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Religious & Cultural Leaders

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RELIGIOUS & CULTURAL LEADERS*

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Abstract

This paper surveys the existing literature on religious and cultural leaders. It discusses potential motivations of a leader and highlights that irrespective of his/her exact motivations, the presence of a leader is crucial for the cultural heterogeneity of a society. The impact of discrimination and government transfers on cultural integration is discussed. Last, the survey examines when religious and cultural leaders emerge.

Keywords: Religious Leaders, Cultural Integration

JEL Classification: : J15, Z10, D02

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1 Introduction

It is widely assumed that religious and cultural leaders have an impact on the attitudes and behaviors of their followers, and on their community as a whole. An instance where religious leaders were systematically employed to adjust people's attitude is Turkey under Mustafa Kemal Atatürk. First, Atatürk used Imams to mobilize the Turkish people in the Turkish War of Independence. Later, he created an institution that employed Imams, which ensured that a state-conform and moderate Islam was taught, often against the wishes of the Imams themselves. In this tradition, the Turkish government today employs Imams in other countries, such as Germany, securing its influence in Turkish enclaves. In an excellent case study, [Ceylan \(2010\)](#) goes as far as to argue that the convictions of the Turkish Imams determine the attitude of Turkish migrants to Germany, as well as their integration into German society.

The impact of cultural leaders on attitudes and values has also been documented through several case studies by [Portes \(1987\)](#), [Portes and Sensenbrenner \(1993\)](#). They highlight the role of community leaders in ethnic enclaves. Community leaders can be religious leaders, such as Priests, Rabbis and Imams, but also foreign language media, which are described as cultural leaders.¹

In this chapter, we survey the growing theoretical literature on religious and cultural leaders that is motivated by these case studies. We first discuss the possible motives of the leaders that have been brought forward, before turning to the impact these leaders have. Existing work focuses on the effect of leaders on cultural diversity, with an emphasis on whether cultural assimilation occurs to either a mainstream society or another religious or culturally distinct group. Remarkably, leaders ensure distinct cultural traits and prevent assimilation, irrespective of their exact motives. Next, we focus on the interplay between two leaders, where the leaders can either belong to the same group or different ones, before turning to an analysis of the environment under which religious and cultural leaders emerge. The emergence of leaders has only received limited attention so far and therefore, we conclude with a discussion of open questions.

2 Leader Objectives

As the notion of a leader, who has an impact on the values and norms, the religious beliefs, cultural traits and, more generally, the identities of his followers, has not yet become a common concept in Economics, it seems natural to start with a discussion of a leader's objective.

First, leaders may be interested in increasing the number of their followers. A payoff function

¹For more details on how foreign language media influences norms and value, see [Subervi-Velez \(1986\)](#), [Zhou and Cai \(2002\)](#).

that captures this motive has been suggested by [Hauk and Mueller \(2015\)](#) and [Verdier and Zenou \(2015, 2016\)](#). In their setting, leaders aim for increasing the number of religious followers, to maximize the spread of their cultural trait in society. Each agent in the population is characterized by a trait, implying that each agent is either religious or not. In order to convince agents to become religious, leaders exert a socialization effort. This effort can take the form of providing a public good. In this case, the leader's payoff is specified as

$$\pi_L = R(q) - C(G), \tag{1}$$

where q denotes the share of individuals of the religious trait in the population.² $R(q)$ is an increasing, positive function of the share of agents with a religious trait. The leader provides a public good G , which comes at cost $C(G)$, but induces individuals to join the community. Put differently, a higher provision of the public good leads to more followers. The goal is to then find the optimal level of the public good, depending on the costs and benefits derived from a larger community. This formulation therefore emphasizes the missionary zeal religious leaders may display.

An alternative specification is motivated by early literature which thought of leaders as managers of a church, which was equated with a firm ([Iannaccone \(1998\)](#)). While religious leaders certainly provide their congregation with religious goods and services, seeing a leader as purely business oriented seems to fall short of a realistic description of the workings of a religious community. [Prummer and Siedlarek \(2017\)](#) incorporate both features of religious leaders, namely their zeal in spreading a mission, in creating a belief, while simultaneously having entrepreneurial traits, in the leader's objective function.

