

Economics and Africa's new Christianity

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Wheeler Institute Lecture Series African History through the Lens of
Economics

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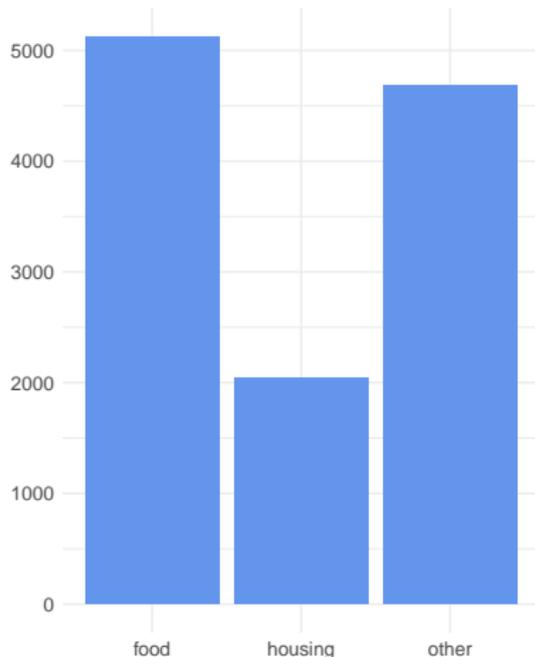
People make large contributions to Pentecostal churches

SPECIAL OFFERING		
OFFERING TYPE	IN US DOLLAR	IN GHANA CEDI
MILLIONAIRE STATUS	\$ 5,000	GHC 21,500
SEED OF A THOUSAND TIMES MORE	\$1,000	GHC 4,250
SEED OF COMPLETION	\$520	GHC 2,200
24 HOUR MIRACLE	\$ 240	GH 1,020
100% LIFE IMPROVEMENT	\$100	GHC 425
SEED OF PERFECTION	\$ 70	GHC 300

**ALL CHEQUES PAYABLE TO;
ICGC SPECIAL EVENTS
CAPITAL BANK, ACCOUNT NUMBER - 112 0000 416 451**

Suggested contributions during large church event in 2017.
Source: www.ghanaweb.com

Average annual household expenditure, GHC



Source: Ghana Living Standards Survey Round 7

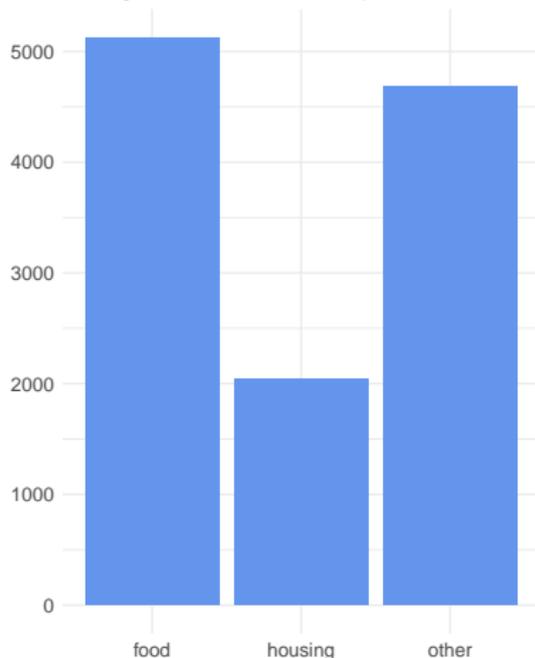
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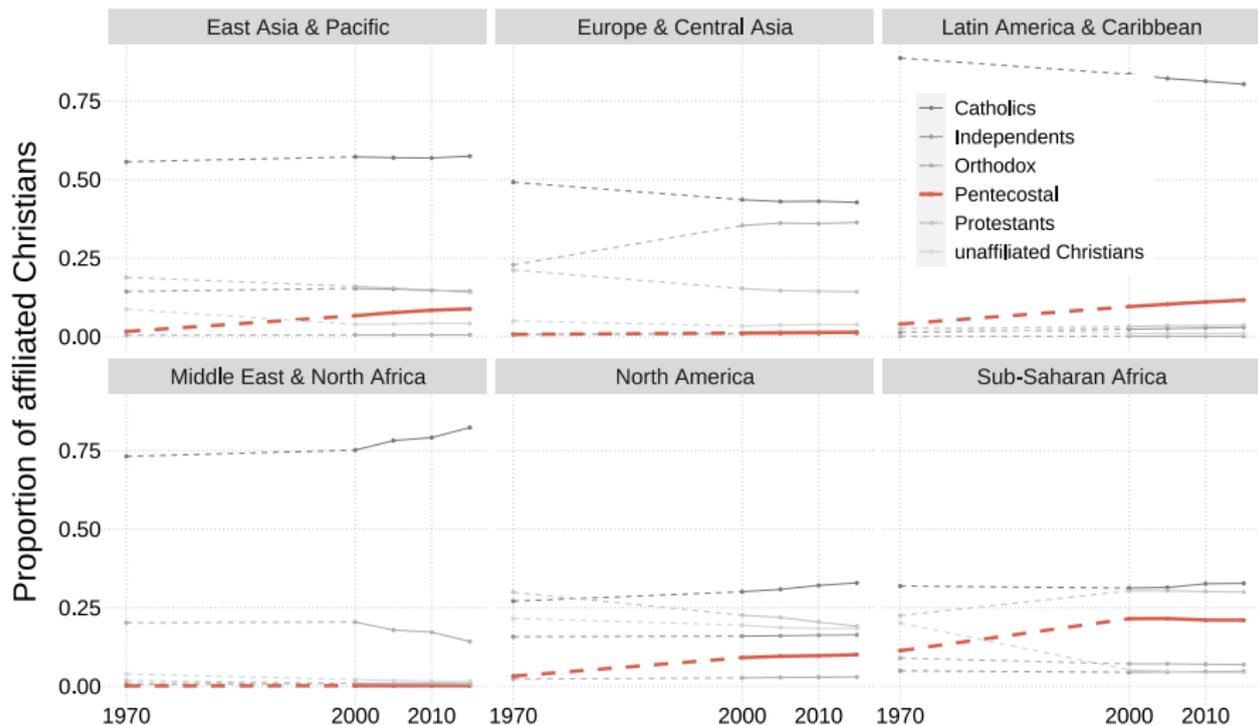
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Source: Ghana Living Standards Survey Round 7

