization theory, especially with regard to church membership. However, the authors conclude that church attendance is hard to predict in terms of modernization or the effects of state atheism. Norris and Inglehart (2004) analyze the postcommunist region in light of their secularization theory. They admit that patterns of secularization differ in postcommunist countries. In their interpretation, the data from the World Value Survey support the secularization hypothesis, and they claim that there is no evidence of supply-side-induced religious revivals.

Further, there are several country case studies available. Twenty years ago Greeley (1994) wrote about religious revival in Russia; since then, the Russian case has been explored many times, most recently by Evans and Northmore-Ball (2012). More recently, different postcommunist countries have been studied. Froese (2001) interprets the religious revival in Hungary from the supply-side perspective, while Froese and Pfaff (2001) investigate two seemingly anomalous cases of Poland and East Germany using the same approach. Froese and Pfaff (2005) also provide a more detailed analysis of secularization in East Germany; while attributing secularization to the restriction of supply, they conclude that the demand for religion is very low in present-day East Germany. On the other hand, Bruce (2000) attempts to use the supply-side framework to analyze Nordic and Baltic states and he finds no support for this approach. Froese (2004) reminds us that the end of state-sponsored atheism as a competitor in the religious market has often resulted in a religious monopoly; furthermore, many postcommunist states have reregulated religious markets after the revolution (see also Sarkissian 2009). The evidence is mixed and neither theoretical framework is clearly dominant.

Model and Hypotheses

An alternative explanation of religious participation is based on the model of individuals' time allocation. The original model of Azzi and Ehrenberg (1975) is an extension of previous models dealing with household allocation of time. Unlike preceding studies, and unlike some later literature on religiosity, it explicitly includes afterlife benefits in the analysis. An individual derives utility not only from her worldly consumption, but in her decisions she also takes into account the future utility of her expected afterlife consumption. However, as the model includes also secular goods produced as complements to religious goods, it allows similar predictions even if we dismiss the afterlife; this is shown by Sullivan (1985).

Azzi and Ehrenberg (1975) define three different motives of religious participation. First, there is the "salvation motive," that is, individuals participate to achieve afterlife benefits. Following Sullivan's (1985) contribution, we may disregard afterlife consumption as an unnecessary artifice. Even thought this may be a valid motive, omission does not change the results of analysis. Second, religious participation may have some secular value; individuals may receive utility from social interactions and consumption of specific goods complementing religious activities. This is referred to as the "consumption motive." Finally, social pressure in a community may induce individuals to participate in religious activities, hence there is the "social-pressure motive." The

model focuses on the consumption motive to participate. However, we should be mindful of the social-pressure motive when confronted with certain deviations from the model's predictions.[2]

Considering the motives for participation, we define the choice problem as a problem of allocation of time. An individual allocates her time between household production (or leisure), labor for money, and religious activities. Individual preferences are represented by a quasi-concave utility function:

$$U = U\left(C_1, S_1, C_2, S_2, \ldots, C_n, S_n\right),$$

where C_t represents the individual's consumption in period t, and S_t is the secular consumption value of religious participation in period t. We assume for simplicity that the individual knows the length of her life, an assumption that can be relaxed without significant impact on the results.[3]

Individual consumption in period t is given by a production function that combines a composite market good (x_t) and the time allocated to an individual's consumption h_t (i.e., leisure time). For simplicity, we assume that this function does not change over time, but is continuously differentiable and concave:

$$C_t = C\left(x_t, h_t\right).$$

The individual's consumption value of religious participation in period t depends on her time spent in religious activities in the same period r_t and material resources she contributes to these activities y_t. The precise specification of the function is determined by the individual's beliefs and the character of goods and services offered by a religious organization, as well as the environment in which it operates. The function is assumed to be continuously differentiable and concave:

$$S_t = S_t\left(y_t, r_t\right).$$

Further, let us define the income and time constraint for the individual. Expenditures of the individual are given by the price of market good p and its quantity x_t. Her revenue combines nonlabor income v_t and labor income given by the wage rate w_t and hours of work per period l_t in each period t. Assuming that the individual plans to leave no estate and the market interest rate i is constant over time, the individual's discounted income constraint is given by:

$$\sum_{t=1}^{n}\left[\left(px_t + y_t\right)\Big/(1+i)^{t-1}\right] = \sum_{t=1}^{n}\left[\left(v_t + w_t l_t\right)\Big/(1+i)^{t-1}\right].$$

In any period the time allocated to consumption, religious activities, and labor is exactly the total time available to the individual T. Hence, the time constraint is given by:

$$h_t + r_t + l_t = T,$$

where for all t

$$h_t, r_t, l_t \geq 0.$$

[2]Hull and Bold (1989) distinguish four benefits associated with religion: "temporal bliss, social goods, deferred perpetuity, and altered fate." The social-pressure motive can be interpreted as exclusion from the use of social goods (see also Iannaccone 1992) or as particular negatives imposed on an individual who refuses to participate in religious activities.

[3]Further, I assume that individuals know their current and future wages and their choice of investment in human capital is predetermined. For a discussion of how the results change if we relax these assumptions, see Azzi and Ehrenberg (1975).

The preceding statements form a maximization problem. After substituting the respective production functions into the objective function and combining the time and income constraint, we can write the Lagrangian function for the problem:

$$L = U\left[C\left(x_1, h_1\right), S_1\left(y_1, r_1\right), \ldots, C\left(x_n, h_n\right), S_n\left(y_n, r_n\right)\right] + \lambda\left(\sum_{t=1}^{n}\left[\left(px_t + y_t\right)/(1+i)^{t-1}\right] - \sum_{t=1}^{n}\left[\left(v_t + w_t l_t\right)/(1+i)^{t-1}\right]\right) \quad (1)$$

Considering two adjacent periods with different wage rates, the first-order condition allows us to formulate a relation between wage rate, interest rate, and the marginal utility from religious activities. Assuming an interior solution, the first-order conditions require that at the optimum:

$$\frac{w_t}{w_{t-1}}(1+i)^{-1} = \frac{\left(\partial U/\partial S_t\right)\left(\partial S_t/\partial r_t\right)}{\left(\partial U/\partial S_{t-1}\right)\left(\partial S_{t-1}/\partial r_{t-1}\right)}.$$

The relation between wage rates and the marginal utility from religious activities leads to several predictions concerning an individual's allocation of time between labor, leisure, and religious activities. First, let us consider two adjacent periods with a constant wage rate, that is, $(w_t/w_{t-1}) = 1$. Since we assume diminishing marginal returns to religious participation, the first-order condition suggests that the individual reallocate her time toward religious activities in the successive period. If the marginal product of an hour devoted to religious activities is the same in $t-1$ and t, then the time that the individual spends on religious activities should increase with age.[4] This prediction is quite intuitive; with approaching death the individual prefers to reallocate her time towards consumption, both secular and religious, rather than labor.

Second, there is a relation between wage rate and participation indicated by the model. Let us consider two individuals who differ only in their wage rates; i.e., they have identical preferences and production functions. The first-order condition requires that the individual with the higher wage rate devotes less time to religious activities than the one with the lower wage rate. Again, this is not surprising because the wage rate represents the opportunity costs of religious activities. The relation between wage rates and time allocated to religious activities well explains the common situation of higher participation among women and minorities. Since women and minority members usually earn less than men and members of the majority population, their opportunity costs of religious participation are lower. For the same reason, we expect people who are not employed to participate more in religious activities than those who have a job.

Note that one has to be very careful when applying the model to explain the participation of minorities. Minorities may differ in their attitudes towards religion or, formally speaking, their utility function may be very different from the majority population with regard to religion. Specifically in Central Europe, it is known that the spirituality of Gypsies is often different from that the majority. This fact can affect results both ways, depending on the preferences.

The predictions of the model concerning religious participation are the following. Generally, religious participation should increase with age. It should be higher among people with lower wage rates, typically women and minorities. Combining these two factors, we could expect slightly higher participation among very young people who have low wage rates or do not work for money at all; indeed, the model is not able to predict which effect is stronger and it is a matter for empirical analysis. Also the social-pressure motive may have a significant role among young people. The relation between age and participation can be partially offset by increasing wages over time. The age-participation curve should be steeper for those whose wages do not increase as they advance in their careers. After retirement age, religious participation should increase rapidly.

Let us reformulate the predictions for the specific conditions of the postcommunist countries. First, the age-participation schedule should not be different from other countries. Second, there

[4]Formally, this requires that $(\partial S_t/\partial r_r) = (\partial S_{t-1}/\partial r_{r-1})$, when $r_t = r_{t-1}$.

is a notable change in the secular value of religious consumption related to the 1989 revolutions. Under the communist regimes, religious practice was discouraged and often punished by the government (see, e.g., Froese 2004; Weigel 2003). Thus, religious consumption could actually decrease the individual's utility. Even if the secular value of religious consumption was positive, it was definitely reduced by government oppression.[5] The revolution of 1989 eliminated government control of religion and allowed churches and religious organizations to broaden the portfolio of services they could offer. Therefore, there is a good reason to assume that the secular value of religious consumption (per hour spent in religious activities) increased compared to the period of communist rule. Further, there are several changes in economic conditions of the postcommunist countries relevant to our analysis.

The early 1990s were characterized by profound socioeconomic changes in Central and Eastern Europe. A period of economic instability ensued after the fall of communism; GDP fell significantly in the first years and the subsequent recovery came only at a moderate pace (see Figure 1). The first decade of transition is also marked by high inflation rates in most countries and a sharp rise in unemployment due to structural changes. Especially the decline of unemployment seems relevant for religious participation. In line with the model, we shall expect an increase of religious participation, a religious revival, at least as measured by attendance. The effect of inflation could have been twofold. It reduced savings and thus produced a negative nonlabor income for many individuals, which would decrease "consumption of religion" (assuming it is a normal good). On the other hand, inflation together with high unemployment also decreased real wages and thus it could have promoted more religious participation. The overall effect of the economic situation in the 1990s should have been in favor of religious participation, especially in the first years after the revolutions.

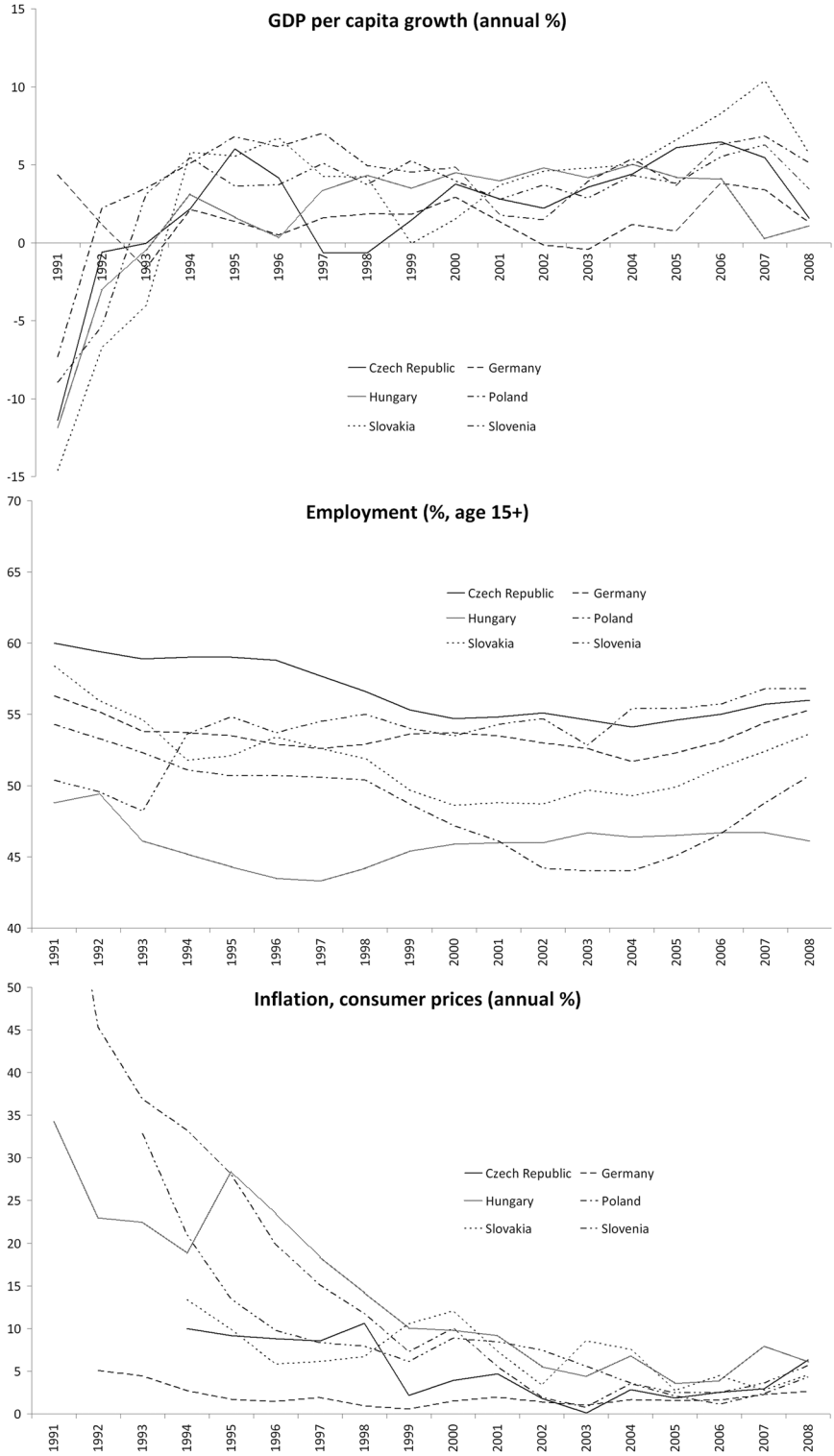
By the end of the 1990s socioeconomic conditions improved in the postcommunist countries of Central Europe. The situation in the following period is characterized by economic growth and low inflation, although the employment rate continued to decline in several countries well into the new millennium. High unemployment rates persisted due to structural changes. On the other hand, social security programs maintained living standards above the subsistence level even for those who were not able to find a job. For those who were employed, real income has been rising on average in the period after 2000. Following the logic of our model, the situation has turned worse for religion. We shall expect a decrease of religious participation in the first decade of the new millennium.

