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A Comparative Analysis

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Mapping Church Economy in the Nordic Countries, England and Scotland

– A Comparative Analysis

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Abstract

In most countries, the established churches constitute an important component of heritage and culture, both material and immaterial. While the financing of arts and culture in general is heavily researched, the literature on church economy and the financing of established (national) churches is limited. How wealthy are the churches today? How much do they receive in income per annum? How are they financed? How does public expenditure on churches compare with public expenditure on the cultural sector in general? The purpose of this study is to investigate and compare the economy of the established churches in the Nordic countries: Denmark, Sweden, Norway, Finland and Iceland. Furthermore, these Nordic church economies will be compared with the established churches in Scotland and England, which operate with a different model of financing (based on private donations). The study is based on an extensive empirical work and a comprehensive data collection drawing on a variety of available sources. This is a truly novel contribution, being the first study of its kind. The results of our study show significant differences in the level of income in the seven national churches. This is interesting, as levels of religiosity do not differ greatly between the seven countries, and any differences are not correlated with the level of income. It is beyond the scope of this article to explain the difference we have found in the level of income of the established churches. However, the results show that level of income of the churches in the Nordic countries is quite high – also compared with the total public expenditure on arts and culture in general.

Keywords

church economy, financing, established churches, cultural heritage

1. Introduction

In most countries, the established churches constitute an important component of the country's heritage, both material and immaterial (Hjorth-Andersen, 2013). Financing of

the established churches represents a large proportion of the total spending on cultural heritage maintenance, and in many countries the church falls under the remit of the Ministry of Culture. Furthermore, there is an intertwinement between the state and the church, mainly based on a historical path dependency, rather than a rational consideration of the public role in relation to the established churches (Minkenberg, 2012).

The literature on financing of established (national) churches is limited. This might come as a surprise, given that the churches historically have been extraordinarily wealthy, as is still the case in some countries. But how wealthy are the churches today? How much do they receive annually in income? How are they financed?

The purpose of this study is to examine and compare the economy of the established¹ churches in the Nordic countries: Denmark, Sweden, Norway, Finland² and Iceland. This is a truly novel contribution, having never been done before. Furthermore, the economy of the established churches will be compared with those in Scotland and England, as these churches have a different model of financing (based on private donations). Apart from that, seen from a historical point of view, the Nordic countries, Scotland and England have a lot in common. The established churches in these seven countries have many similarities in terms of history, intertwinement with the state (Minkenberg, 2012), type and level of religiosity of the population, public role and public responsibilities of the churches (Kjems, 2018). The established churches in these seven countries therefore constitute a good case for studying and comparing the economy of the churches.

The results of our study show significant differences in the levels of income for the seven churches. This is interesting, as the levels of religiosity do not differ much between the seven countries, and any differences are not correlated with the levels of income. In other words: amongst these seven countries, the churches with the highest level of income are not in the countries with the highest level of religiosity (Directorate-General for Communication, n.d.; McCleary and Barro, 2006; Kjems, 2018). Only one factor turned out to be substantially different across the seven countries: the models of finance (Kjems and Bille, 2017). Church tax³ is the main source of income for the established churches in Denmark, Sweden and Finland. The established churches in Norway and Iceland are financed by general tax from the state and/or municipal budgets, and in England and Scotland the established churches are mainly financed by tax-deductible private donations and fundraising (Kjems and Bille, 2017).

The roles of the churches as cultural actor are many. The old church buildings represent an important part of the material cultural heritage, and the task of maintaining the church buildings, as well as the cost of this task, is the responsibility of the churches. Furthermore, the churches protect and maintain – and in some cases develop – an important immaterial heritage represented by all the religious and cultural activities of the churches, as well as the hymns. In the article, we will differentiate between the various tasks of the churches, especially core church activities and public service responsibilities. The public service responsibilities can be undertaken by other public bodies; the same is not true for the core church

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1. We have chosen to use the term “established church” as this can comprise both the fully established state churches in the Nordic countries and the partially established churches in Scotland and England (Minkenberg 2012, pp. 81–87). Each of the seven churches is regulated by legislation specific to that organisation. Other religious organisations are covered by the general legislation of the country.
 2. There are two established churches in Finland: the Lutheran majority church and the much smaller Orthodox Church. For pragmatic reasons, we have only included the Lutheran majority church in this study.
 3. A right to levy a tax delegated to an organisation (a state church, a municipality, a state institution) by the parliament. In Denmark, Finland and Sweden the state churches have a delegated right to levy tax from their members, in this article referred to as “church tax” even though the name of the church tax in Sweden was changed to “church fee” in 2000.

activities. We will put particular focus on activities with a special role in maintaining cultural heritage, namely the maintenance of the church buildings, as well as the core church activities. We will exclude the public service tasks from the analysis. For the seven countries, we will compare the tax-paid costs of the churches relating to cultural heritage maintenance in a broad sense (including the religious activities). As regards the five Nordic countries, we will furthermore compare these costs with the level of public expenditure on culture, as this will provide a comparative perspective on the size of the church economy in these countries.

