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REZONING THE AFTERLIFE  
RELIGION AND PROPERTY RIGHTS  
IN THE MIDDLE AGES

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REZONING THE AFTERLIFE  
RELIGION AND PROPERTY RIGHTS IN THE HIGH MIDDLE AGES

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Economic historians have a rich literature applying economic theory to accepted "economics" topics like unemployment, income, trade, and development. A smaller number of economists apply economic theory to the history of social institutions not normally included in the discipline. For example, Posner (1980) uses economic theory to explain economic functions of institutions like the extended family in primitive society.

This paper attempts to follow the tradition of economists like Posner. In particular, this paper reviews an economic theory of religion and uses the theory to explain changes in attitudes toward hell, heaven, and divine retribution in Western Europe during the Middle Ages.

The hypothesis is straightforward. Religion serves a number of important functions, one of which is to provide an alternative to the state and to the local community in enforcing good social behavior in general and property

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<sup>1</sup>I gratefully acknowledge the contribution of Elaine Clark, whose seminar on medieval history research inspired this paper.

rights in particular. As the nature of the state's power, of the influence of the local community, and of economic activity change, religious doctrine changes in a manner predictable by economic theory. Although applied to a particular period and culture, the theory is perfectly general and has implications for behavior in other cultures and other periods in history.

Before proceeding, two caveats are in order. First, the theory presented here does not promote or criticize religion itself. Nothing in the theory proves or disproves the existence of god. Both atheists and the devout can gain by understanding functions of the church complementary to its pure theological function.

Second, the material presented here in no way intends to explain all of the diverse and important events during the thousand years of the Middle Ages, nor does it try to refute views by those outside economics. Doubtless students of history more qualified than this author will find counter examples and omissions. Economic theory cannot explain everything and in this case only attempts to provide some interesting insight into an important period in western history.

### I. The High Middle Ages

The Middle Ages in western history encompass a period from the fall of the Roman Empire in the fifth century to the beginning of the Renaissance in the sixteenth century.

The middle three hundred years, from the eleventh to the thirteenth century, are often included in an era termed the High Middle Ages since they represent a period of relative prosperity and progress. Of most interest for this work is the increase in the influence of the Roman Catholic Church in this period.

By the beginning of the eleventh century, most of Europe has converted to Christianity and most of Asia and Africa to Islam. The middle of this century witnesses a significant increase in the power of the Roman Catholic Church, capped by the assumption of Papal authority in removing the crowned heads of temporal kingdoms. The century closes with the First Crusade, surely an impressive tribute to religious commitment.

Papal temporal authority continues increasing in the twelfth century. Two more crusades are launched. Gothic art and architecture, much of it religiously inspired, highlight the middle of the century.

The beginning of the thirteenth century marks the height of Roman Catholic Church power. Under the leadership of Pope Innocent III, church influence extends through every level of society. Crowned heads bow to Papal authority no less than common peasants. The Inquisition uses coercion and fear to enforce religious purity. The proverb about death and taxes is carried to its logical end as the church collects death taxes. Construction of the great cathedrals begins.

## II. Rezoning Hell

One of the less dramatic but perhaps more curious trends in the High Middle Ages is the topic of interest here: the change during the period in the attitude toward death and divine retribution.<sup>2</sup> Coincident with the increasing power of the Roman Catholic Church is an increasing church belief in the immediacy of judgement after death.

Both before and in the first years after Europe's conversion to Christianity, death is viewed simply as sleep followed by one or another version of ascension to heaven for everyone at the end of time.

By the beginning of the twelfth century, the church's attitude toward death has changed in an important way. Now the dead face the Last Judgement. A period of sleep still follows death, but the faithful are separated from sinners and non-believers at the end of time. The former ascend to heaven, the latter face eternal damnation in hell.

A second important but gradual change in church doctrine accelerates in the twelfth century. A period of testing and trial called purgatory also now follows death.<sup>3</sup> In the early twelfth century, the church asserts that this period of trial is identical for everyone and is still followed by the Last Judgement. By the beginning of the thirteenth

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<sup>2</sup>The most important research on attitudes toward death through history is Ariès (1981).

<sup>3</sup>For a complete history of purgatory see LeGoff (1984).

century, church attitude toward purgatory evolves, as does the concept of the Last Judgement.