Predictions of the model and those of alternative theories are not necessarily different. Several empirical phenomena allow for different interpretations. The model predicts an increasing age-participation curve. However, we can reach the same prediction with the demand-side secularization theory. As each new generation is raised in more secure conditions, in a more modernized society with more advanced scientific knowledge and better access to education, each generation is supposed to be less religious than the previous. The process has been gradual in the West; in postcommunist countries we would expect a flat curve for the cohorts raised under the communism and a sharp rise in participation rate for the oldest cohorts raised in the precommunist era.

Similarly, it is hard to distinguish whether the more active participation is a result of decreased opportunity costs or an increased missionary effort due to competition. The prediction of this model is virtually the same as the prediction of the supply-side theory. Even the higher participation rate of the youngest cohorts may have different explanations. The model would attribute this to lower wages (and opportunity costs) of the youth. However, if we believe that

[5] On the other hand, according to Iannaccone (1994) strict churches are strong and fast growing. However, in the communist case high membership costs are imposed externally, and the ability of the group to provide club goods is reduced by the oppression or clandestine operation. Also, strict churches may be fast growing but generally they are small.

Figure 1
Economic growth, employment, and inflation in Central European countries



people are more accessible to religion in the early ages, we could interpret this as a result of more missionary effort targeted to this group.

Furthermore, the model predicts higher participation rates among the unemployed. The reason is, of course, that their opportunity costs are low. On the other hand, the same empirical results could be interpreted in terms of lower existential security. Especially in the transition period with persistently high unemployment rates this may be a plausible explanation.

The problem with the explanations described above is that they are often used *ad hoc* to explain different phenomena. The model proposed here suffers from the obvious weakness of focusing on the demand-side only; it is similar to the demand-side secularization theories. Indeed, the complete model of a religious market—and any market—requires both a model of demand and supply. I proceed with an assumption that the changes in the postcommunist countries are due to the demand side of the market. However, we should be mindful of possible shifts in the supply of religion.

Data

The model of time allocation as well as the competing theories provides several testable predictions. I use the data from the International Social Survey Program (ISSP) to test some of them. The purpose of this section is to illustrate the theory and support it with data rather than to provide clear-cut evidence for the model proposed above. First, I introduce the ISSP data and variables used in the analysis. Second, I comment on the overall trends in religious participation in the postcommunist countries.

The ISSP is a continuing program of cross-national surveys on various social issues. So far three waves have been concerned with religion; the surveys were conducted in 1991, 1998, and 2008. Due to cultural homogeneity of the countries analyzed here, there should be no doubt about similar interpretation of different religious and social concepts. Moreover, we focus on religious participation rather than opinions and beliefs. The key variables concern attendance of religious services and several demographic and socioeconomic characteristics, such as age, work status, and income.

Several variables used below deserve a more precise definition. First, two levels of attendance are distinguished in the analysis based on the question: "How often do you attend religious services?" Weekly attendance means that a respondent claims to attend a religious service at least once a week; yearly attendance signifies participation at least once a year. Second, employment status distinguishes those who are employed (fulltime and parttime) from the rest of the population that includes unemployed, students, retired, and other people not in labor force. Note that permanently disabled people were excluded from the sample as their participation in religious services is significantly lower than the rest of the population, presumably due to the disability. Third, the ISSP survey does not ask about wages. Wage rates were estimated using respondents' reported incomes and hours worked per week. Of course, such an approach does not differentiate between labor and nonlabor income; however, the survey does not offer any better data to approximate wages.[6] The regression analysis uses relative wages (wages divided by country mean in each wave) to account for cross-country differences in wage rates and changes in price levels over time.

Let us begin the analysis by looking at the overall trends in participation. Table 1 presents the percentage of people attending religious services at least once a week and at least once a year. Unfortunately, only three of the six countries were included in the first wave of the ISSP; thus,

[6]Wages are only calculated for those who are employed. Nonlabor income may have an impact on participation (assuming religious consumption is a normal good); however, it is not the focus of this study.

Table 1: Overall trends in participation and faith

	% Attend Weekly			% Attend Yearly			% Believe in God		
	1991	1998	2008	1991	1998	2008	1991	1998	2008
East Germany	3.59	6.71	1.91	18.29	40.89	15.08	24.57	25.81	20.80
Czech Republic		7.43	5.12		40.79	20.70		45.58	31.66
	[7.75]	[8.41]		[35.58]	[34.47]		[35.45]	[41.14]	
Hungary	12.25	15.02	6.97	37.04	40.04	23.78	64.39	65.32	57.83
Poland	58.09	39.30	48.20	88.55	92.11	80.50	94.46	95.08	92.02
Slovakia		29.75	31.60		59.27	59.27		72.06	76.48
	[35.15]	[38.00]		[61.80]	[67.72]		[73.23]	[82.29]	
Slovenia		13.14	15.57		41.32	62.94	61.01	63.26	62.35
	[22.71]	[19.52]		[63.09]	[62.74]		[62.69]	[64.75]	

the analysis is supplemented with European Value Survey data (in square brackets). These are not directly comparable to the ISSP, although they help to understand country-level trends. Also, the EVS does not provide usable data on individuals' incomes; thus, their usefulness for the analysis is limited.

Overall, East Germany and Hungary present a similar pattern with increasing attendance in the 1990s followed by a drop in the next decade. On the other hand, Poland has followed this pattern only with regard to yearly attendance; weekly participation presents a different trajectory. The Czech Republic and Slovenia represent two interesting cases, one country being a mirror image of the other. Both countries had quite stable participation rates before 1998; however, in the following period attendance increased in Slovenia while decreasing in the Czech Republic. In both countries, the change is more pronounced in yearly attendance rates. Overall participation in Slovakia has remained quite stable over past two decades.

In addition to the data on participation, Table 1 provides information on people's faith in the postcommunist countries. One may wonder whether the drop (or increase) in participation is not simply a function of faith. The data from the ISSP do not support this intuition. The percentage of those who believe in God remains very stable in most of the countries in our sample. Even where people have lost their faith, the decrease in participation is more significant than the change in the rate of belief in God. On the other hand, participation in Slovenia has increased with no change in proportion of believers. Actually, a respondent's answer to the question on belief in God may be a function of his participation, as well as his participation being a function of his beliefs.

The model predicts a specific age-participation relation. Figures 2 and 3 show the weekly and yearly religious participation by age and the change of the age-participation pattern in time. Differences between the countries are quite obvious. Roughly, it is possible to divide these countries into three groups. First, three predominantly Catholic countries, that is, Poland, Slovakia, and Slovenia, have quite high yearly participation across all ages. Second, in Hungary and the Czech Republic yearly religious participation is a function of age. Finally, East Germany has very low participation rates; combined with the rather smaller sample size, it is quite difficult to make any definite statements regarding the age-participation pattern.[7]

Both weekly and yearly participation-by-age curves and the difference between them provide interesting information. We may well assume that the percentage of those who participate at least once a year represents the size of the religious market relevant for religious organizations

[7]Moreover, the 1998 data on participation are flawed because those collecting data only asked about attendance if a respondent claimed religious affiliation (Greeley 2003).

Figure 2
Weekly religious participation by age

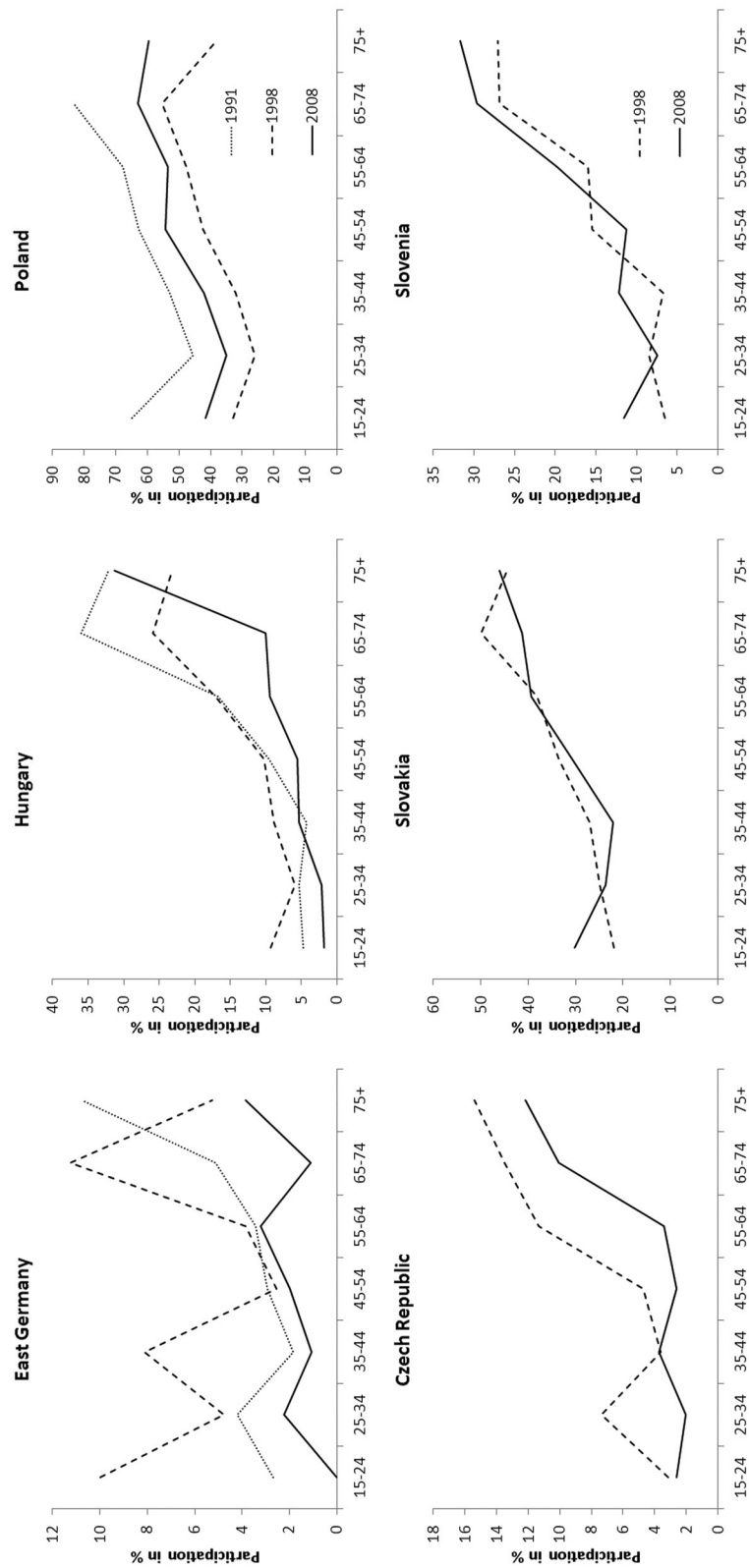
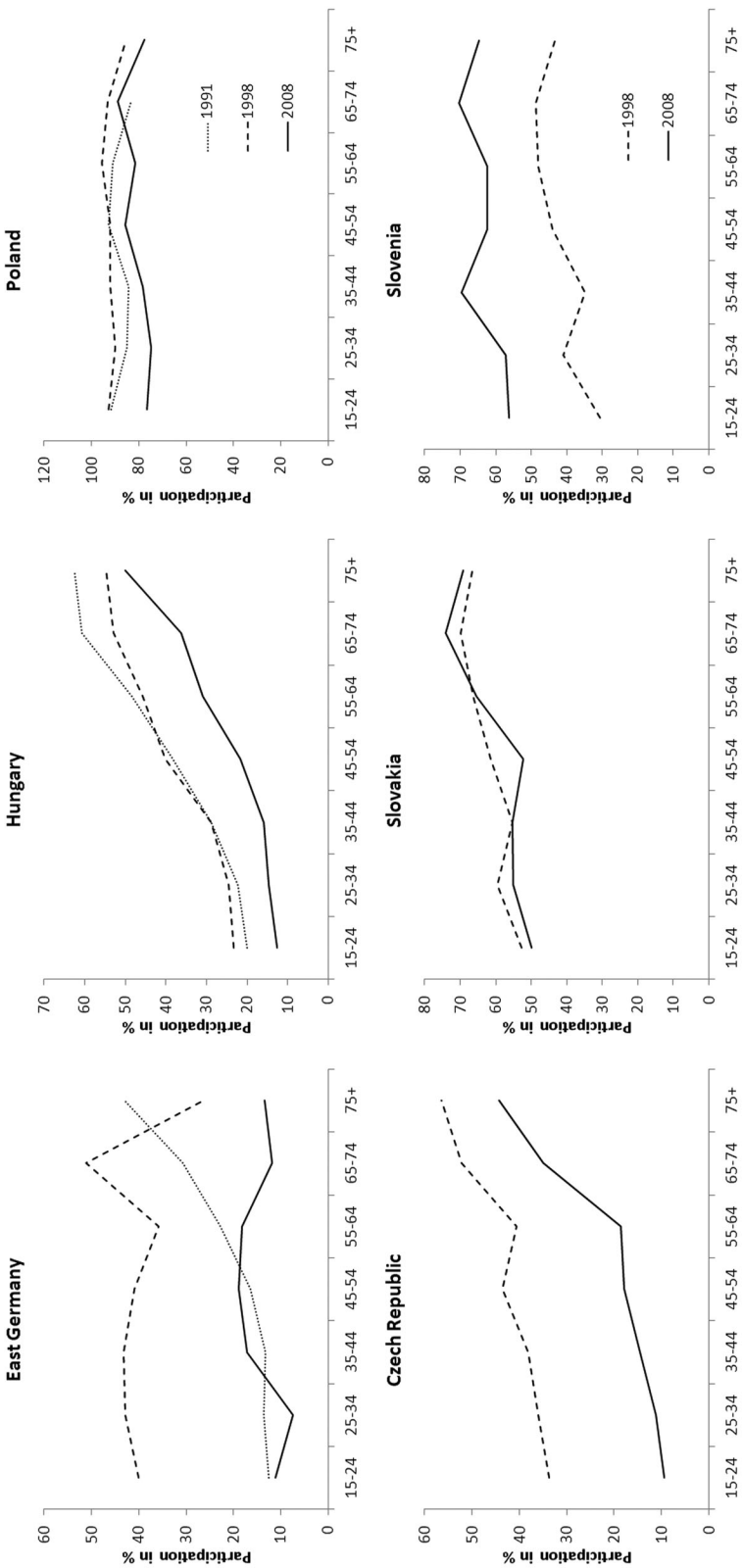


Figure 3
Yearly religious participation by age



present in a country.[8] Accordingly, the weekly participation rate represents those more willing to participate in religious services; either because they are more deeply convinced of the necessity of participation (i.e., the perceived benefits are higher) or because their opportunity costs are lower.