The second section presents a review of the literature, and section 3 provides a brief overview of the history of the seven established churches. In section 4, the method and the data collection will be explained. Section 5 presents the results and compares the level of income of the established churches in the seven countries. In section 6, the limitations of the study are discussed. Section 7 provides a further perspective by comparing the church economies in the Nordic countries with the public expenditures on culture. Section 8 concludes the article.

2. Literature review

Existing research on churches and religion is dominated by the historical, philosophical and sociological aspects. Many studies have dealt with the relationship between church and state; in most cases, church-state relations are understood in the context of a religious-secular divide, and the relations are therefore to be understood from the level and nature of secularity in state and society, and views on the role and position of religion in society (Rutjes, 2016).

The literature on the economics of religion most often focuses on measures of output of churches or the benefits of religion. This literature often seeks to apply economic theory and models such as supply and demand from a rational choice perspective (McCleary, 2011, Iannaccone et al., 1997).

There is a limited scholarly literature on church economy and the financing of established churches. Lyytikäinen and Santavirta (2013) have carried out an econometric study of whether the level of church tax has an impact on membership. In other words, are people less likely to remain members in districts with a high level of church tax?⁴ They conclude that the actual level of church tax has little effect on membership.

Stolz and Chaves (2017) have undertaken a survey of protestant churches in the cantons of Switzerland. The churches have various degrees of “establishment” in the cantons, also with regard to economy; some levy a church tax (21 cantons), some receive public funding (three cantons) and yet others (two cantons) depend primarily on private funding. The study investigates whether established churches are less vital and do less to maintain and increase membership than disestablished churches, concluding: “The only clear effect of disestablishment is a dramatic decrease of income for established congregations.” (Stolz and Chaves, 2017)

3. The seven established churches

This section gives a brief presentation of the status and history of the seven established churches, providing background and context for the churches.

4. The rate of church tax in Finland is decided locally by the parishes, varying between approximately 1–2% of net incomes.

Folkekirken: The Evangelical Lutheran Church in Denmark. The established church in Denmark was born out of the 1849 Constitution. For more than 300 years, since the Reformation in 1536, state and church had been inseparable, with the monarch being the formal ruler of the church. With the Constitution came freedom of religion and an established Danish church described as Evangelical Lutheran. As the majority of the population belonged within this faith, it was determined that the state should support the church.⁵ Today, the church comes under the jurisdiction of the Minister for Ecclesiastical Affairs, and Denmark is divided into ten dioceses, each led by a bishop.⁶

Den Norske Kirke: The Church of Norway. The Reformation came to Norway primarily as a result of the conversion of King Christian III of Denmark and Norway; in 1537 he established the Evangelical-Lutheran faith as the official religion in the dual kingdom. Following the introduction of absolute monarchy in 1660, the Church of Norway officially became the established church.⁷ Following independence from Denmark in 1814, the new Norwegian Constitution retained the monarch as formal head of the church, defined the church as Evangelical Lutheran, but did not include freedom of religion. In fact, the 1814 Constitution discriminated against certain religions.⁸ The process to allow freedom of religion and the official separation of church and state concluded with a constitutional amendment in 2012.⁹

Svenska Kyrkan: The Church of Sweden. Before the 16th century, the church in Sweden was Roman Catholic. In 1527, the Reformation swept through Sweden and King Gustav Vasa nationalised the church, liberating it from the authority of the Pope of Rome. This paved the way for an independent Evangelical Lutheran national Church of Sweden, as part of the state; secession from the church was prohibited. In 1951 full religious freedom was guaranteed by law. State and church were officially separated in 2000, and no ecclesiastical bodies now function as state or municipal authorities.¹⁰

Thjodkirkjan: The Evangelical Lutheran Church of Iceland. Iceland has been a predominantly Christian country for most of its recorded history. As with the other Nordic countries, Catholicism was dominant until the Lutheran Reformation, which was enforced by the Danish crown in 1540. The Danish monarch was the formal head of the church until 1874 when Iceland was granted legislative power in domestic matters, including the church. In the same year, Iceland adopted its first Constitution wherein the Evangelic-Lutheran church maintained its privileged position as a national church supported by the state, but the Constitution also introduced freedom of religion. In 1918 Iceland became an independent state under the Danish king, and in 1944 the Republic of Iceland was founded. The historic relationship of the state and the Evangelical Lutheran Church was maintained, although freedom of religion exists for all other congregations. Since 1944, the Church of

5. Faktalink. n.d. Folkekirken Historiske Baggrund Og Grundlæggelse. [online] Available at: <https://faktalink.dk/titelliste/foki/fokihist> [Accessed 21 August 2020], and <https://www.lutheranchurch.dk/>.

