



The comparative endurance and efficiency of religion: a public choice perspective

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Received: 17 May 2020 / Accepted: 8 August 2020
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Abstract

All of the major religious confessions existing today have outlasted every single secular ruling regime known in human history. That observation poses an interesting puzzle for social scientists interested in institutional durability. If religions can be seen as governance institutions that organize and coordinate people's lives, why have they outlasted secular states? Despite claims regarding the inevitability of secularization, religious institutions refuse to fade from the social landscape and in many places are thriving and expanding. I argue that the durability of religious institutions relative to secular governing regimes is related to the unique ability of religions to avoid the public choice "paradox of government" as laid out by James Buchanan. More precisely, religious institutions are more resilient because they effectively provide vital public goods, involve "citizens" in the process of governance at the local level, and provide a credible neutral arbitrator for violations of the governing covenant. A further argument is made for the efficiency of religious institutions relative to states based on the smaller deadweight losses associated with participatory governance. Finally, state-sponsored confessions expose themselves to the paradox of government and become less effective in pursuing their missions.

Keywords Religion · Paradox of government · Governance · Buchanan

JEL Classification Z10 · Z12 · P16 · D71

1 Introduction

Religion often has been the neglected bastard child of the social sciences. Secularization theory's intellectual stranglehold over the scholarly community has downplayed serious consideration of religious communities and organizations as examples of institutional designs that create order within society. Yet, any honest assessment of the history of the world should lead scholars to an intriguing observation regarding religion: Despite frequently lacking physical coercive power, and often relying on voluntary contributions for their survival, numerous faith traditions have outlasted every single secular governing

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regime known to humankind. Consider that the Roman Catholic Church holds the world record for the most enduring *formal* hierarchy, dating back at least 1700 years,¹ significantly longer than the most enduring Chinese or Egyptian dynasties. Orthodox Christianity can claim a similar heritage.² If we relax the requirement of possessing a formally specified and hierarchical system of ruling authority, religions have existed as social movements for even longer, including Hinduism (c. 4000 years), Judaism (c. 3700 years), and Buddhism (c. 2500 years). Islam, a relative newcomer, clocks in at nearly 14 centuries. None of those recognizable entities show signs of disappearing any time soon, and several of them claim hundreds of millions, if not billions, of adherents. Considering that the Roman Empire (in both its republican *and* autocratic manifestations combined) only lasted about 1000 years and the Chinese Zhou Dynasty for roughly eight centuries,³ social scientists interested in why countries or social movements rise and fall should give some passing consideration to why religious institutions have fared better through good times and bad. Furthermore, if one considers organized religions as “social movements” and compares them to other civil society organizations, the “new social movements” have nothing on the old ones (Gill and Pfaff 2011).

Leveraging the insights of James Buchanan’s ([1975] 2000) “paradox of being governed”, this paper argues that the historical endurance of the aforementioned faith traditions is a function of three institutional factors critical for social cohesion and flourishing: public goods provision, flexible local governance, and neutral arbitration of rules. First, religious institutional endurance rests on its ability to provide the valuable public good of social coordination, which lowers transaction costs for exchange and thereby enhances social well-being. Religious coordination—through shared beliefs, values, and norms—has been, and remains, valuable for society. Such coordination is accomplished with a greater degree of community-based governance than secular, hierarchical governments.⁴ Second, enduring religious traditions tend to favor federalist forms of governance (or congregationalism)⁵ more so than their secular governing counterparts, which have a tendency to centralize power. Community-based (or cultural) forms of governance allow for “citizens” to be stakeholders in maintaining social order, as compared to a “third party” Leviathan that may develop interests separate from, and possibly contradictory to, the welfare of its subjects. Moreover, the regularized (ritualistic) gathering of religious communities at the local level serves to remind members of the initial “social contract” (or covenant) and allows for the regular renewal of the legitimacy of rules, reducing the likelihood of citizen alienation

¹ One could date the Catholic Church at 2000 years if one considers Peter to be the first pontiff of Christianity. However, the *hierarchical* Church did not crystallize until after the First Council of Nicaea (325 CE).

² I avoid the theological debate of who holds the true leadership within Christianity, but rather simply note the presence of enduring institutions. Protestantism represents a significant institutional break within the Christian heritage and yet Roman Catholicism survived Luther’s schismatic challenge, another indicator of its durability.

³ The Roman Empire technically had two distinct institutional structures, namely the Republic (c. 509–27 BC) and the autocratic period (lasting until 476 AD).

⁴ “Governance is a broader concept than government, referring only to the existence of some mechanism or institutions that provide and enforce social rules and therefore create social order. Government is one kind of institution that provides governance, the kind based upon a monopoly coercive power” (Leeson 2009, p. 48). See also Leeson (2014b).

⁵ The Catholic governing concept of “subsidiarity” is, in essence, a form of federalism wherein social problems are to be solved at the level closest to where the problem exists, be it family, parish, or diocese. Thus, even though the Roman Catholic Church appears highly centralized theologically, the emphasis on parishes and dioceses to organize communities gives it a very federalist flavor.

central to Buchanan's paradox of government. Finally, for religious institutions, ultimate authority regarding adhering to rules of social order exists outside the whims of individuals who write and execute the laws of society. That characteristic fulfills the "neutral arbitrator" function discussed within the constitutional public choice literature (e.g., Buchanan [1975] 2000). Ultimate authority exists transcendentally above humanity's inevitable flaws, or at least so everybody believes or agrees to believe in that authority.⁶

Extending the foregoing three points, I propose further that when religious organizations hitch their wagons to the coercive power of the state, the results are to expose the faith to the paradox of government and weaken the institution. State churches (i.e., "established religions"), rather than getting their vitality from the localized "community of believers", devolve towards third-party "Leviathan" authority to maintain themselves, replete with all the problems that generate the paradox of government. The contemporary, high level of secularization in northern Europe may be less a consequence of any decline in spirituality from a purported "golden age of faith", but rather the flaccid institutional governance resulting from state-sponsored churches (Smith [1776] 1976, pp. 788–799; Stark and Iannaccone 1994).

The present paper first outlines the basic logic of governance and the public choice paradox of government. Next, a case is made that religious institutions provide a system of governance that supplies a variety of public goods, with the most important of them being the social order needed for voluntary exchange. Following that, I explain how community-based governance allows religious institutions to mitigate the paradox of government by giving "citizens" stakeholder positions in the maintenance of social order. I then argue that the presence of a supernatural arbitrator as the final judge allows the legitimacy of the system to remain separate from its institutional leadership. As such, the long-term credibility of the institution is linked less to (although not entirely decoupled from) the failings of individuals placed in positions of organizational power. I conclude with observations about the problems religious organizations face in allying with secular regimes to guarantee a monopoly position or to bolster their funding. Suggestions related to empirical evidence follow. Empirically, the paper focuses primarily on the three Abrahamic religions—Judaism, Christianity and Islam—that encompass roughly 56% of the world's population.

