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RELIGIOUS LIBERTY & ECONOMIC DEVELOPMENT: EXPLORING THE CAUSAL CONNECTIONS

By Anthony Gill

A free exercise of Religion is so valuable a branch of true liberty, and so essential to the enriching and improving of a Trading Nation, it should ever be held sacred in His Majesty's Colonies.

—The Lords of Trade
(cited in Isaac 1973, 27)¹

Does religious liberty enhance the possibilities of economic development? Or is there no relationship or, perhaps, even a negative relationship? While a fair amount of scholarship has been produced on the relationship between economics and religion—be it belief or institutions²—dating back to Max Weber's seminal work, *The Protestant Ethic and the Spirit of Capitalism*, the connection between religious *liberty* and economic development has not been intensely explored. I propose examining this connection to see if there is a causal link that can be established, both theoretically and empirically. A casual glance at nations around the world seems to suggest a correlation between these two variables: nations that rank highly on measures of religious liberty also tend to be the most economically developed.³ Our intention here is not to imply that religious liberty is the *primary* factor promoting economic growth, but rather to explore whether there is a causal

connection at all, and if one does exist, to understand the empirical nature of that relationship. Determining if a connection does exist may also have important policy implications as it can provide yet another additional reason for policy-makers and civic organizations to take the promotion of religious liberty seriously.

This current paper serves as an *initial* theoretical guide to the main question stated above. It is not intended to be comprehensive in its theoretical or empirical reach. Instead, this is an opening statement in a dialogue involving a network of scholars and practitioners who will invariably give shape to this important project. Indeed, I hope that this project inspires a wide-ranging research agenda that captures the attention of those individuals who can make a difference in promoting religious liberty and economic development.⁴ We should also recognize that if a relationship between religious liberty and economic development cannot be empirically verified, our integrity as scholars

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requires us to say as much; it would not be academically honest to posit a relationship between religious liberty and economic growth where no such relationship may exist. Moreover, if a negative relationship between these two variables exists, it behooves us to point this out so as to allow individuals to wrestle with the trade-offs that it may be necessary to make.

This paper will proceed to outline a number of potential causal pathways between religious liberty and economic development. Simple statistical correlations between measures of religious freedom and current levels of economic development provide some indication that a real relationship exists (cf. Alon and Chase 2005; Grim 2007). However, it is unlikely that there is any *direct* relationship between these two variables,⁵ with perhaps one exception noted below that relies upon an important definitional issue about what economic development is. It is more likely the case that the relationship we seek to discover, if it exists at all, runs through a number of intervening variables and processes. The following six theoretical models outlining potential causal paths will be discussed:

1. *Religious Economy Model*: This model recognizes that religious activity *is* economic activity and that religious freedom results in more religious activity, hence more economic growth. This is perhaps the most direct causal path between our variables of interest.
2. *Religious Ideas Model*: Religious liberty allows various religious ideas to be propagated in society and to the extent that some of these ideas are “growth promoting” they will enhance economic development. It is recognized that not all religious ideas may be growth promoting, though.
3. *Civic Skills Model*: As churches and other religious groups often promote organizational and other useful human capital skills among their members, the freer that religious groups are to pursue their activities the more they will enhance the overall pool of human capital necessary for fostering economic growth.
4. *Charitable Giving Model*: Whereas markets may sometimes misallocate resources and/or promote inequities that lead to social conflict (and hence diminish the possibility for growth), private religious charities may help ameliorate these problems (and in a manner that may be more efficient than through government action). Religious charities may also serve as a more efficient, private means of dealing with other social ills that diminish the possibility of economic growth (e.g. criminal activity, drug abuse).
5. *Migratory Magnet and Merchant Model*: To the extent that individuals with productive skills are attracted to a region that promotes the ability to worship as one chooses (or to choose not to worship at all), they will bring with them the human capital that is so often important in promoting economic growth. There is a self-selection process here wherein those with the ability to move are often those who have the most entrepreneurial characteristics that are associated with using their human capital in innovative (growth-enhancing) ways.
6. *Contingent Liberty Model*: Religious liberty is not achieved in a vacuum but is dependent upon the existence of other freedoms such as securing private property rights, promoting the rule of law, and advocating for other rights such as freedom of assembly and speech. Whereas religious freedom per se may not enhance economic growth, these other freedoms may serve this purpose. Thus the struggle for religious liberty facilitates an environment of general freedom that is helpful for economic growth.

I will deal with each of these models in succession following a brief discussion that will define our terms. The paper will conclude with a justification for why exploring the link between religious liberty and economic growth is important and in doing so will lay out a plan of action for future research (if and where appropriate).

First Things: Concepts and Definitions

The term religious liberty often evokes the notion of a constitutional declaration guaranteeing individuals the ability to believe what they want and to practice those beliefs in a manner that they most see fit. In many respects, it is often seen as a dichotomous “on/off switch” wherein a country either has religious freedom or it does not. By this definition, nearly every single country in the world currently has religious freedom (Grim and Finke 2011). In reality, however, we understand that there is a great deal of variation in the ability of individuals and groups to practice and believe what they deem proper. Additionally, there are innumerable creative ways that governments can inhibit freedom of worship (Gill 2008; Fox 2008; Grim and Finke 2011).⁶ As such, religious liberty is undoubtedly a multi-faceted concept. Shah (2012, 17) notes at least four dimensions to this concept, including the freedom of intellectual and spirit inquiry, practical reason, human sociality, and political/legal expression. These dimensions are also captured by Methodist Bishop Bromley Oxnam, who in 1947 wrote:

When we speak of religious liberty, specifically, we mean freedom of worship according to conscience and to bring up children in the faith of their parents; freedom for the individual to change his religion; freedom to preach, educate, publish, and carry on missionary activities; and freedom to organize with others, and to acquire and hold property for these purposes. (Cited in Stokes 1950, 20–21)

Scholars such as Grim and Finke (2011), Fox (2008), Barrett, Kurian, and Johnson (2001), Gill (1999), and Chaves and Cann (1992) have all attempted to capture these dimensions with various indices, with Grim and Finke (2011) and Fox (2008) providing perhaps the most comprehensive measures.