- What are they paying for?

Focus on Pentecostal church because it is growing rapidly



Source: World Christian Database

Six out of ten fastest growing denominations are Pentecostal and four out of ten are in Sub-Saharan Africa

Region	Denomination name	Pentecostal	Average annual growth %
ECA	Redeemed Christian Church of God	✓	70
SSA	E de JC des Saints des Derniers Jours		54
ECA	Embassy of God	✓	51
SSA	Universal Church of the Kingdom of God	✓	42
ECA	Church of Pentecost	✓	39
LAC	Misin Carismtica Internacional	✓	36
SSA	Com Reforme du Congo		33
EAP	Gen As of Pres Ch in K GaeHyeok-Reformed		32
ECA	Elim Church of Pentecost UK	✓	31
SSA	Ecclesia Christadelfianas		31

ECA–Europe and Central Asia; SSA–Sub-Saharan Africa; LAC–Latin America and Caribbean; EAP–East Asia and Pacific. Source:

World Christian Database

We may be living through a new Reformation

- Speaking about the shift of the centre of Christianity towards Africa:

“Today, Christianity is living through a reformation that will prove to be even more basic and more sweeping than the one that shook Europe during the sixteenth century...That earlier reformation was confined to one small corner of the globe. The current reformation, however, is an earth-circling one.”

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- Large body of work demonstrates how Protestant Reformation affected economic outcomes in Europe (Becker, Pfaff and Rubin, 2016)
 - ▶ Literacy, school enrollment, entrepreneurship, hours worked...

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- In Auriol et al. (2020) we experimentally test whether people “give less unto God” when they get access to formal insurance

Overview of the experiment

- About 1000 Ghanaians recruited from different branches of a single denomination
- Participants were randomly assigned to one of two groups
 - Insurance – random life & crop liability policy
 - Insurance information – information about policy without commitment
- Participants given opportunity to keep money for themselves or to make donations to i) their own church ii) a charity or iii) an independent prayer event
- Charity and prayer event represent *transactions with God*
 - Money does not go to participant's church and no church members are given any contribution

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 - ▶ Prayers are anonymous

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How much do participants keep for themselves or donate

Please choose how you would most prefer to allocate 11GHS.

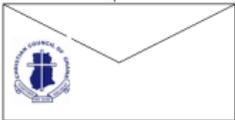
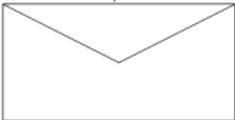
Please note, one of your choices will now be played for real money

Q5.