2 The need for governance and the paradox of government

Why do humans need governance? In short, life in the state of nature, according to Hobbes ([1651] 1968, p. 186), is "solitary, poore, nasty, brutish, and short" wherein "there is no place for Industry; because the fruit thereof is uncertain". To overcome such a miserable and unpredictable situation, scholars have emphasized the necessity of a centralized state guaranteeing social order: States define and enforce property rights as well as impose behavioral restrictions that reduce the uncertainty inherent in social interactions. The reduction in the transaction costs associated with uncertainty, whether it comes from a contractual state (e.g., Locke [1689] 1955) or a predatory one (e.g., Olson 1993), is one of the most fundamental public goods provided by a government, allowing people to invest less in wealth-protecting security and more in wealth-producing activities. Adam Smith's

⁶ The argument advanced here does not depend on the actual existence of a transcendental being, only that everyone agrees to believe it so.

basic recipe for wealth—productivity gained from the division of labor, conditioned on the extent of the market—relies on some governance structure to lower the costs of exchange and expand the realm of trucking and bartering.

Constitutional public choice theory builds on those insights by noting that to promote overall prosperity, individuals need to give up some liberty to gain other productive freedoms. Buchanan ([1975] 2000) notes that everyone benefits from agreeing to some basic rules defining property rights and institutional processes regarding how future choices will be made. An allocation of basic property rights, even if not optimal for all, allows individuals to invest fewer resources in protection and devote more to production. Social efficiency and wealth increase. Buchanan ([1975] 2000, p. 54) argued that such a contract requires unanimity or “as-if” unanimity; we are born into social contracts already constituted and governed by their rules irrespective of our actual consent. He terms the general institution designed to uphold the initial contract on property rights the “protective state”. Others, such as Tilly (1985) and Olson (1993), have argued that such a proto-constitutional order may be imposed on society by a predatory subset of individuals and yet benefit society as a whole if the rulers have a long enough time-horizons to promote sustained growth.

Buchanan’s genius was his ability to theorize from a contractarian starting point while integrating the predatory nature of the state into his analytical framework. For Buchanan, the initial social contract is monitored and enforced by a third-party entity that *ideally* has no particular interest in altering or interpreting the rules in favor of any one particular group, including the interests of the governing “thing itself” (Burke [1756] 1982)

Once [a social contract is] selected and informed as to the agreed-on terms or rules, the participants have no voice, and could have none, in the “decisions” of the enforcing agent. Ideally, there are no “decisions” to be made, in the sense of value-weighting alternatives. The enforcing agent’s task, conceptually, is purely scientific. The determinations to be made concern possible violations of agreed-on terms. These are almost archetype “truth judgments”. (Buchanan [1975] 2000, p. 122)

The ideal form of governance would be a committee of Plato’s philosopher kings who consider only the “common good” in all of their decrees. Unfortunately, philosopher kings are in short supply. Flawed human beings—self-interested, frail, and sinful as they may be—are the only ones available to form and execute the secular social contract.

Several problems arise with the initial social contract that generate the paradox of government. The first is that any social contract is unlikely to be accepted unanimously in any substantially large society. Beyond the cost of voting unanimously, the constitution is not renegotiated routinely to accommodate newcomers—those of us “born into” the contract or who arrive by other means.⁷ Any such arrangement would consist of individuals negotiating and renegotiating the constitution continuously; the transaction costs of revising the rules would be immense. And beyond such costs

the existing and ongoing implicit social contract, embodied and described in the institutions of the status quo, is exogenous to the participants, who have no sense of previous sharing in the making of the rules....That is to say, persons may feel themselves being forced to abide by terms of a “social contract” never made and

⁷ The “naturalization” process for immigrants to a nation can serve as agreement to abide by a prior social contract. Naturalized citizens thus may be deemed parties to a country’s social contract more so than the natives.

subjected to potential punishment by an enforcing agent over whom they exert no control, either directly or indirectly. (Buchanan [1975] 2000, pp. 122–123)

The inability of those born into the contract to exit the society makes it more alienating because a dissenter can succumb or rebel. The latter option, if effective, requires collective action against the state. If a government accommodates those who are alienated from it inadequately, the result may be collapse by coup or revolution. History is littered with secular governments suffering such fates.

The paradox of governing is exacerbated by the fact that the governors craft rules that benefit some at the expense of others, violate the rules to satisfy their own self-interest, or both. Buchanan argues that any state capable of providing property rights and protective enforcement also is capable of providing a number of other social welfare benefits that enhance economic productivity. He terms that the “post-constitutional contract”, wherein the neutral “protective state” becomes a “productive state” aimed at allocating resources in ways that enhanced social efficiency (Buchanan [1975] 2000, pp. 46–68). Such allocations include the provision of transportation infrastructure, educational institutions, social welfare, and other nice things. Owing to the high transaction costs associated with voting and obtaining unanimity, such policy decisions are taken explicitly under less-than-unanimity rules unlike the idealized social contract (Buchanan and Tullock [1962] 1999). Such voting invariably generates winners and losers. The losers find recourse by forming alternative coalitions that guarantee them the things they want, thereby expanding the scope of government beyond the limited initial contract. Olson (1984) argued that the logrolling and rent-seeking baked into collective-choice processes lead to the inevitable decline of nations. And while that outcome seemd to be an inherent characteristic of democratic government, autocracies are not immune from such rent-seeking behavior (Cox et al. 2019). Again, we have theoretical reasons for the limited lifespans of secular regimes thanks to the paradox of government.

A final element of the paradox of being governed involves the ability of rule-makers and their enforcers to violate the terms of the initial contract, leading to lost legitimacy and the potential downfall of a governing regime. Those in charge of monitoring and executing the rules agreed to by the citizenry—either explicitly or implicitly—are tempted by their own self-interests to modify the rules to their personal advantage, an outcome that does not sit well with the ruled.

This alienation of modern man from the protective state is exacerbated when he observes those persons who hold assigned roles in the functioning of this agency themselves to be departing from the rules defined in the status quo, either to aggrandize personal power or to promote subjectively chose moral and ethical objectives. In this context it may become literally impossible for the individual to look on the state as anything other than arbitrarily repressive. (Buchanan [1975] 2000, p. 123)

If the legitimacy of authority comes exclusively from the system of man-made rules, and those authorities increasingly fail to abide by them, not only do the individuals become susceptible to losses of personal power, but *the whole system itself* falls under scrutiny and becomes vulnerable to collapse. Such alienation, when intense enough and under conditions favorable to dissident collective action, is potential fodder for revolutions or coups. Social scientists have examined the many pathways down which such civil dissatisfaction may lead to the downfall of secular regimes (e.g., Gurr 1970; Skocpol 1979; Olson 1984).