The pattern in predominantly Catholic countries is characterized by similar yearly participation rates across different age groups. Weekly participation follows the predictions of the model; however, except for Slovenia, the participation-by-age curve is relatively flat. In the Czech Republic and Hungary, both yearly and weekly participation-by-age curves are increasing and they are relatively steep for the oldest cohorts. Further, the ratio of weekly to yearly participation rates increases more rapidly with age in these countries compared to the first group.

Changes in time also provide some insights regarding the validity of different theories. In Poland and especially in Slovakia, the change over time is rather small. Interestingly, Slovenia differs in this aspect; the yearly participation rate has increased significantly in all age groups, while weekly participation stayed roughly at the same level. On the other hand, Hungary and the Czech Republic have experienced a drop in participation rates between 1998 and 2008. The drop goes across all age groups; however, it is more pronounced in the working-age cohorts. This is consistent with the assumption that middle-aged working people face higher opportunity costs. Generally, the participation-by-age patterns support the model proposed above, although Catholicism seems to flatten the curve.

The model further predicts that employment status should have an influence over an individual's decisions about religious participation. Participation rates by employment status are summarized in Table 2.With only few exceptions, participation is significantly lower among those employed compared to the rest of the population. This is particularly true for weekly participation, which is, of course, more costly (in terms of opportunity costs). Leaving aside the special case of East Germany, we observe considerable differences in weekly attendance between working people and the rest. The differences are much less pronounced in yearly participation; however, there is a quite sizable gap in Hungary and by 2008, one has also developed in the Czech Republic. Again, we may conclude that the data support the model and that Catholicism may be a relevant factor for individuals' decision on religious participation.

Finally, let us consider the relation between wages and participation in religious services. For this purpose, we restrict the sample to those who are employed and thus receive a wage. The results of correlation analysis are presented in Table 3. Indeed, there is an inverse relation between wages and participation, although it is not present in all countries. The difference between countries follows the same pattern as in the previous steps of analysis. The effect of wages is apparent in predominantly Catholic countries, especially in Poland. On the other hand, in the Czech Republic attendance does not seem to be affected by wages; in Hungary the effect of wages disappeared by 1998. East Germany follows the predictions of the model in 1991; however, the 1998 and 2008 data represent an anomaly. The analysis provides some support for the model, although we would expect the wage rates to affect weekly (or monthly) attendance rather than yearly. Together with the results presented above it also demonstrates that there is variability among countries and that the model may be more suitable for some countries than others.

Based on the historical conditions in these countries, an alternative explanation is possible. Religious people were often punished by the communist regime. Typically, they were denied education and better job opportunities. This could result in lower accumulation of human capital (both through education and practice) and lower wages in the postcommunist era. On the other hand, former communists had often accumulated both human and social capital that has allowed

[8]Of course, if a new religious organization enters the market it may actually extend its size as it may serve a group that has not been in the market before. See, e.g., Ekelund, Herbert, and Tollison (2006) for a description of religious markets and their niches.

Table 2: Weekly and yearly participation by employment status (%)

	Attending Weekly					
	1991		1998		2008	
	Employed	Not Employed	Employed	Not Employed	Employed	Not Employed
East Germany	2.82	5.57	−5.69	(7.37)[a]	1.69	2.19[a]
Czech Republic			5.27	10.65	2.58	7.83
	[4.68]	[15.08]	[4.42]	[13.10]		
Hungary	5.81	23.1	7.93	21.65	4.05	10.85
Poland	54.05	64.68	33.22	45.82	42.86	56.36
Slovakia			24.59	42.02	26.80	39.05
	[27.78]	[42.18]	[33.26]	[44.55]		
Slovenia			8.65	20.58	10.03	23.97
	[19.13]	[27.56]	[14.14]	[25.87]		
	Attending Yearly					
	1991		1998		2008	
	Employed	Not Employed	Employed	Not Employed	Employed	Not Employed
East Germany	15.15	26.39	−40.65	(41.05)[a]	16.55	13.16[a]
Czech Republic			39.46	43.91[a]	14.39	29.04
	[32.55]	[42.15]	[30.61]	[39.00]		
Hungary	29.35	50.00	29.96	49.13	17.13	31.01
Poland	87.18	90.80	92.03	92.18[a]	80.03	81.21[a]
Slovakia			56.97	64.15	53.9	67.41
	[39.96]	[65.84]	[64.82]	[71.74]		
Slovenia			38.34	45.91	63.06	62.71[a]
	[64.42]	[61.01][a]	[60.97]	[64.83][a]		

[a]Participation rates not statistically different at $\alpha = .05$ (Student's t-test, two-tailed).

them to prosper under the new regime. Lower wages thus may be the result rather than a cause of higher participation; or more precisely, both lower wages and higher participation may result from a higher level of individual religiosity (a stronger preference for religion).

Analysis

In the previous section, we have considered different factors separately. However, they are clearly related. It has been noted above that income changes over an individual's life cycle and employment status is clearly related to age as well, particularly after retirement age. Moreover, up to now the analysis has abstracted from individual beliefs, which are related to age as well (see, e.g., Greeley 2003); we have only noticed that Catholicism might be relevant. Multivariate regression analysis allows us to consider multiple different factors affecting religious participation at once.

I use logistic regression to explain the odds of an individual's weekly and yearly participation. Selected regression results are reported in Table 4. Not surprisingly, the most important variable is neither age nor employment status and wage; rather, it is the belief in God that dramatically increases odds of participation. The effect of faith is also much stronger in case of weekly

Table 3: Correlations between wage rate and participation

	Weekly			Monthly			Yearly		
	1991	1998	2008	1991	1998	2008	1991	1998	2008
East Germany	−.09**	.09	−.07	−.02	.15	.04	−.02	.07	.18***
Czech Republic		−.03	−.02		−.09	−.02		.02	−.02
Hungary	−.03	.03	−.02	−.08*	.06	.00	−.10**	−.09	.03
Poland	−.10**	−.13***	−.06	−.16***	−.12	−.11***	−.17***	−.10**	−.05
Slovakia		−.04	−.08*		−.05	−.11**		−.07*	−.03
Slovenia		.04	−.03		−.08**	−.13**		−.10**	−.19***

*$p < .10$; **$p < .05$; ***$p < .01$.

Table 4: Logistic regression models for the odds of weekly and yearly participation (odds ratios)

	Attend Weekly			Attend Yearly		
	(1)	(2)	(3)	(4)	(5)	(6)
Believe in God	44.905***	30.286***	31.028***	16.753***	18.776***	18.940***
Catholic	3.534***	3.251***	3.268***	3.417***	3.889***	3.900***
Female	1.442***	1.319***	1.310***	1.390***	1.434***	1.456***
Age	1.015***	1.014***	1.014***	1.010***	1.010***	1.010***
Education	1.009	1.048**	1.046***	1.025***	1.041**	1.035**
Employed	.780***			1.125*		
Relative wage		.847**			.899	
E. Germany × Wage			.536			1.419
Czech Rep. × Wage			1.011			.994
Hungary × Wage			1.169			1.151
Poland × Wage			.817**			.947
Slovakia × Wage			.731**			.701***
Slovenia × Wage			1.543*			.808
Model Chi^{2***}	4526.46	1919.71	1930.63	7980.9	3925.95	3926.65

*$p < .10$; **$p < .05$; ***$p < .01$.
Note: All regressions are controlled for country and year effects.

participation, which is more costly. Just as we suspected, Catholic denomination plays an important role in deciding on church attendance. It is not surprising since the Catholic church explicitly requires its members to attend religious services weekly.

Further, the effect of gender is important, although it is somewhat lower in magnitude. This result is in line with Western historical experience as described by McLeod (1997). The difference is net of employment effect, which usually explains the effect of gender on religiosity. A plausible explanation could be based on the range of available or socially acceptable leisure time activities. Since many of these activities are available to men and not women (such as certain sports or pubs, especially in more traditional societies), higher attractiveness of religious services could simply result from restricted choice. However, it would require a different kind of analysis to account for gender differences.

Employment status is relevant for both weekly and yearly attendance; however, its effect on yearly participation is opposite to the effect on weekly attendance. Considering working people only (columns 2 and 5), the data support the prediction of the model that higher wages would discourage religious participation; odds ratios are below one and they are significantly different.

More years of education increase the odds of participation; thus, we may dismiss the hypothesis proposed above that higher participation correlates with lower wages simply because of the ban on higher education for religious people under the communist regime.

Interaction of variables allows us to observe the effects of explanatory variables in different countries. Table 4 (columns 3 and 6) shows how the effect of wage rate varies among countries. It appears that the most cost-sensitive people are those living in traditionally Catholic countries, Poland and Slovakia. In Slovakia, the effect is even stronger for yearly participation. More surprising is the effect of wages on religious participation of Slovenians. Contrary to the predictions of the model, a higher wage rate significantly increases the odds of weekly attendance. Slovenia thus represents a special case that deserves more attention.

Besides the models discussed above, there are several other interesting results obtained with different interactions of variables. Employment has a significant negative impact on weekly participation in Poland (OR = .436; $p < .001$) and Slovenia (OR = .534; $p < .001$). The odds ratios for East Germany and the Czech Republic are above one, but not significantly different. On the other hand, employment increases the odds of yearly participation in all countries but Hungary (OR = .704; $p = .002$); the effect is significant for the Czech Republic (OR = 1.629; $p = .001$), Poland (OR = 1.318; $p = .064$), and Slovenia (OR = 1.333; $p = .061$). The effect of employment on participation appears to be stable over time.[9] The results on the effect of employment status confirm the intuition that the model is relevant for prediction of systematic (weekly) religious participation rather than occasional visits to a church. The effect of wage rate also differs by year; it is most pronounced in 2008 (OR = .815; $p = .035$).

The analysis provides some support for the model. Of course, since the data are not panel data, they cannot provide direct evidence on changes in people's behavior in reaction to changes in economic conditions. However, they do provide some evidence that in a given time and place, people's choices are affected by the variables predicted in the model and this is true also for people in the postcommunist countries.

So far we have ignored the group-pressure motive. However, it may be useful for explaining high religious participation in certain countries. Predominantly Catholic countries in my sample are also those with relatively low urbanization (well below the European average); that is, a large share of the population lives in small communities. Strict rules on religious participation in the Catholic church combined with the club-like settings of rural communities with strong mutual control can well explain the effect of Catholicism in these countries.[10] It has been already mentioned that religion is part of national identity or tradition in certain countries; social pressure to conform to the tradition motivates participation as well. Negative correlation of urbanization and religiosity is also in line with the secularization theory, since urbanization is related with modernization.

The results also point out several facts that are contrary to my predictions. These anomalies deserve some comment. First, although we report the results for East Germany, I have not commented on them extensively. It is not because they are not interesting. On the contrary, East Germany is an obvious and well-known outlier in terms of religiosity and religious participation. Leaving aside the problem of flawed data on East German participation, this country obviously requires a more in-depth analysis, such the one offered by Froese and Pfaff (2005). I included this region to contrast it with other Central European countries. It is clear from the comparison

[9]For weekly participation, the employment-year interactions yield following results: OR = .751 ($p = .018$) for 1991, OR = .779 ($p = .008$) for 1998, and OR = .798 ($p = .017$) for 2008.

[10]Iannaccone (1992) gives the formal model of church as a club. The key issue is that consumption of an individual depends on inputs of fellow church members; thus, there is an incentive to monitor and induce participation of other people.

Table 5: HHI and attendance

	HHI			% Attend Weekly			% Attend Yearly		
	1991	1998	2008	1991	1998	2008	1991	1998	2008
East Germany	782	598	372	3.59	6.71	1.91	18.29	40.89	15.08
Czech Republic		1209	2205		7.43	5.12		40.79	20.7
	[1282]	[1186]		[7.75]	[8.41]		[35.58]	[34.47]	
Hungary	5146	2850	4230	12.25	15.02	6.97	37.04	40.04	23.78
Poland	9220	8620	7434	58.09	39.3	48.2	88.55	92.11	80.5
Slovakia		4947	5126		29.75	31.6		59.27	59.27
	[3943]	[4769]		[35.15]	[38.00]		[61.80]	[67.72]	
Slovenia	6867	5126	5494		13.14	15.57		41.32	62.94
	[4802]	[4795]		[22.71]	[19.52]		[63.09]	[62.74]	

that the effect of communism and the postcommunist transition is diverse across the countries of the former Eastern bloc.

Slovenia is another interesting case. It is the only country with a clear religious revival after 1998, especially with regard to yearly participation rate. As reported by Zrinscak (2004), participation was already growing in the 1980s. In the following decade, there was certain discontent with the church accompanied with disaffiliation and probably (although there is no data from the ISSP) a drop in attendance (Greeley 2003). In the subsequent period, the Catholic church has obviously changed its strategy and succeeded in attracting more members and increasing attendance. The revival is not due to entry of a new competitor to the market but to the growth of the predominant religious group. However, repeal of strict regulation in the early 2000s might have had some effect as well.[11]

Further, let us briefly confront the findings about postcommunist countries with the predictions of the secularization hypothesis. The results presented here are in line with the findings of Greeley (2003); that is, the religious development in the postcommunist countries of Central Europe does not fit the predictions of the secularization thesis. With the well-known exception of East Germany and the Czech Republic, religion is doing well in these countries. This is especially clear when we consider the resources spent by the communists to eliminate religion. There is no clear trend showing that the new generation raised after the revolution would be more or less religious than the previous one and in most countries, religiosity remains high.

