Limitations of Religious Economy Model in Korean Religious Market

Kwangsu Yoo*

I. Introduction

The Religious Economy Model (REM) here refers to a type of sociological approach that is grounded on two basic assumptions: The first is that religious beliefs and practices are chosen in accordance with the economic rationality of actors. The 'economic rationality' is not accomplished by the 'maximizing' ratio of cost and benefit, but by the 'satisficing' rate of cost and benefit because religious actors actually have to choose within a limited scope of information and options available. Even a religious choice is generally, not always, based on economic rationality. The second is that the whole society can reach a status of Pareto optimal when the religious field is controlled by the law of market. Free competition and choice can guarantee the satisfaction of all participants in the market. Any regulation of market is necessarily only

* University of Ottawa, E-mail: y04626@yahoo.com
interpreted to reduce the level of satisfaction by means of preventing the invisible force of the competitive market from working efficiently. In this sense, if a religious field follows the law of market, we can call it a religious market. Religious suppliers are firms that sell various services such as worship service, religious membership, and religious education, while religious customers are those who purchase the religious services provided by religious firms.

This approach of REM not only introduces such microeconomic terms as the rationality of actors and the law of supply and demand into religious studies, but also pays much attention to the influence of religious regulation on the macro level. Terms such as rationality, competition, and regulation are the most important conceptual tools for analyzing the dynamism of the religious market in terms of the REM. The model is theoretically more consistent in that it does not have to depend on any symbolic relationship between religion and economy because religious actors are considered to evaluate and choose their religion as rationally as in their economic lives. Religious and economic fields are actually united through the economic rationality inherent in universal humanity beyond symbolic interactions. According to this model, we need not endow the religious beliefs and practices of actors with a special behavioral position caused by a dichotomy between religion and magic, between the sacred and the profane, and even between the mental and the material.

Especially, in post-capitalistic Korean circumstances where there is no clear distinction between commercial companies seeking religious values and religious organizations seeking economic profits, the concept of religious market may be useful for understanding a new aspect of social reality that looks very ambiguous against the criteria of the old dichotomy. Based on the assumptions of religious regulation claimed by REM, this article attempts to evaluate briefly a theoretical validity of REM in Korean context.

II. Previous Studies
Major concerns of REM are focused on official and institutional religions, especially in North America and Europe. This market model in the sociology of religion was introduced by Peter Berger, which tried to explain the growth of ecumenism through a competitive relation among denominations in a religiously pluralistic society. As his research was pioneering without the help of economic theory, its systematic development did not occur. A more substantial advance of the market model was accomplished with the introduction of rational choice theories by sociologists interested in the collective decision-making process of small groups. In particular, the relationship between free-riding and the size of group in creating the public goods, and a consideration of social behavior as an exchange based on the rationality of actors began to be discussed by Rodney Stark, who first argued the validity of exchange theory in *A Theory of Religion*. The *Churching of America - 1776-1990: Winners and Losers in Our Religious Economy* published by Stark and Finke in 1992 explains creatively the importance of free competition among religious suppliers by means of comparing successful conservative denominations or sects with declining liberalized denominations over the last 200 years in America. Unlike the religious monopoly in Europe, America has never been dominated by state religion, and hence religious competition allegedly increases the religious participation of all Americans. However, although the book contributed greatly to a theoretical understanding of the very high level of religious participation in America in terms of religious market, their prescription of the religious monopoly in

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Europe has been subject to serious criticism for choosing materials arbitrarily and neglecting cultural and social experiences in a given society.\(^7\) Even in the Canadian religious market, regarded as similar to the American one, the main conclusions of the book were questioned by claims that cultural-historical factors such as immigration patterns were a stronger determinant of group membership\(^8\) or that the decline of Canadian institutionalized religion since World War II could be due to shifts in demand structure.\(^9\) In Italy, where there is a Catholic religious monopoly, it is reported that such indicators of vitality as clerical recruitment or mass attendance have remained relatively high and largely stable in recent decades.\(^10\) Furthermore, Stark and Finke's concept of rationality is criticized for ignoring the difference between the instrumental-rational and the value-rational types of action, a distinction made by Weber.\(^11\)