Our concern here is not with the precise mechanisms by which any one state fails. The *specific* historical causes of state failure are varied. The point is to highlight the

inherent paradox of secular government. If the fundamental rules of society that allow it to escape from a Hobbesian state of nature are made and enforced strictly by self-interested governors, fragility is embedded in whatever system of secular government may be devised, be it autocratic or democratic. The paradox of government arises for several reasons. First, unanimity on the initial social contract, irrespective of how Pareto optimal it may be, realistically is impossible. If exit from the governing contract is not possible, perhaps owing to geographic capture, citizen alienation is likely to grow over time and likely will manifest in state failure. Second, the idea of a neutral protective state becomes untenable when state institutions are leveraged for the “productive state”. Granted, the productive state may provide wealth-enhancing public goods, but in doing so incentivizes logrolling and rent-seeking, generating deadweight loss and citizen dissatisfaction towards the “special-interest” grubbing of others. The more encompassing this state is, and the more minority coalitions emerge to logroll and seek rent, the less efficient and more vulnerable to dissatisfaction the state becomes. Decline and failure become not only possibilities, but seeming inevitabilities. Such was the gloomy conclusion of Olson (1984) and Munger and Villarreal-Diaz (2019). Finally, the temptation of the secular state to devise rules that benefit those in power chips away at any illusion that government is a neutral arbitrator, alienating the citizenry and providing reason to rebel not only against the individuals in power, but the institutional design itself.

Realizing the inherent problems with secular government, Buchanan ([1975] 2000, p. 165; emphasis added) ponders another possibility.

If man could but design a God who would punish for violations of man-determined rules, and would, at the same time, constrain his own impulse to power, stability and progress in social order might be insured. Only under some such scheme of things could the enforcer of basic constitutional contract be made genuinely external to the parties whose separate interests are to be protected without, at the same time, being granted power for potential exploitation on his own behalf. Only then could we think of social order as a game in which the umpire is neither himself among the players nor a potential seeker in the winnings. If all men should accept such a God on faith, on the “as if” assumption that such a God exists, and if all men behave accordingly, formal law embodied in the agencies of what we have called the protective state need not be observed. Abiding by the rules in existence, and secure in the prediction that others would follow the same rules, an individual could survive and prosper in an orderly regime of social intercourse provided that the rules themselves were tolerably efficient.

If only humans could design such a God! Or at least an institution that people could accept on faith “as if” God did exist. If only! Amazingly, Buchanan’s pessimism about humanity’s ability to escape the paradox of government blinded him from the fact that humanity has created such institutions—i.e., the great and enduring spiritual traditions of Hinduism, Buddhism, Judaism, Christianity, Islam and a few others. All of those faith traditions have endured longer than any secular government and supply many of the same crucial public goods of the initial social contract about which Buchanan and others have theorized. And all of those religions rest on some transcendental authority—a God! Granted, that is not to say that religious institutions are immune from the governing paradox. They are, after all, institutions staffed by fallible, self-interested humans. However, history tells us that the great religious traditions have endured and flourished all the while providing some degree of social cohesion and coordination amongst messy humanity, indicating that something must be found within the characteristics of those

institutions that mitigate the problems associated with secular rule.⁸ It is to that topic we now turn.

3 Religious institutions, public goods and governance

When it comes to coordinating the behaviors of the unorganized mess that is humanity, most political scientists look towards the state, the entity that maintains the “legitimate” use of force within a society. Economists generally look at market mechanisms of coordination, but on discovering market failure many of them also are quick to turn to the state for solutions. But beyond markets and states, is an alternative form of governance available to humans? Can cultural norms—created, embraced, self-monitored, and self-enforced by groups of individuals (or “clubs”)—serve as an effective and enduring means of governance? Unlike markets that rely primarily on the cost–benefit calculation of self-interest to motivate cooperation, or government that leverages the threat of (or actual) coercion to produce desired coordinated behavior, culture produces harmonized social outcomes based on shared beliefs, values, norms, and rituals that reduce the uncertainty surrounding the behaviors of others (Ostrom 1990; Bicchieri 2006). Cultural forms of governance also can override or channel the self-interested desires of individuals in markets to engage in fraud or political leaders to abuse their powers. It is quite possible that such forms of public goods provision are more compatible with market exchange, and are more stable and efficient than secular forms of government that provide similar public goods.

One of the most important public goods for society is basic social order, which often comes through the reduction of uncertainty associated with shared understandings, or a “common grammar of society” (Bicchieri 2006). Consider the basic social interaction of meeting someone. If I encounter an individual for the first time, it is difficult for me to know whether he or she intends to cause me harm. As such, I may be reluctant to interact with that person and more protective of my property. I look for signals about others’ intentions, either in the way they dress (do they look like me?), the rituals in which they engage (e.g., a handshake), or the things they say. If clear and credible signals indicate that the other person shares similar values (e.g., reverence for Allah) and adheres to a set of behavioral norms (e.g., praying before a meal), my desire for interacting productively with them increases, *ceteris paribus*. If I trust someone, the likelihood of engaging in more extensive and long-term trade increases. Cultural signals—shared norms, values, rituals—are critical for greasing the wheels of commerce and other forms of social interaction (Greif 2006).

Culture finds its expression in “community,” a form of social governance historically common amongst small, primitive tribes (Taylor 1982; Mauss [1969] 2011). For Taylor, an effective stateless “community” possesses three characteristics. First, nearly all members hold “beliefs and values in common”. Second, “relations between members [are] direct and ... many-sided” with regular face-to-face interactions between individuals. And, finally, communities promote reciprocity between their constituents. For Taylor (1982, pp. 28–29), reciprocity entails “short-term altruism and long-term self-interest. I help you out now in

⁸ Many religious institutions have failed historically, some only recorded vaguely in the annals of history and others lost without a trace. Understanding the differences between successful and failed religious institutions within the just-stated framework is a worthy endeavor, but will be touched on only briefly in the present paper. My primary purpose is to compare the enduring religions with this historical records of failed states.

the (possibly vague, uncertain and uncalculating) expectation that you will help me out in the future". Within such communities, continual interactions and shared values promote the understanding that one's self-interest and flourishing are tied to the effectiveness of the group, making voluntary compliance with a set of "soft rules" (norms) effective without the threat of coercion. Buchanan ([1975] 2000, p. 26) advocated a similar method of governance when he wrote about the importance of "ordered anarchy" based on a "set of manners, the customary modes for personal behavior, which reflects the mutual acceptance of limits" and "implicit behavioral rules that [are] respected by all, or nearly all, persons in community".

Culture, as such, is an important public good; a shared set of norms, values, and ritual benefitting all individuals by reducing uncertainty within society and making valuable transactions more likely, especially among individuals who do not have regular contact (see Rose 2018).⁹ Shared culture expands potential trading networks among anonymous and quasi-anonymous individuals. However, shared culture requires creation, coordination, and maintenance; we are not born innately knowing culture. Enter the role of religious institutions. Religions produce a series of beliefs, values, behavioral codes, and rituals that glue atomistic individuals into a community of believers. They provide and promulgate knowledge about a divinity and the nature of the universe. If we all believe in the "One True God", then we start with something in common and the possibility of social interaction begins. Religions also provide a ranking of important concepts to be cherished (i.e., values). Worshiping the same God, respecting life and family, being honest in business relationships, forgiving transgressions and performing charitable acts all may be communicated as things that are valued highly. Shared values reduce uncertainty about one's intentions, facilitating social coordination and trade. If two individuals both know that they value forgiveness for transgressions, both will be more willing to interact with one another knowing that if a misunderstanding arises, they will not be punished harshly. Or if we both value (or act "as if" we value)¹⁰ eternal salvation through God, we both can assume that our dealings will be honest lest the Ultimate Arbitrator pass an unfavorable judgement on our sinful behavior.

