



Club Goods and Group Identity: Evidence from Islamic Resurgence during the Indonesian Financial Crisis

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Abstract

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Abstract

This paper tests a model in which group identity in the form of religious intensity functions as ex post insurance. I exploit relative price shocks induced by the Indonesian financial crisis to demonstrate a causal relationship between economic distress and religious intensity (Koran study and Islamic school attendance) that is weaker for other forms of group identity. Consistent with ex post insurance, credit availability reduces the effect of economic distress on religious intensity, religious intensity alleviates credit constraints, and religious institutions smooth consumption shocks across households and within households, particularly for those who were less religious before the crisis.



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