Later in the thirteenth century, divine retribution takes on its most immediate and dramatic form. A person is surrounded before death by the forces of evil and of good. At the moment of death, the sum of the person's actions through life are judged. Those of sufficient faith and having lives of sufficient goodness ascend to heaven. Those without faith and with sinful lives descend to hell. Questionable cases go to purgatory, where they stay until the living act to save them through prayer and intercession.

Notice the change in the church's view of death and divine retribution. In the early period, heaven is granted to all. Later the dead are judged and sent to heaven or hell at the end of time. Finally, judgement is immediate, although in some cases not final.

What explains this change? Aries (1981) sees the change as another element in the overall transition from the attitude that people are defined mainly as members of a community, with little personal identity, to a time when individual identity is acknowledged. This seems a reasonable hypothesis. Aries explains how a variety of death and burial practices, including the use of grave markers, reflects an increasing recognition of individual identity.

There is perhaps an alternative, although not truly a competing hypothesis. An economic theory of religion can

help explain this change and can also explain a number of other church activities during the High Middle Ages. Obviously, a discussion of these implications first requires an understanding of the economic theory of religion. It is to this subject we now turn.

## II. Economic Theory of Religion

The economic theory of religion and the church is an extension of the theory of the firm. As in the theory of the firm, churches are assumed to maximize profit. Although a church is typically viewed as a non-profit organization, the assumption of profit maximization is still appropriate. Churches need resources to promote religious goals and churches gain revenue to the extent they manage their resources in an efficient (profit maximizing) manner. Churches also compete with profit-maximizing firms for resources in many markets so church success again depends on efficient behavior. Finally, the long-run survival of a church in part depends on its ability to maintain non-negative wealth.

The theory of the firm explains how each firm chooses products to offer for sale. Like profit-maximizing firms, the church offers the set of products which exploits economies of scope, gains from tied sales, comparative advantage, the cost of information, and other economies. The products commonly offered by churches include entertainment, control or prediction of future events,

social insurance, and the promise of an appealing afterlife. The church also produces several valuable public goods, the most important being property rights enforcement.<sup>4</sup>

The entertainment offered by churches ranges from bingo to sacred music and includes valuable social activities. Because these church activities are substitutes for secular forms, the church attempts to suppress these secular activities or must compete with secular producers. The church earns revenue by explicitly excluding non-prayers or by using coercion.

Similarly, when they predict or attempt to alter future events, churches can sell these directly to recipients. To the extent that the predictions or alterations of events are public goods, churches earn revenue by using price discrimination, coercion, and innovations discussed below.

The church offers the same sort of social insurance produced by modern states who assure income to the poor, elderly, and other deserving groups. That modern states provide this function suggests that the church tends to be less important in providing it. Similarly, Posner (1980) shows that very small cohesive (usually primitive) groups, provide social insurance to group members since group members are sensitive to the fortunes of other group members.

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<sup>4</sup>For a complete treatment of the economic theory of religion see Bold and Hull (1985).



The foregoing suggests an implication of the theory: the church is most important in providing social insurance in pre-modern states or in cases where communities are large enough that common interest is an insufficient motive to encourage income redistribution. The church uses funds from other sources and techniques discussed below to support these activities. The same argument applies to all of the socially desirable activities in which individuals engage. For example, robbery is less likely to occur in small communities where enforcement and detection is relatively easy. In modern states, government enforcement is relatively more effective. The church has an advantage in the intermediate case.

Heaven, an appealing afterlife, is a product offered by all of the world's major religions and most of the minor religions. Little needs be added here except that a contract for sale of heaven is unenforceable. The church is faced with the difficult problem of assuring the quality of a product whose characteristics cannot be determined. As other research shows (Bold and Hull, 1985), the church uses a priesthood and non-salvageable capital in forms like a cathedral to assure quality.

Although heaven is not typically thought of as a product, the Catholic Church and most other religions certainly require the faithful to pay a price for heaven. The price includes prayer, faith, and donations. The last increases revenue to the church. In addition, and most

important for this model, the price of heaven commonly includes good behavior. What is good behavior? For Christian churches, good behavior includes following the Ten Commandments, the Golden Rule, and various other standards.

A key thesis of the economic theory of religion is that the set of actions which constitute good behavior are coincident with the set of standards which maximizes net social welfare, reduces transactions costs, and defines and enforces property rights. It is the set of standards that are otherwise enforced by members of small communities or are enforced by the state.

Why does the church enforce these standards? Because doing so promotes the wealth of the society, assures its survival, and gives it a comparative advantage compared to other societies. In so doing the church (unconsciously) assures its own survival and prosperity. This is simply another version of Stigler's (1958) survivorship principle. Only churches (and firms) which successfully maximize profit and promote welfare maximization in the long run tend to survive.