6. Kristendom.dk. n.d. Folkekirken. [online] Available at: <https://www.kristendom.dk/folkekirken> [Accessed 21 August 2020].

7. Den norske kirke. n.d. Vår Historie. [online] Available at: <https://kirken.no/nb-NO/om-kirken/bakgrunn/var-historie/> [Accessed 21 August 2020].

8. See §2 in the 1814 Constitution. (<https://lovdata.no/dokument/HIST/lov/1814-05-17-18140517>)

9. Church of Norway. n.d. Church of Norway – A Brief History. [online] Available at: <https://kirken.no/nb-NO/church-of-norway/about/brief-history/> [Accessed 21 August 2020].

10. Riksdagen.se. 1998. Lag (1998:1591) Om Svenska Kyrkan Svensk Författningssamling 1998:1998:1591 T.O.M. SFS 2009:1234 – Riksdagen. [online] Available at: https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-19981591-om-svenska-kyrkan_sfs-1998-1591.

Iceland has been organised as one diocese comprising 266 congregations, serving under one bishop (Petursson, 2011).

Suomen evankelis-luterilainen kirkko: The Evangelical Lutheran Church of Finland.

During the 11th century, Christianity began to spread through Finland as the Kingdom of Sweden's influence on the country increased. The Reformation that King Gustav Vasa enforced in Sweden in 1527 was simultaneously introduced in Finland. From 1686 to 1870, the state church of Finland was regulated by church law, granting the king supreme power over the church. In 1870 a new church law was adopted with the purpose of ensuring the church's independence from the state. Today the church is organised in nine dioceses, each headed by a bishop. The church is led by the Archbishop of Turku and Finland (Seppo, 1998).

Church of England. Christianity arrived in the British Isles in the 1st or 2nd century when southern Britain became part of the Roman Empire. The church was Catholic until King Henry VIII renounced papal authority in 1534. With the Act of Supremacy from 1559, the church was defined by features of Protestantism and Catholicism, a form that came to be known as Anglicanism. The church is organised in 42 dioceses, each with a lead bishop, and two archdioceses, each overseen by an archbishop. The monarch is the Supreme Governor of the Church of England (Moorman, 1980).

Church of Scotland. The Church of Scotland was largely defined by the Scottish Reformation of 1560, rejecting the authority of the Pope of Rome. The church was gradually influenced by Presbyterian theology, the roots of which can be traced back to the 6th century in Scotland. However, the Presbyterian tradition was deemed unfit by the British monarchs, as it did not allow them to choose bishops and implement the episcopal system known from the Church of England. The dispute between British monarchs and Scottish parliament was settled by the 1921 Articles Declaratory, in which the Church of Scotland was in effect recognised as fully independent.¹¹

4. Method

Since the churches and the countries in the study are not exactly identical, any comparisons involve methodological challenges. None of the seven established churches has one overall financial record. We have therefore pieced together information from different sources to create comparable figures¹².

The data collection started in 2015, and at that time the most recent fiscal reports etc. concerned 2013. Therefore, the fiscal year of 2013 has been chosen for the comparison; unless otherwise stated, all figures relate to 2013. In order to compare the financial situation of the seven established churches, a vast amount of data has been collected and analysed. Data for each established church and country are found in financial statements, national budgets and accounts, municipal budgets and accounts, governmental statements and reports, the national statistic bureaus in the seven countries, Eurostat (GDP), information from the seven churches (homepages, statistics, annual statements, financial statements), government reports, and interview and email correspondence with key persons in the seven churches and also, in the Nordic countries, with government officials.

11. The Church of Scotland. n.d. History. [online] Available at: <<https://www.churchofscotland.org.uk/about-us/our-structure/history>>.

12. For details regarding the sources of financing of each national church, see Kjems (2018).

As far as possible, we have relied on available official statistics. The problem is that none of the available data and statistics give the full picture of the income of churches, and none of the sources enable comparison between the churches, as the data vary greatly from country to country. Nor are costs for different tasks available, and the tasks undertaken by the churches in the seven countries vary. Therefore, in order to make viable comparisons between the countries, we have broken down the costs of various areas of church responsibility.