Religious organizations also disseminate a set of behavioral norms telling individuals how to act in various contexts. Pray before a meal or for a person who is ill. Return a favor promptly. Offer food when welcoming guests to your home (Taylor 1982, p. 69).¹¹ And rituals (e.g., praying six times daily, marking one's forehead with ashes) send signals that are costly, visible, or both that we belong to a common community and share similar beliefs, norms, and values. The more costly the rituals or signs of sacrifice and stigma are, the more effective they will be in communicating the true intentions

⁹ Shared culture has the characteristics of a classic public good: non-excludable (others can easily adopt certain cultural traits), non-rival (my use of cultural norms, values, rituals does not diminish your use of them), and team production (the more people subscribing to the same norms, values, and so on the more effective it is in reducing uncertainty). Denzau and North (1994) provide a similar analysis of culture in the form of "mental models," which has recently received renewed attention in a special issue of *Kyklos*. See Shughart et al. (2020).

¹⁰ An individual certainly can lie about one's belief in the divine. However, within a culture in which belief in God appears common, a person desiring interactions with others in that community has an incentive to "go along" publicly with the general social belief even if they don't hold it privately. See Kuran (1995) on preference falsification. If preference falsification is holding the great religions together, it would supply one of the most resilient and widespread examples of Kuran's "private truths, public lies".

¹¹ Taylor (1982, p. 69) observes that offering food to newcomers is one of the most universal human norms. We all share the need to eat. What can be more reassuring than providing nutrition to visitors?

and characteristics of individuals (Iannaccone 1992; Haight 2007). Religious organizations coordinate such important values, norms, and rituals amongst a community, which lowers transaction costs for interaction—a valuable public good if there ever was one!

During the 1600 s, the Christian Church provided the institutional scaffolding that expanded trade networks. A traveling merchant moving from town to town could count on buyers having a shared set of religious norms, and the Church helped mediate disputes when needed. The Vatican promulgated a set of agreed-upon “laws”, with clergy serving as arbitrators of civil disputes across Europe because they spoke a “common cultural language”, literally by promoting Latin as a “lingua franca” in legal affairs (Berman 1983, pp. 113–119). The Church also served as a European banker allowing financial capital to flow where needed; fragmented Europe probably could not have done that without the institutional consistency provided by the Vatican (Ekelund et al. 1989). Even after the Protestant Reformation, the similarities in Christian cultural norms and values allowed trade to occur when war wasn’t raging. Similarly, Greif (2006, pp. 58–90) notes how Jewish Maghribi traders in the 11th century relied on religious norms, and their communal enforcement, to promote trade across the Mediterranean. Friedman et al. (2019) provide additional other examples of religions historically providing legislative and judicial functions, including Jewish, Islamic and Amish legal institutions. Koyama (2010) and Kuran and Rubin (2018) supply evidence that religious institutions served the commercial and legal interests of religious minorities in potentially hostile territory.

Beyond the provision of a “common cultural grammar” that helps reduce transaction costs, religious groups also provide more tangible community services that enhance social well-being, such as orphanages, assistance to the poor, healthcare support, emotional/spiritual counseling, and general mutual-aid fellowship (Gill 2019). Christian monasteries performed many of these tasks in medieval Europe (Davidson 1995); Tocqueville ([1835] 2011) noticed how religious congregations were the backbones of social welfare services in early 19th century America. Numerous other scholars have documented the role religious groups play over time and across place in providing social welfare, be it Jewish (Pinsker 2018), Catholic (Dills and Hernández-Julián 2014), Protestant (Hein 2014), or Islamic (Borell and Gerdner 2011). Warner et al. (2018), underscore how religious values and community condition individuals’ contributions to community welfare-enhancing projects at the grassroots level.

Such “good deeds” may stem from a theological imperative or may be means of enhancing credibility and instilling trust through small sacrificial actions. Nonetheless, the services are vital for a well-functioning community in that they bring resources to alleviating problems that could affect the economic efficiency of a society (McBride 2007). Knowing that one is “insured” against difficult times by others in one’s religious congregation allows individuals to allocate resources to other economic activities that promote prosperity. The religious community likewise may assist in voluntary redistribution of resources that mitigate envy and social conflict by encouraging wealthier individuals to give charitably. The face-to-face redistribution of such resources reduces the resentment of a distant Leviathan forcing individuals to pay for the provision of services for those who they do not know and may suspect are merely rent-seeking. Large redistributionist states often prompt individuals to hide or divert income-producing activities, whereas in smaller communities, redistribution may occur more freely and less shirking. A religious group’s ability to provide welfare benefits, and to discourage shirking by some of the faithful, rests upon the ability to solve basic collective action problems by decreasing the size of the governed community and giving all members a stake-holding claim in its governance.

4 Subsidiarity, stakeholders, shared governance and collective action

In addition to disseminating and coordinating a set of shared values and internalized “rules of thumb”, known as “heuristics” in the “behavioral” literature, that serve to promote social order, religious traditions often emphasize the importance of local community participation, which serves to make individual members stakeholders in the social governance system and enhances collective action. An institution that involves members actively in its ongoing maintenance will tend to be more enduring, *ceteris paribus*. That conclusion contrasts with Buchanan’s ([1975] 2000, p. 123) observation that (secular) Leviathan develops interests separate from the community and results in alienation wherein citizens see “those persons who hold assigned roles in the functioning of this agency themselves to be departing from the rules defined in the status quo, either to aggrandize personal power or to promote subjectively chose moral and ethical objectives”. Alternatively, if members (“citizens”) of religious communities disseminate, maintain, and monitor the rules coordinating society enthusiastically, alienation becomes less likely and individuals will remain committed to the institutional structure. Such ongoing commitment bolsters the legitimacy of the institution and enhances its overall survival and efficiency.

Although confessional institutions have leaderships that specialize in knowing the theology and procedural rules of the faith, most religious organizations likewise promote the congregational notion of a “society of believers”. Regular meetings of individuals (e.g., weekly religious services) disseminate the beliefs, values, and norms of the spiritual community and allow members to monitor how well others are living up to the community’s codes of conduct. Such meetings generally are “smaller” than the size of the faith tradition itself overall and involve members interacting with one another ritualistically and organically.¹² While ordained clergy are responsible for promulgating the official theology and norms of the faith, nearly all of the enduring faith traditions encourage congregants to assemble amongst themselves regularly to study and discuss the sacred texts and other aspects of their religion. Such regular gatherings allow people to learn about one another’s abilities, needs, and desires. All of the experience gives members stakeholder positions in the rules and outcomes of the community. Moreover, the constant (often weekly) reiteration of the “covenant” (social contract) helps to unify preferences and behavioral norms in such ways that decision-making costs and the possibility of predatory rent-seeking by some members over others are reduced.¹³

Compare religious institutions with secular regimes. While social rules, values, and norms of the state may be inculcated to the population by universal public schooling of youth or other communication mechanisms, such as the popular media (Gellner [1983] 2006; Lott 1990), such regularized points of contact for socialization historically have been rare. Compulsory education as an institution has been common only in the past two centuries at most. Furthermore, civics education usually ends with adulthood. And while the print media might craft the values and norms of a “national identity” and coordinate

¹² That feature also is true of the mega-churches that seat several thousand people. Such institutions leverage “small groups” to federate and meet the personal interests of members (Thumma and Travis 2007, pp. 44–54).