They argue that leaders influence the beliefs and attitudes of all the members i in the community, denoted by $p_i \in [0, \bar{p}]$, with $i \in \{1, 2, \dots, n\}$, by establishing a set of rules and norms. Religious leaders can propagate these rules and their beliefs through sermons and in interactions with their community. Note that the cultural trait here is not binary, but a continuous value, which implies that religious leaders care about the extent to which the religious trait is displayed, or rather the leader defines the religious trait. Moreover, they also care to some extent about the material well-being, $w_i \in [0, \bar{w}]$, of each community member. While religious leaders can influence the attitudes within their community, they cannot affect the economic well-being directly. However, an individual's economic situation depends also on which norms he follows, as these

²The payoff provided here departs slightly from all the payoffs specified in [Hauk and Mueller \(2015\)](#) and [Verdier and Zenou \(2015, 2016\)](#). [Hauk and Mueller \(2015\)](#) suggest a payoff function that maximizes the share of individuals with the same trait and an alternative which aims for a maximization of conversions the leader is part of. [Verdier and Zenou \(2015\)](#) consider a time-dependent version, whereas [Verdier and Zenou \(2016\)](#) develop a continuous-time model. For simplicity, we consider here the simplest, most general specification.

can affect economic outcomes both positively and negatively. To investigate this in more detail, we state the religious leader’s payoff:

$$\pi_L = \sum_{i=1}^n \pi(p_i, w_i) \quad (2)$$

The payoff of a religious leader is increasing in both the religious beliefs and economic well-being, implying that a religious leader wants his community to identify with the values of norms they propagate. Simultaneously, the leader would like his community to be wealthy.

This payoff function is motivated by ample evidence that a leader has an interest in followers obeying the rules and teachings of the religion and doing so *visibly*. This can be easily observed in daily life when considering the norms that different religious groups display. Peyses and headscarfs tend to identify the religion of the wearer and thus shape their religious identity. Moreover, the influence of religious leaders on the display of religious symbols among their followers and thus on creating specific identities is widely documented, see [Breton \(1964\)](#) and [Carvalho and Koyama \(2011\)](#).

Furthermore, leaders care about the financial wellbeing of their community. This might be due to a need to maximize donations ([Ceylan \(2010\)](#); [Bekkers and Wiepking \(2010\)](#)) or from a sense of prestige or altruism. Every religious organization we are aware of asks for donations. A religious leader benefits from these donations as this allows for example to build a better church, synagogue, mosque or temple, or more generally, allows to provide a public good ([Verdier and Zenou \(2016\)](#)). Further, religious leaders tend to care both about the spiritual well-being of their community members as well as their material well-being: most religions do want their followers to be able to at least afford food, clothing and housing.

Naturally, if leaders can encourage their community to identify with the prescribed norms and values while simultaneously generating high incomes, then leaders have an incentive to do so. A prominent example of a community, which is both extremely religious and very wealthy are the Jewish Diamond Traders in New York described by [Coleman \(1990\)](#). Here, membership in a religious community leads to better business opportunities. However, it is more common in modern society, that economic activities are conducted outside the own community. In these instances, displaying strong religious norms may be a hindrance to success.³

³To be more precise, consider the impact of being part of a religious community on the attitude towards as well as actual female labor force participation. Generally, views that see men as the main breadwinners and women as homemakers are strongly influenced by religious ideology ([Algan and Cahuc \(2006\)](#); [Guiso, Sapienza, and Zingales \(2003\)](#)). This is also evidenced by a case study on Imams in Oslo ([Predelli \(2004\)](#)), which documents that these Imams do not forbid women to work in the public sphere, but that if women were to take outside jobs they are encouraged to work in education or medical care. This seems to indicate that religious leaders have indeed an impact on attitudes that are relevant for labor market outcomes. These attitudes also have an impact on actual labor market outcomes, as perceptions of women as homemakers are closely associated with women’s

Therefore, in many instances, leaders face a trade off: they can either emphasize the importance of adhering to religious norms and values, resulting in higher identification with the community and its beliefs. Alternatively, they foster moderate religious values, which allows for a successful labor market integration of their followers, with higher income that may result in higher donations.