Like several of the other products produced by the church, property rights enforcement in particular and good social behavior in general, are public goods. They produce benefits the value of which are not readily captured by the producer. The state uses coercion and involuntary taxation to assure provision of these products. These tools are also used by the Roman Catholic Church during the middle ages.

As mentioned, the church also uses the promise of heaven and threat of hell to encourage provision of these products.

The church has a comparative advantage in property rights enforcement and enforcing other types of good social behavior in societies with a poorly developed central government, but in societies which are complex enough that enforcement is impractical at the local level.

To summarize. The church can be modeled as a profit maximizing firm which, like all firms, offers a unique set of products. The church helps assure social welfare maximization since doing so profits the church in the long run. One important, although only partly intentional, product produced by the church is enforcement of property rights in particular and encouragement of good social behavior in general. The church has a comparative advantage in providing these products in relatively complex societies with weak central governments. The church uses coercion, involuntary taxation, heaven, and the threat of eternal damnation to provide financial support for its activities and to assure proper behavior. Now we turn to the Roman Catholic Church in the High Middle Ages as an application of the theory.

### III. Why Was Hell Rezoned?

After the [Roman] Empire's collapse, the medieval society that emerged was a set of disjointed and clashing parts subject to no central or effective secular authority. Only the Church offered an organizing principle, which was the reason for its success, for society cannot bear anarchy.

(Tuchman, 1978, p. 5)

The Roman Catholic Church introduced and promoted heaven, hell, and judgement at death because these were effective tools in enforcing good social behavior and property rights in locations where state authority and local community enforcement were relatively ineffective. The feudal system, where local control of social behavior is possible, became relatively weaker as independent towns and cities emerged. The fragmented and weak central governments were unable to exercise control of either feudal lords or the independent cities and towns. The church possessed a comparative advantage in enforcing good behavior and provided this as a joint product of its revenue earning activities.

Social systems survive and prosper to the extent that they protect property rights, assure efficient market

transactions, and provide valuable social services and security. Although it did not meet the impressive standards of the Roman Empire, the feudal system was reasonably well adapted for a primitive agrarian society. Manorial lords and knights provided public goods like defense and social security to relatively small insulated areas, supporting these activities with involuntary service and taxation. Lords and knights were only weakly linked to a central government which ideally provided security and other functions over a larger territory.

#### Did Lords Misbehave?

One interesting issue in analyzing the feudal system involves the monopoly power of the lords. The common perception of the relationship between lord and vassals is one of pure exploitation and near slavery. By this view, vassals had no power and so necessarily were mistreated. The role of the Catholic Church is typically perceived as encouraging vassals to live with their unfortunate lot in life--the church was the opiate of the people. This paper acknowledges the latter role of the Catholic Church, but addresses some additional important issues.

That the feudal lord possessed nearly absolute political and economic power is not disputed here. In addition, since the feudal system, including the central government, enforced the exclusive and absolute power of local lords, competition from other potential lords for a given lord's

monopoly power was absent. Further, vassals were tied to the land and so could not exert competitive pressure by voting with their feet.

Two forces acted to prevent lords from fully exploiting their monopoly position, however. First, following one of this paper's important themes, the long run prosperity and survival of the lord depended in large part on his ability to assure the prosperity of his vassals. An excessively exploitive lord would lose wealth and power relative to nearby lords and so would face possible loss of territory. The lord was compelled to provide efficient incentives to vassals.

A second force encouraging proper behavior by the lord was the Catholic Church, directly through its own doctrine and persuasion and indirectly through the knightly codes of behavior. Although little direct evidence exists to show that lords treated vassals better because of church doctrine and pressure, other lordly behavior provides an indirect clue. In particular, lords provided significant financial support to local churches.<sup>5</sup> Lords donated the money to assure themselves a good afterlife. Church doctrine encouraged these financial contributions, but church doctrine also required of individuals good social behavior to achieve a desirable afterlife. Because we observe of lords the money contributions, we can reasonably infer their

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<sup>5</sup>Aries (1981) throughout his book describes financial contributions of the gentry.

good behavior. The work of authors like Ladurie (1978) who documents the daily lives of villagers in France and Homans (1960) who does the same for Great Britain confirms that the relationship between lord and vassal was generally good.