¹³ Leeson (2009, pp. 58–70) provides a similar example of how iterated reinforcement of a covenant (or constitution) occurred on pirate ships and amongst different pirate vessels, indicating how communal forms of governance can be quite effective among small communities. Pirates and Presbyterians do, it seems, share something in common.

behavior to some degree, it does not offer the intimate points of connection that face-to-face meetings do; individuals can avoid such messaging easily. Secular regimes have other methods of mimicking “religious gatherings”, be it political rallies, voting rituals, or singing anthems, but those efforts are intermittent at best. And the larger the nation becomes, the more diversified preferences will become, thereby raising the costs of achieving unanimous or near-unanimous consent (Buchanan and Tullock [1962] 1999, pp. 93–112). Furthermore, the democratic process of voting as a means of giving citizens stakeholder shares in the community invariably results in losers who are reminded frequently that they do not share the same priorities of others in the community. Rent-seeking abounds. Such processes can be quite alienating and foster regime fragility.

Congregational (or federalist) forms of cultural governance allow smaller communities to leverage local knowledge, make decisions, and solve problems where information is most intimate. Catholics refer to federalism as “subsidiarity”, whereas Protestants prefer the term “sphere sovereignty” (Van Til 2008). Both doctrines advocate devolving solutions to social problems to the lowest possible level, including parishes and families. Religious and other civil organizations buffer individuals from the state. Government decision-making processes relying on “bright lines” and uniform application of laws (violating the generality principle of both Buchanan and Hayek) have the effect of alienating citizens if special circumstances cannot be accounted for or if application of the law arbitrarily benefits the elites or particularistic interests (Buchanan [1975] 2000, p. 123). In contrast, small communities wherein members have stakeholder positions in community norms can adjust enforcement of behavioral codes and account for various contextual variables, thus appearing to be more responsive to immediate circumstances.¹⁴ If citizens know that the rules and punishments they apply to others can someday be revisited on them, they are more likely to wield social power with caution. Within an accepted culture, each individual keeps others in line by observing and correcting aberrant behavior by mild reminders, shaming, or shunning, all of which can be adjusted to the special circumstances of time and place. Governmental forms of coordination require bright lines that often are unforgiving and incentivize over-punishment and rent seeking (Friedman 1984). Cultural forms of monitoring and enforcement lie somewhere in between, allowing for “sinning” and taking into account local knowledge to adjust punishment accordingly.

Furthermore, communal ownership of monitoring and behavioral enforcement allow reciprocity in the forgiveness of transgressions; if a sinner receives grace for some violation, other individuals in that community will expect similar treatment in the future. While reciprocity norms may raise the possibility of moral hazard, it also minimizes the “all-or-nothing” punitiveness of a more Leviathan-like entity. The moral hazard problem may even be mitigated with more flexible, local governance in that individuals who are perceived to have repeatedly taking advantage of “bail outs” will be denied the same dispensations given to first-time violators or others whose intentions were not as evil. When mixed with the notion that God, not the community, is the final arbiter of all violations (see below), the flexibility and more forgiving nature of community-based policing can minimize citizen alienation from those ruling over them.

Additional benefits from congregational governance can be identified on closer examination. First, iterated reinforcement of the norms and values of a community through

¹⁴ Alienation may still arise in small communities because some community members appear to benefit disproportionately from enforcement actions, but dissenting voices are more likely to be heard than in a larger, quasi-anonymous society.

ritualistic, face-to-face practices tends to promote more homogeneous social preferences,¹⁵ or at least opens the door to compromise and mitigates that possibility of irreconcilable conflict. In short, playing repeated games provides a solution to Arrow's Paradox wherein competing (and potentially cyclical) social preferences can lead to "dictatorial" outcomes by a strategically placed agenda setter (Arrow 1951). Such dictatorial manipulation raises the specter of Buchanan's citizen alienation. The typical solution proffered to that conundrum is Tiebout sorting, wherein individuals physically relocate to governing jurisdictions containing individuals with similar preferences. The sorting minimizes the predatory potential of governments, providing incentives to offer policies corresponding more in line with the desires of their constituents and their willingness to pay (Vahabi 2019, p. 235; Tiebout 1956).¹⁶ In the absence of easy exit, a jurisdiction's citizens are mixed with individuals of dissimilar preferences wherein it is possible that minority special interests can impose their wills on the larger population. The classic public choice problems of rent seeking, logrolling, and tyrannical rule become more likely, leading citizens to view the social contract as illegitimate (Buchanan [1975] 2000, pp. 133–135), producing increases in social inefficiency, which Olson (1984) saw as the main factor in the decline of nations.¹⁷

The alternative solution is to make the governing unit as cohesive (approaching unanimity) in preferences as possible. Buchanan and Goetz (1971, pp. 39–40) suggested that cohesiveness theoretically could emerge if the governing jurisdictions were more like voluntary clubs, although they were somewhat pessimistic about it happening in real life. If a club were small enough and adamant enough in socializing members on core values related to cooperative governance (including the importance of reciprocal compromise), Arrow's Paradox could be avoided. Buchanan ([1975] 2000, pp. 23–28, 1995a, 2001) touched on the importance of a consistent set of moral constraints (norms and values) at various points in his writings. As noted above, local religious congregations perform the feat of socialization better than secular governments, particularly states ruling over large and diverse populations. Ongoing ritualized reinforcement of shared values and norms within such smaller congregations help to foster a greater coherence regarding community goals and resource-allocation decisions. If excommunication is an option for punishing non-compliant members and excluding them from valued benefits (including eternal salvation), the incentives for adhering to those rules and decisions become stronger, lest one be cut off from valuable public and club goods.

In a religiously pluralistic environment where exit for dissenters is possible, Tiebout sorting can happen alongside the ritualistic socialization of preferences to create even more uniform and harmonious communities, enhancing their durability. Dissenters can opt to leave for their preferred spiritual pastures, leaving behind a more uniform congregation in their wake.¹⁸ Leeson (2011, p. 304) makes the case for club-like governance systems. Spiritual groups in pluralistic environments with low-cost exit options are clubs, after all, and

¹⁵ Chwe (2001) emphasizes the ritualistic nature of face-to-face contact in establishing common knowledge.

¹⁶ See Buchanan and Goetz (1972) for a critique of the Tiebout model.

