

INTRODUCTION

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The economic analysis of religion is a new field in Economics, and the Economics of Judaism is emerging as an even newer subfield. As such, the Economics of Judaism has received a major impetus from collaboration between the Departments of Economics at Bar-Ilan University and the University of Illinois at Chicago, under the leadership of Tikva Lecker (ז"ל) and Carmel U. Chiswick, respectively. The very first academic conference on the Economics of Judaism, hosted by Bar-Ilan University in December 1998, inaugurated this remarkable international collaboration. It was followed by a second conference, hosted by the University of Illinois at Chicago in June 2000, which included early versions of most of the papers in this volume. In a mere five years since then, Economics has been accepted into the social science literature on religion in general and on Judaism in particular.¹ Religion has also entered the literature of Economics and Economic Demography as an interesting and important subject for analysis, and is now assigned its own subject code in the Journal of Economic Literature. The Economics of Judaism has moved from being a novelty at the margins of each of these fields to being an important area of inquiry in which there are many useful insights and new questions to be posed regarding Judaism, religion, and economic behaviors in general.

The papers in this collection are thus something of a landmark, a second round in the application of economic analysis to Judaism as a religion and

1 The Society for the Scientific Study of Religion included an entire program on Religion, Economics and Culture for the first time at its meetings in November 2002, and has continued to do so on an annual basis. *Contemporary Jewry*, the journal of the Association for the Social Scientific Study of Jewry, devoted its entire 1999 issue to the Economics of Judaism by publishing a selection of papers from the 1998 BIU-UIC conference.

as a way of life. They are presented in three groups, according to the ways in which economic methods are applied: to understand the full costs and benefits of Jewish life; to view Judaism itself from the perspective of its economic characteristics; and to consider the economic aspects of Jewish communities from an historical perspective. Each paper uses the methodology best suited to the particular task at hand. Taken all together, these papers illustrate various ways that economic analysis complements the insights provided by other fields of study to enhance our understanding of Jewish experience.

Part I: Economic Implications of Living Jewishly uses the analytical tools of economics to enrich our understanding of Jewish approaches to various activities and to provide insights into their contribution to communal stability. In “Kindness as a Signal of Honesty: An Analysis of the Role of *Chassidim* in Ancient Jewish Society,” Rosenberg shows that under certain reasonable circumstances the entire community benefits, perhaps substantially, from the knowledge that some of its members (*Chassidim*) are exceptionally kind even – or especially – if their actual identity is not known. In “Examining the Biblical Perspective on the Environment in a Costly Contracting Framework,” Viswanath and Szenberg use a modern analysis of contracts to hypothesize that biblical laws vary in their explicitness according to the ability of humans to observe and understand the phenomena to which they pertain, testing this hypothesis by examining laws relating to the environment. Grossbard, in “Competitive Marriage Markets and Jewish Law,” develops a market model to explore some social implications of Jewish marriage contracts.

The two papers in **Part II: Judaism Through an Economic Lens** explore the balance between religion and secular concerns as it is affected by economic incentives. In “Human Capital and The Economics of Religion,” Hollander, Kahana and Lecker are concerned with educational issues, especially the tradeoffs between simultaneous investments in religious and secular education, and argue that complementarities between the two may make Jewish education an especially attractive undertaking. In “In-group Cooperation in a Hostile Environment: An Economic Perspective on Some Aspects of Jewish Life in the (Pre-modern) Diaspora,” Rapoport and Weiss develop an economic model to explore the relationship between Jewish communities and the larger society, a

balancing act between an isolationist approach that emphasizes “otherness” and an outward-looking approach that risks assimilation.

Part III: Economic History of Judaism and Jewry uses the techniques of Economic History to explore changes over time in Judaism and Jewish communal experience. In “Judaism in Israel and the United States,” C. Chiswick uses a model of induced institutional change to compare and contrast the development of Judaism during the 20th century in its two largest communities, the United States and Israel. She shows that differences in their respective economic environments helped shape the paths of “modernization” in each locality and that these differences result in a mutually supportive relationship between them that can be understood as economic in nature. Epstein and Gang examine “The Political Economy of Kosher Wars” as an example of economic influences on a pivotal Jewish institution, at the same time providing a case study of how Jewish institutions adapted to the religiously pluralistic American environment. The final paper, “American Jewry: An Economic Perspective and Research Agenda” by B. Chiswick, is a review of previous research on the economics of American Jewry and a discussion of topics that look promising for future empirical analyses.

Although much of modern economic research consists of statistical analysis of quantitative data, few surveys of American Jews have been suitable for such analysis and even fewer include variables of particular interest to economists, such as wage rates, work hours, and employment histories. The emergence of the Economics of Judaism as a subfield of Jewish Social Science promises to change this situation, and recent surveys of the Jewish community are starting to include questions on the required economic variables. As this volume goes to press, some major data sources have become available that ask such questions to a sample sufficiently large for statistical analysis with econometric techniques.

This volume could not have been produced without the help of the Departments of Economics at both Bar-Ilan University and the University of Illinois at Chicago, joint sponsors of the conference in Chicago where many of these papers were first presented. All who participated in this conference, as with the earlier conference in Ramat Gan, owe special thanks to Professor Tikva Lecker (z”l) of the BIU Department of Economics. Professor Lecker’s vision inaugurated this project, her enthusiasm inspired the participants, and her hard work made everything

seem natural and effortless. We grieve that she did not live to see the fruits of her labor beyond its early stages, and we lovingly dedicate this volume to her memory.