In a non-American context, Alan S. Miller concluded that REM might perform better in Japan than in the West because of the very practical attitude many Japanese have toward religion, picking and choosing from various religions their rituals and beliefs.\(^12\) Miller's suggestion to apply

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the market model to eastern religious behaviors, which are more lax in religious membership, is an important one. However, as it focuses on age, gender, education, and occupation, it leaves the matter of competition, rationality, or regulation untouched. A more expansive and essential applicability of the market model was tested in the Latin American context. Anthony Gill’s *Rendering unto Caesar* 13) is the first application of the market model in a Latin American context; it attempts to demonstrate that "religious competition from surging Protestantism led Catholic bishops in such countries as Brazil or Chile to adopt a preferential option for the poor and to oppose military dictatorship." 14) However, Gill interprets arbitrarily the nature of religious phenomena in Latin America by assuming that the causal relationship between religious growth and competition is already a given. Chesnut examines why and how the Catholic Charismatic Renewal had twice as many members as the Catholic Base Christian Communities and Pentecostal churches grew rapidly since the 1950s. 15) In the free-market religious economy, the popular classes of Latin America are now free to choose the religious goods that best satisfy them and hence do not have to belong even normally to the Catholics, who used to be the centre of a religious monopoly during the past five hundred years. While Chesnut’s research is methodologically consistent in explaining the growth of Pentecostal or Charismatic churches on the basis of the supply-side religious economy model, it does not pay attention to the importance of the indigenous religiosity sympathetic to faith healing and spirit possession, which existed "prior to the advent of the new religious economy." 16) The reason why "impoverished urban women in Latin America," as he puts it, 17) consume faith healing and spirit possession

outside the Catholic church may be not because the service was not supplied by the monopolist church, but because they demand a traditional or new type of service different from the Catholic one.

One undeniable fact regarding the previous studies that test the REM in a local context is that all of them were testing a limited area of a religious market, considering only organized or institutionalized religions. According to the propositions of the REM, popular religions such as fortunetelling or shamanism are not based on an extended or exclusive exchange relationship because they are not in pursuit of otherworldly reward.\(^{18}\) The methodological basis of the REM puts the monotheistic extended or exclusive exchange relationship with the Divine in the forefront of selfish process based on reason and choice. The abovementioned studies fall into a kind of religious evolutionism promoted by the REM because they take it for granted that monotheism in Christianity, Judaism, and Islam among other religions is more rational than polytheism in popular religions or shamanism. However, this methodological bias of the REM, especially evident in the work of Rodney Stark who is one of its leading proponents, needs to be reconsidered in the East Asian context where there is a remarkable growth of shamanistic practices in Korea, of Taoist temples in mainland China, and fortunetelling in Japan. In this context, the application of the REM to the structure of Korean religious market is a significant trial that can test the theoretical validity of the REM in a non-monotheistic milieu, and may reveal interesting aspects of the Korean religious market.

III. Religious Regulation in Korean Context

I would like to focus on propositions of REM concerning religious regulation.

According to Rational Choice Theorists (RCT), leading scholars of

REM, to the degree that a religious economy is unregulated, it will tend to be very pluralistic.\textsuperscript{19} Competition has generally been inferred from the degree of state regulation of the religious market or the degree of pluralism (often estimated by the Hirshman-Herfindahl Index), even if it is one of those concepts that is very difficult to measure, except indirectly. Pluralism does not always result in competition. For example, in multicultural caste systems where each caste has its own religion, there is much pluralism but no competition. The degree of state regulation can be distorted by the substantial lag that occurs between decreases in regulation and the rise of religious competition.\textsuperscript{20} Competition and pluralism are the inevitable result of religious freedoms.\textsuperscript{21} Other things being equal, to the extent that pluralism or regulation are adequate inferential measures of competition, the overall level of religiousness will be higher where pluralism is greater or where regulation is lower.\textsuperscript{22} In spite of the immeasurability of competition, it is the key supply–side factor that determines the growth and decline of religions because efficient religious firms alone can survive the competitive religious market. The economic principle that competition results in efficiency is applied literally to the dynamism of religious society. Every religious firm must utilize its personal and material resources efficiently enough to make its product more valuable. When one tries to gain a religiously valuable product, he is willing to make a certain level of commitment to the religious firm. As a result, religious commitment required by religious suppliers is generated and strengthened by example\textsuperscript{23} and by exclusion. To the extent that

