



## Lessons from Delphi: Religious markets and spiritual capitals<sup>☆</sup>

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### ABSTRACT

We develop a generalized theory of religious markets and apply its insights to archaic Greece, ancient Israel, and modern America. Our starting point is a simple game-theoretic model in which secular leaders enhance their power by influencing the location of sacred places. The model includes standard equilibria – such as pure competition and state-sponsored monopoly – as well as a novel equilibrium, which we call the *neutral nexus*, wherein a sacred place gains widespread authority precisely because it lies beyond the centers of secular power. The nexus can promote cooperation, innovation, and exchange, especially where markets are weak and power is fragmented. It can also sustain random divination – a surprisingly effective way to manage conflict and risk. The sanctuary of Delphi illustrates the real-world relevance of the neutral nexus, as does Israel's tabernacle of Shiloh.

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## 1. Introduction

Contemporary models of religious markets have yet to advance much beyond Smith's (1981 [1776]) classic contrast of established churches and independent sects. In fact, religious markets have been analyzed in a similar manner to markets for many goods and services – either as monopolies (where political sponsorship provides the effective barrier to entry) or highly competitive (eschewing oligopolistic models, which rarely exist in religious markets). There is good reason that studies of religious markets have taken this approach. Historically, monopoly and (close to) perfect competition have been the two most common types of markets, with the former pervading medieval Europe, the Islamic world, and Latin America, and the latter found in contemporary Europe and the U.S.

Yet, is it possible that other types of market structures exist? Religious markets provide an excellent laboratory for the study of non-traditional markets, as political authorities have historically had a keen interest in regulating religious

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authorities. And indeed, this paper suggests that the literature on religious markets – and the broader literature on market structures in general – has “missed” an equilibrium. Using a simple game theoretic model, we analyze the situation in which numerous political authorities are legitimized by religious actors who are geographically disparate. Our model is able to capture the classic monopoly and perfect competition cases – the former may emerge when one ruler is powerful enough (and all leaders visit the religious site in his territory) and the latter can emerge when the cost of coercion of the citizenry is sufficiently large and the ruler does not attempt to co-opt religious authority. The model also sheds light on the conditions under which a third type of equilibrium, which we call the *neutral nexus*, emerges. This equilibrium involves spiritual “capitals” arising in places *beyond* all centers of secular power. We suggest that this is an equilibrium *precisely because* the spiritual location is not dominated by secular power. This type of equilibrium can emerge when a cluster of polities share a common culture and close ties and no one political authority dominates. The positive network externalities associated with an independent legitimizing force allow the neutral religious player to thrive despite the fact that it is not loyal to any one political authority.

The sanctuary of Delphi in ancient Greece illustrates the neutral nexus. Delphi also helps us better understand the economic and political roles of religious institutions in pre-market societies. The vast network of shrines and sanctuaries in ancient Greece seem to have substituted for the invisible hand of modern markets – strengthening Greek identity, limiting political conflict, and promoting inter-state cooperation, communication, and exchange. More generally, it sheds light on a market structure different from the types studied in introductory economics classes – one that served the Greeks quite well for centuries.

## 2. The basic theory

### 2.1. Sacred places: special, common, and socially sustained

Studies of the sacred must address two seemingly contradictory facts. On the one hand, the sacred is *special*, distinct from everyday life. On the other hand, the sacred is remarkably *common*, present almost everywhere.

The distinctive character of the sacred manifests itself in a rich vocabulary of contrasts: spiritual versus material, divine versus human, heavenly versus earthly, holy versus mundane, supernatural versus natural, and much more. The separation of sacred and secular reflects and reinforces the notion that sacred resources transcend the limits of everyday life, thereby operating like a powerful (but risky) alternative technology.

Distinctive geography can certainly contribute to a sense of the sacred. People often see the hand of God in thundering waterfalls, towering cliffs, ancient forests, and deep dark caves. But we cannot push this line of argument too far because humans display an amazing capacity to invest *any* location with special significance.

The world is positively littered with sacred places, to say nothing of sacred rituals, objects, and events. For every holy hilltop that is near the heavens but not far from the road there is a blessed bough in a hidden grassy vale. There seems to be no limit to when or where people encounter supernatural beings and forces.<sup>1</sup>

If people have the capacity to invest *any* location with sacred significance then what, if anything, limits the geography of the sacred? And what forces influence the emergence of spiritual capitals – places that whole nations or cultures view as supremely important sources of supernatural power or information? Cognitive and evolutionary approaches may help explain the pervasive persistence of religion, but they tell us little or nothing about where and when religious institutions actually arise. Traditional research in the psychology of religion fares no better. One is tempted to invoke chance alone – a spiritual random walk, with each step determined by some new exogenous event or random revelation. We can do much better, however, by adding a third insight to our list of fundamental facts.

The sacred is a *social* construct sustained by *groups*. People are vastly more likely to accept supernatural claims if they regularly interact with others who accept the same claims. The evidence on this score is overwhelming, running the gamut from history to psychology and from ethnographic studies to population surveys. The social side of faith helps explain why sacred places manage to be both peculiar *and* pervasive.

Game theory can help us understand how interactions elevate ordinary locations to sacred status. Consider, for example, a simple coordination game in which each of  $N$  people must choose among an infinite number of alternative spiritual “strategies” and each person’s payoff grows with the number of other people who choose the same strategy. The game has infinitely many solutions, all of which are Nash equilibria, and the only difficulty is choosing an (essentially arbitrary) shared strategy, when any will suffice. As in Schelling’s classic example of two people meeting in New York City, the natural solution is to rally around a distinctive “focal point” – even if its special features have no intrinsic relevance to the game and its payoffs.<sup>2</sup> Worshippers may thus be drawn to mountaintops or other extraordinary locations, but even an ordinary meadow will suffice if they can simply agree on which meadow. The ultimate outcome might well be determined by any

<sup>1</sup> Some cognitive psychologists and evolutionary biologists ascribe this tendency to the structure of our brains. Boyer (2001) thus finds innate reasons for the persistence of supernaturalism, the structure of religious institutions, the presumed attributes of divine beings, and even the character of fundamentalism.

<sup>2</sup> Schelling (1978) postulates a situation wherein two friends have agreed to meet somewhere in New York City on a particular day but have failed to discuss the time or place. This seemingly insoluble problem admits a simple solution for people familiar with the city’s (semi-sacred) geography: Stand under the giant wall clock at Grand Central Station at exactly twelve noon.

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