For present purposes, it might be best to conceive of religious liberty in economic terms and view it as a continuum. Anything that

increases the cost to an individual or group with respect to their ability to believe, practice, and proselytize their religious faith would be considered an infringement upon religious freedom. Conversely, any reduction in such costs enhances religious freedom. This definition allows us to capture the multi-dimensional nature of religious freedom (including various regulations and activities not picked up by the scholarly measures noted above). Moreover, we may now cast religious liberty in terms of government regulatory policy and put it on par with regulations that affect other sectors of the economy such as auto manufacturing (Gill 2008, 9–21). This in turn may make it easier to see its connection to economic development and to link it to other liberties that are seen as important to fostering growth (e.g. property rights).⁷ Indeed, religious liberty should be thought of in regulatory terms just as we would consider regulation on any other economic sector, be it movies or machinery. Such a conceptualization will expand our horizons in looking for means in which governments unduly burden religious individuals and organizations.⁸ Gill (2008) also notes that this conceptualization can encompass both negative restrictions on religious freedom (e.g. prohibiting religions from owning printing facilities), as well as the less-observed consequences of positive government endorsement of a particular confession to the exclusion of others.⁹

Conceiving of religious liberty as a continuum also has the benefit of allowing us to see changes in a society over time. Religious liberty is not something that a society can achieve and then be done with. In fact, no nation can truly be said to have a regime of absolute religious freedom as this would entail allowing potentially murderous sects to have their way with the population. Instead, we need to understand that the level of religious liberty can change constantly, moving in the direction of greater freedom (lower costs) at some moments, and in the opposite directions at other times. For present purposes, this movement towards greater freedom (or not) may be what conditions economic growth rather than achieving some static

threshold of freedom.¹⁰ For activists concerned with religious freedom, this realization prompts them to be ever vigilant in their cause.

Economic growth,¹¹ our primary dependent variable in this study, is also a concept that may well give rise to some confusion. For the vast majority of empirical economic studies, economic growth as a concept is conflated with one of its most common measures—gross national product or gross domestic product (GDP). Indeed, the macroeconomic emphasis on GDP (and other aggregate measures such as unemployment rates) has created a remarkable narrowing of the field of economics that becomes increasingly dependent on the assumptions we make in our formal and empirical models. Economic growth, more broadly conceived, however, will be defined here as the more efficient use of social resources to achieve greater levels of utility (happiness, satisfaction, and social welfare) among a population.¹² This conceptualization includes a great deal of economic exchange that is not captured in our current measures of GDP, from barter in the “underground economy” to the decision of people to substitute leisure time for work in a factory making gadgets and gizmos.¹³ Unfortunately, a broader definition of what constitutes economic growth is inherently difficult to measure. For that reason, we will tend to default to the more narrowly measured conceptualization of economic growth as being an increase in the total amount of officially measured goods and services produced in an economy over time. The more narrow definition of economic growth that encapsulates easily measured goods and services also is more likely to be appealing to policy-makers who prefer “precise” benchmarks of assessment.

The Religious Economy Model

Simply put, religious activity *is* economic activity. Any effort to allow for greater amounts of religious activity via fewer regulations will therefore enhance economic growth in the immediate context of the religious activity. In the narrow sense of economic growth, religious activity can promote economic growth in a measurable way. Priests and pastors must be hired, offices must be stocked with paper for

church bulletins, toys must be purchased for the childcare services, and buildings must be built so that congregants can congregate. To the extent that government regulations allow for these transactions to occur and be measured (if not taxed), this activity will show up in the national accounts.

However, this narrow account misses the broader picture. It is not only a question of pastors being paid and buildings being built, but rather whether or not these activities go a long way towards fostering higher standards of living for a given population. If a government banned all religious activity or imposed heavy restrictions on it, individuals who would have otherwise been pastors will eventually be employed somewhere else. Likewise, the land and building materials that would have gone into church construction eventually will be allocated for some other purpose. In this alternate world where group religious activity is forbidden, a pastor might end up being a manager for the local International House of Pancakes that was built on the same space that the church would have been placed.

However, in a broader sense, an environment that allows for greater religious freedom might well allocate labor and material resources to creating a church building staffed by a pastor who preaches the Word of God every Sunday morning. There is an important exchange going on here. A preacher provides a sermon to people who willingly give up their time and other resources (in the form of money) to hear that sermon.¹⁴ People may appreciate this use of resources more than a fast food restaurant specializing in pancakes. The only way to determine whether or not this is true is to “free the religious markets” and see what happens. Empirically, we are limited to finding “natural experiments” to see how resources are allocated following changes in regulatory regimes, or simply arguing counterfactuals based upon our knowledge of basic economic and sociological principles.

Fortunately, there has been a growing body of research that has examined the impact that regulation and religious market structure has had on the overall level of religiosity in a society. Known by various names, what I will refer to here

as the “religious economy” perspective has demonstrated that when regulation on religious activity is decreased, religious pluralism and competition increases, and overall religious participation increases. This insight traces back, at least, to Adam Smith (1976 [1776]) in his often overlooked chapter on “adult education” in his famous tract, *The Wealth of Nations*, although Samuel Pufendorf (2002 [1687]) seems to have anticipated Smith’s thinking by about a century. Iannaccone’s (1991) article in *Rationality and Society* represents a more contemporary landmark study laying out the logic and providing empirical evidence to this effect. Iannaccone showed that where religious pluralism was greater, so too was religious participation.

Subsequent work has demonstrated that religious pluralism is directly related to religious freedom (Finke 1990; Stark and Iannaccone 1994; Gill 1999). While individuals such as Voas et al. (2002) have questioned the validity of some of Iannaccone’s measures (namely the Herfindahl

Index), other scholars have shown similar results to Iannaccone’s findings based on other methodological approaches. Gill (1998) used quantitative and qualitative methods to demonstrate that the introduction of Protestant competition into Latin America led the Catholic Church to undertake a “new evangelization” that increased the overall level of religious participation in that particular confession (cf. Stark and Smith 2010). Even Catholic bishops and priests admitted that the competition brought about by way of increased religious liberty in Latin America led to higher levels of church attendance and other forms of participation. Other researchers have tested this general thesis in different environments, finding that wherever religious liberty was high, pluralism resulted and religious activity increased (cf. Finke 1990; Finke and Stark 2005; Introvigne 2005; Stark 2006; Yang 2006).¹⁵

To the extent that increased religious activity is what people desire—and we would have to expect

that this is the case, else why would somebody freely choose to do something they do not want to do—*religious freedom does add directly to the overall economic well-being of a society* (defined in the broad sense of the term “economic growth”). Alas, much of the activity that occurs within a religious organization on a Saturday or Sunday¹⁶ is not easily picked up in the more narrowly measured definition of economic growth. Yes, the clergy get paid and buildings built, but there are other exchanges that go unmeasured such as children being taught lessons in Sunday School and folks volunteering to improve the landscaping of the church grounds. Some of these volunteer activities will be addressed below in the

charitable giving model (CGM). Suffice it to say that the reasoning presented above provides the most direct link between religious liberty and economic growth, but the broader definition of economic growth upon which it hangs makes it much more difficult to “sell” to policymakers looking for justifications to promote

religious freedom based on its economic consequences. To find better justifications (should they causally exist), we must turn to more indirect pathways linking religious freedom to economic development.