\textsuperscript{19} Ibid., p. 198.
\textsuperscript{20} Ibid., p. 218.
\textsuperscript{22} op. cit., p. 219.
\textsuperscript{23} This implies various religious testimonies, high level of religious participation, and confessions of church members surrounding any religious actors. Religious commitment is strongly influenced by the level of religiousness of those who are closer to the religious actors.
people around them display a high level of commitment and confidence, people will conform and respond to it. The higher the level of commitment expected by the group, the higher the average level of confidence and of commitment. In particular, to remove free-riders, who benefit more and pay less, is crucial in making the average level of group commitment higher. Since religious service has a feature of collective or public goods, a religious firm is vulnerable to free-riders, who enjoy its service but with a lower level of commitment. Laurence R. Iannaccone argues that free-riding could be prevented in religious groups by requiring high costs of everyone, so that potential members are forced to choose whether to participate fully or not at all.24) Conclusively, there is a reciprocal relationship between commitment and (religious) growth.25) Now let's discuss these propositions in Korean context.

On the other hand, the war's end did bring religious change to South Korea. The country was liberated from Japanese rule and Japanese religious restrictions, and like its defeated neighbor experienced an immediate flowering of new religions and a sharp increase in the level of active religious membership.26)

…(such Japanese) disestablishment produced both winners and losers—the major denominations that originally enjoyed state support suffered severe losses relative to upstart sects—similar effects have been noted in Korea.27)

These are some points that REM explains in relation to the whole religious situation in Korea after the 1945 Liberation. They lead us to


reconsider a few structural conditions of Korean religious market.

First of all, we cannot find empirical evidence that there is a consistent pattern of relation between regulation and the growth of religions in Korea. Unlike these arguments of REM, Korean religious laws and policies since the 1945 liberation have been pro-Protestant, but more restrictive to non-institutionalized religions. The 1961 stipulation of Protestant chaplains, the Law of Hyangkyo Properties, and the Law of Management of Buddhist Properties in 1962 are good examples of the former. The article 32 of the Korean civil law restricts more directly the latter from being organized because it involves a lot of red tape to approve the status of a religious corporate. It means that there have been unequal restrictions within religious laws in Korean market. The Law of Hyangkyo Properties and the Law of Management of Buddhist Properties legalized the direct control of Confucian and Buddhist properties by bureaucratic or political powers. Hyangkyoes and Buddhist temples were restricted severely in terms of the management and possession of their properties because of complex administrational procedures and approval of their economic activities. While the special laws seriously limited Buddhism and Confucianism in accessing various economic resources, Korean Protestantism and Catholicism had no limitations in taking advantage of their own economic resources. Given that these special laws remain valid today, the growth of Christianity and Buddhism in modern Korea is not simply a result of religious freedom. The effect and scope of religious regulation in Korean context is a more complicated matter than what REM explains.