Finally, a brief note is due on supply-side theory. Regarding the postcommunist countries, the theory predicts that deregulation of the religious market should have induced religious organizations to provide better services. The increase in quality should have been due to competition, either actual or potential. Obviously, the conditions for operation of religious groups have improved after the collapse of communist regimes; this fact is also included in the model proposed above. However, an analysis of competition is more difficult.

There is little evidence that actual competition has increased religious participation. Table 5 presents the data on concentration of religious markets and weekly and yearly attendance rates in the postcommunist countries. It has been shown by Voas, Crockett, and Olson (2002) that the Herfindahl-Hirschman Index (HHI) is not a very suitable measure but it should suffice for the illustration. It is quite obvious from Table 5 that supply-side competition hardly explains cross-country variation in attendance. Further, variability in competition over time is rather small and it does not seem correlated with attendance within countries. Closer analysis of individual

[11] Also, one might argue that the Catholic church in Slovenia has changed its strategy due to competition of "religion without affiliation" (or "religion without attendance").

countries also does not support the supply-side competition explanation. Predominantly Catholic countries, especially Poland with circa 90 percent of the population affiliated with the Catholic church, have maintained relatively high attendance. On the other hand, where the predominant church is relatively small or declining, as in the Czech Republic, East Germany, and Hungary,[12] attendance is rather low.

Of course, one may argue that the increase in quality of religious services and consequent rise in participation was due to potential competition. Indeed, foreign missionaries have settled in many postcommunist countries. Although none of the new religious groups has gained substantial support, it may have induced the traditional denominations, especially the Catholic church, to provide better services for the faithful. It is also possible that new competitors would have been more successful if they were not held back by state regulation introduced in many postcommunist countries (Froese 2004; Sarkissian 2009). The regulation itself may serve as indirect proof that the established churches have feared new entrants in the religious market.

In addition, the proximity of competition could be an important factor. All countries in the sample are characterized by Catholic-Protestant competition, except for Poland. It has been shown that this kind of competition increases the level of services provided by the Catholic church and the increase is persistent in time (e.g., West and Woessmann 2010). Indeed, the most secularized countries are those covered by *cuius regio, eius religio* (his country, his religion) rule after the wars of religion; thus, local monopoly churches had little incentive to improve their services. Slovakia and Hungary, both formerly part of the Hungarian kingdom, have a long tradition of toleration and this could have induced more effort. However, Poland still remains an anomaly in this respect.

After all however, the demand-side explanation represented by the model and the supply-side theory are not competing. They may complement each other in explaining the initial revivals and subsequent development in postcommunist countries. Increasing quality of religious services could hardly induce higher attendance if there was no demand for such services. On the other hand, the demand for religious services could have been satisfied by other means than traditional church attendance, if there was no response from the suppliers.

Conclusion

I have offered an account of the development of religious participation in several postcommunist countries based on the model of the individual's allocation of time. Despite the obvious weakness of focusing on the demand side only, it provides certain predictions well fitting the reality. It does not explain everything; however, no extant model is capable of doing so. The empirical material provided by the ISSP supports the model, although not completely. Certainly, the data do not allow us to dismiss other theories attempting to account for the same phenomena. Indeed, it seems that the model proposed here could be a demand-side complement to the supply-side explanations of the postcommunist religious markets.

Moreover, the model suggests that the development in the postcommunist countries so far could have been specific for the transition period. As the economic situation of these countries approaches the conditions in the West, religiosity may follow different paths. Some of these countries may follow the secularization path of Britain or France or Spain, or they may set a very different course. Due to the specific historical experience of forced secularization under communism we have no precedent to follow in forecasting; and due to the specific conditions of the transition period, we should be careful to extrapolate from recent developments.

[12]Hungary is an interesting case. The drop in the HHI (Table 5) between 1991 and 1998 is mainly due to disaffiliation of Catholics (from 69 to 51 percent); the subsequent increase is also largely attributable to the Catholic church (its share has risen to 61 percent). A different account of Hungarian development is offered by Froese, who argues for the supply-side explanation.

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Post–Communist Church–State Settlements in Central Europe: Why Did It Take So Long in the Czech Republic?

Pavol Minarik

One of the important issues in the post-communist transition was to fix relations between the state and religious groups. Communist regimes were characterized by militant atheist ideology and often aggressive anti-church policies. The extent of anti-church measures differed across countries, ranging from a rather liberal situation in Poland and East Germany to the most violent in the Soviet Union, Albania, and Czechoslovakia. However, the communists were, at best, partially successful in their attempt to secularize the societies they governed. Religion has recovered in the post-communist period and has become an important element in post-communist societies.

The natural first step after the collapse of the communist regimes was to restore religious freedom and to remove regulations of religious activity. Beyond that, the newly established democratic governments had to deal with past injustices. Particular attention was given to restitution of church property taken by the communists. Not only did the seizures often amount to theft, but

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restoration of property would provide necessary resources for the restoration of operation of the churches and religious groups in a free society.

Religion is alive and well in many post-communist countries. Much has been written about religious revivals in Russia and other countries of the former Soviet bloc.[1] Even if the revivals have somewhat disappeared with the increasing well-being of post-communist societies, religion is still significantly present, and it is yet unclear whether Central European countries will follow the secularization path of Western Europe.[2]

The pace and the results of the post-communist transition in church-state relations differ across countries. In many countries, initial deregulation was replaced with subsequent re-regulation of religion. As the communist "scientific atheism" ceased to be the official state ideology, the dominant churches would aspire to fill the vacuum in certain countries. This is specifically the case of Orthodox Christianity with its tradition of close church-state cooperation.[3]

Beyond the deregulation of religious activities, churches in post-communist countries needed to regain economic independence. Communist regimes had removed their economic base and made churches more or less financially dependent on the state. Churches in the post-communist period had to find a financial model that would support their operation. In most countries, they received back some of the property taken by the communists, but they still receive financial support from the state.

Lavinia Stan and Lucian Turcescu identified several models for the church-state relations adopted by the post-communist countries. First, in the separation model no denomination is supported by the state; this is the model adopted by the Czech Republic in the church-state settlement enacted in 2012. Second, in the pluralist model all churches are treated equally and they all receive support from the state; Hungary, Bulgaria, and Latvia represent this model. Third, in the dominant religion model the majority religious group enjoys a privileged status, formally or informally;

1. See Andrew M. Greeley, "Religious revivals in Eastern Europe," *Society* 39, no. 2 (January 2002): 76–77; Andrew M. Greeley, *Religion in Europe at the End of the Second Millennium: A Sociological Profile* (New York: Transaction Publishers, 2003); or Mary L. Gautier, "Church Attendance and Religious Belief in Post-Communist Societies," *Journal for the Scientific Study of Religion* 36, no. 2 (June 1997): 289–96.

2. Pavol Minarik, "Employment, Wages, and Religious Revivals in Postcommunist Countries," *Journal for the Scientific Study of Religion* 53, no. 2 (June 2014): 296–315.

3. Ani Sarkissian, "Religious Reestablishment in Post-Communist Polities," *Journal of Church and State* 51, no. 3 (July 2010): 472–501.

this is the case of Poland, Romania, Slovakia, Estonia, and Lithuania.[4]

Sabrina P. Ramet distinguishes between liberal and clerical democracy as the ideal types. In Central Europe, she sees the Czech Republic close to the former type and Poland to the latter, with Slovakia in between. In Poland, the state has acted much in line with the preferences of the Catholic Church. In the Czech Republic, the relation between the church and the state is rather tense; controversies exist not only over church property, but also issues like the non-existent concordat and same-sex marriages.[5]

The most recent major step in the post-communist transition of church-state relations has occurred in the Czech Republic. While the Czechs were the last to settle with their churches, their settlement was the most comprehensive. Not only has the property been restored to the churches and compensation been paid for the property that could not be restored, the settlement has also established a complete financial separation between churches and the state.[6] The Czech case presents an interesting anomaly in the region, certainly worth attention.

The development of the Czech church-state settlement is very different from that in other Central European countries. Poland, Slovakia, and Hungary resolved the issues of church property restitution in the 1990s, and they have also adopted models of church financing that are likely to remain for the future. Compared to the Czech case, the settlements were much more favorable to the churches.

The differences in the pace and outcomes of church-state settlements in post-communist countries call for explanation. The generosity of Polish, Slovak, and Hungarian governments to the churches in these countries is not really surprising if we consider the religiosity of the populations; the same is true with regard to the financial separation of churches in the Czech Republic, which is the least religious country in Europe.[7] However, it is less clear

4. Lavinia Stan and Lucian Turcescu, *Church, State, and Democracy in Expanding Europe* (New York: Oxford University Press, 2011).
5. Sabrina P. Ramet, "Three Models of Church-State Condominium," in *The Liberal Project and the Transformation of Democracy: The Case of East Central Europe* (Austin: Texas A&M University Press, 2007), 71–90.
6. Pavol Minarik, "Church-State Separation and Church Property Restitution in the Czech Republic," *Society* 54, no. 5 (October 2017): 459–465.
7. On religiosity in Central European countries, see Greeley, *Religion in Europe*, or Pippa Norris and Ronald Inglehart, *Sacred and Secular: Religion and Politics Worldwide* (Cambridge: Cambridge University Press, 2004). On the special position of the Catholic Church in the Czech society, see also Joan O'Mahony, "The Catholic Church and Civil Society: Democratic Options in the Post-Communist Czech Republic," *West European Politics* 26, no. 1 (January 2003): 177–94.

why it took so long to reach the settlement in the Czech case compared to the neighboring countries. The low religiosity of the Czech population may explain the outcome but not the process. After all, the anticlerical Czechs would have been highly motivated to get rid of the old communist system in which the state paid the salaries of the clergy. Yet, the process leading to the final settlement was very long. This paper attempts to explain the difference between the Czech Republic and the neighboring Central European countries by pointing to specific religious and political preferences of the Czechs.

The paper is organized as follows. First, the church-state separation in the Czech Republic is examined as the most recent and understudied case; much of the available literature on the Czech Republic predates the 2012 church-state settlement.[8] Second, the situation in the neighboring Central European countries is briefly described. Then, an explanation is offered based on the median voter theorem and a model of bargaining between churches and the state. The final part presents possible alternative explanations and conclusions.

The Church–State Settlement in the Czech Republic

To understand the problem faced by Czech politicians and the churches, a little historical excursion is unavoidable.[9] The communist regime came to power in Czechoslovakia after the coup of 1948. It was to rule a very diverse country comprised of the rather highly secularized region of Bohemia and the traditionally Catholic regions of Moravia and Slovakia. In the initial years, the communists chose radical anti-church policies that included complete expropriation of church property. Religious orders were dismantled, and their members were interned. Many priests and most of the bishops were imprisoned, and a number of religionists were persecuted, sentenced to prison, and even tortured to death in prisons and labor camps.

To "compensate" churches for the expropriated property, the communist law introduced a state-paid salary for the clergy. Such an approach seemingly followed the former tradition of the state-subsidized incomes of the Catholic clergy in the Austrian empire and pre-war Czechoslovakia. However, the Austrian rulers had

8. See O'Mahony, "The Catholic Church and Civil Society," Ramet, "Three models of Church-State Condominium," or Stan and Turcescu, *Church, State, and Democracy*.

9. The following text relies on Jakub Kříž and Václav Valeš, *Zákon o majetkovém vyrovnání s církvemi a náboženskými společnostmi: komentář* (Prague: C. H. Beck, 2013), and Minarik, "Church-State Separation."

seen the Catholic Church as one of the pillars of their empire, and the pre-war Czechoslovak state had maintained a neutral-to-positive attitude towards religion. On the contrary, the communists had introduced the state-paid salary as a tool of control. Another new institution introduced by the communist regime was the state approval for clergy; only priests with state approval could draw the salary. Moreover, providing religious services without the state approval was criminalized.

The abolition of the institution of state approval was one of the first steps in the restoration of religious freedom in Czechoslovakia after 1989. Churches were free to choose their ministers, and the state remained obliged to pay their salaries. The state also agreed to cover the salaries of certain lay employees of the churches. Another step, taken in 1990, was to return some property to the Catholic Church, particularly to religious orders. The idea was to enable religious orders to reestablish their activities in Czechoslovakia. However, this restitution concerned only buildings for accommodation and religious services and did not include economically productive property. Interestingly, churches were excluded from the general restitution laws that allowed the original owners of unjustly taken land and houses to reclaim their property.

After the dissolution of Czechoslovakia in 1993, the process of settlement between churches and the state virtually stopped. After the period of extraordinary politics of the early transition, Czech politicians became reluctant to return property to the churches. In the initial years, the executive branch of the government agreed to restore the property on a piecemeal basis, but only several dozen out of five thousand claims were successful. Later the government refused to give up any property before a comprehensive solution was found.[10]

The final settlement was approved and enacted in 2012 after prolonged negotiations and intervention from the Czech constitutional court. The settlement includes in-kind property restitution where possible and monetary compensation for the property that cannot be restituted to the churches. The property that could not be returned to the churches included the most valuable land within urban areas that had been transferred to municipalities in the early 1990s. Furthermore, the churches are entitled to financial contribution from the state for a transition period of 17 years.

10. The political debate regarding the church-state relations in the first decade of the Czech Republic is well described in O'Mahony, "The Catholic Church and Civil Society."

Virtually all the church land had belonged to the Catholic Church before the communist coup; thus, this church would be entitled to receive almost all of the compensation payments. However, the Catholic Church agreed to redistribute the compensation among smaller churches. The total value of church property taken by the communist regime was estimated to be 134 billion CZK (about 5.4 billion USD); 75 billion CZK (3 billion USD) was the estimated value of property to be returned to the churches, and 59 billion CZK (2.4 billion USD) was to be paid as a financial compensation. The Catholic Church will receive 80 percent of the financial compensation. The compensation will be paid in 30 annual installments without any real interest, but it will be adjusted for inflation.

The transitional financial scheme was intended to provide churches with time to adjust. It also partially compensates for the fact that the real property has often been returned in deteriorated conditions, and the financial compensation is paid over 30 years. In the first three years, between 2013 and 2015, churches received a contribution equal to the amount that the government paid in 2011 according to the old communist law, i.e., the salaries of the clergy and other employees and a small contribution to overhead costs. Unlike with the old law, the government was no longer paying individual salaries, but the churches received cash payments which they could freely use as they wished. Starting from the fourth year, the transitional contribution has decreased by 5 percent every year, and it will completely stop after 17 years.