The Religious Ideas Model

Perhaps no other work in the social science canon better represents the link between religious ideas and economic outcomes than Max Weber’s *The Protestant Ethic and the Spirit of Capitalism* (2010 [1904]). The general thesis essentially runs thusly: a Calvinistic ethical code that downplays ostentatious consumption in favor of thrift allowed financial capital to pool in places heavily influenced by this theology, most notably northern Europe. Moreover, a variant of the Calvinistic doctrine of predestination argued that those favored by God would be favored in the present time with worldly success, thus providing an interesting incentive for those who wanted to prove they were “chosen” to work hard for success

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in the current world. For our purposes, to the extent that religious liberty allows for certain religious ideas, values, or norms that are consistent with economic growth to flourish, economic development will ensue.

The field of economics, largely since the time of Weber's *Protestant Ethic*, has long ignored the role that ideas may play in fostering economic activity. A major driver of this phenomenon was the "mathematization" of the economics profession beginning in the early part of the 20th century. Improvements within our understanding of formal mathematical models and statistical analysis, combined with the decreased costs of computing power in the second half of the 20th century, pushed economics in the direction of finding measureable causes for economic outcomes. Ideas, values, and norms often resist easy quantification given the innumerable methodological issues related to collecting such data. Ideas came to be considered relatively unimportant to economic outcomes. Such a notion was rather ironic, given the battle of academic ideas that was raging between Keynesians, monetarists, the Austrian school, and various other theoretical perspectives during the last century.

However, the role of ideas has begun to creep back into the economic literature in recent decades (cf. North 2010), championed perhaps most fervently by McCloskey (2007, 2011), who has argued that a specific set of entrepreneurial values was more responsible for the rise of Western capitalism (and hence economic growth) than other previously proffered factors. Likewise, Boettke (2010) recently argued that "getting the ideas right" can reduce transaction costs and help to limit the need for expensive social institutions and other forms of monitoring social interaction.

Although McCloskey mentions religious ideas only on occasions among a larger set of secular ideas, other scholars accord them much greater significance. Barro (2004), McCleary (2008), and Barro and McCleary (2003) use statistical methods to show that a belief in hell is one of the main predictors of economic growth, whereas religious attendance is negatively related. Guiso, Sapienza, and Zingales (2003, 2006) and Hayward and Kimmelmeier (2011) also find that

intense religious beliefs are correlated with certain attitudes that are conducive to economic growth (e.g. thriftiness, preference for a market economy). Writing in this journal, Berger (2010) argues that as Pentecostalism spreads globally, it is bringing a version of the Protestant ethic with it. Other scholars have tested the ideational (belief) effects of Protestantism on economic growth only to find there is little, if any, relation (Delacroix and Nielsen 2001; Noland 2003; Cantoni 2009; Bai and Kung 2012). Looking at individual-level survey data, Gill (2004) found little evidence for a Protestant ethic enhancing economic growth in Latin America. In fact, both Protestants and Catholics looked similar to one another, in that the populations in both faith traditions exhibited a wide range of views on economics and politics, ranging from left to right. While contradictory results are common among social science research, the bigger problem with all of these studies is that they do not posit any causal reasoning for *how* religious ideas should matter, nor do many of them convincingly solve the problem of spurious relationships, the related problem of under-specification, or the ecological fallacy inherent in using aggregate measures to infer behavior on the individual members of the collective (Shah and Shah 2008). I would add to this that the measures often used to gauge "religious belief" are rather crude and could constitute a number of different contradictory aspects.

Despite these statistical problems, several economic historians have given a great deal of thought as to how religious ideas may translate into different economic outcomes. Kuran has done this most convincingly with his work on Islamic economies (2005) and in comparing what he calls "the long divergence" between positive economic growth in the Christian West and economic stagnation in the Islamic world (2010). In these works, Kuran has argued that various ideas about financial interest, inheritance law, and charitable giving have created distortions in Middle Eastern economies. While some economic ideas, such as prohibitions on excessive interest, have not been inordinately vexing (there have been some rather creative work-arounds), other activities, such as mandatory charity, have

opened the door to increased rent-seeking behavior or have limited the amount of capital that can be transferred from generation to generation (inheritance law). Where Christian territories did not share such ideas about interest or inheritance, they were able to pool capital much more effectively over time, allowing for the creation and financing of large-scale enterprises. Likewise, work by Greif (2006) on the cultural preconditions for individualistic versus collectivist societies—wherein the former are growth-enhancing while the latter are not—suggests that different religious traditions may play a role in fostering the ideational climate suitable to growth. Stark (2006) makes a similar claim linking Christian monotheism to the development of the scientific method and commercial practices that gave Europe its economic edge over all other civilizations following the 12th century.

While all these studies show an encouraging trend within political economy to take the role of ideas seriously, there is a bigger theoretical and methodological problem in the study of the linkage between religious liberty and economic growth. First, it is important to acknowledge that while there may be religious ideas that facilitate economic growth, there is also good reason to suspect that other religious ideas are inimical to economic growth. Arbogast (2005), Carden (2007), and Keckeissen (2005) have all argued that religious leaders who are not well versed in economics often advocate for policies that are not necessarily growth-enhancing (such as, arguably, price controls, minimum wage laws, and high marginal tax rates on productive activity). For our purposes, we can theoretically assert that religious liberty will give rise to a wide burst of religious activities and ideas, but it is indeterminate whether those ideas will be beneficial in enhancing efficiency or not. If we are to assert a causal link between religious liberties and an ideational climate suitable to economic development, we need to have a theory of why greater amounts of religious freedom would necessarily correspond with a specific religious set of “bourgeois virtues” that McCloskey so elegantly argues for. McCloskey’s thesis saw no necessary or sufficient condition linking greater

religious liberty, the religious ideas that emanate from such religious liberty, and ideas favorable to entrepreneurial capitalism. To restate, *while it may be the case that some religious ideas can promote economic growth, there is no guarantee that religious liberty will give rise to that particular set of ideas.*

Civic Skills Model

If religious liberty cannot necessarily foster a specific set of religious ideas that are conducive to economic growth, what about religious practices? After all, being religious is not solely about holding ideas about the supernatural. Most religious traditions encourage some form of communal activities that require organization. People must hone leadership skills, find ways in which to cooperate (coordinate) their activities, develop interpersonal skills and self-discipline, and learn from mistakes. Add to this a whole host of organizationally specific tasks such as bookkeeping, providing child care, and even janitorial or landscaping services, and one can quickly recognize that churches can serve as low cost schools for young people or unemployed individuals to develop great workplace habits. To the extent that religious organizations rely upon and train volunteers to perform these organizational tasks, religious adherents will gain a set of skills that can transfer over into the secular economy, possibly prompting entrepreneurial activity or enhancing productivity.

Likewise, proselytizing religions often require a cadre of trained volunteers who are capable of “selling” (preaching) a “product” (a set of theological beliefs) to potential “consumers” (adherents). These interpersonal skills are potentially transferable to the secular world of commerce.¹⁷ As such, the need to spread the faith requires a religious organization to invest in training volunteers, and this has positive spillover effects for the wider secular economy.¹⁸ To the extent that religious liberty allows for more proselytizing activity, more missionaries will be trained and provided with essential human capital that will benefit the entire economy.