Knights, and remember that lords were usually knights, gradually came to adopt a code of christian behavior. Although often only implied, at least one formal set of guidelines was compiled. Sonizo of Sutri wrote the Liber de Vita Christiana (c. 1090). The code promoted loyalty, bravery, and justice. It enjoined knights to protect the poor, widows, and orphans, and to eschew plunder. The guidelines clearly encouraged the sort of good social behavior theorized here. The guidelines even placed limits on warfare; that it not too much interfere with ordinary economic activity.

### The Independent Cities

That the feudal system endured for so long is evidence of its ability to provide for its members. However, the feudal system was poorly adapted to encourage economic growth and development. The system discouraged the interregional trade that would allow specialization and industrialization in turn promoting the exploitation of economies of scale. These functions were gradually provided by cities and towns independent of feudal authority.

Feudal lords usually granted the status of independent "communes" to cities and towns in exchange for tax payments

from the citizens and from craft guilds. Lords made the grants because of financial, political, or social pressure.<sup>6</sup> Grants were made throughout the middle ages, but the pace rose significantly in the beginning of the twelfth century. The most successful independent cities were trading centers like Venice, Genoa, and Lubeck.

Because feudal authority did not extend into these independent communities and, as Tuchman (1978) explains, because central governments were as yet too immature to exercise control, other means evolved to produce the social goods conducive to social wealth maximization. Certainly craft guilds provided social services to members (Tuchman, 1978, p. 39), in addition to guild business practice.<sup>7</sup> More interesting for this paper, are the activities and doctrine of the mendicant religious orders.

### Mendicant Orders

The Pope confirmed three of the mendicant orders in the first half of the thirteenth century: the Franciscans, Dominicans, and Carmelites. The Augustinians were confirmed shortly after the middle of the century. Why are the mendicant orders of interest here? Because they were

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<sup>6</sup>For a summary see Tuchman (1978), p. 5 and Braudel (1979), p. 510.

<sup>7</sup>Interestingly, the sort of lifetime social security provided by craft guilds in an era of weak central government has parallels to behavior of large companies in Japan, whose government has chosen to provide only limited social security.



established in large part to spread Catholic doctrine to independent cities and towns.

In addition to their common charge, each order had additional unique characteristics. The Fransiscan Order, for example, was also required to engage in scientific activity. This is another public good not easily produced in ordinary markets. This function was eventually taken over by state funded universities, particularly in the fourteenth and fifteenth centuries, not surprisingly, during a period of decline in Catholic Church power.

The Dominican Order became the order of the Inquisition. The Inquisition used torture, imprisonment, and death--tools also available to secular authority--to enforce good christian behavior. Also available was the social ostracism and eternal damnation of excommunication, a method of punishment uniquely available to the church.

The mendicant orders shared a number of important characteristics, particularly their fundamental doctrine. The doctrine and behavior of the mendicant orders conforms in a number of ways to that predicted by the theory. The ideal was *Imitatio Christi*--to live the life of Christ. Loyalty to the order and then to the Pope was paramount. The orders required of their members poverty, chastity, and obedience and enforced this in part by encouraging itinerant preaching, an activity which discouraged individual wealth accumulation. Previous work by the author shows how vows

like those above help assure consumers that priests sincerely believe their doctrine (Bold and Hull, 1975).

What did the mendicants preach? The mendicants wanted to persuade urban dwellers to convert to their version of the catholic doctrine. This implied proper social behavior. The mendicants wanted converts to behave properly, but the orders could not rely on secular authority to enforce good behavior. The state was not powerful and a priest could not draw on the power of the lord to enforce proper behavior. To solve this enforcement problem, the mendicants invented or at least exploited the inventions of hell and judgement at death. Hell and judgement at death increase the cost of misbehavior. Hell increases both the expected cost and variance in payoffs after death of improper behavior. To the extent that individuals are risk averse, an increase in variance also effectively increases expected cost. Judgement at death is more costly in present value terms than judgement at the end of time to the extent that individuals possess a positive discount rate.<sup>8</sup>

What about the role of purgatory, also promoted by the mendicants? Since purgatory allowed the dead a second chance, it encouraged donations of money after death to the church for prayer and good works. Perhaps more important, purgatory prevented individuals from intentionally or

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<sup>8</sup>The church also discouraged, to a greater or lesser degree, charging positive interest on loans (usury). See The Idea of Usury. If the church is able to use this rule to reduce individual discount rates, the present value of heaven and present cost of hell increase.

accidentally defaulting on money debts at death. Relatives, heirs, or provisions in wills were used to redeem a debtor who would otherwise be condemned to eternal damnation.