Second, a governmental attitude toward non-official religions such as folk religions was not greatly different from a dualistic simplification of Protestantism: the only god vs. idol, religion vs. superstition, the good vs. the evil, rationality vs. irrationality, modernity vs. feudality, and so on. As past Korean regimes regarded folk religions as a reflection of pre-modern religiosiosity that was to be removed, it was very hard for followers of folk religions to express and keep their own religious identity in public. For example, the Korean police frequently physically oppressed shamanistic
rituals and even confiscated ritual tools in 1970s. As bureaucrats did not put such belief systems into the category of ‘religion’, the Korean folk were forced to opt for ‘Buddhism’, ‘others’, or ‘no religion’ in official surveys. They were not comprehended even as ‘para-religions’ or ‘pseudo-religions’ in actual execution of religious laws. Following a very narrow concept of religion inspired by conservative Protestantism, the regimes recognized folk religions simply as ‘superstition’ that would disappear in the end. Actually, it was not until in 1990s that shamans (mudang) and fortunetellers (yeoksulga) were sanctioned to register a religious corporate, even if there was no change in religious enactments. Admitted that Korean folk religions have always been forced to be under the control and management of the structuralized power of society, the abstractive principal of religious freedom is not useful theoretically in analyzing the growth of shamanism and fortunetelling in Korean religious market.

Third, Korean society has developed a religious market structurally different from the American religious market. <Figure 1> shows the flow of the Hirshman–Herfindahl Index (HHI), which estimates the extent of

<Figure 1> Hirshman–Herfindahl Index from 1971 to 2005

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29) A HHI index above 2,500 indicates high concentration
<Table 1> Ratio of Each Membership to Total Religious People (%)

<table>
<thead>
<tr>
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<th></th>
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<tbody>
<tr>
<td>Total Religious Membership</td>
<td>53.1</td>
<td>50.7</td>
<td>42.5</td>
<td>72.8</td>
<td>58.1</td>
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<tr>
<td>Buddhism</td>
<td>42.9</td>
<td>45.6</td>
<td>46.8</td>
<td>47.3</td>
<td>39.5</td>
</tr>
<tr>
<td>Protestantism</td>
<td>34.5</td>
<td>38.7</td>
<td>37.7</td>
<td>15.9</td>
<td>17.9</td>
</tr>
<tr>
<td>Catholicism</td>
<td>20.6</td>
<td>13.0</td>
<td>10.8</td>
<td>4.0</td>
<td>4.33</td>
</tr>
<tr>
<td>Confucianism</td>
<td>0.4</td>
<td>0.92</td>
<td>2.8</td>
<td>18.6</td>
<td>24.6</td>
</tr>
<tr>
<td>Cheondokyo</td>
<td>0.18</td>
<td>0.12</td>
<td>0.16</td>
<td>3.2</td>
<td>3.54</td>
</tr>
<tr>
<td>Jungsankyo</td>
<td>0.14</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Daesunjinilhoe</td>
<td>--</td>
<td>0.27</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Wonbuddhism</td>
<td>0.51</td>
<td>0.38</td>
<td>0.53</td>
<td>2.92</td>
<td>3.44</td>
</tr>
<tr>
<td>Daejongkyo</td>
<td>0.01</td>
<td>0.03</td>
<td>0.06</td>
<td>0.50</td>
<td>0.62</td>
</tr>
<tr>
<td>Others</td>
<td>0.65</td>
<td>0.75</td>
<td>1.0</td>
<td>7.37</td>
<td>5.91</td>
</tr>
</tbody>
</table>

* Numbers of 1971 and 1975 are based on self-reported statistics from each religious organization.

monopoly. Although this is a very simplified chart based on the numbers of the past national demographic censuses in <Table 1>, it suggests that the Korean religious market, consisting of all people reporting their religious membership, has moved toward a high extent of concentration. In short, it is closer to monopolistic market. Strictly speaking, Korean religious society is structuralized by an oligopoly market consisting of Buddhism, Protestantism, and Catholicism, which are relative beneficiaries of religious restrictions. The oligopoly of the religious market contributed to the maintenance of a hierarchical structure of religious suppliers: between world religions and new religions, between official and non-official religions, or between visible and invisible religions. It costs
too much to take the 'lower' religions as a source of religious identity. For example, folk religions such as shamanism or fortunetelling were considered as a stage of superstition, the lowest position of the hierarchy, throughout the period of modernization. The difference of opportunity cost among religions forced followers of folk religions to select another religious identity or to give up identifying themselves religiously. For this reason, Buddhism used to be the most convenient method for expressing their religiosity because both Buddhism and folk religions are not based on the concept of religious membership. In short, Buddhism and Christianity in Korea have partly owed their quantitative growth to the status quo policy of governmental religious enactments. This is because the oligopoly of the religious market engendered a relative growth of the domative religions by means of distorting structurally the cost of religious choice for a long time. In this sense, Christopher G. Ellison's remark seems very appropriate: "social norms and sanctions may influence greatly on religious membership and/or participation level under religious monopolies and oligopolies."30) Exactly speaking, the Korean governmental regulation of the religious market had a two-sided effect that can explain both religious growth and decline, as far as it is a part of social norms. The ambivalent effect was at its height when an economic ideology of growth and development functioned as the only paradigm of society.