More importantly, attracting new believers to a faith necessitates offering some sort of incentive to the potential recruit. Yes, missionaries will benefit from training that increases their human

capital skills, but what about converts? Given that missionaries will be trying to convince unaffiliated individuals to purchase “credence goods,”¹⁹ they will often use tangible benefits to enhance their credibility. Missionaries are known to teach people a variety of skills from reading to better farming techniques as a means of building familial trust within a community. To the extent that such skills develop human capital (or even physical capital) and are useful in promoting other economic activities, missionaries will create the conditions for successful economic growth. Woodberry’s (2012) landmark thesis on the relationship between “conversionary Protestants” and democratic development fits well within this line of thinking (see also Gallego and Woodberry 2010). His thesis only requires some highly plausible extensions linking the same skills that are essential for democracy to economic growth. Woodberry calls attention to how Protestant missionaries sought to spread literacy, as reading the Bible was a main component of their theology of personal salvation. (It is here that the specific ideas of Protestantism could fit with the ideational model posited above, with the clear link being that ideas of personal salvation translated directly into promoting civic skills.) This also meant the promotion of printing presses. The interesting twist to this thesis is that secular organizations found themselves benefitting from the competition that these conversionary Protestants introduced.

Gill (1998) noted a similar pattern in Latin America; as Protestants entered the region in the early mid 1900s, they attempted to attract members of the lower class to their churches by offering a variety of self-help opportunities (e.g. literacy training, communication skills) that were soon duplicated by the Catholic Church in an attempt to stay relevant to a previously neglected population. Brusco (1995) also found that the skills imparted onto men by evangelicals led to an almost immediate improvement in the financial situation of households. In a similar vein, Willems

(1955) demonstrated how Protestant values were encouraging many Latin Americans to give up unproductive habits, while Shah and Shah (2010) more recently showed how evangelical values led to self-empowering economic behavior in India based on observations from a study conducted in 1933 by Jarell Pickett. Likewise Becker and Woessmann (2009) and Blum and Dudley (2001) argue that Weber’s “Protestant ethic” was not so much based upon a shift in economic values as it was a promotion of certain skills—literacy again being crucial—that had a profound impact in enhancing human capital and economic prosperity (cf. Woodberry 2012; Woodberry and Shah 2004).²⁰

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Unlike in the ideational model, our specified relationship between religion and the development of civic skills can logically be connected to religious freedom. The more that religious groups are left to their own devices (sans government regulation) to

perform organizational and proselytizing functions separate from state assistance, the more they will need to rely upon a wider range of individual volunteers who in turn develop more civic skills.²¹ Empirically, it would be interesting to see if there is a relationship between the percentage of people in a community that engage in religious volunteerism, or who are trained in religious-based skills programs, and the overall productivity of that community.

There is an additional concern that we might note here relating to state churches. In many European nations, church and state are still intimately linked. Favoritism given to one (or a few) particular denominations raises costs for potential new entrants into the religious economy (Gill 2008, 18–21). As this favoritism often comes in the form of government subsidies, these state churches may not need to recruit as many volunteers to perform routine tasks. And to the extent that state favoritism leads to a situation where the bulk of the population is nominally affiliated to the “official faith,” less attention has to be devoted to evangelizing (missionizing) the

population. This was certainly the case in Latin America prior to the increase in Protestantism following the deregulation of the religious economy (Gill 1998, 2008). With less need to evangelize, there would be less need to develop the human capital skills of missionaries and less need to offer civic skills to potential recruits. Again, there is an empirical test that suggests itself here: in nations where state churches reign, is there less voluntarism and human capital development than in nations where churches must provide for their own means of financing and work aggressively to recruit and retain lay members?

Charitable Giving Model

No society has ever been able to avoid social problems. Hunger, poverty, disease, crime, child abuse and abandonment, and all sorts of other maladies can plague a population and affect its ability to make the most out of the available resources it has. Even North Korea, where inequality among the masses has been effectively limited, appears to suffer from an obesity epidemic among the uppermost strata of its leadership. There have been two major means of dealing with these social problems: decentralized private charity or centralized government social welfare.²² Historically, religious organizations have been instrumental in helping to alleviate these various maladies. Nearly every major religious tradition has some commandment to help those in need. The early Christians were quick to offer medical care to those in need (Stark 1996). Orphanages and elder care were activities managed by churches or monasteries during the Middle Ages. And today, religious groups and faith-centered non-governmental organizations (NGOs) provide an array of services to those in need who may not have the resources to help themselves.

To the extent that we consider various social maladies to be anchors slowing down economic growth, the question arises as to what role religious individuals and organizations can play in this process. Furthermore, if private religious organizations competing in a “charitable market” for donations and volunteers are more efficient at providing such social services relative to

centralized government provision, the link between religious liberty and economic development becomes clear. To the extent that fewer government restrictions on religious activity facilitate the ability of religious individuals to organize and maintain charitable organizations, society will benefit economically.²³ And to the extent that governments are less efficient in meeting these social needs, and impose more deadweight losses on society when they do so, allowing the religious sector the freedom to solve these problems will create less of a burden on government finances and, presumably, the overall economic health of a society.

The first theoretical step in this model is to show that private religious charities do solve various social maladies with greater efficiency than similar government programs, and that religious organizations possess the adequate desire to step into such situations.²⁴ There has been a burgeoning literature on “new social movements” that encompasses the newly discovered and important role that NGOs can play in solving issues related to poverty, disease, and social inefficiency more effectively than centralized governments (cf. Prakash and Gugerty 2001). Many of these scholars are surprised to realize that religious organizations have, for centuries, been doing the same things that “new social movements” are currently doing.²⁵ More importantly, they have been doing it quite well.

All told, religious charities provide a wide array of social services from food banks to shelter, and from emergency relief to financial assistance. Banking services are even within the purview of such entities (cf. National Federation of Community Development Credit Unions 1997). Printz (1998) reports on a survey of 266 congregations in the greater Washington, DC area that accounted for over 1,000 types of social services amounting to over \$19 million in value. Ample additional documentation demonstrating both the level and varying degree of efficiency that these private faith-based groups provide in terms of social welfare can be found in Cnann, Wineburg, and Boddie (1999), Faver (1986), Johnson (2012), Mapes (2004), Hodgkinson et al. (1993), Jackson et al. (1997), Monsma

(2004), Monsma and Soper (2006), Netting (1984), Reese (2001), and Wineburg (1993). Recently, Davis and Robinson (2012) provide a more global perspective on how religious groups support social welfare provision by looking at cases within four faith traditions, including the Muslim Brotherhood, the Sephardi Torah Guardians, *Comunione e Liberazione*, and the Salvation Army. Berman (2011) also notes how even radical religious groups prone to violence develop community assistance programs that prove to be rather beneficial economically to those people participating in them, though of course radicalization will also entail countervailing effects. Woodberry's (2012) and Woodberry and Shah's (2004) work also implies a connection between religious charity and social services.

