

THE PRICE OF FAITH: POLITICAL DETERMINANTS OF THE COMMERCIALIZATION OF BUDDHIST TEMPLES IN CHINA

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INTRODUCTION

The market's expansion into traditional non-market spheres often provokes fierce opposition. However, while past research has studied the way in which cultural barriers serve as a bar to market expansion, this paper considers the role of political forces in shaping the boundaries of markets. The state plays an important role in defining what kinds of goods can be traded and what kinds of organizations can be legitimate players in markets. But the state does not do so randomly; it uses markets in state-building. Studying the commercialization of Buddhist temples in modern China, we found that economic performance is an important means for a state, especially one with an authoritarian regime, to obtain political legitimacy. The pursuit of utilitarian legitimacy has led the Chinese government to include economic performance in the criteria of its political promotion system, turning local government officials into "public entrepreneurs" and creating a tournament-like competition among them. Those local government officials who face stronger pressure to develop the economy badger temples to commercialize. In addition, Buddhist temples are more likely to abandon commercial practices when they are located in areas where the local government officials face less pressure to develop the economy.

POLITICAL FORCE IN MORALIZED MARKETS

Market boundaries are often contested. There is heated debate about whether some goods with intrinsic characters (such as human organs, intimate relationships, or connection with the divine) should be traded or not. The expansion of markets into previously non-commoditized domains of life has long been studied by the "moralized markets" school. Because the advance of markets into traditionally non-market spheres often provokes profound social discomfort, scholars have emphasized the legitimization function of cultural meanings and social values in commodity exchange, highlighting a bottom-up process in which business entrepreneurs work creatively to align their economic activities with the rules of society, and evaluating their success or failure in doing so with market expansion or contraction (Zelizer, 1979, 1985; Healy 2006; Almeling, 2007; Chan, 2009; Anteby, 2010; Rossman, 2014).

While this approach powerfully demonstrates the saturation of economic life with moral meanings, a few recent studies have suggested the limitations of this model in explaining market expansion. First, the approach has been criticized for relying too heavily on the public's resistance as the determinant of the expansion of moralized markets. Second, the traditional approach of the

moralized markets school has been criticized for narrowly “focus(ing) on micro-interactions at the expense of broader institutional forces” (Reich, 2014: 1577, italics added). Third, the traditional approach of the moralized markets school has been criticized for focusing on the “*good matches*” between economic activities and social values while ignoring the “*bad matches*” and *contradictions* in the field.

In this paper, we argue that there are institutional contradictions not only between different schools of cultural thought but also between cultural understanding and the use of political power. Markets are often places of power struggles because they tend to centralize resources and generate revenues, and have unequal distributional consequences for different social actors (Fligstein, 1996). Therefore, markets are instruments that can be leveraged by social actors in their competition for the control of a society’s institutional structures. Market expansion and contraction are likely to work in a fashion that favors those in power. While culture prescribes socially acceptable ways of acting or behaving and deviance from cultural norms results in social sanctions, regulatory norms have binding effects on the behavior of market actors and deviance from them tends to result in legal sanctions, such as fines or prison (Meyer and Rowan, 1977; DiMaggio and Powell, 1991). Thus, when cultural norms and political power clash, power may trump culture in that socially unpopular commercial projects proceed under the pressure of power.

POLITICAL ECONOMY AND COMMERCIALIZATION OF BUDDHIST TEMPLES IN CHINA

The commercialization of Buddhist temples in China provides a good research context for us to consider the question, because temples, as sacred sites enabling religious adherents to connect with the divine, are normatively separated from the sphere of commercial operations. Many of them, however, due to their cultural and historical significance, are also among the most popular travel destinations, attracting both devoted pilgrims and secular tourists who seek to satisfy their curiosity about these sacred places. Hence, they have great potential to contribute to local economic development by expanding tourism businesses. The Chinese government has a particular motivation for promoting economic growth, because the creation of jobs and the improvement of people’s standard of living that are typically associated with economic growth are an important means for the state to legitimize its rule.