A similar trade-off has also been suggested by [Carvalho and Koyama \(2011\)](#), which is formally a special case of the more general payoff analyzed in [Prummer and Siedlarek \(2017\)](#). However, their interpretation differs: [Carvalho and Koyama \(2011\)](#) argue that religious leaders face a trade-off between time spent to produce a religious public good and time spent on market activities, which generate income.

Last, it is worth connecting the two specifications outlined given in (1) and (2): by allowing for the religious trait to be continuous, rather than present or not, it is straightforward to introduce a cut off point such that for individuals with an religious identity or belief above the cutoff, they can be considered as religious, whereas those below the cut off can be seen as non-religious. Then, it is also for the leader with payoff (2) optimal to maximize the spread of religiosity. However, how religiosity is spread, differs in these two complementary set ups. In one setting, the leader sets an identity, which impacts earnings, in the other, the leader chooses a public good. Despite these differences, the leader affects in both cases how attractive the membership in the community is due to its economic consequences, which arise either due to the public good provided or the earnings realized.

3 Leaders & Cultural Diversity

Having specified the payoff functions of leaders, we turn to the impact they have on the religiosity of their community members. A key result common to all work on leaders is that they increase religiosity, compared to the setting without leaders. However, the leader's efforts in increasing religiosity are constrained by the economic situation of their community members or by their ability to provide public goods. [Prummer and Siedlarek \(2017\)](#) document that there can be three possible outcomes, namely, the leader chooses the most extreme level of religiosity, intermediate levels or he refrains from encouraging his community to display any particular religious behaviors whatsoever. Which outcome emerges, depends on the economic environment and the interplay between earnings and religious beliefs in the leader's payoff function. We therefore discuss how productivity and discrimination, government transfers as well as community structure affect cultural assimilation. Last, we highlight how results are affected if community size varies and labor market outcomes ([Fortin \(2005\)](#)).

describe the cultural adjustment process.

3.1 Cultural Extremism, Distinction & Integration

Consider the simplest case, where the leader aims to maximize the weighted average of beliefs and earnings, as specified in [Carvalho and Koyama \(2011\)](#). Then, if an increase in beliefs and religious identity is met by a smaller decrease in terms of earnings and wages, the leader will always pursue a policy of extremism. If on the other hand, such an increase in religious identity, affected earnings negatively and significantly so, the leader will choose to pursue a policy of assimilation which leads to the abandonment of religious rituals. [Carvalho and Koyama \(2011\)](#) connect their theory to the rise of Ultra-Orthodox Judaism. After the Emancipation of Jews, that is after they were granted full citizenship, they were no longer restricted in their economic activities. As a response to the Emancipation, some Jewish communities shed many of their traditions, while other leaders created stricter rules, the communities had to abide by. [Carvalho and Koyama \(2011\)](#) document that in areas in which economic opportunities were poor, Rabbis implemented stricter religious rules, leading to Ultra-Orthodox communities, while in prosperous areas religious traits and behaviors were no longer openly displayed. In poorer regions, it was not worthwhile to shed visible religious characteristics as this would not have increased income sufficiently, whereas in the wealthier areas, incomes were high enough to compensate for the now less distinct religious teachings. This result also emerges in [Hauk and Mueller \(2015\)](#), despite analyzing a completely distinct model. There, leaders face two alternatives: they can either encourage community members conform to the prevalent norms in the wider society by adjusting their appearance. Alternatively, leaders may create a distinct norm which leads to a strong group identity and in turn, isolation from the mainstream.

The picture becomes somewhat more nuanced if leaders do not only maximize a weighted sum of religious beliefs and earnings, but if earnings and religiosity enter multiplicatively in the leader's payoff function. In this case, there will never be a full suspension of religious values and norms, but rather an intermediate level of religiosity. Religious leaders will choose to abolish some restrictive religious practices, if doing so results in a large enough economic gain for their parishioners.

The result that leaders prevent homogeneity within a society also emerges in [Hauk and Mueller \(2015\)](#) and [Verdier and Zenou \(2015\)](#). [Hauk and Mueller \(2015\)](#) show that the leader of a religious community, who faces a mainstream society, will strengthen the cultural, non-pecuniary benefits a community member derives from the group and create a perception that mainstream society cannot provide these cultural benefits. In this sense, the leaders select dis-

distinct cultural values that continue to differ from those of the wider society. Similarly, [Verdier and Zenou \(2015\)](#) show that cultural leaders ensure cultural diversity in a society. All of these papers, which employ distinct models, but reach very similar conclusions, highlight the importance of cultural leaders in obtaining culturally distinct groups.