The second theoretical step in this model is to link religious freedom (or the level of government regulation on religious individuals and groups) to their ability to perform these social welfare tasks. This should be fairly obvious. The more you place restrictive regulations (or taxes) on any activity, the less of that activity you are going to get. Monsma (2012) has made this case most recently by noting that the imposition on religious charities of a variety of hiring criteria that violate their principles of conscience can dampen the effectiveness of these charities. Requiring faith-based groups to hire people who do not share their same beliefs or by requiring them to engage in certain practices that run counter to their theological principles may often force these groups to stop offering the services they have in the past.²⁶ Restrictions on what services they can offer and where they can offer them also has a dramatic impact on the group's effectiveness, as many interpretations of "church-state separation" exclude religious groups from assisting in places such as public schools or prisons. In a slightly different vein, research conducted by Hungerman (2005, 2008), Hungerman and Gruber (2007), and Gill and Lundsgaarde (2004) has demonstrated a considerable substitution effect between government spending on (and taxation for) public social services and religious charity. The relationship is essentially negative; the more a

government taxes for and spends on social welfare, the less charitable donations flow into church coffers for their activities. While the public provision of many of the same goods that have been traditionally provided by churches does not represent a restriction on religious liberty, per se, the "crowd out" effect detailed by Hungerman does imply an interesting causal relationship worth thinking about. All told, though, while the connection between faith-based initiatives in the arena of social welfare provision has been well documented, how governmental regulations increase the costs upon these entities (and hence reduce their effectiveness or scope) has yet to be explored.

Migratory Magnet and Merchant Model

Human capital—the knowledge, training, and ingenuity that humans possess—is considered to be a key ingredient of economic development (Becker 1994 [1964]). Obviously, a society can choose to invest in institutions that facilitate the creation of human capital via public or private investment in education (see civic skills model (CSM) above). Additionally, a society can seek to attract individuals who have desirable skills from elsewhere by way of offering enticing incentives. Such incentives may include higher living standards, greater economic opportunity, and/or the freedom to pursue one's own lifestyle. The latter most certainly includes the freedom to worship as one pleases—i.e. religious liberty.²⁷ To the extent that these intelligent, entrepreneurial, and hard-working individuals help to push the boundaries of the production frontier by making more efficient use of society's resources, they will enhance economic development and growth.²⁸ This is not only true in terms of attracting migrants to settle in a territory, but also in attracting merchants with which to trade; imprisoning merchants for their religious beliefs once they arrive on your shores is a sure-fire way to dampen free trade and the benefits such trade brings. Theoretically, religious liberty thus enhances economic development by providing an attractive environment for individuals who have desirable knowledge and skills.

This idea is not new. For example, William Penn understood this logic as far back as the 17th century.

But as [religious persecution] has many Arguments for it, that are drawn from the Advantages that have and would come to the Publick by it, so there are divers Mischiefs that must unavoidably follow the Peresequution of Dissenters, that may reasonably dissuade from such Severity. For they must either be ruined, fly, or conform; and perhaps the last is not the Safest. If they are Ruin'd in their Estates and their Persons Imprisoned, modestly compute, a Fourth of the Trade and Manufactory of the Kingdom sinks; and those that have helped to maintain the Poor, must come upon the Poor's Book for Maintenance. This seems to be an Impoverishing of the Public. But if to avoid this, they transport themselves, with their estates, into other Governments ... So much principal Stock wanting to turn the yearly Traffick, and so many People too, to consume our yearly Growth, must issue fatally to the Trade one Way, and to the Lands and Rents of the Kingdom the other Way [sic]. (Penn cited in Murphy 2002, 317)

One of the United States' first political economists, Tench Coxe, noted roughly a century later what William Penn knew inherently.

Such is the present situation of things in Pennsylvania, which is more or less the same in several other of the American states, viz. New York, Main [sic], Virginia, the Carolinas, Georgia, Vermont and Kentucky: but though not so in the rest, the principal difference is, that they are so fully peopled, that there are no new lands of any value unsold and farming lands, which are improved, are of course dearer than with us. In those states, however, agriculture, commerce, manufactures, the fisheries, and navigation, afford comfortable sustenance and ample rewards

of profit to the industrious and well disposed, amidst the blessings of civil and religious liberty. (1794, 74)

It is interesting to note how many of these older observers were able to make the clear connection between religious liberty and economic growth,²⁹ whereas more contemporary scholars seemed to have lost that connection.

Even before Penn's appeal to the King of England to allow religious freedom on economic grounds, the Netherlands was realizing that toleration of various sects, including Huguenots fleeing France, was associated with an economic boon. After all, those who uproot themselves from their traditional homes and flee to a new region are often individuals who have the material resources (wealth) to do so, the intellectual resources to do so, and tend to be among those willing to take risks, an attribute that is necessary for innovation and entrepreneurship.³⁰ And when the Dutch sailed to the New World, they brought with them the realization that religious liberty, migration, and trade were all interconnected. The settlement of New Amsterdam in the American colonies was above all else a commercial adventure that came with it the explicit instructions for colonists to not restrict the freedoms of those with different faiths since it would be bad for settlement and for business (Smith 1973; Haefeli 2012). The connection between religious liberty and immigration was re-emphasized in later centuries as the need to attract labor in the latter half of the 19th century prompted greater toleration for both Catholics and Jews. As Chiswick (2008) notes, the religious freedom provided by America provided an attractive environment for many Jewish immigrants who subsequently went on to economic success. Gill (2008) shows how a number of Latin American countries began to make the connection between religious tolerance, migration, and economic commerce, including the highly trade-dependent nation of Chile (Collier 1997). And while not technically dealing with cross-border immigration, Koesel (2012) has observed that Chinese entrepreneurs are driven to opportunities affiliated with greater freedom of spiritual conscience.

All told, the link between religious liberty and economic development that runs through immigration and the affiliated desire to attract commerce appears to be very strong. The flipside to this approach, though, are nativist movements that seek to restrict migration flows by raising cultural barriers, which would include restrictions on religious practice. Our primary question here is to determine whether or not to break out the need for migratory settlement from the need to attract commerce. Both require people with potentially valuable human capital³¹ (and physical capital) to feel welcome within a given environment, the only difference being that the former individuals stay and plant roots, whereas the latter (i.e. merchants) come and go over time. Nonetheless, both are needed.

Contingent Liberty Model

Religious freedom is not an isolated liberty. Whereas it may be difficult for any government to truly control the private thoughts of any individual (freedom of conscience), it is pragmatically difficult for a religious group to organize and proselytize if they are not granted a number of other civil liberties such as the freedom of speech, the right to own property, and equal protection under the law. These civil rights, in turn, require rule of law and an independent judiciary capable of enforcing that law in a transparent and fair manner. All of these things—rule of law, civil liberties, checks and balances on power—are hallmarks of a democratic polity. To the extent that liberal democracy also enhances the prospects for economic growth, and furthermore that individuals or groups who have a stake in religious freedom are willing to fight for these contingent liberties, the struggle for religious freedom will give rise to a more liberal democratic environment wherein economic progress can occur.