Protecting property rights in financial instruments was an important function in which the church had a comparative advantage. Towns and cities were beginning to use money-based trade, including debt instruments. Absent, however, were some of the methods available in modern economies to protect lenders. The corporation had not yet formed so asset ownership was limited to one lifetime and one individual. The absence of life insurance on borrowers increased the risk born by a lender. Finally, secular courts and other feudal authority were absent from the independent communities. The church as an enforcer of financial property rights was the obvious alternative.

From what evidence has survived, the promise of heaven and threat of hell did influence individual behavior in a socially desirable way. In addition to providing for repayment of debt, individual wills show clearly that substantial resources were redistributed to the poor and other deserving groups, exactly sort of redistribution that was otherwise provided by feudal lords or by modern central governments. Wills commonly set aside money and detailed the desired burial ceremony. Much of the money for the ceremony went to hiring the poor as mourners and attendants.

[Priests and Monks] were followed by a group, whose size varied according to the wealth and generosity of

the deceased, made up of poor people and children from foundling homes. They carried candles and torches, and, in addition to the robes, they were given alms in exchange for their attendance. (Aries, 1981, p. 165)

Wills also allocated money for activities after the burial. Some portion prayed for prayers for the dead, an activity that hardly improves temporal social welfare. However, even these donations went to the church which in turn used it to support charitable activities. By far the largest proportion of bequests went to fund charitable endowments.'

Besides these endowments for Masses . . . there were also charitable endowments: a contribution to a hospital for a bed, or the living expenses or dowry of a poor girl. Donations to abbeys, monasteries, and schools were common and generous in the twelfth and thirteenth centuries. (Aries, 1981, p. 181)

Interesting, but not surprising, the above quote also shows that the period of maximum donation to charities was the twelfth and thirteenth centuries, exactly the period corresponding to greatest church influence. The church was successful in encouraging income redistribution in exactly the era of its comparative advantage in doing so.

Another socially desirable characteristic of wills is that they encourage accumulation of temporal wealth. The

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'Refer especially to work by Elaine Clark.

traditional christian ideal was of lifetime poverty and humbleness. If it allowed an wealthy individual to purchase heaven at death, the will obviously encourages wealth accumulation. With a will, both temporal and heavenly riches are possible. "The will . . . legitimized and authorized the enjoyment--otherwise suspect--of property acquired during a lifetime" (Aries, 1981, p 191). This opportunity provided incentive for economic growth and development. It created incentive to maximize wealth and assured that the wealth was redistributed. Again the church encourages social wealth maximization.

### III. Conclusion

Roman Catholic Church doctrine about heaven, hell, and judgement changed during the high middle ages. Instead of the promise of heaven for everyone at the end of time, judgement came to take place at the moment of death and carried with it the possibility of eternal damnation. In addition, purgatory became a place of trial, offering a second chance to those not completely damned.

These changes are consistent with an economic theory of religion and the church. The church, like any firm, offers a set of products that exploit economies of scale and scope and comparative advantage. One church product, often produced unintentionally and jointly with other products, is good social behavior and property rights enforcement.

The church has an advantage in producing these latter two products when the local community and the central government are relatively weak, exactly the condition during the high middle ages, particularly in the emerging independent towns and cities. As might be predicted, the Catholic Church empowered the mendicant orders to preach to urban dwellers. The mendicant orders also promoted the doctrine of hell, purgatory, and judgement at death. Hell increases the expected cost of misbehavior. Immediate judgement increases the present value of heaven and present cost of hell and thus the variance in outcomes at death. Purgatory encourages donations and prevents individuals from avoiding money debts.

This application of the economic theory of religion and the church is obviously very limited in scope, explaining only one change in church doctrine during a period of significant change in all aspects of culture and society. This application also offers no explanation for the eventual decline (and near collapse) of the church in the fourteenth century. Certainly the plagues, which struck urban areas in particular, played a role. The prolonged warfare and the emergence of national identities likely also played a role in eroding the power of a "universal" international church.

Despite its limitations, this work breaks important ground in applying economic theory to a new area of society. This research shows that economic theory can now predict changes in religious behavior and such an extension has

potential application to most of human history and most of the world's cultures. It should be able to explain religious issues as varied as why some cultures have multiple gods and the emergence of atheism as a dominate attitude in the twentieth century.

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