3.2 Comparative Statics

We now turn to a discussion of different economic and social variables that can affect the leader's choice: (i) the economic gain from working, (ii) transfers to community members and (iii) the extent of heterogeneity within the group. All three of them affect the extent to which religious beliefs are propagated, for more details see [Prummer and Siedlarek \(2017\)](#).

Economic Gains If members of a religious community decide to enter the main stream labour market, they will be able to weakly increase their earnings. The argument is a simple one: if agents are not restricted in their job search to their own community anymore, they may match with better paid jobs, increasing their income. However, their income also depends on the economic environment they face. Both the general economic situation and the payoffs that the members of a specific community can generate, that is the extent of discrimination they face, matter for their decision to enter the general labor market. If the economic situation is good and discrimination is of little concern, then agents have a greater incentive to look for work outside their community. However, a leader who observes group members taking up employment outside their own community may fear for his influence and for the cohesion of the group. Group members who work outside their parish are more likely to be exposed to worldly influences, which can shape their attitudes towards their own religion and which may lead to a decreased identification with their original norms and values. Therefore, religious leaders may have an incentive to impose stricter rules, to propagate more distinct cultural values, in order to counterbalance the influences of the outside world. Therefore, if agents face a better economic situation, they will have higher earnings, but at the same time, they display more religious values. This finding highlights how a policy analysis that does not take the presence of a religious leader into account can yield misleading results: without any religious leader, religious community members eventually integrate if it is worthwhile for them to join the mainstream labour market. In the presence of a leader, they will never fully shed their religious traits and attitudes. One highly controversial implication of this is that if communities face a labour market which allows for high earnings, but only to those who do not display any religious traits or symbols, then religious leaders will allow for a greater assimilation towards the mainstream society. Clearly, this result is an extreme one

and it does not seem plausible that we as a society should strive for complete homogeneity. But in some western societies that aim for a reduction of extremism, a restriction of obvious religious symbols may be a path towards more homogeneity as it forces more assimilation, although the cost is entirely born by the members of the religious community. Remarkably this result does not only emerge in the framework suggested by [Prummer and Siedlarek \(2017\)](#), but also in the distinct model of [Hauk and Mueller \(2015\)](#). There, leaders choose more distinct cultural values, that is they pursue a strategy of alienation if discrimination of the mainstream is low, the logic being exactly the same as described above.

Government Transfers The role of government transfers in fostering cultural integration of different religious communities has also received significant attention ([Koopmans \(2010\)](#)). Assuming that these transfers can be modeled as lump sum transfers, [Prummer and Siedlarek \(2017\)](#) show that this leads to a reduction in incentives to join the mainstream labour market. Instead, leaders have an incentive to increase the extent of religiosity, having now the certainty that even if their community members do not join the mainstream labor market they have sufficient funds. In this respect, the transfers reduce the incentives to weaken the differences in norms and values between the religious groups and the outsiders. However, the religious community is better off: they are able to keep their religious values and are simultaneously wealthier.

Community Heterogeneity Last, the extent to which a religious community displays different values and norms depends on how tightly knit the community is, where the community members differ in their productivity. In each community, there are members who are more productive and who have greater incentives to integrate in the mainstream labour market and thus in turn to shed some of their religious characteristics. Less productive community members stand little to gain from seeking employment outside the group and are therefore more identified with the norms and values of a given group. If community members are more connected, that is they have a greater influence on each other, then their religious beliefs are more aligned. This implies that the differences in productivity are moderated. In this case the religious leader can set a higher level of religious norms and values, as he caters to a more homogeneous group. This result hinges on the fact that more religious group members are influenced to a great extent by the preaching and input of the leader, relative to more moderate members in the community. Therefore, a more extreme norm by the leader induces a greater loss from the religious members due to their significantly reduced income, compared to the moderate ideological gain from the moderate members. This effect is ameliorated in a tight-knit community, as the more religious members are relatively less religious, but the moderate members are relatively more religious compared to case in which their mutual influence is limited. Thus, if community members influence each

other more, then the most religious members become less identified with the leader, which is countered by a greater level of cultural distinction.