Fourth, the concept of religion used by REM is subject to certain conceptual categories which are constructed by official religions: 'church', 'sect', 'denomination', 'cult', 'magic', and so on. These categories, which consist of a concept of 'religion' in a field of official religions, are only limitedly useful for understanding religious dynamics in terms of 'religiosity' because there are lots of religious phenomena without religious organizations, consistent cosmology, common norms, or systemized doctrines to sustain it. We can find easily their typical usages from a dichotomy between religion and magic: "the magician has a clientele and

not a church"; "A rationalization of metaphysical views and a specifically religious ethics are usually missing in the case of a cult without priests, as in the case of a magician without cult"; "religion involves personal relations with supernatural, while magic deals with mechanic manipulation of the impersonal."

As McGuire suggests, however, no single quality can be used to describe the individual as "religious" or as relatively "more religious" than another individual. In this sense, a methodology studying non-official religions needs to be free of the conceptual hegemony of official religions through overcoming sociologists' preoccupations with institutional questions, disentangling us from our normative agendas, and defamiliarizing us in relation to our own culture. Above all, it should focus on an active and creative power of the religious popular who construct a new social reality.

With regard to the recent expansion of the Korean non-official religion market, the 1985, 1995, and 2005 National Surveys of Korea do not provide us any information, even though almost all claims of REM rely on certain results of statistical surveys. This failure inherent in public surveys is related to not only a process of conceptual hegemony, but also a matter of religious identity. While Christianity asks their members to

maintain their distinctive religious identity, folk religions are not based on their customers' religious identity. Thus, such demographic methods unavoidably fail in identifying whole segments of the population who are 'religious without belonging.' For example, Yun's survey was interesting when it found that 91.7% of the population still behaves in a Confucian way in everyday life, contrasting with the result that less than 500,000 identified themselves as Confucian in the 1985 National Survey.\(^{38}\)

Likewise, when REM explains a matter of numerical increase or decrease in religious membership, it is trapped in a methodological constraint that cannot take into consideration religious people invisible in official surveys. Perhaps this type of invisible religions is a very general phenomenon in East Asian countries.\(^{39}\)

### IV. Conclusion

REM emphasizes an economics of supply, presupposing an economic hypothesis that all participants in the market are rational within the limit of information available. Unlike the old belief of existing sociologists of religion that religious changes are caused by the demand-side factors, REM as 'a new paradigm'\(^{40}\) argues that supply did and still do create demand even in religious field. In terms of religious policy, it suggests that free competition is the best way to make rational actors of religious market reach "the satisficing rate of cost and benefit." Thus the macro-dynamics of religious groups can be better explained not by the demand-side factors such as religious preference or religiosity, but by the supply-side factors such as religious regulation or deregulation. Despite

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38) 윤이흠,『한국종교의 이해』, 한국당, 1985.
the concern that to identify *homo religiosus* with *homo economicus* without compartmentalizing humanity is in danger of oversimplifying human religiosity, the concept of religious market gives us a chance to explain the dynamics of religious growth or decline in a more coherent way, not reducing religiousness to an emotional or psychological field.