¹⁷ Buchanan ([1975] 2000) never said explicitly that alienation would result in the decline of secular governments in *The Limits of Liberty*, but it isn't an analytical stretch to think that such alienation would contribute to regime instability, particularly for those that cannot deliver basic public goods to the population. Olson's *The Rise and Decline of Nations* (1984) can be read as a nice complementary work to Buchanan's *Limits of Liberty*.

¹⁸ Extremist cults that make exit costly (e.g., Heaven's Gate, Jim Jones's Peoples Temple) do not last very long, not surprisingly.

closely approximate what Leeson sees as a viable alternative to hierarchical governments. Iannaccone (1991) and Gill (1998, 1999) find strong evidence that pluralistic religious environments are more vibrant and participatory than those in state-supported monopolistic settings, providing members with goods and services that they value. Even within the seemingly uniform Catholic Church with its catechism dictated by Rome, an extraordinary amount of religious pluralism regarding theological and liturgical emphases allows for Tiebout sorting to work; parish- and diocesan-based governance combined with pluralism within its own ranks makes Roman Catholicism a remarkably durable institution.

In many respects, the congregational form of governance of religious institutions, emphasizing localized decision-making, is the quintessential example of federalism, one of Buchanan's (1995b) ideal mechanisms for minimizing the rule of an increasingly autocratic Leviathan. Vincent Ostrom (1991, p. 9), in his study of the American political structure, observed that the term "federalism" actually has religious roots arising from "the Latin term *foedus*, which means covenant.... *Foedus* has much the same meaning as the Hebrew term *b'rit*, which is fundamental to biblical traditions pertaining to covenantal relationships with God and with those who choose to govern their relationships with one another by covenant". Note Ostrom's emphasis on mutual governance by covenant inherent in federalism. He steps beyond federalism to emphasize the organizational effectiveness of polycentrism. A polycentric system has

many autonomous elements or units seek to order their relationships with one another rather than by reference to some external authority. Self-organizing systems become democratic self-governing systems when those being governed have equal standing in the constitution of an order where rulership prerogatives are subject to effective limits among multiple agents, each exercising a limited public trust. I [Ostrom] assume that the rules of such associations are open to public scrutiny, to constrain the organization of unlawful conspiracies. (Ostrom 1991, p. 227)

Religious traditions such as Buddhism, Hinduism, Judaism, the variants of Protestant Christianity, and Islam all share polycentric structures to a large degree. Catholicism and Christian orthodoxy tend more towards a federalist structure in that they have a more centralized governing authority.¹⁹

The resilience of localized forms of decision-making can be seen in various faith traditions. For example, Friedman observes that the Amish succeed under such a system of non-state community governance. The social contract (*Ordnung*) is renewed explicitly and regularly.

The *Ordnung* specifies the rules that members of the congregation are required to abide by.... Twice a year, all members of the congregation gather to take communion. Two weeks before, each is asked "whether he is in agreement with the *Ordnung*, whether he is at peace with the brotherhood, and whether anything 'stands in the way' of his entering into the communion service." Communion does not take place until all members agree. (Friedman 2019, pp. 44–45)

¹⁹ Within protestantism, some denominations (e.g., Episcopalians, Presbyterians) retain more hierarchical structures than others (e.g., Pentecostals). One might consider Christianity, writ large, to be polycentric, especially in places that are religiously diverse and that build ecumenical relations and organizations across denominational boundaries. An interesting study of religious denominational structure as seen from the perspective of polycentrism is waiting to be conducted.

Note that the requirement of unanimity, critical to constitutional forms of government within public choice theory, is present. He goes on to note that violations of the contract are handled case-by-case, with community input.

If the bishop or ministers learn that a member is violating the *Ordnung*, their first step is to visit him. If he expresses regret, the offense will be ignored.... If violation continues, the ministers hold a meeting at the next Sunday worship service ... which the bishop recommends punishment. That is followed by a published hearing in the presence of the members of the congregation at which the defendant can offer his side of the controversy. He is then asked to step out and, if his defense has not changed the bishop's conclusion, the bishop proposes the punishment to the congregation, which votes on it. (Friedman 2019, pp. 45–46)

While some secular democratic systems allow judges leeway in doling out punishment, mandatory sentencing guidelines from higher levels of government seldom provide the flexibility to adjust to local preferences and circumstances. Ongoing “unanimous” consent²⁰ and flexibility in enforcement help mitigate the problem of citizen alienation that concerned Buchanan. Buchanan and Tullock ([1962] 1999) make clear that unanimity is difficult to achieve in large groups, which is why the decentralized nature of religious governance is so effective and enduring. Even with a broad-based theology that thousands or millions of the faithful are required to adhere to, congregational renewal of the governing “covenant” and the ability to monitor and police it amongst members of the community itself provides greater legitimation of the social order. The same is true for Catholics. While large in size and hierarchical in form, a substantial amount of governance occurs at the grassroots levels of the diocese and parish, which explains a great deal of the theological variation within that faith—from the conservative Opus Dei to Marxist-inspired liberation theology. Friedman (2019, pp. 55–106) notes similarities within Judaism and Islam. All told, the tendency of the major religions to promote a broad set of rules, yet allow localized communities to renew the social contract regularly and to share monitoring and enforcement duties, appears to be a recipe for institutional survival. Federalist systems of democratic governance possess some elements of that arrangement, which may explain the interesting puzzle of why democracies appear to be more resilient than autocracies over time.

5 Judgement beyond humans

As noted above, Buchanan's ideal “protective state” would be one with a neutral arbitrator who judged society impartially and had universal knowledge. He opined that “If man could but *design a God* who would punish for violations of man-determined rules, and would, at the same time, *constrain his own impulse to power*, stability and progress in social order might be insured.... Only then could we think of social order as a game in which the umpire is neither himself among the players nor a potential seeker in the winnings. If all men should accept such a God on faith, on the ‘*as if*’ assumption that such a God exists, and if all men behave accordingly, formal law embodied in the agencies of what we have

²⁰ Remember that “unanimous” consent need only be “as if” for Buchanan. A member of an Amish community may not believe all of the theological tenants underlying *Ordnung*, but if they agree to abide by them, the social contract holds.

called the protective state need not be observed” (Buchanan [1975] 2000, p. 165; emphasis added). It just so happens that religious institutions provide such a God for us, either by providing credible knowledge that God does exist, or by convincing enough people that He does. For as long as most people within a society act “as if” a God exists, atheists can free ride on the social order established by theists.²¹

Having a God as final arbiter allows individuals who run the institution to be fallible in their actions, yet still be held accountable. The bishop who fails in his duties and damages the credibility of the faith ends up injuring only himself in the “final judgement”, while God, the neutral referee, and the faith’s sacred texts remain undamaged. Faithful citizens need not find fault with an institution that is ordained by God, but rather only the imperfect individuals who manage it. The auras of “sacred texts” as untouchable contracts are important here. Granted, Buchanan speculated about a God who would be the umpire of “man-determined rules”, not divinely inspired texts per se. While human beings can be said to have chiseled the texts in stone, almost all faiths consider their fundamental tenets to be the “Word of God”. God gave Moses the Ten Commandments directly. Jesus promulgated the teachings of God incarnate. The Quran is the message of Allah as dictated by Moses. Compare those provenances with secular governments based on contracts written by “sinful” humans. The institutional designs of the latter come by way of imperfect authors and their frailty becomes an indictment of the institution itself. Dictators are most susceptible to failure. Their errors in governing will undermine the legitimacy of the governing system and the only way in which they can maintain social order is by coercion. Democratic governments that allow for errors to be corrected over time by constitutional reforms and legislation may be less susceptible to decay but amending or replacing the initial constitution also represent the work of flawed and self-interested individuals. Initial flaws may be fixed, but new ones generated. If enough of the democratic citizenry view the reforms as benefitting the ruling class or their cronies, and if exit is not possible, the regime is primed for political upheaval.