These comparative statics results shed light on what measures societies may have to undertake in order to foster cultural integration, if this is a goal they strive for. Additionally, it highlights why some groups are more likely to display more extreme and persistent differences in cultural traits – the tightness of their community.

3.3 Changes in Community Size and Transition Process

Changes in Community Size So far we have focused on a leader that takes the community size as given. However, as outlined previously, it might also be the case that a leader has a missionary zeal and aims to increase the community. If this is the case, then he will aim to be as appealing to the mainstream society as possible, by either providing cultural, non-pecuniary payoffs to them (Hauk and Mueller (2015)) or by providing a larger public good. This makes the community more attractive to them and thus they may be inclined to become community members themselves. Such a strategy is made possible as the leader can appeal to those outside a community, potentially with a public good. Therefore, the leader aims to make the own community as appealing as possible and the outside community as off-putting as possible, considerations absent in Prummer and Siedlarek (2017).

Transition Process All findings here are based on a steady-state analysis, where the leader sets one level of religiosity. However, transition phases are also of importance to politicians who aim to implement policies. Verdier and Zenou (2016) analyze this feature in depths, allowing for leaders to adjust the benefits of participating in the community. Recall that in their setting, which assumes binary religious traits, leaders reap benefits from the share of individuals who display the religious trait they propagate. They induce agents to join their community by providing a public good that comes at a cost to them.⁴ If it becomes marginally more costly for the leader to provide the public good, then the leader reacts with an under-provision of the public good until a new steady state is reached. Therefore, a policy aimed at increasing cultural integration may initially seem more promising than it actually is. A full evaluation of a measure will only be possible once the new steady state has been reached, after a certain amount of time has passed.

⁴The cost can be either paid by an external power or by the community itself through donations.

4 Leader Competition

So far, we have restricted attention to the case with one religious leader who sets values and norms or decides on a public good. In many contexts, this seems an adequate description. When discussing the cultural norms of the minority of Muslims in Western countries, it is sensible to keep the culture in the mainstream society fixed. However, if there are two religious groups of somewhat equal size, an explicit characterization of how the leaders interact, or rather compete, is in order. This analysis has been conducted by [Verdier and Zenou \(2015, 2016\)](#) as well as [Hauk and Mueller \(2015\)](#). [Verdier and Zenou \(2015\)](#) consider two leaders who myopically invest in their own cultural trait and then the cultural traits of the agents in the population is determined by a contest success function, which depends on the effort of the leaders. The key result is that the presence of the leaders ensures cultural distinction and heterogeneity in the population, which would not be the case without the leaders, a result mirroring the findings with one leader and thus ensuring their robustness. However, their finding crucially depends on the assumption that leaders are myopic. This is relaxed in [Verdier and Zenou \(2016\)](#), who consider competition between perfectly forward looking religious leaders. These leaders can differ in terms of how patient they are. If both evaluate the future identically, then both select the same levels of public goods. This implies that the long run outcomes for the communities are the same as if no leaders were present – the effort of the leaders simply cancel each other out. If however, one leader is more patient than the other, then the less patient leader does not provide any public good, essentially becomes inactive. The notion of leaders displaying different levels of patience can be interpreted as differences in institutional stability. If a leader is part of an organization that has a strong base, then such a leader can naturally be more forward looking. [Verdier and Zenou \(2016\)](#) provide two distinct examples: (i) the more patient leader represents the mainstream trait of a society, whereas the less patient leader heads a minority group; and (ii) the more patient leader has followers who display a strong religious commitment, without any political motivations, whereas the less patient leader is a secular leader, who faces a lot of political uncertainty. In the latter case, the secular leader may then refrain from opposing the more patient, religious leader and thus the model provides an explanation for why extremist leaders may face too little opposition.

Up until now, leader competition assumed that leaders head different religious communities. In addition of this external competition between two leaders, [Hauk and Mueller \(2015\)](#) consider internal competition. Internal competition would arise if there are two or more leaders who compete to propagate the same religious trait. Internal competition will lead to moderation as leaders now have an incentive to increase the utility of their followers. One way to do so is to

invoke less fear within their community regarding the mainstream society.