However, it is ironic that REM itself follows the old paradigm of the sociology of religion in that it attempts to standardize and frame all religious realities in terms of official religions. In the Korean religious context, major religious organizations like Buddhism, Protestantism, and Catholicism are relatively losing out in a market niche of fortunetelling or divination. Although major religions frequently involve a functional prophecy by means of emphasizing healing and wealth, the recent expansion of shamanistic or non-shamanistic divinations reflects their popular success in the market niche of divination where major religions have experienced a continuous and explosive growth for a few decades after the Second World War. Assuming that we admit a numerical criterion of REM concerning distinguishing winners and losers in competitive market, how can REM properly explain both of their statuses as losers in the fortunetelling market and as winners in the institutionalized religious market?

In Korean context, the effect of religious regulation propping up REM does not work coherently enough to support its theoretical predictions, even if we recognize its theoretical insight and potential. Whether it is considered as a model or a theory, it still needs more empirical researches on non-western religious markets to construct a new paradigm of the sociology of religion.

Key words: Religious Market, Religious Regulation, Religious Oligopoly, Free Rider, Religious Portfolio

원고접수일: 2012년 10월 8일
심사완료일: 2012년 12월 6일
계제확정일: 2012년 12월 7일
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II. 영어

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한국종교시장에서 종교경제모델의 한계

유광석(오타와 대학)

에밀 뒤르켐과 막스 베버 이후의 기존 종교사회학이 소홀히 취급해왔던 종교현상의 공급측 요소들이 1990년대 이후 종교경제모델이라는 새로운 패러다임에 의해 그 중요성이 재구성되고 있다.

종교 사회를 공급자와 수요자로 구성된 하나의 시장으로 간주하는 이 모델은 미시적 관점에서 종교 시장에 참여하는 모든 행위자들이 경제적 합리성에 기초하여 종교적 믿음과 행위를 선택하고 결정하기 때문에, 거시적 관점에서 종교 시장에 대한 법적 규제가 시장 참여자들의 종교적 참여를 방해한다는 점, 종교 집단의 성장이나 감소가 종교적 수요의 양적 변화에 기인하기보다는 종교 공급자들간의 자유로운 경쟁을 통해 종교시장에서 가장 효율적인 종교서비스를 제공하는 공급자들이 성장하고, 비효율적 공급자들은 식별되는 가설을 미국 개신교 교단들의 성장과정을 통해 경험적으로 증명하고자 하였다.

본 논문은 종교경제모델의 적용범위를 한국적 상황에서 평가해보고 그 문제점을 설명하고자 하였다. 특히, 지연 관계성 종교적 규제의 효과로 적용범위를 제한하여 합리적 선택이론가들의 논문에서 인용된 한국 종교사회에 대한 그들의 이해를 중심으로 그 모델의 한계를 밝히고자 하였다. 결론적으로 정리하면, 한국종교시장의 과점적 구조는 종교 규제의 효과를 왜곡시킴으로써 지배적 종교들의 성장을 저지하고, 소수 종교들의 성장은 억제하는 양면적 효과를 보여주었다. 즉, 해방 이후 종교에 대한 불규제의 효과로 인해 개신교, 불교, 카톨릭의 선도자가 지속적이고 폭발적으로 성장했다는 것은 한국종교시장에서 규제의 문제를 너무 단순화시킨 설명이며, 그에 대한 경험적 증거들을 부족하다. 따라서 한국종교시장에서 종교적 규제와 전체 종교성 사이에 어떤 부정적 인과성도 발견할 수 없었으며, 시장의 과점적 구조에 대한 영향이 더 많이 강조되어야 한다.

그럼에도 불구하고, 인간의 정신을 구현하는 기계적 이론들의 비현실성이 관현적인 성명들을 말하려고, 종교적 인간과 경제적 인간을 경제적 합리성이 하나의 행위자적 으로 이해하고자 하는 종교경제모델은 현대종교사회학자들로 하여금 다원주의 사회의 복잡 다양한 종교현상을 전형으로 종교적인 원인들
로 설명하고 이해할 수 있는 이론적 기초를 일관되게 제공하고 있다.

주제어: 종교시장, 종교규제, 종교적 과정, 무임승차자, 종교적 포트폴리오