From a legal perspective, it is interesting that the settlement is embodied in a statute as well as in contracts between the state and individual churches. In the situation where the political process was far from consensual, this setting protects the churches against possible alterations of the law due to changing majorities. Even if the statute were altered, the courts would have to uphold the contractual entitlements of the churches. In April 2019, the Czech parliament adopted a law introducing a tax on compensation payments to the churches. It is likely that the Constitutional Court will strike it down.[11]

The Situation in Other Central European Countries

Although the settlement adopted in the Czech Republic is exceptional, the situation it intended to solve was not unique. All the post-communist countries of Central Europe had to deal with a

11. The news can be followed at the English website of Radio Prague, https://www.radio.cz/en/.

similar heritage in church-state relations. It is worthwhile to compare the different economic *modos vivendi* between churches and states that have been developed across Central Europe, as they may be telling indicators of the position the churches have in the respective societies.

The following examples have been selected to represent the different models of church-state relations.[12] Note that in all Central European post-communist countries, churches receive some financial assistance from the state. It is the justification that differs; either the state openly subsidizes the operation of the churches (as in Slovakia) or it provides money as compensation for previous property confiscation (as in Poland) or both (as in Hungary).

Slovakia shares part of its history with the Czech Republic. However, the church property restitution process was completed soon after the dissolution of Czechoslovakia. The law addressing the expropriations of the post-1945 period was adopted in 1993, and the property was transferred within a few years. The restitution was partial, and no compensation had been paid for the property that could not be returned to the churches. Unlike other Central European countries, Slovakia has also provided restitution and compensation for Jewish property taken during World War II. However, Slovakia maintained the old communist system of state-paid salaries for the clergy. The law has been amended to fit the situation of religious liberty so that the state has no control over the number of clergymen, does not cover the maintenance of church property, or provide any monetary support to religious orders or congregations.

Poland was the first to remove the communist government as well as to settle the church-state relations regarding nationalized property. In May 1989, even before the first free elections, a law drafted by the penultimate communist cabinet established the Property Commission, consisting equally of representatives of the state and the Catholic Church, which was to decide what part of the former church property should be returned. According to the same law, the state does not support or subsidize any church or religious organization. The only exception is the Church Fund. The fund was instituted in 1950 when the state overtook the mortmain, the inalienable property donated to the church; the value of the property was not established at that time, and the

12. The account of the situation in different countries is based on Stan and Turcescu, *Church, State, and Democracy*; Sabrina P. Ramet, ed., *Religion and Politics in Post-Socialist Central and Southeastern Europe: Challenges since 1989* (Basingstoke: Palgrave Macmillan, 2014); and Csongor Kuti, *Post-Communist Restitution and the Rule of Law* (Budapest: Central European University Press, 2009).

state contribution to the fund is annually defined in the state budget. The fund mostly covers the health insurance and social security payments of the clergy, and minor contributions are given to charitable purposes and support the maintenance of church monuments.

The process of settlement in Hungary was somewhat longer. A 1991 law covered the restitution of real property used for religious, educational, social, and cultural purposes. The churches in Hungary were not entitled to agricultural land or any other economically useful property, such as rental housing. Restitution was also limited to the property in possession of the state or municipalities. There was an intention to compensate the churches financially for the property not restituted. The original law scheduled the restitution and compensation process for ten years. In 1997, the settlement between the state and Hungarian churches was renegotiated. Part of the property was selected for in-kind restitution while the rest should have been compensated. The churches renounced the claim for immediate compensation in exchange for an annual rent from the state amounting to 4.5 to 5 percent of the value of the withheld property. The property settlement was accompanied by a reform of church finance. Until 1997, churches received direct subsidies from the state budget distributed by the parliament. Since then, taxpayers have been able to allocate 1 percent of their income tax to a church. This is supplemented with a contribution amounting to 0.9 percent of total tax revenue distributed among the registered religious groups.

Explaining the Differences

The explanation of the differences in church policies among the Central European post-communist nations could be based on different theories. This paper proposes an approach that builds on the public choice theory, particularly on two well-known economic concepts. The first is the median voter theorem explaining the choice in majority voting.[13] The second is the Edgeworth box and the concept of efficiency in a pure exchange economy that can be found in any public finance textbook.[14] The problem examined here consists of both collective choice on policy issues and bargaining between the state and the churches.

13. See Dennis C. Mueller, *Public Choice III* (Cambridge: Cambridge University Press, 2003).
14. See Harvey S. Rosen and Ted Gayer Rosen, *Public Finance*, 8th intl. ed. (New York, NY: McGraw-Hill, 2008).

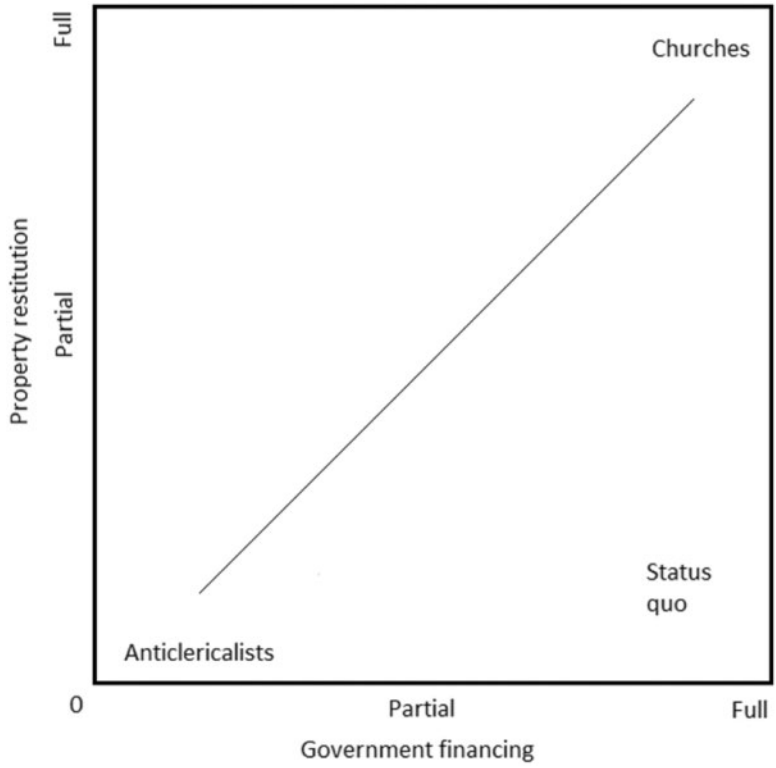

Figure 1 The position of different groups in a society.

The political issue examined in this paper is two-dimensional. The first dimension represents church property restitution – to what extent the property taken from the churches shall be returned to them. The range is obviously between no restitution and full restitution. The second dimension represents church financing – to what extent the churches shall be financed by the state. In this case, the range is between complete financial separation and full coverage of church expenses. The status quo at the end of communist rule was no restitution and close to full financing, the bottom-right corner in figure 1. Note that the figure shows the relative position of the status quo; of course, in absolute terms the extent of government seizures and the rate of the state subsidies to the churches differed across the countries.

As the post-communist countries introduced democracy, we expect the outcome of the policy reforms to be contingent on the preferences of the people. Thus, we need to make certain assumptions regarding the preferences. First, we may expect the preferred position of the church to be the upper-right corner, i.e., to

have all the property returned while keeping the state subsidies. On the other hand, radical anticlericalists are positioned in the bottom-left corner, a position that would help to eliminate churches in the country. With regard to their attitude toward religion, most people shall be positioned on the diagonal between these two extremes. At the same time, some individuals may be moved up or down off the diagonal based on their views on private property; in the post-communist settings, with mass privatization and general property restitution, we can expect most people to be positioned somewhere above the diagonal.

If we assume that people are mostly distributed along the diagonal, the two problems collapse into a single-dimensional issue. The choice is really about how much the state shall support the churches through both property restitution and financial subsidies. With a single-dimensional issue, the level of support will reflect the median voter preferences, and it should not be difficult to adopt the decision. This seems to be the case of Poland, Slovakia, and Hungary. The differences among those nations reflect the position of the median voters – the more religious the population, the more property is returned to the churches, and the more public subsidies the churches will receive.

However, the issue becomes more complicated if we assume that the population is radically split with regard to the appropriate position of churches in society. This seems to be the case of the Czech Republic. While churches, particularly the Catholic Church, do command certain popular support, most of the population is rather anticlerical.[15] The number of people positioned in-between, the people who are not particularly religious but who recognize the role of religion in society or who occasionally participate in religious activities, is rather low.

With simple majority voting and in the absence of any other constraint, the likely outcome in the Czech case would be no restitution and complete financial separation. However, such a political decision would violate constitutional principles at least for two reasons: first, property taken by the communist government from other persons has been restituted, at least partially, and second, the (communist) state deprived the churches of their financial independence, thus assuming the obligation of financial support.[16] Any settlement complying with the constitutional

15. O'Mahony explains how the Czech anticlericalism translates into the exclusion of the Catholic Church from the political debate. Not even the self-identified Christian party (the Christian Democratic Union, KDU-CSL) wants to be linked with the Catholic Church and promote its interests openly. See O'Mahony, "The Catholic Church and Civil Society."

16. Kříž and Valeš, *Zákon o majetkovém vyrovnání.*

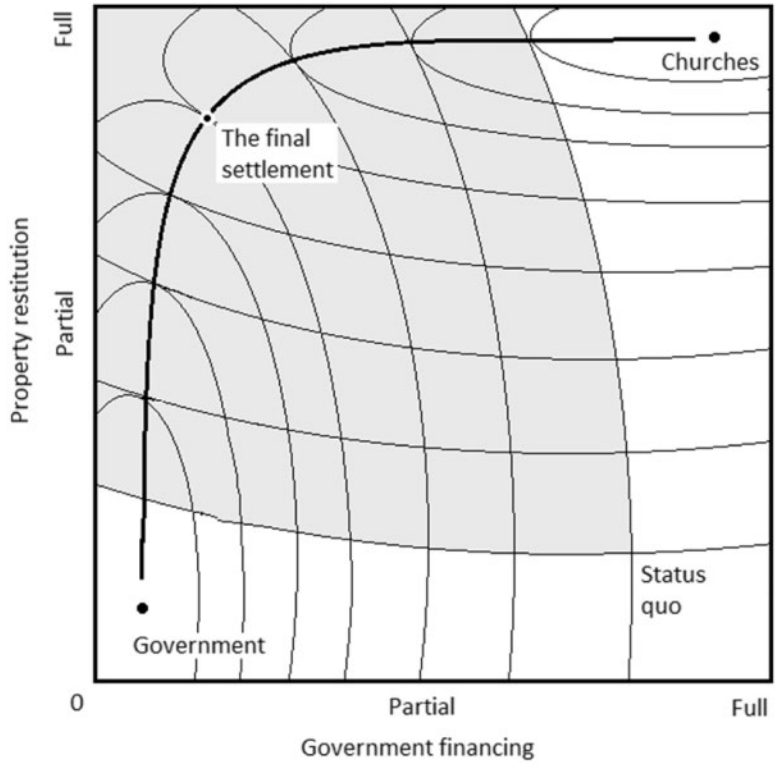

Figure 2 Preferences and the contract curve in the Czech case.

principles has had to provide adequate means for the survival of churches, either property or subsidies or a combination of the two.

The process leading to the final settlement can thus be viewed as bargaining between the government and the churches. Both parties had to consent – the government would not pass the required legislation if it did not agree while the churches would seek court protection if the conditions were unacceptable to them. The government was positioned with the majority of the population, i.e., in the bottom-left corner. Trying to maximize popular support, it was more inclined to yield on the issue of property restitution, which could, after all, be presented as a continuation of the general restitution process and as a matter of justice. The assumed preferences are depicted as indifference curves in figure 2.

The preferences of the churches could be estimated from the potential value of different outcomes as well as from their behavior. Both property and government subsidies represent a source

of income to the church. They are both risky – returns from property are subject to market risk, while subsidies are subject to political risk. The willingness to trade one for the other depends on the magnitude of the two risks. The political risk seems to be inversely related to the religiosity and the popular support for the churches. Thus, while the Catholic Church in Poland or Slovakia may be willing to trade subsidies for property, Czech churches would prefer property restitution to a rather insecure income from the state. The "utility mountain" of the churches is also depicted in figure 2. This assumption is also consistent with the observed behavior of the churches; they focused their effort on the issue of restitution rather than the subsidies.

The skewed "utility mountains" of the churches and the government produce a contract curve along the top and left edge. Most of the discussion was happening along the vertical section of the contract curve – this is not surprising as the government was the proposer in this negotiation. The resulting settlement was close to full restitution (partly in-kind, partly in cash) combined with declining subsidies over a transition period of 17 years. Such an outcome is consistent with the assumed preferences and the derived contract curve.

The model also sheds some light on the issue of time scale, which is the chief issue that this paper aims to explain. In Poland and Slovakia, the preferences regarding the church policy were less dispersed and the median position was easy to find. In the Czech Republic there are two important differences. First, there were two different groups with very diverse preferences that needed to bargain over the settlement. Second, the outcome was quite distant from the status quo. Even if nobody was happy with the communist heritage, the "eye" that was open for bargaining (the grey area in figure 2) was very large, and both parties could hope for a solution closer to their peak preference. The Hungarian case would be in between the Slovak and the Czech cases. The differences in the political and religious preferences between the Czechs and their neighbors resulted in a different political process requiring more time to complete.