Each church is unique, and regulations pertinent to financing are specific to each country. The first step in a comparison between the seven churches was to decide what should be included as income. This involved identifying the units of which the established churches are comprised, which is not self-evident. In choosing which responsibilities to include for each country/established church, we have taken into consideration units as classified by each established church and its respective state and thus included in official figures and accounts.¹³ In addition, we include units that enhance the comparability. In Norway and Scotland, for example, the income of the local parishes is not included in any financial data aggregations, hence we have included an estimate. The second step was to understand the types of income, direct and indirect, by which each church is financed, and the composition of the revenue of the established churches. Furthermore, public service tasks and legislation governing their funding differ from country to country. It is necessary to understand these differences, and possibly adjust for the differences, before comparing the levels of income.

5. Level of income

Table 1 shows the total revenue in Euros of each established church. We have related the financing of the established church to a measure of “size”, as the sizes of the seven churches and countries differ in many respects. It could be relevant to use the number of church members as a yardstick, as the core church activities might vary according to the number of members, the number of church services and of ceremonies. The concepts of membership of the established churches in the Nordic countries are comparable, even though the criteria for membership are slightly different. However, the Church of England and the Church of Scotland operate with a very different concept of membership¹⁴, which means that their membership numbers are not comparable with those of the established churches in the Nordic countries. Therefore, we will only use membership numbers to compare between the established churches in the Nordic countries.

We can also use the size of the countries as a yardstick: all the established churches are nationwide organisations, performing church services, ceremonies and other activities for the benefit of the population in general, not exclusively for their members. The established churches also play an official role in connection with the state, parliament and head of state (particularly a royal family). Population is one measurement of the size of the country and it is a factor of comparison. Economic size (GDP) is also a factor of comparison. For countries with a similar economic structure, such as the Nordic Countries, Scotland and

13. Therefore, local, regional and national levels have been included in the study of each church, while the economies of the other organisations connected to these churches have not been included. See further elaboration on the delimitations in section 6.

14. Membership is associated with being “on the roll”, which requires that a person over 16 years of age signs up to be on the electoral roll of the church. In England, 2% are signed up to be on the rolls, in Scotland around 8%. In the Nordic established churches, membership is associated with baptism or the membership of the parents. Infant baptism in the national church is part of the mainstream culture; thus, in 2013, between 67–79% of the population in the Nordic countries were members of the established churches (Kjems, 2018).

England, it is reasonable to use GDP as a common yardstick. The higher the GDP, the more money can be allocated to the established church. *Ceteris paribus*, we would expect the established churches to constitute equivalent proportions of their national GDPs.

The second and third row in Table 1 show the total revenue of each established church as a percentage of the national GDP and compared by indexation. In the last four rows, the total revenue is compared by setting it in relation to the size of the population, and for the Nordic established churches also in relation to the number of members.

Table 1. The total revenue of the established churches (core church activities and public service costs included), 2013

	Denmark	Norway	Sweden	Iceland	Finland	England	Scotland
The name of the national church and abbreviation	Folkekirken	Den norske kirke	Svenska Kyrkan	Thjodkirkjan	Suomen Ev. Lut. Kirkko	Church of England	Church of Scotland
Total revenue (in EUR, millions)	1,095	887	2,311	31	1,237	1,801	197
Total revenue, % of GDP	0.43	0.23	0.53	0.27	0.61	0.10	0.13
Index (Denmark = 100)	100	53	124	62	142	24	29
Total revenue per capita (EUR)	195	176	242	96	227	34	37
Index (Denmark = 100)	100	90	124	49	116	17	19
Total revenue per member (EUR)	247	231	364	126	301		
Index (Denmark = 100)	100	93	147	51	122		

5.1 Tasks undertaken by the churches

If the established churches undertook the same type of tasks, in the same proportional share, it would be more straightforward to compare the level of income of the churches. The established churches do in fact undertake many of the same types of tasks, but there are also variations. One way to analyse the responsibilities of the churches is to divide them into two categories: public service tasks and church activities.¹⁵

We will define public service tasks as: tasks for which the national churches are responsible and which the government or local authorities will ensure are undertaken if an established church ceases to do so. Examples include: civil registration, management of cemeteries and crematoria, maintenance of cultural heritage, and the running costs of welfare institutions such as kindergartens and homes for elderly people.

Church activities can be defined as: any activity other than “public service tasks” as defined above. Church activities are for example: regular church services, rites de passage, missionary work such as activities for children, families, schools and elderly persons, charity work.

15. It is not possible to apply the law as a means by which to distinguish between welfare functions (public service tasks) and religious church activities. For example, legislation states that that Folkekirken (the established church in Denmark) handles certain official aspects of civil registration in Denmark (a public service task), and the church is also required by law to carry out a programme of Confirmation preparation and has to offer mini-Confirmation (a church activity).

