

## The Church Economy - Direct and Indirect Positive Effects on Economic Growth in the Context of Socio-Economic Crisis

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### ABSTRACT

In the present study we will focus on the analysis of religious activity in its socio-economic aspect, which we distinguish into three main areas, representing its constituent elements: 1) real religious activity, which can be assessed and is part of the economic turnover, generating certain income, resp. costs; 2) economic religious activity, which functions on the principles of the business sector - the church farms and enterprises; 3) social religious activity carried out on the principles of social enterprises - social dining rooms, kitchens, shelters, etc. These activities form the essence of the church economy.

**Keywords:** Church, Church Economy, Economic Growth, Bulgarian Orthodox Church, Religious Activity, Denomination

**JEL:** Z12 Cultural Economics: Religion

### Introduction

Religion, respectively the church, has always been an integral part of the socio-economic life of Bulgarian society. In the 21st century, the role of the Church has not only not diminished, on the contrary, it has strengthened its influence as part of key public institutions. Historical facts show that the Church has always been more than a religious institution. It has played an important role in the economic, social, cultural and political life of Bulgarian society.

The study of economic theory and economic activity of religious organizations is essential for the modern economy of Bulgaria, where Orthodoxy and partly Catholicism, along with the Muslim religion, play an important role in the socio-economic life of the country. In addition, religious economic and social activities can play the role of an essential unifying function of the various denominations, especially in terms of charity and charity. In practice, this would support the realization of another important function of the confessional communities - the preservation of

political stability in the country, especially in the financial and economic crisis.

All this Determines the Relevance and Appropriateness of the Choice of Topic of the Present Study

At the same time, theoretical confirmation of the research thesis will be sought, namely that the church economy has the potential to be an important element of the national economy, generating GDP and generating certain employment, and as such contributing to economic growth.

This economy, at least until now, has represented for most economists as something incidental and with an insignificant share in the general economic structure, parallel to the main flow of economic activities in the public and private business sectors. Moreover, even in most cases it has no points of contact with them and is identified with a method of production that is technologically imperfect, technically backward and reduced to subsistence farming. The growing socio-economic activity of the BOC and the potential it possesses, as assets and historical heritage, at the same time allows us to talk about the formation of a specific and distinct subsector in the post-socialist economy of Bulgaria, called by us "Church Economy". will increase its role and size regardless of the number of believers in the country.

The object of research in the dissertation are the religious organizations of the Bulgarian Orthodox Church in all their variety of socio-economic activities and organizational forms.

The subject of the study are the socio-economic activities of religious organizations (in particular of the Bulgarian Orthodox Church) related to economic growth.

The main purpose of this report is to outline the role and place of religious organizations of the Bulgarian Orthodox Church in the modern socio-economic structure and to reveal and analyze the effects of their social and economic activities, many of which are directly or indirectly related to macroeconomic indicators and potential for increasing impact and growth.

Due to objective economic reasons, the implementation of activities by religious organizations and institutions is very difficult. Finding an effective mechanism to stimulate the implementation of these activities in public benefit would facilitate the participation of the state in some public economic spheres, such as social, charity, agriculture, cultural and historical heritage, tourism, etc.

The Church, as a collecting concept, in the face of its divisions – churches and monasteries, produces and markets a wide variety of goods and services that are directly related to the church activity or are the result of a real economic activity – production of agricultural products, products of the processing industry, cosmetic products, etc. They can be both material objects necessary to perform religious rituals (e.g. candles) and include the very execution of the corresponding ritual by the priest (such as baptism, funeral rituals, sanctifying, etc.). But if the tangible objects for sale can be described and analyzed using the categorization apparatus of economic theory – starting from the factors of production and ending with the principles and elements of the market situation, then the services offered by a priest are a very specific good. In this case, the very principles of economic relations are contrary to the principles of religious conduct.

This principled conflict is so obvious and so profound that it implies the ability to talk about completely different, and in a sense, opposing archetypal models of economic behavior. In the first case, it is an agreed model of mutually beneficial relations formed on the basis of market principles, in the second, an act of unconditional commercialization of the services offered by the priest, that is, the invisible spiritual beginning collides with the harsh reality of daily economic existence.