The problem for all regimes based on man-made rules is that the individuals charged with writing and enforcing the contract can choose to do so in ways that benefit themselves, selected categories of individuals, or both. Such is the paradox of government; a government powerful enough to enforce the agreed-upon constitutional rules and make additional law is a government strong enough to create and enforce laws selectively. So long as individuals pursue their self-interests, even if only partially, rent seeking becomes endemic to secular governments with coercive powers. Rent seeking slows economic growth and potentially leads to regime failure (Munger and Villarreal-Diaz 2019; Olson 1984).

God does not apply rules selectively, though. God has no reason to. And knowing or believing that God will detect and punish all trespasses come the day of judgment minimizes individual opportunistic behavior against the social order even when secular authorities cannot or will not detect and punish such actions. The same is true for secular rulers themselves. They may violate their own laws with impunity, knowing that they will not usually be punished harshly in the present, but in the end, they will be judged by God. A society that dispenses with a supernatural arbiter is left only with laws that are written by humans themselves. If those rules are shown to be as flawed as their authors, no reason can

²¹ Religious leaders invest heavily to ensure that a population believes in an all-knowing and just God. Authenticating miracles is important, as is supernatural iconography (e.g., statues, stained-glass art) signaling that “God is watching”. Leeson (2012, 2013) provides further “odd” examples of public ordeals and vermin trials led by priests used to emphasize the efficacy of the supernatural.

be found for abiding by to them. The secular rules of social order become illegitimate and the governing structure soon collapses.

However, forms of governance based on sacred texts and God's judicial powers can recover from flawed leaders. The Roman Catholic Church has a long history of opportunistic popes (Tuchman 1984, pp. 55–136), with sales of indulgences providing opportunities to profit from God's promises of salvation (Ekelund et al. 1992), but the governance system of Catholicism survived through the worst of it. Protestant Christianity was a dissenting movement that allowed individuals who were irate at the flawed human application of God's rules to rid themselves of corrupt leaders while maintaining the cultural governance institutions of Christianity. Protestantism, in many ways, has institutionalized the ability to preserve God's social order while displacing sinful human leaders by sectarianism. The Roman Catholic variant of Christianity survived the Protestant Reformation as well, with the Counter-Reformation representing its own institutional purge of human failings whilst preserving the fundamental religious covenant of Jesus (God incarnate) intact (Stark 2003, pp. 116–129). Judaism has experienced similar sectarian reforms, yet remains strong as a governance institution around which individuals and communities manage their behavior. The same is true of Islam, a religious tradition that is organizationally similar to Protestantism in its decentralized (congregational) nature. All three faith traditions, in various sectarian guises and despite historical periods of persecution, have survived until today and organize the lives of billions of individuals around the globe.

6 A note on efficiency, state churches and the decline of religion

I have presented arguments explaining why religions endure, saying little about efficiency. But is religiously based governance efficient? That question demands a comparative institutional response. Relative to the Hobbesian state of nature, any social order is more efficient than none at all given that some form of governance (including a state) reduces uncertainty and allows individuals to invest over long time horizons and to leverage economies of scale (Buchanan [1975] 2000; Olson 1993). The question then becomes whether such social order is best provided by a coercive state or by other means. Buchanan, in his later writings, examines the role that cultural norms and values play in securing social order more efficiently than coercive institutions relying on extensive policing.

To the extent that persons in social interactions ... behave in accordance with commonly shared ethical precepts, any rationally-based contractual justification for generalized legal constraints becomes weaker. Common public awareness tells us that if relatively few persons steal, and/or if these few steal relatively little, fewer and less restrictive laws against stealing are needed, along with fewer policemen. (Buchanan 2001, p. 215)²²

²² It is not only mere investment in policing that imposes a deadweight social-welfare loss. Maintaining coercive power discourages economic growth. Cox et al. (2019) argue that rules based on top-down coercion create a “violence trap” that incentivizes economic stagnation. As no state can monopolize violence fully, the dominant rulers distribute rents to rivals in proportion to their capacities for violence. Technological innovations and greater efficiencies in some sectors of society can upset the rent-distribution balance; hence, ruling elites have weak incentives to promote economic innovation and efficiency.

Replacing less efficient top-down laws with shared ethical precepts requires a “generalized investment in the promulgation of moral norms ... with all parties being subjected to essays in persuasion carried out by specialists, whom we may call ‘the preachers’” (Buchanan 2001, p. 221).²³ Surprisingly, and despite using the term “preachers”, Buchanan does not point to religious organizations as the institutions that historically have made such efficiency-enhancing investments. As noted above, the enduring faith traditions generate the added benefit of promulgating a widely accepted set of values and behavioral norms while leveraging small, congregational structures repeatedly to inculcate those values and norms. The congregational (federalist, polycentric) nature of successful religions further promoted self-policing by the community members themselves, reducing the need for allocating resources solely to policing.

Moreover, the localized and participatory nature of congregational governance makes it easier for all participants of a spiritual community to be residual claimants on the public (or club) goods supplied. Leeson (2011, p. 303) makes this case for a system of governance based on clubs.

[I]n the system of clubs, governance suppliers are residual claimants on revenues they generate through constitutional compliance. Clubs have owners. They earn the profits flowing from individuals’ patronage of their clubs. Thus[,] their interests are tied directly to their clubs’ success in attracting patrons. This success depends on their clubs’ constitutional effectiveness.... Residual claimancy in the system of clubs aligns club owners’ and club members’ interests. In doing so it makes clubs’ constitutional contracts self-enforcing.

Iannaccone (1992) and McBride (2007) make the case that religious congregations function as clubs.²⁴ To the extent that the community of believers serve as the owners of such spiritual clubs, they have a strong incentive to minimize compliance costs and rent seeking by subsets of the membership, both sources of deadweight loss. The relatively narrow scope of congregations and repeated interactions in the form of ritualistic participation makes it easier to detect shirking, cheating, or the redistribution of rents to a select group of beneficiaries. That financial contributions (i.e., tithes) to the group often are voluntary in religious congregations, further makes it easier for members to punish any violations of the covenant that they see coming from clergy, other members, or both. Such monitoring and punishment facilitate disciplining of the organization’s management and moves it in a direction of a more efficient use of resources. That is not to say that individuals won’t try to take advantageous positions for their own ends. Clergy and members do engage in corrupt behavior counter to the group’s goals. The teachings of the enduring religions preach that humans are sinners after all! But the participatory and polycentric nature of most religions’ governance structures mitigate the problem. Hierarchical governments that rule over large populations are much more likely to witness more inefficient rent seeking (and logrolling) as citizens become less visible residual claimants to their own participation.