By deducting all costs relating to public service tasks, the comparison will focus on the economic leeway for church activities. Within the economic leeway for church activities, the established churches typically have a large degree of freedom to choose which activities the church will offer. Some established churches give priority to religious training of children and young people; some prioritise Sunday services in every church, while other established churches prioritise social or charitable projects such as supporting Christians in other countries. Regardless of the types and scope of church activities, the total funding for church activities is the subject of comparison in this article.

The public service activities are divided into: churchyard operations, maintenance of cultural heritage and other public tasks. The costs of churchyard operations and others public service tasks (kindergartens etc.) are found, if applicable, in the financial statements of the churches.

In Table 2, the costs of the public service tasks are deducted from the total revenue. The top row shows the total revenue of the churches in Euros. In the next four rows, expenditure on public service tasks is deducted.

Table 2. Financing of core church activities (public service costs deducted), 2013

EUR, millions.	Denmark	Norway	Sweden	Iceland	Finland	England	Scotland
Total revenue	1,095	887	2,311	31	1,237	1,801	197
Cost of public service tasks:							
• Maintenance of cultural heritage	36	25 ¹	48 ²	4	19	241	16
• Churchyard operation	219	146	421 ³	6		0	0
• Other public tasks (civil registration, kindergartens etc.)	13	0	93	0	104*	0	55
Cost of public service tasks	268	170	566	10	123	241	70
Financing of core church activities	827	717	1,745	21	1,114	1,560	127
Financing of core church activities (% of total revenue)	76%	80%	76%	68%	90%	87%	64%

1. 1,620 church buildings.

2. The state grant awarded to Svenska Kyrkan is a political ruling, aiming to maintain “our common cultural heritage”, as stated in the motivation for the grant.

3. Funeral fee.

* We have not been able to differentiate between the costs of other public service tasks for Finland.

With regard to the *costs of cultural heritage*, the Finnish church makes accounting entries according to whether the costs relate to cultural preservation or not. None of the other established churches make specified registration of cultural heritage costs. Nor are records kept of the costs of cultural heritage conservation for church buildings. Entries are typically made in categories such as electricity and heating, maintenance and construction, but it is difficult to determine what proportion of these costs pertain to cultural heritage, because the costs relate both to old and new, listed and non-listed buildings. Even if we could determine which costs are related to the maintenance of the listed buildings, they might not all be considered costs relating solely to public service, as the established church also benefits from using the buildings – often in the form of an exclusive right to use the church buildings.

One method could be to estimate what percentage of the total costs of items such as electricity and heating, maintenance and construction, should be regarded as cultural heritage.

The problem is, firstly, specification of the percentage, and secondly that the national churches might have dissimilar ways of bookkeeping. We will therefore take another approach. In 2013, the Swedish government granted the church in Sweden 460m Swedish krona¹⁶ (EUR 48m) for cultural heritage maintenance. The Swedish established church's total cost of operation and maintenance of buildings is around three times the state grant. The Swedish church is responsible for 3,377¹⁷ church buildings, which means an average state grant is approximately EUR 14,300 per church building. The grant expresses the extent to which politicians consider cultural heritage maintenance in relation to church buildings to be a public good, and therefore a task for which all taxpayers must pay. Therefore, we will choose this as the indication of the level of cultural heritage maintenance costs that can be considered a public task. Thus, in 2013 the Swedish church received a public grant of SEK 460m for the task of maintaining approximately 3,400 church buildings, equivalent to DKK 113,647 (EUR 15,235) per church building. The Danish church maintains approximately 2,345 churches buildings. Using the size of the Swedish state grant as an approximation of the politically identified public task of maintaining church buildings, the cultural heritage value attributed by the Danish state to the maintenance of church buildings is EUR 36m.

The national church in Finland makes specific accounting entries regarding cultural heritage; these figures are used for Finland.¹⁸

Table 3 compares financing of core church activities. A comparison between Table 1 and Table 3 shows that, even when the costs of public service tasks are deducted, substantial differences remain in the levels of financing.

Table 3. Financing of core church activities in relation to population and membership, 2013

	Denmark	Norway	Sweden	Iceland	Finland	England	Scotland
Financing of core church activities (in EUR, millions)	827	717	1,745	21	1,114	1,560	127
Population (as of January 1 2013, in millions)	5.6	5.0	9.6	0.3	5.5	53.2	5.3
Financing of core church activities per capita (EUR)	148	142	183	64	204	29	24
Index (Denmark = 100)	100	96	124	43	138	20	16
Members (in millions)	4.4	3.8	6.4	0.2	4.1		
Financing of core church activities per member (EUR)	187	186	275	84	271		
Index (Denmark = 100)	100	100	147	45	145		
GDP (EUR, in millions) 2013	255,235	393,397	435,752	11,570	202,743	1,772,313	156,857
GDP 2013 per capita, EUR	45,556	77,881	45,600	35,947	37,192	33,317	29,442
Index (Denmark = 100)	100	171	100	79	82	73	65
Financing of core church activities % of GDP	0.32	0.18	0.40	0.18	0.55	0.09	0.08
Index (Denmark = 100)	100	56	124	55	170	27	25

16. Svenska kyrkans redovisning för år 2014 angående de kyrkliga kulturvärdena och användningen av den kyrkoantikvariska ersättningen, Svenska Kyrkans rapport till kulturdepartementet, 2015. (appendix 2, page 41, table 2:2).