In China, without an electoral system, higher-level officials in the hierarchical political system determine the promotion of their lower-level counterparts. There are four levels of government in China: central, provincial, prefectural, and county. Government officials at the same level compete to win positions at the next-higher level of government, which leads to a tournament-based promotion system (Zhou, 2009). Since facilitating economic growth is the government’s paramount task during the past few decades, it has been used as the primary criterion for evaluating officials’ performance and making promotional decisions (Whiting, 2001). The centralization of personnel control is contrasted with regional economic decentralization, and local officials have plenty of leeway to promote the local economy (Bardhan and Mookherjee, 2006; Nee and Opper, 2012; Yu, Zhou, and Zhu, 2014). Local governments, therefore, have an incentive to make use of their political authority and vigorously work for the region’s development and economic growth, thereby becoming so-called “public entrepreneurs” (Klein, Mahoney, McGahan, and Pitelis, 2010).

To win out in the tournament competition, local officials are motivated to exploit every possible resource for stimulating the growth of the local economy. In an empirical study of prefectural-level regions, Yu, Zhou, and Zhu (2014) found that the tournament competition pressure directly increases the chance of a city adopting investment strategies that fuel only short-

run economic growth. Similarly, Wu et al. (2013) found that city government officials who spend heavily on transportation infrastructures during their terms achieve better results in GDP and enjoy higher chances of promotion. Along the same lines, Jia (2014) reports on a phenomenon termed “pollution for promotion”—provincial governors who obtain an exogenous opportunity for promotion are more likely to promote the adoption of dirty technologies in order to generate positive economic outcomes in the short run. These studies show that, to increase their chances of promotion, local officials make strategic decisions aimed at stimulating economic growth, even though these decisions are morally questionable. Therefore, local government officials may have incentives to promote the expansion of the market model into traditionally non-market spheres, and may target Buddhist temples, especially those that are considered as having historical and cultural significance, in order to develop tourist enterprises.

In recent years, the commercialization of Buddhist temples has become a hot headline topic. The abbots of some temples are called “CEO monks,” as they hold MBAs from leading business schools in China. Some temples are contracted out to private companies to be managed by them. In 2012, several Buddhist temples attempted to raise funds by listing themselves on the stock market (Jiang, 2012). One of the temples that attempted an IPO worships the God of Fortune, and it became a popular object of ridicule as people joked that even the God of Fortune wanted to make some money (China News, 2012).

One typical case of a commercialized temple is the Shaolin Temple, located in Dengfeng, in Henan Province. The Shaolin Temple has been known for 1,500 years as the spiritual home of Zen Buddhism and the original site of a school of martial arts (popularly known in the U.S. as kung fu). After its current abbot, Shi Yongxin, took charge in 1999, the Shaolin Temple became a money-making enterprise. Several projects were launched, and the temple charged a relatively high ticket price. According to the details published in a recent lawsuit about the temple’s ticket income (Sina, 2014), every year it has 1.75 million visitors, who pay 100 Yuan (US\$16) each to pass through its turnstiles. Seventy percent of the ticket revenue is directed to the local government, with the remaining 30% being kept by the temple. In 2006, the Dengfeng municipal government awarded Shi Yongxin a Volkswagen SUV for his “extraordinary contribution to developing local tourism” (Weller and Sun, 2010: 38). The income from Shaolin Temple accounts for nearly one-third of Dengfeng City’s fiscal revenue (Liu and Tao, 2011).

The most significant source of income for Buddhist temples is admission tickets (China News Journal, 2012). Buddhist temples outside China, like those in China before the era of economic reform, typically do not charge an entry fee. When they do, the ticket price tends to be minimal as it is intended only to prevent a flood of visitors. But in today’s China, charging an entry fee is a common practice for Buddhist temples, and it admits a lot of variation in price. While it is not uncommon in the West for places of worship to charge tourists, the practice is usually justified as a way of maintaining the place. However, in China the maintenance cost alone cannot explain the ticketing behavior of temples because the ticket incomes collected by many Chinese temples are far above their cost of maintenance. For example, Nanputuo, a temple that charged a ticket fee as low as 3 RMB (50 U.S. cents) per visitor, collected more than 10 million RMB (\$1.6 million) in 2010 (Gong, 2011), not to mention other temples charging high prices like Shaolin. Buddhist temples are “cash cows” of the local governments (National Public Radio, 2010). As Lou Yulie, the Director of the Religious Research Center at Peking University, said, “It is essentially the case for all temples that charging entry tickets is not a decision of the temple but is dictated by the fiscal demand of the local government” (Fenghuang Net, 2012).

