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Writing Project

Cosgel, Metin M. "Religious Culture and Economic Performance: Agricultural Productivity of the Amish, 1850-80." *Journal of Economic History*, Volume 53, Issue 2, (June) 1993: 319-331.

I found my article using the JSTOR database. Narrowing down my search to economics articles published after 1990 only and typing in the word "religion," I got 50 hits. Later, searching for my topic on EconLit gave me 157 hits for "religious" and 7 hits for "Amish." This article is of interest to me because of its attempt to illustrate how personal beliefs or preferences are capable of affecting economic outcome.

Cosgel opened his argument with the old and complicated question, "Do religious beliefs affect economic activities and performance?"[1] His article attempted to answer this question by identifying which religious beliefs have a direct impact on economic behavior and by focusing on the effects of behavior on productivity. To simplify his endeavor, he chose to concentrate his attention on the small religious group of the Amish, known for their unique theology and lifestyle. He focused particularly on their settlements around Kalona, Iowa, during the period of 1850 to 1880.

The two townships in Johnson County near Kalona, where the Amish concentration was the heaviest, were neither faced with any major schisms before the 1880s nor were they opposed to technological advances at the time. The Amish in these townships were distinct from other farmers in their religious culture, but were faced with similar physical limitations in farming. Therefore, data about each farm's operations during this time period was determined by the agriculture schedules of the U.S. Censuses. Genealogical studies and oral histories help to differentiate the Amish from other farmers in census records. All this information allowed for the formulation of quantitative comparisons.

Before the twentieth century, the Amish were considered to be among the best farmers, dedicated to their preferred occupation in their continual search for God's blessing. Their specific and superior farming practices were often accredited to their persecution in Europe and the confiscation of their land.[2] They were forced to become tenants on marginal and often less cultivated territory. They had to build strength in character and in farming techniques to secure their own survival. All this suggested the positive effect of Amish religious beliefs on economic performance, in comparison to other farmers. However, this has always remained an unattested presumption.

The question of whether or not Amish farmers were indeed more productive can be addressed by investigating the agriculture schedules. These schedules itemized the inputs and outputs of each farm recorded in the censuses, allowing for the calculations of cost and revenue of farms in operation. By summing up and dividing data based on religious affiliation and by using the ratio of revenue to cost (to measure productivity), the economic performance of the Amish and other farmers was compared. However, cost

[1] Metin M. Cosgel. "Religious Culture and Economic Performance: Agricultural Productivity of the Amish, 1850-80," *Journal of Economic History*, Volume 53, Issue 2, June 1993, 319.
[2] Ibid, 321.

included only the values of farms, farming implements and machinery, and livestock, limiting the estimate of total cost to the user cost of capital (the total value of these assets multiplied by the rate of interest). For revenue, only earnings from orchard products, market gardens, home manufacturers, and animals slaughtered were provided by the schedules. Grain production revenue must be estimated from market prices and reported quantities supplied by each farmer.[3]

Besides the revenue-cost ratio, another agent for determining productivity was the average revenue of land (calculated by dividing total revenue of each farmer by his acres of improved land). This revealed the productivity of land. When both productivity proxies were taken into consideration and compared, a consistent differential in favor of non-Amish farmers was evident. This result directly challenged the conventional views about the superior productivity of the Amish farmers.[4]

An important note, however, for the productivity proxies used was that they might have been biased based on their omission of labor inputs not reported in schedules—i.e., unpaid labor of family members and friends. This dismissal of a possible source for human capital would have influenced the productivity differential—but indeed, in this case, would only have reinforced the results. Amish families were generally of large size, and therefore had more hands to help out. The "religious network" of the Amish could also have provided them with cooperative outside non-household labor.[5]

The identification of the determinants of productivity helped to discover why Amish farmers were apparently less productive. These determinants observed included age, nativity, the number of products, and the total value of farming assets. A dummy variable was assigned to examine the difference between Amish and non-Amish farmers. Nevertheless, results supplied by population characteristics such as age and nativity proved insufficient to explain the productivity differential.

When a closer look was taken at the connection between religious beliefs and farming practices, evidence appeared that Amish farmers might have chosen to avoid exposure to outside markets and instead to protect their own self-sufficiency. Results showed that to accomplish this involved a greater diversity in the product choices of Amish farmers. However, the data did not in any way show that this religion-influenced choice was costly or led to lost-income. In addition, as the Amish did not oppose technological advances at this time, their beliefs would not have hurt them financially in this respect.[6]

On the other hand, what stood out in the results was the striking over-investment of the Amish. The reasons for this existed in their primary concern: preservation of their religion and maintenance of a stable community. The Amish recognized that their traditions and religion itself could only survive if their children stayed within the community and the realm of their beliefs. This insight provided the key to the effects of religious culture on the investment practices of the Amish. The Amish abided by the encouragement of large families and heavy investment in the future of the religious community; they felt the preservation of their religion was dependent on their posterity.[7]

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[3] Ibid, 322.
[4] Ibid, 323.
[5] Ibid, 323.
[6] Ibid, 326.
[7] Ibid, 327.

The Amish therefore went forth and multiplied, then needing to provide their progeny with the means to survive. This led to the heavy investment in farming inputs (so they could be passed down to later generations), suggesting a "bequest motive" to explain investment patterns. An examination of the relationship between wealth (the total value of farming assets) and family size confirmed the presence of this motive. More importantly, using the dummy variable that differentiates Amish from non-Amish farmers confirmed the existence of a *higher* bequest motive for the Amish.[8]

A comparison of the agriculture and population schedules for two consecutive censuses illustrated the success of the bequest motive in stabilizing the Amish community and influencing the decisions of their children to remain Amish *and* at home. So, in this way, the motive proved to be efficient. However, in securing farms for the future the productivity of the immediate farms trailed that of non-Amish farmers. The Amish sacrificed current income to provide for the inheritance of their children—an apparent case of the importance of opportunity cost.[9]

In conclusion, the farming practices of the Amish differed from those of the non-Amish (particularly in their choice of inputs) because of their concern for the survival of their religion and the stability of their communities. Observations of data collected and supposed religious tendencies helped support this theory. The differences revealed in their farming practices (larger assets in farming as precautions for the future) served to lower levels of productivity. This newly proven evidence discredited popular presumptions about the relative performance of Amish farmers during the nineteenth century, and more importantly showed that the "shared beliefs and objectives of a religious community can produce distinct patterns of economic behavior and affect their productivity."[10]

While the case of the Amish in Iowa did indeed prove Cosgel's argument that economic practices and performance can be affected by religious culture, any explanation of economic behavior in terms of belief and religious practice is always hard to substantiate. In other words, it would have been far easier to illustrate that the economy was simply affected, than to show specifically *how* and *why* it was affected. The article was convincing in its first objective more-so than in its second. Perhaps this was because of the necessary allowance for inaccurate and insufficient data (due to the dated and, at times, sketchy records). (Some of the records came from oral histories.) There is also the possibility that several variables were not taken into account—giving the article the feeling of an "uncontrolled experiment." However, on the whole, the article was extremely enlightening, and maintained a definite accuracy in a "what *might* have been" sense. It portrays a well-thought out and supported **possibility**.

[8] Ibid, 328.
[9] Ibid, 329.
[10] Ibid, 330.