17. Ibid. (appendix 1, page 35, table 1:1).

18. If the same method had been used for Finland, the result would be EUR 12.4m instead of EUR 19m.

Comparing the seven churches based on financing per capita, per member or in percentage of GDP, the Church of Scotland and the Church of England are shown to receive approximately one fourth to one sixth of the financing received by the Danish church. In Iceland, the church is in receipt of approximately half the financing of the Danish church, but the churches in Sweden and especially Finland are wealthier. As can also be seen in Table 3, financing of core church activities per capita in Denmark and Norway is almost the same, but, seen in the perspective of GDP, financing of the Norwegian church is only 56% of the Danish church. This difference reflects the relatively higher Norwegian GDP. The substantial difference in the financing per capita vis-à-vis per member in Sweden reflects the sharp decline in membership of the Swedish church over the last decade (Kjems, 2018).

5.2 Sources of financing

The level of financing of core church activities as a share of GDP varies from 0.55% in Finland to 0.08% in Scotland. Table 4 ranks the national churches on the basis of share of GDP and financing per capita, and this is juxtaposed with the main source of financing for each church. The main sources of financing for the established churches are either taxation rights, general tax or donations (tax exempt).

Table 4. Financing (only core church activities) as % of GDP and related to main sources of financing, 2013

	Financing per capita		Financing in % of GDP		The main sources of financing					
					Taxation right	General tax	Donation and fund-raising	Income from capital	Sales and fees ¹	Others
	EUR	Index	%	Index	(%)	(%)	(%)	(%)		
Finland	204	138	0.55	170	80%		*	*	*	20%
Sweden	183	124	0.40	124	80%	2%	2%	5%	*	11%
Denmark	148	100	0.32	100	78%	9%	*	1%	8%	4%
Norway	142	96	0.18	56		85%	7% ²	2% ³	5%	*
Iceland	64	43	0.18	55		78%	*	2%	19%	1%
England	29	20	0.09	27		5% ⁴	48%	27%	16%	4%
Scotland	24	16	0.08	25			84%	16%	*	0-1%

1. Fees related to cemetery, ceremony, or entry.

2. Estimated income at parish level.

3. Oplysningsvesenets fond.

4. Tax recovered.

* The number is not necessarily zero, but we have been unable to construct the figure on the basis of the available data.

Comparing the sources and levels of financing of the seven churches in the Nordic countries, England and Scotland, shows that financing by a taxation right correlates with larger revenue for an established church than financing by general tax from the state or municipal budgets. Tax-deductible private donations correlate with the lowest revenue of the three financing models. The differences in public service tasks undertaken by the national churches does not explain the different levels of total financing. Some of the churches have several times more money to spend on church activities than other established churches.

In Finland, Sweden and Denmark, the established churches have the financial means to offer a range of services, often free of charge, to their members, but also to the broader

public. These churches do not have to earn revenue for activities or take entrance fees to church buildings.¹⁹ This stands in sharp contrast to the churches in Scotland and England, where donations and fundraising are the foundation that secures the existence of the two established churches. The established churches in Iceland and Norway are in between; they have stable and secure public financing, but a far lower level of total finance than the established churches in Denmark, Sweden and Finland.

6. Limitations of the comparison

There are several limitations to the above comparison, which it is important to mention.

Funds outside the accounts of the national churches. It is not uncommon that the churches have access to funds outside their own accounts. For legal reasons, a large fortune bequeathed to a church might be kept separately, in a fund with a more or less specific purpose. The fund is then administrated by a parish or a more central church body. Should distributions from these funds be registered as income by the church, that income is included in this study. In cases where the activities are only registered in the accounts of the specific fund, there will be no trace of the money in the church's accounts and it has therefore not been possible to include this source of funding in this comparative study. There is no survey of such funds linked to the established churches. As an example, Lund Cathedral (Sweden) has a substantial amount of capital in an independent fund. Our figures for Sweden do not, however, include the Lund Cathedral fund or several other similar funds. In reality, therefore, the Swedish church is even wealthier than shown by our figures.