In order to clarify the category of "Church Economy" in the subsequent statement, it should be noted that religious activity in its socio-economic aspect, in our view, can be divided into three main directions, which also represent its constituent elements:

1. Actual religious activity in which the socio-economic element is for the most part ancillary, i.e. indirect. In practice, this includes all services provided by the church concerning its religious activity. According to the Law on Religions, Art. 23. (1) Registered denominations shall have the right, for their needs, to produce and sell items related to their worship activities, rituals and ordinances. (2) The

transactions under para. 1 are not commercial within the meaning of the Commercial Act. However, this activity is part of the business turnover and generates certain revenues, respectively. official statistics does not take into account due to a lack of methodology. Such are, for example, church needs and the required fees (church service or private ordinance at baptism, marriage, opelo, etc.). At the same time, the church realizes income from the sale of candles, icons, church church, religious literature, etc. goods (articles and products) which are also excluded from the assessment of real business turnover. Fees from church services and the sale of items and products for religious purposes account for 60 to 100 % of the revenue of the Diocesan budgets.

The proceeds from donations and sponsorships, as well as the state subsidy, should be added to this strand. The former form between 10 and 20% of the revenues of the dioceses (diocesan budgets), while the state subsidy for the BOC represents a very small part of its total revenues and increases from BGN 1,560,000 in 2010 to BGN 2,360,000 for repairs. and construction of temples and monasteries of the Bulgarian Orthodox Church in the country in 2015. Apart from that, there is a state subsidy, which is to support the Bulgarian Orthodox church communities abroad and the clergy working abroad. Over the same period, it grew from BGN 750,000 to BGN 750,000. at 850 000 BGN In this direction we also include grants (grant schemes), i.e. subsidies under the Rural Development Programme, measure 322, which is related to the repair and reconstruction of buildings for religious purposes and improvement of adjacent spaces.

This element could also be attributed to the second strand – economic religious activity, but these are financial resources designed to improve and ennoble religious temples and a building stock concerning religious activity in general, and therefore, in our opinion, grant funding takes it to the first direction.

2. Economic religious activity involving church farms, commercial companies for forest management, logging, construction, rental of property, etc..
3. Social religious activity, including church social kitchens and dining rooms, orphanages, oldpitals, health facilities, etc. This activity is performed both by the churches and monasteries themselves, and by associations and foundations specially established with the participation of the Church (NGO), incl. and commercial companies, by exception.

With regard to the first element, churches and monasteries, as divisions of the BOC and in their role as bearers of certain socio-economic relations, are legal entities under public law and from the point of view of economic theory some of the services they provide are public goods, which are used by all citizens of the country - Orthodox and those who visit and use the services / goods of the religious cultural and historical heritage. In this way one of the main goals of the Church is achieved - effective management and conduct of spiritual and social activities.

The second and third elements reflect the results of the actual social and economic activity of the Church and from this point of view it participates as a full-fledged economic agent in the

socio-economic life of Bulgaria. In practice, the Church is a "producer" and "consumer" of goods and services and as such falls under the sanction of the principles and laws of business.

Measuring and evaluating these three elements allows us to determine the value of the church economy, respectively the activities of church structures and organizations, and the contribution to economic growth.

First of all, this sector generates a certain employment in the Bulgarian economy. In the middle of the current decade, the Sector of Religious Organizations sector employed 2,130 people of all faiths, and after extrapolation it can be estimated that about 1,620 are employed in the activities of BOC - related organizations. Against the background of employment, which the official statistics measure (according to NSI data for 2014, the employment rate is 48% or over 2,981,000 employees aged 15 and over) this is too little, but we must keep in mind that that this employment is related to the religious activity of the denominations, but only by non-profit organizations. Moreover, to this must be added those engaged in direct religious activity by the churches as legal entities. Official information about the exact number of clergy in the BOC.

According to unofficial data, the number of clerics in all hierarchical levels of the BPC at the beginning of the decade was about 1050 people. Other unofficial information registers the fact that "since the early 90s, the number of priests has decreased 3-fold to 1,300. The most godly employees are in the Sofia Diocese - 400, followed by the Plovdiv and Varna. The fewest priests have the Vidin Diocese.

Second, NSI information on non-profit organizations operating in religious organizations shows that the non-profit activity of non-profit religious organizations of the BOC in the middle of the decade formed about BGN 28.5 million in expenditures for charity, social assistance (social kitchens, shelter), of the homeless, etc.), etc. social activities. For the realization of the expenses incurred by non-profit organizations operating as religious organizations of the Church, certain revenues have been formed, which amount for the same period to just under BGN 28.2 million, and which deficit is explained by the participation in grant schemes, incl. under Operational Programs, where co-financing is required, as the grant covered 70% of the necessary financial resources for the implementation of the activities specified in the respective project. To these amounts we must add the revenues and expenditures of these organizations from economic activity, which are BGN 6.1 million and BGN 4.7 million, respectively.