As with our CGM above, the contingent liberty model (CLM) requires us to make two theoretical steps. First, we need to connect the presence of liberal democracy, the rule of law, and/or civil liberties to economic growth. The literature on this is voluminous, particularly given that one of the central questions of economic history is why Western Europe, the first region of the world to develop liberal democracy, witnessed

an explosion in economic growth and improved living standards after 1600.³² While many reasons have been proposed for this “great divergence,” including geographic and technological factors, there appears to be a growing agreement that political freedom and economic growth are coterminous, especially in the long run.³³ To the extent that the development of democratic institutions such as rule of law, civil liberties, and the respect for private property rights represent “political development,” the connection between religious liberty and political development is important here as well. Olson (1993) makes a cogent argument that rule of law and basic civil liberties, which are required to provide opposition leaders a “stake in the electoral system” within democracies, also provides investors with long-term confidence that their property rights will be respected. This, in turn, allows for more entrepreneurial risk-taking and economic growth. A short list of relevant readings in this vein include Vorhies and Glahe (1987), Barro (1997), Chan (2002), Sen (1999), Acemoglu and Robinson (2012), de Soto (2002 [1989]), Olson (1993, 1996), and Stark (2005).

The second theoretical step is to show that proponents of religious liberty also have a vested interest and willingness to fight for rule of law and contingent civil liberties. This should be fairly clear cut given that the success of a religious denomination in a religious free market will be contingent upon it having rights of free speech to champion their message to a wider audience. The right of assembly combined with private property rights will allow for a religious group to build a regularized meeting place. Indeed, Gill (2010) argues that one of the greatest threats to religious liberty in America today is not so much whether a Nativity scene can be displayed on the city hall lawn, but rather the use of zoning and other property regulations that restrict how congregants can gather in a physical location. Woodberry (2012) provides a much more global and historical outlook on this question. His seminal article points out that “conversionary Protestants” not only provided many of the skills necessary for increased economic productivity (e.g. literacy—see CSM above), but those same individuals also

advocated for a wide range of civil liberties including the abolition of slavery and increased human rights. The upshot of his article is that “conversionary Protestants” were critical in promoting democracy, and to the extent democracy is intertwined with economic development, his article plows this pathway (see also Woodberry and Shah 2004).³⁴

In my view, the CLM offers the most promising connection between religious liberty and economic growth. Just as Olson (1993) argued that the political liberties needed to guarantee economic growth naturally translated into the same freedoms necessary for economic growth, so too does the struggle for religious freedom imply contingent liberties that are beneficial for entrepreneurs.

Religious Liberty and Economic Development: Who Cares?

Religious liberty is a goal that is intrinsically beneficial in-and-of-itself (cf. Shah 2012). Indeed, some of our greatest political philosophers, such as John Locke, have built a case on why religious liberty should be valued *per se*. However, individuals who champion religious freedom often face an uphill battle in convincing others of its intrinsic merit. First of all, many domestic political leaders are reluctant to make such changes as it may threaten their political survival. Liberalizing any part of the economy—be it the transportation or religious sector—carries with it the creation of new interests and constituencies that may or may not support those who currently hold power. Policy changes that do occur usually are not designed to risk the support of solid constituents. The introduction of religious liberty will likely create a more pluralistic religious market that does not benefit the hegemonic faith. To the extent leaders of the hegemonic faith are supporters of the regime in power, any effort to liberalize the religious economy will necessarily mean a loss of support for those politicians.³⁵ Likewise, the transition to a religiously pluralistic market is likely to engender conflict. Whereas Grim and Finke

(2011) have argued that a pluralistic religious market generally promotes interdenominational peace, that situation is likely only *after* such a balance of power among all faiths has occurred. When religious liberty is *initially* introduced, dominant religious leaders who fear membership losses will likely strike back at religious minorities making gains, and social conflict is likely to ensue. Political entrepreneurs trying to gain greater power may also fan the flames of such conflict so as to gain better bargaining positions (Wilkinson 2006). A population in conflict is usually not a good thing for political leaders in power. As such, basing an argument that religious liberty is an inherent good to a politician who

would likely face opposition for such a policy is a difficult sale to make.

In the world of foreign policy, diplomats who have limited time and attention are far more likely to devote their energy to more tangible goals such as promoting

disarmament or negotiating specific tariff rates in a trade treaty. These objectives have much more direct and visible pay-offs when it comes to promoting the “national interest.” Additionally, the typical protocols of international diplomacy often require a certain degree of respect for the cultural norms and legal practices of other nations. A diplomat will undoubtedly be reluctant to alienate political allies or the population of a country by calling attention to its suppression of religious minorities, especially if that nation has a critical geopolitical position in the world. One could only imagine what would happen if the US State Department put on a full court press for religious freedom in Pakistan, a country that controls one of the most accessible overland paths to US military forces in Afghanistan. Pressing for religious liberty on a regime that could potentially suffer a huge loss of support for such policy is not a way to make international allies.

Likewise, it may be difficult to win over a general population with a simple argument that religious liberty is inherently good. Granted, opinion surveys from around the world show

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general support for the abstract concept of religious liberty, but this is much more difficult to obtain in practice. Once your particular denomination or faith tradition has a favored position in society, any liberalization of the religious landscape is likely to result in losses for you. Not surprisingly, leaders of dominant faiths are often vociferous opponents of religious freedom, justifying their illiberal positions as a means of defending the nation from rapacious cults or sects. Such arguments can have popular appeal. There is historical evidence to this effect in Latin America (Gill 1998). As such, even citizens who support the concept of religious liberty in the abstract are susceptible to these arguments, especially if proffered by trusted religious figures, and are often reluctant to support tangible policies to that effect. This is all the more true since expressing an opinion comes at virtually no cost to a survey respondent, whereas mobilizing for policy change is substantially more difficult and risky.