Empirical Support for the Model

Finding empirical support for the explanation described above is difficult. The policy outcomes regarding church financing and property restitution are in line with predictions of the model, but this may simply be an outcome of ad hoc assumptions about people's preferences. Unfortunately, there are no data available on the attitudes regarding church finance or church property

Table 1 Confidence in churches according to European Values Study

	Czech Republic		Hungary		Poland		Slovakia	
	1999	2008	1999	2008	1999	2008	1999	2008
A great deal	5.5	8.5	15.8	13.1	33.2	23.1	29.9	28.2
Quite a lot	14.9	12.3	29.5	28.6	35.2	40.9	39.0	33.5
Not very much	41.7	32.8	28.7	33.3	23.8	26.9	17.9	22.4
None at all	37.9	46.4	26.0	25.0	7.8	9.1	13.3	15.9

restitution. Surprisingly, the data are not available even for the Czech Republic, where the issue was subject to a fierce political debate. There are, however, some data on religiosity and attitudes toward churches that may help to substantiate the assumptions stated above.

Data on confidence in churches from the European Values Study (presented in table 1) support the assumptions of the model. Czechs have by far the lowest confidence in churches, and the Czech Republic is the only Central European country where the people having no confidence at all outnumber those having a great deal or quite a lot of confidence. Comparison of these numbers with data from the World Values Survey of 1991 shows a significant decline of confidence in churches over the 1990s. It seems that Czech churches were not able to maintain the social capital accumulated in the communist era as an opposition movement to the communist regime.

Data on church attendance from the same source (in table 2) provide a similar picture of the religious situation. Again, the Czech Republic has the lowest attendance rate followed by Hungary. However, there are more occasional visitors to the churches in Hungary, i.e., people who would not be strictly opposed to church property restitution and state support of the religion, and the support is made optional in a sense; one cannot opt out of paying the income tax but one can decide whether (part of) the revenue goes to a church or not.

A recent report from the Pew Research Center provides more information on the attitudes toward churches in Central and Eastern Europe although the report captures post-transition attitudes (data were collected in 2015 and 2016).[17] In the survey,

17. Pew Research Center, "Religious Belief and National Belonging in Central and Eastern Europe," accessed May 10, 2017, http://www.pewforum.org/2017/05/10/religious-belief-and-national-belonging-in-central-and-eastern-europe.

Table 2 Church attendance according to European Values Study

	Czech Republic		Hungary		Poland		Slovakia	
	1999	2008	1999	2008	1999	2008	1999	2008
At least once a week	7.9	8.9	10.6	8.4	59.2	52.7	40.5	40.0
At least once a year	34.9	30.0	44.4	41.0	91.0	90.9	67.4	66.6

respondents were explicitly asked whether the dominant church in the country should receive financial support from the state – 41 percent of Hungarians and 28 percent of Poles responded positively, but only 18 percent of Czechs. When asked if the state should fund other religious groups, the numbers were 32 percent, 19 percent, and 14 percent. Slovakia was not included in the survey. In the case of Poland, we should mind the different situation of the Polish Catholic Church that was not completely deprived of its property under the communist rule and never has received massive state funding.

The survey also asked about the separation of religion and government policies. In the Czech Republic, 75 percent of the respondents said that religion and government policies should be separate, while only 21 percent stated that government should support the spread of religion. In Poland, the ratio is 70 percent to 25 percent; in Hungary it is 67 percent to 28 percent. The numbers are not too different. However, the survey is likely to elicit marginal preferences rather than absolute values.[18] Thus, the fact that the portion of Poles and Czechs who want more church-state separation is almost equal does not mean that they demand an equal level of separation. The same applies to the question of state funding; status quo and previous arrangements may both affect the survey responses.

Finally, sociological research on Czech religiosity provides some empirical support for the explanation given above. The Czech Republic is famous for its low level of religiosity or high level of atheism.[19] However, it seems more precise to speak about

18. Robbert Maseland and André van Hoorn, "Explaining the Negative Correlation between Values and Practices: A Note on the Hofstede-GLOBE Debate," *Journal of International Business Studies* 40, no. 3 (April 2009): 527–32, and Robbert Maseland and André van Hoorn, "Values and Marginal Preferences in International Business," *Journal of International Business Studies* 41, no. 8 (October 2010): 1325–29.

19. See Greeley, *Religion in Europe*, or Norris and Inglehart, *Sacred and Secular*.

the specific nature of Czech religiosity. Major churches are losing adherents, and the number of people without religious affiliation is increasing, although these numbers do not reflect individual religiosity or spirituality. The Czechs avoid organized religion and opt for alternative, unorganized religiosity represented by fortune tellers, horoscopes, faith healers, and good-luck charms.[20]

An important characteristic of the Czech population is its anti-church, and especially anti-Catholic, attitude rather than atheism. This anti-church attitude is a matter of long tradition rather than a conscious choice; it stems from past rather than present controversies.[21] In spite of the generally anticlerical attitude of the Czechs, the Catholic Church remains present in the public sphere, and the increase of its material resource was feared to increase its influence in society.[22] No such attitudes can be observed in the majority of populations of the neighboring countries.

The length of the process leading to the Czech church-state settlement thus stems from the specific attitudes of the Czech people. Unlike in the other Central European countries, the Czech government standing on the anticlericalist median voter position was forced to negotiate with the churches to find a settlement compliant with the constitutional principles. The contract curve was stretched far from the status quo, thus providing a wide range of Pareto efficient adjustments.[23] As a result, finding a settlement acceptable to both parties was an uneasy task.

Discussion and Conclusion

The different models of church-state relations may have diverse effects on the function of churches and religious societies and subsequently on the religiosity of people in the respective countries. Economists have suggested a relation between religious market regulation and favoritism of the dominant church since

20. See Dana Hamplová and Zdeněk R. Nešpor, "Invisible Religion in a 'Non-believing' Country: The Case of the Czech Republic," *Social Compass* 56, no. 4 (December 2009): 581–97; Olga Nešporová and Zdeněk R. Nešpor, "Religion: An Unsolved Problem for the Modern Czech Nation," *Sociologický časopis/Czech Sociological Review* 45, no. 6 (December 2009): 1215–37; and Dušan Lužný and Jolana Navrátilová, "Religion and Secularisation in the Czech Republic," *Czech Sociological Review* 9, no. 1 (Spring 2001): 85–98.

21. Zdeněk R. Nešpor, *Příliš slábi ve víře. Česká ne/religiozita v evropském kontextu* (Praha: Kalich, 2010).

22. Minarik, "Church-State Separation"; O'Mahony, "The Catholic Church and Civil Society."

23. A Pareto efficient allocation is such in which it is impossible to make any change so as to make any one individual better off without making at least one individual worse off. All allocations on the contract curve satisfy that definition.

the publication of Adam Smith's *The Wealth of Nations*.[24] Some authors attribute the religious revivals in the post-communist countries to increased competition after the 1989 revolutions, although others dispute this view.[25] It is yet to be seen how the changes in the church-state relations will affect the post-communist religious markets in the long run.

The church-state relations in the Central European countries have been in flux over recent decades. Although from the public finance perspective the financial support given to the churches is relatively negligible, the issue of church finance attracts a lot of public attention in the post-communist countries. In the Czech Republic, but also in other countries, setting up the new model of church-state relations was subject to heated political disputes. The explanation offered in this paper may shed some light on why it took so long to settle the issue in the Czech Republic as well as provide some guidance for other cases.

Of course, alternative explanations are possible. One explanation could be based on the political transaction costs. These costs would be a function of the number of relevant churches in each country. The more churches there are to negotiate with the state, the more difficult it is to find an acceptable settlement. In Poland, there is effectively only one church to deal with. In Slovakia and Hungary, the religious landscape is clearly dominated by the Catholic Church, which has set the course in the negotiation. In the Czech Republic, although the Catholic Church is the largest religious group, it does not enjoy a privileged position within Czech society; rather, it is only one of the numerous churches dealing with state.

The difference can be well illustrated by comparing the Czech and the Slovak cases. In the Czech Republic, the government negotiated with all churches simultaneously. In Slovakia, the relevant debate about the church policy, not only with regard to property and finance, is between the government and the Catholic

24. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. Edwin Cannan (London: Methuen, 1904). See also Gary M. Anderson, "Mr. Smith and the Preachers: The Economics of Religion in the Wealth of Nations," *Journal of Political Economy* 96, no. 5 (October 1988): 1066–88; and Laurence R. Iannaccone, "The Consequences of Religious Market Structure," *Rationality and Society* 3, no. 2 (April 1991): 156–77.

25. Cf. Paul Froese, "Hungary for Religion," and Steve Bruce, "The Supply-Side Model of Religion: The Nordic and Baltic States," *Journal for the Scientific Study of Religion* 39, no. 1 (March 2000): 32–46. See also Minarik, "Employment, Wages, and Religious Revivals"; Sarkissian, "Religious Reestablishment in Post-Communist Polities"; and Paul Froese and Steven Pfaff, "Replete and Desolate Markets: Poland, East Germany, and the New Religious Paradigm," *Social Forces* 80, no. 2 (December 2001): 481–507.

Church. The policy has been typically embodied in international treaties between Slovakia and the Holy See, and only subsequently has the state entered into similar agreements with other churches.

Since the explanation offered in this paper is based on the specific assumptions about people's preferences regarding religion and churches, it is possible to presume different preferences that could be compatible with the observed results. It is not obvious that the anticlerical attitudes of the Czech population would necessarily lead to the "no restitution – no subsidies" position. The same attitude could make them prefer the status quo. After all, the communists fiercely opposed religion, and yet they chose to subsidize and control the churches. Similarly, David Hume, who was no great fan of religion, supported established religion.[26] It is highly possible that the majority (or the median voter) in the Czech Republic has only resigned from the status quo position when it became seemingly indefensible with regard to court rulings regarding church property restitution.

Unfortunately, we have limited information about people's attitudes on church policy in post-communist Central Europe. Thus, it is impossible to rigorously test the different theories based on the various assumptions about people's preferences. The explanation offered in this paper seems correct and persuasive given the information that is available; at the same time, it does not rule out alternative theories.

26. Gary M. Anderson, "Mr. Smith and the Preachers."

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ARTICLE

From the Communists and Post-Communists Alike: State-Paid Salaries of the Clergy in the Czech Lands 1949–2012*

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Abstract

The article examines the development of state-paid salaries for the clergy introduced by the Communists in Czechoslovakia from their institution in 1949 until they were removed in a major change of church-state relations in 2012. In the initial years of Communist rule, it appears that the salaries were part of a "carrot and stick" strategy aiming to subject churches to the state. Later, the real value of salaries steadily decreased, leaving priests marginalized in the economic structure. Following the collapse of the Communist regime, the salaries of the clergy were significantly increased; although, in subsequent years, they followed a trend similar to the pre-1989 period. The similarity in the development of salaries in the Communist and post-Communist period and the reluctance to restitute the church property after 1989 reflects the attitudes of the Czech population and the political representation toward organized religion and the transition from assertive to passive secularism.

Introduction

The period of Communist rule in Czechoslovakia between 1948 and 1989 created peculiar conditions for the operation of churches. Not only was the dominant ideology materialist and atheist, churches that were independent of the state and the ruling party represented a challenge to its totalitarian claims. For those reasons, the Communists introduced a wide array of anti-religious and anti-church measures. As one of the first measures, the Communist government in Czechoslovakia instituted state-paid salaries to the clergy, which should have deprived the clergy of their independence.

State-paid salaries to the clergy were introduced as a part of the anti-church campaign immediately following the Communist takeover in February 1948. In that

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campaign, church property was expropriated, bishops were put under surveillance, and many members of the clergy were arrested or intimidated. Churches were deprived of their outlets, schools, and social care institutions. In order to divide the clergy, the Communists established collaborative "patriotic" movements which defied the established hierarchies.

The collapse of the communist regimes of Central and Eastern Europe in 1989 brought about many changes, including those in church-state relations. Freedom of religion was restored early in the transition, state control of churches was removed, and some of the property taken by the communists was returned to the churches. Yet to restore the standard religious life of post-communist nations, it was not enough to repeal the regulations imposed by the communists; rather, new settlements between churches and states had to be negotiated redressing past injustices as well as setting new rules for the future. The duration and the results of the negotiations varied across the countries, and the Czech Republic is distinctive in both aspects (Minarik 2020).

The Czech Republic was the last among the Central European nations to settle with churches and the only country in the region that established complete financial separation between churches and the state. The settlement included partial in-kind restitution of church property taken by the Communists and financial compensation for the property that could not be returned to the churches. Also, the new arrangement ended the salaries introduced in 1949 which the state paid to the clergy (Minarik 2017).

The Czech Republic is well-known for its peculiar religious situation. Czechs are often cited for a high level of atheism (see, e.g., Greeley 2003; Norris and Inglehart 2004) although the local sociologists of religion refer to the specific nature of Czech religiosity (e.g., Lužný and Navrátilová 2001; Hamplová 2008; Hamplová and Nešpor 2009; Nešporová and Nešpor 2009; Nešpor 2010). What is significant in Czech church-state relations is that the major churches are losing adherents in Czechia, and the number of people without religious affiliation is increasing. Czechs may not be atheists, but they certainly avoid organized religion.

Regarding the established typologies in church-state relations, the present-day Czech Republic is a clear case of friendly separation. On the other hand, Communist Czechoslovakia is quite peculiar; it was a state hostile to religion that refused church-state separation to maintain control over the churches. As a result, the secularized post-communist society, ripe for a church-state separation, inherited institutions that were quite an obstacle in that process.

In Alfred Stepan's (2000) typology, present-day Czechia represents a spontaneously secularized country with a friendly church-state separation; churches are free to participate in civil society, but the public role of religion is negligible. Yet, the path to separation was not straightforward due to the heritage of Communist institutions. The clergy's state-paid salaries were among the obsolete institutions; they would have been fit for a regime with an established church but not for the secularized society of the Czech Republic.

In Ahmet Kuru's (2007) typology, the transition from the Communist to the post-Communist church-state relations represents a shift between assertive and passive secularism. The Communists intentionally worked to eliminate religion from the

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public sphere during their rule while the present-day separation allows for public visibility of religion. The establishment of the state-paid salaries to the clergy could be viewed as a peculiar tool of assertive secularism. As passive secularism gained the upper hand in church-state relations, they must have been removed. The development between the collapse of Communist rule and the final church-state settlement represents the struggle between the two kinds of secularism.