Collecting costs. The Church of England and the Church of Scotland collect their main income from members and other sources via donations and fundraising. This task is probably very resource demanding.

In the five Nordic countries, the state secures the main source of income for the established church through the general tax collection of the country.²⁰ This has many advantages for the churches, among others it means that the Nordic churches have low costs of collecting membership fees and donations, and significantly lower costs for member retention.

Tax deductions and tax exemptions. All seven countries have tax exemptions for the national churches, but the tax regulation varies from country to country. The churches are often exempted from property taxes on some types of buildings, if not all buildings and land. The churches are also often exempted from income tax. Donations to the established church are tax deductible.

If the purpose is to estimate the economic leeway of the church core activities, then the value of tax exemptions and deductions has to be included. We have not tried to estimate the value of these models of indirect tax financing via tax exemptions, and therefore the analysis will not take these values into account. We would not expect the values to have too great an impact on the comparison, as regulations for tax exemptions and deductions are similar across the seven countries, although these regulations are of greater relative importance for the Church of England and the Church of Scotland, and therefore the amounts forgone in taxes will be higher.

Barter economics. The share of a non-registered barter economy is not the same for all seven churches. In the Church of England and the Church of Scotland, voluntary work and non-monetary gifts make a substantial contribution to running the churches, whereas this

19. Donations collected at the churches might be of a higher symbolic than financial value.

20. In Finland, the church pays a fee to the state for this service.

is most likely a minor factor for other established churches, particularly the ones in Denmark, Sweden and Finland.²¹

In England, it is common for volunteers to undertake a number of tasks in the parish, from fundraising, being responsible for member activities, community and social work, as well as simple maintenance of the buildings and the churchyard. In Denmark, these tasks will mainly, if not always, be the responsibility of church employees. The Church of England has approximately 7,000 paid clergy and 28,000 ordained clergy. In England, it is common practice for retired clergy to work for the church as ordained priests on a voluntary basis and without payment. This phenomenon is almost unknown in the Nordic countries.

Rectories and vicarages. Clergy are often offered or required to live in rectories and vicarages. Any rent paid is usually below market value. The Norwegian accounting model estimates this “subsidising effect”, and we are therefore able to include it in the total income for the established church in Norway.

Clergy in the Church of England and the Church of Scotland are provided with free accommodation as part of their employment contract, and therefore the non-registered part is not only a “subsidising effect”, but the total house rent. An estimation of the value of the housing is included in the study.²² In Denmark, the house rent for clergy is below market rental value, and a rough estimation for this value is also included in the study²³. For the other countries – Sweden, Finland and Iceland – there is no estimation of a potential “subsidising effect”, and we have not attempted to make an estimation.

Church activities not included. A range of core church activities are carried out beyond the organisational boundaries of the established churches. These activities include: clergy financed by other public institutions (hospitals, military and prisons); education and training of priests at universities; religious schools; public support for organisations at the periphery of the national church.

These areas only constitute a small proportion of the total expenditure of the national churches, which justifies a pragmatic approach. England is somewhat special in this regard, as the Church of England runs approximately 5,600 schools. The schools are independent legal and economic entities; some of the schools are in faith matters like a non-religious school, whereas some of the schools have a distinct Christian focus. That the church is affiliated with 5,600 schools means that the presence of Church of England in society is larger than the figures in this article displays.

In order to draw a complete picture of the financing of core activities in the seven established churches, these areas would have to be included. Due to the lack of data, this is not possible, which limits this analysis to a comparison between the level of financing in the seven established churches and not a complete measure of financing for core church activities of the established church in each country.

We have summarised the distorting elements of the comparison in Table 5 and shown the direction of the bias for each element.

21. The established churches in Denmark, Finland and Sweden do not highlight a need for volunteers or non-monetary gifts. In Norway, the number of volunteers is carefully counted for each parish and for the activity conducted. In Iceland (and on the Faroe Islands), volunteer lay-clergy conduct sermons, as the church cannot afford to employ clergy to preside over services in every village each Sunday.

22. The Church of England owns approximately 10,000 rectories and vicarages. With a rough estimate of the average marked rent at GBP 10,000 per annum, the value of free housing for clergy in England is approximately GBP 100m. The Church of Scotland owns approximately 1,000 manse, which will be equal to an annual rent of GBP 10m.

23. Approximately 2,000 clergy houses. An average of DKK 50,000 below market value, the equivalent of DKK 100m per annum. This also includes a low rate for utilities (water and heat).