Thus, it is naïve to think that a case made to political leaders, diplomats, religious leaders, or even the general public about the inherent goodness of religious liberty will necessarily be persuasive. It may or may not. However, there is

reason to expect that the case for religious freedom will have greater appeal if it is tied to some tangible benefit. William Penn was right to advocate for religious freedom in the colonies on the basis that it would enrich the economy and hence fill the king's coffers with gold. If there is one thing other than raw political power that captures the attention of rulers, it is the accumulation of economic resources. After all, economic resources can boost a ruler's raw political power. And a growing economy is almost always in the interest of incumbent policy-makers as the citizenry will be happier and political conflict less fierce. And more importantly, there are always pockets of individuals within a society seeking to enhance their own particular freedoms, be it to set up a small business or express controversial ideas. For those interested in the battle to enhance and preserve liberty more generally, building alliances across those with particularistic interests in certain facets of liberty is crucial. Just like Benjamin Franklin's famed snake, a divided approach to securing one specific liberty in isolation to others may be doomed to failure, but a united front holds the promise for greater success. ❖

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1. This quote originates in the context of Samuel Davies's attempt to secure licenses for circuit riders in Virginia during the First Great Awakening during the 1750s. His appeal was to, of all places, the British Board of Trade.
 2. See for instance the special issue of *The Review of Faith & International Affairs* on "Religion and Global Development" (Volume 8, Number 4, Winter 2010): <http://www.tandfonline.com/toc/rfia20/8/4>.
 3. This is controlling for factors such as oil wealth, as nations like Saudi Arabia and the United Arab Emirates score poorly on measures of religious freedom but rank high in terms of GDP per capita. This also adjusts for long-term living standards as compared with GDP growth rates, as poor countries with limited freedoms can experience rapid spurts of growth over short periods of time due to simple regulatory changes (cf. China).
 4. This necessarily assumes that those involved in this project agree that the advocacy of religious liberty and economic development are worthy goals. The latter may seem non-controversial, but the former can stir up much disagreement. Berger (1969) presented an argument wherein the religious pluralism that results within a free society can lead to the overall decline in religious belief, a thesis which he has since renounced. Religious leaders, particularly those associated with religious monopolies, have also asserted the dangers that religious liberty might pose to the overall "cultural integrity" of a society (cf. Kirill 1999). Likewise, in Latin America, Juan Egaña, an early 19th-century Chilean politician, was noted for saying that religious liberty leads to an irreligious population and inter-denominational conflict that could subvert the government (Collier 1997, 305).
 5. My initial literature search generated very few papers positing a direct link between religious liberty and economic development. Alon and Chase (2005) note the statistically significant correlation between these two variables, but suspect that religious liberty is collinear with other factors including economic liberty and some potentially unseen variables. Grim (2007) finds a similar correlation but also posits no direct link. Alon and Spitzer (2003) assert the most unique and interesting possibility we have seen to date in the literature. They argue that religious freedom acts as a signaling device to foreign investors that rule of law exists within a country and hence the country provides a safe investment environment. To the extent that investment capital enhances growth (which it undoubtedly does), religious liberty can prompt economic growth. Again, though, the connection between religious freedom and economic growth runs through an intermediate process.
 6. While a government may claim to support freedom to worship, they can put up roadblocks to this end, many of which are difficult to pick up in even the most detailed of indices. Restrictive zoning regulations, building requirements, and other property restrictions have become increasingly popular both in the USA and abroad (Gill 2010).
 7. Notice that Oxnam in the definition above considers the purchase of property to be essential to religious liberty. This is an often-neglected dimension of religious freedom given that scholars tend to emphasize the right to hold and preach certain ideas. But the ability to preach one's ideas is often contingent upon one's ability to organize in a place, which in turn brings up the issue of owning property. Economists have long held that the freedom to own and exchange property free of coercive interference is a key component of economic vitality. Acknowledging that property is a crucial aspect of religious freedom will become important later in the discussion of the CLM.

8. There has been an unnecessary, and perhaps even harmful, tendency to see the religious sector as separate from the other sectors of the economy (banking, food service, etc.). For some unknown reason, even imaginative scholars such as the late Mancur Olson saw a need to apply a different theoretical framework to religious actors and institutions as if they were immune from the basic theoretical principles of economics. Scholars studying religion have been happy to oblige this balkanization of subject areas, as they are rarely trained in basic economic theory and prefer to view everything through a cultural or ideational lens. Fortunately, through the Herculean efforts of scholars such as Rodney Stark, Roger Finke, and Larry Iannaccone, this cloistering of religion and “the rest of the economy” into separate analytical categories has broken down. Sociologists, political scientists, and even the occasional economist now realize that clergy and laity actually make decisions under conditions of scarcity and seek to optimize their choices.
9. Consider a government’s decision to collect taxes for one particular denomination and not others. At first glance this does not seem to represent a restriction on religious freedom so long as other denominations are free to organize and proselytize. However, to the extent that all citizens are paying taxes to support a particular confession, it becomes more difficult for a minority religion to convince potential members to donate additional resources to that church.
10. Once again, one might think this to be an obvious statement. However, the difference between dynamic movements in the direction of freedom and static measures of a particular level of freedom has befuddled even Pulitzer Prize winners and Nobel Laureates. Consider the economic growth of China. Increased economic liberalization from the 1980s forward has helped to incentivize productivity in the People’s Republic of China over the past several decades, freeing up a great deal of unproductive labor that was trapped in the agrarian sector. However, even with this progress towards greater freedom, China still exists within a highly regulated economy lacking secure property rights guaranteed by rule of law. Nonetheless, the consistently high levels of (officially reported) economic growth over the past three decades have prompted some individuals like Thomas Friedman and Paul Krugman to assert that extensive regulation is actually beneficial for economic growth.
11. I will use the terms “economic growth” and “economic development” interchangeably in this paper.
12. In recent decades, thanks to the work of folks like Gary Becker, Paul Heyne, Steven Landsburg, Timur Kuran, and others, there has been a movement to get beyond the statistically burdened and formal-model influenced vision of economics. This is not to say that formal modeling and statistical analysis are useless tools. Quite the contrary; they have provided numerous insights into economic behavior. However, such a heavy reliance on these particular tools has in many ways dampened the great sense of wonderment and discovery that can be achieved with everyday logic. For examples of this see Heyne, Boettke, and Prychitko (2009), Leeson (2011), and Kuran (1997).
13. There is the inherent risk of tautology in this definition. One might argue that the current level of unemployment is an indication that people are willingly substituting leisure for work. Such a reading of the situation might divert our attention away from the various incentive structures that are pushing people to choose a second best option, instead of their first best option. Alas, knowing what everyone’s first best options are might be a fool’s chase, and this may well be why so many economists focus attention on changes in rather simple measures of social utility such as GDP.
14. One of the more interesting economic aspects of religion that has received scant attention is the nature of the exchange that takes place. In the contemporary USA, churches (synagogues, mosques, and temples) rely upon voluntary contributions to keep them in operation. Unlike a business that has set menu prices that are advertised before the exchange takes place, churches do not function with such menu pricing. When the collection plate is passed around, people individually determine the value of the church service and contribute accordingly. Interestingly, when the rock band Radiohead announced that this would be the method in which they priced one of their albums, people were startled at this innovation without realizing that religious groups have been doing this for centuries. Admittedly, though, it might be a hard model to sustain or to reap adequate resources (according to the clergy). This is why in many countries religious organizations have historically lobbied governments to collect their tithes and/or subsidize their operations. This method of obtaining revenue would represent a violation of religious freedom in that taxpayers are being coerced into providing for a service to which they might not otherwise contribute.
15. In the early 1990s, the amount of writing on the economics of religion probably could have been cited on one single-spaced page. However, thanks to the likes of Laurence Iannaccone, Roger Finke, and Rodney Stark, there has been an explosion in this research field that has been so great that it can support its own small conference every year. For a detailed summary of where this literature stood at the turn of the century, see Stark and Finke (2000). A more updated, albeit somewhat inaccurate account of this body of scholarship can be found in Witham (2010).
16. One of the more difficult aspects when it comes to writing about religion is that different faith traditions have different names and holidays. I am tending to defer to Christian terminology and practice (e.g. “church” and “Sunday School”) for simplicity’s sake.
17. The causal arrow may work in the other direction. Individuals who have done particularly well in the secular economy may have the time, resources, and skills to devote to missionizing. To the extent this is true, religious organizations will not necessarily be the ones adding to the human capital skill set of a population. Another possibility is that an individual who has had success in the secular economy is brought on board to train young missionaries, thereby providing a nexus where commercial skills are transferred from one generation to another at little cost to businesses who may hire these missionaries. As noted in the previous footnote, a new employee to any industry will likely cost the owner of the business more than the employee creates in value for at least the first several weeks or months. New employee training costs can be substantial, but to the extent that religious missionaries can learn valuable skills prior to moving into a secular business environment, they can actually reduce the training costs to the business and make that business more efficient and profitable.
18. Consider the example of Brigham Young University. There one will almost immediately notice the unusual student demographic on campus. The student body is roughly half 18–19 year olds and half 22–23 year olds, with the age gap corresponding to when young men (mostly) and women go on mission. Upon returning to Brigham Young University many of these former young adult missionaries are hired for part-time administrative jobs in the university. I personally have never seen such an efficiently operating university run with such extensive student employment. Also, it should be noted that the US State Department and CIA has a disproportionate number of Mormons, given their exceedingly good language skills and grassroots knowledge of almost every country around the world.
19. A credence good is a good (or service), wherein the quality of that product cannot be determined until some future date after purchase. Auto insurance is a credence good, in that you do not know how good it is until you have an accident. Religions “sell” philosophical ideas about life and death and it is hard to actually verify the quality of these goods prior to purchase, which means there is often much doubt associated with joining a new faith. Successful religions will find creative ways to ameliorate that doubt, such as “providing witness,” having clergy signal they are trustworthy by taking vows of poverty, etc.
20. Woodberry’s seminal article also makes this connection. The emphasis in his article is less on ideas than on practices, though those practices come from a set of ideas.
21. The emphasis on volunteers might be misplaced here. It is entirely possible that religious groups will develop hired professional staff to perform functions that volunteers would normally do. The human capital skills of these hired professionals would likely remain “trapped” in the religious sector of the economy—i.e. there would not be the spillover effect that volunteers would have. This is not necessarily a problem for economic growth per se (as noted above in the Religious Economy Model). However, if we want to explain the diffusion of these skills to the wider (secular) economy, it is