Examination of state-paid salaries to the clergy seems worthwhile from several perspectives. As a tool introduced by the Communists, it is interesting to examine how this tool was used in the evolving anti-religious policies of the Communist regime. It is also interesting to compare the approach of the Communists to the democratically elected governments that came after 1989; such a comparison is telling of the differences and similarities in their attitudes toward religion. The observed development of the salaries paid to the clergy suggests that the clergy was disregarded by Czech governments, both Communist and post-Communist, with the exception of a short and extraordinary period early in the post-Communist transition.

The Legal Basis for the State-Paid Salaries of the Clergy

The Communist Party came to rule Czechoslovakia after the coup d'état of February 1948. The oppression of opposition and independent organizations including churches followed soon afterwards. The Communists used a wide array of measures aimed at both clergy and laity as well as church property. Especially in the earlier period, the use of violence was widespread, including show trials, imprisonment in labor camps, and torture. Simultaneously, the Communists attempted to seize control of the churches, particularly the Catholic Church, by taking its property and outlets, such as schools, hospitals, charities, and press (see, e.g., Minarik 2019).

In October 1949, the Communist government introduced new laws governing the relations between the state and churches. One of those new laws, the act "*on Providing the Economic Security of Churches and Religious Societies by the State*" (Act no. 218/1949 Coll.), set up the rules for financial relations between the state and the churches. With that law, the state assumed control over church property, patronage rights, and obligations, and the state committed itself to providing for the personal and material expenses of the churches.

The state-paid salaries came with a condition; the law introduced a "state approval" as a necessary condition for clergymen to minister and to receive salary. Providing religious services without state approval constituted a crime ("obstruction of state oversight of churches"). Also, the clergymen had to take an oath of allegiance to the state before assuming office. The Communist church laws followed a "carrot and stick" strategy, where the salaries represented the "carrot," and the criminal code represented the "stick."

The cabinet adopted several decrees establishing detailed rules for the different churches; however, they were rather similar, and there is no indication that the Communists intended to favor any of the religious groups. There were separate decrees for the Roman Catholic Church, the Czechoslovak Church (now Czechoslovak Hussite Church), protestant churches, the Orthodox Church, and other churches and religious societies.[1] Even though there might have been some

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plans in the initial period to use the Czechoslovak Church in the struggle against the dominant Catholic Church, such plans never materialized. Non-Catholic churches faced similar measures as the Catholic Church, although on a lesser scale.

The subsidies to the clergy were not invented by the Communists in Czechoslovakia. They followed earlier tradition established under the Austrian Empire, the "congrua laws" of 1885 and 1898, and upheld by Czechoslovakia in a 1926 law; in those laws, the state guaranteed a minimum income for the clergy (i.e., the "congrua") and supplemented the income from other sources when it was insufficient. Earlier Austrian laws (of 1874 and 1890) also required state approval of clerical ministry; however, they were never abused by the state authorities (Kříž and Valeš 2013). Unlike the Austrian emperors, the Czechoslovak Republic established after the First World War did not seek to actively promote religion, yet the government recognized the role of religion in society and continued to subsidize the income of Catholic priests as well as Protestant ministers. Although the Communist were significantly represented in the inter-war Czechoslovak parliament, they never were a part of the government, and their influence on the church-state relations was marginal.

To fully comprehend the gravity of the economic situation that the clergy faced, it is necessary to note that churches, particularly the Catholic Church, had been deprived of their property. Most of the landed property was taken in a land reform introduced after the First World War. The Church also suffered during the Second World War. German occupiers forcibly transferred property from Czech church organizations to Germans or for the use of Waffen SS. German authorities disbanded certain Catholic orders, evacuated several monasteries, and took their property (Kříž and Valeš 2013). Thus, the German persecution of the Church foreshadowed the Communist persecution that was to come.

The Communists had already begun to move against the Church before the coup d'état of February 1948. In 1947, the Communist Party pushed through the act "*on Revision of the First Land Reform*" (Act no. 142/1947 Coll.) that enabled further seizures of church property. Finally, in March 1948, less than a month after the coup d'état, the parliament adopted the act "*on the New Land Reform*" (Act no. 46/1948 Coll.) that enabled the confiscation of all church land. Contrary to the legal provisions, compensation was rarely paid to the churches. The Communists also employed frauds and forced sales and gifts to transfer ownership titles, and some confiscations were unlawful even under the existing legal system (Kříž and Valeš 2013).

The clergymen could hardly refuse the salaries. Catholic bishops instructed the priests to take the oath and accept the salary. The bishops themselves initially rejected both. Only 32 out of 5,028 Catholic priests that were invited to take the oath refused to take it; although, some priests were not even invited (Vaško 2004).[2] Bishops were not invited either, and most of them were interned. Eventually, the bishops also took the oath and received the salaries; however, the first generation of bishops consecrated before the Communist coup never collaborated with the Communists (Balík and Hanuš 2013).

To increase the division among clergy, the Communists established "patriotic" organizations for those willing to collaborate with the Communist authorities. The first of them, The Peace Movement of the Catholic Clergy, was created in the early

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1950s and lasted until 1968. Upon its failure, another organization was established in 1971 named The Association of Catholic Clergy *Pacem in Terris*. Both organizations attracted several hundred Catholic priests. Membership was often encouraged with bonuses added to the state-paid salaries but also through blackmail or intimidation.

During the Communist era, there were several minor amendments and one significant change regarding the salaries. Salaries were adjusted slightly in 1953 following a monetary reform of that year. A major increase in the salaries was contemplated in 1968, but it was never enacted due to the Soviet occupation of Czechoslovakia. The debate was revived in 1978 with a draft of two alternative proposals for an increase in salaries. The increase was finally enacted in 1981; although significant, it did not make up for the wage inflation between 1949 and 1981.

The collapse of the Communist regime in November 1989 created an opportunity to change the laws. As soon as January 1990, the parliament cancelled the requirement of "state approval," and the churches could choose their ministers freely. In December 1990, the cabinet adopted a decree that significantly increased the salaries of the clergy. Furthermore, the parliament adopted an act that returned some of the property to the Catholic Church; particularly, it returned monasteries to religious orders and congregations.

In the post-Communist period, the salaries of the clergy were increased several times, and the restitution of property was discussed at length. Generally, the Czechs were reluctant to return the church property taken by the Communists while they were also dissatisfied with the system of financing established under Communist rule (Minarik 2017). The salaries of the clergy were increased on average every other year.[3] With the liberty of churches to select their own ministers, the number of state-paid clergy doubled between 1990 and 2010. The costs to the state increased about 10-fold in the same period; however, since prices increased about fivefold, the real costs only increased about twofold (which also means that the real per capita costs remained about the same).

The end of the state-paid salaries came in 2012 with a comprehensive settlement between the state and the churches. Embodied in the statute "*on Property Settlement with Churches and Religious Societies*" (Act no. 428/2012 Coll.), the settlement consisted of the restitution of church property, financial compensation for past injustices and a transitional financial scheme (Minarik 2017). The new arrangement made the churches completely financially independent of the state, thus after more than seven decades ending the system put in place by the Communists to control the clergy.[4]

State-Paid Salaries of the Clergy Between 1949 and 2012

The data needed to evaluate the remuneration of Czech clergy are not easily available. For the post-1993 period, the data are well accessible from the Czech Ministry of Culture, the department of government responsible for church-state relations. When it comes to the earlier periods, data are scattered in various documents stored in archives, if available at all. Thus, the analysis of the pre-1990 period presented here builds only on a handful of data points.[5] More data could be retrieved from archives in future, yet there is no reason to expect a different picture of the historical reality. The general development of salaries is depicted in Figure 1.

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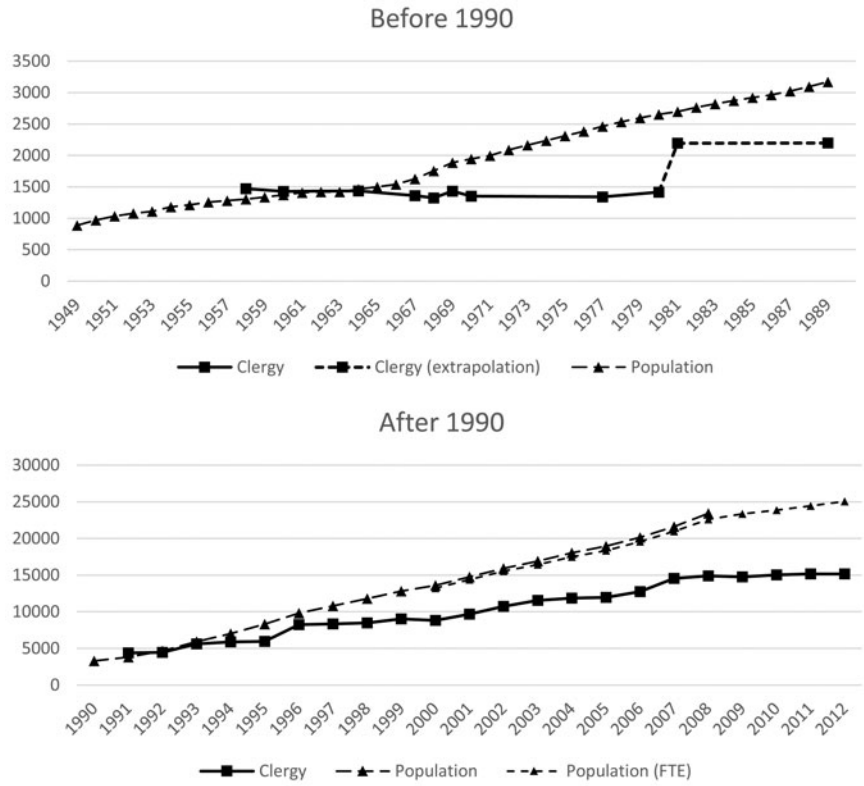

Figure 1. Mean salaries of clergy and mean monthly wages of Czech employees.
Notes: All values are in the local currency (Czechoslovak koruna before 1993, Czech koruna afterwards), unadjusted for inflation, before taxes. The presented average salaries of the clergy before 1989 combine archival data for Czechoslovakia and the Czech Republic and those for all churches and the Catholic Church only, as available. Extrapolation between 1981 and 1989 is based on archival data from 1980 combined with legislation adopted in 1981. The time series of population mean wages is extended beyond 2008 with a series using different methodology (full-time equivalents instead of headcount).

Remuneration of the clergy was comprised of three elements. The basic salary was dependent on the length of service, increasing every 3 years. This was supplemented with an amount reflecting responsibilities; most priests received a salary supplement for parish administration, and higher salary supplements were intended for professors of theology, vicars, and bishops. The third element of remuneration was a bonus for extraordinary performance that could be awarded by the government officials at their discretion. Extraordinary performance was typically interpreted as collaboration with the Communist officials, particularly through the "patriotic" organizations of the clergy. Government decrees specified the basic salary, the salary supplements, and the maximum amount of the bonus.

In the initial period, there are no aggregate data available, and only the statutory salaries can be evaluated. The monthly salary of a priest would have been between 600 and 1,320 Czechoslovak korunas, depending on his number of years in clerical

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service. Most priests also received a supplement of 200 korunas for the administration of a parish. The mean monthly wage in 1949 was 888 korunas, increasing to 1,111 korunas by 1953.[6] After an adjustment due to monetary reform in 1953, a priest could earn between 669 and 1,332 korunas plus 200 korunas for parish administration. By 1966, the mean monthly wage of Czech workers was higher than the maximum salary of a parish priest. Those numbers do not include possible bonuses for extraordinary performance, that is, for collaboration with the Communists. However, the bonuses were rather low.[7]

The salaries of the clergy can be compared to those of teachers, which were decreed in April 1950, about half a year after the salaries of clergy were decreed. Depending on the number of years spent in the profession, a kindergarten teacher received 700–1,050 korunas, an elementary school teacher received 800–1,200 korunas, and a high school teacher 900–1,350 korunas, all of whom could receive further supplements and bonuses. Thus, the salaries of the clergy roughly corresponded to those of elementary school teachers. However, the remuneration of teachers was revised in 1956 with significant increases in the following years, while there was no such change regarding the salaries of the clergy.

Some data about the actual amount of money paid to the clergy are available for the late 1950s. In 1956, competencies over the church policy were transferred from the State Office for Church Affairs to a newly established Ministry of Education and Culture and its Secretariat for Church Affairs; however, the competencies regarding the salaries remained with regional authorities. Starting in 1958, the government began to significantly cut public expenditures on churches. In the first year, the cut was by 30%, and it continued to be reduced by about one-half in subsequent years. Only in the late 1960s, the period of Prague Spring, did the government become more generous toward churches. The proportion of personal expenditures to the total expenditures was raised from about two-thirds to 80%.

In the late 1950s, the personal expenditures became the most significant part of the churches' total expenditures that the Communists sought to decrease. Two strategies were adopted to achieve that end. First, the Communists tried hard to decrease the number of clergymen, which was quite successful (see Figure 2). Second, the Secretariat for Church affairs pushed to decrease the amount paid in bonuses (Chadimová 2019). The "carrots" should have been reduced in favor of the "stick." Obviously, the local authorities had been quite generous in the earlier period; thus, we may expect that the average salaries were slightly higher in the early 1950s.

From the 1960s on, the salaries paid to the clergy generally stagnated. There was a slight and short-lived increase at the end of the 1960s, and a substantial revision of clergy remuneration was considered at the time of Prague Spring. However, the restoration of conservative Communist leaders after the Soviet invasion of 1968, known as "normalization," reversed most of the reformist policies of Prague Spring.

In the subsequent period, the only source of increase was the increasing age of the clergy. Between 1968 and 1980, the average duration of service among clergy increased by about 3 years. The number of priests serving more than 36 years, which roughly corresponds to reaching retirement age, increased from 12 to 39%. The salaries were increased with age by a fixed increment for every 3 years of service;

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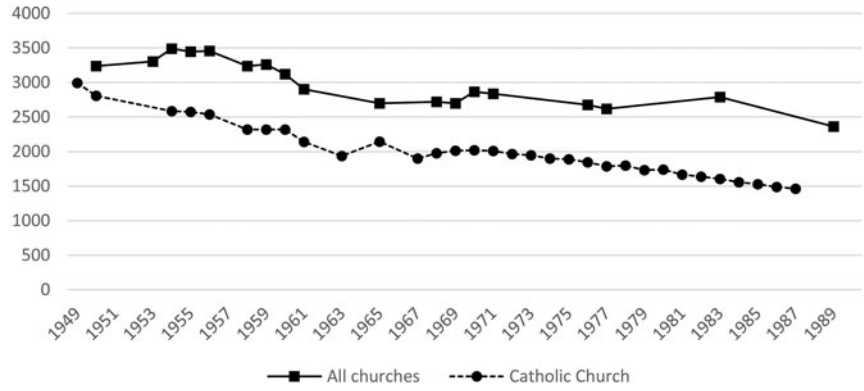

Figure 2. Number of clergymen in the Czech Republic before 1990.
Note: The numbers are based on Babička (2005), Chadimová (2019), and Pešek and Barnovský (1999; 2004).

however, when a priest reached retirement age, he received a lower salary along with a pension.