²³ Interestingly, while Buchanan (2001) calls attention to the importance of “preachers”, a term ripe with religious significance, not once in that work are religion or religious intuitions mentioned.

²⁴ McBride’s (2007) analysis of the Latter Day Saints draws some interesting parallels with the Catholic Church. Both religious traditions are hierarchically organized, yet parishes (or wards) involve lay participation. The Mormons are exemplars in small community organization in that leadership is rotated among lay members and active participation is strongly incentivized with various attendance and tithing requirements. As such, the Latter Day Saints excel at providing club goods to their members.

Leeson (2012) also draws attention to how reliance on a supernatural arbitrator can enhance social efficiency in various environments. Examining a series of seemingly irrational behaviors, he details how public trials by ordeal, such as immersion in boiling water, were used to elicit admissions of guilt, how monks would curse violators of property rights (Leeson 2014a), and put rodents on trial in order to incentivize the voluntary payment of tithes (Leeson 2013). The public nature of such activities reinforced the belief in a supernatural arbiter and elicited voluntary compliance with communal norms. Devoting physical resources and time to investigating criminal activity and shirking on tithing was expensive and did not always lead to unambiguous judgements. But rituals that played on the beliefs of a divine judge not only would get violators of community standards to confess without lengthy investigations, but reinforced the notion that voluntary compliance was beneficial to the individual in the long-run. A community composed of individuals self-enforcing proper behavior has to devote significantly fewer resources to active policing and punishment.

While religion offers an effective means of social governance, religions have not been governing on their own for thousands of years; clergy frequently seek state support. The logic for that observation is relatively straightforward (Gill 2008). Religions are quite vulnerable to competition given the low barriers to entry into the ideational marketplace. Such competitive challenges can come from outside the confession, or from internal schisms. Moreover, funding religious organizations by voluntary contribution mechanisms presents a large collective action problem, where free-riding becomes endemic (Olds 1994). Larger confessions with more hierarchical structures that require revenue to flow upstream will feel such pressure more. Appealing to state support for solving collective action problems becomes tempting. Concurrently, state leaders prefer to minimize the costs of ruling. Coercion, as noted, is expensive in terms of maintaining a large police force (which could overthrow the incumbent ruler) and monitoring compliance. If rulers can enhance their legitimacy by the endorsements of trusted officials, the resources needed for policing would be reduced. Religious leaders, who have cultivated the voluntary participation of numerous individuals, offer opportunities for such endorsements. Essentially, religious organizations trade legitimation of a secular regime for state establishment that guarantees them a protected market share (by prohibiting external competitors and internal dissent) and funding (in the form of coercive taxes).

The problem for religion-state alliances, though, is that it reduces the efficiency of religion's governing powers. Adam Smith observed that consequence in in *The Wealth of Nations* when he wrote that an established clergy, while "reposing themselves on their benefices ... frequently become men of learning and elegance, who possess all the virtue of gentlemen ... but they are apt to lose the qualities, both good and bad, which gave them authority and influence with the inferior ranks of people, and which had perhaps been the original causes of the success and establishment of their religion" (Smith [1776] 1976, p. 789). Recent scholarship has shown empirically that state-sponsored confessions generate much less religious participation (Iannaccone et al. 1996; Stark and Finke 2000), implying that religious advantages in governance is attenuated substantially; clergy who put little effort into tending the flock will not ingrain the cultural norms needed for efficient local governance. And where secular governments start to crowd out the public goods provided traditionally by local religious organizations, church attendance also wanes and the overall social coordinating functions of spiritual institutions will suffer (Gill and Lundsgaarde 2004). There is a further case to be made that the spiritual authority of clergy deteriorate as they hitch their wagon to specific secular parties or rulers. If parishioners are to trust clergy to guide them to eternal

salvation, but those same spiritual leaders endorse human political actors that actually harm their interests, overall trust in the initial covenant can be threatened (Gill 2017). In short, state-established religions set themselves up to become victims of the paradox of government.

The paradox of government that attaches itself to established churches may help explain the anemic nature of Christianity in Western Europe, along with its relative vibrancy elsewhere. A long history of church-state unions in most European countries has resulted in a rather stagnant and uncompetitive religious environment (Stark and Iannaccone 1994). Clergy “repose on their benefices”, knowing that their salaries are guaranteed and that spiritual competitors will have difficulties gaining adherents owing to onerous regulations imposed on new churches. Evangelizing effort wanes; parishioners are not served well and drift from the faith. Additionally, the more secular governments provide tangible welfare benefits that local congregations used to deliver (orphanages, assistance to the poor), the less citizens need to interact with those religious organizations (Gill and Lundsgaarde 2004). Where religious institutions remain independent of state control, including Muslims in Europe, local communities find effective forms of governance despite governments’ inability to serve their needs (Nielsen and Otterbeck 2016; Koesel 2014; Yang 2011; Kuran 2004).

7 Conclusion

Religions have been with us since the dawn of civilization. Many confessions have come and gone; a few have endured for millennia. The institutional durability of those faith traditions is nothing short of miraculous when one considers how secular institutions have demonstrated greater fragility. Such persistence should be of interest to all social scientists, given the large number of individuals who adhere to and organize their daily lives around spiritual beliefs and organizations. The explanation for religious institutions’ survival presented herein provides a first cut at thinking about institutional longevity and resilience. While broad-based in nature, a number of specific and testable hypotheses can be generated from the general theoretical assertions advanced above. Examining individual religious organizations with respect to how well they provide public goods, their promotion of localized community governance, and their ability to propagate the idea of a truly neutral supernatural arbiter informs us about the comparative longevity and efficiency not only of different religions, but secular institutions as well. States and other civil society organizations that mimic the attributes of enduring confessions likewise should experience more enduring success. For now, though, a broader range of scholars should be challenged to consider the institutional durability of religion as a serious phenomenon that can tell us more about how humans effectively organize themselves outside the realms of market and state. It is time, perhaps, for social scientists to bring in the neglected bastard child from the cold.

Acknowledgements The author thanks Kenya Amano, Bree Bang-Jensen, Angela Dills, Emil Dunhea, Lenore Ealy, James Hanley, Rachel Heath, Larry Iannaccone, Clara Jace, Peter Leeson, Beatrice Magistro, Victor Menaldo, Nela Mrchkovska, Kristopher Overbo, Lucas Owen, Christianna Parr, Steven Pfaff, William Shughart II, Leon Tan, Morgan Wack, Richard Wagner, Nicolas Wittstock and the anonymous reviewers for valuable input. Angela Dills also provided superb editorial commentary. Any errors contained herein are mine and will be judged in finality by the great neutral arbitrator.

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