The ticket prices are directly controlled by the local government. It appoints a temple management committee (usually composed of monks, government officials, and representatives of

tourist businesses if they have invested in the temple or its surrounding area). The committee proposes a ticket price, which needs to be approved by the local government department in charge of commodity pricing (Wang, 2014). Although charging a high price for admission tickets is not necessarily beneficial for the sustainable development of the local tourism industry, the practice increases the ability of local government officials to boost the local GDP in the short term. Because a historically significant temple is usually the foremost local attraction for tourists, their spending on admission tickets is a must, whereas spending on other items is likely to be variable and to be considered optional. Although the increase in the volume of tourists generates spillover effects on related businesses such as restaurants and hotels, the development of these industries takes years and the tax revenue from them comes in at a much slower pace. Yet, the local government officials face term constraints and therefore tend not to be patient in awaiting this form of revenue generation (Jia, 2014). Greater fiscal revenue can instantly increase the autonomy of local government officials in making investments in other domains, which can directly impact the local GDP (Yu, Zhou, and Zhu, 2014).

Hypothesis 1: Buddhist temples are more commercialized when they are located in places where the GDP per capita is ranked low in the next upper level political tournament.

In 1982, the Party established an age-based retirement system to prevent anyone from obtaining a lifetime appointment in a Party or government position. The retirement age was set at 55 for women and 60 for men. The mandatory retirement shifts government officials' career horizons and incentive structures. For example, the 59 phenomenon refers to the fact that government officials tend to be more corruptive when they are approaching their retirement age. Because age is one of the most important indicators of an official's career prospects, it affects their policy choices. Liu (2014) showed that, in the performance-based promotion system, younger leaders have a stronger incentive to focus on GDP growth. This means that local government officials may have stronger incentives to commercialize temples if they have relatively long career prospects. In addition, younger government officials may press temples especially hard when the local GDP per capita is ranked low in the political tournament among officials at their level. The mandatory retirement enables us to conduct a regression-discontinuity analysis of the government officials' political incentives, an analysis that we discuss in the results section.

Hypothesis 2a: Buddhist temples are more commercialized when they are located in places where the local government leaders are relatively young.

Hypothesis 2b: Buddhist temples located in places where the GDP per capita is ranked low in the next upper level political tournament will be even more commercialized when the local government leaders are relatively young.

As the leaders of Buddhist temples, abbots can resist the influence from the local governments by cooperating with the central government. Even though it is the central government that set up the political tournament to boost economic growth in China, the central government does not intend to achieve its economic goal by commercializing temples. In 2007, the National Development and Reform Commission, a macro management agency under the Chinese State Council, issued a rule that limits tourist destinations, including Buddhist temples, from raising their ticket prices more than once per year. Some abbots can connect to the central government by serving as a member of the National People's Congress (NPC) or the China People's Political

Consultative Conference (CPCC), where their voices can be heard by the central government. NPC and CPPCC are consultant bodies whose members represent various social groups. Representing the Buddhist community, monks typically hold positions at different levels of these two institutions. Even though NPC and CPPCC are often criticized as “rubber-stamps”, they provide channels for social groups’ voices to be heard by higher-level officials. Local government officials may be less likely to pressure a temple to commercialize if its abbot has a political connection to the higher-level NPC and CPPCC. In addition, because those temples located in places where the local economy lags in the GDP contest are more likely to face pressure to commercialize, their political connections may help moderate the pressure from local government officials.

Hypothesis 3a: Buddhist temples are less commercialized when their abbots are members of the NPC or CPPCC at a higher jurisdictional level.