5 Emergence of Leaders

Up to this point, we have taken the existence of one or two leaders as given. However, it is natural to ask under what circumstances religious leaders emerge. This seminal question has been addressed by [Verdier and Zenou \(2016\)](#). In this setting, leaders have an incentive to increase the size of their community, by spreading a religious trait. In absence of a leader, traits are transmitted by parents in the standard socialization framework developed in [Bisin and Verdier \(2000\)](#). The leader can improve on what the parents do, by providing additional means of transmitting a cultural trait. His decision to become active depends crucially on the benefits he obtains from leading a group. If these benefits are too low, then naturally a leader will never emerge. If the benefits are high however, the decision to become active depends on the share of agents that are already characterized by the religious trait. If this share is too low or too high, then the leader chooses to remain inactive, and only for an intermediate group size will he provide a public good. This surprising non-monotonicity emerges for the following reason: If the community size is small, then even if the leader becomes active, the leader's effort cannot ensure a lasting increase in the share of agents with the trait he propagates. Similarly, if the community size is large, then the leaders effort are unnecessary, compared to the parents efforts. In this case, parents' and leaders' efforts display the usual cultural substitutability effect ([Bisin and Verdier \(2000\)](#)). Only for an intermediate group size, the leader becomes active and his efforts complement those of the parents.

This non-monotonicity in the leader's decision to become active or not also has interesting implications for policy measures. The share of agents with the leader's religious trait depends on the utility they derive from such a religious trait. If a government that aims to foster a greater degree of cultural integration impacts the utility derived from the religious trait negatively then the response of the community can be fundamentally different if a leader is present (whether he is active or passive) compared to a setting where a leader cannot emerge. In particular, such an assimilationist policy may induce a leader to become active, which can be interpreted as a form of cultural resistance. Additionally, a migratory shock can have lasting implications, as it may cause the emergence of a religious leader and thus to a significantly larger, religious community than previously anticipated.

[Verdier and Zenou \(2016\)](#)'s analysis is based on the natural assumption that there always exists a leader who may become active or not. This is a natural assumption, for example in the context of Turkish Imams, deployed to foreign countries by the Turkish government. In other

instances however, communities themselves choose their religious leaders. This is for example common among British muslims ([Geaves \(2008\)](#)). In such circumstances, a religious leader may have a different function. In his seminal paper, [Iannaccone \(1992\)](#) has argued that churches are like clubs, everyone contributes to. In any club there are externalities and thus every congregation suffers from free-riding problems. While churches have the means to address free-riding, for example through requiring sacrifices ([Iannaccone \(1992\)](#)), it may be beneficial, especially as a community grows, to have a leader, a priest, who is paid to ensure that everyone makes a contribution, someone who ensures that the community sticks together. This argument has been formalized in a different context by [Acemoglu and Wolitzky \(2015\)](#), who show under what circumstances a system with a specialized enforcer outperforms a system with peer punishment. Additional evidence that central institutions can indeed outperform peer enforcement has also been documented in a different context by [Greif \(1994\)](#).

6 Future Research

This brings us to future research on the topic of religious and cultural leaders. First, a formal analysis of the impact of a leader, who has been called in by his own community, on this community seems in order. Do the leaders merely serve to anchor already present religious convictions or do they indeed increase the religiosity of their followers? Under what circumstances is this leader called in? In order to answer these questions a model that endogenizes both the leaders choice of the extent of religiosity as well as the decision of the community members and their adjusted behavior due to their participation in the community is required.⁵ Moreover, an analysis of the different tools a religious leader has available, both to keep his community together as well as to increase its appeal to members on the outside (see also [Hauk and Mueller \(2015\)](#)) seems to be in order.

While the role of cultural and religious leaders has received some attention from a theoretical perspective, there is next to no empirical work on the impact of a religious leader. A notable exception to this is [Nteta and Wallsten \(2012\)](#), who show that religious leaders have an impact on their parishioners regarding their attitude towards immigration laws. Empirical research on how influential leaders are or how important they can be in shaping attitudes, values and norms seems fundamentally important in order to understand more generally the impact an individual can make, which can matter for the implementation of policies.

⁵ A model that incorporates many of these features, without addressing the role of the leader specifically has been made by [Carvalho \(2015\)](#).

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