Keep **GHS1**

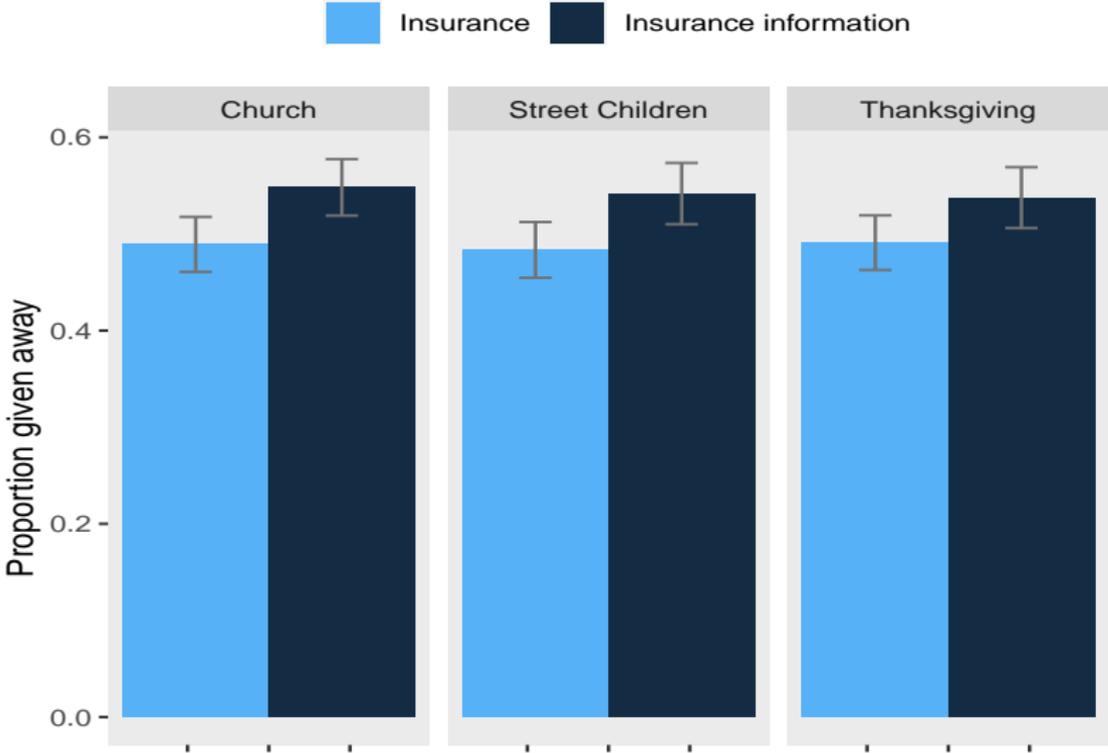


Give **GHS10** to the thanksgiving offering



Back Next

Access to insurance reduced amount given to church and other spiritual goods



People give a lot of money to Pentecostal churches

- **What are they paying for?**
 - Insurance might be one motive
 - Pentecostal church attracts young, urban people with high aspirations and fewer ties to traditional support networks
- ▷ What is the unique bundle of beliefs, networks and services that is making Pentecostal churches so successful?

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“The teaching about God corresponds to what I believe in” 87%

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“I prefer to do business with people from my church” 42%

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“I hope to meet a good marriage partner for me or my children” 38%

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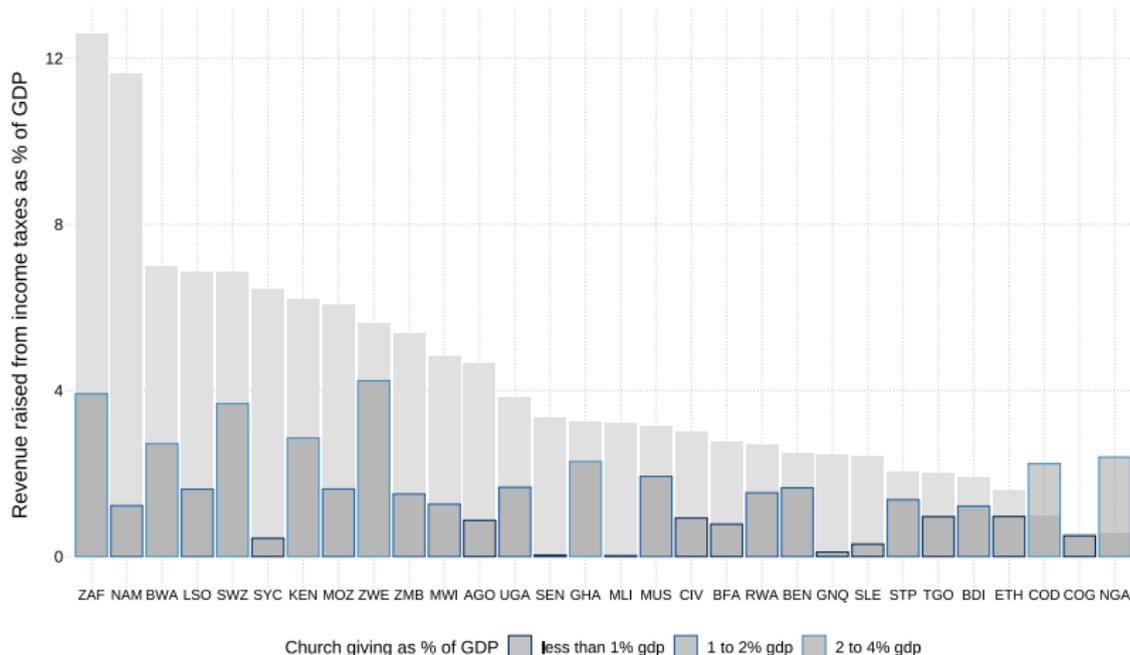
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Suggestive estimates that Pentecostal churches more effective than some tax systems



Source: own calculations based on World Bank and Afrobarometer data. Assumption that 1 in 3 Pentecostals pay tithes