- probably the presence of part-time volunteers that matters more as they transfer the skills they learn in a church setting to the wider economy. Nonetheless, we should also note that the religious sector relies more upon volunteers than perhaps any other sector of the economy. Even the highly centralized and professionally staffed Catholic Church makes great use of parish volunteers.
22. This dichotomy may not be as clear as one thinks. In the medieval era, the Catholic Church was effectively a “central government” for a rather geographically disunified Europe, and the Vatican did coordinate charitable giving. Although we might consider the Church’s charity to be private giving today, it could also be considered centralized social welfare for its time. It may be best, then, to limit the scope of our attention here to the past 150 years, when we started to see the appearance of social welfare states following the revolutions of 1848.
 23. This presupposes that charity actually does help to improve economic situations. This is not necessarily the case as work on the unintended consequences of good intentions has shown (Corbett and Fikkert 2012; Lupton 2012).
 24. A very common thread of argumentation for greater government spending on social programs is that the free market or private charities will not step up to solve these problems, hence coercive action is necessary. In my view, given the historical record of private, particularly religious charities, along with the remarkable economic growth in less regulated economies since the 1600s, this is at best a dubious claim.
 25. Amazingly, “new” social movements are usually put into comparison with “old” social movements which date back to the early to-mid 1900s (e.g. the Civil Rights Movement). Judaism has been around for roughly 4000 years, Christianity 2000 years, and Islam 1400 years.
 26. The recent controversy over the Affordable Care and Patient Protection Act is a clear instance of how this dynamic may be playing out today.
 27. Freedom of conscience also includes the freedom to not believe in the supernatural. Many societies (e.g. contemporary Iran) make atheism a difficult belief system to adhere to. Thus, our continuing discussion should recognize that religious freedom not only attracts religious believers, but those who wish to not believe. In other words, our conceptualization of religious freedom must include atheists and agnostics.
 28. Discussion around immigration and human capital often centers around attracting highly educated individuals such as professors, medical doctors, and computer engineers. However, it is important to keep in mind that entrepreneurship from less-than-college-educated individuals is also beneficial.
 29. See Gill (2008, 91–105) for more examples of historical authors who forwarded this connection.
 30. Granted, there are many migrants who are fleeing merely to escape death or who are physically forced out from a region. These may not be the most entrepreneurial, wealthiest, or literate individuals. Refugee camps may become a burden on the economy of a society and could foment conflict. Nonetheless, it is also possible that such immigration could lower labor costs and enhance economic growth in that manner.
 31. The human capital that merchants bring to a nation is their entrepreneurial drive and “know-how” when it comes to establishing trade relations.
 32. The general consensus is that Europe started to diverge from the rest of the world around 1600, eventually giving rise to the beginnings of the Industrial Revolution in the late 18th century. Needless to say, a “light switch” did not immediately turn on in the year 1600. Many of the advantages that gave rise to European economic advances were rooted much deeper in history. For a take on this with respect to religion, see Stark (2005).
 33. Rapid rates of economic growth (measured by GDP figures) can be generated by rather autocratic regimes, particularly in their initial transition from a predominantly agrarian society to an industrial society. Much of this growth comes in simply laying down basic infrastructure (e.g. railroads, telegraph lines) and capital goods industries (e.g. steel mills) that are easily coordinated via a central hierarchy. Intellectuals are often enchanted by their ability to understand and direct the process of economic growth by observing the quick economic growth of countries like fascist Germany, the early Soviet Union, and China in the post-Mao era. Even softer versions of corporatist governments (e.g. Japan in the 1970s and 1980s) have been appealing to some analysts. However, once these easy tasks are accomplished, developing a consumer goods market requires a greater decentralization of decision-making (cf. Hayek 1945).
 34. As noted above, Woodberry does not necessarily make the link between religious liberty and democracy, but it takes only one small additional step to make that connection via the causal pathways annunciated in our CSM and CLM.
 35. See Gill (2008) for the full logic of this argument. Therein I conceptualize the issue of religious liberty as a regulatory issue and ask why a government would ever want to liberalize a section of the economy that they have control over.

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