The only major revision in remuneration policy under Communist rule came in 1981. The revision increased the basic salaries (to 1,000–1,620 korunas), the supplements (to 700 korunas for a parish administrator), and the maximum amount of the bonuses for extraordinary performance. On average, the clergy's salaries increased by 55%. Such an increase could not reduce the income gap between the clergy and the rest of the population. According to the data from the Federal Statistical Office (1985, 349), real wages more than doubled, and real income more than quadrupled between 1953 and 1981. The living standards of priests were kept at the 1950s level, while for the general population they increased rapidly during that period.[8]

Unfortunately, there are no data on how the Communist policies were perceived by the clergy and the population. In the late 1960s, Erika Kadlecova, a pioneer of the sociology of religion in Czechoslovakia, prepared a nationwide research project on the attitudes of clergy, the role of religion, the role of churches, and religiosity. That research was never conducted due to political changes after the Soviet invasion; Kadlecova was expelled from the Communist party, and the department of theory and sociology of religion at the Czechoslovak Academy of Sciences was dissolved (Nešpor n.d.).

Following the 1989 collapse of the Communist regime, the salaries of the clergy were increased several times. The initial change in 1991 raised them above the average wages of Czech workers. However, they remained close to the average for only 3 years. In the following years, the government increased the salaries paid to the clergy roughly to meet inflation. For the general population, wages grew more rapidly as the economic reforms transformed the Czech Republic from a centrally planned economy to a market economy. In the first decade of post-Communist transition, the mean nominal wage more than quadrupled, while the average salary of a priest only doubled. Between 1991 and 2012, the increase in the mean wage was almost sevenfold, while priests' salaries increased 3.5 times.

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Table 1. Change in mean salaries of clergy and mean monthly wages of Czech employees

		Clergy	Population	Clergy/population
Average remuneration	pre-1989	1,622	2,180	0.744
	post-1989	10,330	13,234	0.781
Total growth per period	pre-1989	49%	143%	0.345
	post-1989	246%	582%	0.422
Average growth per year	pre-1989	1.30%	2.90%	0.448
	post-1989	6.09%	9.57%	0.636

Note: The pre-1989 period denotes 1958–1989, the post-1989 period denotes 1991–2012, due to data availability. Average remuneration in Czechoslovak or Czech koruna.

The development in the Communist and post-Communist period can be best compared in relative terms. In both periods, the remuneration of priests started at an above-average level and decreased over time. In the 1960s, the clergy's average salary fell below the mean wage; by the end of the 1970s, it dropped to about one-half of the mean wage. The reform of 1981 increased the salaries to about 80% of the mean wage; however, with the increase in the mean wage, the average salary of a priest should have fallen to about 70% by 1989.

In the post-Communist period, the relative decrease was more rapid. By 2000, the average salary of the clergy fell to two-thirds of the mean wage in the Czech economy. In subsequent years, it was maintained at a level between 60 and 70%. That is, even though the salaries never got as low as they were under Communist rule relative to the mean wage, they ended up at a roughly similar level. Considering the living costs, both the Communist and the post-Communist governments roughly maintained the living standards of priests at the same level as they had in the initial years of their rule, while the living standards of the Czech population were increasing.[9]

Side-by-side comparison of different statistics clearly reveals the common trends in both periods (see Table 1). Average clerical salaries in the pre-1989 period were in the same proportion to mean monthly wages as in the post-1989 period. However, these statistics conceal the uneven increases in the clerical salaries which often put the clergy in a very unfavorable position. Unfortunately, the nature of the data does not allow for a more sophisticated statistical analysis.

Discussion

Certain methodological issues arise in the comparison presented above. When using the mean wage over such a long period of time, one must bear in mind that the increase in the mean wages also reflects changes in the economic structure of society as well as increasing productivity. With time, the education of the Czech population increased, and the share of unskilled labor decreased. The mean wage of 1948 was driven by the wages of unskilled workers much more than in 1989 or 2012. Also, clergymen are typically highly educated; in the Catholic Church, dominant in the Czech Republic, all priests have a college education.

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It would be best to compare priestly salaries with the mean earnings of workers with equivalent education. However, such data are not available. Moreover, in a centrally planned economy under communist rule, wages do not necessarily reflect education, skills, or productivity; they often follow political criteria favoring selected groups of workers and the apparatus necessary to maintain power. Also, the differences in wages were relatively low in communist economies. If we were to take the sector of education for comparison, the results would be very similar to those presented above.[10]

Before making a hasty conclusion about the Czechs, it is worth considering the situation in Slovakia. The two successor states of Czechoslovakia not only share a history under Communist rule, both countries also maintained the original law governing financial provisions to the churches well into the post-Communist era. Actually, Slovakia continued to pay the salaries of the clergy until 2019. Starting in 2020, the state pays a lump sum subsidy per year to every church, and the churches can decide how they spend the money; that is, the churches can set their own rules for the remuneration of the clergy.

The difference in religiosity between the Czech Republic and Slovakia is stark. While the first is often cited as one of the most atheist countries in Europe, Slovakia is one of the most religious. Although secularizing, Slovakia is still closer to the Polish model than to any of the Western nations. Froese (2005) gives some explanation to the differences between Czechs and Slovaks, mostly pointing to the various historical differences in the relationship between religion and nationalism.

Interestingly, when we compare the salaries of the clergy in the Czech Republic and Slovakia in the beginning of the millennium, there is no difference between the two countries. Figure 3 depicts the ratio of the mean salaries of the clergy to the mean wages of workers in both countries; despite occasional hikes, the salaries of the clergy are falling towards 60% of the mean wage. Even in Slovakia, the salaries of the clergy were obviously not an issue attracting any attention from either politicians or the masses.

However, one should not conclude that Czechs and Slovaks are the same when it comes to church-state relations. Unlike in the Czech Republic, Slovak churches received back most of their property in the 1990s. Thus, continuing the payment of salaries to the clergy should be interpreted in part as compensation for the property not restituted and in part as an outright subsidy to the churches. In the Czech Republic, little property was restituted before 2012 (Minarik 2017; 2020). Thus, the state acted as if it were still accepting the patronage duties assumed by the Communists in 1949.

The system of church financing introduced by the Communists has also had a detrimental effect on the willingness of the adherents to support their churches. Donations and tithing were perceived as unnecessary where the state was paying the church. This is not specific to the Czech case; the willingness to contribute to churches is generally low in post-communist countries, and it appears to depend on the system of state support (Zrinščak 2011). Czech churches expressed their worries that their members might be even less willing to contribute after the property settlement as the people would misjudge the ability of the churches to support themselves out of the restituted property. The period of economic dependence on

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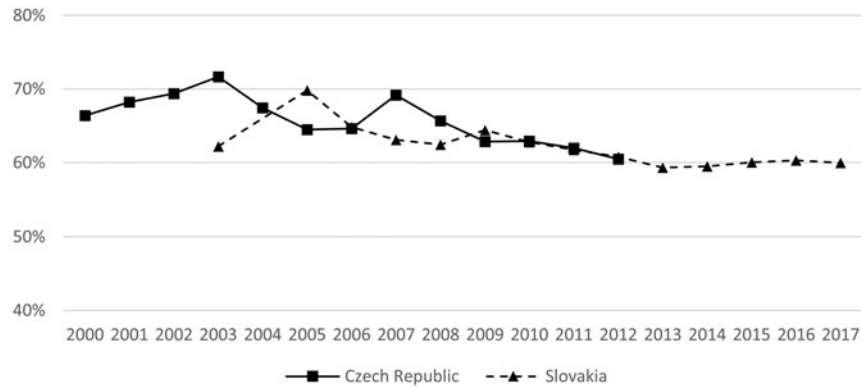

Figure 3. Ratio of mean salaries of the clergy to mean wages in the Czech Republic and Slovakia.
Note: The ratio is calculated from data provided by the Ministry of Culture of the Czech Republic, the Ministry of Culture of the Slovak Republic, the Czech Statistical Office, and the Statistical Office of the Slovak Republic.

the state, both under Communist rule and after its collapse, clearly altered the attitudes of churchgoers, and it will take time for the churches to adapt to the separation model.

Considering the differences between Czechia and Slovakia described above, it seems that the reluctance of the Czech government to restitute church property is more telling of the attitude of the Czechs toward organized religion and the Catholic Church in particular. While the decrease in remuneration of the clergy could be attributed to disregard for the churches, intentional under Communist rule and perhaps unintentional afterwards, the failure to restitute the church property cannot be attributed to negligence. Unlike the salaries, the restitution of property was debated publicly for a considerable period of time. Ultimately, although the Czech government in the post-Communist period did not endorse an anti-religious doctrine, practical economic policy toward churches was not too different from that of the Communists.

The development of the Czech church-state relations can perhaps best be framed in Ahmet Kuru's (2007) typology of assertive and passive secularism. First, there is the presence of the ancient regime in the first half of the 20th century, the Austrian Empire backing the Catholic Church, creating a condition favoring assertive secularism. The idea of an ancient regime is almost absent in the post-Communist society; thus, there is a shift toward passive secularism.

Further, there is the position of secular groups toward religion's public role. Since religion had lost much of its prominence during the 20th century, the public presence of religion no longer mobilizes against it. Again, those are conditions favoring a shift from assertive to passive secularism. Additionally, religious groups were open to separation in the post-Communist times, while the Catholic Church might have sought to maintain some kind of establishment in the earlier periods.

Finally, perhaps the most important condition in the Czech case is the consensus versus conflict between secular and religious groups. There was certainly some tension between churches and many political and social groups in interwar

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Czechoslovakia. After the Communist coup, the relation between the secular groups controlled by the Communists and churches may only be called an open conflict. Those conditions clearly favored assertive secularism. In the post-Communist period, the relationship may be characterized as quite consensual, especially in the early period after the collapse of the Communist regime when the new representatives of civil society and the churches shared the victory over a common enemy. This has certainly not concerned the whole of Czech society, but again, it was another condition shifting Czechia toward passive secularism.

Conclusion

The history of the state-paid salaries of the Czech clergy well represents the development of church-state relations and general attitudes toward organized religion in Czechia. Following the collapse of the Austrian Empire and the establishment of Czechoslovakia, secularization accelerated in Czechia; that development was also reflected in the church-state relations which were generally friendly, yet tense at some moments.

The Communist takeover after the Second World War began a period of militant struggle against religion. The struggle required control over churches, especially over the dominant Catholic Church. The Communists not only established an institutional structure suitable for that purpose, including the state-paid salaries, but through education and propaganda also strived to alter the attitudes of the Czech population against churches and religion as such.

The collapse of Communist rule in 1989 ended the period of religious repression; however, the transformation of the institutional framework took another two decades. During that period, a struggle between the assertive secularism typical for the former regime and the passive secularism typical for a significant portion of Czech society hindered the final settlement. Only in 2012 did the passive secularism gain an upper hand in a rather friendly church-state separation.

From the perspective of the clergy, the immediate outcome of both the Communist and the post-Communist period was similar. In both periods, their living standards were deteriorating, and the issue was neglected by both the politicians and the general public. Perhaps the chief difference comes from the different goals of the political representatives; in the latter period, it was not the destruction of religion as such. Thus, the churches were ultimately separated from the state and left to take care of themselves, for better or worse.

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Notes

1. The decrees were numbered 219 to 223/1949 Coll. respectively.
2. Vaško (2004) also reports that the Communists expected that more than 5% of priests would refuse to take the oath. The Communist leaders decided that the priests would only be invited to take the oath 2 months after they started to receive the salary, and those who rejected it would be interned.
3. There were altogether 10 increases, in 1993, 1995, 1998, two in 2002, in 2003, 2004, 2005, 2006, and 2009.

4. In the transition period from 2013 to 2029, churches still receive subsidies from the state, declining every year by 5%. Churches are free to decide how they spend the money and how they pay the clergy.
5. I rely on the archival work of one of my students (Chadimová, 2019) complemented with data from other sources, such as Babička (2005), Pešek and Barnovský (1999; 2004) and the Czech Statistical Office (2020) and Federal Statistical Office (1985) for the mean monthly wages.
6. The pre-1953 salaries are recalculated to post-1953 Czechoslovak korunas according to the rules of the monetary reform of 1953.
7. In 1969, the reported mean value of the supplements and bonuses was 209 korunas, and the supplement for administering a parish, which was given to a large majority of the priests, was 200 korunas. In 1980, a fixed bonus of 400 korunas was paid to 280 Catholic priests, that is, to about 16% of the Catholic clergy with state approval (Chadimová, 2019).
8. The increase of real and nominal wages roughly corresponds. According to the official statistics, living costs decreased in the 1950s and only slowly increased in the 1960s and 1970s. Thus, the difference in living costs in 1953 and 1981 was only 7.4%. The credibility of the official statistics could be questioned; however, the numbers are plausible, considering that the Communists were heavily subsidizing necessities included in the index of living costs.
9. This conclusion is based on the index of living costs under Communism and the consumer price index in the post-Communist period, which are not necessarily the same. However, there is no better approach; one must bear in mind that prices are artificial in a centrally planned economy.
10. The mean wage in the sector of education was constantly about 90% of the mean wage in the Czech economy, both under Communism and in the post-Communist period, according to data from the Czech Statistical Office (2020). Although teaching requires a higher education similar to the clergy, a direct comparison is impossible since the statistics for the sector of education also include the wages of the non-teaching staff of schools (janitors, cooks, etc.).

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