Hypothesis 3b: Buddhist temples located in places where the GDP per capita is ranked low in the next upper level political tournament will be less commercialized if their abbots are members of the NPC or CPPCC at a higher jurisdictional level.

DATA AND METHOD

We studied 142 temples that were designated by the State Administration for Religious Affairs in 1983 as national prominent temples. We selected these temples for two reasons. First, they have the potential to be commercialized because of their historical prominence. Second, as these old temples have centuries-old histories, their locations are relatively exogenous to the trend of commercialization. Our dependent variable is the temples’ prices from 2006 to 2014. We further adjusted the prices with the Consumer Price Index. As price is a non-negative value, we estimate it with the Tobit regression model.

Our independent variable is GDP ranking, which is measured by the standardized GDP per capita in the county where a temple was located in the prior year. We standardize GDP per capita by subtracting the mean value of all the county-level jurisdiction units within the same prefecture city and dividing the difference by the standard deviation. We collect the age of the government officials from their publically available resumes. Further, we measure abbots’ political ties by reviewing their resumes. In addition, we control two sets of variables. First, we control the basic characteristics of the county in which a temple is located, including GDP per capita, distance to the nearest airport, tourist economy, per capita number of Buddhist temples. Second, we control the characteristics of the temples, including age and size of the temples, reviewer rating scores of the temples, dummy indicating mountain temples and the age of the abbots. Finally, we include year dummies to control the time trend effect in our regression.

RESULTS

We find that one standard deviation increase in a county’s GDP ranking reduces the ticket price by ¥ 12.89, which supports H1 that lower GDP ranking increases the commercialization of temples. The age of local officials has a strong negative effect on ticket prices. One standard increase in the age reduces ticket price by ¥ 18.75, which supports H2a. H2b is also supported. When the mean age of county government leaders is one standard deviation below the mean (at about 45), a high GDP ranking significantly reduces a temple’s ticket price. When the mean age of county government leaders, however, is one standard deviation above the mean, a high GDP

ranking slightly increases the ticket price of a temple. So the pressure of economic development on temple commercialization works mainly through younger government officials who are motivated to seek political promotions. But we do not find support for H3a. Moreover, we find that the opposite of H3b is supported—temples in areas where there is a strong pressure to develop the GDP actually charge higher prices if their abbots sit on the NPC or CPPCC at the higher jurisdiction level.

We conduct a regression discontinuity design to check whether age of the political leaders captures the incentives of local government officials. We choose the cutoff for regression discontinuity design as the government officials' age 55. When the officials' ages have reached 55, there is little chance for them to get promoted. Therefore, those officials who are 50-54 and those who are 55+ are similar to each other, except for the fact that the former group has the chance to get promoted but the latter does not. We show that after government officials just past the age 55, they lose interest in boosting economics, which leads to a drop in the ticket prices of the temples.

We use survival analysis to test whether places that have less economic pressure are more likely to give up collecting tickets. We find that places with a high GDP ranking tend to drop ticket collection earlier than do low GDP ranking places. The results are consistent with our theory that the commercialization process of the temples is related to the pressure to develop the local economy.

CONCLUSION AND CONTRIBUTION

In *Protestant Ethic and the Spirit of Capitalism*, Weber (1950) points to religion as a source of inspiration for the emergence of modern capitalism. In our study, we show that the causality is reversed. The rapid economic growth of China has pushed the commercialization of religions. The Chinese government regards economic development as an overriding project, and meanwhile, the government officials gaming in the political system spare no effort to fuel the engine of the market. The development mode enables the market to march into religion and transform temples into moneymaking enterprises.

Our paper contributes to the moralized market literature by bringing the state into the picture, showing that the state can be more important than cultural meaning systems in constructing markets. Second, our paper contributes to the institutional theory regarding the role of the state in the market, showing that the state can also stretch the scope of the market to the traditionally non-commercial sphere and push even involuntary players into the market. Third, our paper adds to the study of political economy in China by showing that the political system has contributed to the economic development of the Chinese economy while also creating social problems.

REFERENCES AVAILABLE FROM THE AUTHOR(S)