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THE DISMAL SCIENCE

## The Invisible Hand of God

Adam Smith thought competition among religions was a good thing. Does Hanukkah prove him wrong?

By Ray Fisman

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In a [classic \*Saturday Night Live\* skit](#) from the late 1980s, a bedridden Santa Claus makes an emergency call to his Jewish counterpart, Hanukkah Harry, for some help on Christmas Eve. Harry gallantly hops into a rickety cart pulled by three donkeys (Moische, Herschel, and Shlomo) to deliver presents. But his goodies turn out to be a letdown for a couple of kids who surprise him on his way down the chimney. For Christine, Harry offers up eight pairs of socks (one for each night of Hanukkah), and for Scott, a pair of men's slacks ("They're a little big, but you'll grow into them"). Fortunately for Scott, Christine, and all the other gentile boys and girls, Santa's stomach flu miraculously disappears. At the end of the sketch, he swoops in to save Christmas with Barbie dolls and pellet guns.

But by the time the skit aired, Hanukkah had already become considerably more than [a sock-and-slacks affair](#). As a religious matter, it's a minor holiday, barely observed by Jews in most of the world. Yet in North America it has come to be known as the "Jewish Christmas" and is celebrated with extravagance—in particular, extravagant consumerism. In a recent [study](#), Stanford economists [Ran Abramitzky](#), [Liran Einav](#), and [Oren Rigbi](#) argue that this is a natural response by Jews living in America's fiercely competitive religious marketplace. Using survey data on religious observance, the Israeli-American researchers find that it is Jews who are most concerned with assimilation who are most likely to go all out for Hanukkah, as a means of enticing their kids to keep the faith.

The idea of applying economic analysis to spiritual life isn't new. Adam Smith, the great-granddaddy of modern economics, described churches as though they were profit-maximizing firms, and congregants as their customers. Just as competition between Samsung and Sony pushes each company to make better flat-screen monitors at ever-lower prices, Smith felt that clergy in a competitive religious marketplace would provide services with greater "zeal and industry" than religious leaders in places where one faith had a monopoly.

After a lapse of some centuries, economists have rediscovered their religion, and Smith's hypotheses on the benefits of religious competition have been borne out by modern statistical analysis. One [recent study](#) compares countries where a single religion has a lock on the market—like France or Italy—with more pluralistic societies like the United States. Almost all Italians identify themselves as Catholic, yet in [one survey](#) only half reported attending church at least once a month and the same fraction reported believing

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[survey](#) only half reported attending church at least once a month and the same fraction reported believing in God. The bishops and vicars, [the thinking goes](#), have grown complacent, offering the same tired sermons and Sunday school lessons year after year because they have no competition from rival faiths. By contrast, America is full of megachurches built by [marketing-savvy pastors](#) and featuring customer-friendly amenities like day care, cafes, and large-screen TVs, which simulcast electrifying orations to overflow crowds. Apparently, they're more effective at attracting audiences of believers than their Italian counterparts. Nearly 60 percent of Americans attend church monthly, and almost 90 percent report believing in God.

At no time of year do Jews feel more assaulted by other religions than at Christmas. Smith would say that to prevent a loss of market share Judaism should counter with its own holiday merriment. The authors of the study begin with a survey comparing the holiday observances of students in Israel—a country where Jews are largely insulated from outside religious pressures—with students at Stanford University. Only 30 percent of Israelis ranked Hanukkah as a "top three" festival celebrated by their Jewish classmates; at Stanford the figure was more than 95 percent.

Israel differs from the United States in many ways, so the authors also look at how various American Jews celebrate the holidays. They rely on a [survey of 5,148 Jewish households](#) from around the United States conducted by a pair of Jewish organizations between 2000 and 2001. The survey included questions on each family's denomination (from Reform, the least religious group, to Orthodox, the most religious), the strength of its Jewish identity, and its holiday observances. For Hanukkah, the surveyors asked during how many of the festival's eight nights the household observed the ritual of lighting candles, a measure of the family's "Hanukkah-intensity."

If Hanukkah celebrations are indeed a bulwark against Christian religious imperialism, then the most active observers of the "Jewish Christmas" should be those who are vulnerable. The authors of the study (parents all of them) hypothesize that children are most susceptible to Christmas envy, and, indeed, households with children were half as likely to skip Hanukkah candle-lighting as households with no children.

Of course, it's possible that people with kids may use just about anything as an excuse to have a party—birthdays, Valentine's Day, Halloween. So the authors compare Hanukkah with Passover, the springtime festival when Jewish parents face more modest competition from the Easter Bunny. It turns out that having children has no effect on the likelihood of attending a Seder, the traditional meal eaten on the first two nights of Passover. So it seems it *is* competition from Christmas, not just the presence of children, that makes families more likely to celebrate Hanukkah. (The authors parse the data in [a number of other ways](#) to further validate their Christmas hypothesis.)

The researchers also analyze the holiday money trail, using county-by-county data on "Jewish Products" expenditures made at a large supermarket chain. In counties where Jews are more outnumbered by Christians—and hence exposed to greater Christmas spending pressures—there is a bigger jump in purchases of Jewish products in December compared with more-Jewish areas, presumably as a result of increased sales of candles, [latkes](#), and other Hanukkah paraphernalia. Jewish expenditures also spike during springtime Passover celebrations, when Jewish shoppers stock up on matzo and kosher wine. But the percentage increase in sales isn't any bigger in Christian-dominated counties than in less Christian

counties, again suggesting that Hanukkah celebration correlates with competition from Christmas.

Adam Smith thought of competition—religious or otherwise—as mostly a good thing, and most economists would agree. But one wonders what Smith would make of the Hanukkah boom in America today. Rather than rabbis and synagogues providing better services, a minor holiday largely unrelated to Judaism's core values has earned outsize importance, primarily so parents can bribe their kids into keeping the faith. However, if recent retail numbers are any indication, the current economic climate may [put the brakes](#) on some of this year's Christmas extravagance, thereby giving a reprieve to parents of all religious persuasions. Perhaps this will provide an opening to [less consumerist approaches to competing for holiday cheer](#) and remind economists that, despite their [arguments to the contrary](#), the spirit of the holidays isn't only about dollars and cents.

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For example, some Jewish parents don't care much if their kids lose their faith, and these families probably just buy Christmas trees and hang stockings rather than putting their energies into Hanukkah celebrations. (My wife, who is Jewish, has childhood memories of Christmas Eve at a relative's house, where her family opened presents under the tree. The local Reform rabbi even stopped by at some point in the evening to take part in the festivities.) So, as an additional test of their hypothesis, the researchers look at the group of survey households that reported a strong identification with the Jewish religion, thus excluding the Christmas-tree Jews. In these Jewish-identified homes, households with kids were only one-quarter as likely to skip candle-lighting as those without children, a much bigger effect of having kids than for the survey respondents overall. (Among survey respondents that reported little association to Judaism, the ones with kids were no more likely to celebrate Hanukkah than those without.)

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