Table 5. Distorting elements and the direction of biases

Distortion elements Element that is distorting the comparison	Direction of bias/distortion Is the real economic leeway higher or lower than shown in Tables 1–4, due to the distorting elements?
<i>Funds outside the accounts of the established churches</i>	Higher for all seven churches, especially Sweden
<i>Collecting costs</i>	Lower for Scotland and England
<i>Tax deductions and tax exemptions</i>	Higher for all seven churches, but relatively more so for the Church of England and the Church of Scotland.
<i>Barter economics</i>	Higher for churches in which a larger proportion of work is undertaken by volunteers: England and Scotland, and to a far lesser extent Iceland and Norway.
<i>Rectories and vicarages</i>	Higher for Sweden, Finland and Iceland.
<i>Church activities not included</i>	Higher for all seven churches

The bias of the distorting elements affects all seven churches, to a greater or lesser degree. We find no reason to think that these elements affect the relative economic leeway of the seven churches to a degree that would influence our conclusions.

7. Comparing the level of financing of churches with the public expenditure on culture, 2013

In Table 6, the level of revenue of the Nordic churches is compared with the level of public expenditures on culture in 2013. In the data for the churches, we have included maintenance of church buildings as the cost of maintaining the material cultural heritage, while the core church activities can be interpreted in a broad sense as part of the immaterial cultural heritage (Hjorth-Andersen, 2013). We only include the proportion of these costs financed through public taxation to make them comparable with the public expenditures on culture. The data for the levels of public expenditures on culture are drawn from Myn-digheten for Kulturanalys (2020; Swedish Agency for Cultural Policy Analysis), and costs of conducting the churches' activities relating to cultural heritage – material or immaterial – are not included in these figures. Even though the method of calculating the expenditures on culture are different from the method used to measure the expenditures on the church, and the comparison therefore may not be exact, it is nonetheless interesting to note that the church economy constitutes a substantial proportion of the public economy compared to the total expenditures on culture. It is not within the scope of this article to assess whether the levels of expenditure on the seven churches are the “right level” based on the preferences and the willingness to pay of the populations.

Table 6. The level of financing of churches and public expenditures on culture, 2013 (EUR)

	Denmark	Norway	Sweden	Iceland	Finland
Total church revenue (in EUR, millions)	1,095	887	2,311	31	1,237
Religious and cultural activities	836	742	1,793	25	1,133
• Core church activities (EUR, millions)	827	717	1,745	21	1,114
• Maintenance of church buildings	36	25	48	4	19
Tax-financed church activi- ties (in EUR, millions)	673 (78%)*	631 (85%)*	1,434 (80%)*	20 (78%)*	906 (80%)*
% of GDP	0.26	0.16	0.33	0.17	0.45
Public expenditures on culture** (in EUR, millions)	1,777	2,055	2,262	192	1,106
% of GDP**	0.7	0.6	0.6	1.0	0.5

* See Table 4. ** Source: Myndigheten for Kulturanalys (2020). Sports are not included.

8. Conclusion

The level of financing varies greatly among the seven established churches. Measured as a percentage of GDP, the established church in Finland has the highest level of income at 0.61% of GDP in 2013 (see Table 1), followed by the established churches in Sweden and Denmark. The established churches in Norway and Iceland receive approximately 40%, and the Church of England and the Church of Scotland approximately 20% of the income of the Finnish church, when measured as a percentage of GDP. Comparing the sources and levels of income of the seven churches shows that churches financed by a taxation right have a higher revenue than those financed by general taxation through the state or municipal budgets. Churches financed by tax-deductible private donations have the lowest revenue of the three financing models. As our study has shown, differences in the public service tasks undertaken by the national churches do not explain the different levels of total financing. It is out of the scope of this article to explain the differences we have found in the levels of financing of the established churches. However, the levels of financing of the churches in the Nordic countries are quite substantial – also compared with the total public expenditures on culture.

The old church buildings represent an important part of the material cultural heritage, and the task of maintaining the church buildings is one of the responsibilities of the churches. Furthermore, the core church activities can be interpreted as immaterial cultural heritages in a broad sense. In the article, we have differentiated between the various responsibilities of the churches, especially core church activities and public service tasks. We have placed particular focus on the activities where the churches have a special role in maintaining cultural heritage, namely the maintenance of the church buildings and the church activities, and we have excluded the public service tasks from the analysis. By focusing on the tax-paid costs of the churches relating to cultural heritage maintenance in a broad sense (including the religious activities) and comparing these with the level of public expenditure on culture in the five Nordic countries, it is evident that these costs are high in comparison with the total public expenditure on culture (excluding the cultural heritage and religious activities financed by the churches).

This article provides basic and novel insight into church economy in the Nordic countries. However, it is only a first attempt and much more research concerning church economy is needed in order to learn about the impact of the various financial models as well as preferences and willingness-to-pay in relation to public expenditure on the established churches. Furthermore, there is a need for more research into churches as cultural actor.

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