That is, the positive balance of economic activity almost covers the negative - from non-economic activity. Non-profit organizations of the Bulgarian Orthodox Church operating as religious organizations have significant material assets, incl. lands, buildings and facilities, amounting to about BGN 96.8 million, as 4/5 of the tangible assets are formed by the building and land fund of these organizations.

Third, from the point of view of the assets owned by the BOC divisions, according to the balance by type of ownership (BC

and way of permanent use (UTP), the land assets are worth about BGN 81 million. The conclusion is that they are not make full use of the BOC divisions, as only 15 (for the whole country) are the registered BOC divisions as farmers. Almost 100% of the land assets are leased or leased, which would bring maximum revenues from the leased church land to the BOC of nearly BGN 4 million if it was leased at market prices and the entire land ownership. At the same time, the alternative loss from unrealized revenues only from direct subsidies is nearly BGN 2.5 million. from the State Fund "Agriculture" the total subsidy (for area and type of crop, number and type of animals) for the period 2008-2015 amounts to BGN 54,281.83, which is relatively close to zero compared to the potential BGN 2.5 million per year only from direct subsidies.

Fourth, According to the Bulgarian Food Safety Agency (BFSA), the thesis is also confirmed that the Church has significant potential for economic development, as assets, but it has not yet been realized. Only two of the registered trade and catering establishments are owned by the Church, as their operation is related to the social / charitable activity of the BOC, and the other sites located on the territory of monasteries and churches - 13, are managed by companies (legal persons and sole traders / sole proprietors) who are not owned by the BOC and are tenants of the sites. There are only three registered food production sites, which are owned by BOC units.

Fifth, In general, the income of the BOC from religious activities, incl. sale of candles, icons, books, etc. religious symbols amount annually to about BGN 38-39 million for the period from 2009 to before the increase in candle prices at the end of 2015. Given that revenues from the sale of candles form over 1/3 of the total budget of the Church, then after doubling their prices, the revenues from the sale of candles increase by about BGN 10 million over the previous ones, which leads to an increase in the total revenues from religious activity to 48-49 ml. BGN

Sixth, In Bulgaria, the subsidization of religions does not follow the theoretical model of subsidies, which is aimed at strengthening the secondary effect in the social sector. It is exclusively related to the investment aspect of state aid. Such a subsidy model was chosen on the one hand due to the poor condition of the real estate of the denominations and their need for repair and reconstruction, and on the other - due to the constitutional provision of separation of the Church from the state. The church, as a direct and indirect user of budget funds, received a total subsidy of over BGN 4.4 million, before the changes in the Law on Religions and the increased subsidy for all denominations. After the entry into force of these changes, the allocation of money for the salaries of the priests of the Bulgarian Orthodox Church and the employees of the Muslim religion began. For the first year there were about 21 million for salaries, and last year - about 26 million.

Seventh, the SFA data show that for the previous programming period 2007-2013 under the RDP 2007-2013 the subsidy paid on approved project applications of churches and their divisions under measure 322 amounts to BGN 60,008,396.56 for repairs. of 178 temples and monasteries. This means that if we subtract

the indirect costs from the entire subsidy, we can say that the 178 projects under measure 322 have increased the value of the Church's assets by nearly BGN 57 million, and only these 178 renovated churches.

In the eighth place, the main directions in the social activity of the church organizations (churches, monasteries, metropolitans, Holy Synod) were established. The lack of a register of social canteens, shelters, spiritual centers, etc. of social institutions at the BOC and the measurement of the value of social activities was compensated by the survey, as an approximate number of social institutions of the BOC, their activity / s and capacity. The real value of the service (activity "Social dining rooms", including those with indirect support) is about BGN 1.1 million per year.

To it we must add the other social activities and institutions supported by the BOC, such as shelters, spiritual centers, support for drug addicts, etc., indicated by the respondents, whose total support / costs for the 5 structures (including the farms built to them, without to take into account the gratuitous voluntary work) amounts to about BGN 1.5 million. These BGN 2.6 million per year, which the Church spends on social activities are significantly less than actually implemented, as many activities related to social service are individual reflex of the priest in his parish and do not find public measurability.

### Conclusion

The indicators used to assess the role and place of religious organizations in the modern socio-economic structure of Bulgaria show that the potential of the BOC's assets is not used and realized. The contribution of the branches of the Bulgarian Orthodox Church in the GDP of the country for the period 2010-2018 fluctuates annually on average about 0.1% or in monetary terms - between BGN 110 and 120 million of value added. The recommendation to the public institutions is to create a common methodology for collecting data on the social, religious and economic activities of the Church and resp. "Opening" of the institution for information provision of these assessments [1-6].

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